

Russian Satellite
Communications Company

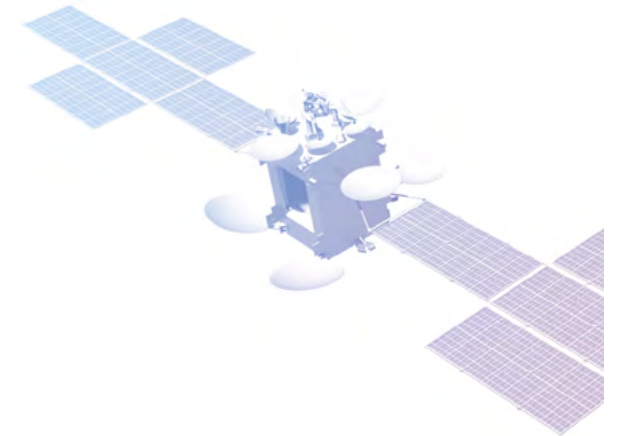
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Russian Satellite
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❖ DVB-H rejected

The Ministry of Telecom and Mass Communications of the Russian Federation recognized introduction of Mobile TV in Russia in the DVB-H format unpromising. About 2.1 billion rubles (about \$70 million), assigned for organization of DVB-H mobile will be redirected to creation of the first and second multiplexes of digital terrestrial television. The Ministry of Communications states that in this case the mobile TV broadcasting will be launched in the DVB-T2 standard.

Organization of DVB-H mobile TV broadcasting was scheduled for 2012 in the Federal Target Program (FTP) Development of Broadcasting in Russia for 2009-2015. The funding had to be provided from the own resources of the main executor of this

program – a unitary state enterprise “Russian Television and Radio Broadcasting Network”.

The draft resolution of the Russian government to adjust the federal program became available to ComNews. In particular it declares that the decision to cease organization of mobile TV broadcasting is determined by the lack of devices that support DVB-H, on the one hand, and, on the other, – by active development of cheaper data services in mobile networks. According to the document, the prospects of mobile TV broadcasting development are not in the field of terrestrial TV broadcasting, but in the field of content delivery through the networks of mobile operators (3G, LTE) as well as wireless networks (Wi-Fi). ❖

❖ RSCC Quality Management System Certified

The Quality Management System (QMS) regarding communications services being provided by Russian Satellite Communications Company (RSCC), including communications links, telematic services, data

transmission and support services for on-air broadcasting, complies with the requirements of GOST R ISO 9001:2008 (ISO 9001:2008). Certification has been performed in line with the Quality Policy in effect at the RSCC. ❖

❖ Wi-Fi in the Russian apartments

The share of Wi-Fi household penetration in Russia amounted to 22.9% by the end of 2011. Globally, the penetration of home Wi-Fi has reached 25%. Such data is provided by TASS Telecom with reference to the report of “Forecast of the global home broadband and Wi-Fi consumption in 2011” by the research company Strategy Analytics.

According to the study of Strategy Analytics, by the end of 2011 in general Wi-Fi Internet connection was used by 439 million apartments and private households. The researchers forecast the growth of such households by 800 mln by 2016, so the global Wi-Fi penetration will reach 42%. Strategy Analytics mark South Korea as the leader in home Wi-Fi penetration, where 80.3% are connected to Wi-Fi networks. ❖

❖ The satellite Internet market thins out

The satellite operator STV decided to stop providing services of asymmetric broadband Internet access passing its subscribers to Raduga Internet. Earlier, the country's largest satellite TV operator "Tricolor TV" decided to quit the broadband market, focusing on pay

TV. STV announced that it would no longer support about 85 thousand of its users and would focus its efforts on "service provision". The company's debts to partners became the reason to quit the market. ❖

❖ The Russians consume mobile content

More than a half of the consumed digital content in Russia relates to the various forms of mobile applications, services, and video. This conclusion was made by the analytics of J'son & Partners Consulting in the study of the global digital content market.

In contrast to the Western Europe and Asia, where video content is dominating, in Russia mobile content takes 57% of all content delivered via electronic media and the video content has only 21%. For comparison, the U.S. share of video is 82%, while the mobile content takes only 5%.

"First of all, this fact is explained by the traditional character of digital content distribution for mobile devices and relatively short history of monetization of other content types" – said Pavel Ermolich, Commercial director of J'Son & Partners Consulting.

MegaFon predicts two major trends in the structure of the Russian digital content: video share increase (due to the gradual legalization of the content on the Internet) and on-line games. ❖

❖ Yota hooked Rostelecom on LTE

Scartel (Yota brand) provided Rostelecom with access to its LTE infrastructure. From July 2012, Rostelecom will operate in Yota network as a virtual operator in the frequency range 2500-2530 MHz and 2620-2650MHz over FDD (Frequency Division Duplex) technology. The launch of commercial services in Moscow and the Moscow area is scheduled for September 1, 2012. In the future Rostelecom plans to provide LTE Internet access services in other regions, where Yota LTE network will be deployed. Besides Moscow

Yota is presented in St. Petersburg, Krasnodar, Sochi, Ufa, and Novosibirsk, where LTE network operates since late 2011. Rostelecom will offer advanced subscriber devices under its own brand. The modem supplier has not been chosen yet.

Rostelecom has become the second virtual LTE-operator in Russia. A month ago, MegaFon and Scartel signed a contract enabling MegaFon to provide telecommunications services in the cities of Yota LTE network presence and Yota to use the network infrastructure of MegaFon. ❖

❖ CountryCom competes with MGTS

Moscow ISP Nline (an affiliate of Moscow MVNO operator CountryCom) started connecting subscribers to GPON network. The company intends to double the coverage by 2012. Nikolay Demenchuk, Commercial Director of CountryCom, comments that GPON network is already operating in three outlying areas of Moscow, where Nline connected 100,000 households in 2011. By the end of 2012 the company plans to extend the coverage

connecting over 130, 000 households in six districts of Moscow. In PON network Nline offers the claimed speed of 1 Gb/s, which is the limit for the home Internet in the optic networks.

The largest operator of Moscow – Moscow City Telephone Network (MGTS) has also started complete modernization of its network on GPON technology, which is to be done by the end of 2015. ❖

❖ Beeline the last to introduce CDN

The third largest telecom operator of Russia VimpelCom (Beeline brand) announced the tender to introduce CDN network. According to the company, the results will be announced in summer 2012; CDN is to be launched in the end of 2012 – beginning of 2013. Most large

telecom operators in Russia have already introduced CDN. It is known that VimpelCom intends to use CDN not only to distribute its own multimedia content but also to lease the network to other operators. ❖

❖ Orion Express on sale

The owners of the Russian satellite TV operator Orion Express intend to attract a strategic investor. The offers to take part in the share capital were, in particular, made to the Russia's Big Three of telecom operators – MTS, VimpelCom and MegaFon. Negotiations with them are at different stages, comment the officials of Orion Express. The matter could concern the sale of the blocking shareholding with the right to increase the stake to control, and in long term the investor can bring the share up to 100%. Orion Express is estimated at about \$250-300 mln, according to the source close

to one of the company's owners. By now no concrete proposals from investors were made to the owners of the company.

It is not the first time the owners of Orion Express are trying to attract investors. In 2009-2010 they were negotiating with Rostelecom, and the operator even got an option to acquire the blocking stake, but later it quit negotiations, as the owners of Orion Express were not ready to relinquish control, explained Alexander Provotorov, President of Rostelecom. ❖

❖ MTS gets the gets the ground prepared for LTE

The Russia's largest telecom operator Mobile TeleSystems is to mount new base stations produced by Nokia Siemens Networks (NSN) in the Moscow region. In short term the installed equipment supporting GSM and 3G standards will enable the company provide LTE services. The total project investments on modernization of the network of the entire territory of the Moscow region in 2011-2012 amounted to \$50

mln. MTS has partly carried out modernization of the network by implementation of the advanced NSN equipment in the western and eastern parts of the Moscow region by the end of Q1 2012. In January 2012 the operator completed replacement of 3,000 Motorola base stations to NSN solutions in Moscow. ❖

❖ Rostelecom acquires RETN

The Federal Antimonopoly Service (FAS) permitted the Rostelecom to acquire the British company RETN Capital Ltd.

Rostelecom got interested in the Russian asset of the company – the backbone operator RetnNet owning data networks in the cities of Russia, Europe and Ukraine. The shareholders RETN Capital are already negotiating with several companies about the possible sale of RetnNet.

The RETN group of companies includes the Russian RetnNet, the Ukrainian RETN and RETN Capital Ltd. RETN manages the international traffic transmission network between the world's largest nodes. RetnNet owns the data networks in Moscow, London, New York, Helsinki, Stockholm, Amsterdam and some other cities in Europe, Russia and Ukraine. The acquisition may open Rostelecom the way abroad. Currently the company's backbone network covers only the territory of Russia. ❖



4th International Business Forum

«The Evolution of Mobile Networks – LTE Russia & CIS 2012»

May 16-17, 2012

Expocentre • 14 Krasnopresnenskaya Nab., Moscow



Organizer:



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Key Topics:

- LTE network deployment in the Russian Federation
- The distribution of the frequency spectrum for LTE, tender results
- Technological neutrality issues
- National and federal operators' strategies to deploy LTE
- Migration strategies from CDMA2000 EV-DO to LTE
- Interaction with regional and international standardization associations – prospects for the Russian market
- The modernization and development of mobile operators' transport infrastructure for 4G networks
- The migration from 2G/3G to LTE
- LTE networks convergence with fixed mobile networks
- Business models of rendering services in LTE networks

Speakers:



Adrian Scrase,
Head of 3GPP
Mobile Competence Centre



Takehiro Nakamura,
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Chairman,
NTT Docomo



Leonid Konik,
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