

Russian Satellite
Communications Company

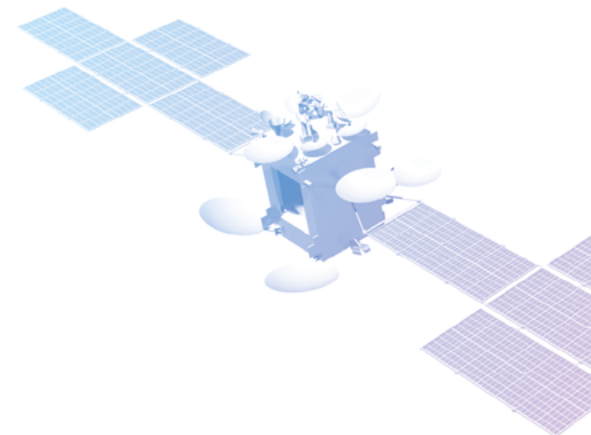
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Russian Satellite
Communications Company



45
years



e-mail: sales@rsc.ru

www.rsc.ru

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❖ RSCC is 45.

On the eve of the Company's Day, on the 4th of November, 2012 RSCC received congratulations from friends, colleagues and partners.

“Our cooperation for the operation of one of the main resources of the national electoral system – the state automated system of the Russian Federation “Elections” has a long history. It is based on traditional reliability provided by high-quality resources of communication and professionalism, competence and responsible attitude of RCSS team. Thank you for fruitful cooperation and I wish you successful implementation oof all future projects, – says

the governmentgovernment telegram sent by the Chairman of the Central Election Commission of Russia Vladimir Churov.

Special Advisor to the General Secretary of the International Telecommunications Union Valery TimofeevTimofeev also sent anniversary greetings to RSCC team, which says: “RSCC meets its 45th anniversary as one of top-10 leaders of satellites commutations in the world. And there is no doubt that in the nearest future you will be able to consolidate its position and to continue to ensure the successful development of advanced satellite services to consumers both locally and internationally”.

❖ Russia entered the BBA top 5 in the world.

In the end of June, Russia had 22.83 million of BBA subscribers, estimated the British research company Point Topic. Russia overtook France (22.63 million) and reached the 5th place in the world list. At the same time, the growth of the subscribers database in the country came out on top, and the number of new connections – to the second. Experts predict positive dynamics in the next five years.

With the number of new connections – 5, 040, 000 – Russia won the 2nd place regarding the results of the reporting year, ended on the 30th of June. Only China is ahead with 22.6 million new subscribers by the end of the year. In the terms of the wired BBA subscribers database growth Russia took the 1st place – 28.3%

Russia ranks the 1st place in Europe for the number of Internet for one year already: as Comscore estimates, Russia has overtaken Germany in September 2011. For BBA connections, Germany is still ahead – 29,56 million, according to Point Topic.

BBA will be growing fast within next 5 years, while the biggest federal operators will actively expand to the regions, thinks the analytics of “Otkritie Capital” Alexander Vengranovich : the growth is inspired by the subscriber's switch from ADSL to faster optics.

In June – August the monthly Internet audience in Russia, according to the fund “Public opinion” was 59.4 million users. At that, according to AC&M-Consulting, this year, at least once a month an average of 60 million subscribers used the Internet from mobile devices.

❖ The Chief on BBA

The largest national BBA event Broadband Russia Forum 2012 for the second time will be held in Moscow on November 20-21 at "Renaissance Moscow Monarch Centre". By 2015, BBA Internet access will appear on the whole territory of Russia, said the Federation Council in the end of September, Deputy Prime Minister Arkady Dvorkovich. Rostelecom will be in charge, defined Mr. Dvorkovich, "as this company possess all necessary resources to achieve the goal without additional budget support. By 2015, BBA will be provided on the territories with 95% and more of potential users, added representative of Mr. Dvorkovich. According to him, not only Rostelecom will be responsible for connection,

but other operators as well. Assessing the brilliant success of Broadband Russia Forum last year, Rostelecom has become a national partner of the forum, the Bronze Sponsors are Ericsson and Juniper, Inmarsat Global Xpress will perform as a coffee-breaks sponsor. The Forum will be held with the participation of STC "Protei". The event is being prepared with the support of the world's largest industrial organizations – Broadband Forum, GSA and FTTH Council Europe. In particular, the executive director of the global consortium Broadband Forum Robin Mersh will make a special report on the dynamics of the global broadband market at Broadband Russia Forum 2012. ❖

❖ Rostelecom expanded TEA

The national operator Rostelecom began a massive expansion of fiber-optic backbone network: the equipment with a capacity of 100 Gbit/s will be installed on "Transit Europe – Asia" (TEA), as well as on the busier local lines, announced the operator's press office on Wednesday.

Rostelecom networks is the second example in Russia of a major migration to the WDM equipment with a capacity of 100 Gb/s (100G WDM), until 2011 the backbone network in Russia was based on DWDM technology with a capacity of 10 and 40 Gbit/s. the operator started projects to expand the capacity of the TEA transit line at two independent branches.

Communication lines are under construction within a second phase of the TEA backbone "High Speed Backbone Transit Europe-Asia". The construction of the first branch is already completed (Khabarovsk – Stockholm). The second branch (Khabarovsk – Frankfurt A/M) is to be completed in 2013.

In addition, the expanded backbones are in the route of Khabarovsk – Nakhodka – Tokyo and Khabarovsk – Hong Kong, where equipment of 100G WDM is also applied. According to the press office of Rostelecom, the construction of new branches of BTM TEA was initiated due to the fact that the possibilities of TEA backbone were almost exhausted; with the traffic channel of over 90%. ❖

❖ GPON in the Moscow region

Moscow city telephone network (MGTS) is considering the possibility of networks construction based on fiber-optics technology GPON in the nearest towns of the Moscow region, announced General Director of the company Andrey Ershov. “We are considering these close to Moscow Ring Road (MKAD) towns, but the first task is to implement PON in Moscow”, said Mr. Ershov. Concrete towns where this project can be realized are not announced by MGTS.

The project involves replacing GPON networks based on copper wire to fiber-optic network, which increases the speed and quality of data. MGTS is planning to construct more than 15 thousand km of fiber-optic networks. Project total investments are estimated at 50 billion rubles. According to Mr. Ershov, MGTS will complete the change of networks based on copper wire to fiber-optic GPON network by 2014, and transfer its subscribers to the new technology by 2015. ❖

❖ “Breeze-M” will flip the script

Booster Breeze-M, developed by Khrunichev State Research and Production Space Center, has successfully brought to the target orbit the American communications satellite Intelsat 23. On Sunday, the 14th of October, at 12:37 Moscow time, at Baikonur was launched Proton-M booster with a spacecraft Intelsat 23, announced the press office of Khrunichev State Research and Production Space Center. “According to the program launch the orbital assembly separated from the third stage

of the launch vehicle and continued the autonomous flight. Further removal of the spacecraft to the target orbit was performed by four inclusions of the main engine of Breeze-M booster. Separation of the spacecraft from the upper stage occurred in 9 hours and 30 minutes after the start of the launch vehicle at 22:07 Moscow time.”, as was updated in the message of Khrunichev State Research and Production Space Center. ❖

❖ Unity in the spectrum

In the nearest future, the Russian operators can start using common base stations. The relevant amendments to the law “On Telecommunications” prepared by LTE Union, and they were sent to the Ministry of Communications on Tuesday. Until now, the cellular companies’ partnership in Russia was limited by joint construction and operation of passive infrastructure (towers and masts for the installation of base stations, power supply systems and air conditioning systems as

well as optical cables). The draft of amendments provides a full sharing of the radio spectrum by several operators and associations of radio frequencies in order to improve the quality of services. In addition, the law provides the possibility of frequencies transfer in case of their demand in time of conversion works. Thus, it allows a single transmitter to combine the resources of several operators, but to use it in one communication network. ❖

❖ Voice goes to IP

The volume of IP-telephony market in Russia will double by 2014 in comparison with 2012 and will reach 8,4-10 billion rubles. Now, more than 70% of the market, or 8,4-10 billion rubles falls on corporate segment. The most popular application for virtual telephony remains Skype.

Totally, in 2011, the market of operators' IP-telephony in Russia estimated at 4-4.5 billion rubles, and the market of private IP-telephony (excluding Skype and other similar projects) in Q4 2011, exceeded 900 billion rubles, as per the research by J'son & Partners Consulting (J&P).

According to the research, the virtual IP-telephony traffic in Q1 2012 increased to 27% in comparison with Q1 2011. In general, over the last year it increased four fold and now is estimated at 3.7 billion minutes. According to J&P, the level of the development of operators' IP-telephony services in the Russian Federation is low in comparison with the leading countries in this segment. VoIP-projects of alternative operators are developing more actively. Besides, the rates of development of corporate IP-telephony services are relatively high, including virtual PBX services. Last year they brought 1-1.5 billion rubles to providers. ❖

❖ Wireless TV

Cellular operator Vimpelcom (Beeline brand) launched a project to provide wireless connection to digital Beeline TV with the help of Wi-Fi hot spots (Wi-Fi bridges) in Moscow and the Moscow region. Wi-fi bridges will enable to watch digital TV channels in a regular and HD resolution without any quality loss, outlines the operator's press office.

To protect an unauthorized access to the network, there is a WPS function (Wi-Fi Protected Setup), which enables encryption on the network by default without manual adjust of security settings. ❖

❖ Telegraph with prefix

Pay-TV operator "Central Telegraph" (brand Qwerty) and CTI company postpone the introduction of solutions for adapter-less IPTV, as processors' productivity of the TVs of the lowest price category is not enough for fast video processing.

"We have not launched adapter-less IPTV solution in the market now: it appears that its consumer features significantly differ from those stated before, – said Igor Zabolotny, CEO of "Central

Telegraph", – If we focus on TVs of medium and low price segments, as we expected from the beginning, the user cannot get the proper quality of service. The channels switch takes 4-6 seconds. In the higher price segment this solutions works perfectly", – outlined Mr. Zabolotny. Companies postpone the introduction of new technologies until the TVs productivity will not be enough and their price will be reduced. ❖

❖ New 4G operator

“Osnova Telecom” company starts LTE network construction and announced a tender for the purchase of network equipment. The operator will start operating in 20 small towns. It will take \$100 mln to cover the expenses, estimate the analytics.

“Osnova Telecom” announced a tender for the equipment purchase to construct LTE network. According to the source in the company, it is planned to purchase 1,5 thousand base stations. There are 5 vendors in the short –list: Ericsson, Huawei, Alcatel – Lucent, Nokia

Siemens Networks and ZTE. Vendor’s representatives denied to comment as the tender is not yet finished.

LTE networks are already built in 20 cities in the Central, North-Western, Volga and Southern Districts. Firstly “Osnova telecom” will launch services in medium towns in the terms of population (300 – 600 thousand inhabitants) with a low level of penetration of BBA Internet. Moscow and St.-Petersburg are not planned yet. ❖

❖ Operators will share the underground.

Department of Transport and Department of Information Technologies (DIT) of Moscow in the next few months will announce conditions for investment proposals for operators to deploy a complex telecommunications infrastructure in the Moscow underground. DIT believes that companies should implement the project together – in this case, they will be able to create the necessary infrastructure (radiating cables and routers) during the next 1,5 – 2 years.

“We do not plan investment from the city budget to the project, but we will offer the operators to reduce the rent cost for network placement

in the underground, enabling them to reduce costs for network deployment “- said the DIT Deputy Head Alexander Gorbatko. The basis of the telecommunications infrastructure should be radiating cable that supports all existing data transfer technology,” – added Alexander Gorbatko.

MTS Director in the Moscow region Konstantin Markov announced, that the company estimates the investment volume necessary for construction of radiating cable in all tunnels of the underground at 2,5 – 3 billion rubles (up to \$95 mln). ❖

❖ More free Wi-Fi

Mail.ru Group will launch public free Wi-Fi network in Moscow in November. The network will consist of 500 hot-spots, announced the Head of IM Department of Mail.ru Group Igor Yermakov. The Russian operator of fixed connection “Tascom” became a project

partner of the company. The further development of the project will determine the results of the hot spots work.

The biggest free public Wi-Fi network of Beeline has more than 2,5 thousand of hot spots in Moscow. ❖

❖ MTS has dropped out of the BBA Three

In Q3 2012, MTS dropped out of the top three Russian operators of fixed BBA. The regional operator ER-Telecom Holding took the third position in terms of customers in Russia. In the beginning of October, ER-Telecom served 2.27 million of customers of BBA, MTS – 2.18 million, said the Telecomdaily report. At the end of Q2 2012 MTS and ER-Telecom served 2.131 million and 2.130 million customers respectively. In other words ER-Telecom has become the third in the number of fixed BBA customers, while MTS was the fourth.

According to the statistics of AC&M-Consulting analysts, such the reshuffle took place in Q2 2012. The number of customers is not an indicator of business efficiency: ER-Telecom is paying a negative index of OIBDA for the aggressive growth of the customer base, said a representative of one of the ER-Telecom's competitors. The operator increased its customer base without lose of profitability – for example, service tariffs are at the same rate, fends Andrey Semerikov, CEO of ER-Telecom Holding. ❖

❖ Band of contention

The Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor) has prepared a draft of a new procedure of calculating fees for frequencies for 2G-, 3G-and 4G-operators. They are suggested not to pay for the frequency assignment, as it is now, but to pay for the entire band provided for frequencies. During the last year the number of complaints on the quality of communication services increased dramatically, and the current method of calculating the fee rate played its role in this situation, said the Deputy head of Roskomnadzor Oleg

Ivanov. “Whereas the fee is taken for each provided frequency operators refuse to be provided with the additional assignments to the base station. It leads to the reduce of network capacity, which influences on the quality of communication services”, – said Mr. Ivanov. In the new procedure it is suggested to calculate the cost based on the band provided to the operator, and therefore the number of base stations will not affect the final sum. Operators of the Big Three, the main owners of frequencies, support the changes. Scartel and Osnova Telecom, for whom the payment may be increased at 4-5 times, are against. ❖

❖ Antares vs Skylink

According Antares, which owns the frequencies in the neighboring range with Skylink, the last violated the SCRF decision by not providing a guard interval between two networks. Antares group of companies owned by the businessman Eugeniy Roitman sent letters to the Minister of Communications Nikolay Nikiforov and the General Radio Frequency Centre (GRFC), which states that Skylink “daughters” violated the terms under which SCRF allocated frequencies 1920-1935 MHz and

2110-2125 MHz for the construction of 3G, and asks to cancel these solutions at the nearest meeting of commission.

The story is confused, both Skylink and Antares received several solutions of SCRF upon their frequencies and now it is not clear where exactly should the security interval be, says the officer of the relevant department. According to the law, the security interval must be in the band of the operator, who received a SCRF’s decision later. ❖

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CEO,
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Timur Alyautdinov,
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Andrey Semerikov,
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ER-Telecom Holding



Nadia Babaali,
Communications
Director,
FTTH Council Europe



Evgeny Buydinov,
Deputy General Director
on Innovation Development,
Russian Satellite
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Yuri Senchenko,
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Key Topics:

- Current state of broadband market in Russia and CIS: future prospects
- Development of fixed network services in Russia: obstacles, drivers and prospects
- Operators LTE development strategies
- Development of broadband networks in Ka-band
- Migration from 2G/3G to LTE
- Best operators' strategies: Deployment of broadband networks and business development
- New stages of multiservice broadband networks development
- Content monetization strategies in broadband networks
- Most in-demand services in broadband networks in Russia and CIS
- Implementation strategies of additional services in broadband networks

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Contacts

ComNews Moscow
2/1 Verkhnyaya Krasnoselskaya Ulitsa, Building 1, Office 428
107140 Moscow, Russia
Tel.: +7 495 933 5483

ComNews Saint Petersburg
22 Moskovsky Prospect, Litera L, Office 36N
190013 St. Petersburg, Russia
Tel.: +7 812 600 2030

<http://www.comnews.ru>