



Russian Satellite
Communications Company

Broadband & Satellite Russia Newsletter

No 47

January 28 – February 15, 2013



Russian Satellite
Communications Company



The World is United
via Satellite Communications



PEKJAWA

e-mail: sales@rsc.ru

www.rsc.ru

Contents

RSCC in top ten strategic telcos of Russia	4
LTE in Chechnya	4
Minsvyaz to make additional payment for conversion	4
US accepted GLONASS	5
Dmitry Medvedev scolded telecommunication	5
McKinsey forecasts e-retail growth in Russia	6
MGTS removes TV cable	6
Budget LTE smartphones are to come	6
A place for a new LTE	7
GPON narrows ADSL	7
Zenith crashed into the sea	7
Russia agreed to give Baikonur back	8
No Wi-Fi in the Metro	8
About Us. Contacts	10

❖ RSCC in top ten strategic telcos of Russia

According to the study of telecom segment of the Russian economy conducted by the Ratings and Certification Center of the Institute for Economic Strategies, RSCC has joined the rank of leaders in the telecommunications industry. The rating is conducted annually to identify strategic advantages of industries in the context of Russia's economic integration into the global economy. The company took the 6th place in the ranking of the strategically important telcos providing services in Russia.

“The telecommunications industry plays a special role in the economy and ensures the development of the most important sectors of the national infrastructure to meet the need of citizens, business and government to exchange information, – Yuri Prokhorov, General Director of RSCC, said. – At that, advanced technologies of space communications create additional conditions for transition to the information society across Russia”.

❖ LTE in Chechnya

Association of regional telecom operators (ARTO) believes that the Chechen operator Vainakh Telecom has the right launch the LTE network, despite the fact that it is built on the non-Russian equipment. If ARTO's opinion is shared by the Ministry of Communications several ventors could obtain the status of 'domestic' and Rostelecom will get an opportunity to build 4G network in the range of 2.3-2.4 GHz in the Chechen Republic.

In mid-January, Vainakh Telecom reported the completion of the LTE network construction in Chechnya. The company has installed 180 LTE TDD base stations by Nokia Siemens Networks in Grozny and plans to launch another 200 stations in the district centers and towns of the country during the year. However, the operator is unable to begin commercial operation as under the terms of the license the LTE network is to be based on the domestic equipment .

❖ Minsvyaz to make additional payment for conversion

The Ministry of Communications can absorb the financing of 4G frequencies conversion. According to various estimates, the conversion could cost up to 200 billion rubles (up to \$ 6,7 bln) and had to be paid by the winners of 4G competitions: MTS, MegaFon, VimpelCom and Rostelecom, but the Russian law prohibits private companies to finance

the Ministry of Defense. The new scheme will bypass the ban, but can lead to longer and more expensive conversion, the companies fear. The fact that the Ministry of Communications and the Ministry of Defense proposed operators to finance the conversion was announced by Deputy Minister of Communications Denis Sverdlov.

❖ US accepted GLONASS

The equipment to support the Russian geopositioning dual-use system GLONASS will be placed in several states of the U. S. The growing dispute between the countries did not prevent Russia to negotiate with the Americans on this issue. The negotiations on the possibility of placing collecting measurements stations of the differential correction and monitoring system in the U.S. started last autumn at the International Conference on Satellite Navigation ION GNSS 2012 in Nashville.

The issue of mounting the differential correction and monitoring system units in the U.S. will have an impact on the accuracy of the

coordinate system. To get the exact coordinates of satellites, it is necessary to build an accurate model taking into account many factors, including the influence of solar wind on the spacecraft. The input parameters for the construction of the model are the data on the real movement of the satellite, which is to be observed from the largest number of points on the surface of the Earth. Therefore, the issue of placing the GLONASS collecting measurements stations was negotiated not only with the United States. ❖

❖ Dmitry Medvedev scolded telecommunication

At the “Open Data” meeting Prime Minister Dmitry Medvedev said that comparing to the rest of the country Moscow has poor quality of telecommunications service and called the situation “disgraceful”.

The blame for the poor quality of cellular communications Prime Minister laid mainly on operators. He added that apart from the mobile operators this issue should be noted by the Ministry of Communications and the Government of Moscow. The Ministry of Communications quickly responded to the criticism. Deputy

Minister of Communications Denis Sverdlov said that improving the quality of services in Moscow is one of the priorities, but the problem is accentuated by the lack of frequency resources and the fragmentation of the spectrum. “Today we conduct complex work to solve the problem – Denis Sverdlov said. – In cooperation with operators we develop a set of specific technical measures to optimize the use of spectrum in Moscow and the Moscow region, including the ability to use a range of GSM for 3G networks”. ❖

❖ McKinsey forecasts e-retail growth in Russia

The Russians are more engaged in looking for goods and making purchases on-line, following the brands in social networks. The market volume of online retail could rise to \$25 billion by 2014, as indicated in the recent research by McKinsey & Co consulting company.

Russia has become the largest Internet market in Europe, with an audience of nearly 50 million daily adult users, the McKinsey “Russian Digital Consumerstudy says: the number of active users (both fixed and mobile) increases by 35% a year at average. In this

case, broadband Internet access is already available at 40% of households. According to McKinsey, one of the drivers of online retail is penetration of smartphones: now it is on a relatively low level – 14% of all phones, as of 2012, but analysts expect that by 2016 it will exceed 40%. A lot of people in Russia use mobile devices as the primary connection to the Internet, especially in the regions where fixed Internet is expensive or even not possible yet, McKinsey explain. ❖

❖ MGTS removes TV cable

Moscow City Telephone Network (MGTS) will release Moscow subscribers of DTV from cables in their apartments with a special adapter. According to the company, the fear of cables prevents more than half of Internet users from connecting to IPTV. MGTS competitors prefer to install Wi-Fi-bridges for this purpose. MGTS launches a new PLC-based solution, which enables users to transmit data through the electrical network: one adapter is plugged in the socket near the Internet modem, the other adapter – near the TV. Thus, the user can connect to

TV without fiber optic cable at any point of the apartment and move it from place to place.

PLC solution will cost 2,7 thousand rubles (about \$ 90) or could be leased for 30 rubles per month (about \$1). MGTS does not plan to subsidize the equipment. Connection to digital TV without wires will be available to all MGTS subscribers connected to GPON network in Moscow. Today there are only 200 thousand of them. By 2015 GPON network will reach all homes in the capital of Russia. ❖

❖ Budget LTE smartphones are to come

The manufacturer of Fly cell phones the Indian Meridian Group plans to deliver the “mass” 4G LTE smartphone to Russia in H2. It will cost

less than 20 thousand rubles (about\$666). Competitors like LG will release cheap LTE smartphones in late spring as retail resources say. ❖

❖ A place for a new LTE

Defense Minister Sergey Shoigu refused from frequencies allocated in 2011 to Osnova Telecom with 25% plus 1 share belonging to the Ministry. The Minister appealed to President Putin with a letter in which he said that Osnova Telecom did not need

2.3-2.4 GHz frequencies allocated to it in September 2011 by the State Commission for Radio Frequencies (SCRF), and that the Ministry of Defence does not object if these frequencies are put to tender. The letter was approved by Putin. ❖

❖ GPON narrows ADSL

Up to 6 million Russians will be connected to the Internet under GPON technology by 2016, analysts of J'son & Partners Consulting forecast. Thus, at the beginning of 2013 GPON technology penetration in Russia did not exceed 2% of households. "At the end of Q3 2012 about 15,5 million Russian households were connected to the Internet under FTTB technology, which is 61% of all broadband connections in Russia, – analysts note – 33% of households (8,4 million) were using

ADSL technology, while the share of GPON, to provide Internet access at speeds of more than 1 Gbit/s, accounted for about 2% of households (0,5 million)".

According to J'son & Partners, ADSL and DOCSIS connections will decrease by 2016, and the number of FTTB connected will increase by 3,5 times, and GPON connections will grow more than 70 times to 5,86 million at the same period. ❖

❖ Zenith crashed into the sea

The carrier rocket Zenit-3SL with the Intelsat 27 satellite launched on February 1 from the sea launch platform Odyssey fell into the Pacific Ocean a minute after launch. The probable cause of the accident is the roll of the ocean in the launch area. The incident could lead to a halt of the rockets of this model for three months.

The Intelsat satellite was ready for launch within the Sea Launch project. According to Vitaly Lopota, President and General Designer

of rocket and space corporation Energia (the developer of Zenith), the engine of the first stage worked for about a minute, then it was switched off. He added that neither the ship nor the launch platform were injured. The decision on resuming the launches of the Sea Launch project will be made on the results of the investigation, Vitaly Lopota said.

The site of the Sea Launch reports that the accident occurred on the 40th second after the start. ❖

❖ Russia agreed to give Baikonur back

At the beginning of February, Russia and Kazakhstan agreed on how to build the future relationship at the Baikonur Cosmodrome. Following the meeting of Vladimir Putin and Nursultan Nazarbayev in early February, it became clear that Russia adopted the proposed conditions of Kazakhstan: a new agreement on the terms of Russia's presence at Baikonur, a phased withdrawal of a number of Baikonur facilities from the

Russian lease, the beginning of the joint operation of the object concurrent with training of Kazakh specialists. Kazakhstan in response does not prevent Proton launches from Baikonur, which enable Russia to hold a leading position in the global launch services market. "We are not talking about leaving Baikonur, we are developing new ways of cooperation", – said Sergey Saveliev, Deputy Head of Roscosmos. ❖

❖ No Wi-Fi in the Metro

The Moscow Metro did not get any applications from the operators for the tender to build Wi-Fi network in the underground. The tender results were to be resumed on 6 February. It is the third time when the tender has no participants. The first time the applications from the operators were accepted by January 11, 2013, but due to the lack of parts interested in this investment competition the submission period was extended to January 28, and later – to February 4. As operators explain, they are not satisfied with the terms of the tender.

The winner is to invest in 5-6 billion rubles (\$ 166-200 million) in the project. The operator will have to pay fines for the underground network

in case of failure and to make additional payments (in particular, to pay a fee for on-site equipment placement). In return, the operator will receive a discount from the underground to pay for the right of placement its network in the underground. The initial (minimum) level of discounts offered by the Metro is 34%, the operators are offered to reduce it. Under the terms of the current draft agreement on Wi-Fi network infrastructure construction in the Moscow Metro it is to be ready in 1,5 years since signing the contract. The operators report that they are still interested in the development of infrastructure in the Moscow Metro and in the implementation of joint projects based on mutually beneficial conditions. ❖

March 26, 2013 • Holiday Inn Moscow Lesnaya • 15 Lesnaya Str., Moscow, Russia

Key topics of the Conference:

- “Development of broadcasting in the Russian Federation 2009–2015” Federal program: implementation progress.
- What changes should be expected in the relations between broadcasters, operators and telcos with the transition to digital broadcasting?
- Regulation prospects in developing media sector
- IPTV, OTT and other ways of video delivery in the digital environment
- New broadband and CDN technologies in the service of video content delivery services
- OTT content monetization strategies
- Internet broadcasting strategies: successful realization examples
- Effective strategies of digital satellite TV broadcasting services delivery in Russia’s pay TV market
- Equipment for broadcasters and multi-service networks
- Effective content security solutions for multichannel pay television

Speakers:



Yury Prokhorov,
General Director,
Russian Satellite
Communications Company



Mark Krivosheev,
Chief Scientist Officer,
NIIR



Andrey Holodnij,
Media assets management Director,
Rostelecom



Vladimir Livshits,
Head of Information
and analytical Center,
Advisor to the President
of NAT



Alexander Belenov,
CEO, TVzavr.ru



Konstantin Chumachenko,
CEO, NGENIX

Organizer:



Co-organizer:



Supported by:



Official Media Partner:



Media Partners:



About Us

ComNews is the major Russian publisher of business periodicals in the ICT industry and the main worldwide supplier of unbiased accurate information about the Russian ICT business.

ComNews has launched numerous projects in order to deliver unbiased, up-to-date and complete information about the Russian ICT industry across the former USSR countries and worldwide.

ComNews publishes business periodicals, provides companies with exclusive content, studies the market, and holds business events.

ComNews caters for every need for business information and communications of the players in the market of telecoms, broadcasting and IT.

ComNews partners with the major companies and non-commercial associations of market participants. The Media Partner status enables ComNews to distribute its printed matter at the world's largest ICT forums worldwide.

120,000 unique visitors on ComNews.ru portal a month

10,000 readers of the monthly magazine's circulation [*Standard*](#)

10,000 copies of the [*Communications and Broadcasting Encyclopedia*](#) annually

5,000 copies of [*Who Is Who in Telecommunications and Broadcasting*](#) annually

500 clients including major Russian and international ICT companies

over 20 [*Industry Conferences*](#) hosted by ComNews

15 years in the market, offices in Moscow and St. Petersburg

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.: +7 812 670 2030

<http://www.comnews.ru>