



Russian Satellite  
Communications Company

# Broadband & Satellite Russia Newsletter

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Russian Satellite  
Communications Company



The World is United  
via Satellite Communications



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## ❖ The Minister saw the satellites

The Minister of Telecommunications of Russia Nikolay Nikiforov visited Zheleznogorsk CSC – the branch of RSCC in the Siberian Federal District. RSCC’s General Director Yuri Prokhorov reported to Nikolay Nikiforov the company’s progress, the main goals and RSCC’s development directions. During the last two years there was a serious modernization of the ground hardware of Zheleznogorsk CSC, which is now completely ready to operate new local satellites to be launched this year. The ministerial delegation also visited ISS-Reshetnev Company, where a business meeting dedicated to the

implementation of a digital TV and radio broadcasting development program in the Russian Federation in 2009-2015 was held. The way of telecom satellites manufacturing by ISS for RSCC was on agenda. Yuri Prokhorov informed the Minister that ISS-Reshetnev Company is producing 5 satellites of Express- AM and Express- AT series: Express- AM6 is being electrically tested, Express-AM5 is in a thermal vacuum chamber, and Express AT2/AT1 is in the assembly room. The Minister examined the assembly room and testing of the spacecrafts.

## ❖ IPTV became faster in Russia

Last year IPTV grew more intensively than CTV in Russia: the growth rate was 62% by 2011 and CTV segment increased by only 3%. IPTV growth caused BBA development that penetrated in Russia up to 48%. The IPTV market leaders are Rostelecom, VimpelCom and MTS. The satellite TV market grew by almost 20%, and pay-TV

penetration – by 58% for this year. These are the annual research result of J’son & Partners Consulting company. According to the analytic data, Russian pay-TV market is one of the largest in the world with up to 31,9 mln of households.

## ❖ Operators are not responsible for adult content

Responsibility for children’s access to the harmful information in public Internet access points will rest with the proprietors of such points as appears from the signed by the President of the Russian Federation Vladimir Putin federal law ‘On Amendments to Article 6.17 of the Code of Administrative Offences (CAO)’. Violations in the field of protecting children from information harmful to their health and (or) development are punishable under the new law, which came into force

on November 1, 2012. In the previous variant CAO leaved responsibility for the absence of children protection from harmful information in public access points with the operators providing their services in such points (cafes, restaurants, parks, metro, and shopping centers). However, the providers did not consider the law to be active de facto. They stated the readiness to block ‘adult’ web-sites in public networks only if it is requested by a café or a hotel.

## ❖ Government examines Energia

Roskosmos will start a complex audit of RSC Energia in March. The audit results should clarify the practicability of state participation in the project of international floating spaceport 'Sea Launch'. The head of the corporation Vitaly Lopota will be checked against the incumbent, and the Federal Property Management Agency was ordered to bring the share of the state in RSC Energia to a controlling, informs the Central Office of the Government of the Russian Federation.

An appropriate instruction was given to Roskosmos by Deputy Prime Minister Dmitry Rogozin. 'The examination results should answer the

question of the state participation practicability in the 'Sea Launch' project – there is a certain paragraph on this topic in the instruction. The situation with the project financing is a sharp question. – says a source in the Russian government.

The General Director of RSC Energia Vitaly Lopota proposed the state to purchase 'Sea Launch' during Mr. Rogozin's visit in January (RSC owns 95% of the reorganized company 'Sea Launch'). The volume of current liabilities of 'Sea Launch' is about \$ 500 million, primarily advances that RSC Energia received from the customers for works. The audit results must be ready by the second half of March. ❖

## ❖ The Minister keeps LTE-silence

The Deputy Head of Roskomnadzor Oleg Ivanov appealed to the Minister of Telecommunications of Russia Nikolay Nikiforov with a request to relieve the collision with 2.3 –2.4 GHz frequencies, assigned to Rostelecom (in 39 regions) and Vainakh Telecom (in Chechnya) to create wireless Internet access networks. Operators were to build networks using home equipment until the summer of 2013, but it never happened. The main point of the petition to the Minister Nikiforov is that it is not fair to take away the assigned frequencies from the companies, as they are not guilty in inability to satisfy liabilities. Roskomnadzor requested to approve this collision twice, but has not got the reply until March.

The producer, claiming for the status of 'national' in Russia, must have the rights for the technology and software in sufficient quantities, to have a R&D and manufacturing base, to produce printed circuit boards in place and do the finishing equipment assembly. The minimal

level of localization for all types of equipment is 60-70%. Moreover, only the venture with at least 50% of its share capital owned by the Russian residents can obtain such a status. This is the joint order of the Ministry of Industry and the Ministry of Economic Development signed in August 2011.

Rostelecom networks are not built, but the company has already spent 150 million rubles (about \$ 5 million) to clear the bands in the range of 2,3-2,4 GHz and receive frequency assignments. Vainakh Telecom managed to build a network, investing 300 million rubles (about \$ 10 million) to the construction, using the equipment of the Tomsk Center of wireless technology – a joint venture of Nokia Siemens Networks and Micran Research & Production Company. However, the Expert Council of the Ministry of Industry refused to assign the status of the domestic producer to the Tomsk Center of wireless technology in the end of February. ❖

## ❖ Rostelecom reduced the cellular appetite

In the next 4 years Rostelecom promises to take only 9% of cellular market of the country with launching new networks only in 10 Russian regions. Recently the biggest Russian cross-functional operator, which was preparing a broad expanse on a mobile market, is now concentrating on development of cell networks in the regions with already existing 2G and 3G networks, and in million-cities, as per company's materials. There will

be 10 new regions, the Vice President of Strategic development of Rostelecom Mikhail Magrilov informed Vedomosti: in 5 cities the networks will be launched by the end of 2013 (Moscow, St.Petersburg, Krasnodar, Novosibirsk and Samara), and in the rest 5 cities – by 2014. Rostelecom is going to make arrangements to use local networks with the rights of an MVNO in other regions. ❖

## ❖ 'The Big Three' and Yota are preparing 4G-Union

The operators are thinking again of a joint infrastructural company for a common network of LTE standard based on Scartel (Yota Brand) network this time. Representatives of Scartel, VimpelCom, Megafon and MTS are discussing the idea of creating an infrastructural alliance. The point is in creating a joint venture based on Scartel subdivision responsible for the collaboration with other operators – Yota Networks. 'The Big Three' has to buy out shares in the joint venture and trespass its frequencies, meant for LTE construction. Scartel will be in charge of construction and operation of 4G networks for all three operators. According to the sources, MTS is not taking this idea seriously, but VimpelCom is already discussing financial issues.

The idea with infrastructural company based on Scartel is not new: it is being discussed since 2011. At that time, 'The Big Three' signed the partnership agreement with Scartel in the presence of Vladimir Putin. The point of the agreement was that Scartel became an infrastructural company and builds LTE network, which could be used by Rostelecom, MTS, Megafon, and VimpelCom. Each operator would get a call option to buy 20% of Scartel and 20% would be left with Rostechology. Thus, at that time no operator had own frequencies to develop 4G communications networks and it was planned to use frequency resource of Scartel. However, the alliance was split: operators did not draw option agreements, as they could not agree on price. ❖

## ❖ Branson is disappointed with Russia

The telecom business of the English media mogul Richard Branson is going to be liquidated in Russia. WiMAX-business of Virgin in Russia has almost come to an end. The company also denies the idea to create an MVNO. Branson's company Trivon Networks, working in Russia under the Virgin Connect brand, will not deploy new WiMAX-networks, and the idea of a new MVNO launch announced by a businessman in the beginning of winter is now buried. This was confirmed by a few sources

in the market. Trivon Networks was active a half and a year ago in Russia last time: the company has got financing and started to headhunt managers from the competitors. However, in a few months the activity was reduced, the headhunted specialists left the company and from that time Virgin Connect has practically left the market. Experts conclude that Richard Branson was finally disappointed with the Russian telecom and the new projects will not be launched. ❖

## ❖ Ministry of Communications will strip off communications in the capital

To solve the problem of the communication quality in Moscow the frequency range is needed to be cleared in cooperation with the Ministry of Defense, announced the Head of the Ministry of Communications Nikolay Nikiforov in the end of February. Upon his words, the Ministry of Communications and the operators are working on a complex of measures to improve the quality of communications in Moscow.

'The first thing is that the Moscow government has already started to implement these measures, with providing comfortable platforms for

operators at the objects of the city infrastructure. The second is the technical question of frequencies distribution. Somewhere they need to be changed, elsewhere – to make certain technological shifts. In some cases, the amendments to the legislation are needed, and we have prepared the new amendments to the law on communications. The third is the limit of the frequency source: it is needed to hold certain events, first of all, together with the Ministry of Defense, in order to free additional frequency bands and to provide better quality communications', – said Nikolay Nikiforov. ❖

## ❖ The Court will consider LTE-appeal of Rostelecom

Rostelecom complaint for the decision of the lower court dismissing the lawsuit against Scartel (brand Yota) for access to the LTE networks was appointed on the 2nd of April by the Ninth Arbitration Appeals Court of Moscow. Rostelecom asked the court to oblige Scartel to provide it with the access to infrastructure of LTE standard networks in the radiofrequency range of 2500-2530/2620-2650 MHz. In December 2012, the Moscow Arbitration Court has dismissed this claim. The

preliminary agreement that the company entered into in April 2012 was the cause of the adjudication. In accordance with the terms of the agreement Rostelecom had the right to launch its networks at Scartel's LTE-infrastructure as MVNO. However, Rostelecom has slowed with the negotiation of the final cooperation terms opposed to Megafon (controlled by Alisher Usmanov as well as 'Scartel') that applied simultaneously with Rostelecom. ❖

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  
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Advisor to the President  
of NAT



**Alexander Belenov,**  
CEO, TVzavr.ru



**Konstantin Chumachenko,**  
CEO, NGENIX

Organizer:



Co-organizer:



Supported by:



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## About Us

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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.

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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

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