

Russian Satellite
Communications Company

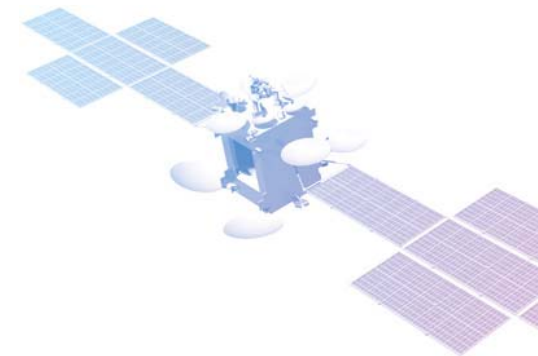
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Russian Satellite
Communications Company



The World is United via Satellite Communications



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❖ RSCC To Support Competitors

Russian Satellite Communications Company (RSCC) joined the initiative of Gazprom Space Systems OJSC (GSC) in communication satellites manufacturing, but this far, the RSCC is only ready to enter the project as a commissioner of space crafts.

The corresponding agreement was signed between the two Russian satellite operators in early September. The contract lays down that if GSC sets up an effective space craft assembly facility, the RSCC will consider their proposal for manufacturing new satellites in the framework of the program for upgrade and development of the Russian satellite constellation.

GSC wants to launch a communications space craft and remote sensing facility in Schelkovo, Moscow region. In the end of August, ComNews communicated that Gazprom Space Systems and Gazprominvest, backed up by Vnesheconombank and the Government of the Moscow region, were going to build up an assembly facility for Yamal and Smotr space systems. General Director of GSC Nikolay Sevastianov promised that the new space enterprise would annually yield up to four space crafts and is scheduled for commissioning in 2015. The parties wouldn't disclose the amounts to be invested. ❖

❖ Moscow Ground Transit Finally Got Wi-Fi

Passengers on several routes of Moscow ground transit services can already use the free wireless Internet. Transport Department of the Russian capital has communicated that the pilot Wi-Fi hotspots were launched in 25 buses, trolley buses and trams cruising the city.

The pilot project will last for six months, and then the authorities will decide on its future. The transport facilities were equipped with routers which receive and transmit CDMA-450 signals and distribute it to user devices as Wi-Fi. Available data bit rate – up to 3 Mbit/s. ❖

❖ NEC To Supply LTE To Scartel

NEC Corporation has supplied low-power LTE base stations to Scartel operator on try-and-buy terms. The parties haven't yet revealed their plans for further collaboration, if any. LTE micro stations are designed to enhance network capacity and coverage. The press-release issued by NEC emphasizes that this project saw the first roll out of commercial service LTE micro stations in Russia. "We are talking

about 10 base stations", specified a spokesperson for NEC Neva Communication Systems CJSC.

The parties wouldn't disclose the price of the contract. "Depending on the terms of supply and the configuration, I believe it's about \$200,000", commented Denis Kusov, head of Telecom Daily agency.

The companies are also negotiating on further collaboration. ❖

❖ Kadyrov ex machina

Head of Chechnya Ramzan Kadyrov declared that residents of the region “do not intend to continue to “feed” MegaFon and Beeline” and are going to switch to local service provider Vaynakh Telecom which, coincidentally, has put its LTE network into commercial service early September.

Ramzan Kadyrov’s statement came as a reaction to the Heart of Chechnya mosque built on his initiative being knocked out to the second place by the Kolomna Kremlin in the second round of the Rossia 10 competition to decide the top ten symbols of Russia. Earlier, the Muslim temple in Grozny had a sizable lead in the all-Russian vote. According to the

head of Chechnya, the results of the contest were changed through cheating organized by MegaFon and VimpelCom mobile operators. Both companies claim that they were functioning as normal, and the delay in the entry of votes was caused by low performance of the content provider’s equipment.

One of VimpelCom’s offices in Grozny was pelted with eggs by a group of young people protesting against the results of the contest. Shortly after that, the operator closed all offices in Chechnya out of safety concerns for their clients and personnel. The operations were resumed within a few hours. In the meantime, MegaFon’s offices continued uninterrupted. ❖

❖ Ministry of Communications Will Say ‘No’ More Often

The State Commission for Radio Frequency (SCRF) intends to expand the list of reasons why operators may be refused frequency. Thus, if the resource in dispute has already been tendered or allocated through a separate resolution, it may be a reason to refuse operator’s claims. Currently, the procedure for allocation of frequency allows only two reasons for refusal: inconsistency of radiation/reception parameters and the inability to assure electromagnetic compatibility. Apparently, according to new rules, applicants

may be refused if the contested frequency has already been a subject of an effective resolution of SCRF based on the tender results or a separate resolution. Also, the SCRF may alter the radio frequency prolongation procedure in some particular cases. The plan is to introduce a one-year prolongation period, and market players are worried that same as the first measure, this one will restrain competition. ❖

❖ News from Scartel

A Russian Rokot carrier rocket with an upper-stage Briz-KM booster and three Gonets-M telecom satellites was successfully launched in mid-September. The launch marked the new beginning for rockets of this type and deployed half of the Gonets low-orbit telecom constellation.

“We put into orbit 7 out of 12 intended space crafts, with 6 of them being the latest generation”, said Gonets President Dmitry Bakanov after the launch.

“For us, it is an extremely important step, because over the past ten years our orbital constellation has been nothing but degrading. And now the new satellites will allow to downsize transmission interruptions across the entire territory of Russia by many times: the North will always be available, in the Moscow latitude interruptions won’t last longer than 30 minutes, and at the equator – from 2.5 to 3 hours per day.” ❖

❖ A Welcome With Wi-Fi

Russian Railways JSC (RZD) has launched free Wi-Fi at 64 railway stations. By the end of the year the company will increase the number of stations offering free Internet access to 100, while expanding the Wi-Fi coverage area.

“As we expand the coverage on our stations’ landside areas, daily connections have reached 6,000. Moscow and Saint Petersburg account for a better part of connections”, says a release from Russian Railways. It took the rail operator six months to reach this level of connections, specified a

company’s spokesperson in an interview for ComNews. The amount of traffic and Wi-Fi data rate will depend on the passenger load at a facility.

The service is carried out by a subsidiary of Russian Railways – Vokzal Infocom.

The company is currently preparing the trial launch of WiFi offload technology which enables automatic offloading of mobile data to Wi-Fi at Moscow Kursk railway station and stations in Yekaterinburg and Perm. The cost of the project for free Wi-Fi at railway stations was not disclosed. ❖

❖ Next Year Wi-Fi Will Come Into The Metro

All coaches of the Moscow metro will be equipped with Wi-Fi Internet in the middle of next year, communicated Head of the capital’s Transport Department Maxim Liksutov. However, in view of possible overloads in the networks, the wireless hotspots will be installed in cars only, but not at the stations.

In the end of June the Moscow Metro operator announced the winner of the auction bidding for construction and operation of Wi-Fi network in the underground – Maxima Telecom company, where one of the co-owners is Sergey Aslanyan – former President of Sitronix. Maxima Telecom was

actually the only service provider to submit a bid, as other operators declined participation in the auction due to its disadvantageous conditions. Wi-Fi access will be provided by Maxima Telecom free of charge, but users will have to view a few short advertising clips, which will be the main source of income for the company. The construction will cost Maxima Telecom more than US \$30 million of proprietary and borrowed funds which the investors expect to pay off in seven years. The network will be built by system integrator NVision Group. ❖

❖ The Police Safeguards Frequency

Russian Ministry of Interior declined the request from State Commission for Radio Frequency (SCRF) to study the frequency space under its control for the purposes of possible conversion. The Ministry wants to conduct this study by themselves, explained a spokesperson for the Ministry of Interior at the September meeting of the SCRF.

The SCRF brought the issue of the study on the 380-470 MHz band aimed to investigate the possibilities of conversion on this spectrum and implementation of new radio technologies on the agenda of the meeting.

According to the Aide to Minister of Communications and Mass Media Denis Sverdlov, the purpose of the study is to confirm that the frequency in question is currently occupied. But the Ministry of Interior insists that some of their bands should be excluded from the study. The Ministry official is convinced that there is no point in this study for the Ministry: “There is no need to waste money”, he said. “We can conduct such study on our own applying the principles of the integral study and then provide the results to the Ministry of Communications and Mass Media upon request.” ❖

❖ LTE For The Masses

Russia’s Big Four mobile operators are ready to provide LTE coverage on all localities of the country with population over 10,000 people. The licenses won by MTS, MegaFon, VimpelCom and Rostelecom through a tender held last year prescribe that networks should be built in localities with more than 50,000 inhabitants. If the Big Four had refused to expand network coverage, the Ministry of Communications of Mass Media was ready to revoke their licenses. At a recent meeting with President Vladimir Putin, heads of his Administration, Ministry of Communications, leading TV networks and

mobile operators, head of the Ministry Nikolay Nikiforov proposed MTS, MegaFon and VimpelCom to also build up networks in localities consisting of 10,000 inhabitants by means of their own investment programs. Rostelecom submitted a plan for communications development in small communities with a population over 250 people within the framework of the Universal Service Fund. Also, operators and the Ministry agreed on the preliminary estimation of additional expenses on providing advanced communication services to some 5,000 localities with population from 500 to 10,000. ❖

❖ Rostelecom' EPEG Put Into Operation

Rostelecom together with Vodafone, Iran-based TIC and Omantel (Oman) have finally launched EPEG (Europe-Persia Express Gateway) fiber-optic system with a 3.2 Tbps design capacity and total length of 10,000 km. The cable, which has a 540 Gbps initial capacity, originates in Frankfurt (Germany) and traverses Eastern Europe, Russia, Azerbaijan, Iran and the Persian Gulf to end in Muscat, the capital of the Sultanate of Oman.

Vodafone was responsible for the part of the network linking Europe and Ukraine, up to the border with Russia. The segment

between the Russian-Ukrainian border up to Azerbaijan and across Azerbaijan and up to Iran was built by Rostelecom in collaboration with Azerbaijan-based Delta Telecom, while the Iranian Telecommunications Infrastructure Company (TIC) built the link to the Persian Gulf across Iran. Omantel brought the cable to its end in Oman. According to a source in Rostelecom, the Russian section of the network was built on Alcatel-Lucent equipment. The whole system cost US \$200 million to roll out. ❖

❖ Osnova And Roskomnadzor Buried The Hatchet

Osnova Telecom and the Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor) achieved reconciliation through an amicable settlement worked out in court: the authority promised to grant the operator frequency for the LTE network which Osnova Telecom is planning to put into commercial operation before the year end, said to ComNews reporter a spokesman for the operator Alexander Bakhorin. Previously, court trials of Osnova's claim against Roskomnadzor had been postponed twice. Osnova challenged Roskomnadzor's refusal to assign frequency in

the 2.3-2.4 GHz band. Early August, Osnova won a suit against the State Commission for Radio Frequency. The defendant was going to challenge that judgment, but a formal complaint was never filed.

Osnova Telecom has to launch 4G services early 2014 in 40 regions of Russia. This year already, the company hopes to start connecting subscribers in Orel, Belgorod, Saransk, Ivanovo, Vladimir and Yaroslavl. The investment into network construction amounted to about US \$180 million. Equipment suppliers to the project include Cisco, Alcatel Lucent and Huawei. ❖

❖ Putin To Make Peace between Mobile Operators and TV networks

In mid-September, President Vladimir Putin, Minister for Communications and Mass Media Nikolay Nikiforov, shareholders of largest mobile companies and representatives of leading TV networks held a working meeting where operators and TV channels failed to agree on the mechanisms for collaboration when operating in adjacent frequency bands. Meanwhile, mobile operators promised they will develop 4G services in towns with population over 10,000.

TV broadcasters have long been complaining that mobile operators infringe upon their interests. This spring, head of Channel One

Konstantin Ernst addressed a letter to the Government where he claimed the frequency assigned to mobile operators through the LTE tenders held in 2012. According to him, otherwise broadcasters won't be able to provide the Russian population with HD television.

The meeting with the President didn't help operators and TV channels to reach a settlement. Vladimir Putin instructed both parties and the Ministry of Communications and Mass Media alike to set up a task group to figure out a solution which would satisfy both parties and wouldn't neglect the needs of the population either. ❖

❖ MegaFon Acquired Scartel

Shareholders of MegaFon approved acquisition of Scartel (Yota brand) with which the company has been collaborating more than a year in LTE through the MVNO service. The acquirer hasn't yet decided on how exactly Scartel will be integrated into MegaFon, so some particular networks owned by Scartel may be acquired even before the deal is closed, communicated to the media MegaFon CEO Ivan Tavrín.

As ComNews reported earlier, in the beginning of August MegaFon's Management Board approved acquisition of 100% shares of Scartel from Garsdale Services Investments holding (controlled by tycoon Alisher Usmanov) which both companies make part of, for US \$1.18 billion.

Rostec and TeliaSonera also stood for this merger as a result of which MegaFon will undertake Scartel's US \$600 million indebtedness. MegaFon will be paying for Scartel's assets by instalment. "Half of the amount in question – US \$590 million plus a 6% annual interest from the moment the deal is closed until the date of the payment will be paid one year after the deal closure, and the remaining US \$590 million plus a 6% annual interest will be paid up in two years", said a release from MegaFon. Ivan Tavrín also mentioned that the volume of assets and liabilities wouldn't change compared with the figures as of the date of deal closure. ❖

About Us

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