

Russian Satellite
Communications Company

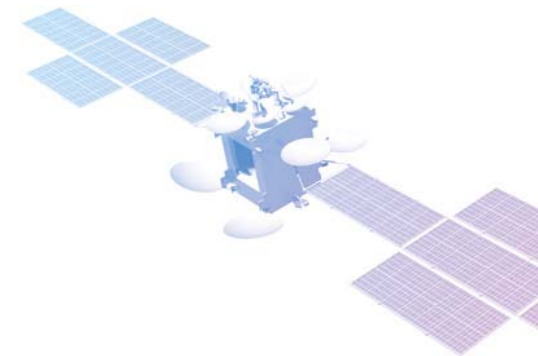
Broadband & Satellite Russia Newsletter

No 61

September 17–30, 2013



Russian Satellite
Communications Company



The World is United
via Satellite Communications



PEKJAMA

e-mail: sales@rsc.ru

www.rsc.ru

Contents

RSCC Enhanced Ground Facilities	4
Orion Express Expands into CIS	4
Frequency Will Be Auctioned Off	5
GLONASS to Keep the Alcohol	5
Raduga-Internet Introduced Unlimited Ka	6
CountryCom Intersected 3G and GPON.	6
MGTS Has Grown 15-fold	7
Osnova to Launch LTE	7
Broadband To Reach Small Regions	8
Russian Towers To Light Up LTE	8
About Us. Contacts	9

Sources: ComNews.ru, Interfax, Vedomosti.ru

❖ RSCC Enhanced Ground Facilities

In the lead-up to the launch of new space crafts, Russian national satellite operator RSCC has commissioned a fiber-optical line between Medvezhyi Ozera Satellite Communications Center (SCC) and International Technical TV Switching Center (ITTVSC). The new facility will allow RSCC to considerably enhance reliability of the services that are provided to the federal and regional channels, as well as to commercial broadcasters that are present at the International Technical TV Switching Center (ITTVSC).

Redundancy for the existing ground links between the Shabolovka Technical Center and Medvezhyi Ozera SCC that was provided by other operators' telecommunications networks, is currently being

supported also by the capabilities of the new fiber-optical line (FOL). The new FOL includes 32 optical fiber cores. Its throughput will support high-speed ground data channels (including all types of 'heavy' TV content) for subsequent transmission to new RSCC's satellites.

"RSCC is carrying its plans to develop the ground support network in order to boost its service options and throughput, and also address redundancy issues", commented Yuri Prokhorov, RSCC General Director. "By doing this we are preparing our ground infrastructure for a deep-going renovation of our space-based constellation, the latter slated to be doubled by 2015." ❖

❖ Orion Express Expands into CIS

The fastest growing Russian operator of pay TV has started the expansion into CIS. Beginning October 1st, 2013, a subsidiary of Orion Express – Vision company will start providing subscription-based TV services in Kyrgyz Republic, communicated Orion Business Development Director Kirill Makhnovskiy. Also, according to him, Orion is preparing expansion into Kazakhstan, Ukraine and Transcaucasus. Kyrgyz Republic has about 200,000 households – subscribers to satellite TV, and they are Orion's primary target audience. The Kyrgyz project is expected to pay off in its second year of operations. The

company wouldn't disclose either planned investment into the project, or the number of subscribers they are hoping to connect outside Russia.

According to Russian market analysts, Orion Express is the fastest growing Russian operator of pay television. In the first half-year 2013, its subscriber base was up by 81% compared with the same period in 2012, and this when total number of paid TV customers in Russia was up by only 13%. Orion's tariffs do not differ markedly from Tricolor TV, the largest operator of subscription-based TV services in Russia, but the equipment used by Orion's customers costs them slightly less. ❖

❖ Frequency Will Be Auctioned Off

Ministry of Communications and Mass Media submitted to the Russian Government a draft of the new wording of bidding rules for licensing in communications services. The Ministry proposes to issue licenses through auctions. In this connection, the decision-making procedure of the State Commission for Radio Frequency (SCRF) is also supposed to change: separate decisions will only be possible for satellite systems, experimental works and federal executive authorities.

A press release issued by the Ministry says that the authority proposed to replace competitive tenders with auctions, which will “enhance transparency and efficiency of frequency allocation and use, and also allow avoiding disputes which may arise in the tendering process.” In case of tenders, license terms and conditions will be set by a resolution of the Russian Government.

Major Russian operators have repeatedly said that auctions are inherently fairer than tenders. According to their solidary opinion, an auction is the most transparent tool for allocation of limited frequency bands. Open auctions allow elimination of the subjective factor when

working out bidding conditions. Operators consider that new regulative initiatives promise that other progressive legislative initiatives in frequency regulation may become a reality. Namely, the latest initiatives include the new scheme of payment for frequency – charging for allocated frequency and not the assigned frequency – and subsequent creation of secondary market of frequencies. It will propel frequency owners who aren’t using their resource to resell frequency or build up networks, rather than saving it for a “rainy day” and cash in on when they get the chance.

However, operators notice that there isn’t a lot of undistributed frequency left, so the initiative for auctions is rather belated.

The largest national operator Rostelecom commented that the government should put up for auction a ready to use product with a fixed end price. Before the auction, the frequency needs to be 100% converted and cleared. Besides, Rostelecom believes that it is important that existing frequency-related resolutions must be safe from revision before their expiry date. ❖

❖ GLONASS to Keep the Alcohol

The Federal Service for Alcohol Market Regulation (FSAMR) obliged carriers of alcohol-containing products to equip their vehicles with special onboard equipment based on Russian global navigation satellite system GLONASS.

Tightening of the rules on alcohol transportation is part of strengthening the control over illicit turnover of alcohol products in the Russian market, explained the authority.

Several companies – members of Russian partnership GLONASS – already use such equipment. According to law.edu.ru portal, the shadow business receives up to US \$620 million a year from the illicit alcohol. ❖

❖ Raduga-Internet Introduced Unlimited Ka

Russian VSAT-operator Raduga-Internet reduced tariffs for users of Ka-band getting Internet services over Ka-Sat satellite owned by the European satellite provider Eutelsat and positioned at 9°E. Raduga's press service communicated that for packages over 2Gb the price was cut by more than half. The new offering includes two tariff groups: "Easy" – tariffs with a fixed monthly package (from 100Mb up to 3Gb) and "Stable" – with a single price for 1Mb with no restrictions on traffic volume. Both tariff groups include charges per Mb of traffic along with a monthly (daily) subscription fee.

"With these new tariffs we are continuing implementation of a complex program for Ka-Sat-based services. The first step in

this program was the launch of satellite subscriber sets priced at about US \$430. The next thing we are going to do is launch a line of unlimited tariffs", communicated a source in Raduga-Internet.

"In early September, we settled for cutting down prices and introduced unlimited tariffs for clients in the Ka-band", said the CEO of another Russian VSAT-operator Altegrosky, which also provides Internet access in the Ka-band over Ka-Sat. "And we have no plans to call the unlimited tariffs off. It is obvious that Ka-Sat satellite and the services it delivers is the best option for the market this far, in terms of both technology, and business." ❖

❖ CountryCom Intersected 3G and GPON

CountryCom MVNO-operator (Allo Incognito TM) is set to launch integration of mobile Internet from MegaFon into the accounts of Moscow-based wired broadband service providers, communicated CountryCom Director for Business Development and IT Alexey Mikheev at the conference of Moscow and Moscow region Operators' Club. According to Mikheev, the market of wired broadband is stagnating as ARPU (average revenue per user per month) is going down, so operators need to launch new services and converge with the increasingly popular mobile Internet: "We are offering small operators a packaged solution for integration of mobile Internet

services with active high-speed residential broadband, such as association of subscribers' wired broadband and mobile online accounts and billing." "It is evident that this year has kicked off rapid growth in the segment of two-way satellite Internet for private users. This is due to the fact that cost of equipment decreased to the lowest level compared with the previous periods", agrees with ComNews research Deputy General Director for commerce of RuSat LLC Svetlana Shabalina. CEO of Altegrosky Group Sergey Pekhterev and media relations department of HeliosNet also agreed with these conclusions. ❖

◇ MGTS Has Grown 15-fold

Over the past year, the largest Moscow-based provider Moscow City Telephone Network has raised the number of subscribers using high-speed lines by almost 14 times. However, less than a half of them use the company's Internet services.

As of early September 2013, MGTS had more than 550,000 subscribers on GPON optical network (data rate up to 200 Mbs). A year ago, MGTS only had about 40,000 GPON subscribers, and other customers either used other Internet providers, or were on ADSL (Internet connection using a copper pair with data rate up to 20 Mbs). 41% of users connected to the optical phone service also subscribed to additional services - broadband Internet and pay TV. According to

MGTS's plan, by the year end more than 50% of GPON customer will be using two and more services. The list of optional services will be expanded by then: GPON will allow Muscovites to get video surveillance, fire and intruder alarm, power and heat consumption gauges.

MGTS started connecting customers to GPON in the summer 2012. Since then, according to the operator, more than 1.5 million households were equipped with GPON-enabling facilities. The company intends to provide full GPON coverage of the Russian capital by 2015, which would require some US \$2 billion of investments. ◇

◇ Osnova to Launch LTE

LTE-operator Osnova Telecom has formalized frequency assignment in the 2.3-2.4 GHz band which was subject of a settlement agreement with the Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor) and is now preparing its networks for commercial launch. In the last ten days of September the company selected more suppliers of network equipment: radio relay systems were purchased from NEC and Siklu which were selected through a tender process. The equipment will enable 1Gbs channel capacity in both the down and uplink. Technical specifications will be

met in channels up to 2.5 km long. Osnova wouldn't disclose either the contract amount, volume of supplies or specific sites where the equipment will be mounted.

According to the licensing terms, Osnova Telecom must launch 4G services in 40 regions in early 2014. "The company hopes to start connecting subscribers this year already", said an official spokesperson for Osnova Telecom. Networks in Orel, Belgorod, Saransk, Ivanovo and Yaroslavl are ready for trial launch. Construction investment amounted to US \$186 million and featured such suppliers as Cisco, Alcatel-Lucent and Huawei. ◇

❖ Broadband To Reach Small Regions

Governors – heads of Russian regions were given three months to come up with the proposals for enabling broadband Internet in 5,000 small inhabited localities and submit them to the Ministry of Communications and Mass Media, said Russian Prime Minister Dmitry Medvedev at the meeting of the Governmental IT Committee.

“We have a three-month term to prepare proposals concerning broadband and broadband-enabled telephony for small localities with population from 500 up to 10,000”, emphasized Dmitry Medvedev. “I urge all governors to go into the matter, draft your proposals and submit them to the Ministry and our Committee.”

According to the head of Russian Ministry of Communications and Mass Media Nikolay Nikiforov, about 31 millions of Russians

live in small localities and this far there is no exact outlook as to when these areas will be provided with communication technologies.

“We superimposed operators’ coverage maps and found out that about 4.5-5 thousand localities are affected by digital inequality. We agreed with operators that they will examine these 5 thousand localities and identify the real spending need with our administrative and organizational help”, Nikolay Nikiforov said at the Governmental Committee meeting.

The Big Four Russian operators (Rostelecom, MTS, MegaFon and VimpelCom) all agree that such a project would essentially require the state support. ❖

❖ Russian Towers To Light Up LTE

In 2013-2-15, Russian Towers infrastructure company intends to mount about 1,000 double-purpose poles in collaboration with Mossvet in Moscow and Lensvet in St. Petersburg. The company has already launched construction of more than 200 facilities of this type, communicated CEO of Russian Towers Dmitry Nelyubov at the 4th International Conference Managed Services 2013 organized by ComNews.

According to him, the point of the project is to enhance and reinforce public lightening poles in order to transform them into fully

functional antenna mast structures (AMS) which can accommodate heavy operator equipment, and above all, LTE.

“We have reached agreement with Mossvet and made a long-term 20-year contract for pole lease”, Dmitry Nelyubov explained to ComNews. “The plan is to mount 600 AMS in Moscow and 400 in St. Petersburg.” Dmitry Nelyubov gave no details on rental charges. He added that since Russian Towers are fulfilling operators’ order, they will be leasing as many poles from Mossvet, as a particular customer might need. Besides, the company needs to evaluate the upgradability of poles before reinforcing them. ❖

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>