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different angle

Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru и Digit.ru

Digital & Connected TV Russia 2014:

- ✓ *The 5th anniversary of the event for the Russian broadcasting community*
- ✓ *Endorsed by international and local industry associations*
- ✓ *Professional discussions on topical market issues, opinions of regulators and key industry representatives*

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- Digital television in Russia in the 2015 perspective: what's next?
- TV broadcasting and law: bottlenecks
- OTT projects of telecom carriers and pay TV service providers: strategy and business models, and vital differences from dedicated OTT operators
- New content-based pricing for Internet traffic
- Revolution in TV audience measurement: new challenges
- New sound capabilities of digital broadcasting
- Opportunities of content delivery networks (CDN) for OTT and IPTV operators
- Effective schemes for collaboration between pay TV service providers and manufacturers of smart TVs
- Joining efforts: tasks and objectives of Internet-video association of online cinemas
- Legalizing online content through collaboration with online cinemas
- Online video vs conventional TV: cannibalization or marriage?

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❖ TTK Spreads Into Europe

Russia's largest fixed-line provider TransTeleCom Company (TTK) has connected to three more European Internet exchanges in France, Czech Republic and Poland as part of its strategy for augmenting the European segment of its IP network. The capacity of each connection is 10 Gbps, communicated TTK's press service. TTK connected to the following traffic exchanges: France-IX (Paris), NIX.CZ (Prague) and PLIX (Warsaw).

“Connection to major European traffic exchanges in an important step in the expansion of the international segment of TTK's IP network. Apart from France-IX, NIX.CZ and PLIX we also have plans to connect to two more exchanges in Italy and Spain”, emphasized Vice President and head of the Backbone unit for TTK Vitaly Kotov.

TTK has already tapped into LINX (London), AMS-IX (Amsterdam), DE-CIX (Frankfort), Netnod (Stockholm), and also HKIX (Honk Kong), Equinix (Tokyo), San Jose and Ashburn. ❖

❖ Mobile Internet Is Gathering Pace

In December 2013 one third of Russians went online from mobile devices. The majority of them use Internet at home, revealed a study by Mail.Ru Group. According to TNS, in 2013 monthly audience of mobile Internet in Russia was up by 53% to reach 25.5 million users over 12 years old in towns with population over 100,000 people.

Mail.Ru reported that 57% users go online while being at home. 23% use mobile Internet at work, 22% - in the public transport, 19% - in cafes, bars and restaurants.

Russians mostly use smartphones to search information (87%) and connect to social networks (76%), while gaming appeared to be the rarest cause (11%). Men and women are equally ready to go online from mobile devices, though when it comes to going online from desktops, the number of women is slightly higher – 52% and 48%, respectively. ❖

◇ \$300 Million For LTE

Russia's largest mobile operator Mobile TeleSystems (MTS) raised a \$300 million loan from Citibank and Swedish Export Credit Corporation to develop LTE networks in Volga, Siberia, Ural, Southern and North-Western Federal districts. The loan facility will be made available in one tranche with maturity in July 2024 and have an annual interest rate based on LIBOR (London Interbank Offered Rate). The repayment term is July 2024.

The borrowed \$300 million will be spent on procurement of Ericsson equipment for LTE networks.

“Our on-going cooperation with Ericsson, coupled with the support of EKN, gives us valuable resources to further develop our market-leading voice and data networks in Russia”, commented Alexey Korynya, Vice President, Finance and Investments, and CFO of MTS. Last year, MTS and Ericsson concluded an agreement according to which the vendor will supply equipment for 4G networks in the Federal districts listed above within the space of three years (and beginning in Q2 2013). ◇

◇ Rostelecom And TTK Going Deep Into The Country

Until 2018 national telecom provider Rostelecom will invest about \$1.8 billion into broadband services for communities with population between 250 and 500 residents, as follows from the documents made public on the official procurement portal of the Russian Government. “The tender initiated is part of our plans for expanding broadband Internet services countrywide and fully conforms to the company's strategy”, specified a representative of Rostelecom in a conversation with ComNews' reporter.

Another high-profile Russian backbone operator which is rolling out access networks – TransTeleCom Company (TTK) for now doesn't have any strategic plans to expand into communities with 250-500 residents. “In terms of broadband services, small towns with population under 50,000 people remain the priority for TTK”. Communities under 500 residents are beyond our target area, unless they happen to be located in the coverage zone of our WiMax wireless networks”, explained to ComNews a TTK insider. ◇

◆ SAP Rolled Out LTE Roaming

SAP AG concluded an agreement on LTE roaming with Russian operator Interregional TransitTelecom (MTT) and European operators Orange and Telenor Global Services. “We are committed to augment the community of LTE roaming operators in order to provide mobile users with worldwide roaming coverage”, says SAP’s press release.

“We have a longstanding partnership with SAP for GPRS/GRX roaming, which connects some of the largest telecommunication operators in Asia and Europe. Now with the implementation of IPX-based LTE roaming services from SAP, we are able to meet the heavy

demand of our global customer base for high bandwidth 4G connectivity”, commented MTT Group Communications Director Anna Boyko.

“At a time when Orange is rolling out 4G networks across its footprint in Europe and beyond, the ability to offer customers a seamless mobile experience while roaming is an important value proposition that helps us differentiate from the competition,” said Alexandre Peberreau, Executive Vice President of International Carriers for Orange. According to him, by connecting to SAP’s IPX LTE roaming hub, Orange will be able to rapidly extend the range of countries covered while ensuring cost-efficiency and optimum security. ◆

◆ LTE Networks Rolled Out in 50 Regions Of Russia

In 2013, fourth generation networks (4G/LTE) have been deployed in 50 out of 83 constituent entities of the Russian Federation, says a statement released by Russian LTE Union. Mobile service providers have built more than 10,500 4G base stations in their licensed territories. Among them 2,337 (or 22%) base stations operate in the 791-862 MHz range, and 8,165 base stations operate in the 2,530-

2,570MHz and 2,640-2,680 MHz ranges (78% of total number), continues the industry association’s release. According to Executive Director of the LTE Union Gulnara Khasianova, mobile operators were able to meet the license requirements for conversion operations carried out in 2013 by ensuring electromagnetic compatibility with radio-electronic facilities in the 791-862 MHz and 2,500-2,700 MHz ranges. ◆

❖ RCS Brought Mobile Companies Together

Russian mobile operators will fight against Internet services which soak their traffic. They want to implement a unified standard for Internet messaging and voice communications.

This year, Russia's largest mobile provider MTS will implement Rich Communication Suite standard (RCS initiative was launched in 2008 by a group of leading industry players and endorsed by the International GSM Association) in its networks in Moscow and Saint Petersburg, and in 2015 the new ecosystem will be implemented all around Russia, communicated a senior manager for MTS. The company poured about \$3 million of investments into additional equipment and software. VimpelCom, Russia's third largest operator, is

also looking to deploy RCS. According to a source close to one of the operators, VimpelCom is currently selecting supplier for the project. Both operators confirmed that technical characteristics of RCS will be the same in MTS and Vimpelcom's networks, in order to enable interworking between their subscribers – voice calls, video calls, messaging, and etc. According to MTS, several millions of its Russian subscribers (out of 75,3 million total subscriber base) use applications for Internet communications, such as Skype, WhatsApp, Viber, even if sporadically, but inconsistency between such services and the fact that some other are tied to specific device brands complicate life for them. ❖

❖ Express-AM5 Has Almost Reached Destination

It took the satellite 73 days instead of the expected 90 to arrive at the orbital location of 145° East using on-board electrical propulsion system. Once the satellite undergoes payload flight tests, it will be moved to its operational slot of 140° East. Express-AM5 owner – Russian Satellite Communications Company (RSCC) has it scheduled to be commissioned in May. With the platform capable of providing 12.1 kW of power to the payload at EOL, this spacecraft is the largest and by far the most powerful Russian telecommunications satellite manufactured to date. Built on the heavy unified Express-2000 platform from satellite manufacturer ISS-Reshetnev, the satellite carries 84 transponders on board in the C-, Ku-, Ka- and L-bands. Its active service life is 15 years.

“Such a transfer injection scenario was applied for the first time not only in the history of ISS-Reshetnev Company but of the whole Russian

aerospace industry as well”, says a message released by spacecraft manufacturer.

“The satellite will facilitate the creation of requisite infrastructure to ensure access for the population in the Eastern regions to affordable multi-program digital TV and radio including HD TV. The Express-AM5 satellite is also intended for mobile communications services in the interests of the presidential and government administration, broadband internet access, provision of multi-service packages (digital TV and radio, telephony, video conferencing, and data transmission), as well as for developing VSAT-based communications networks in Siberia and the Russian Far East”, RSCC communicated in a media release. ❖

◆ Rosnano Quit LTE

Following the acquisition of Rosnano's share in the Center of Wireless Technologies (CWT), Nokia Solutions and Networks (NSN) and Research and Production Company Micran are going to shut down the enterprise which made telecommunications equipment for LTE networks. Rosnano communicated about the sale of its interest in a media statement. Due to the inexpedience of setting up a manufacturing scheme for integration of Russian nanotechnology-based components at the CWT, Rosnano's Board of Directors made a decision to sell their 25% interest in the CWT to Finnish NSN and Russian Micran (both organizations are also co-owners of the CWT) for \$275,000. "In the

course of its implementation, the project (CWT. – ComNews) has undergone drastic changes", says Rosnano's release. "As a result of the changes, this investment no longer conforms to one of Rosnano's missions – development of nano-industry in Russia, which caused us to quit the project."

According to the President of Russian Association of Regional Telecom Operators Yury Dombrovsky, it was actually anticipated that Russian nano chips weren't suitable for LTE. Only two or three global leaders can make such chips today, he added. ◆

◆ GPON On Moscow Traffic Junctions

Moscow City Telephone Network (MGTS), a subsidiary of MTS Group, decided to connect Moscow's transfer hubs to a GPON network. The first 40 largest traffic junctions of the Russian capital have already been connected to high-speed communication channels following a tender conducted by the city government.

MGTS's press-service communicated that under the terms of the tender, MGTS will roll out a communications network designed to control

and monitor traffic in 132 transport hubs. Contract amount is about \$5 million, including a 3-year access to the network.

MGTS says it will connect the transport hubs management system, CCTV cameras, security units and fire alarm equipment to the monitoring system of Moscow's Department of Transport and Road Infrastructure Development. ◆

◇ Russian-Chinese Start-Up Will Blow Up Broadband Market

ISatellite communications system from Hong Kong based start-up Yaliny, founded by Russian Vadim Teplyakov, offers consumers prospects of cheap data and voice services, said in a media statement Teplyakov himself and his partner Nikita Sherman – former president of Odnoklassniki and founder of Drimmi game development company. Although at this point the project is still in the developmental stage. According to Sherman, the company has designed more price-effective technologies for satellite design and injection into orbit. Yaliny plans to release prototypes of satellite and router this autumn. Infrastructure construction will require \$250 million, and total amount of investment can reach hundreds of millions of dollars, project founders say. A low-orbit group will comprise 135 space crafts (added

by 9 backup units). (For comparison: satellite operator Iridium which owns the largest constellation of commercial satellites counts with 66 space crafts). Sherman promises that each satellite will offer at least 100 Mbps retransmission bandwidth, and satellites will communicate with each other with at least 300 Mbps. Projected price for a router won't exceed \$150, the business model also assumes about \$10 monthly subscriber fee for unlimited voice capabilities inside the network and Internet access. Yaliny infrastructure is projected to be rolled out in two years, and in another six months the network will be brought into commercial operation. According to Russian experts, there is at least one problem the new project is likely to face – deficit of spectrum resource. ◇

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- Gateway construction – a business need or a political necessity?
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- Interaction issues of mobile satellite and terrestrial cellular networks.
- Data transfer and broadband in mobile satellite communications
- B2B and B2C VSAT markets in Russia: challenges and prospects for the industry

April 16, 2014

Renaissance Moscow Monarch Centre Hotel
31A bld.1 Leningradsky prospect, Moscow, Russia

April 17, 2014

Telecommunication Center Schelkovo
77B bld. Moscow street, Schelkovo, Moscow region, Russia



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