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different angle

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Sources: ComNews, Vedomosti

◆ TTK's Subscriber Base Runs Up

TransTeleCom Company (TTK) has posted 5% of the Russian market of fixed broadband Internet access in the first half-year 2014, with its aggregate subscriber base reaching 1.6 million.

In the 1st quarter 2014, TTK's share of the fixed broadband market was 4.7%, therefore, the company's subscriber base has increased by about 7% since the beginning of the year.

According to preliminary conclusions of ComNews Research, TTK's 1.5 million broadband subscribers logged in the first half-year 2014 equals to more than 5.3% of total fixed broadband subscriber base in Russia. ◆

◆ Russian Mobile Internet Pulled Even With The Fixed

In 2013, mobile Internet subscriber base was up by 17% in Russia to 90 million users, says a study "Use of Mobile Internet Access on Smartphones and Tablets in Russia", published by J'son & Partners Consulting in mid-July. According to the research firm, over the past year penetration of wireless Internet access has reached 63%.

J'son & Partners Consulting reports that in terms of consumer demand, mobile Internet access has completely caught up with the fixed services.

Thus, a poll conducted in July among Russian online audiences found that 87% have used wireless Internet access at some time. 8% of Russians use wireless access more frequently, than the fixed services,

and 4% use wireless access exclusively. Also, according to J'son & Partners Consulting, average traffic per 1 subscriber has significantly increased in 2013 and reached 1 Gbps per month.

A spokesperson from Mobile TeleSystems (MTS) Alexey Merkutov commented that the operator's data ARPU in the first quarter 2014 was up 42% year-on-year.

J'son & Partners Consulting predicts that amid the increase in users of smartphones and tablets, aggregate active subscriber base of mobile Internet in Russia may swell to 140-145 million towards the end of 2018. ◆

❖ RSCC Will Make A Satellite Network For Sberbank

Russian Satellite Communications Company (RSCC) will roll out a regional satellite communications network for Sberbank Rossii and will maintain it until the end of 2017, with total amount of contract being \$26.9 million.

The news was published on the government procurement portal. The notice of procurement was released on July 2nd, however, any further documentation on the deal is not available on the portal.

RSCC's press service declined to comment on the grounds of business ethics, as the contract hasn't been signed yet, and suggested that we contacted Sberbank Rossii.

A spokesperson for the bank explained that being the contractor to create Sberbank's satellite communications network, the operator was also chosen to be the sole supplier of equipment. The tender is aimed to increase the number of terminal stations and expand network coverage. Sberbank's representative wouldn't specify if any other organizations actually participated in the tender.

Earlier, at the turn of the 21st century Sberbank also had plans to create a regional satellite communications network, and the task was commissioned to InformSvyaz. The spokesperson for the bank wouldn't comment on what had become of that project. ❖

❖ Mobile Communications And Broadband Hold The Market Afloat

Operators in Moscow and St. Petersburg have sunk into a decline in yields from conventional fixed voice services in the corporate segment. However, growing revenues from mobile, fixed broadband and data services appear to be able to make up for the losses this year.

Overall, analysts say that the size of corporate fixed and mobile communications in 2013 was \$3.3 billion in Moscow, and \$523.5 million in St. Petersburg, respectively.

According to J'Son & Partners, in both cities businesses prefer mobile to fixed services. Mobile communications account for more than 40% of the market. In the conventional telephone services revenues are divided almost equally – about 29% of customers choose voice services, while 30% prefer fixed broadband and data services.

Analysts point out that operators' revenues from conventional voice services continue a declining trend in the B2B segment. They explain

that demand for fixed services has decreased lately, and besides, much of voice traffic has migrated to mobile and data networks. Thus, in 2010–2013, pay voice traffic in the Russian data networks was up by 2.3 times, J'son & Partners Consulting quoted national statistics service Rosstat.

At the same time, increasingly more yield is generated by mobile and data services, and new diverse bundle services targeting a variety of corporate segments. In addition, analysts from J'son & Partners Consulting are convinced that wire Internet access will continue its growth on the account of new SME subscribers and higher traffic consumption in the corporate segment.

Russian operators agree with the conclusions of the study. ❖

◆ MGTS Keeps Ramping Up Broadband

Over a year, MGTS has doubled the number of SME broadband subscribers. Other operators also reported an increase in this segment.

Moscow City Telephone Network (MGTS) communicated that in the first half-year 2014 its B2B subscriber base in broadband Internet access was up by 36%.

The growth was propelled by the expansion of GPON network infrastructure (now covering more than 70% of Moscow's territory) and the launch of diversified bundled package offers for the corporate segment.

More than 90% of companies connected to the Internet in the first six months 2014, chose special tariffs for the small business.

Meanwhile, other operators also register increasing demand for broadband access, but their growth pace is varied.

Rostelecom posted 0.7 million broadband subscribers in the first quarter 2014, compared with 0.6 million in 2013.

Overall, Rostelecom provides broadband services to more than 10.8 million subscribers in Russia. ◆

◆ LTE In 900 MHz

State Commission for Radio Frequencies (SCRF) allowed to use the 450 and 900 MHz frequencies for LTE (fourth generation mobile networks, Long Term Evolution). Operators apparently aren't rushing to grab a new range, but seem to be interested.

"SCRF and Ministry of Communications are carrying on the technological neutrality – we came to a decision on LTE in 900 MHz", Russian Minister of Communications and Mass Media Nikolay Nikiforov wrote on his Twitter account.

Currently the 'Big Three' operators are using the 900 MHz range for 3G networks only.

The 450 MHz range in Russia is occupied by CDMA-450 and NMT-450 networks (run by Sky Link Group, a member of T2 RTC Holding - a JV of Tele2 Russia and Rostelecom, its regional branches, and also other operators). In summer 2013, dedicated international organizations included this range into the list of those appropriate for LTE (following 800 MHz, 1800 MHz, 2300-2400 MHz, 2500-2700 MHz and etc.).

Operators met the news differently: some don't seem to be very excited about the new opportunity, while others claim they would be interested to develop LTE networks in the new ranges. ◆

◆ **Internet Access Growth Decreases In Russia**

In April – June 2014, fixed broadband subscriber base in Russia increased by about 400,000 users, which is the lowest gain in the past two years. According to Telecom Daily, in 2013, Internet providers added 500,000-600,000 broadband subscribers each quarter.

The decline in growth rates in the 2nd quarter 2014 is confirmed by iKS-Consulting, which communicated that broadband subscriber base in the 2nd quarter 2014 was up about 1.5% from the previous period, compared with 2% added in the 1st quarter. And in 2013, average quarterly growth was 2.5%.

The highest number of new broadband subscriptions in the 2nd quarter 2014 – about 180,000 – was posted by Rostelecom, says a report by Telecom Daily, while other Russian operators added 15,000 to 55,000 subscribers. Rostelecom's leadership stems from its geo-

graphical scope, which is significantly broader compared with any of its competitors.

The adjacent market of pay TV services, which are normally bundled with broadband Internet, is also decreasing its growth pace. In the 2nd quarter 2014, pay TV subscriber base added about 30% less, compared with the previous two quarters, calculated Telecom Daily. The increase of just 500,000 subscribers marked the smallest gain in three years.

Both declining trends in the fixed communications market are attributed to the same reason – market oversaturation in big cities (with population over 500,000), experts say. In the 1st quarter 2014, more than half of households in Russia were using broadband services, and in the 2nd quarter this figure rose to 52%. ◆

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.

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