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# Broadband & Satellite Russia Newsletter

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◆ **TTK's President Predicts Broadband Consolidation**

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Artyom Kudryavtsev, President of one of the largest Russian communications providers TTK Company (TTK) spoke at the forum "Back to Business: Russia", which was held by Bloomberg in London in the end of September. In his speech, Artyom Kudryavtsev noted the following: "The crisis developments will continue in the nearest future, nobody should have any illusions about that now. We are dealing with the new economic reality, which brings us both risks and new opportunities. The telecom companies who deliver services solidly qualified as

essential will always have opportunities for development and growth. Moreover, during the recession, as the global experience has shown, the demand for mass entertainment – provided by the internet and television – only becomes bigger. One of the growth points in fixed broadband, where TTK plans to develop, entails further consolidation of small regional operators which possess one third of the market", added TTK's President. ◆

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◆ **Russia Plans Expansion into Space**

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By the end of the year, the Federal Target Program "Development of orbital constellation of communications and broadcasting satellites for civil purposes" for 2017-2025 (FTP) will be forwarded to specialized agencies for approval. As part of this program, the Federal Agency of Communications (Rossvyaz) plans to research the demand for heavy and light communications satellites. This research will help its subordinate enterprise, Russian Satellite Communications Company

(RSCC), decide on their further business development. Igor Chursin, Deputy Head of Rossvyaz, explained this when he spoke at the conference "Telecom: 2015-2025. Perspective View". As Igor Chursin highlights, the FTP is on the initial stage of its establishment, and Rossvyaz is negotiating the program with the Ministry of Economic Development and other related agencies, which are potential users of satellite communications services. ◆

## ◆ First Private Auction has Started

At the end of September, an electronic auction has been launched, where the Federal Service for Supervision Roskomnadzor put frequency packages of 1740–1755 and 1835–1850 MHz in nine regions of Russia – Dagestan, Karachay-Cherkess Republic, Northern Ossetia, as well as Stavropol, Perm, Orenburg, Samara, Amur regions and Buryat Republic.

The frequencies in Komi-Perm district of the Perm region are contested separately. The starting price of all 10 lots - \$15.7 million: the most expensive frequencies, as estimated by Roskomnadzor, are in Dagestan (\$3.7 mln), and the cheapest ones – in Komi-Perm district

(\$7.6 thousand). Four hours before the bidding, the total price became almost three times bigger than the initial one: according to Roskomnadzor, it reached \$45.5 mln. In the end of the first day, the bidding was over only for one lot – in Komi-Perm district. The frequencies there were won by MTS, one of the “big three” Russian operators, which offered \$8.4 thousand. The participants and the organizers of the competition, however, cannot assume how long the bidding for other lots will continue. According to a representative of Roskomnadzor, the same auction in Italy lasted around seven days. ◆

## ◆ LTE Construction Slows Down

During the first eight months of 2015, Russian mobile operators acquired 36% less electromagnetic compatibility (EMC) test reports for LTE networks than during the same period last year. This can influence the number of LTE base stations appearing in Russia in the next 12 months. These numbers were provided by Oleg Ivanov, Deputy Head of the Federal Service for Supervision Roskomnadzor, at the annual forum “Spectr” held in Sochi at the end of September. According to his data, the construction of new LTE base stations in Russia has slowed down as well: during the first eight months of 2014 their

number grew by 225% (comparing to January-August 2013), during the eight months of 2015 the surplus was only 79.8%.

The absolute number of the launched LTE base stations belongs to Mobile TeleSystems (MTS; 24.7 thousand, 101.6% surplus in 2014), the leader is followed by MegaFon (22.7 thousand, but with 55.3% surplus), the third place is taken by VimpelCom (9.4 LTE base stations, 50.01% surplus), and T2 Mobile is striving to catch up with the “big three” operators (2.3 thousand LTE base stations, rate of increase – 389,5%). ◆

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## ❖ Russia Offers 5G to the World

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Russia offered the International Telecommunication Union (ITU) responsible for approving international communication standards to use the frequency ranges of 4440–4500, 4800–5000 and 5925–6425 MHz for the emerging IMT-2020 (5G) networks. This information was provided by the two delegates representing Russia in the ITU. In November 2015, the Union will hold the World Radiocommunication Conference in Geneva, a preliminary seminar took place in September,

as the Russian representatives explained, and the offer from Russia was actually made there. They add that the delegations of other countries suggest using another frequency ranges for 5G. The 5G standard will enable mobile data transfer with the speed above 10 Gbps. The Chinese company Huawei is among the main developers of this technology. ❖

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## ❖ 1.5 Million Routers for Rostelecom

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At the end of September, the national operator Rostelecom announced a tender to purchase more than 1.54 GPON routers of two types. The starting price of lots for purchase – \$91.94 mln and \$24 mln. Rostelecom plans to utilize GPON routers mostly for new connections and partly for rerouting subscribers who use xDSL. This is a major bidding held by Rostelecom to purchase GPON subscriber equipment – it is centrally coordinated and organized for all macro-regional branches of the operator for the first time, as reported by Ros-


telecom's representative. The starting price for a GPON router is \$82.8, for a GPON socket – \$54.81; however, Rostelecom plans to reduce it considerably by buying large quantities of devices. The company considers this purchasing policy to be effective: during the federal bidding to purchase 2.22 mln FTTB modems, carried out in September 2015, the starting price was eventually reduced by 45%, according to Rostelecom. ❖

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**Operators Raise Money for LTE Auctions**

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Russian network operators willing to take part in auctions for LTE frequencies of 2.57–2.62 GHz cannot foresee, in which regions they will have to spend extra money to compensate MMDs operators for spectrum cancellation, as reported by the people close to two large mobile operators. They explain that the conditions of the auctions are not transparent enough. The bidding must be held not later than 17 February 2016, as stated in the corresponding order. The frequencies


to be put up for the auction are suitable for deploying LTE TDD networks – this technology is less spread in Russia than FDD. There will be 82 lots at the auction – one federal lot (excluding Moscow, the Moscow region, Crimea and Sevastopol), and 81 regional ones. The document contains their starting price – \$90 mln. The federal lot is the first one to be contested. 

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**Tele2 Took a Credit for Moscow**

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T2 RTC Holding, working under the Tele2 brand, spent only \$39.8 mln from the \$245 mln line of credit, which VTB Bank opened for the operator to build networks in Moscow and the Moscow region. T2 RTC Holding was established in the beginning of 2014 and unites the mobile assets owned by Tele2 Russia and Rostelecom. Tele2 currently does not operate in Moscow and the Moscow region, and Rostelecom had only a small Moscow CDMA operator Sky Link and a large amount of Moscow frequencies for third and fourth generation (3G and 4G) networks. The

company is actively building networks in the Moscow region from the end of the previous year and plans to start working there on 22 October. As long as the company has no GSM frequencies in the Moscow region, the network will solely be supported by 3G/4G technologies. By the start of the network's operation, it will have approximately 5000 3G base stations and around 2000 LTE stations. 

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## About Us

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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.

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15 years in the market, offices in Moscow and St. Petersburg

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