



Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru, Kommersant.ru

◆ Top-10 LTE Countries will Include Russia

By 2020, Russia will become one of top 10 countries by the number of LTE network users. According to research company Ovum, the number of people using mobile communications and specifically 4G networks exceeded 1 billion by the end of 2015. In five years, this figure will go beyond 3.6 billion. The fastest growing number of LTE clients (the half of connections emerging around the globe) can be seen in China, which covers 35% (almost 367.5 million customers) of the total base. China is followed by USA (21% – 220.5 million), Japan (9% – 94.5 million), South Korea (4% – 42 million) and the U.K. (3% – 31.5 million). Other countries included into top 10 are Brazil, Germa-

ny, France, Canada and Australia. By 2020, the situation will change: Russia, India and Indonesia will be among the leaders, too. Ovum predicts that fourth generation networks will have 3.62 billion users. Top-10 LTE countries will look as follows: China will keep its first place, but its share in the total base will decrease to 28% (approximately 1.01 billion LTE users). USA and India will share the second and third places, both having 10% (362 million). By that time, Japan's share will be 4% – 144.8 million. Russia will have the fifth place with 3% – around 108.6 million. Other places will be occupied by Indonesia, Brazil, Germany, the U.K. and South Korea respectively. ◆

◆ Recession Brings Operators Together

MegaFon and VimpelCom, two of the “big three” Russian operators, announced that they had started a joint project to build and operate LTE networks in 10 regions of Russia, entering into a 7-year agreement. The operators claim that this large-scale project will reduce expenses related to building and operating networks. Moreover, “big three” operators feel the urge to work together in other fields: apart from infrastructure projects, the operators are launching joint product offers. According to the abovementioned agreement, MegaFon

and VimpelCom will deploy more than 1.3 thousand additional base stations supporting 4G/LTE in the Smolensk, Belgorod, Voronezh, Lipetsk, Bryansk and Arkhangelsk regions, in the Republic of Karelia and other parts of Russia. Developing and operating the network together, the operators will expand their coverage rapidly and cost-effectively. They intend to start the project in the third quarter of the current year. ◆

◆ Satellite Internet for Everyone

The biggest satellite operators – the Russian Satellite Communications Company (RSCC), Gazprom Space Systems (GSS) and Eutelsat Networks – are interested in developing Ka-band satellite broadband internet services, both for the mass market and corporate clients. Using dealers, the RSCC has already connected more than 600 subscribers to Ka-band satellite internet, and plans to go forward. Eutelsat Networks will start providing similar services after Express AMU1 is

launched into commercial operation, and GSS – around 2018, when Yamal 601 is launched, too. The Eastern segment of the satellite system for rendering high-speed Ka-band internet service (the Far East and Siberia), launched into operation by the RSCC in April 2015, has two actively working dealers, using the capacity of Express AM5 satellite to provide satellite broadband to their clients. ◆

◆ Increasing Numbers of LTE Device Users in Russia

Despite the challenging economic environment, the “big three” operators see that the number of people using LTE devices grew in 2015. In particular, VimpelCom’s LTE subscriber base showed considerably rapid growth: at the end of the third quarter of 2015, 4G device penetration became 2.5 times higher over a year, as the operator’s spokesperson said in November.

VimpelCom expects 2016 to be the year of 4G connections boom in Russia. Due to this fact, the company put building 2G/3G networks on hold. VimpelCom’s spokesperson also claims that now they have “several million” LTE clients and this number is comparable to other players’ statistics. MegaFon and T2 RTC Holding (Tele2 brand) have

not yet calculated their LTE results for 2015. At the end of the third quarter of 2015, MegaFon had 7.5 million 4G devices in its network, and the company’s representative mentions that their number grew by 53% over a year. Mobile TeleSystems keep their values secret, however, in December 2015, a source in the company mentioned that MTS had approximately 4 million active 4G users. Operators’ representatives explain that LTE device penetration increased because these gadgets became cheaper, LTE networks were developed and LTE flat rates became more widespread. ◆

◆ Fourfold Increase in Mobile TV

More and more Russian people are watching TV on their smartphones. In 2015, 50% of television viewers in Russia used their smartphone screens. These were the findings of a study conducted by Ericsson. Besides, more and more Russians use the multi-screen function and switch from one device to another while watching the same video content. Mobile operators also acknowledge that the demand for mobile TV has increased; however, the analysts believe that the Russian mobile TV market will grow more slowly in 2016. In

2013, 12% of Russian users watched TV on their smartphones, and in 2015, their number became four times bigger: up to 50%. These figures were mentioned in the annual study by Ericsson ConsumerLab TV & Media, dedicated to the Russian TV and media market in 2015. Besides, 20% of respondents are ready to pay extra for guaranteed high quality of mobile TV content. The most active mobile TV viewers are young people – from 16 to 24 years old. ◆

◆ LTE Networks May Receive a Band

The Russian Ministry of Communications and Mass Media (Minsvyaz) may allow mobile operators to build LTE (4G) networks in 450 MHz range which is now being used to develop 2G. The main owner of this resource is a joint venture of Tele2 Russia and Rostelecom – T2 RTC Holding. Minsvyaz is preparing a draft order to change the Regulations on the Use of Base Stations and Repeaters of Mobile Telephone Networks. It is announced that the new initiative aims to specify the requirements for base stations and repeaters supporting LTE 450, so that mobile operators can develop LTE in 450 MHz range. The

State Commission for Radio Frequencies issued a resolution to allow the development of LTE in 450 MHz range back in 2014. However, the current edition of the regulations on the use of LTE and LTE Advanced base stations and repeaters only contains the requirements for such ranges as 694-790 MHz, 1800 MHz, 2100 MHz, 2.3-2.4 GHz, 2.5-2.7 GHz, 3.4-3.6 GHz and 3.6-3.8 GHz, and nobody has ever developed LTE 450 networks in Russia. ◆

❖ **Winners of LTE Frequency Auctions will Pay Compensation**

All Russian “big four” operators submitted their applications to take part in the new auction for 4G (LTE) frequencies in 2570–2620 MHz range which will be conducted in February. This was declared by the contestants and some persons closely affiliated with the organizers. In certain regions, the frequencies put up for the auction are used by MMDS equipment (to transmit TV signals), and the winner of the bidding will have to compensate the holder of these frequencies for abandoning them. However, the winners will have to pay MMDS operators to free the bands they won and the neighboring frequency ranges as well. The bidding documents, published in January on the regulator’s

website, specify the same condition. The problem is that MMDS operators’ equipment is currently operating in the total range of 2500–2690 MHz, and 50 MHz put up for the auction in February are a part of it. 2530–2570 and 2650–2690 MHz bands were allocated after a bidding in 2012 – they were won by the “big four” operators; 2500–2530 and 2620–2650 MHz were acquired by Scartel (MegaFon purchased this operator in 2013) according to the SCRF’s decision in 2011 – to replace the scattered frequencies Scartel had received before in the same range. ❖

❖ **Russian Fixed Internet Customer Base Shows Slower Growth**

In 2015, the number of broadband clients in Russia grew by 2.6% and reached 29.6 million over a year. This was calculated by TMT Consulting agency. According to their analyst, the Russian broadband customer base grew by 5% in 2014. He also notes that the growth rates of the similar base in Moscow decreased twofold and fell to 2%: at the end of 2015, fixed internet had 4.2 million subscribers. Rostelecom was the company which accounted for a 40% increase of the customer base. The analyst explains that Rostelecom has been actively building networks and connecting new subscribers. At the end of 2015, as the analysts believes, household penetration of broadband in

Russia amounted to 53%– it is only one percent higher than in 2014. In Moscow, this parameter grew by two percent and reached 90%. Both broadband penetration and customer base are unlikely to show more rapid growth in 2016: broadband providers, excluding Rostelecom, have almost suspended new network construction and expansion into new cities and regions due to the crisis and growing costs of infrastructure equipment. The analyst is sure that 2016 will see operators enlarging their customer bases through mergers and acquisitions of their competitors. ❖

1st half of 2016

Conference Title	Date
 <p>The 3rd Business Forum "Telecom of Two Capitals 2016 – St. Petersburg: Effective ways to improve competitiveness of telecom operators in big cities"</p>	February 19
 <p>The 2nd Federal Business Forum "Telecom QoS Russia 2016"</p>	March 3
 <p>The 7th International Conference "Transport Networks Russia 2016 – Transport telecommunications networks development in Russia and CIS"</p>	March 17–18
 <p>The 8th International Conference "Satellite Russia & CIS 2016"</p>	April 21
 <p>The 8th International Business Forum "Wireless Russia Forum: 4G, 5G & Beyond – Evolution of Mobile and Fixed Wireless Networks in Russia"</p>	May 26–27
 <p>The 3rd International Conference "Cloud Services Russia – Infrastructure. Platforms. Services"</p>	June 8
 <p>Awarding Ceremony of the 8th Annual Contest "TOP 10 IT Projects"</p>	June 8
 <p>The 4th Strategy Forum "PR Vector. Development of Corporate Communications in ICT"</p>	July 7

2nd half of 2016

Conference Title	Date
 <p>The 2nd Business Forum "Communications in a Big City – Aspects of operation and interaction of telecommunications market participants in a metropolis in the new conditions"</p>	September 15
 <p>The 7th International Conference "Managed Services 2016 – Operators' costs optimization, telecommunication networks and IT infrastructure outsourcing & network sharing"</p>	September 15
 <p>IT Forum of the Russian Oil & Gas Industry</p>	September 22
 <p>The 5th All-Russia Conference "Critical Communications Russia 2016"</p>	October 6
 <p>The 7th International Conference "Digital Broadcasting and New Ways of Video Content Delivery. Interactive Services in Modern Networks – Digital & Connected TV Russia 2016"</p>	October 27
 <p>The 6th International Business Forum "Broadband Russia Forum 2016 – Next Generation Broadband Networks Development in Russia"</p>	November 24–25
 <p>ComNews Awards 2016</p>	November 24

The plan is preliminary and could be changed or supplemented

About Us

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