



Russian Satellite
Communications Company

Broadband & Satellite Russia Newsletter

No 33

June 1–15, 2012



Russian Satellite
Communications Company



45
years



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www.rsc.ru

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❖ Money for Express-AM7

Vnesheconombank and RSCC signed a loan agreement on financing a spacecraft “Express-AM7” in the amount of 124.6 million euros.

The terms of the agreement are not disclosed. It is known that the total cost of the project for development, launching and subsequent operation of the spacecraft will amount to 8.3 billion rubles (about 200 million euros). RSCC will cover the remaining amount from its own funds. The aim of the project is to replenish and develop the Russian

orbital group of communications and broadcasting satellites for civilian use. The project duration is 18 years, three of which are allocated for construction and launch, and at least 15 years – for its operation. The launch of “Express-AM7” is scheduled for 2014.

“Express-AM7” will replace Express-AM1 operating in the non-standard mode in the position of 40 degrees East longitude”, – says Dennis Sukhorukov, Head of PR Department at RSCC. ❖

❖ Frequencies at discount

The Russian operators can benefit from the reduction factor in the calculation of payment for the frequencies, if the networks are built in the advanced and socially important standards, such as LTE, Wi-Fi and 3G. To do this, the operator must appeal Roskomnadzor with a request indicating the number of electronic resources, their location and use of the standard. According to Roskomnadzor, the cost reduction for radio

frequencies use per year with the implementation of the decreasing coefficient will be about 1.3 billion rubles. The reduction factors were introduced by the order “On the Amendments to the counting method of the size of a single payment and annual fee for the use of the radio frequency spectrum in the Russian Federation” issued by the Ministry of Telecom and Mass Communications in April. ❖

❖ Liberal GLONASS

Now not only JSFC Sistema will be responsible for commercialization of the Russian satellite navigation system GLONASS. According the government decree, the federal network operator of GLONASS navigation system will become a non-profit partnership “Promotion of development and use of navigation technologies”. Since 2009, “Navigation and Information Systems” (NIS) was an exclusive federal operator of GLONASS, 70% owned by JSFC Sistema, and 30% by “The Russian space systems”. Now NIS is only one of the members of the non-commercial partnership, which also includes MegaFon, Yandex, RTComm

(affiliate of Rostelecom), Summa Telecom owned by Ziyavudin Magomedov, and an association of developers, producers and consumers of navigation equipment and applications, “GLONASS/GNSS – Forum”.

An official in the government explains the increase in the number of project participants by the need to attract more investments into the market, to accelerate its commercialization and globalization. According to him, NIS, Summa Telecom and MegaFon have already guaranteed investments of several billion rubles in the regional infrastructure and the project of road accidents notification ERA GLONASS. ❖

❖ Rostelecom attacks

By the end of 2012 the fourth 3G operator – the nation's largest operator Rostelecom may appear in Moscow. Its objective to attract 10% of Moscow subscribers is achievable only in case of a price war with the current Big Three, analysts say.

By the end of 2012 Rostelecom will build and launch its 3G network in 27 regional centers of Russia, including Moscow, St. Petersburg and Krasnodar. This was reported by top managers at a recent meeting with experts from investment banks. The services will be put into commercial operation in late 2012 – early 2013.

In Moscow and St. Petersburg Rostelecom will use the frequencies of Sky Link, which he intends to buy out from Svyazinvest, its largest shareholder, by the end of 2012.

Rostelecom will spend 25% of its investment funds on the development of mobile communications by 2015 and its total investment program will amount to about 20% of the operator's annual revenue.

Thus, according to rough estimates, to build mobile networks in this and next year, Rostelecom may spend about 20 billion rubles.

In Moscow and the Moscow region the Big Three (MTS, MegaFon and VimpelCom) hold 98% of the market share in the terms of sim-cards number. The remaining 2% belong to Sky Link (in terms of revenue about 9%, consider the analysts at Renaissance). De Facto Sky Link already offers 3G to the Muscovites: mobile Internet access speed in its network is up to 3.1 Mbit/s. Rostelecom will inevitably have to convince other operators' subscribers to a sim-card of Rostelecom. ❖

❖ Seven for LTE

In mid-June Roskomnadzor closed acceptance of applications for participation in the federal LTE licenses tender. The tender will be attended by seven operators. However, the market players believe that the winners have already been identified, and will include the operators of the Big Four.

Immediately after the close of the applications acceptance the Assistant to Director of Roskomnadzor Mikhail Vorobyov said that besides the Big Four (MTS, VimpelCom, MegaFon and Rostelecom) two subsidiaries of Russia's Tele2 (Tele2-Voronezh and Tele2-Omsk), as well as two BBA operators – Summa Telecom and TransTeleCom (TTK) will compete in the tender.

On May 3, 2012 Roskomnadzor issued the license tender conditions for rendering telecommunication services in LTE networks in the frequency bands of 791-862 MHz. The four federal lots are displayed, each of which is determined by the radio frequency resource of 2x7, 5 MHz, the applications were accepted from 24 May to 14 June. The winners will be announced on July 12. Under the tender terms, each of the four lots will be drawn at a time. The winner of each contest will be the operator with the maximum number of points. The points are awarded for experience in providing various communication services, as well as for the obligations that the operator is ready to take under the terms of LTE network development. ❖

❖ The Central Telegraph is ready for MVNO

“The Central Telegraph” will launch full-MVNO based on Sky Link’s network in commercial operation in late August – early September 2012. The operator is about to complete the switching node installation. The company is counting on 10 thousand subscribers of CDMA. In addition, the operator is testing mobile phones that support GSM and CDMA.

At the end of October 2011 the Federal Communications Agency (Rossvyaz) allocated numbering for 14 operators using the MVNO business model in the DEF code = 958. “The Central Telegraph” got 10 thousand numbers, and the subscriber base connected to the broadband network of “The Central Telegraph” (Qwerty brand) is approximately 220 thousand subscribers.

The Chechen network operator Vainakh Telecom has also deployed its network at the facilities of Sky Link. By the end of 2012 Vainakh Telecom plans to connect 150 thousand subscribers, 100 thousand of which are GSM services consumers, get to the return of investments level in five years.

According to analysts, at the end of 2011 there were about 1.1 million subscribers of MVNO (pre-MVNO model) in Russia , which is less than 0.5% of the subscriber base of cellular operators, and their number slightly increased over the last year. For comparison, in Belgium and the Netherlands the share of MVNO-cellular subscribers is 15% – 30%. ❖

❖ GLONASS for a million of cars

The Government completed harmonization of all documents required for implementation of GLONASS navigation system’s receivers on transport, said the government official. As reported in the beginning of 2012, equipment of passenger transport and vehicles carrying dangerous goods with GLONASS navigation system will be obligatory from January 1, 2013 (the order of the Ministry of Transport does not apply to private cars, taxis will be obligatory equipped from January 1, 2014). The terminals will track the movement of about 1 million cars.

The key point of the agreement were the parameters of the navigational equipment terminals: in case of delay in approval

there was a risk that companies will not have enough time for equipment manufacture and the introduction schedule of the Russian competitor of GPS (U.S.) in transport will be disrupted. This is highly undesirable for Russia as the favorable “window of opportunities” in the market is limited only by three or four years with introduction of Galileo (European Union) and Compass (China) systems. As soon as positive conclusions to the Ministry of Transport are provided by the Ministry of Telecom and Mass Communications and the Ministry of Industry and Trade, production of navigation devices could be launched. ❖

❖ Beeline network is feverish

The accident at the backbone network of the Moscow branch of VimpelCom (Beeline brand) in late May left about 10 thousand subscribers without Internet access. In the morning of May 31 nine districts of the south-west of Moscow were left without mobile broadband from Beeline. According to the operator, its customers will get a compensation, which will be calculated considering the time of service unavailability. Already in the afternoon, the operation of the backbone network was restored. As VimpelCom reported,

the company had to replace the board in the main router to troubleshoot. The accident factors were not disclosed. This is not the first incident on the backbone network of VimpelCom. In mid-May there was an accident on the backbone network in the European part of Russia when the residents of 50 cities had difficulties with access to mobile data services. The company had even proposed the unconfirmed version of possible sabotage from the competitors' side. ❖

❖ The new Minister takes pity on LTE operators

The Russian government will return to the question of operators' funding the release of the frequencies put up for tender that are required for deployment of nationwide LTE networks. The Ministry of Telecom and Mass Communications is concerned that the cost of conversion of these frequencies may be excessive, and then slow down the pace of networking development.

The government intends to consider the conversion of LTE-frequencies put up for tender by Roskomnadzor. This was told by

the new Minister of Communications of Russia Nikolay Nikiforov in a TV interview. This issue is personally "kept under control" by the Prime Minister Dmitry Medvedev personally, Nikiforov said.

The Minister concerned that the cost of conversion is still unclear, and the funds for its financing will be withdrawn from the investment budgets of the winners, because they will have to clear the frequencies at their own expense. The state should create objective conditions for development of the operators. ❖

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Key topics of the Conference:

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The role and influence of the State on the PMR market
as a service consumer

Production of PMR equipment in the Russian Federation

Use of GLONASS satellite navigation technologies in PCS
for control and coordination.

Wireless broadband technologies and cognitive radio
systems development for effective supply of social
security and network in emergency situations.

Migration strategies from current analogue radio systems
to semi-digital and fully-digital solutions

Offering PMR services to corporate and departmental
clients in existing cellular networks

PMR, LTE and WiMax combining possibilities to
guarantee the best communication solutions

Is it possible to replace TETRA with LTE? What are the
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Construction and control of the distributed call centers

Municipal, regional and federal support of decision
making information systems of special reaction

Network services organizations and offers to
government and security structures at the Winter
Olympics 2014 in Sochi.

Radio communication basic development trends for
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public safety

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