

Russian Satellite
Communications Company

Broadband & Satellite Russia Newsletter

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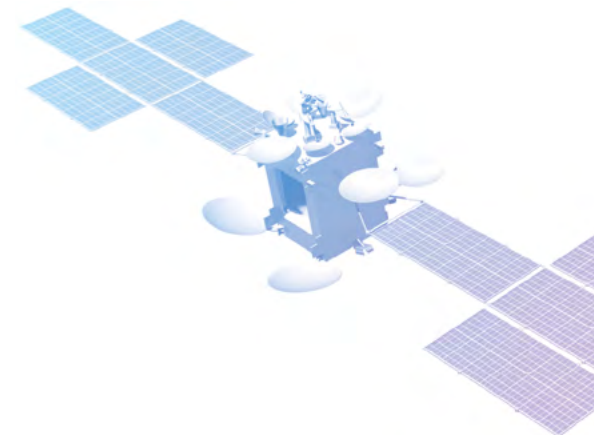
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 **COMNEWS**

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Russian Satellite
Communications Company



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❖ Express-MD2 is kept on the Earth

The simultaneous flight of two spacecrafts – Russian Express-MD2 and Indonesia’s Telkom 3 – boosted by Proton-M was scheduled for July 26. Now it is postponed to August.

The flight date changes for the second time: previously, the start did not take place due to the timing shift of another satellite launch – Dutch SES-5.

Express-MD2 is constructed by Khrunichev State Research and Production Space Center with the French company Thales Alenia Space on request of RSCC.

It was created under the program of renovation of the Russian satellite orbit group and designed to provide digital broadcasting,

telephony, data transfer, multimedia, mobile communications, and establishing networks for communications, based on VSAT technology.

The satellite is equipped with fixed antennas, C-and L-band.

The lifetime of Express-MD2 is 10 years.

The planned orbital position is 145 degrees east longitude.

Telkom 3 – is a space craft of geostationary satellite connected system, designed and created, under contract with the Indonesian operator PT Telekomunikasi Indonesia Tbk., by OAO Information Satellite Systems (ISS) n.a. M. F. Reshetnev. It is equipped with a pay load by Thales Alenia Space.

The satellite is equipped with 32 C-band transponders and 10 Ku-band, active period of its existence is 15 years. ❖

❖ Ministries prepare LTE-conversion

The Ministry of Communications of Russia is discussing the funding mechanism for the operators – winners of the competition for the license conversion of LTE spectrum with the Ministry of Finance. It was announced by The Deputy Minister of Communications Mr. Denis Sverdlov.

At the end of the contest, held on July 12, MTS, Rostelecom, Megafon and Vimpelcom got the frequencies for LTE in the lower range (790-861 MHz) on the whole territory of the Russian Federation. The condition for the issuance of frequencies is the financing of range clearance by the winners.

All details of organization of the conversion must be coordinated with the Ministry of Defense. The cost of conversion is estimated

at 100 billion rubles (about \$ 3 billion), and 39.4 billion rubles (about \$ 1.2 billion) of this amount accounts for the replacement of old fleet air traffic control systems on the ground.

According to the decision of the State Commission for Radio Frequencies, after winning a contest the operators must create a consortium, which will be engaged in the conversion of frequencies. However, the financing procedure is to be developed. According to Sverdlov, the operators’ union currently can not transfer funds of the Ministry of Defense. In his opinion, changes of the federal budget legislation are likely to be required. ❖

❖ IP-platform for the «Big Three» and Tele2

MTS Management, Megafon, VimpelCom and Tele2 Russia discussed the opportunity of joining the Rich Communication Suite (RCS) platform with representatives of the International Association of GSM (GSMA). The operator, entered into an agreement with the Association of the use of RCS, gets an opportunity to add more services to basic ones, e.g. calls from phone to phone, exchange sms-mms-messages, and file sharing and video services (calls, conferences and chats), using a single IP for all services.

Video services and file sharing have been available to smart phones users for a long time already, but mobile operators lose their money rather than earn: subscribers prefer video than Skype, and send large files over WiFi, in both cases using the unlimited calling. If the operators are able to convince customers to use their service counterparts, in the 2012-2016 years, then in 2012-2016 they will earn \$1,6 billion, according to the forecast of Infonetics. ❖

❖ Income and Debt of Rostelecom increased

In the first quarter of 2012 the net profit of Rostelecom amounted to 14.6 billion rubles which is 38% more than in the same period of the last year. However, the net debt increased by 27.1 billion rubles up to 179,5 billion rubles in comparison with the previous quarter.

«The growth of key financial indicators increased due to our traditional sources of growth – the segments of broadband internet and IPTV», – said the President of the Company Mr. Aleksander Provotorov.

The number of broadband subscribers of Rostelecom reached 8.4 million, that is 13% more in comparison with first quarter of last year. The number of IPTV subscribers is 800 thousand, the total subscribers base of pay-TV of Rostelecom reached 6 million subscribers. At the same time the average monthly revenue per user (ARPU)

accounted to the BBA is 493 rubles (2.4% less than in first quarter of 2011), and for pay-TV – 111 rubles (increased by 6.7%).

«At first glance, the results of Rostelecom in the first quarter are good – increased profit, revenue, profitability, – says the analyst of IK Otkritie Mr. Alexander Vengranovich.

However, if to pay attention to the structure of earnings, we see that the growth of key indicators contributed mostly extras, which include a project of the organization of videosurveillance systems in the election. Revenues for the two contracts for this project amounted to about 12.4 billion rubles, only a portion of revenue on this project was reflected in the first quarter. So, the non-system design was the main factor in revenue growth, while the permanent sources of revenue have not shown a significant increase». ❖

❖ MTS and VimpelCom build together

The first and the third largest Russia's mobile operators in subscribers base – MTS and VimpelCom extend the project of joint construction of networks: in 2012 they together will pave twice more fiber than they wanted. Only MTS will save to \$ 120 million in 3 years on the maintenance and repair.

Since September 2011, when MTS and VimpelCom reached an agreement of the construction and operation of networks, they managed to build units of FOCL with the total length of 2851 km. By the end of

2012 the operators plan to jointly build sites or share FOCL with the length of about 10,670 km – this extends the initial plans in double (about 4500 km by the end of 2012), said representatives of both companies. Cooperation extends not only to deploy FOCL, and mobile networks: in 2011 the company placed the equipment on 433 towers, expanding coverage of 3G networks in remote areas, say the representatives of MTS and VimpelCom. ❖

❖ Summa Telecom got a chance

The operator of broadband access networks Summa Telecom has an illusive chance to re-apply for frequencies in the range 2.5-2.7 GHz – The State Commission for Radio Frequencies (SCRF) can re-examine the application of the company, if the courts of all instances will support the operator's side. However, the SCRF in this case will consider the application on considering the current situation but there are no the free frequencies in this band anymore.

Summa Telecom has won proceedings against SCR in the first instance: on 12th of July the Moscow Arbitration Court invalidated the failure of the Commission of 8 September, 2011 to issue frequency

2.5-2.7 GHz to Summa Telecom to issue 70 MHz, and ordered the commission to issue 70 MHz in the specified range on the whole territory of the Russian Federation.. At briefing on July 24, the Deputy Minister of Communications Denis Sverdlov informed that the regulator would challenge this decision. In the competition the frequencies of 2.5-2.7 GHz have already been distributed between the operators Rostelecom, MTS and Scartel. But the court cannot compel the regulator to issue frequencies – the court can only require to re-consider the application. ❖

❖ 3G to 2013

Cellular 3G by Rostelecom will start working in Moscow and St. Petersburg in the first half of 2013, as the company representative promises. The operator intends to mount eight thousand base stations

in 27 cities totally, including the new areas: Samara, Dagestan and southern Russia. ❖

❖ Rostelecom doesn't change its LTE implementing plans:

Rostelecom's plans to introduce LTE remain unchanged: the company starts 4G testing at Scartel frequencies (Yota brand) in September this year (upon the model of MVNO).

Experts believe that Rostelecom's potential is undervalued by the market. Theoretically, the company has the resources to quickly

deploy a network of 3G/4G and go into business. However, the results of this work won't be seen immediately, significant indicators of the growth of subscriber base can be hardly seen until late 2013 – early 2014», – says the analyst of Aton Mr. Stanislav Yudin. ❖

❖ MTS saved on WiMAX subscribers

In contrast to Scartel (Yota brand), MTS will exchange received equipment for free only of a part of its subscribers, who will be transferred from Comstar WiMAX to LTE network. MTS will change the equipment only to customers who subscribed for special offers «Unlimited per 1 ruble» from mid-April. All other subscribers can buy a modem that works in networks 4G (as well as 3G and 2G) starting from 7th of August. Along with the device, they can use the services of

4G free for three months, however, there will be restrictions on a traffic and speed of downloading.

According to a source close to the company, nowadays, the WiMAX project has about 70 thousand subscribers. He believes that after the change of technologies the company can save at least 50% of this customer base. MTS will publish the cost of 4G modem, as well as service fees, on 7th of August. ❖

❖ Rostelecom got a gateway to Europe

The national operator Rostelecom implemented the operation of a data channel on the site Kaliningrad – Frankfurt. The capacity of the new line is 10 Gbit / c, and this is the first line of high power in the area between the cities. Technically, the operator was ready to launch the channel in December 2011, but the Polish operator Exatel, who Rostelecom leased channels, provided a resource only in May 2012

«Many of the popular Internet resources are located on servers in Europe, – said the commercial director of macro-regional branch North-West of Rostelecom Mr. Sergei Popov. – Scheme of Internet traffic through Moscow and St. Petersburg did not help to receive this data from these resources to high-speed data acquisition from these sites. Due to the direct link to Frankfurt this problem has been solved now». ❖

International Conference

Professional & critical communication 2012

Professional corporate communications

Organizer:



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September 26-27, 2012

Holiday Inn Moscow
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Key topics of the Conference:

Professional mobile & critical communication market in Russia. Current state and prospects

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 obstacles?

Next generation situational centers

Modern cloud technologies for situational centers and control points

Interaction of network operators with unified alert and control services on the passage of calls to the unified number "112"

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 emergency operating services of fast response and public safety

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