

Russian Satellite  
Communications Company

# Broadband & Satellite Russia Newsletter

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Russian Satellite  
Communications Company



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## ❖ Two new TV channels were inaugurated, Russian Public Television and TV Center

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On 19 May 2013 two new TV channels were inaugurated, Russian Public Television and TV Center. Both will be uploaded based on RSCC capabilities. Pursuant to Presidential Decrees №456 of 17 April 2012 and №367 of 20 April 2013, the initial multiplex of Federal channels is to include the Russian Public Television and TV Center channels. At the request of Russian Television and Radio Broadcasting Network (RTRS), RSCC which is answerable to Rossvyaz has performed appropriate operations at the Shabolovka Technical Center and Satellite Communications Centers to support reception, compression and multiplexing of the TV programs, and their integration into transport

streams and transmission via satellite channels in accordance with coordinated arrangements.

RSCC specialists completed their work nominally and on time, and Russian audiences gained access to the new Federal channels on 19 May 2013.

The Russian Public TV (RPTV) is offering a new platform for debating topical issues that are of concern to the public. RPTV is also seen as a potential vehicle for direct interaction between the authorities and citizens of Russia. Wide sections of the TV audience will be involved in shaping the content. ❖

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## ❖ Glonass-M has reached space launch

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Russian Glonass-M satellite №48 made by JSC “Academician M. F. Reshetnev “Information Satellite Systems” to be sent to the orbit in June has been delivered to Baikonur cosmodrome. It will be launched using DM-03 upper stage manufactured by RSC “Energia” rather than the infamous Briz-M from M. V. Khrunichev Center.

Glonass-M №48 is the first out of three navigation modules to be launched in July. It will be the second Glonass launch in 2013. In April,

carrier rocket “Soyuz-2.1b” was successfully launched from Russian space launch facility in Plesetsk and took Glonass-M №47 to orbit. Previous successful launches were completed a year and a half ago, when five Glonass-M modules were put in orbit.

According to Russia’s Ministry of Defense, GLONASS orbit group currently comprises 29 satellite vehicles. ❖

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## ❖ Federal Antimonopoly Service gives hope

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Russia’s Federal Antimonopoly Service (FAS) proposed to allow regional operators to work in LTE, including through the MVNO model.

This idea was voiced by deputy head of FAS Anatoly Golomolzin at the enlarged meeting of the FAS panel dedicated to the activities

of Russia’s Ministry of Communications and Mass Media in 2012. He reminded that before last year’s LTE tendering process his authority had also come up with the proposal to allocate band to regional operators so that they could engage in the development of the LTE sector thus enhancing competition. ❖

## ❖ Broadband radio relay station from Micran

© ComNews

Russian research and production company Micran presented an innovative solution – radio relay station working in the 400 MHz band “MIK-RL400P”. The equipment has data speed rate up to 8 Mbit/sec, enhanced production of circuit line, capabilities of combined traffic and strong performance on long lines. Micran communicated that prototype was manufactured in the 4th quarter 2012, whereas series delivery

started in the end of January, 2013. Micran concluded the first contract in December 2013 with its dealer “Optimal communications” LLC to supply a subsidiary of “Russian railways” OJSC. The company has also signed agreements to supply the new stations to regional offices of the Federal Penitentiary Service and subsidiaries of Gazprom OJSC. ❖

## ❖ Tariffs going down

© ComNews

In the period from July 2012 until April 2013, average tariffs for mobile phone services in Russia went down by 13%. However, tariffs in the lowest price segment were up by 9.2% to a monthly average of \$3.3. Tele2, Russia’s fourth mobile operator in terms of subscribers, was the leader in growth, with a gain of 19.9%. Also, according to ComNews Research, Tele2 remains unconditional leader in low prices for mobile phone services in Russia, and as the

company enters the regional markets, it induces general reduction in tariffs.

“Competition continues to be the key driver of price fall”, state authors of the research. Now that there is a “discounter” in the game, it affects all tariff segments. Thus, in the second price category average cost of services amounted to \$8.8. And in the most expensive segment, a monthly average paid by subscribers was \$26.2. ❖

## ❖ Tele2 surrounding Moscow

RBC daily

In a short time, residents and visitors to the capital of Russia will be able to use the services of mobile provider “Tele2 Russia” which has recently passed under control of VTB state bank. The Bank’s deputy chairman of the board Yuri Soloviev communicated that the mobile company will soon be granted a license for operating in the capital. Currently, four companies have a license for providing cellular services in the Moscow area: MTS, “Vypelkom”, “MegaFon” and “Sky Link”. Tele2 has declared its intention to enter the Moscow market many times, but there wasn’t any frequency available.

“Once we make it into Moscow, my advice for people is change your mobile operator”, Soloviev said. The banker didn’t specify when it was going to happen, but added that so far, VTB hadn’t started the licensing process.

The Bank acquired “Tele2 Russia” this March for \$2.4 billion and undertook the company’s \$1.15 billion debt. Currently, “Tele2 Russia” provides GSM mobile services in 41 regions of Russia, and holds licenses for operations in 43 regions, but Moscow and the Moscow region aren’t on the list. ❖

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## ❖ Mobile communication on the lantern

Vedomosti.ru

“Russian Towers” company, independent owner of antenna mast structures in Russia, made an offer to the Moscow city administration to mount mobile telecom equipment on municipal lanterns, since conventional areas seem to be insufficient.

“Russian Towers” suggested mounting cellular base stations on the illumination poles serviced by electricity utility “Mossvet”, communicated a source in the city administration, and confirmed by “Russian Towers” general director Dmitry Nelyubov. The proposed

project scheme looks as follows: “Russian Towers” shall invest into modernization of illumination poles and lighting columns and afterwards operators will pay a fee for using these constructions. Moscow city administration supported the idea since it allows them to spare funds, while mobile service providers improve the quality of mobile communication in the capital. Neither the projected amount of investment, nor the probable fee for leasing poles and masts for service providers are known yet. ❖

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## ❖ LTE for two

© ComNews

In 2012, subscriber base of 4G services in Russia amounted to 850 thous. customers, calculated analysts from J’son & Partners Consulting. This is less than 1 % of global market, and 99 % of subscribers are accounted for by Scartel and MegaFon, the two monopolies in the market. Russia’s Federal Antimonopoly Service is starting a trial on the case.

These figures were stated in a study prepared by J’son & Partners Consulting (JPC) and entitled “LTE market analysis and outlook

in Russia”. According to JPC, in 2012 the share of “Scartel” LLC (Yota brand) in the Russian LTE market was 81 %. Another 18% of the market is attributed to “MegaFon” OJSC, while another mobile operator from “the big three” – “Mobile TeleSystems” OJSC (MTS) hadn’t but 1%. Analysts say that one of the key constraining factors for the LTE in Russia is limited competition (among other things, since operators can’t harmonize terms of MVNO project with “Scartel”) and, consequently, high tariffs for LTE services. ❖

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## ❖ Tele2 to partner with “Osnova Telecom”

© ComNews

“Osnova Telecom” OJSC is considering partnership with OAO “Tele2 Russia” through MVNO scheme, communicated majority shareholder of “Osnova Telecom” Vitaly Usufov (he holds 75 % of company’s stock.

“The company is interested in partnerships, and this includes “Tele2 Russia”. We are talking about different forms of inter-operator cooperation”, specified a spokesperson for “Osnova Telecom”

Alexander Bakhorin. “MVNO is an option we could take.” Alexander Bakhorin explained that subscribers of Tele2 could, for instance, get access to high-speed mobile Internet in “Osnova’s” LTE network, while customers of “Osnova” could use GSM voice services. “We will address a proposal of possible ways of cooperation to Tele2 in the closest time”, he said. ❖

## ❖ LTE frequency taken to court

Vedomosti.ru

“Osnova telecom” (“Osnova”), a provider of broadband wireless services created with participation of “Voentelecom”, an enterprise controlled by Russia’s Ministry of Defense sued the Chief Center for Radio Frequency (CCRF). “Osnova telecom” wants the court to render illegal the CCRF’s ruling which annulled its own expert report on the electromagnetic compatibility of “Osnova’s” equipment with other infrastructure used in the 2.3-2.4 GHz band

In May 2010, the then Russia’s Minister of Defense Anatoliy Serdyukov requested the then President Dmitry Medvedev to grant frequency to “Osnova” so that it could built “dual use” communication networks for civil and military purposes combined. In September 2011, the State Commission for Radio Frequency (SCRF) granted the

2.3-2.4 GHz band to “Osnova”. In December 2012, the company received frequency approval from the military authorities, and in February 2013 – an approval from the CCRF. However, after former head of the Ministry was replaced, “Osnova” lost the support of the authority, as the new Minister – Sergey Shoigu – communicated that the Ministry no longer needed “Osnova’s” services and its frequency. CCRF withdrew its expert report due to the annulment of the decision from the Ministry of Defense. However, the established procedure does not allow the Ministry to cancel issued decisions. If it happened, it would mean that there was no decision from the Ministry, which according to the established procedure would mean automatic approval. ❖

## ❖ Fast conversion

© ComNews

If telecom carriers which have won the right to build LTE networks in the 791-862 MHz band fail to come to an agreement on frequency conversion with Russia’s Ministry of Defense, it could take them up to 13 years to develop the spectrum, resulting in a licensing violation, said the executive director of the LTE Union Gulnara Khasianova. According to her, there are three possible ways of conversion: ensure electromagnetic compatibility of the existing infrastructure; refit the existing infrastructure used by the military or telecom carriers, and finally, the existing equipment may be shifted to a different frequency band.

“Licenses are granted for 10 years, and license commitments imply that LTE networks should be built in all regions within 7 years”, Khasianova explained.

In her opinion, the first and second ways of conversion may be implemented within two years. But the third alternative, as estimated by the Ministry of Defense, would take from 10 to 13 years, which would clearly violate licensing terms (operators must complete their LTE networks by the end of the year 2019).” ❖

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## ❖ LTE without doping

© ComNews

Experts say that the progress of LTE networks in Russia is thwarted by high prices for 4G smartphones and the unwillingness of Russian mobile operators to subsidize the devices, communicated an analyst from J'son & Partners Consulting company (JPC) Vitaly Solonin at ComNews conference LTE Russia & CIS' 2013 held in May. According to him, subsidy assistance allows building up subscriber base in a relatively short time. Smartphones with LTE support are traditionally positioned in the premium segment, so prices for these devices can be a barrier for new users. JPC analysts say that average Russian tariffs

are somewhere in between the European and global average prices – about \$3.2 per 1Gb of traffic. According to an analyst of Mobile Research Group Eldar Murtazin, the amount involved is high enough: consumers do not quite understand what 4G is and they are not ready to pay for the new technology.

Dmitry Kutiavin, Communications Service Provider Manager at Samsung Electronics in Russia, said at LTE Russia & CIS' 2013 that Russian service providers still use the schemes similar to subsidy support when marketing best-in-class 4G-smartphones. ❖

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## ❖ MTT enlisted in MTS reserve

© ComNews

“Interregional TransitTelecom” (MTT) operator of regional and international calls has won the tender held by Russia's largest operator “Mobile TeleSystems” (MTS) for back-up IPX services. Two companies were pronounced winners of the tender: iBasis Global was appointed main supplier, while MTT will be used as back-up supplier.

“MTT already provides GRX services to leading telecom carriers, including MTS. Besides, we are currently implementing support for IPX

services in our network. IPX services will be popular with operators, especially in light of explosive growth of LTE networks. In the nearest time we will offer IPX to our other clients also”, said general director of “MTT” OJSC Evgeni Vasiliev. IPX (Internetwork Packet Exchange) – is a protocol which interconnects operators and service providers of all types (mobile, landline networks, Internet access) both on a national, and on an international level. ❖

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## ❖ Third LTE provider in the center of Moscow

© ComNews

Russia's third mobile phone company “VympelCom” (market brand – “BeeLine”) was the last of the Big-3 to launch an LTE network in Moscow, but the first to start using the frequency obtained through a tender held last year. The company explained that the first subnet will be deployed within the Garden ring in the 2.5-2.7 GHz band. According to the plan, by the end of 2013, LTE services will be available on virtually the entire territory

of Moscow. 4G services will be available to users of Beeline's LTE multi-mode USB modems and smartphones with LTE support. A package comprising a USB modem and USIM card will cost 92\$. Consumers will be offered a tariff plan “4G Unlimited Internet”: for \$15.5 per month, they will get 5Gb of prepaid Internet traffic at top speed, and when purchasing an LTE modem, subscribers will be freed of monthly fee for two months. ❖



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## ❖ “Telros” bet on Ka-

© ComNews

“Telros”, Saint-Petersburg based telecom company, launched satellite Internet services in the Ka-band for individual customers in the North-West of Russia. Their main customers are owners of country houses, housing management companies and local administrations, along with rural infrastructure facilities located in more than 2 km from cellular base stations. The company is expanding services in Ka-band with a view to “Express-AM6” satellite to be launched in the end of 2013, but neither does “Telros” forget about the Ku-band, said Evgeni Katerinsky, head

of the Center for Satellite Communication with “Telros Group”. The company uses a brand name “Zagorod Telecom” for marketing services to private customers. According to Mr.Katerinsky, there is no big local satellite service provider in the North West.

In summer 2012, Russian Satellite Communications Company launched satellite broadband Internet services in the Ka-band. To do it, they leased four beams of Skylogics’ satellite Eutelsat Ka-Sat 9A (previously – Ka-Sat). ❖

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## ❖ No LTE-R for TTC

© ComNews

The State Commission for Radio Frequency declined the request of “TransTeleCom” backbone carrier (a subsidiary of “Russian Railways”) for 1800 MHz band to develop LTE-R (Long term evolution railway), and also declined several applications filed by other companies. The decision was made at the Commission’s meeting on May 24. According to a source in TTC, their application was turned down because the band is overloaded enough – it is already used by the Big-3 mobile operators and “Tele2 Russia”.

During the meeting, Russia’s Minister for Communications and Mass Media Nikolay Nikiforov proposed to deem the entire radio frequency spectrum a limited natural resource. Eventually, all frequencies will be allocated through tenders, save as in the exceptional circumstances or when frequency may be allocated through consolidated resolution. The Commission requested a task group to draft a corresponding resolution and table it for consideration at the next meeting. ❖

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## ❖ Video in the forest

© ComNews

Russia’s second largest mobile phone company “MegaFon” has provided satellite video communication to a power substation located in a remote area of Penza region. The facility is surrounded by a close thicket, which made laying fiber optic difficult, while WiMax or radio relay

line couldn’t be used since there is no base station nearby. “The facility doesn’t even have a postal address, the only way our engineers could find it was using GPS coordinates”, said Alexey Bryukhachev, head of “MegaFon” in Penza. ❖

## ❖ Silence in LTE

© ComNews

There isn't a single base station running on any of the LTE frequencies granted to Russia's three major mobile companies last year, stated Minister of Communications and Mass Media Nikolay Nikiforov yesterday at the meeting in the Ministry. Under licensing terms, the first networks must be deployed starting from July 1, but the Minister has doubts whether the mobile companies can meet the target date.

"Last July, 200 MHz of very scarce frequency was allocated through a tender between the four winners", reminded the Minister.

Nikiforov recalled that according to licensing terms, networks should be rolled out by July 1, 2013. "As I see it, it's a troubling sign and an evidence of the ambiguous attitude to this technology among service providers", he lamented. That said, Nikiforov also mentioned that LTE networks are actively developed in other frequency bands: the new technology has been deployed in 97 cities with total population of 38 million people, and in terms of LTE subscribers, Russia holds the fourth place in the world behind the USA, South Korea and Japan. ❖

## ❖ NEC and Transmode in "MegaFon" network

© ComNews

"NEC Neva Communication Systems" CJSC (NEC) and Swedish company Transmode supplied optical network infrastructure to six out of eight branches of "MegaFon", the second largest mobile phone operator in Russia in terms of subscriber base. According to Raymond Armes, general director of "NEC Neva Communication Systems", owing to their global expertise and a partnership with Transmode, the company will

ensure prompt and effective action and equip "MegaFon" with the best solutions and services related to modernization of the operator's network. A source in Transmode communicated that "MegaFon" aims to enhance its network transfer capacity in order to switch to LTE, and also optimize data transfer costs. So far, they have already modernized networks of the Moscow, Caucasus, Central, Volga, Ural and Far East branches. ❖

## ❖ LTE for 10 years

Vedomosti.ru

"MegaFon" intends to lease access to LTE network of "Skartel" (Yota brand) for 10 years. The deal will be worth 1.75 billion USD. In due course, "MegaFon" may gain control over "Scartel" itself. One of the issues on the agenda of "MegaFon" shareholders' meeting June 28th is approval of interrelated contracts with "Scartel" and determination of property (services) prices under these contracts worth 1.75 billion USD, announced the company. And since the contract value exceeds 2% of "Megafon's" balance value, it requires shareholders' approval.

The amount of 1.75 billion USD stems from the five-year term of the contract which can be extended by five more years, added sources close to both parties. According to the plan, "Megafon" will be paying in installments.

Cooperation of "Megafon" and "Scartel" being two independent operators may end before due date. "Megafon" is considering acquisition of "Scartel" from its current owner Garsdale, revealed a source close to a Garsdale's consultant. ❖



# The 5th International Business Forum Evolution of Mobile Networks – LTE Russia & CIS 2013

May 28–29, 2013

Holiday Inn Moscow Lesnaya Hotel  
15 Lesnaya St., Moscow, Russia

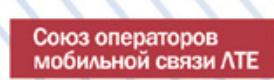
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## The Key Topics:

[www.comnews-conferences.ru/lte2013](http://www.comnews-conferences.ru/lte2013)

- The LTE ecosystem in Russia. Market trends and prospects
- Conversion of radio frequency spectrum for LTE networks in accordance with the bid results
- Common use of radio-frequency spectrum in Russia
- The principle of technological neutrality in use: challenges and drivers
- Opportunities and existing mechanisms of "frequencies exchange" between operators
- Prospects for LTE equipment production in Russia
- Prospects and opportunities for LTE networks deployment in the range of 1800
- LTE-Advanced networks in Russia. Trends and prospects
- Experience of LTE network joint operation based on the MVNO model
- LTE networks infrastructure joint construction and use
- International and national roaming in LTE networks
- Chips for LTE Terminals, 2G/3G networks support. Multi-standard terminals
- The market of mobile subscriber units for LTE networks
- LTE Terminals: evaluation of subscribers' devices market development
- VoLTE

## Speakers:



**Yuri Dombrovski,**  
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**Alan Hadden,**  
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**Gulnara Khasyanova,**  
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## About Us

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