

Russian Satellite  
Communications Company

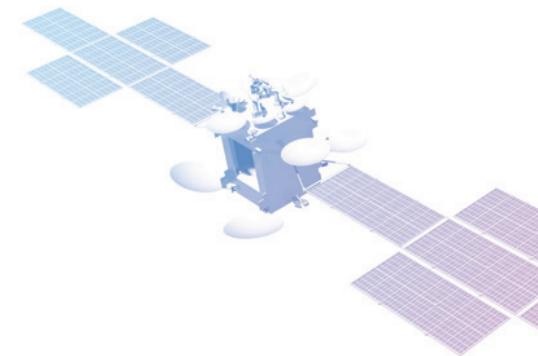
# Broadband & Satellite Russia Newsletter

*No 58*

*July 15–31, 2013*



Russian Satellite  
Communications Company



The World is United  
via Satellite Communications



PEKJAWA

e-mail: [sales@rsc.ru](mailto:sales@rsc.ru)

[www.rsc.ru](http://www.rsc.ru)

---

---

## Contents

---

---

<b>RSCC Plans to Complete Commissioning of Multiservice Communications Network on Spitsbergen in 2013 . . . . .</b>	<b>4</b>
<b>Gonets Took over Orbcomm's Frequency in Russia . . . .</b>	<b>4</b>
<b>MegaFon Asked Rostelecom to Make Some Room in Sochi . . . . .</b>	<b>5</b>
<b>Enforta Released Frequency for LTE . . . . .</b>	<b>5</b>
<b>Russian Ministry of Communications and Mass Media to Introduce Quality Standards for IP Networks . . . . .</b>	<b>6</b>
<b>Long Distance Wi-Fi . . . . .</b>	<b>6</b>
<b>Moscow Metro Found Contractor for Wi-Fi . . . . .</b>	<b>7</b>
<b>MVNO Lacks Competition . . . . .</b>	<b>7</b>
<b>Rostelecom Changed Plans for 2013 'ostelecom' and Tele2 are coming close . . . . .</b>	<b>8</b>

## ❖ RSCC Plans to Complete Commissioning of Multiservice Communications Network on Spitsbergen in 2013

Commissioning of the satellite communications link complying with design parameters is scheduled for 2013. The requisite equipment and materials were shipped to Barentsburg in June this year. Construction and installation efforts are currently under way as stipulated by the contract signed in 2013 between the Federal Communications Agency (Rossviaz) and ZAO V-Lux. Contract support and construction monitoring are performed by RSCC.

According to the existing plans, by the end of 2013 the multiservicecommunications network that includes the satellite link segment will (a) support approximately 500 access points for Internet, TV/radio and telephony, and (b) expand the GSM-900 cellular segment thanks to the refurbishment and construction of three base stations, providing access to mobile communications for up to 1000 users. The current activities are not impacting the functionality of the existing communication channels. ❖

## ❖ Gonets Took over Orbcomm's Frequency in Russia

Gonets Satellite System was granted frequency in the 148–150 MHz band for its third generation system based on the new space craft Gonets M1. In other countries, this frequency is used by Orbcomm company – provider of global satellite data services.

Orbcomm has made numerous attempts to enter the Russian market, both independently and as part of a partnership, but it never succeeded to obtain the frequency.

According to Gonets' general director Dmitry Bakanov, the main idea of the new system is to use Gonets for transport control. This market segment has opened owing to new regulative initiatives from Russian Ministry of Transport which enforce obligatory installation of GLONASS terminals on a wide list of vehicles. In the future, all motor vehicles in the Russian Federation must be equipped with ERA-GLONASS devices

which can send an SOS signal to the rescue services in case of a road accident with exact coordinates of the vehicle's location. At this point, the only thing that stops this idea from implementation is incomplete coverage of Russian roads by GSM networks which are used to send information to the terrestrial services. "Ministry of Transport became interested in the possibility of monitoring in remote areas", explained Bakanov. "The highway between Yakutsk and Magadan doesn't have GSM coverage, so Gonets could be used for data communication." Gonets constellation currently consists of four active space crafts. By 2015, the company is planning to deploy the complete Gonets-M constellation: three more satellites are due to be launched this September. According to Bakanov, they have already commissioned manufacturing of eight more space crafts. ❖



---

## ❖ MegaFon Asked Rostelecom to Make Some Room in Sochi

---

MegaFon, Russia's second mobile service provider in terms of subscriber base, asked Rostelecom to share part of the frequency for mobile 3G network in Sochi during the Winter Olympic Games 2014. Both operators have the status of Telecom Partner of the Games in Sochi and hold neighboring frequency designated for 3G. MegaFon won a tender in 2007 for two 15 MHz bands (1935-1950 и 2125-2140 MHz), while Sky Link, acquired by Rostelecom last year, was granted two adjacent bands – 1920-1935 and 2110-2125 MHz – in March 2011.

These bands can be used for both 3G and the company's basic CDMA standard.

As reported by the company, MegaFon would like Rostelecom to deliver them a 5 MHz band (1930-1935 MHz) which currently isn't being used for the period of the Olympics. According to Rostelecom, there could be another solution to this problem, such as, enabling a roaming-free regime in the Olympic venue in case if one operator's network gets overloaded at some point, so users will be able to get services in another operator's network. ❖

---

## ❖ Enforta Released Frequency for LTE

---

Prestige-Internet provider (Enforta trade mark) released frequency in the 2530-2570 MHz and 2650-2690 MHz for LTE. The conversion affected 102 localities in 34 regions of Russia, communicated the press service of the Russian LTE Union. According to the agreement, the operator undertook to stop using the frequencies for provision of WiMAX services within 45 working days.

“We have ten more contracts with WiMAX and MMDS operators on different stages”, said executive director of the LTE Union Gulnara Khasianova. “Further contracts with owners of spectrum will be based on the economic feasibility and operators' plans for LTE network roll-outs.” The spokesperson for the LTE Union wouldn't give out any particular names of the operators engaged in the negotiations. ❖

---

## ❖ Russian Ministry of Communications and Mass Media to Introduce Quality Standards for IP Networks

---

Russian Ministry of Communications and Mass Media has developed a concept establishing benchmark quality parameters for multiservice networks – fixed and mobile networks which transfer voice and data over an IP-protocol. An official from a dedicated authority revealed that more than 80% of all data transfer networks in Russia use IP-protocol.

At the end of 2012, the Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor) came up with a quality tool consisting of 25 evaluation parameters, such as, share of failed calls, average call setup time, SMS delivery time, subscriber authorization time. The concept proposed by

the Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roskomnadzor) will be taken as a basis for benchmarking communication quality, but may be altered following the discussions with operators, said a source in the Ministry of Communications and Mass Media. In exchange, the Ministry promises to give up on regulation of most technical aspects of their work. In autumn 2013, draft concept will be presented to the Scientific and Technology Council of the Ministry of Communications and Mass Media and afterwards, tabled for discussion of the Governmental commission for communications.

---

## ❖ Long Distance Wi-Fi

---

Wi-Fi in the Russian long-distance trains will be tested until the end of 2014. Five operators are taking part in the field trials, and the provider or providers who will show the best results will be awarded a contract with Russian Railways' subsidiary – Federal Passenger Company (FPC) OJSC. The service will cost \$3 per hour or \$12 for the entire trip. According to the FPC press secretary, they invited several operators: RuSat, Satellit Telecom, VisCom, Stec.Com, and MegaFon to participate in the pilot project. Operators launch services at their own cost. This

August, the service will be commercially launched in trains running the following routes: Kazan – Moscow - Adler, Yaroslavl - Moscow, Moscow - Nazran, Moscow - Voronezh. And by the end of 2013, Wi-Fi will be offered at Moscow - Bryansk, Moscow - Smolensk, Moscow – Belgorod routes. Starting from 2012, Internet access is available onboard the following trains: “Zhiguli” (Moscow - Samara), “Lotos” (Moscow - Astrakhan), and the routes connecting Moscow with Paris and Saint Petersburg.

---

## ❖ Moscow Metro Found Contractor for Wi-Fi

---

In the end of July, Moscow metro announced the results of the tender for roll-out and operation of an underground Wi-Fi network. The only application to the tender was submitted by Maxima Telecom, and eventually they were the ones who got the contract. According to SPARK-Interfax, as of the end of 2011, Maxima telecom stock was equally divided between system integrator NVision Group and RBS. However, since then, the company was sold to a group of private investors including former president of Sitronics IT company Sergey Aslanyan, communicated a representative of NVision Group.

Maxima Telecom will provide wireless services free of charge, but users will have to view a few short advertising clips, said Aslanyan. These advertising services are exactly what the company is going to profit on. Network roll-out will cost Maxima Telecom more than \$30 million of proprietary and borrowed funds, which investors plan to return within about seven years. Network construction will be subcontracted to NVision Group, specified Aslanyan, and a source in NVision also confirmed it. ❖

---

## ❖ MVNO Lacks Competition

---

In 2012, MVNO (Mobile Virtual Network Operator) subscriber base in Russian LTE networks was up by 20% and amounted to 1.4 million subscribers. Virtual users were issued 9 million numbers, and reserved 40 million. Restriction of competition is still the chief factor hindering the development of LTE, conclude analysts from J'son & Partners Consulting research firm.

The factors constraining LTE in Russia are limited offer and high prices for smartphones and tablets supporting LTE, while available LTE smartphones cannot be used in "Russian" frequency spectrum. Besides, the shortage of frequency boosts restraint of competition,

and consequently, high tariffs for LTE services, claim authors of "MVNO in LTE networks" study.

The only LTE operator providing MVNO services is Scartel (Yota brand). In February 2012, MegaFon came into an agreement with Scartel for co-utilization of infrastructure and became an MVNO working on Yota Networks, which in turn, use the existing infrastructure of MegaFon (sites for base stations, fiber-optic communication links, etc.). According to the study, as of the end of 2012, Scartel and MegaFon were providing 4G services in Yota Networks to some 700,000 and 150,000 subscribers, respectively. ❖

---

## ❖ Rostelecom Changed Plans for 2013 Rostelecom' and Tele2 are coming close

---

The new management of national operator Rostelecom proposed changes to the investment program along with amendments to the company's commercial targets for 2013. Draft version of the new budget stipulates reduction of total capital investment by \$30 million down to about \$2.2 billion along with a reallocation of funds. The operator intends to increase investment into broadband services in the Internet and cut expenditures on digital TV services and Sochi-2014 project. Also, they want to cancel the construction of a data processing center in Moscow. Namely, Rostelecom wants to cut expenditures in Sochi by approx. \$2 million, but "not to the prejudice of the obligations before the organizers of the Games". Being the partner of the Winter Olympics, Rostelecom was supposed to invest \$33 million into the project.

Previous version of Rostelecom's budget promised 10% growth in revenue from broadband services, however, now the company expects

11% growth. Over a year, the customer base in optical communication services is expected to double – from 2 million to 4 million. By the end of 2013, Rostelecom hopes to raise its interactive television subscriber base by 1.3 million users. The adjusted budget stipulates 87% gain in revenue from this segment against 81% prescribed in the previous version of the document. However, in other business segments growth targets were adjusted downwards. Thus, instead of launching 3G networks from scratch in five regions which don't have 2G networks, the operator is now planning only four launches promising 3 million new subscribers. The launch of 3G in Moscow and the Moscow region is rescheduled to 2014. In the corporate segment, revenue growth target in VPN was reduced from 25% to 20%, while revenue growth target in broadband services remained unchanged at 8%. In IP transit, Rostelecom is expecting revenue growth of 16% instead of 23%. ❖



---

---

## About Us

---

---

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.

ComNews publishes business periodicals, provides companies with exclusive content, studies the market, and holds business events.

ComNews caters for every need for business information and communications of the players in the market of telecoms, broadcasting and IT.

ComNews partners with the major companies and non-commercial associations of market participants. The Media Partner status enables ComNews to distribute its printed matter at the world's largest ICT forums worldwide.

120,000 unique visitors on [ComNews.ru](#) portal a month

10,000 readers of the monthly magazine's circulation [Standard](#)

10,000 copies of the [Communications and Broadcasting Encyclopedia](#) annually

5,000 copies of [Who Is Who in Telecommunications and Broadcasting](#) annually

500 clients including major Russian and international ICT companies

over 20 [Industry Conferences](#) hosted by ComNews

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

---

---

## Contacts

---

---

ComNews Moscow  
2/1 Verkhnyaya Krasnoselskaya Ulitsa, Building 1, Office 428  
107140 Moscow, Russia  
Tel.: +7 495 933 5483

ComNews Saint Petersburg  
22 Moskovsky Prospekt, Litera L, Office 36N  
190013 St. Petersburg, Russia  
Tel.: +7 812 670 2030

<http://www.comnews.ru>