

Russian Satellite
Communications Company

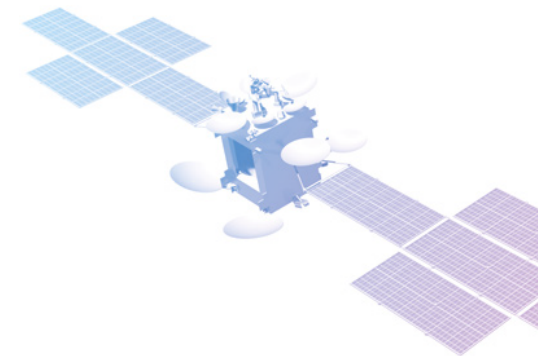
Broadband & Satellite Russia Newsletter

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Russian Satellite
Communications Company



The World is United
via Satellite Communications



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Contents

Kaliningrad Amber Combine To Be Monitored From Outer Space	4
Astra 5B For Russia	4
4G For The 2014 Olympics	5
A Record of 32 Satellite	5
Rostelecom Expands 3G	6
Roscomnadzor Cashed In On LTE	6
The First Petabyte	7
Rossvyaz Laying Hopes On Broadband.	7
Light FTTB Around Moscow	7
GPON For Four	8
Broadband Got Lost In Regions	8
4G Frequencies For 50 Regions	8
LTE Liberalization	9
VimpelCom Out Of Top Three	9
Osnova Straining After LTE	10
RTRS Invites Operators To Its Networks	10
About Us. Contacts	11

Sources: ComNews.ru, Vedomosti.ru and Kommersant

❖ Kaliningrad Amber Combine To Be Monitored From Outer Space

The Kaliningrad Amber Combine in conjunction with RSCC will install a satellite Ka-terminal in the Amber Combine territory to support high-bit rate data transmission and internet access. The use of up-to-date video monitoring and communications technologies will considerably enhance the efficiency of interior and exterior security arrangements on the sites for the extraction of Sun Stone, as amber it is popularly known. The project is being implemented in the Kaliningrad Region for the first time.

Agreement to this effect was reached during an official meeting between Mikhail Zatsepin, Acting Director-General of the Amber

Combine, and the RSCC delegation headed by Evgeny Buidinov, RSCC Deputy Director-General for Innovations.

It is common knowledge that the most critical problem in the amber industry is illegal amber extraction. Causing harm to the environment and losses to the domestic economy, illegal extraction is a criminal offence. State-of-the-art management and monitoring technologies are expected to maximize security wherever amber is extracted, and considerably reduce illegal extraction. ❖

❖ Astra 5B For Russia

In January 2014, European satellite operator SES will launch its Astra 5B satellite from the spaceport in French Guyana. It will extend the signal over major part of Russia, CIS, Central and Eastern Europe. The spacecraft's design lifetime is 15 years, and it will serve for cable and DTV broadcasting. The satellite will be located at the orbital position of 31.5 degrees. The exact launch date is yet to be announced.

Astra 5B was built by EADS Astrium in Toulouse, France, based on the Eurostar E3000 platform and is equipped with 40 Ku-band transponders (36 MHz equivalent) as well as 6 Ka-band transponders.

ASTRA 5B will extend SES' transponder capacity and geographical reach over Eastern European and neighbouring markets for DTH, direct-to-cable and contribution feeds to digital terrestrial television networks. The spacecraft also carries a hosted L-band payload for the European Commission's European Geostationary Navigation Overlay Service (EGNOS).

"We sell a lot of capacity to operators of satellite platforms and TV networks, and we are striving to increase our customer base in Russia", SES Business Development Director in Russia Mikhail Sandler told ComNews. ❖

❖ 4G For The 2014 Olympics

Sponsor of the Winter Olympic Games – cellular carrier MegaFon reported groundbreaking increase in demand for 4G services in the South of Russia. Over the past 10 months, the number of subscribers to high-speed data services in Krasnodar and Sochi has more than tripled.

MegaFon's press service communicated that from January to October 013 downloaded traffic was up by more than 150%. In October alone, MegaFon users in Krasnodar region downloaded more than 315,000 GB of content in the 4G network.

“MegaFon has stable 2G/3G/4G coverage in 100% Krasnodar and Greater Sochi areas”, said MegaFon Caucasus Director for Consumer Business Development Natalia Yusipova. “Until the end of the year, we will consolidate our positions in high-speed mobile data services through the launch of a 4G network in new regions of Southern and South Caucasus federal districts.”

The company attributes the rise in 4G users and traffic to service availability and a wide range of devices on the market: the carrier's mobile stores currently offer 21 smartphones, 3 tablets and 3 routers supporting 4G networks. ❖

❖ A Record of 32 Satellite

Dnepr carrier rocket launched on November 21st from Yasny Launch Base, Orenburg region, took 32 foreign space crafts of different applications to the their target orbits. This is a new world record for satellites inserted into the orbit by one rocket achieved by Kosmotras – operator of launch services performed by Dnepr vehicle.

“Technically, we launched 24 payloads”, says Kosmotras Marketing Director Evgeny Solodovnikov. “But in a month after the launch the Italian space craft UniSat-5 will deploy 8 more satellites it currently carries inside.”

Kosmotras specializes on the launches of withdrawn intercontinental ballistic missiles R-36M UTTH (RS-20B under the START-1 treaty, or SS-18 Satan mod 4 under the NATO classification).

RS-20B missiles were serially produced by Yushmash plant in Dnepropetrovsk since 1979. According to the figures, previously released by Russian Ministry of Defense, as of May 2006, Russian Strategic Missile Forces had 74 R-36M UTTH and R-36M2 silo launchers equipped with 10 warheads each. Kosmotras declared they can satisfy launch needs up to and including 2016-2017. Each Dnepr mission costs at least \$30 million.❖

❖ Rostelecom Expands 3G

Rostelecom seeks a contractor to build a 3G network in and around Moscow, which is scheduled for launch in the second quarter 2014. Initial contact volume is about \$50 million, the winning bidder will be contracted to build 1,750 network entities. The construction should be completed within 5 months. According to the contract terms, one base station will cost Rostelecom no more than \$30,000. This price is

market average, however, for a full-scale coverage in and around Moscow 3,750 base stations would not be enough, commented sources in the mobile “Big Three” (MTS, MegaFon and VimpelCom). It takes about 5,000 to ensure seamless connection, which means that Rostelecom’s coverage will fall behind the “Big Three” operators. ❖

❖ Roscomnadzor Cashed In On LTE

In 2013 Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications (Roscomnadzor) outstripped the target for collection of frequency use payments by 11%, raising about \$527 million from operators instead of projected \$476 million. To a large extent, it happened due to the expansion of LTE networks, communicated the press service for the authority.

“The targets were exceeded due to one-time payments for frequency use made at the LTE deployment stage”, says a release from Roscomnadzor.

According to the authority, in the past year 945 permits for radio frequency and RF channels use were terminated due to non-payment. These licenses were held by 387 users, about 2.5% of total number. Until the year-end, Roscomnadzor is planning to inquire into frequency use payment amounts and back payments received from several operators. The spokesperson for the authority declined to name operators in question to ComNews.

Leading Russian cellular operators MTS, MegaFon, VimpelCom and Tele2 Russia responded positively to the senator’s idea. A spokesperson for Ministry of Communications and Mass Media informed ComNews that the authority hasn’t studied the document yet, and therefore can’t provide any comment on it. Meanwhile, the Ministry has already drafted the corresponding amendments to the law “On communications” which are currently undergoing reconciliation among relevant ministries. “We are talking about complex proposals here, there is more to it than shared use of frequency”, a source in the Ministry told ComNews.

Shared use of frequency is one of the issues to be studied by the Ministry of Communications and Mass Media by order of the Government, and the results of the Ministry’s explorations must be reported back in March 2014. ❖

❖ The First Petabyte

Mobile Internet traffic downloaded by subscribers of MegaFon North-West in a week has passed 1 Petabyte. This volume approximately equals to 70,000 films, 200 million audio tracks or 2 billion books. Over the past year, the traffic downloaded by users of MegaFon North-West was up by more than 150%.

“Subscribers download more and more traffic on all available devices, but the top three devices hasn’t changed in the past year – the first place is still held by USB modems, which are followed by smartphones, and finally, tablets. However, the shares of these types of devices in total traffic keep changing”, communicated MegaFon North-West Director for Consumer Business Development Sergey Protasov. ❖

❖ Rossvyaz Laying Hopes On Broadband

Russian Federal Communications Agency (Rossvyaz) believes satellite Internet to be of paramount importance for the expansion of broadband services in Russia. Extensive use of Ka-band will spur demand among users of the satellite segment, said Head of Rossvyaz Igor Chursin at the 3rd International Broadband Russia Forum 2013, organized by ComNews. “In the satellite broadband market the key point is service availability”, he emphasized. “This is a priority for Rossvyaz and the RSCC. Several

Express spaces crafts intended for satellite broadband are currently being prepared for launch. They include AM5, which has already been delivered to Baikonur, and also AM6, AM7, AM8 and AM4R.” According to Chursin, the authority is working to include satellite broadband into the Federal special purpose program for high-speed Internet up to 2018, and is also drafting a development plan for satellite broadband. ❖

❖ Light FTTB Around Moscow

Rostelecom intends to roll out FTTB-light broadband networks in several Moscow satellite towns. According to the information released on Rostender.info, total initial tenders for construction of networks amount to almost \$3.4 million.

A source in Rostelecom explained to ComNews that FTTB-light implies the FTTB scheme: carrying a fiber optic cable to the building where an optical switch enables connection of individual flats over

copper lines. “Light means that only two services – broadband and cable TV will be provided using FTTB, as telephony will be based on FTTN (fiber-to-the-node)”, they said.

In the eyes of competitors, namely, the largest cable TV and broadband provider in Moscow Akado Telecom, this technology isn’t very convenient for users, because it means that several cables will be running into their flats. ❖

GPON For Four

Moscow City Telephone Network (MGTS) selected four suppliers of backbone and distribution fiber optic cables for its GPON network to be deployed in the 2016 perspective. Quantity purchased was worth more than \$30 million. Earlier, MGTS announced a rebranding campaign and a new market positioning as a multi-service operator building an integrated digital platform in Moscow. In 2014, the operator will complete construction of the digital platform based on GPON technology (fiber-to-the-home) and offer all users access to a package of services including broadband Internet, digital TV and telephony. This far, 650,000

households in Moscow have connected to MGTS's GPON network. The company has built about 25,000 km of fiber optic lines.

MGTS is implementing its \$2 billion-worth GPON project in 2011-2015. The plan is that this investment will pay off in 7-8 years. By 2016, MGTS hopes to increase penetration of their services from 26% to 50% in the broadband market, and from 11% to 26% in digital TV, announced company's CEO Andrey Ershov. The operator hopes that the company's annual revenue will be growing at 4-5%, while broadband and TV subscriptions will be adding 15% annually.

Broadband Got Lost In Regions

Russian regions lack both demand for high-speed (100 Mbs) Internet access and economic capabilities to deploy such services, said regional broadband operators at the 3rd International Broadband Russia Forum 2013, organized by ComNews.

CEO of ER-Telecom Holding Andrey Semerikov reminded the audience that demand is a monetary notion and assumed that Russian users aren't still ready to pay significantly more to have their broadband speeds doubled or tripled.

"Local preferences are a result of the aggressive marketing and don't reflect actual demand and purchasing power", Semerikov explained. "Investments into such ambitious projects simply vanish, they never pay off."

President of Moscow-based Akado Group Victor Koresh is convinced that feasibility of the plans of Ministry of Communications and Mass Media to provide all inhabited localities of Russia with 100 Mbs channels won't depend on actual demand, if the government decides to participate in the project, for instance, through grants from the Universal Service Fund.

4G Frequencies For 50 Regions

In order to develop LTE services, on December 11th, State Commission for Radio Frequencies (SCRF) may put up for tender frequencies in the 2.5-2.7 GHz band in more than 50 regions of Russia. 10 MHz to be distributed among four operators have been released in each region, but market players doubt that there will

be a lot of contenders. This frequency band is not enough to deploy a fully functional 4G network, and the public burden – the requirement to build networks in all localities with population over 10,000 people, can make this project economically unsound.

❖ LTE Liberalization

It appears that not all operators will be obliged to build networks in localities with population over 1,000.

Until the year-end, Russian GSM operators will finally be able to use their frequency resource for fourth generation mobile services (4G/LTE): on December 11th, State Commission for Radio Frequencies (SCRF) will address introduction of technological neutrality in the 1,800 MHz band. Communications and Mass Media Minister Nikolay Nikiforov confirmed that the matter is, in fact, on the SCRF agenda. According to him, the Commission will also outline terms and conditions of spectrum use. Draft resolution assumes that frequency recipients in the range

lower than 1 GHz will be required to provide coverage of all localities with population of 1,000 people and more within 5 years, the operators that plan to use the 1–2 GHz channel will have to cover settlements with population of over 2,000 people, and those telecoms planning to use more than 2GHz channels will have to cover towns and villages with over 10,000 people. The Minister is convinced, that “These rules for operators, receiving frequency for the first time, extending the existing license or exchanging one frequency bandwidth for another, are fair. Requirements should be more liberal for those, who want to use their frequency to develop more advanced communication technologies.” ❖

❖ VimpelCom Out Of Top Three

As it appears from a report released by iKS-Consulting, at the end of 2013 MTS may to become the third largest broadband provider in Russia replacing VimpelCom (Beeline brand).

Unlike their competitors, in third quarter 2013 VimpelCom has't registered any growth in private broadband subscribers. Meanwhile, the largest broadband operator – Rostelecom – reported an 11% increase in subscriber base, ER-Telecom which holds the second place was up by 16%; MTS, currently placed fourth, added 6%; and TTK, current number five, was up by 9%. According to iKS-Consulting, their respective market shares were: Rostelecom – 34%, ER-Telecom - 10%, VimpelCom - 9%, MTS - 8%, TTK - 4%, and 35% were held by other market players.

Until November 2012, VimpelCom had held the second place in the top three broadband operators, but they lost it to Perm-based ER-Telecom. In

the past 3 months, the share of MTS has been growing rapidly, mainly on the account of Moscow, which is currently switching to the GPON technology. “VimpelCom’s subscriber base has been going down steadily in the last two quarter, as the company failed to withstand competition, namely, from ER-Telecom, in large cities of Russia”, says the iKS-Consulting report.

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❖ Osnova Straining After LTE

Military operator Osnova Telecom has officially declared readiness of its LTE network to be put into commercial operation in 18 cities of Russia.

“In full accordance with our plans for 2013, Osnova Telecom has rolled out coverage in the major part of each city’s territory”, says the company’s press release. “We will keep developing our network in all these cities, the coverage will be expanded.”

In late November, Osnova’s geography was augmented with Kaliningrad, Naberezhnie Chelny, Orenburg, Stavropol and Togliatti. Overall, the operator will roll out LTE network in 40 localities, with total investment into network infrastructure exceeding \$ 182 million. Meanwhile, Osnova Telecom hasn’t yet been formally assigned the frequencies needed for network launches scheduled for December. ❖

❖ RTRS Invites Operators To Its Networks

Russian television and broadcasting network (RTRS) is going to join a federal programme 2018 in order to come into the broadband market. The company offers operators to use its transport and infrastructure, namely, a radio relay network currently under construction. The word on the initiative was spread by deputy director of the Engineering department of RTRS Sergey Alyabiev at the 3rd International Broadband Russia Forum 2013, organized by ComNews.

According to him, RTRS is going to join the Federal special purpose program for high-speed Internet up to 2018 and wants to

help operators offer high quality Internet access in towns and rural areas. The company is ready to provide wireless and other operators access to its radio relay IP networks, which are currently under construction and will deliver speeds of up to 300 Mbs, emphasized Sergey Alyabiev.

“The Ministry endorsed the idea, and we have already made arrangements with several regional players”, said the RTRS representative. ❖

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.

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