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# Broadband & Satellite Russia Newsletter

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Sources: ComNews.ru, Vedomosti.ru and Kommersant.ru

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◆ **TTK: Russian Broadband Market Foresees Consolidation**

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Head of Sales and Service Department of one of the largest Russian telecom operators – TTK Company (TTK) took part in the panel discussion entitled “Content Accessibility: Broadband and Wireless Broadband Access Networks” at the Russian Interactive Week (RIW) 2014.

“In the past 5-7 years, one of the principal growth drivers for broadband traffic was increasing consumption of online video and games, along with the expansion of social networks. In the future, the same factors will be propelling IPTV, as high-quality HD content is a lot

more convenient to experience on a state-of-the-art TV panel”, said Oleg Leonov.

Speaking of the repercussions of current economic situation for retail operator business, Oleg Leonov found it quite likely that the share of unconsolidated market, equaling about 30 percent at this point, could reduce as small regional players, currently putting additional pressure on large players’ ARPU figures, would be leaving the market. ◆

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◆ **LTE For St. Petersburg Metro**

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One of Russia’s Big 3 Operators – MTS – has launched an LTE network in the St. Petersburg underground, and more specifically, in the entrance area, rolling stairs and at the platform of one of the central stations of the metro network – Gorkovskaya. Over the next year the operator intends to launch the service at all stations of the St. Petersburg metro. Until mid-November a 4G network will also be commissioned at another centrally-located station – Admiralteyskaya,

and the remaining 65 stations will be covered by the next generation service throughout 2015.

LTE network enabling mobile Internet access with speeds up to 75 Mbps was built on Samsung equipment. MTS wouldn’t disclose the amount of investment poured into the project.

Every week, LTE traffic in St. Petersburg increases by 10 percent on average. ◆

## ◆ MGTS Launches IPTV

Until the end of 2014, a subsidiary of MTS – Moscow City Telephone Network (MGTS) will launch commercial IPTV services on a new converged TV platform under the brand of MTS. Following the adoption of a new interactive TV platform which enables access to operator's TV content on any device, the subscribers to MGTS will receive a whole new level of IPTV services. Earlier, MTS and MGTS launched a multi-service MVNO operator in Moscow. In September, MGTS customers were offered converged packages, marrying mobile

Internet and calls with fixed broadband and telephony, and home TV. Owing to the upgraded platform, converged packages from MGTS will soon be extended with mobile television, a logical development of the MVNO component.

Initially, MTS planned to launch a converged TV platform back in 2012, but it kept being postponed due to the difficulties with integration of the platform with the operator's service solutions for pay TV systems. ◆

## ◆ Ministry of Communications Demands Sharing

Russian Ministry of Communications and Mass Media drafted a package of documents on RAN Sharing – joint use of radio access networks by operators. Market players voiced their support for the regulator's initiatives.

The news was announced by the Ministry's Head of Regulatory and Radio Networks Department Mikhail Khazov at the 5th International Conference Managed Services 2014 – Operators' Costs Optimization, Telecommunication Networks and IT Infrastructure Outsourcing & Networks Sharing, organized by ComNews. According to him, RAN Sharing will help expand coverage of Russian territories by mobile radio

telephone service and eliminate digital inequality between the regions of the country.

"Besides, shared use of mobile networks and erection of base stations will allow operators reduce costs of construction in sparsely populated and remote regions of the Russian Federation", said Mikhail Khazov.

Some of the acts related to RAN Sharing, which spell out regulations for network construction and the use of infrastructure were signed back in 2012. ◆

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## ❖ TTK Company Completes Merger

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Transtelecom (TTK) concluded corporate reorganization by annexing regional subsidiaries and recently acquired organization. The company's strategic goal is to take its market capitalization to \$1.6 bn in 2015. Prior to the reorganization, the telco, controlled by Russian Railways OJSC, was estimated at half as much. TTK annexed regional enterprises and newly acquired companies to create 18 macro-regional branches. The reorganization process started in March and stipu-

lated annexation of all the company's 100-percent subsidiaries. "Merger into a single structure is one of the key steps envisaged by TTK's growth strategy for 2011-2015, aimed to boost its capitalization. Affiliate management structure makes the company more transparent and comprehensible for potential investors, and it reduces the discount against market value", commented TTK's Head of External Relations and Communications Ksenia Pistsova. ❖

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## ❖ Rostelecom Takes Second Place in Moscow

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National fixed communications operator Rostelecom has climbed to the second place among Moscow Internet providers in subscribers, ahead of VimpelCom. Rostelecom connects new apartment blocks more rapidly compared with competitors, taking advantage of the underground cable conduits. At the end of September 2014, the company had 737,000 broadband subscribers in Moscow (including

the so called New Moscow – areas which were annexed to Moscow beginning July 1, 2012), against VimpelCom's 720,000. Three months ago, according to expert reports, VimpelCom was 11,000 broadband subscribers ahead of Rostelecom. The first place is still held by the leader of the Big Three – MTS (combined with its subsidiary - MGTS) – slightly more than 1.15 million subscribers. ❖

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## ⌘ Fast Internet For Crimea

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The Crimean authorities intend to develop state-of-the-art wire radio, which will enable Internet access via wired-radio outlets. They would need to introduce a special regional law on compulsory organization of such networks in new housing developments.

The news was spread early November by Dmitry Polonsky, Minister of Internal Policy, Information and Communications of the Republic of Crimea. According to him, with modern technology wired-radio outlets

must be used not only as a media outlet or for data communications, but also for Internet access. Dmitry Polonsky commented that exclusion of compulsory requirement of radio outlet in all dwellings was a negative factor, and said that he was going to try and bring this provision back into law. The newly constructed apartment blocks must not be accepted into service without a radio outlet, and building designs must not be approved, assured the official. ⌘

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## ⌘ MTS Sets Out Dishes

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Russia's largest mobile operator announced the launch of its own satellite platform. The company will be the first of the Big 3 mobile companies to enter the satellite TV broadcasting market. MTS' television package will comprise numerous channels: National Geographic, Discovery, Paramount, Fox, channels in foreign languages, including French and German, popular sports and children's channels, along with some regional channels. Subscribers will get a set-top box (STB) from MTS, using which they will be able to watch HD TV channels, go online, monitor currency exchange rates and road traffic situation. The STB can also be connected to home Internet via Ethernet or Wi-Fi, and also to OTT services - Catch-up TV,

On-demand video. Satellite HD STBs support recording on removable USB flash drives, Time-Shift feature and built-in media player for viewing video and photo content and listening to audio files. Basic package from MTS will offer subscribers 160 channels for an annual price of \$26 (or \$2.17 per month), which can be paid for using a built-in SIM card.

Investment into the project in 2014-2016 will amount to some \$108.5 million, where the bulk has been poured into the lease of a satellite channel, procurement of user and operator equipment, and roll-out of terrestrial infrastructure. ⌘

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## ❖ **Motiv Completed 4G Tests**

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Regional mobile operator Motiv completed the so called “public tests” of its 4G network. In September, the “public test-drive” of a 4G network from Motiv was kicked off in more than 8 cities of the Ural region, spanning more than 13,000 subscribers. Over 6 weeks of the project the company received almost 1,400 feedbacks on its network performance.

According to Motiv, participants of the tests uploaded more than 25 Tb of Internet traffic, which is roughly equal to more than 17,000 HD quality films or 6.5 million MP3 tracks. In the current year, total Internet traffic consumed by subscribers has gone up by 87 percent. In October alone, when Motiv launched its 4G network, the increase was 36 percent. ❖

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## ❖ **MTS and Vimpelcom To Share LTE Network**

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Two of Russia’s Big Three – MTS and Vimpelcom are looking to build LTE networks for shared use in several regions of Russia. The required regulatory documents are all ready, assured the Ministry of Communications.

MTS and VimpelCom are behind MegaFon in terms of LTE spectrum allocated to them. Together with Rostelecom they received 35 MHz each as a result of a tender held in July 2012, but MegaFon holds another 60 MHz –the spectrum allocated to Skartel, the company which was acquired by MegaFon in October 2013.

Construction of a shared network won’t give the two operators an advantage in terms of total spectrum available, but it will boost a more rapid expansion into new regions. Operators plan to focus on territories with low population density, where LTE development would imply significant expenditure. Several major resolutions have already been made: the government recently signed a decree which simplifies shared use of equipment. To recap, the State Duma has recently passed in the first reading the amendments to the federal law “Concerning communications”, which allow operators exchange access to frequencies obtained through tenders and auctions. ❖



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## About Us

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