



Broadband & Satellite Russia Newsletter

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❖ Cable TV in Siberia

TTTK Company, one of the largest communications providers in Russia, has started providing Cable TV services to the citizens of Chernogorsk, Republic of Khakassia in Southwestern Siberia. Cable TV from TTK- Siberia, TTK's regional branch, became available to more than 5 thousand households in 64 buildings in Chernogorsk. The "Basic" Cable TV Package offers 102 channels, including 16 HD channels. Subscribers can choose whether to use the new service separately or with the internet connection in the package. City networks of

TTK Company are based on FTTB technology, which enables simultaneous transmission of data and TV signals.

"TTK constantly works on expanding its portfolio of services and improving their quality. The launch of Cable TV in Chernogorsk is one more step towards our subscribers. Now the citizens of Chernogorsk can enjoy the most popular channels, suitable for users with different tastes. I am sure that the new service will be in high demand", commented TTK – Siberia's General Director Mikhail Bazhenov.

❖ Operators Behave Better

During the seven months of 2015, the Russian regulatory body, the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor) tracked more than 9.4 thousand radio frequency violations by mobile operators. It is much less than last year. However, the amount of penalties paid by telecommunications companies for their "wrongdoings" has considerably increased. According to Roskomnadzor, during the seven months of 2015, the leading mobile operators – Mobile TeleSystems (MTS), MegaFon, VimpelCom and T2 Mobile (the Tele2 brand) – breached the radio frequency regulations more than 9.4 thousand

times. Within this amount, 6.9 thousand violations were connected with using unauthorized radio electronic equipment. The regulatory authorities fined the "big four" operators a total of \$1.1 million. The percentage of unauthorized radio electronic equipment operated by carriers and revealed by Roskomnadzor is as follows: MegaFon – 29.4% (slightly more than 4 thousand), MTS – 27% (3.7 thousand), VimpelCom – 20.8% (more than 2.8 thousand), Tele2 – 4.25% (less than 0.6 thousand). The other 18.6% (2.5 thousand) are attributed to other Russian mobile operators.

❖ VimpelCom will Launch VoLTE

Mobile operator VimpelCom (the Beeline brand), which has the third biggest subscriber base in Russia, will start the trial operation of VoLTE services in Moscow and the Moscow region in the second half of August. The other “big three” Russian mobile operators are technically ready to launch VoLTE as well, and wait for regulator’s permission. VoLTE service from VimpelCom will be available to subscribers with a particular smartphone – Alcatel One Touch Idol 3. “If the user

has an LTE SIM-card operating on a post-paid basis, they need to accept the software update received by their phone, which will be available from August 18, and refer to Customer Service before using VoLTE”, stated Vimpelcom. The other “big three” operators – Mobile TeleSystems (MTS) and MegaFon – are still waiting for regulator’s permission to launch VoLTE.

❖ MTT Group Sells Broadband Assets

One of large Russian telecommunications companies, MTT Group, started restructuring its regional broadband assets in B2C segment and has already made arrangements with Rostelecom to sell the subscriber base and infrastructure of its subsidiary, OJSC “Start Telecom”, providing services in Saransk and Dzerzhinsk in the center of the European part of Russia, for \$ 2.1 million. MTT group also conducts negotiations with a range of interested companies to sell broadband assets in Lipetsk and Ivanovo, in the center of Russia as well. Rostelecom plans to acquire the \$ 2.1-million subscriber base for

broadband internet access owned by Start Telecom, which contains slightly more than 30 thousand subscribers. As outlined in the draft agreement, five working days from signing the contract with Start Telecom, Rostelecom shall pay the last advance payment which equals to \$ 1.08 million. As for the remaining amount from \$ 2.1 million, Rostelecom shall pay it to Start Telecom depending on the number of subscribers accepting this federal operator’s offer.

❖ Roscosmos Changes Plans

The Russian Federal Space Agency (Roscosmos) has to review its plans to create the national satellite confidential mobile communication system (SSKMS) and substantially change the project's format. The project of the Federal Space Program (FSP) for 2016-2025, which is now being evaluated by the respective agencies, stipulates for the deployment of secure satellite confidential communication system to be carried out from 2021 until 2025 and to consist of two satellites on the geostationary orbit (GSO) and two more on the highly elliptical orbit (HEO). The total cost estimation for the project is \$ 664.5 million. Roscosmos proposes to start the funding of research and develop-

ment of SSKMS from 2016. According to a well-informed source from Roscosmos, it is evident that R&D of SSKMS appeared from a mixture of two projects: creating Ellips space complex consisting of four space-crafts on the highly elliptical orbit (to enable reliable communications in high altitudes, where geostationary satellites are not visible) and Yenisey communications system – its construction was supposed to be based on three satellites on the geostationary orbit. Yenisey and Ellips were drafted in an FSP for 2016-2025, which was prepared by Roscosmos last summer.

❖ Yota Reached One Million

Mobile virtual network operator Scartel belonging to MegaFon and operating under the Yota brand has won slightly more than 1 million subscribers in a year, as the company highlights. Approximately a half of SIM-cards is registered in Moscow and St. Petersburg. A former internet provider Scartel started rendering voice communication services in August 2014. Now the operator issues SIM-cards in 52 regions of Russia. After 5 years on the market, Scartel plans to have around 10 million clients, including 4G modems and routers, as Anatoly Smorgonsky, a former general director, said in April 2014. A.

Smorgonsky is sure that, maintaining the present business model, the level of 10 million subscribers is quite possible to achieve. He notes that, at present, Scartel is already one of the largest international MVNOs, excluding the ethnic ones. Right from the beginning, the company carved out a wide and growing market niche, because, unlike traditional operators, it offers internet not as an additional, but as a core service, as reported by an expert.

❖ Rostelecom Buys Additional DWDM

Rostelecom, the largest communications provider, plans to spend \$ 324 million on purchasing DWDM equipment and software to upgrade the backbone transport network, which will be laid until 2018. Other large Russian operators also continue to develop their backbone transport networks. The state procurement portal contains some information regarding the request for proposals to supply DWDM equipment, software samples, to grant software use rights and provide services related to implementing Rostelecom's backbone transport

network development projects for 2015-2018. Rostelecom will decide on the results of the request not later than October 21.

The procurement envisages four suppliers. The maximum price for the contract with the winner, the participant to take the first place, will amount to \$ 145 million, for the second place it will be \$ 97.2 млн. The maximum price for the contract with the applicants taking the third and the fourth place will be \$ 64.8 million и \$ 15.4 million respectively. The total maximum price of the procurement is \$ 324 million. ❖

❖ Operation: Clear Sky

The meeting of Moscow city authorities and agencies chaired by Deputy Mayor resulted in issuing a protocol, where the Moscow government ordered the departments of Moscow administration to forbid laying aerial communication lines and overhead power lines. The Moscow Department of Fuel and Energy does not know about the outcome of the meeting, and its officials are sure that the building of aerial communication lines in Moscow is not going to be forbidden completely. This department strongly supports the transfer of aerial lines underground, but without forcing the operators to do so – such position was confirmed with the Federal Anti-Monopoly Service. According to the department's representative, M. Balabanov, building aerial communication lines can only be prohibited on those main roads which are now being restored according to "My Street" urban improvement program (more than 40 streets are to be reconstructed in 2015).

Here, the city uses its funds to build a new underground cable system, which will be enough not only for all active operators: it will have free capacity for decades ahead – M. Balabanov is sure. Tariffs for the access to this new underground system are not set yet; however, he promises that they will be "considerably less than the market ones".

The employee of one of the operators estimates that in Moscow, including the areas adjusted to Moscow from 1 July 2012 (New Moscow), the length of aerial lines built annually is close to 1 000 km. He admits that these are very rough estimates. To lay 1 km of underground cable line, he claims, one has to spend around \$ 77 000. According to a top manager of another company, building 1 km of underground cable infrastructure in Moscow and additionally replacing the communication lines built before costs \$ 92 500 and more. ❖

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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 Prospect, Litera L, Office 36N
190013 St. Petersburg, Russia
Tel.: +7 812 670 2030

<http://www.comnews.ru>