



World at a
different angle

Broadband & Satellite Russia Newsletter

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

◆ TTK: Internet for Small Towns

◆ In September last year, the Izvestia newspaper held a round table “Digital Trends in Business” at the 4th International Business Summit in Nizhny Novgorod. One of the speeches was made by Anton Puchkov, Director of Verkhnevolzhsky macroregional branch at one of the largest Russian operators – TTK. He talked about the development of TTK’s fiber-optic communication lines for population and business and explained the results of TTK’s project for developing communication networks in small towns in the Volga region.

“Thanks to the development of fiber-optical lines, a full range of digital services became available to population and business, not only in big cities, but also in small towns in Russia. However, small towns are still visibly lagging behind. From 2011, TTK Nizhny Novgorod has built access networks in 11 small towns, covering a total of 195 thou-

sand households. The residents and enterprises there enjoy the same quality services as in metropolitan cities. In recent years we have multiplied the speed of internet connection in our network by four; more than 70% of our subscribers use high-speed tariffs”, said Anton Puchkov. ◆

◆ Express AM8 Reached the Orbit

The new satellite Express AM8 owned by the Russian Satellite Communications Company (RSCC) was successfully placed into the geostationary orbit by Proton-M carrier rocket with DM 03 booster. The spacecraft reached 900 East, it will be transferred into another position for testing and eventually into its permanent standpoint – 140 West. The spacecraft is insured by Ingosstrakh for \$83.6 mln.

The Proton rocket carried out its fifth launch this year. Unlike the previously launched satellites Express AM7 and Express AM6 which were placed into the target orbit by the Briz-M upper stage (developed

by Khrunichev Research and Production Space Center), the new spacecraft was launched with DM 03 booster, developed and manufactured by S.P Korolev Rocket and Space Corporation “Energia”.

Roscosmos has already taken RSCC’s communication satellites to the orbit using boosters developed by “Energia”. Express AM22, Express AM2 and Express AM3 were deployed by DM 2 booster. The other satellites of AM series were delivered into space by Briz-M. ◆

◆ Buy Russian Satellites!

The next tenders for manufacturing and delivery of broadcasting satellites for the state enterprise Satellite Communications (RSCC) will not be public, i.e. no foreign companies will be invited to participate. This condition is stated in the draft bidding documents forwarded by RSCC under the leadership of the Federal Agency of Communications (Rossvyaz) to the government for approval. It concerns the aircrafts Express AMU3 and Express AMU7. According to Yury Prokhorov, RSCC general director, the bidding is not public because of the tasks

these spacecrafts are bound to fulfill. “They have particular features, which makes us choose local manufacturers”, says Yury Prokhorov, without going into detail. The most recent bidding for manufacturing Express AMU2 was public and caused a scandal followed by ongoing legal proceedings. In January 2014, RSCC announced the European company Astrium SAS to be the winner, as it offered the lowest price of \$70.9 mln and the closest manufacturing and delivery date. ◆

◆ LTE from Huawei in Moscow Metro

Huawei and Moscow Metro have signed a cooperation agreement. According to this document, the parties will start their science and technology partnership. The programs to be implemented entail the development, modernization and upgrading of broadband radio communication systems using LTE (eLTE, LTE-R), audio and videoconferencing systems, including high precision ones, as well as computing systems and data transfer networks.

Besides, they plan to cooperate in the development, modernization and upgrading of primary communication networks owned by Moscow Metro with spectrum multiplexing and IP technologies, as well as in the development and customizing of software tools for metro’s information and control systems using open technologies. ◆

❖ The Crisis: Broadband is not Afraid

Russian broadband providers will suffer from the falling ruble rate and the growing negative trends in the global economy much less than mobile operators. The analysts believe that these services are in continuous demand and have low prices. According to such predictions, the companies will optimize their expenses during the crisis and offer new services to their clients. All the analysts interviewed by ComNews hold the view that the challenging economic situation and the decrease in national currency's value are much less painful for

broadband market than for mobile communications market. Internet providers invest much less in infrastructure. The financial analysts estimate that the Capex to revenue ratio for broadband providers is now approximately 30-60% less than for mobile operators. For technological reasons, broadband operators have a considerably smaller amount of foreign currency in Capex; moreover, the players of this market historically have less foreign currency debts. ❖

❖ Mobile Communications Expenses Dropped

In January-June 2015, mobile communications expenses for smartphone owners dropped by 9.3% to \$7.2 per month, reaching the last year's level, and for the owners of standard phones they dropped by 12%. This is the outcome of the survey conducted by Synovate Comcon research company. The analysts have counted that Russian subscribers have generally spared 5.3% more.

For reference: in the first half of 2014 their expenses increased – even though not significantly – by 0.5% in comparison with the previous year. The representative of Synovate Comcon believes that the

lowering expenses can be explained by the crisis: people start saving money, and it includes communication – they choose more cost-efficient tariffs, talk less, etc. She gives an example: carriers have new special tariffs for smartphones with cheaper and cheaper mobile internet. Besides, as stated by the representative of the analytical company, operators' profit is reduced due to the spreading of free Wi-Fi points and free internet messengers. ❖

Single Network for Moscow Underground System

Moscow authorities and mobile operators are discussing the conditions to renew the project of building a single network in the Moscow Metro. Initially it was planned to build the missing fragments for voice communication, and now two of the “big four” Russian carriers – VimpelCom and MTS – are supposed to unite their infrastructure, and after that, make it available for the third and the fourth operator. According to the calculations, these four operators will enable voice communica-

tion approximately at 70% of the metro’s territory. In 2016, LTE will probably operate at the majority of metro stations, and there will be good voice coverage in metro trains – this was reported by the representative of the Department for Transport. He says that the operators are on their way to sign an agreement for providing access to shared infrastructure.

Rostelecom Invests into the Moscow Region

Russian national operator Rostelecom plans to spend \$50.2 mln on building communications facilities in Moscow and the Moscow region. The experts do not rule out the possibility that these new facilities will be built to support the infrastructure of T2 RTC Holding (Tele2 brand). It is a joint venture of Rostelecom and Tele2, and it shall start providing services on 22 October.

Rostelecom will accept applications to participate in the bidding until 1 October 2015. The results of the tender will be announced until 30 October. The bidding will have 20 winners, and Rostelecom plans to enter into a \$2.5 million contract with each of them.

About Us

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