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Contents

TTK Top Manager Called out to Hold Subscribers	3
MTS will Attract \$500 Million	3
Moscow has Mercy for Aerial Communication Lines . . .	4
Minsvyaz Opens Doors	4
Express-AM7 will Start Operation in April	5
Operators Sent a Notification	5
City Wi-Fi Shall Wait	6
About Us. Contacts	7

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

◆ **TTK Top Manager Called out to Hold Subscribers**

Svetlana Shamzon, Vice President and Head of Access Block at TTK, one of the biggest Russian communications service providers, was making a speech on a plenary at the XI International forum of telecom operators “Telecom 2015” of the newspaper Vedomosti in the middle of April in Moscow. She highlighted that despite the high sustainability of the telecom industry in the times of economic turbulence, the crisis affected the market. “After the crisis in 2008-2009, many companies realized the importance of business diversification, namely TTK entered into retail segment, and this decision led to efficient results. Now, in the conditions of liquidity shortage, we see that large companies review their approach to partner projects, such as joint building and usage of infrastructure, creating co-brand services and facilities”, she said.

Ms Shamzon highlighted the following, “Besides, together with the optimization of communications expenses by corporate clients, there is

an increase in the activity of private users, whose home internet becomes an extra work tool during the crisis. In the times of crisis, the work to hold subscribers and increase their loyalty becomes especially relevant, this is a factor of retaining and even enlarging revenues. The cost of holding one subscriber is from three to five times cheaper for an operator, than connecting a new one”.

There was a question whether the crisis would become a catalyst for a new wave of market consolidation, especially in the regions. Svetlana Shamzon said that the Russian broadband access market has enough space for 5-10 operators, “Vast territories in Russia are still not covered by modern communications services. In small towns, the broadband access penetration does not exceed 50%, which means that there is potential for developing infrastructure and new players appearing there”.

◆ **MTS will Attract \$500 Million**

Before the end of 2015, MTS plans to attract more than \$500 million of loan funds, according to Bloomberg with a reference to an interview with Alexey Kornya, company’s Vice President of Finance and Investment. The first loan, according to him, can be taken “in this quarter already”. He said MTS plans to invest a part of this money in building 3G networks in Ukraine. Dmitry Solodovnikov, the representative of MTS, does not comment on this. From a source close to MTS it is known that this mostly relates to vendor credits. Besides, according to them, the money will probably be borrowed by the local subsidiary of MTS – MTS Ukraine, and not by MTS itself.

Ukraine carried out the auction for 3G frequencies in the beginning of February this year. Three companies, which have already operated in Ukraine through the second-generation technology (GSM), won the auction: Astelit (the life brand) offering \$119.65 million for a lot, MTS Ukraine with \$97 million, and Kyivstar with \$97 million. Moreover, the tender’s conditions require operators to pay for frequency conversion (the transfer of military equipment working on these frequencies to another range). The regulator assessed the total conversion expenditures for all the three operators to be around \$68 million.

◆ Moscow has Mercy for Aerial Communication Lines

Mayor of Moscow Sergey Sobyanin clarified the city authorities' position on the dismantling of aerial communication lines – cables hanging between buildings – in a letter addressed to Igor Artemyev, the Head of Federal Antimonopoly Service (FAS). According to the given information, in this particular letter the Mayor assured that the Moscow authorities would improve the city with full adherence to legislation and would not dismantle aerial communication lines without the operators' agreement. FAS comments that liquidation will be enforced only on abandoned cables.

In December 2014, Moscow announced competitions for design and survey work to renovate streets. The Federal State Unitary Enterprise "Russian Broadcasting and Alert Networks" (RSVO) requested FAS to check the conditions, because the winner was offered to design the transfer of aerial lines to underground cable systems. FAS sent requests to the competitions' organizers – city agencies for capital improvement of apartment buildings. They assured FAS that they do not plan to liquidate cables before the operators provide the technical conditions of their underground transfer. For this reason, the Service did not initiate an antimonopoly lawsuit upon the complaint from RSVO. ◆

◆ Minsvyaz Opens Doors

Ministry of Telecom and Mass Communications (Minsvyaz) worked out a bill to ensure operators non-discriminatory access to apartment buildings. According to the document, if the residents do not decide which internet provider can enter their home, this provider will be chosen in a competition. Market players approve of regulation in this sphere; however, they consider that the project needs refinement.

If the residents do not decide how an operator can enter their home during a year, the municipality shall do it for them. It carries out a competition, chooses the operator, and after that the administration

company, representing the residents, signs an agreement with this operator. Such an agreement becomes public. Any other operator can enter this building on the same conditions, added the representatives of Minsvyaz. The bill will also regulate the rights of providers already working and rendering services in apartment buildings. Minsvyaz is now confirming the document with the Ministry of Construction, Housing and Utilities (Minstroy). After that, the project will be headed to the government and reviewed by the State Duma. ◆

❖ Express-AM7 will Start Operation in April

In the end of March, the Federal State Unitary Enterprise “Satellite Communications” (RSCC) started working load testing of the satellite Express-AM7 (launched into space on 19 March 2015) together with the producer – the French company Airbus Defence and Space. The spacecraft will be launched into commercial operation in the end of April.

RSCC informs, “all the planned tests of the support systems module at Express-AM7 have been performed with no critical observations. The new spacecraft is currently being held in the orbital position 400 East”. Earlier, the operator planned to launch the satellite into operation in May. ❖

❖ Operators Sent a Notification

T2 RTK Holding, a joint enterprise of Tele2 Russia and Rostelecom, offered Minsvyaz to transfer from authorization-based to notification procedure of using the frequency spectrum. This will enable operators to formalize at least 1800 MHz range frequencies in a simplified manner, and such frequencies can be used to render both 2G and 4G services.

The current procedure was also established because mobile operators received frequencies occupied by other user categories, for example, by the military, but, as T2 RTK Holding clarified, some bands

became free after the clearance. The operator supposes that, apart from 1800 MHz range, it is possible to establish notification procedure in some other ranges in the regions where the frequency resource is also absolutely free. Minsvyaz informs that the Ministry is looking at different possibilities to introduce notification procedure to formalize private frequency assignments and register radioelectronic equipment (REE). The decision can be made by the end of the current year, as the authorities say. ❖

◇ **City Wi-Fi Shall Wait**

By August, the Federal State Unitary Enterprise “Russian Broadcasting and Alert Networks” (RSVO) will make a decision to renew or cancel the Moscow project “City Wi-Fi”. The choice of company will depend on the negotiations with equipment suppliers and the amount of percentage rates in the Russian banks. In the beginning of April, the journalists received this information from Vyacheslav Ivanyuk, the General Director of RSVO. According to him, before the ruble rate fell down in December, the project cost was around \$34.5 million, and in the beginning of April it reached almost \$54 million. Due to this, the operator “took a break for approximately two or three months” and is reviewing the business plan. “We see that there are

positive trends”, highlighted Vyacheslav Ivanyuk. “I hope, before 1 August we will be able to say our final “yes” or final “no”. He reminds that the fate of the project will ultimately be decided by the Federal Communications Agency, which RSVO is subordinate to. “Now there are good trends in the renewed cooperation with our large Eastern partner (Huawei – Note by ComNews), and we receive positive messages from them”, clarified the top manager. At the same time, RSVO continues its negotiations with Ruselectronics and other Russian manufacturers to find out if they are able “not to change glued logos, but produce something of their own”, states the director general of the company. ◇

About Us

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