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# Broadband & Satellite Russia Newsletter

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

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◆ **TTK: Russia needs new communication standards for high speed railways**

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Artyom Kudryavtsev, President of TTK Company – one of the largest Russian carriers, made a statement at the X International Railway Business Forum “Strategic Partnership 1520” which took place in Sochi in June. He claimed that there was a current burning issue of adapting more modern communication standards, third and fourth generation, to operate at railway transport, because effective and safe high speed traffic required a considerably large capacity of technology networks.

“It is necessary to create the roadmap of telecom infrastructure development for railways, and of introducing modern communication

standards. The first important step in this direction has been done by Russia: the Ministry of Communications and Mass Media allocated a special frequency range for studying the possible usage of LTE standard in railway communications, and this work is being carried out”, said Artyom Kudryavtsev. “Russia can localize algorithms for modern railway communication systems – the scientific community of our country can facilitate their development and improvement, including the cyber safety field; this will allow the complete transparency of our railroad system management”.

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◆ **LTE penetrates into Russia**

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During 2014, mobile communications penetration in Russia amounted to 169%. The share of LTE connections was more than 3% of the overall subscriber base available to Russian operators. According to the estimations of Ericsson, this year Russian LTE connections will grow by more than 5% of the total Russian operators’ subscriber base, and by 2020 – by more than 40%.

Ericsson estimates that mobile communications penetration in Russia in 2015 will be equal to 176%, and in 2020 – to 179%. According to Ericsson’s data for last year, there were 97 million connections to mobile broadband internet access (BIA). The company estimates that the number of connections will reach almost 120 million in the current year. In 2020, there will be 227 million broadband access network connections.

## ◆ Internet Goes Underground

Moscow authorities have not abandoned their idea to make internet providers hide their aerial cables underground. Now, they mean the cables that hang along Entuziastov and Shchelkovskoe highways – two large Moscow highways in the East of the capital. Prefect of the Eastern Administrative District Yuri Zakharov sent a letter to the heads of some administrative boards, and he requests them to make an inventory of cable lines along Shchelkovskoe and Entuziastov highways. The prefect also states that they are to conduct a meeting with internet providers to discuss the transfer of networks to underground tunnels, as well as the connection of buildings in the front row from apartment blocks located

within the quarters; it is also necessary to demolish the lines constructed without any formal permits. This meeting took place in the beginning of June, and the participants were informed that in the end of the month, the Capital Repair Department of Moscow would finish the laying of underground cable systems along Entuziastov highway with the installation of wells; but it will not connect the underground cable systems to buildings – this is to be done by providers on their own. Besides, it is not clear who will own the infrastructure between buildings and what will be the rental cost for operators. ◆

## ◆ Sistema Profits from MTS

In the first quarter of 2015, the share of the largest Russian mobile operator OJSC Mobile TeleSystems (MTS) in the revenue of the parent JSFC “Sistema” amounted to 60%. The consolidated revenue of the whole group grew by 17.1% comparing to the previous year, and amounted to \$3.05 billion, \$1.8 billion of which were brought by MTS, \$396.5 million – by OJSC “RTI”, \$63.6 million – by the Indian operator SSTL, and \$19.2 million – by OJSC “Sistema Mass-Media”. MTS, as well as the developing IT and telecom assets were the main drivers of Sistema’s revenue growth, as to the analysts.

President of the holding Mikhail Shamolin noted: “In the accounting period, the revenue of JSFC “Sistema” increased both due to organic growth, and due to the new promising assets appearing in the corpo-

rate portfolio. The revenue share of MTS was 60% in the first quarter, and the input of other assets grew from 32% to 40% during the previous year. The representative of the press service of JSFC “Sistema” reported that in the fourth quarter of 2014 the share of MTS in the corporate revenue also was around 60%. To compare with the other periods, in the first quarter of 2014, the revenue of JSFC “Sistema” according to US GAAP standards was \$8.21 billion, \$4.19 billion of which came from JSOC “Bashneft”, and \$2.79 billion – from MTS. In the first quarter of 2013, the corporation had a revenue of \$8.3 billion, including \$4.12 billion from Bashneft and \$3.05 billion from MTS. ◆

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**Osnova Telecom switched off 4G**

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The fourth generation mobile network belonging to Osnova Telecom company is switched off, as to a source close to the company. This was confirmed by the employees of two Russian universities who used to be its clients. According to one of them, the network disappeared in June 2015.

The representative of the company claims that Osnova Telecom has to suspend the operation of base stations involved in University Network project before the case appeal related to cancelling the frequency use permit given to the company is considered. The institutions of higher education which were receiving free mobile internet access from the company were particularly affected. The owner of 75% of Osnova Telecom is IcomInvest belonging to Vitaly Yusufov (the son of Igor Yusufov, former Energy Minister and Special Representative of the President on International Energy Cooperation), 25 % belong to Voentelecom (established by the Ministry of Defense). According to the

company's representatives, the network of Osnova Telecom was built in 19 cities and towns, and de facto, it was servicing only the users at universities connected to LTE through University Network program. The website of the project contains 17 such universities; however, the employees of most of them have difficulty responding if Osnova Telecom network is operating at their institution.

In 2013, Osnova promised to install 2 thousand base stations during the first project stage. As a result, more than 2 thousand base stations were built in the regions of Russia, and around 1000 more – in Moscow. However, only slightly more than 70 are working. The company cannot operate the others, as the General Radio Frequency Centre does not provide these stations with frequency use permits. Osnova Telecom tried to challenge this ban in courts, but with no success. 

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## About Us

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