



***Greetings to the participants of the
IEEE ICC 2006 Istanbul Conference***

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WHEN WILL 3G START IN RUSSIA ?

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***IEEE ICC 2006 Istanbul Conference
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CONTENTS

- ✓ 3G Association
- ✓ New infocommunication services in Russia
- ✓ Prospects of new services market development
- ✓ 3G Association activities



Third Generation Telecommunication Networks Operators Association (3G Association)

- Established in 1999 by the leading mobile operators
- Objective – activities coordination of all parties involved in introduction and development of the perspective telecommunication networks
- Major activities:
 - Participation in development and implementation of the concepts of the telecom market and communication networks development
 - R&D organization and supervision
 - Participation in the regulatory legal acts development
 - Participation in the new generation telecommunication services market formation



3G ASSOCIATION COMPOSITION

IMT-MC-450 networks operators

**Delta
Telecom
(SkyLink)**

**MCC
(SkyLink)**

GSM networks operators

MegaFon

**Mobile
TeleSystems**

**VimpelCom
(Beeline)**

➤ International partners:

UMTS Forum • CDG • IA450 • ETSI • OMA • World DAB Forum

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Associated members

- **Cellular & fixed networks operators, their associations**
- **World famous vendors**
Alcatel • Ericsson • Huawei • Lucent • Motorola • NEC • Nokia • Nortel • Qualcomm • Siemens • ZTE
- **Leading Russian R&D telecom centers**
- **IT centers and software producers**
- **Content and service providers, consulting and investment companies**

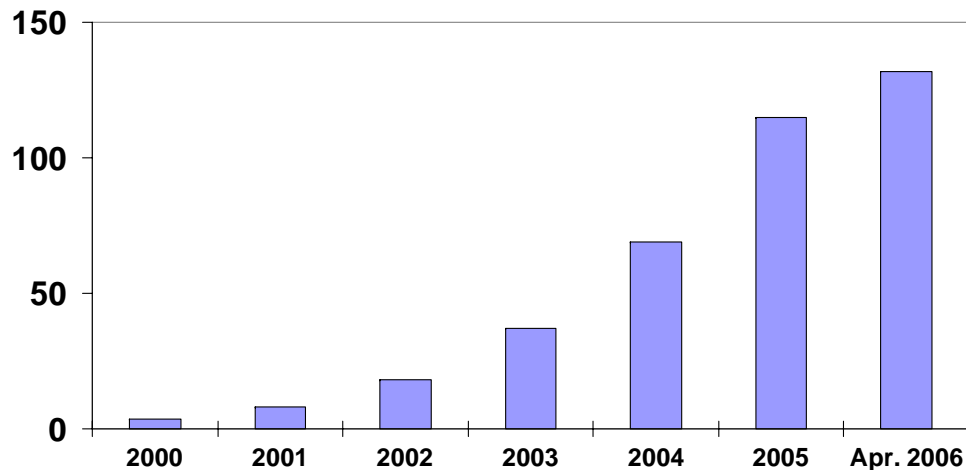
38 associated members in total

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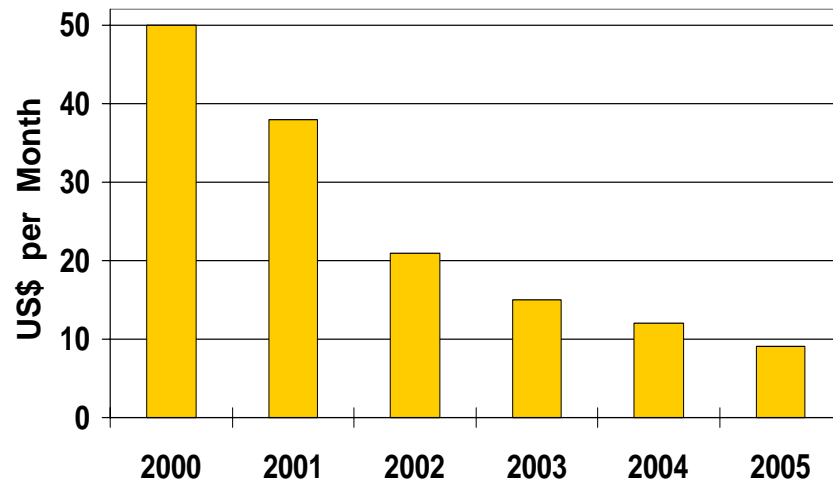


RUSSIAN CELLULAR COMMUNICATIONS MARKET

Subscribers, mln.



ARPU in GSM domains



SIM penetration: ~ 93% (Moscow ~ 141%)

Total subscribers ~ 132 Mln., increment of growth in April, 2006 ~ 2,1 Mln.

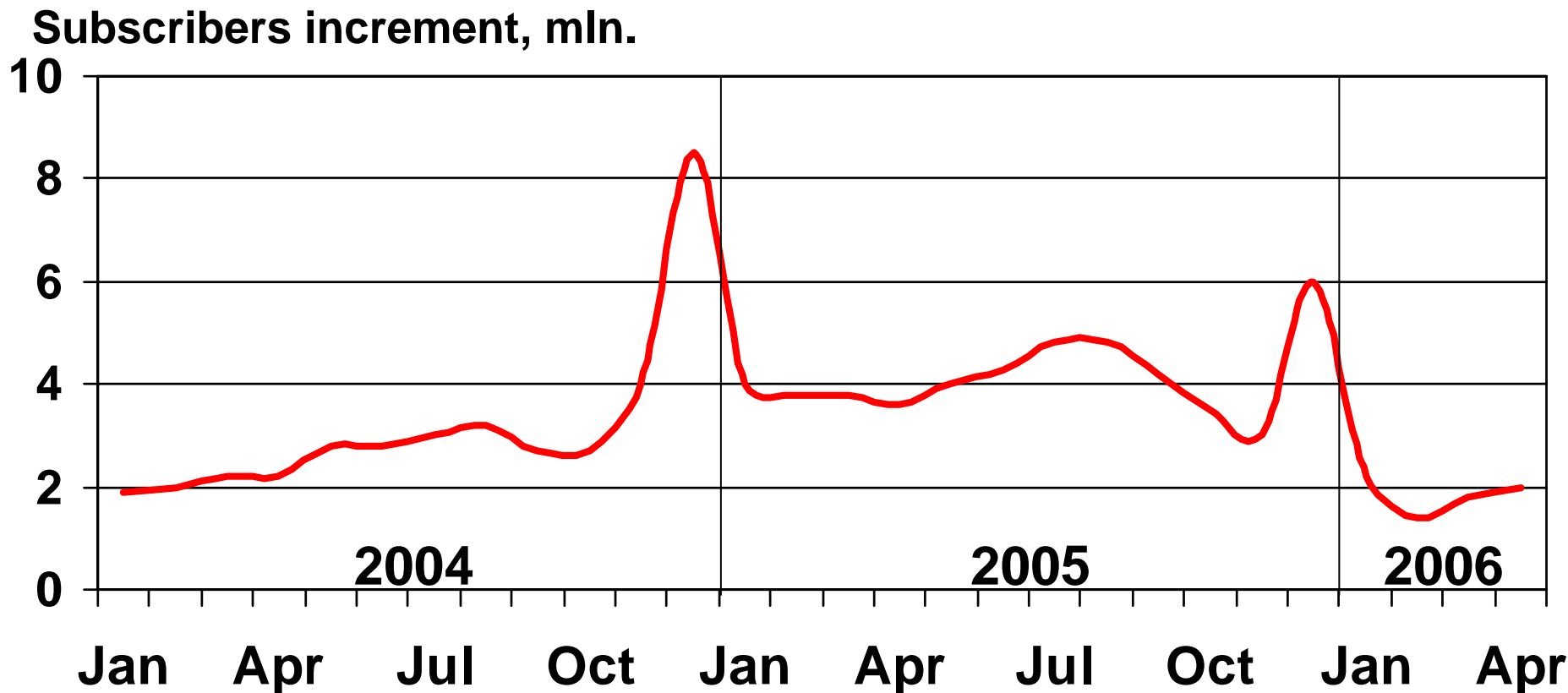
~ 90% of the market is shared by 3 operators

20% subscribers are interested for 3G services

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RUSSIAN CELLULAR COMMUNICATIONS MARKET



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DRIVERS OF NEW TECHNOLOGIES INTRODUCTION

- The main trends of telecom development doesn't cause doubts
- Subscribers' demand growth for broadband services
- Mobile services and content market development
- Country's integration to the world information society
- Limited capacity of networks in operation, loss of ARPU in GSM domains
- Possibility of fragmentary deployment of 3G networks
- Deployment of IMT-MC-450 networks



BARRIERS FOR NEW TECHNOLOGIES INTRODUCTION

➤ Lack of mass demand for new services >>>

VAS share in ARPU < 15%

Income level of the population can't promote ARPU growth

➤ Uncertainty with spectrum allocation

Only 9% of spectrum – for civil needs

Lack of a program for spectrum conversion

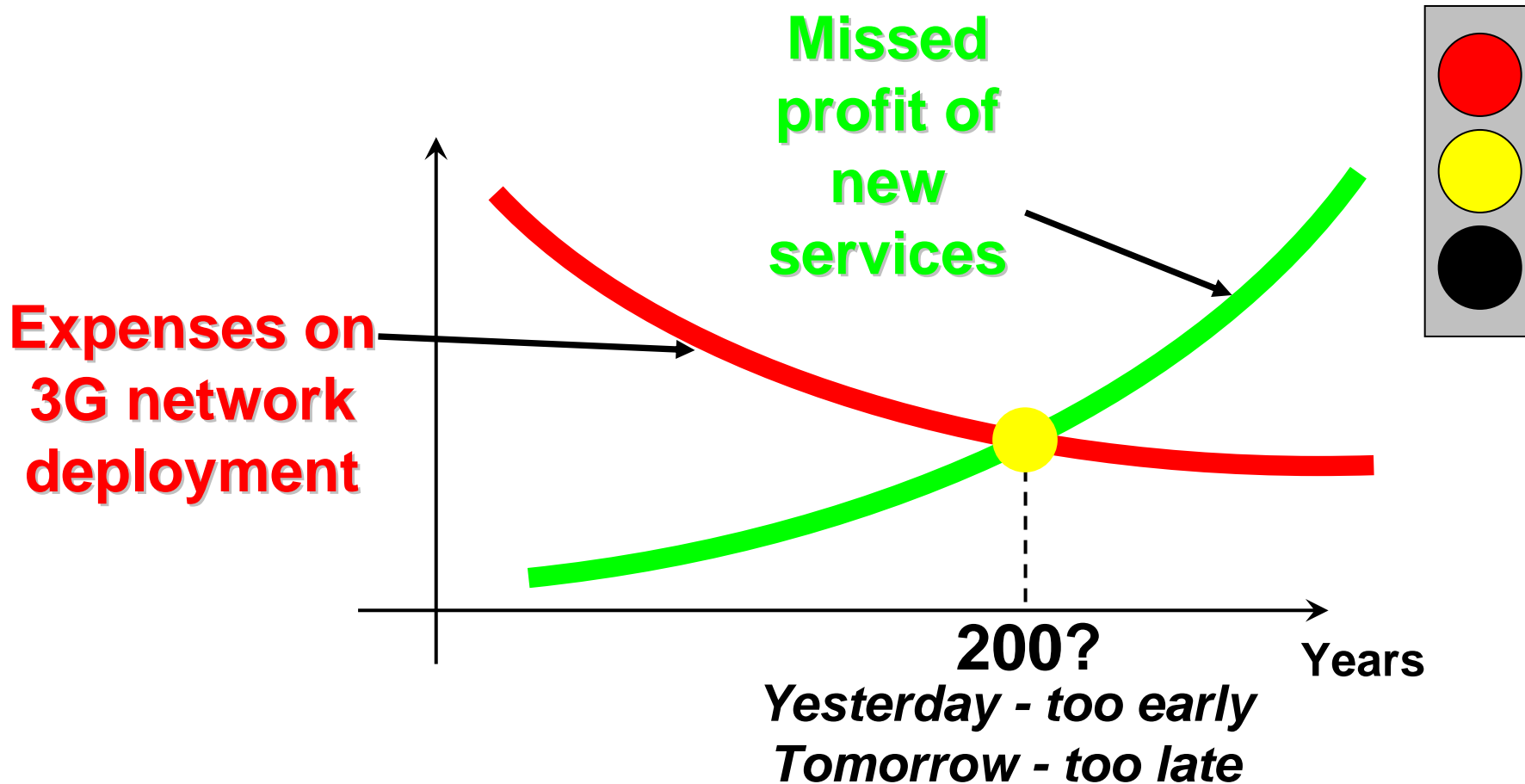
➤ Delay with licensing

Uncertain licensing procedure

Insufficiency of legal and regulatory environment



When will 3G get green light in Russia?





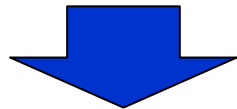
3G Association activities on new services market development in Russia

- **Services providers and operators interoperability >>>**
- **Cellular and BWA networks convergence >>>**
- **Mobile TV >>>**
- **Mobile payments >>>**
- **MVNO >>>**

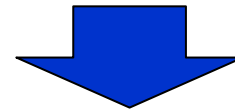


Services providers and operators interoperability

- Transparent connection of services providers to operators
- Changing of existing revenue distribution
- Easy-to-understand mutual payments
- R&D
- Development of existing state regulation system
- Tenders between services providers, mass media promoting



Lead to:



- Competitive environment - best market content determination
- Rapid growth of services providers
- New services & quality increase



Advantages of cellular and BWA networks convergence

Cellular

- Mobility
- Access & core networks
- Large subscriber base
- High-level information security, authentication
- Network interaction, roaming
- Billing

BWA

- Low cost of equipment
- Low self-cost of data transfer
- High-speed data rates
- Possibility of using the unlicensed frequency bands



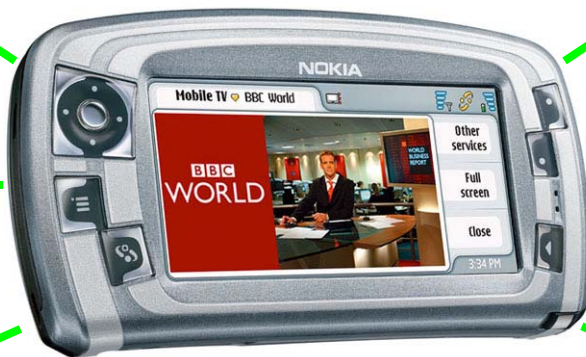
**Improving income for the operators
and QOS for users**

Mobile TV

Mobile phone

Complementary networks

New creative activity



Special TV format

Personification

Interactivity

Interaction of parties – Radio spectrum - Creation of test zones

Theatre

Cinema

TV

Mobile
TV



Mobile payments: Universal electronic payments platform

- Mobile phone with «purse» capability is a transparent and convenient way of payments processing in real time
- The catalyst of infocommunication services market development and convenient accounting facility between users, operators and service providers
- Advantages combination of payment cards and mobile phones, opportunity of micropayments processing and users identification
- Release of mobile operators from the risks related to payment operations processing and providing them additional incomes
- Applicable in any networks and Internet

If MVNO development is reasonable in Russia?

Drivers of MVNO development	In Europe and USA	In Russia
Legal support of the MVNO activity	+	-
Fair competition	+	- +
High-level subscriber's expenses	+	-
Surplus capacity in cellular networks	+	-
Availability of the sufficient radio spectrum	+	-
Cellular market saturation	+	+
Mature content and service providers market	+	-



3G Association: it's time to go ahead !!!

**Third Generation
Telecommunication Networks
Operators Association**

**Cellular
networks
operators**

**Other
market
participants**

**3G
introduction
in Russia**

Infocommunication Union

**Infocommunication
services market
participants**

**Providing in-depth support
for implementation
of perspective cellular
networks technologies
in Russia**

**From
technologies
to services**

**Formation and
development of Russian
infocommunication
services market**

1999

2006

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Resume

- Russia has a unique chance to consider the valuable experience of other countries. 3G Association's proposals and recommendations – the basis for 3G introduction. Telecom Administration announced 3G licensing in 2006
- There are all prerequisites for the 3G networks market introduction in Russia. Aims and targets realization of Infocommunication Union will help to unite efforts of all interested parties
- Timely introduction of the new generation technologies and services will promote economics growth and country's integration to the world information community



Thank you for your attention!

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