The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

MegaFon Focusing on State Orders

By Olga Razumovskaya

May 12, 2011



Solodukhin, left, and Sinterra deputy director Sergei Bulancha explaining the company strategy Thursday.

The newly merged MegaFon and Sinterra company plans to increase its revenue across different segments by 3.55 billion rubles ($126.9 million) in 2011 and will seek to expand sales to the government sector, representatives of the telecoms giant said Thursday.

In 2011 the company plans to increase revenue in the government and corporate sectors by 40 percent, and with other operators by 31 percent, Konstantin Solodukhin, deputy chief executive for international operations and international development at MegaFon and general director at Sinterra, said at a news conference during Svyaz-Expocomm, a major annual telecommunications exhibit in Moscow.

MegaFon, Russia's third largest phone operator, paid $745 million last June for fixed-line Sinterra — which has very strong results selling services to government agencies.

The merger is still underway, but Solodukhin said most details have been ironed out, including adoption of a new business model.

Starting January 2012 all the services provided by the united MegaFon-Sinterra company will be done under the MegaFon brand, with the exception of the Pskov city telephone network.

Internal research suggests that 90 percent of Sinterra's clients are planning to stay with the merged company, Solodukhin said.

The new telecoms giant boasts 30,000 employees, 57 million subscribers, 110,000 kilometers of fiber-optic communication lines and eight ground satellite stations.

While the main strategic goals of the company remain the same — long-term leadership on the mobile Internet market, business diversification and creating a fixed-mobile converged operator — MegaFon has decided to shift the focus of its development strategy toward working with the government and improving relationships with corporate clients.

MegaFon has signed 90 contracts with state organizations to provide services this year, including with the State Duma, the Supreme Arbitration Court, the Finance Ministry and the Economic Development Ministry.

To consolidate its position on the corporate market, MegaFon is planning to improve the effectiveness of regional sales, develop new loyalty programs and purchase regional operators on a case-by-case basis, Solodukhin said.

The company has also established a new division to work with corporate customers and operators, with a focus on large-scale corporate clients, as opposed to small and medium-sized businesses, Solodukhin said.

New clientele will be targeted according to turnover and potential annual use of telecommunications services, but most importantly, the companies will have to operate on the federal level, as opposed to just regionally.

Solodukhin told The Moscow Times in a separate interview that MegaFon would make its own content delivery network available in October and will roll out cloud computing services at the end of this year.

The move appears to be a response to telecoms rival Rostelecom, which last week signed a deal with IBM Eastern-Europe/Asia to provide cloud computing services via the government services portal Gosuslugi.ru.

Providing network resources and service-level agreements to corporate clients are also on MegaFon's list of potential moneymakers in the business-to-business sector.

The company has no plans to come up with its own version of a Glonass phone, though like most market players it is pondering the idea, Solodukhin told The Moscow Times.

Solodukhin appeared sanguine about the impact of Microsoft's acquisition of Skype on the telecoms business.

"It is pointless to go against progress," he said. "We are at a stage where data is the future, at the point where the phone does not determine anything but the information does," he said.

"We do not see any serious threats in [the acquisition] but we understand we have to always be one step ahead to make our customers happy."

Original url: https://www.themoscowtimes.com/2011/05/12/megafon-focusing-on-state-orders-a6917