The Moscow Times
30 YEARS
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Small Mobile Players Pursue 4G Alternatives

By Rachel Nielsen

September 27, 2012



While the country's "Big Four" have won out in the battle for LTE frequencies, losers including Summa Group are looking for other ways to profit. **Maxim Stulov**

With the government's broadband wireless spectrum now in the hands of Rostelecom and the Big Three mobile operators, the losers in this year's 4G-spectrum contest are pursuing other ways of entering the market for next-generation mobile broadband communications.

Summa Telecom, part of Russian business conglomerate Summa Group and one of the companies that failed to win 4G frequencies from the Communications and Press Ministry in July, is pressing ahead with a lawsuit in which it is seeking the return of 4G frequencies it held in the mid-2000s.

The Ninth Arbitration Appellate Court in Moscow ruled on Wednesday that several mobile companies should be added as defendants to the broadband provider's lawsuit, Summa Telecom spokesman Sergei Mikhailin said by e-mail.

Besides Rostelecom, Mobile TeleSystems and Skartel — the companies using the 2.5- to 2.7-gigahertz frequencies once held by Summa Telecom — as well as MegaFon and VimpelCom are now defendants in the case, Kommersant reported Thursday.

Summa's two lawsuits for regaining its previously held mobile bandwidth "aren't related in any way to the process or results of the LTE contest" this summer, Mikhailin said, referring to 4G.

The case, however, does address the same market of cellular telephone applications and users.

Summa's legal actions are the only way for the company to obtain next-generation frequencies, said iKS-Consulting mobile analyst Maxim Savvatin. They also are a way of defending its "rights to develop LTE," he said by telephone.

On Thursday, Vedomosti reported that the state body handing over the 4G frequencies from the government to July's winners had indefinitely delayed a decision that could help another second-tier player.

The postponement by the State Radio Frequencies Commission will disadvantage Tele2, the Swedish-owned operator that ranks fourth in mobile customers here, Reuters said Thursday. That's because Tele2 wanted to reprogram its existing frequencies to 4G standards, Reuters said.

Tele2, Summa Telecom and Ethernet company TransTeleCom lost out in July to what are now being called the Big Four: Rostelecom, MegaFon, VimpelCom and MTS. There were only four lots in the contest, in which applicants had to meet criteria recommended by a consortium made up of the Big Four.

For the smaller players, such as Tele2, the summer's decision has made it imperative to seek alternative access to 4G bandwidth.

In spite of the finality of this summer's 4G-frequency allocation and the Communications and Press Ministry's promise that 4G services will be available nationwide by 2018, some industry experts believe that many of the key players are in no rush to roll out another network.

Leading mobile operators are still seeking returns on the billions of dollars they plowed into 3G networks, while the 4G contest terms oblige each winner to spend at least 15 billion rubles ($480 million) a year on 4G network development.

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