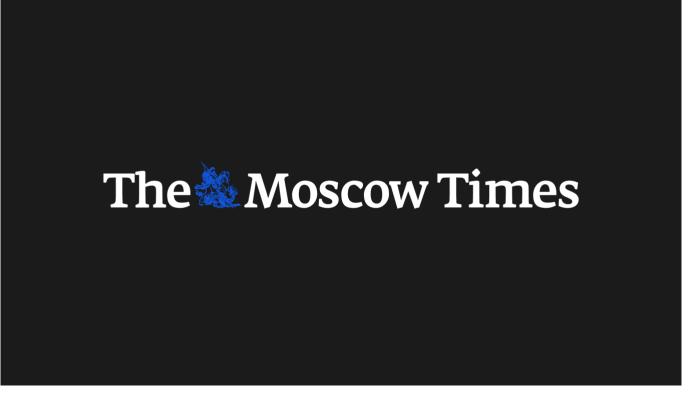


## Chart: What to Expect in the Telecommunications Industry Next Year

By Rachel Nielsen

December 11, 2012



Mobile services are developing at a fast clip, more Russians are using the Internet and online retailers are carving up the market — all trends this year that point to more frantic growth for the telecommunications sector in 2013.

This year has also seen scandals involving executives at state technology and telecommunications firms, suggesting that removing corruption from some parts of the industry will be an uphill battle, while management changes and restructuring are inevitable.

WHAT'S AHEAD IN 2013

The percentage of Russians going online daily has risen to Industry experts about 40 percent from Vkontakte, predict continuing 30 percent in fall 2011, Odnoklassniki, double-digit growth, Internet use state pollster VTsIOM with 80 million users LiveJournal, online said. Russia also has by 2014 and 90 retail, news sites Europe's highest million by 2015. number of Internet users, at 59 million. Retail has been the highest-earning segment of the In 2013, online sales Russian-language will total 480 billion Internet, according to rubles, Data Insight an HSE-RAEK report. Molotok, eBay, said. As regular mail Online retail Clothes and KupiVIP.ru, Ozon.ru, service improves, the electronics are top Wikimart.ru, Yandex shipping of online sellers. This year will purchases could see 390 billion rubles become simpler. (\$12.7 billion) in sales, Data Insight estimated. Under a law that took effect Nov. 1, the Given the raft of government acquired Communications and meetings among the power to block web content without a Federal Mass Media industry experts and Internet the ministry's restriction court order and to Inspection Service, Inspection Service, law enlist website-Federal Consumer the law could be hosting services and **Protection Agency** further refined in Internet service 2013. providers in such steps. MNP is scheduled to The State Duma take effect Dec. 1, tentatively approved 2013, but telecom MNP, under which firms are pressing the Mobile consumers keep their Communications and Duma for more time number phone numbers when Press Ministry, to update portability switching providers. mobile operators infrastructure and Consumers would pay contracts, a 100-ruble fee to Kommersant their new provider. reported. Rostelecom is The state fixed-line accelerating phone company is competition with branching out into Rostelecom, corporate service Rostelecom mobile services, Svyazinvest, providers and the Big broadband Internet, business Communications and 3 mobile operators. model paid television **Press Ministry** The merger with service, online national telecom content and cloud Svyazinvest is set to computing. close by March 2013.

Police raided the homes of Rostelecom president Alexander Provotorov and shareholder Konstantin Malofeyev Nikolai Nikiforov, in November over Alexander their personal Provotorov, business dealings. management Communications and Konstantin Press Minister Nikolai Putin Nikiforov suggested Provotorov's ouster to Putin. Medvedev classmate Vadim Semyonov is a possible replacement. The head of Russian Space Systems, the agency tasked with

Minister Arkady Dvorkovich was set to meet with the company's board Dec. 12, though Nikiforov said a management change wouldn't be discussed. The Rostelecom shareholders meeting in the spring should

**Deputy Prime** 

**Deputy Prime** Minister Dmitry Rogozin, Federal Space Agency director trucks and Vladimir Popovkin

With the government touting Glonass as a consumer alternative to GPS, there is a push to mandate it in cars,

provide clarity.

ambulances. But some analysts consider the initiative stalled.

> The winners must shell out a combined \$1.8 billion a year until they complete the rollout by 2020. Operators will compensate the military, which is giving up the 4G frequencies. Domestic defense contractors could benefit. A partnership between Sweden's Tele2 and Rostelecom could

emerge.

Rostelecom and the Big 3 mobile

fraud.

developing the

satellite tracking

alleged 6.5 billion

technology, resigned

in November after an

(\$200 million) ruble

operators each got one of the four lots of Rostelecom, Mobile 4G spectrum in a

government contest for which they wrote the rules. Loser Summa Telecom is

challenging the tender in court.

TeleSystems,

MegaFon, VimpelCom, Summa

Telecom

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## Glonass

Rostelecom