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Rostelecom to Invest in Internet Filter as New 3G Network Comes on Line

By The Moscow Times

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An office of Rostelecom, which has started building up its 3G network. **Vladimir Filonov / MT**

As Rostelecom begins finally to build up its 3G network, the state-controlled telecom company plans to spend $33 million on a system to manage mobile internet traffic, allowing it to block websites flagged by the telecommunications watchdog, Roskomnadzor, Vedomosti reported Tuesday.

Rostelecom will be the last of Russia's big four telecom companies to acquire this capability. MegaFon installed a similar system in 2009, MTS in 2010 and VimpelCom in 2011.

The proposed system will use Deep Packet Inspection technology, or DPI, allowing the company to filter traffic based on its content rather than its source. DPI inspects every one of the millions of packets of data within the traffic stream and makes decisions on what to do with each of them based on the content of that data.

So, instead of blocking whole websites based on the IP address of the server, the system will have the option of blocking single pages, leaving the rest of the site untouched.

Roskomnadzor maintains a registry of black-listed websites, which Internet service providers must block if the owner of the site does not remove the offending content voluntarily.

Rostelecom has not been in any rush to invest in internet monitoring technology. The company turned on its first 3G network — technology pioneered in Russia in 2007 by MegaFon — in Irkutsk in November last year. Now, with Rostelecom's 3G available in 22 regions across the nation, it has become "critically important" to push through the upgrade, Valery Kostarev, a Rostelecom spokesman, said.

The company, which is the country's largest landline telephone service provider, is attempting to reposition itself as a premium mobile services operator by offering cutting-edge 3G services based on modern HSPA+ technology, capable of speeds up to 21 megabits per second, compared to 3.6 megabits per second provided by the first 3G networks.

Rostelecom's posted net profit of 35 billion rubles ($1 billion) in 2012. Mobile communication services accounted for 41 billion of the company's 321 billion ruble revenue in 2012, according to the company's financial statements. Income from telephone services has fallen in recent years as mobile communications services, broadband Internet, pay TV and cloud computing services have become the drivers of 8.6 and 6.6 percent increases in revenue in 2012 and 2011, respectively

Kommersant recently reported that the state company would revise its estimate for 2013 net profit down by 36 percent to 21 billion rubles ($644 million), partly due to an exodus of mobile subscribers because of delays with the launch of its 3G network.

Larisa Tkachuk, senior vice president and commercial director of Rostelecom, said the company was placing "a strong emphasis on data services while developing Rostelecom's mobile business, since the majority of modern services are connected to the Internet, including online shopping," according to a statement published on the company's website last week.

MTS spent about $50 million on its DPI-based system, which allowed the company not only block the black-listed websites but also introduce unlimited Internet plans with add-on features such as parental control, said Irina Ogarkova, a spokeswoman for MTS, Vedomosti reported.

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