

Embattled Sistema Boosts Stake in Glonass Application Maker

By [The Moscow Times](#)

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Russian oil-to-telecoms group Sistema has boosted its stake in a company developing consumer applications for Russia's Glonass navigation system to almost 90 percent.

Russian oil-to-telecoms group Sistema, whose billionaire owner Vladimir Yevtushenkov is under house arrest and battling accusations of money laundering, has boosted its stake in a company developing consumer applications for Russia's Glonass navigation system to almost 90 percent, news agency TASS reported Tuesday citing Sistema's press service.

Before the Oct. 3 deal, Sistema had owned 60 percent of Navigation Information Systems (NIS).

Glonass is Russia's answer to the U.S.-owned and operated GPS system. Though its accuracy still falls short of GPS, Russia hopes to leverage concerns that the U.S. military might switch off civilian access to GPS in times of conflict to carve out a chunk of the global satellite

navigation applications market — which is expected to be worth \$320 billion by 2020.

Sistema's shares plummeted in late September after Yevtushenkov was placed under house arrest as part of an investigation into the privatization of oil producer Bashneft.

NIS, which develops Glonass based navigation systems for cars and related commercial applications — the largest commercial market for satellite navigation systems — has been struggling to make ends meet. Last year, the company's revenue was 1.1 billion rubles (\$28 million) — 2.6 times less than in 2012 — and posted a net loss of 1.5 billion rubles (\$38 million), according to TASS.

NIS is also involved in creating the Era-Glonass emergency response system for the Russian government, and installing Glonass navigation systems in vehicles used by the Interior Ministry and other state agencies.

The remaining shares in NIS are owned by Russian Space Systems, another privately-owned Glonass applications developer.

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