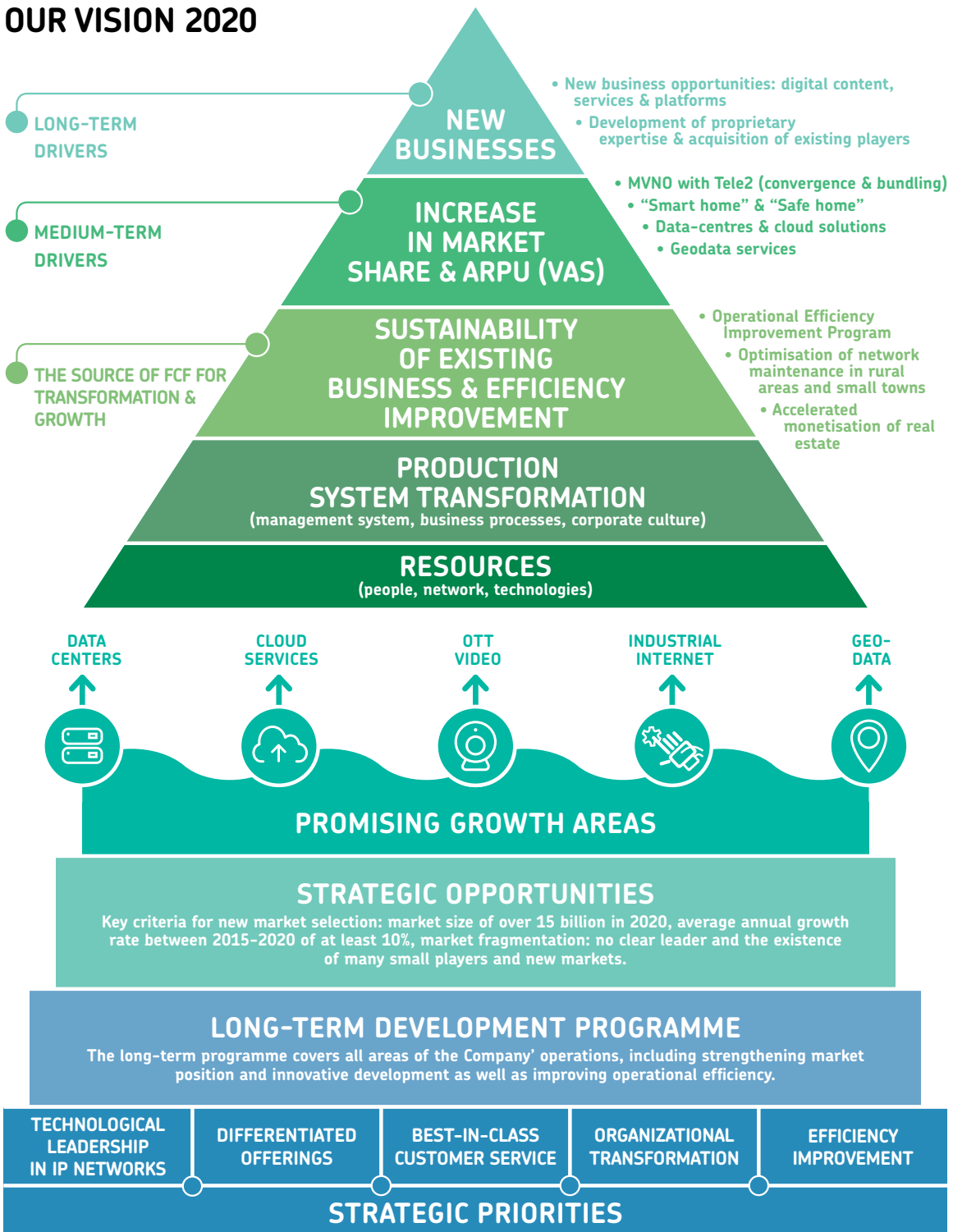


# FIXED-LINE SEGMENT

## OUR VISION 2020



<sup>1</sup> In January 2015 the Board of Directors approved the Company’s Long-Term Development Programme for 2015-2019 (minutes of an absentee meeting of the Board of Directors No28 of 29 January 2015). There were no changes in the Company’s Long-Term Development Programme during 2015.

<sup>2</sup> In October 2015 the Company’s Board of Directors approved the Blueprint for the Company’s strategic growth opportunities in new segments and key development lines of the Company.



## PROMISING GROWTH AREAS



**Data Centres:** key services include data protection against unauthorised access, customer equipment colocation on DC sites, provision of servers for rent, 24/7 helpdesk and monitoring.

Market dynamic forecasts suggest that the market is still far from saturation, while growing demand for outsourcing and DC services opens excellent opportunities in this sector. Additionally, government funded programmes can facilitate growth in this area.



### Cloud Services

Infrastructure-as-a-Service (IaaS) meaning provision of virtual servers, data storage, remote work positions. Software-as-a-Service (SaaS): provision of access to applications residing in the cloud. Platform-as-a-Service (PaaS): provision of a platform offering to developers a software code execution environment and services to clients. Growth in this area will enable customers to reduce software and infrastructure investment, and labour costs by outsourcing. Moreover, the use of cloud technology will significantly reduce service delivery time, supporting demand for the service.



### OTT video

Delivering video signal to various devices, such as PCs, Smart TVs, tablets, mobile phones/smartphones via the Internet without direct contact with the telecommunications operator. Growth in this area would potentially more than double the Pay TV and Video-on-Demand customer base owing to outreach beyond the existing subscriber base.



### Industrial Internet of Things<sup>3</sup>

Smart system implementation radically changes the business practices at industrial companies and is capable of achieving significant efficiency improvements across the economy.

We are on the verge of a new industrial development boom, Russia needs to integrate new global economic models into industry practices embracing all the strategic interests, including import substitution requirements and industrial security assurance.



### Geodata<sup>4</sup>

Geoformation resources can be used to solve a wide range of applied problems using geodata in economics, construction industry, environment protection, area planning and the public sector.

There is also a significant potential for market share increase due to the growth in top priority industries, primarily in agriculture and forestry as well as natural resources industry.

<sup>3</sup> On 1 September 2015 Rostelecom was the first large Russian company to become a member of Industrial Internet of Things Consortium (IIC), see <http://www.iiconsortium.org/>. AT&T, Cisco, General Electric, IBM and Intel are the IIC founding members.

<sup>4</sup> On 18 February 2016 Rostelecom started commercial service of a comprehensive infrastructure solution, the "Geodata Information System" (GIS) solutions, a set of tools supporting management decision making in various subject areas, on various scales and levels, ranging from municipal and regional authorities to federal level executive authorities.