

Armenian IT Sector: Regional Hub for Sector Development

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Enterprise Incubator Foundation





General Country Information

Located in the South Caucasus region of Eurasia continent.

Neighbor countries:

Azerbaijan (east and southwest),

Georgia (north),

Iran (south),

Turkey (west).

Area: 29,800 km² or 11,500 square miles.

Population: 3.2 mln. people with 67% residing in cities and towns

98% of literacy rate for residents over 15 years old





Armenia at a Crossroad: The Benefits of Globalization

Throughout its long history, Armenia has served as an important crossroads for foreign culture and commerce.

Today, the Republic of Armenia is striving to re-emerge as a new crossroads for foreign capital, investment and technology.

The Republic of Armenia recognizes the unique role of IT, innovation and entrepreneurship

And as a leader among transition countries, Armenia has embraced technological change, innovation and entrepreneurship as the hallmarks of a modern, knowledge-based economy.









IT Industry Background

- Number of companies: 200
- Foreign ownership: USA/Canada (56%), Russia/CIS (18%), Europe (22%)
- Major specializations: customized software and outsourcing (19% of firms), web design and development (16%), IT services and consulting (12%).
- Major export destinations: USA/Canada (50% of exports), Europe (24%), and Russia (22%).





Competitive Advantages

- World class R&D capabilities in computer science, physics and mathematics
- Well educated and talented workforce with a high degree of technical skills and English language proficiency
- Strong university programs with specializations in IT and Science
- Highly competitive labor cost





Competitive Advantages

- Solid Government support to the sector and commitment to improve the investment climate
- Strong and successful Diaspora in Europe and North America
- Extensive experience with multinationals
- Sound laws and regulations for IP protection

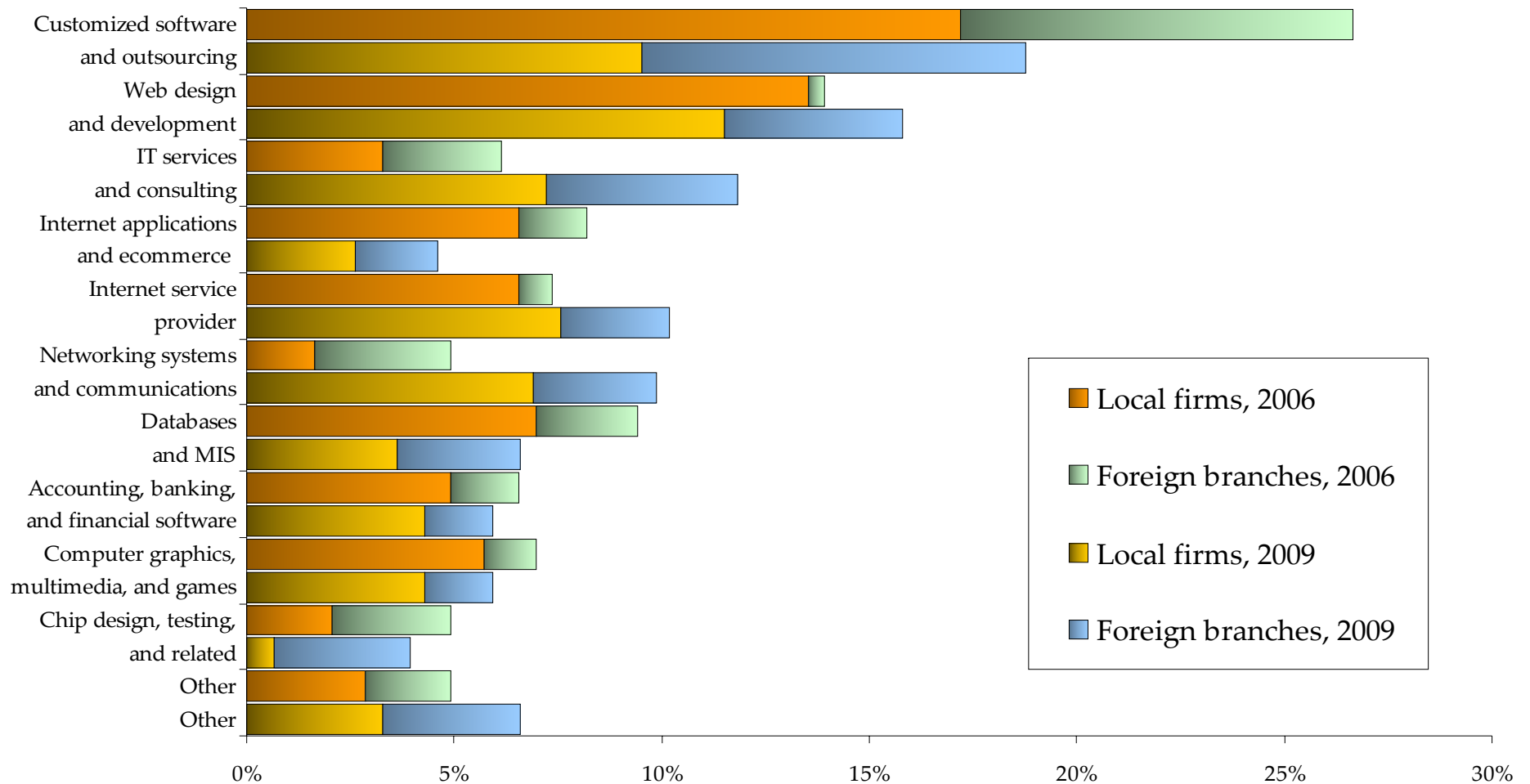




Specializations

Company Specializations: Distribution

overall industry = 100%





Turnover

- Total revenue: \$130 mln - 27% compound annual growth (CAGR) from 1998
- It is 1.2% of GDP; India (1.4%), Germany (1.3%)
- Local firms: \$50 mln; foreign: \$80 mln
- Average revenue per local firm increased by 30% from 2003
- Exports: \$71 mln (55% of revenues)

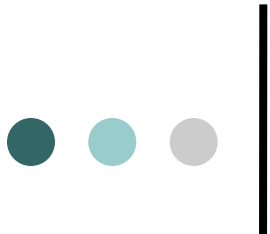




Workforce

- Workforce (technical and business) reached around 5,200
- 17% annual growth from 1998
- Around 85% are technical specialists
- Work for local / foreign – 50/50
- Male / female – 65-70% / 30-35%
(females in US 27%, UK 15%)

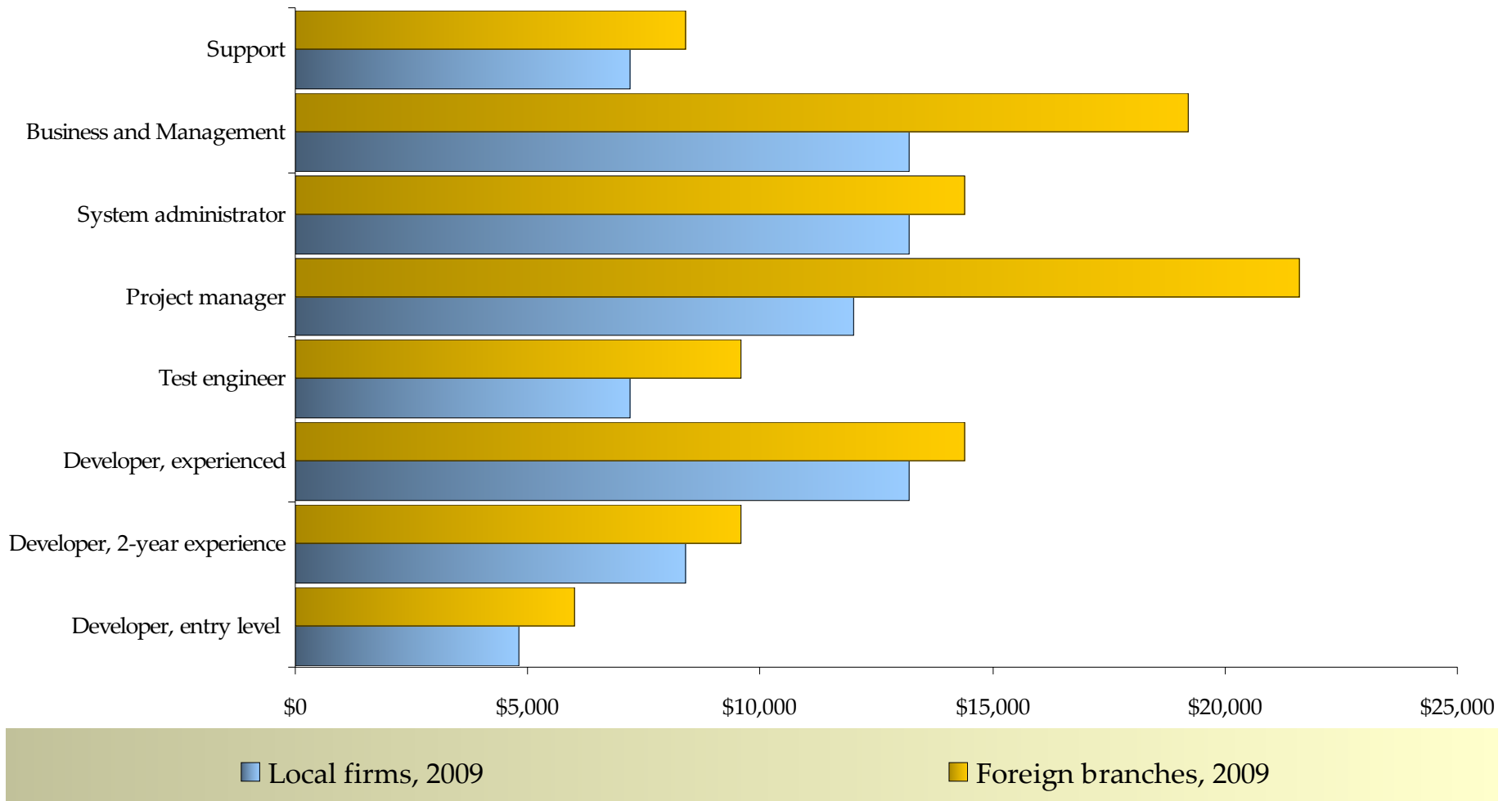




Salaries

Employee Average Gross Annual Salaries

U.S. dollars

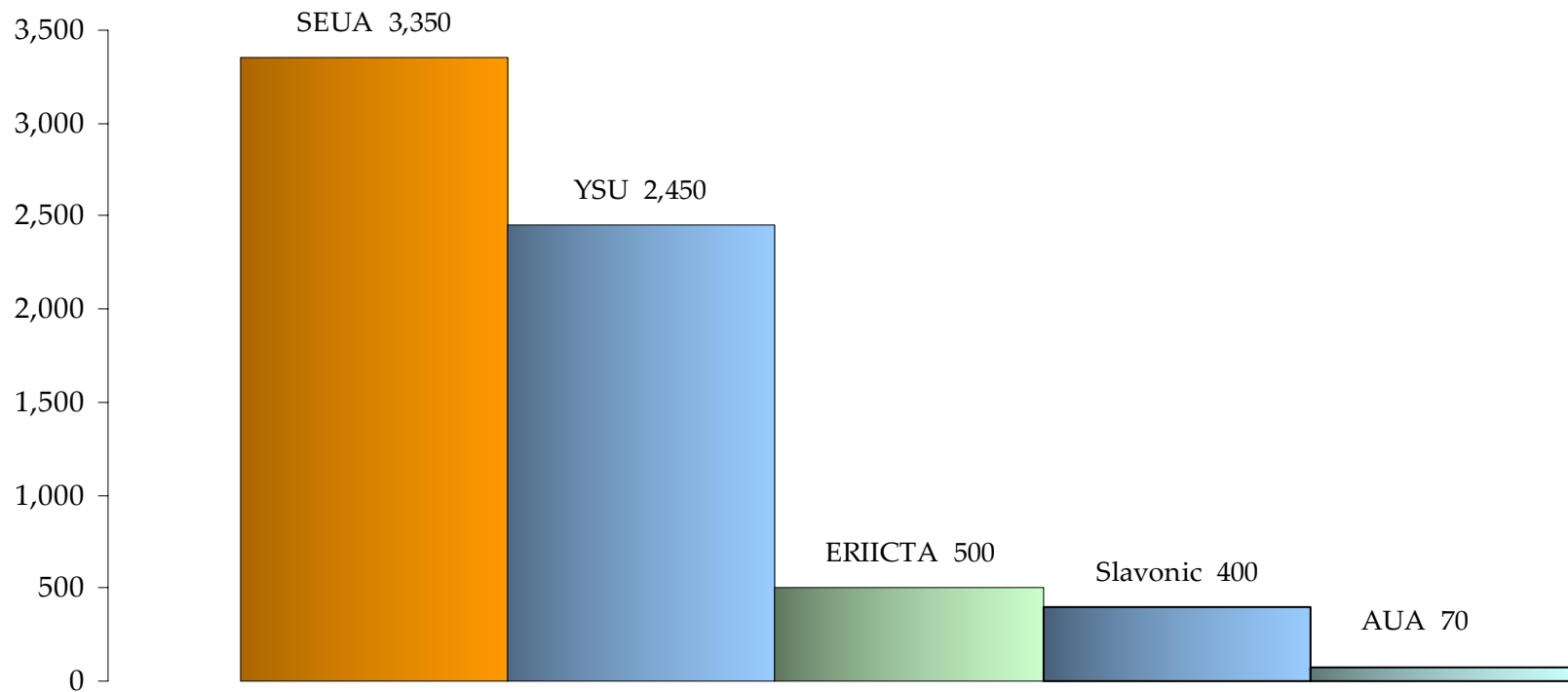




Key Universities: Students

Student Distribution across 5 Universities

IT related majors





Supporting Organization

- Enterprise Incubator Foundation
- Union of IT Enterprises
- 3D Modeling Association
- ELBA
- USAID/CAPS
- World Bank Innovation and IT development project





Successful Partnerships

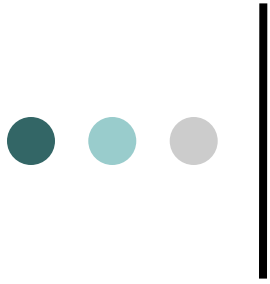
- Microsoft Innovation Center
- Sun Microsystems Testing and Development, Web Technology Training Labs
- HP“Computer for All” project
- Synopsys, National Instruments, Intel, Cisco, etc.
- US, Canada, Austria Rep offices
- Partnerships in MENA, ECA, Asia



● ● ● | Regional Hub

- Armenian-Indian Regional IT Training, R&D and Certification Center
- Semiconductor Design: Synopsys, Cadence, Mentor Graphics, Virage Logic
- National Instruments Regional Educational and Research Center of Advance Technologies
- CMMI Centre (SPI-improve performance of IT companies)
- Replication of the Armenian model in other countries





THANK YOU

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