



IT INDUSTRY IN GEORGIA

The Great Leap Forward

CASE STUDY 2020-2023

The goal of StrategEast in Georgia

is to create a thriving IT industry, fully integrated into the global economy, that will create tens of thousands of new jobs for Georgians with a salary 3-4 times higher than the average in the country and focused on the export of high-tech products.

To achieve this goal
StrategEast collaborates
with the key stakeholders:

Georgian government



MINISTRY OF FINANCE
OF GEORGIA



MINISTRY OF ECONOMY AND
SUSTAINABLE DEVELOPMENT
OF GEORGIA



MINISTRY OF EDUCATION,
SCIENCE, CULTURE
AND SPORT OF GEORGIA



GEORGIA'S INNOVATION &
TECHNOLOGY AGENCY

Global IT industry



International Institutions



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



European Bank
for Reconstruction and Development

Universities



BUSINESS &
TECHNOLOGY
UNIVERSITY



UNIVERSITY 7500344/03258
CAUCASUS UNIVERSITY

Local Enterprises



NEW AGE



SILKNET

As part of the IT industry creation,
StrategEast is working in four areas:



ADVOCACY ▶

EDUCATION ▶

ECOSYSTEM CREATION ▶

INVESTMENTS ATTRACTION ▶

ADVOCACY

We're working with the Georgian government to develop modern IT industry in the country.

We're engaging international institutions to take part in this process.

We attract the attention of the global IT industry to Georgia.



Georgian government officials were regularly engaged in speaking at the StrategEast forums and StrategEast. Live panels, where issues of creating an ecosystem for the development of the IT industry were discussed.



In September 2020, the second StrategEast State and IT Eurasian Forum was held in Tbilisi. The forum brought together representatives of the Georgian government, international institutions, global and local IT industry.



At the Forum, representatives of the Georgian government proclaimed the IT as the third pillar of the Georgian economy along with tourism and agriculture; and announced the special 5% tax regime for IT companies.

EDUCATION

We provide local youth with the opportunity to get an IT specialty in 4-9 months, without interrupting work or study.

Those who successfully graduate are guaranteed a new job in a global company.

We train personnel for IT companies that enter the Georgian market.



The IT HUB educational center was opened in February 2020 at the initiative of StrategEast with the support of the leading American IT company EPAM Systems, Georgia's Innovation and Technology Agency and BTU University.



Upon graduation IT HUB students not only received their certificates, half of students were recruited by EPAM, the rest – by other Georgian and international companies. All of them got a job in Georgia without leaving their home country!



In cooperation with the EBRD, in 2023 IT HUB was expanded to Georgian regions. 200 students living in Zugdidi, Gori, Kutaisi, Poti, Batumi and other regional cities have started their studies, after which they will receive their first job in their native region.

ECOSYSTEM CREATION

Together with the government, we develop incentives for the global IT companies to start their operations on the local market.

We provide the local startups with an opportunity to get an access to the international markets.



The cooperation between StrategEast and leading Silicon Valley based accelerator US-MAC provides an opportunity for startups from Eurasian countries to present their projects to global investors.



The Georgian government has introduced 5% flat rate tax for international and local IT companies working for exports. Following Belarus, Moldova and Uzbekistan, Georgia has become another Eurasian country with a special tax regime for the IT industry, making Georgia an attractive destination for the global IT industry.



Jointly with major ICT companies operating in Georgia, StrategEast established the ICT Association of Georgia as a platform to discuss the ways to foster the IT industry development in the country.

INVESTMENTS ATTRACTION

We inform the global IT industry about the new conditions for IT in Georgia.

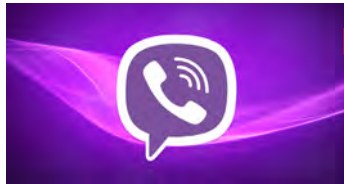
We convince global companies to start operations in Georgia.



A webinar organized jointly by StrategEast and Enterprise Georgia introduced IT entrepreneurs from Eurasia to the new opportunities for the IT industry in Georgia.



At the StrategEast State and IT Eurasian Forum in Tbilisi, EPAM founder Arkady Dobkin announced that EPAM starts its operations in Georgia.



StrategEast is proud to have initiated and assisted launching of Viber Rakuten operations in Georgia. StrategEast is excited to foster the overall digital economy development in Georgia and we're convinced that having Viber R&D offices opened in Tbilisi will inevitably attract other global product companies to Georgia.



After the introduction of reduced 5% flat rate tax for IT companies, EPAM representative in Georgia Sergey Ageenko, at a meeting with Georgian Minister of Economy Natela Turnava and President of StrategEast Anatoly Motkin, has committed to 500 of new high paid jobs in Georgia within the first year of operation. Today EPAM employs more than 2,000 Georgians.

SUMMARY

2020-2023

Collaboration of StrategEast with the government of Georgia, the IT industry, international development agencies has already led to

- the creation of an ecosystem with reduced taxes, comfortable for the work of global investors;
- creating a system for training young personnel that meets the requirements of the global IT industry;
- 75 major international IT companies entering the Georgian market;
- creation of 10,000 highly paid jobs for young local professionals;
- an increase in the contribution of the new economy to Georgia's GDP;
- 135 mln USD increase in exports.

STRATEG EAST

NEXT STEPS

StrategEast will continue its work on the development of the IT industry in Georgia:

- in September 2022 we start ToT program for Georgian IT professors, which aims at creating and maintaining professors' community for best practices exchanges and teaching experience in general technical and engineering practices exchange. The program will cover about 50 professors, who will be involved in ToT program for 9 months.
- we will expand the IT HUB educational center, primarily by enrolling young people from the regions most affected by the economic crisis caused by the pandemic;
- we will continue to attract global IT companies to the Georgian market, spreading the perception of Georgia as a new IT destination, train local youth for the global industry;
- as part of a joint program with an IT accelerator from Silicon Valley, we will enable local startups to get an access to the global markets and investments;
- together with representatives of the global IT industry, we will keep developing the digital transformation of Georgia, and strengthening its digital resilience.

STRATEG EAST SUCCESS STORY IN GEORGIA 2020-2023

TAX reduced for international IT companies

20% → **5%**

Job creation program in collaboration with big tech

Strateg east
IT HUB
TBILISI

Development of IT legislation

Ministry of Justice of Georgia

Georgian IT promotion in US and EU



ENTERPRISE GEORGIA

+ 10,000 new IT jobs



in all regions throughout Georgia

ICT Association launched

ict Georgia Association

75+ new international IT companies started operations

<epam>

exadel

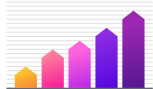


making science
THE DIGITAL ACCELERATION COMPANY

+ \$135 million IT exports growth



+ \$100 million – expected export growth for 2023



Big tech hackathon in cooperation with the UNDP

Student exchange



Berkeley



\$50 million first Silicon Valley VC to be launched in Georgia

CATAPULT

Attracting Rakuten Viber to Georgia



Silicon Valley acceleration program. First \$50 million exit

us•mac
US MARKET ACCESS CENTER

+200 IT specialists in Zugdidi, Gori, Kutaisi, Poti, Batumi



European Bank
for Reconstruction and Development

IT HUB
GEORGIA

Theneo wins PITCH contest at Web Summit 2022

web summit



Lika Merabishvili

Regional Director for Caucasus

Tel. +995 593 163555

E-mail: lika.merabishvili@strategeast.org