

WEBINAR SERIES

DESIGNING EFFECTIVE STATE SUPPORT SERVICES AND REGULATORY FRAMEWORKS FOR IHGES IN EESC

Case study from Armenia

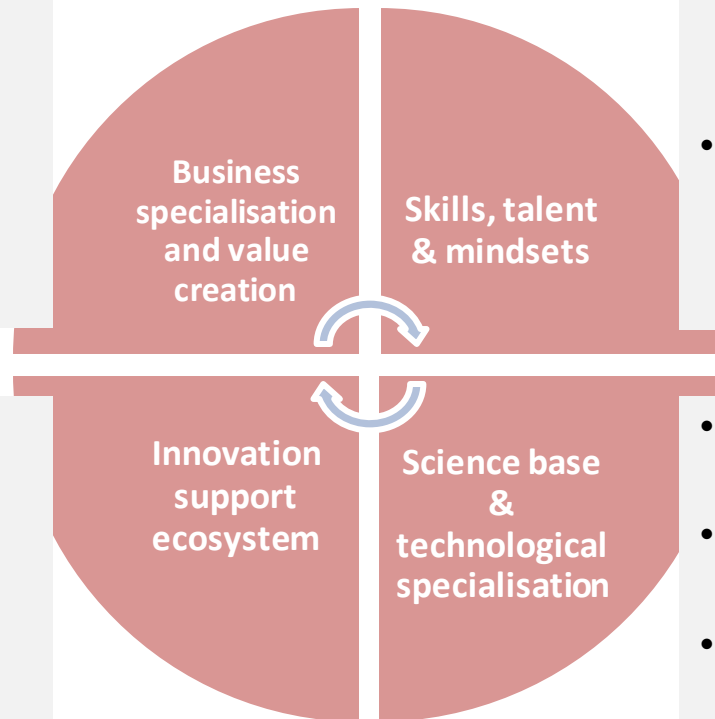
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Armenia's innovation ecosystem recorded significant improvement during last decade but still has some critical gaps to enhance competitiveness of the economy in long-term perspective.

- Share of knowledge intensive sectors in economy is less than half that of advanced countries
- Less than 10% of firms are innovation active, although varies by sector.
- Weak inward investment limits potential for tech. & managerial upgrading

- Limited financial instruments to support business investment in innovation or R&D (including collaboration).
- Few organisations providing specialised services (innovation management, technology advice, IP, standards, etc.)
- Early stage VC financing is emerging but access to growth capital is lacking

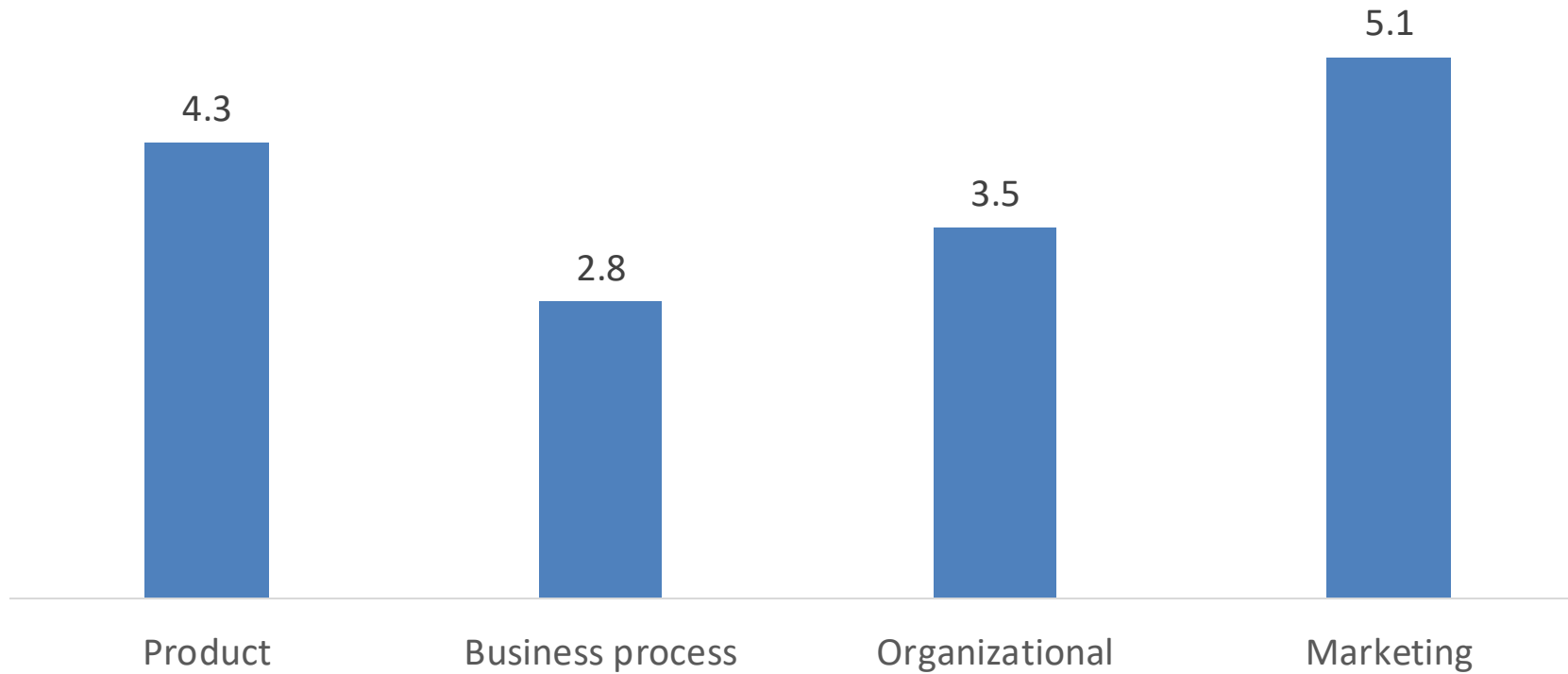


- Large scale initiatives in STEM education but insufficient number of graduates
- Gaps in managerial and technical skills required for innovation activity in business sector
- Limited experience in developing innovation partnerships (clusters, etc.)

- R&D expenditure stable at low level in last decade
- Aside from physics, limited international scientific specialisation.
- Scientific funding is spread over a large number of institutions
- Limited collaboration between research sector and industry

Only very few companies carry out innovation

Share of companies carried out innovation by type of innovation activity, 2018





Small local market provide limited opportunities for growth. Go international is the precondition for scaling up.

- Local market is small: \$11.5 B
- Export: \$2.6 B *54% of which are metals and precious stones*
- 99.8 % of companies are SMEs with average annual turnover of \$120K and 3.1 employees
- Almost all high growth companies targeted international markets in the accelerated growth phase: Picsart, Krisp, EarlyOne (tech) and Spayka, menu.am, Artlunch (non-tech)

Access to growth capital is limited.

- Debt financing is prevailing with tight collateral requirements
- Equity market capitalization – 2.3% of GDP
- Turnover of corporate bonds - 3.5 % of GDP
- VC is emerging however is focusing on early stage financing in technology sector

Weak corporate governance and rigid regulations of shareholder relations hinders investment attraction from abroad.

Enabling platforms created during last 20 years contributed to the development of technology sector in Armenia.

Networks, Associations, Councils

- Information Technologies Development Support Council
- National Center of Innovation and Entrepreneurship under MEDI
- ARMTECH Congress
- Union of Information Technology Enterprises
- Technology Transfer Association NGO
- Association of IT Employers
- HyeTech Group
- Arpa Institute

Innovation Support Schemes and Institutions

- Business Development & Innovation Grants -Support to Technology Oriented Startups in Armenia (EIF)
- Science & Technology Entrepreneurship Program (STEP) In Armenia (EIF)
- Matching grants under EU/SMEDA
- FAST Foundation
- Armenia Renewable Resources and Energy Efficiency Fund (R2E2)

Risk Capital Financing

- Granatus Ventures
- Smartgatevc
- HIVE Ventures
- Angel groups– BANA, AICA, STAN

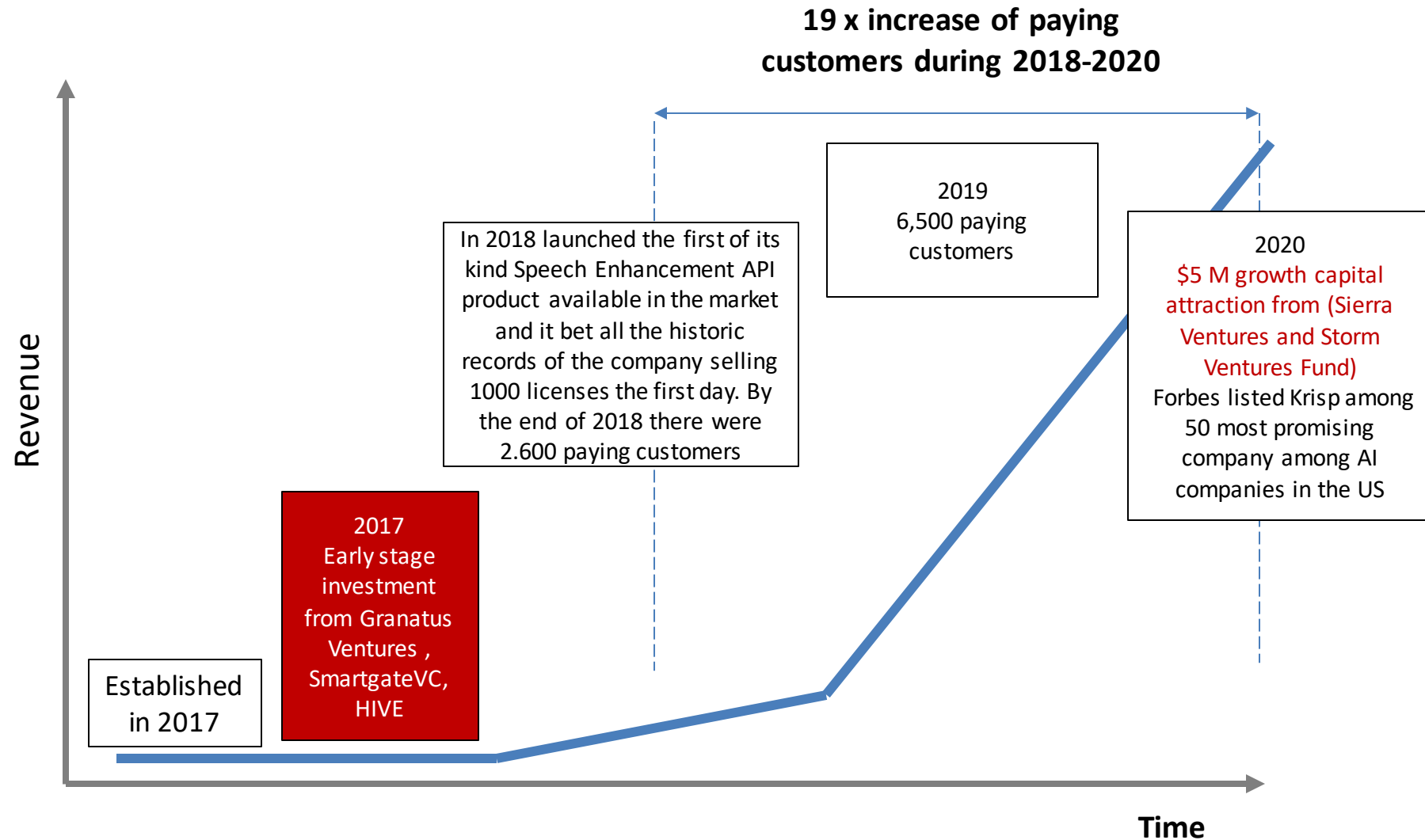
Incubators, Technological and Innovative Centers

- Enterprise Incubator Foundation (EIF)
- Microsoft Innovation Center
- Innovative Solutions and Technologies Center (IBM Center)
- Gyumri and Vanadzor Technology Centers
- Artsakh Information Technologies Center
- Kolba Innovation Labs, UNDP
- Viasphere Technopark
- TUMO Center for Creative Technologies
- EPIC at AUA
- Mergelyan Cluster
- Armenian-Indian Center For Excellence in ICT
- ANEL Laboratories at NPUA

Case: Krisp

Product/service: AI powered speech enhancement

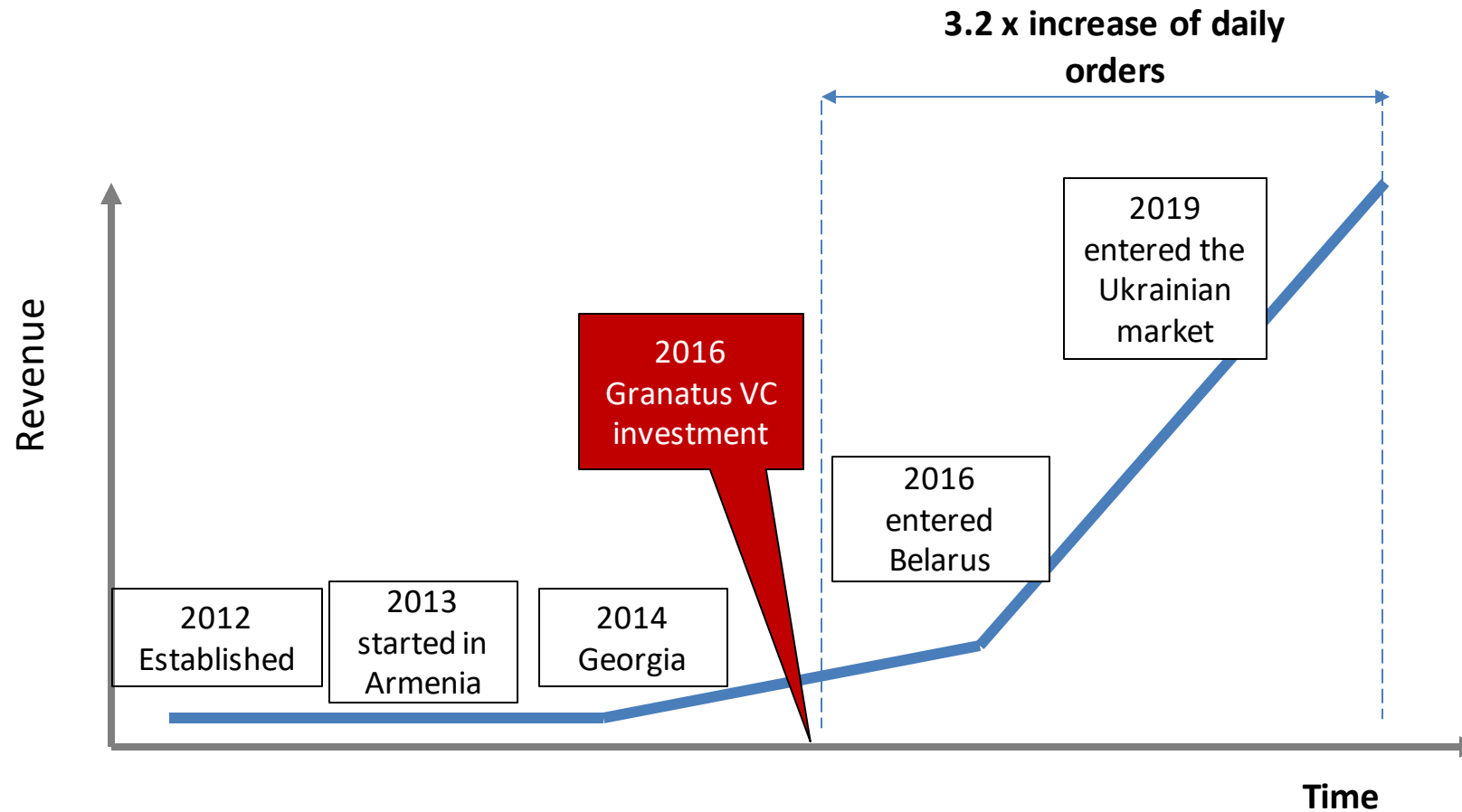
Number employees: 45



Case: Menu.am

Product/Service: food delivery marketplace

Number employees: 239 excl. service contracts





Need for Actions

- Promoting business innovation in non-tech sectors
- Improving legislation for investment
- Promoting corporate governance and enhancing managerial capabilities
- Expanding Diaspora engagement – Global Armenian's network
- Special support programs for HGC to go international