



# Increasing competitiveness of Georgian regions and developing entrepreneurship

ebook

Acceleration Program  
for Georgian startups in 2021



Ministry of  
Development Funds  
and Regional Policy

 **PARP**  
PFR Group

  
Polish aid

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Ministry of  
Development Funds  
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## Mikołaj Różycki – introduction



### Acting President of the Polish Agency for Enterprise Development

With great pleasure I would like to hand over to you an eBook created in framework of the project called ‘Increasing competitiveness of Georgian regions and developing entrepreneurship’.

The project, carried out by the Polish Ministry of Development Funds and Regional Policy, Polish Agency for Enterprise Development and Georgia's Innovation and Technology Agency, is co-financed within the framework of the Polish development cooperation of the Ministry of Foreign Affairs of the Republic of Poland.

It's objectives are, among others, to strengthen Georgian tech-scene as well as to boost the collaboration between Georgian IT/ICT startups, Polish VC and industry leaders.

The first stage of the project, which took form of an online skill share training was aimed at familiarizing Georgian startups with Polish startup ecosystem and to improve their skills and knowledge needed to run a successful business.

Twelve selected Georgian startup founders took also part in the second phase of the project – boot camp organized in Poland – which goal was to initiate stronger inflow of innovative teams to Polish startup ecosystem as well as to create bilateral links between Polish and Georgian entrepreneurs.

I hereby present you a publication which provides basic facts and figures about Georgian economy, Georgian IT/ICT sector, as well as presents participants of the first edition of the project.

I'm looking forward for further development of our cooperation.

# The overview of the IT/ICT sector in Georgia

Ani Vashakmadze, Giorgi Todua

## 1. Georgia in figures – short overview of Georgia's economy

### General overview

Georgia is a small upper-middle-income economy situated in the Caucasian region, connecting Europe to the Middle East and Central Asia (ECA). Its transition to a market economy has been particularly challenging ever since the dissolution of the Soviet Union in 1991, with the ensuing civil war and territorial disputes with the Russian Federation. Despite these challenges, Georgia is now one of the most open and easiest places to do business in the Caucasian region. As a result of the reforms implemented since 1991, GDP per capita has increased from 2.8 thousand in 2009 up to 4.4 thousand in 2018 (current USD), while GDP per capita based on purchasing power parity (PPP) has nearly doubled in the same period reaching 11.4 thousand (current international USD) in 2018.<sup>1</sup>

### Reform process

This radical improvement stems from a series of far-reaching reforms. Following the Rose Revolution in 2003, structural changes in the institutional and legislative framework cut corruption and improved government efficiency. Trade liberalization and a series of free trade agreements secure access to the diverse set of markets. Today, improvements continue to be made in infrastructure, education and administration. Public financial management reforms are underway with a recently developed fiscal framework, as well as civil service pay reforms and transition to compulsory retirement savings. As a result, Georgia has moved up in the Ease of Doing Business of the World Bank (2020)<sup>2</sup> ranking quickly, reaching 7<sup>th</sup> place globally in regulatory performance.

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<sup>1</sup> World Bank, 2019. World Development Indicators. The World Bank Group

<sup>2</sup> UNECE 2020, Report Innovation for Sustainable development.

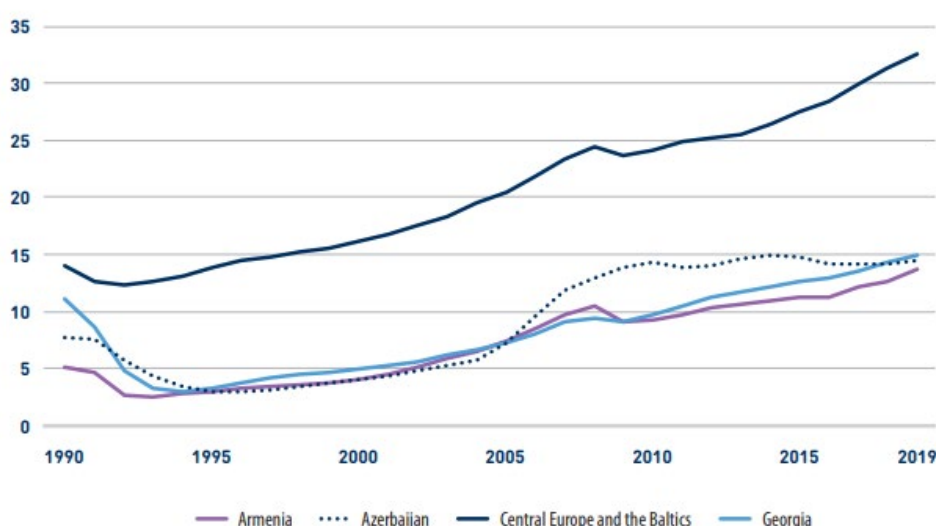
## GDP Growth

Since 2007 Georgia has sustained robust average GDP growth of 4.5% driven by productivity enhancement<sup>3</sup> from structural reallocation, high government spending and strong external inflows<sup>4</sup>. The economy has demonstrated resilience to the external shocks, with stable average growth despite the global financial crisis, armed conflict with the Russian Federation (which is still a key trading partner) and plummeting commodity prices. Georgia became, by many measures, one of the most open, least corrupt economies in the post-Soviet space paving the way for robust GDP growth of 4.5% on average since 2007, which is well above the ECA average and a tripling in the size of the economy since 1999<sup>5</sup> (Figure 1.1).

## Foreign direct investment

Compared to 2019, foreign direct investment (FDI) flows worldwide decreased by 42% in 2020 as a result of the Covid-19 pandemic. Georgia's economy was also hit hard. FDI inflows dropped by 52.9% year-on-year and GDP fell by approximately 5.9% (on a seasonally adjusted basis; raw data showed a 6.2% contraction) compared to 3% globally<sup>6</sup>.

Figure 1.1 Real GDP per capita, 1990-2019



Source: World Development Indicators - World Bank Open Data.

Note: Real GDP per capita, purchasing power parity, constant 2017 USD thousand.

<sup>3</sup> UNECE report Sub-regional Innovation Policy Outlook 2020: Eastern Europe and the South Caucasus.

<sup>4</sup> European Bank for Reconstruction and Development (EBRD), 2018. Transition Report.

<sup>5</sup> UNECE 2020, Report Innovation for Sustainable development.

<sup>6</sup> <https://www.pwc.com/c1/en/future-of-government-cee/fdis-and-trade-in-cee/foreign-direct-investments-georgia.html>



FDI remains a key source of external financing for Georgia with net inflows reaching a sizeable level of 12% of GDP in 2017. Before the pandemic, the Georgian Government had already made great strides to boost Georgia's economic advantage. Georgia is ranked 12<sup>th</sup> in Index of Economic Freedom ranking (Heritage Foundation, 2021), and the 14<sup>th</sup> in PwC Paying Taxes ranking (PwC, 2021). As part of their pandemic recovery strategy, the Government of Georgia wants to build on this progress.

Compared to 2019, foreign direct investment (FDI) flows worldwide decreased by 42% in 2020 as a result of the Covid-19 pandemic. Georgia's economy was also hit hard. FDI inflows dropped by 52.9% year-on-year and GDP fell by approximately 5.9% (on a seasonally adjusted basis; raw data showed a 6.2% contraction) compared to 3% globally. FDI remains a key source of external financing for Georgia with net inflows reaching a sizeable level of 12% of GDP in 2017. Before the pandemic, the Georgian Government had already made great strides to boost Georgia's economic advantage. Georgia is ranked 12<sup>th</sup> in Index of Economic Freedom ranking (Heritage Foundation, 2021), and the 14<sup>th</sup> in PwC Paying Taxes ranking (PwC, 2021). As part of their pandemic recovery strategy, the Government of Georgia wants to build on this progress.

### **Sectoral decomposition**

A sectoral decomposition demonstrates that Georgian services and industry are better developed while manufacture and agriculture are in decline. Although services account for 58% of GDP, the rest have rather low productivity levels and supplies largely the domestic demand, while the tourism and hospitality operators on the other hand, have a great potential to grow. At the same time, Georgia's manufacturing sector remains predominantly resource-based (57.7%) with modest shares in low- and high-tech production<sup>7</sup>.

### **External position**

Despite evident risks on the sector level, Georgia's strategic position and increased openness is boosting commerce especially having a Deep and Comprehensive Free Trade Agreement<sup>8</sup> signed with the EU and the more recent FTA with China. Several impending projects aim to

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<sup>7</sup> World Bank, 2019. World Development Indicators. The World Bank Group.

<sup>8</sup> The Deep and Comprehensive Free Trade Areas (DCFTA) are three free trade areas established between the European Union and Georgia, Moldova and Ukraine. The DCFTAs are part of each country's EU Association Agreement.

enhance trade further and solidify Georgia's position as a logistics hub, with alternative modes of cargo transportation from Europe to China and Central Asia. The Global Competitiveness Index (GCI) 2018 placed Georgia in 66<sup>th</sup> position out of 140 economies, indicating that it has improved since previous years and identifying labor market, institutions, and business dynamism as strengths of the Georgian competitiveness<sup>9</sup>.

### Institutional quality

High investment rates require ensuring sustainable capital accumulation and efficient institutions. Considering rule of law, control of corruption, government effectiveness, and voice and accountability, Georgia has the highest score on institutional quality among its neighboring countries<sup>10</sup>.



### Human Capital

Georgia still offers cheap labor force. Nowadays, 106 countries' citizens can live and work in Georgia. Existing flexible labor laws allows the employment agreements to be drafted in the English language. In the banking sector, there is no foreign exchange or capital controls and also the bank account opening procedure has been simplified.

Herewith, Ministry of Justice of Georgia has initiated reforms of the Civil and Public registry systems to improve public service delivery that eventually has changed the culture and nature of communication between the administration and citizens. These reforms triggered the creation of Public Service Halls and Community Centers. Public service delivery has been designed as a one-stop-shop model, which aimed at simplifying the interaction between the

<sup>9</sup> World Economic Forum, 2018. Global Competitiveness Report.

<sup>10</sup> UNECE 2020, Report Innovation for Sustainable development

government and citizens. A distinctive feature of the one-stop-shop (OSS) model in Georgia is clearly a separation of back and front offices in the public service delivery chain.

### Innovation emerges as the driving force behind a sustainable and balanced growth path of Georgia

The Government of Georgia has prioritized knowledge-based and innovation-driven economy development and for that purpose secured support of 23.5 million USD from the World Bank Group for the Georgia National Innovation Ecosystem Project (GENIE). The main objective of the incentive is to increase innovative activities of the micro, small, and medium-sized enterprises (MSMEs), including startups and individuals in Georgia as well as boost their participation in the digital economy.

Keeping the momentum of the country's strong reform process and robust growth rates Georgia follows the path of sustainable development where the adoption of new ideas, technologies and products improves knowledge diffusion across sectors, startups internationalization, as well as human capital development gives the country the edge it needs to transform into a modern knowledge-based economy.

## 2. IT/ICT market in Georgia

IT/ICT sector development is considered to be an important aspect of Georgia's economic growth. Despite increasing support from international organizations and the Georgian government to establish a competitive ecosystem supporting the IT/ICT market growth by creating an enabling and transparent environment for investment, the IT/ICT sector is still underdeveloped. Further support is needed to achieve a higher level of transformation. At the same time, the telecommunication sub-sector has been steadily growing and is regarded as the most developed sector in Georgia. The IT subsector is less developed with a very limited hardware production. The telecommunication sub-sector is serving as an enabler for the new product and service development in the whole IT/ICT industry<sup>11</sup>.



**over \$ 700M**  
in the ICT related sector in 2020

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<sup>11</sup> <https://eu4business.ge/uploads/20/09/01/97dcc06e2cd51b416f4716ec061a1939.pdf>

The gross output of the ICT related economic activity, which measures the total volume of goods and services in market prices, has increased significantly from 9452.88 million USD (1,336 million GEL) in 2010 to 700.88 million USD (2,067.6 million GEL) in 2020<sup>12</sup>. One of the drivers of this growth is that Georgia has started gradually to succeed in building up a modern telecommunication infrastructure, making progress in the regulatory environment, nurturing a new generation of IT specialists and implementing several large-scale programmes with the support of international organizations to develop ICT infrastructure. According to the GIZ/ISET study, Georgia's telecommunication sub-sector is characterized by gradual retail revenue growth between 2010 and 2019<sup>13</sup>. Trends show that annual revenues are increasing for innovative technologies: e.g. revenues for fixed telephone services had been decreasing since 2010 annually on average by 13%, while revenues for internet service providers during the same period had been increasing annually on average by 15%. Revenues are increasing for mobile service providers as well.

However, according to the International Telecommunication Union (ITU) data<sup>14</sup>, only 72.5% of people in Georgia used the Internet in 2020, which is far below the European average. The increase in the number of Internet users is also slowing down compared to the previous year. Table 1 summarizes a set of major ITU indicators, which compares Georgia to Europe's and the world's average with regard to telecommunication and Internet indicators. Comparing the indicators Georgia is placed well above the world's average, while there is still a non-negligible gap between the country and Europe's averages<sup>15</sup>.

Table 1: Comparison of key ITU telecommunication and internet indicators

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<sup>12</sup> <https://www.geostat.ge/en/modules/categories/23/gross-domestic-product-gdp>

<sup>13</sup> Survey on the Impact of COVID-19 on the ICT Sector in Georgia (<https://iset-pi.ge/storage/media/other/2021-10-20/b7788a30-31b5-11ec-91c8-61496a62d942.pdf>)

<sup>14</sup> <https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2021/Regional%20Innovation%20Forum/Georgia.pdf>

<sup>15</sup> <https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2021/Regional%20Innovation%20Forum/Georgia.pdf>

<b>Key Indicator 2019/2021</b>	<b>Georgia</b>	<b>Europe</b>	<b>World</b>
Fixed telephone subs per 100 inhabitants	9.5	32.9	11.9
Mobile cellular subs per 100 inhabitants	127.9	122.7	105
Active mobile broadband per 100 inhabitants	81.6	99.9	75
3G coverage (%of population)	99.9	98.3	93.1
LTE/WiMAX coverage (% of population)	99.7	97.2	84.7
Individuals using Internet (%)	72.5	82.5	51.4
Households with a computer (%)	61.8	77.7	47.1
Households with Internet access (%)	83.8	85	57.4
Fix broadband subs per 100 inhabitants	25	32.9	15.2

Table 2: Fix broadband subs by speed, % distribution:

<b>Key Indicator 2019/2021</b>	<b>Georgia</b>	<b>Europe</b>	<b>World</b>
256 kbit/s to 2 Mbit/s	1.1	0.7	2.6
2 to 10 Mbit/s	16.0	10.2	2.6
10 Mbit/s	83.0	88.9	89.4

The successful growth of the telecommunication sub-sector can also be displayed in concrete numbers. According to the Communications Commission 2019 Annual Report<sup>16</sup>, the electronic communications sector included 285 actors which generated total revenue of 401 million USD (1,185 million GEL), of which 311 million USD (919 million GEL) was retail revenue. The retail revenue of mobile operators amounted to 152 million USD (499 million GEL), where the market shares of mobile operators such as Magticom was 46%, Silknet - 36%, and Veon Georgia - 18%. The market share of mobile operators in terms of the number of subscribers is distributed as follows: Magticom - 41%, Silknet - 33%, and Veon Georgia - 26%. Yet, the total number of mobile subscribers is not equal to the number of mobile Internet users. In this context, 71% of Veon Georgia subscribers, 66% of Silknet subscribers and 46% MagtiCom subscribers are mobile Internet users.

The Georgian government also started to move towards e-government and emerged as one of the leaders in e-government initiatives in the region of Europe and Central Asia with various services and products such as e-parking, e-ID, and strong IT support and transformation in almost all governmental agencies. While strengthening e-government systems helps Georgia to establish more transparent structures and to improve the efficiency of the service delivery, the Data Exchange Agency and its successor Digital

<sup>16</sup> <https://comcom.ge/uploads/other/5/5875.pdf>

Governance Agency needs a highly qualified workforce to build up a relevant ICT systems for e-government and e-service initiatives. This leads governmental agencies to pay labor costs in excess of private-sector salaries and compete with the private ICT sector, which further inflates salaries beyond market sustainable rates<sup>17</sup>. However, in recent years, according to the UN E-Government Survey<sup>18</sup>, Georgia is losing the opportunity to become a leader in the region in terms of e-government development. E-Government Development Index ranked Georgia in 65<sup>th</sup> place out of 193 countries in 2020 compared to 56<sup>th</sup> place out of 193 countries in 2014<sup>19</sup>. This might result in less competition for resources.

In addition, Georgia wants to be seen as an emerging hub for the IT/ICT industry. In recent years, business support organizations, which are oriented towards developing the IT/ICT market, have started to emerge. Institutions such as GITA, ICT cluster, Impact Hub and Data Fest Tbilisi, led both by public and private initiatives, helped to nurture a new generation of IT companies in the online gaming and gambling fields as well as software development.

**90%**  
of ICT customers are local clients

Despite the attempts to drive the competitiveness of the IT sector and also as a result of competition from governmental agencies, a very limited number of Georgian companies managed to internationalize and have grown large enough to export services and products abroad. 90% of customers of the IT/ICT companies are local organizations representing banking or retail sectors and governmental agencies<sup>20</sup>. The awareness of the Georgian IT companies also remains very low in the international markets. However, the companies, which manage to internationalize started to outsource work to other countries due to high labor costs in Georgia. In addition, despite the advantage of Georgian companies in terms of lower cost of hardware production, due to limited availability of local facilities and lack of highly qualified labor force, large scale production is not possible at this stage. Lack of a highly qualified labor force is also a major issue for software production. As the ICT market is

<sup>17</sup> <https://www.pmo-bc.com/storage/app/uploads/public/5ce/795/dba/5ce795dba596c190438918.pdf>

<sup>18</sup> [https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2020-Survey/2020%20UN%20E-Government%20Survey%20\(Full%20Report\).pdf](https://publicadministration.un.org/egovkb/Portals/egovkb/Documents/un/2020-Survey/2020%20UN%20E-Government%20Survey%20(Full%20Report).pdf)

<sup>19</sup> <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/64-Georgia-Country/dataYear/2020>

<sup>20</sup> <https://www.itu.int/en/ITU-D/Regional-resence/Europe/Documents/Events/2021/Regional%20Innovation%20Forum/Georgia.pdf>

far from being saturated, existing firms are operating at its capacity and do not see the need to grow.

Nevertheless, the e-commerce market stands out with strong growth over the past few years and the COVID-19 pandemic only strengthened its position. According to the Galt and Taggart study<sup>21</sup>, the total e-commerce expenditure is estimated to be 180 million USD (597 million GEL) in 2020 (including local and cross-border e-commerce). This translates into average annual spending per user of 287 USD (950 GEL) in Georgia, which is 3 times lower than in European countries on average. However, with the development of e-commerce environment and the increasing purchasing power of Georgian households, average annual spending per customer is expected to grow. The same study also estimates that e-commerce penetration rate will reach 4.7% by 2025, up from a mere 1.1% in 2020, mostly due to changes in consumer behavior induced by the COVID-19 pandemic.

These disparities between IT/ICT sub-sectors are well reflected in the global rankings. According to the Network Readiness Index (NRI) of the World Economic Forum, which measures how well an economy is using ICT, Georgia has ranked 68<sup>th</sup> out of 134 countries<sup>22</sup>. While the country rank is relatively high in the technology pillar with a good level of access to 4G mobile network coverage and Internet access in schools, Georgia ranked low in terms of investment in emerging technology and computer software spending.

While the country provides a relatively favorable ICT regulatory environment, the sub-pillar of the economy under the impact pillar, which seeks to assess the economic impact of participating in the network economy, also show that country ranks low in terms of medium and high-tech industry as well as high-tech exports. As a result of limited investment in the IT/ICT sector and limited high-tech export, the Georgian ICT sector is not very visible on the international market.

The main reasons for the limited growth of the IT sub-sector in Georgia might be summarized as the following:

- Small and fragmented IT market of Georgia;
- Limited domestic demand, which is largely driven by the e-government initiative;

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<sup>21</sup> [https://api.galtandtaggart.com/sites/default/files/2021-07/report/e-commerce-in-georgia\\_july-2021\\_eng.pdf](https://api.galtandtaggart.com/sites/default/files/2021-07/report/e-commerce-in-georgia_july-2021_eng.pdf)

<sup>22</sup> [https://networkreadinessindex.org/wp-content/uploads/2020/11/NRI-2020-V8\\_28-11-2020.pdf](https://networkreadinessindex.org/wp-content/uploads/2020/11/NRI-2020-V8_28-11-2020.pdf)

- The National IT curriculum at all levels of the education system is outdated, which leads to limited availability of qualified labor force;
- Skills mismatch and limited availability of skilled IT specialists with a high cost of the qualified labor force available on the market;
- Limited access to financing for IT business to grow;
- Limited level of internationalization of Georgian IT companies and lack of knowledge and experience with foreign markets.

It is worth mentioning that these problems are not only limited to the IT sector. They also hamper the growth of other markets, including banking, logistics and retails that also require high quality IT/ICT services.

Overall, the Georgian government have succeeded in its efforts to liberalize the market. The predictability of governing processes in the IT/ICT sector is beneficial for market development. As a result of the creation of enabling regulatory and business environment, the ICT market started its gradual growth and citizens enjoy good access to high-quality telecommunication services. However, strong disparity exists in terms of sub-sectors growth within the IT/ICT market. While telecommunication services are advancing fast and Georgia is above world average, the IT sub-sector is underdeveloped and presents limited growth opportunities. Limited availability of qualified labor force, competition from Governmental agencies, which promotes e-government initiatives and e-services, outdated educational infrastructure and curriculum, are the main factors for the underdevelopment, which leads to fragmented domestic IT sector with limited export opportunities and internationalization of companies.

Looking into the future, Georgia has been proactively engaged in advancing the implementation and harmonization of the next generation 5G networks. However, this transformation will benefit mostly telecommunication companies and increased support and investments are needed to develop the IT sub-sector.

### **3. Georgian companies in the IT/ICT sector**

High digitalization and innovation are the main drivers of the Georgian economy. Georgian ICT companies operate regardless the borderline, providing a high contribution to Georgian exports.



The tech ecosystem which includes both the high-growth tech companies and the ecosystems that support them, is well embedded in local or global value chains. These include among others, high-tech companies, their equipment manufacturers, systems integrators, companies in the ICT sectors, B2B technology platforms supporting SMEs. Its development is essential to a country's ability to benefit from technological innovation and create high-growth industries and jobs<sup>23</sup>.

The technology ecosystem is new in Georgia and comprises of telecommunication companies, systems integrators, representatives of foreign companies and a few ICT companies and AI start-ups. An American company EPAM - a digital platform engineering and a top digital and product design agency is the most recent addition to the Georgian technology ecosystem. The government is trying to attract more international companies like EPAM to boost the Georgian ecosystem. Georgian banks are also digitally advanced ecosystem players collaborating with AI start-ups and the FinTech community. The main challenges for this embryonic ecosystem are a lack of connectedness, IT/ICT specialists, and cloud infrastructure.

The ICT sector is emerging fast and Georgia is working hard to establish itself as a growing hub for information and communication technology. The EU-funded project called 'SME Development and DCFTA in Georgia' have set up the Georgian ICT Cluster to help drive the sector's competitiveness. According to report of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (2020), 90% of customers of ICT companies are local organizations representing banking or retail sectors and governmental agencies. Also, many IT companies work in the online gaming and gambling fields, only developing new applications to serve that industry. Currently, there is still a low awareness of Georgian ICT companies on international markets<sup>24</sup>.

The ICT Cluster has been created in Georgia, as a collaborative platform for the ICT industry stakeholder. It supports the establishment of business linkages locally and internationally in order to increase the competitiveness of the Georgian ICT industry and ultimately contribute to the economic development of the country.

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<sup>23</sup> [www.itu.org](http://www.itu.org)

<sup>24</sup> [www.itu.org](http://www.itu.org)

The strategic goals in the ICT Cluster include<sup>25</sup>:

- Sale and Export - increasing the sales of ICT companies both locally and globally through building strategic alliances for export;
- Collaboration and Sharing - becoming a core for Georgian ICT cluster companies for networking and sharing to strengthen the industry and achieve efficiencies;
- Skills and Education - improving the skills of professionals working in the ICT industry and developing educational programs that will be adapted to the needs of ICT industry stakeholders and the market trends as a whole;
- Public-Private Dialogue - promoting the establishment of a well-functioning ICT policy framework for supporting ICT companies in Georgia.

#### 4. Export of IT/ICT products

Generally, except for the telecommunication subsector, the IT/ICT industry is less developed, with limited activities in many subsectors. This is particularly relevant for the export of IT/ICT products. According to the UNCTAD database<sup>26</sup>, the percentage of the ICT goods export in the total goods export is insignificant with the highest percentage achieved in 2015 – 1.047%, which was mostly led by an unusual spike in the export of telephone sets and television receivers.

In hardware production, despite the relatively low cost of development, Georgia offers the limited quality of production and scale of production as local facilities are not adapted to large scale production, which also translates into limited export capacities. In addition, export is also partially driven by re-export of IT/ICT products, which is usually characterized by volatile supply.

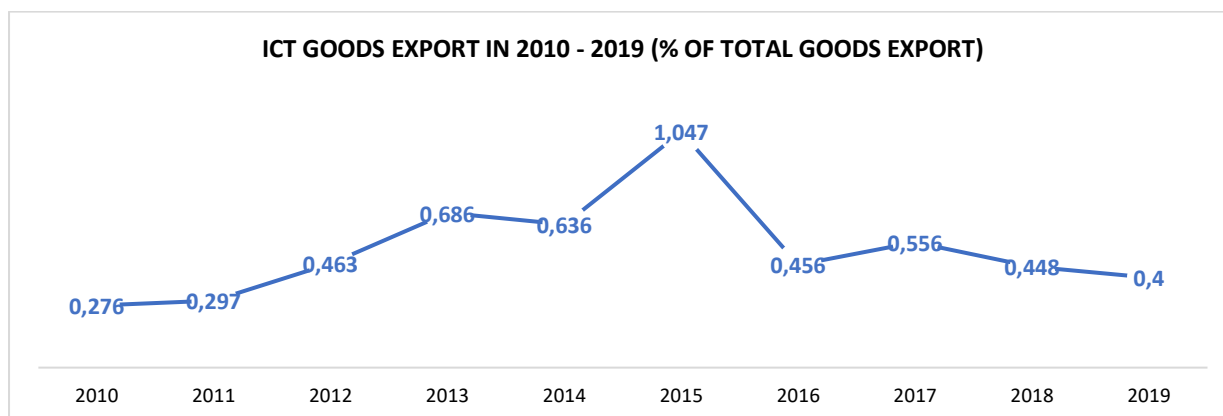
**85%**

**Investors in Georgia perform  
second investment rounds**

Figure 2: ICT goods export

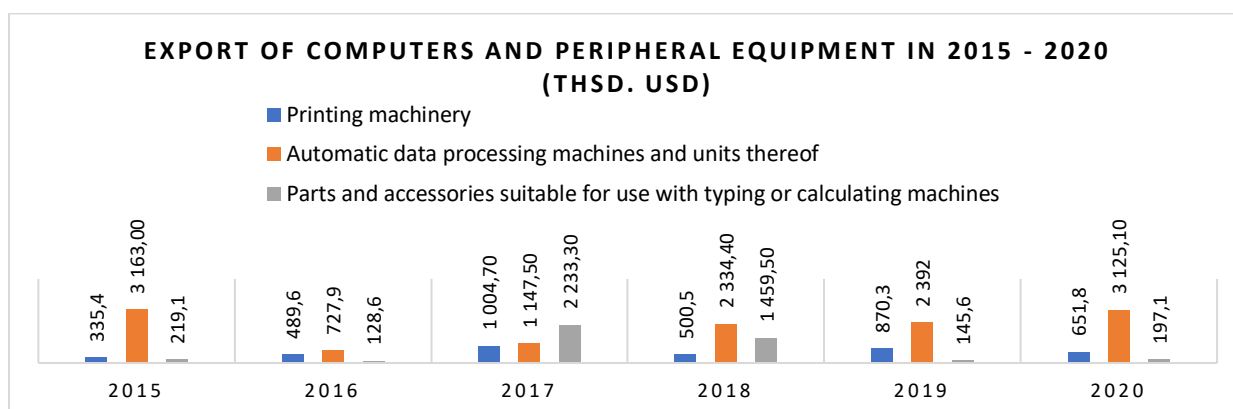
<sup>25</sup> ICT cluster Georgia

<sup>26</sup> <https://data.worldbank.org/indicator/TX.VAL.ICTG.ZS.UN?locations=GE>



While the hardware export opportunities of the IT/ICT industry is very limited, Georgia still exports products in several IT/ICT categories, including computers and peripheral equipment<sup>27</sup>. Due to limited and unreliable supply, there is no stable growth in the export, except for automatic data processing machines, which increased from 727.9 thousand USD in 2016 to 3,125.10 thousand USD in 2020. However, the export still did not reach the volume of 2015. The export of other products in this category remains limited.

Figure 3: Export of computers and peripheral equipment

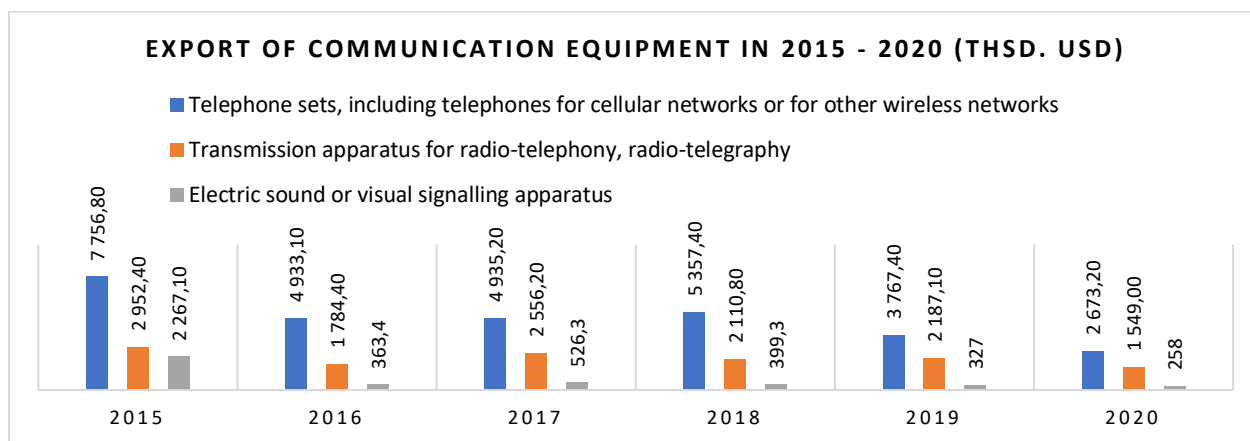


In comparison to other product categories, the export of communication equipment is relatively high in the overall export composition of IT/ICT products<sup>28</sup>. The largest export volume belongs to telephone sets, however, since 2015 the export volume of telephone sets as well as other products in this category have been gradually decreasing.

Figure 4: Export of communication equipment

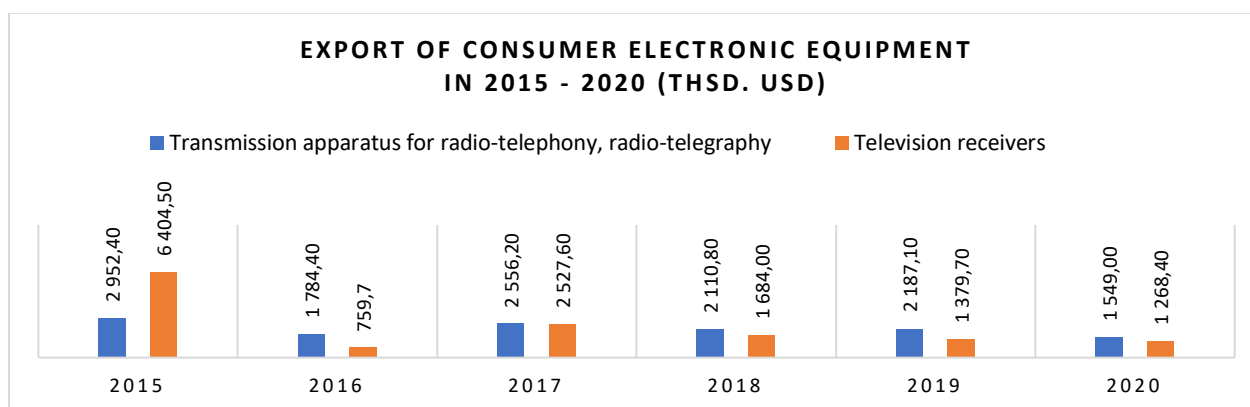
<sup>27</sup> <https://www.geostat.ge/en/modules/categories/637/export>

<sup>28</sup> <https://www.geostat.ge/en/modules/categories/637/export>



The export of consumer electronic equipment has also been gradually decreasing. In 2015, the export of television receivers was 6,405.50 thousand USD, which has dramatically decreased to only 1,286.40 thousand USD in 2020<sup>29</sup>.

Figure 5: Export of consumer electronic equipment

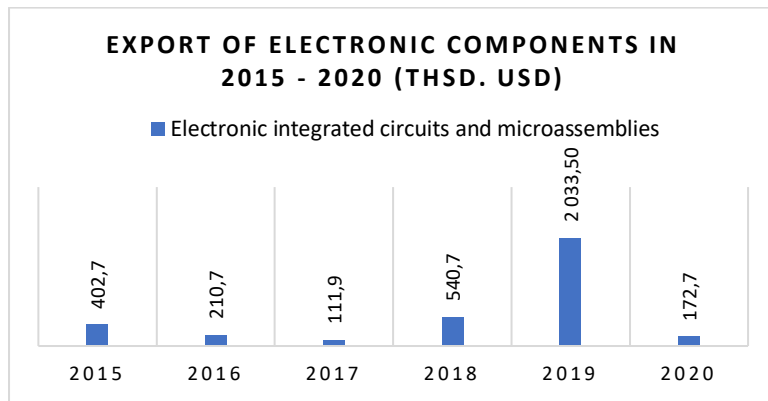


Export of electronic components was dominated by the electronic integrated circuits and micro-assemblies<sup>30</sup>. The export volume was relatively stable over the past five years. However, the sector saw a significant increase in export in 2019 with a total volume of export reaching 2,033.50 thousand USD. The export data for other products in this category is negligible.

Figure 6: Export of electronic components

<sup>29</sup> <https://www.geostat.ge/en/modules/categories/637/export>

<sup>30</sup> <https://www.geostat.ge/en/modules/categories/637/export>



The data clearly shows the volatility of Georgia IT/ICT products export. No detailed studies have been conducted to analyze the reasons for a significant decrease in export. However, the limited competitive advantage globally and orientation of the Georgian economy towards services with a limited manufacturing base might be the reason for the gradual decrease of IT/ICT products export.

Despite limited export of IT/ICT products, according to the GIZ study of the ICT cluster potential<sup>31</sup>, 65% of companies stated that their development strategy is export-oriented and recognizes the importance of visibility of Georgian companies on international markets. However, when asked about participation in international fairs and exhibitions, only a few had that experience. Therefore, the overall visibility of Georgian ICT firms in international markets is very limited, which also might be one of the reasons for decreasing export of IT/ICT products.

Given the limited size of the domestic market, Georgian IT/ICT companies need to invest more in R&D and explore opportunities of expanding into other markets, particularly in the neighboring countries.

As Georgia has signed DCFTA with the EU and similar trade agreements with other countries, which brings preferential trade regimes, the country has the potential in becoming a regional IT/ICT hub and one of the targets for international ICT companies, which are looking to outsource production. However, Georgia will need to invest in training of labor force in order to increase significantly its production capacities.

Considering the current development trajectory and limited attention in supporting hardware production compared to software development in the country, there is a limited

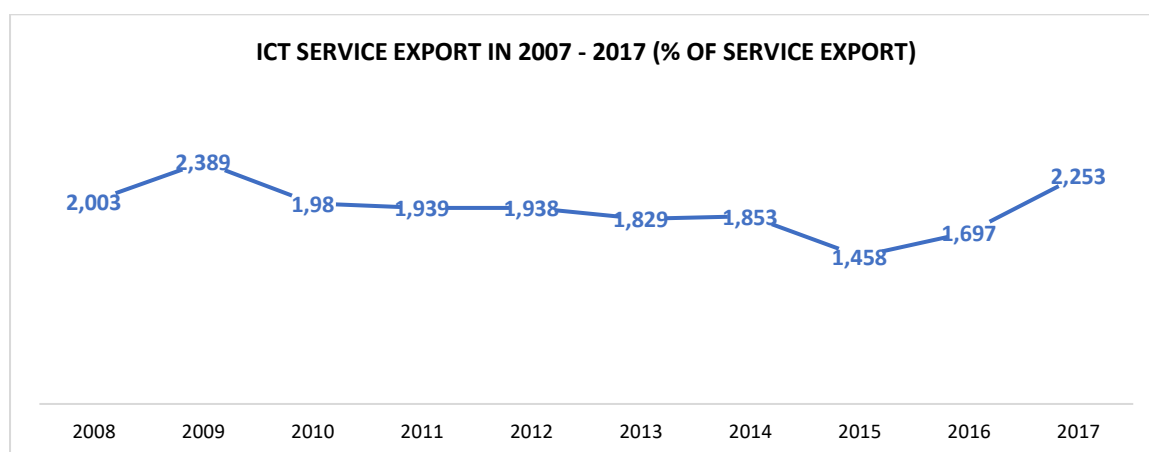
<sup>31</sup> <https://eu4business.ge/uploads/20/09/01/97dcc06e2cd51b416f4716ec061a1939.pdf>

chance of Georgia becoming an important regional exporter of IT/ICT goods in the near future.

## 5. Export of IT/ICT services

Compared to the export of IT/ICT goods, which plays a minor role in the overall export of Georgia, the situation with the export of IT/ICT services is slightly different. According to the International Monetary Fund database<sup>32</sup>, the export of IT/ICT services accounts for 2.253% of the total service exports of Georgia. However, it is worth mentioning that since there are no agreed definitions of the digital sector, products or transactions, let alone the digital economy<sup>33</sup>, the calculations for the export of IT/ICT services limits the exact volumes.

Figure 7: ICT service export in 2017



The export of IT/ICT services in the categories of telecommunication and computer services has been gradually increasing<sup>34</sup>. This has been particularly prominent for the export of computer services, which has increased from 5 million USD in 2015 to 68 million USD in 2020. While the export of telecommunication services dropped in 2016, the growth picked up quickly reaching its maximum in the amount of 46 million USD in 2019. No data is available for the categories of computer services (software) and licenses to produce and/or distribute software, which might be dictated by the limited capacity of Statistical authorities to register such data.

<sup>32</sup> <https://data.worldbank.org/indicator/TX.VAL.ICTG.ZS.UN?locations=GE>

<sup>33</sup> IMF (2018), MEASURING THE DIGITAL ECONOMY

<sup>34</sup> <https://unctadstat.unctad.org/wds/TableView/tableView.aspx>

It is worth mentioning the export of ICT-enabled services such as information services, insurance and financial/pension services<sup>35</sup>. The export of information services reached its peak in 2017 and plateaued ever since, while insurance and financial/pension services remained relatively stagnant over the past five years.

Figure 8: Export of telecommunication and computer services

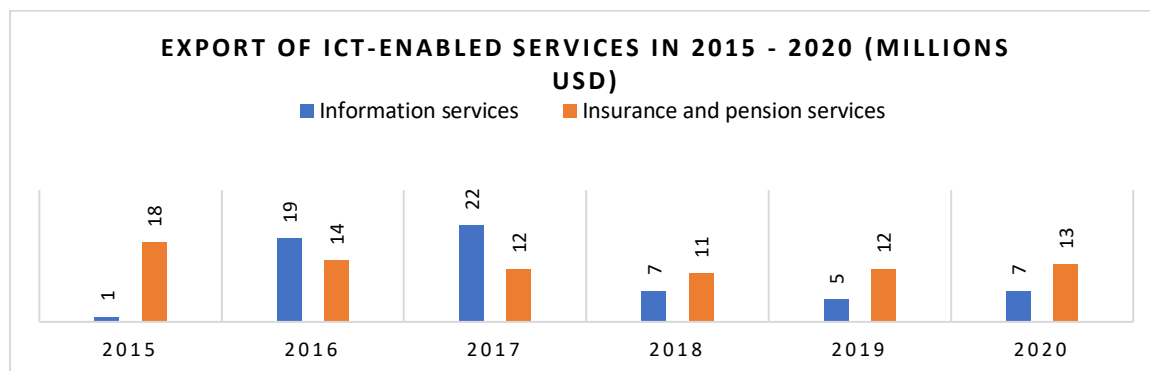
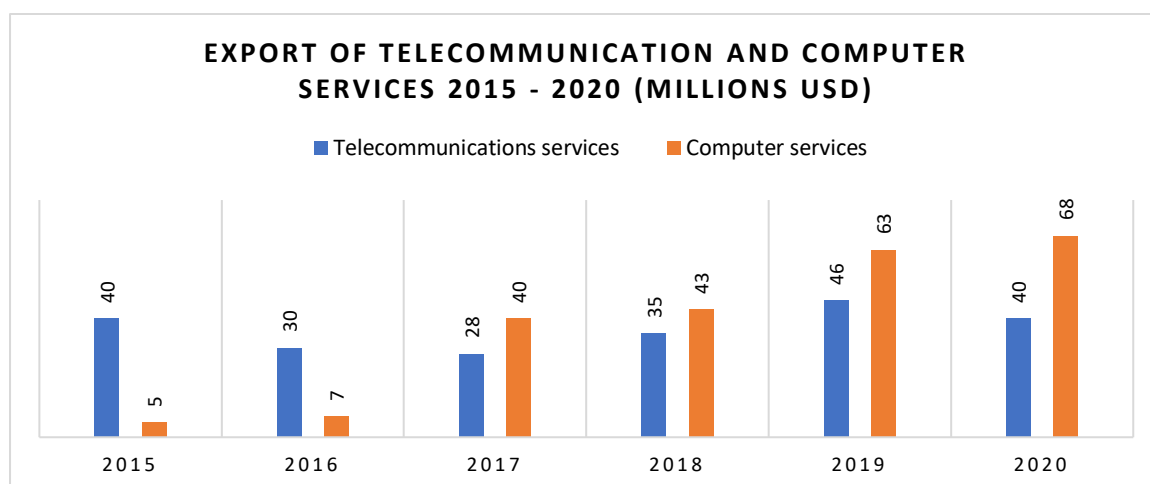


Figure 9: Export of ICT-enabled services



According to the GIZ study of the ICT cluster potential<sup>36</sup>, the Georgian IT/ICT services market is characterized by up-to-date technology platforms with flexibility and considerably low costs of software development. Despite its significant strengths, the sector is not without its challenges, including lack of initial business analytics and poor architectural components. Georgian IT companies are also oriented to deliver works as fast as possible, which also affects product quality.

<sup>35</sup> <https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx>

<sup>36</sup> <https://eu4business.ge/uploads/20/09/01/97dcc06e2cd51b416f4716ec061a1939.pdf>



International organizations and the Government need to continue to support the export of IT/ICT services, which will be important to the success of the digital innovation ecosystem.

## 6. IT/ICT subsectors

Overview of the Business Environment in Georgia with emphasis on tech and innovation sector

Historically, Georgia represented the central hub to the economic, cultural, political, and technological interactions between East and West. Due to the technological developments, the borders practically do not exist. Entrepreneurs in global value chains can move between markets and create different parts of a product in different corners of the globe. This all translates to innovation, more choices, lower prices, better quality, and safer products for consumers.

Among the successful reforms the government of Georgia has implemented, is the support of the innovation and knowledge-based economic development. Innovation and entrepreneurship development is fundamental element ensuring long-term competitiveness. The use of modern technologies is a precondition for boosting economic growth and job creation in the country.

The Law on Innovation was patterned in US Bayh-Dole Act with intensive support by the US state entities. As a result, Georgia has now an innovative and startup-friendly environment and is one of the fastest-growing economies in the region with no profit tax, no sales tax, no property tax. There are 4 Free Industrial Zones operating in Georgia and for IT sector there



are few free virtual zones, which allow the IT companies to export the product or services from Georgia without any taxes. Recently, parliament adopted a new tax incentive, which allows the employers of IT company to reduce their income tax down to 5% <sup>37</sup>.

As for startups, Ministry of Economy and Sustainable Development of Georgia established a Georgia's Innovation and Technology Agency (GITA). It's activities, aimed at creating more startup-friendly environment, include: a regulatory framework, to incentivize crowdfunding, VC and angel investment, as well as simplify procurement of innovative products or services.

The Government of Georgia is increasing the expenditure on innovation every year, more importantly, the increase of private sector investment in the startup ecosystem is also taking place. The Government of Georgia continues to facilitate the development process of creation of the enabling and startup-friendly environment in Georgia. 500 Georgia<sup>38</sup> - a world-class accelerator was opened in Georgia in 2020, and the first Exit of Georgian Startup Pulsar AI has already happened in June 2021<sup>39</sup>.

Socially inclusive and ecologically sustainable growth is a long term process which requires a structural transformation of the economy enabled by technologies, knowledge and investment in human capital, as well as effective and flexible institutions and modern and efficient infrastructures. The increased involvement of the private sector in the ecosystem development is also needed. Since 2015 the US Silicon Valley and Georgia have built up a bridge, which invite the famous US accelerators and incubators to be involved in numerous programs of GITA.

The pandemic has accelerated the policy implementation process and has shown the additional needs and acceptance to the whole society. Before, it was a challenge to reach the stakeholders influenced by stereotypes about traditional entrepreneurship skills. They were very seldom encouraged technologically and scientifically. Nowadays, the entrepreneurs accept and seek more innovation and in response to this, the country on the one hand added the new programs and on the other hand adjusted planned activities in compliance with the pandemic rules.

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<sup>37</sup> [www.gita.gov.ge](http://www.gita.gov.ge)

<sup>38</sup> <https://ecosystems.500.co/500georgia>

<sup>39</sup> <http://www.investor.ge/2021/06/20/pulsar-ai-startup-dreams-come-true-with-georgias-first-startup-exit/>

## FinTech

Financial Technology (FinTech) presents Georgia with immense opportunities and possibilities and expands financial products, services and inclusion to micro, small and medium enterprises. Globally, FinTech has been changing the way people bank, shop, purchase insurance, engage with goods and services, access to finance, etc. Georgia has a willingness to take advantage of the technologies that have emerged in recent years and be on the leading edge of innovation and services. The Caucasus region is ripe for FinTech adoption and disruption and entrepreneurs in Georgia recognize the opportunities and are eager to fill in the existing gaps. Georgian regulatory and governmental stakeholders also see the benefits the FinTech can do for MSMEs and Georgia as a nation and are very open to being guided into FinTech developments and changes. Existing stakeholders in Georgia – including legacy financial, insurance, and microfinance institutions – are experimenting more and more about FinTech and discovering how they can better serve their customers.

## Cryptocurrency

Georgia has been an early leader in the mining of cryptocurrency and stakeholders are open to integrating cryptocurrencies into their current financial services offerings. The national revenue service treats cryptocurrency the same way as it treats fiat currency, meaning that any value appreciation is not taxable. Regulatory bodies in the country have adopted the same approach, treating cryptocurrency the same as fiat currency and not as a securitized instrument. This approach in taxation is very favorable for the broader adoption of cryptocurrency and one of the reasons cryptocurrencies have done so well in Georgia<sup>40</sup>.

## InsurTech

Insurance companies in Georgia are facing changes that will significantly affect the way they do business now. This includes mandates for increased insurance coverage (including third-party liability auto insurance) and pressure from international competition and new products. Although the insurance industry correctly understands that they must adapt and change. These changes will occur on both the consumer and commercial sides and present great opportunities for Georgian insurance companies to adapt and capture new business, provide competitive rates, and better insure their clients. Knowledge about how to

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<sup>40</sup> Fintech sector research by USAID 2021

implement new technologies and fear of costs also drives these decisions, but these challenges can be quickly overcome. As technologies advance and the insurance market starts to underwrite on devices and in more affordable manners, Georgian insurance companies stand to gain tremendously<sup>41</sup>.

### Cloud infrastructure and AI

In the region, Georgia has a competitive advantage of using existing telecommunications infrastructure, including the submarine Black Sea Fibre-Optic Cable System to develop the corridor between Europe and the Middle East via Armenia and East Asia via Azerbaijan. This gives Georgia the potential to position itself as a safe and trusted data conductor and digital hub.

Currently in Georgia, there is no cloud infrastructure. Therefore, some companies use cloud services from companies like Microsoft, Amazon, Apple and Google but are experiencing network lags. Cloud computing technologies, which are under development will accelerate AI expansion and give AI developers quick access to infrastructure environments (e.g. computing power) and data management and AI services.

AI Georgia<sup>42</sup> is one of the ICT ecosystem players, which aims to promote and raise awareness of artificial intelligence as a separate field in the country, conducting studies in this area and introducing AI technologies. AI Georgia's mission is to promote and facilitate the adoption of AI in the private sector and open and maintain the dialog between businesses, executive and legislative branches of the state. The purpose of this association is to disseminate AI in the private sector; conduct and support local or international research; find, recruit or up-skill talent and provide assistance to the state to formulate the legislative framework. In addition, AI Georgia generates and shares cases of transforming business operations from traditional methods to advanced AI across different industries.

### Technology Transfer

There have been some efforts in technology transfer in Georgia. In 2019, GITA established a Technology Transfer Pilot Program to support the commercialization of Georgian scientific

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<sup>41</sup> Fintech sector research by USAID 2021

<sup>42</sup> <http://www.aigeorgia.ge/>

results that respond to market needs. To date, outputs have been fairly modest with 74 applications and eight receiving support.

### Women Tech Founders

Women are active in the tech sector of Georgia, but still remain under-represented in the ecosystem. GITA data shows that between 2018-2020 only 33 female founders/co-founders out of 95 winners were selected for the Matching Grants Program. The ecosystem is trying to address this issue. Enterprise Georgia prioritizes women in their programs and the Bank of Georgia received a long-term local currency loan of 100 million GEL (around 35 million US dollars) from the World Bank to help boost the access to finance for small female businesses and female entrepreneurs. Startup Georgia and Project Growth are a joint initiative dedicated to helping residents in villages to start-up their own companies. However, rural and poor communities are still unrepresented due to a lack of technical and business skills, information, infrastructure, and the capital<sup>43</sup>.

### Gamedev

Game development is a growing sub-sector in Georgia. Currently, there are few game development and entertaining companies. They offer modern marketing tools to their customers. Also, the new service called video content creation (videos of any complexity, such as 2 or 3D graphics, trending animations or editing of real footage) is present on the market as well as marketing through gamification.

**85%**

**Investors in Georgia perform  
second investment rounds**

### Agritech and Agritourism

Agritourism is a vitally important avenue for economic growth for many developing countries, including Georgia. According to the 2020 census<sup>44</sup>, 41% of Georgia's population lives in rural areas. Most Georgian farmers are small landholders, many of whom make

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<sup>43</sup> ITU ICT-centric innovation ecosystem snapshot 2021

<sup>44</sup> <https://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?locations=GE>

hardly any profit, just enough to feed their families. The deep unproductivity of agriculture and the negative impact of the large proportion of subsistence farmers in rural areas are well-known and frequently discussed issues in Georgia. One promising and well-supported approach to a much-needed realignment of the rural economy is entrepreneurship, particularly in the fields of tourism and agritourism.

Recently, a new program for the country development has been presented, with top priorities such as: tourism, environmental protection, sustainability, and rational management of natural resources in parallel with the sustainable development of agriculture.

### Health Tech

Georgia's healthcare market is estimated to be worth more than 430,5 million US dollars in 2021<sup>45</sup>. Healthcare service providers (both state and private) generate revenue from out-of-pocket payments (including fee-for-service and the United Health Care co-payments), transfers from state healthcare programs and payments from private medical insurance companies. Pharmaceutical companies' revenue is primarily driven by out-of-pocket retail revenue of the pharmacies, together with wholesale revenues from hospitals, insurance companies and the state. Medical insurance companies depend on revenues from medical insurance policies purchased by employers for their employees and by individuals for their own use. Out-of-pocket expenditure on healthcare in Georgia still exceeds public financing and private insurance, as there is very limited financing of pharmaceutical products by the state and are mostly paid out of pocket<sup>46</sup>. New technological solutions were applied during the Covid-19 pandemic as well as several Health Tech Startups were financed by the government.

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<sup>45</sup> <http://ghg.com.ge/industry-and-market-overview>

<sup>46</sup> <http://ghg.com.ge/industry-and-market-overview>



Increasingly ubiquitous connectivity and rapid technological progress change not only how the companies create economic value, but how people produce, consume, work, and interact. Georgia is facing the challenge of making the most out of these opportunities – in particular, how to enable and promote continuous experimentation with new ideas or innovation. It is essential that enterprises in Georgia get the network they need to experiment with new business ideas from the ecosystem and integrate them into global value chains.

# Catalogue Of Startups participating in the Acceleration Program for Georgian startups in 2021

## Biliki



### Market problem

According to the research - 48% of travelers struggle with defining the optimal route, 45% do not know exactly where to go at the weekend and 31% of travelers are overwhelmed with different sources of information. The planning trips is time consuming and costly, due to the fact that current solution such as google, blogs and social networks do not provide financial benefit for content creators and do not connect travellers with local business, as a result travellers are paying unnecessary subscription costs in different hiking apps.

### Target group

Outdoor travelers, out of which 80% prefer to travel on their own. Age 18-45, low or middle income and mobile oriented. Local SMEs in travel sector (Guesthouse, Horeca, hiking clubs, travel companies).

### Solution

Biliki is a mobile marketplace of itineraries, where every user can create and sell itineraries to other users. Users can get itineraries, travel hints, information about travel places, get useful tips and mingle with others in the community in one space and connect with local SMEs. Biliki provides ready-made routes through the interactive map and all other supportive resources are provided in correlation with these routes. So the user can find a car, accommodation, places to eat and many other services based on the route one plans to visit. Integrated booking.com and car rental platforms help the user to find specific accommodation and transportation one needs for the trip. The user saves time on creating the route because routes are already created and save time on searching optimal touristic services. Each tour is enriched with the 5-day weather forecast. Users can download the tour offline so no internet is needed while being in the mountains.

[www.bilikiapp.com](http://www.bilikiapp.com) [PITCH DECK](#)



## Brainer



### Market problem

People learn best when they enjoy interactivity in real-life situations. Studies show that 90% of the information transmitted to the brain is visual. That's why game-based learning and game-informed teaching are slowly becoming a new trend. So far, state-of-art solutions, used by the market in solving this problem are various kind of educational TV shows, gaming tools and non-beneficial competitions. The main disadvantages of most of the state-of-art solutions are non-personal, direct integration in the game process, absence of wide audience reachability and lack of personalized approach. Market insiders indicate that the lack of monetary gratification while competing online is one of the often reasons why games are less attractive and the learning and educational process - less rewarding.

### Target group

The main target groups for Brained are Generation Y and Generation Z. In particular - people aged 18-28, who strive to gain knowledge through non-traditional ways and at the same time, receive enjoyment.

### Solution

Brainer – an innovative web-platform, which addresses leveraging of the educational level on the market, that offers customers a variety of educational games, where they have an opportunity to use their knowledge to win and receive different kind of rewards, including financial benefits. By indirect educational model, platform motivates target audience to increase their knowledge and gain financial prizes lifting the competition and educational experience to the next level.

[www.brainer.ge](http://www.brainer.ge)

[PITCH DECK](#)

## ClpHub



### Market problem

Insurance industry is at an exciting turning point. New technology gives new opportunities, however many insurers are struggling with legacy systems that make it hard to innovate. Insurance companies are stuck with Hard coded products like car insurance, property insurance, health insurance but nothing really new. They also have to maintain huge development teams to handle the development of new products and services - software development become secondary necessary business for Insurers. All this causes any innovation or change to be delayed or postponed at all. Companies had to hire development team to manually build new products and services - spending a lot of time and money. Excel spreadsheets are precise, yet not most user's and workflow's friendly in the field of compliance and reporting.

### Target group

Insurance companies.

### Solution

ClpHub have built core-system/core-engine for insurance companies. It is a SaaS platform where insurance companies' back office is managing their daily operations like: customer management, policy management, claims, billing, reporting, accounting, analytics, and everything else the company is working on. The uniqueness claimed in regards to this solution is that this platform helps companies to create any kind of product directly from a configuration tool without writing any code and without technical person. This help to create totally new products - even those that are not existing on the market right now. The ClpHub platform reduces time to market from 6-8 months to 1-2 days and reduces cost by 80%.

[www.clphub.com](http://www.clphub.com)    [PITCH DECK](#)

## CollaBiz



### Market problem

Manufacturers and logistics companies do not have information about potential suppliers or buyers, which reduces the scale of trade. The main source of this information they get is from resellers, and B2B trading platforms, which lead to loss of time, lack of trust and high taxes for platforms, not to mention high prices for resellers. Market insider's suffer from lack of reliable and information and trusts on the B2B quite limited market of inaccessible services in the field of the B2B trading. Lack of solutions to trade on an interlocal scale with the full communication with sellers and resellers.

### Target group

Proposed platform has 3 types of users: buyers, manufacturers and logistics companies.

### Solution

CollaBiz will provide all the necessary services for B2B trading, gathered in one space and allow you to order and receive products without leaving the office. CollaBiz is a fast-growing B2B sales platform, with the mission to give businesses extra sources to sell or buy products/services effectively and efficiently. Businesses will be able to register and display their products on the platform, which will grant them the possibility to trade on an international scale. The platform will allow buyers to obtain necessary information about the product's seller and communicate with them, which will allow them to minimize spending and maximise revenue. CollaBiz's website (planned to be released in Q2 2022) ensures secure money transfers following a completed transaction through the platform.

[www.collabiz/linkedin](http://www.collabiz/linkedin)

[PITCH DECK](#)

Dosec



### Market problem

Companies with Cyber Security or Operational Risk team are facing with the gap between infosec and cyber (technical) security teams. Managing risks, compliance and action plans (from pen tests, audits, etc) in excel files create huge management overhead. Cyber Security market is estimated to be worth over 350 Billion in 5 years (in 2020 it was 150 billion), cyber security as well as risk assessment and management tools are not mature, so the analyst indicate that there is a potential for breakthrough.

### Target group

Companies with Cyber Security or Operational Risk teams, who are doing one of the following: risk analysis, compliance, manage internal documents.

### Solution

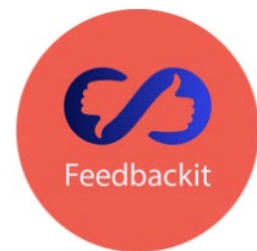
DOSEC platform helps organisation to improve the cyber security processes and make risk-aware business decisions, by reducing the manual work and use organisation's valuable resources efficiently, for example, to allocate (human and financial) resources more effectively that leads to simple managing, controlling and documenting all governance, risk and compliance efforts. DoSec CSMP is equipped with automated modules which enhance risk-based decision making, streamline routine cyber security operations, minimises human error and management overhead. The platform optimally organise action plans, operational and periodic tasks to make best of your team's time along with compliance with industry and security standards, such as ISO 27001, NIST, GDPR, etc.

[www.dosec.io](http://www.dosec.io)

[PITCH DECK](#)

## Feedbackit

# Feedbackit



### Market problem

Today, the Global marketing data in feedback research is valued at 52.26B in 2021. For SMEs and Big Enterprise is critical to know what is customers said about them, but the tools that companies are using, such as questionnaires, other social media monitoring tools, reviews from the product page - don't cover all languages, aren't low budget, don't provide API. As a result, 13% of dissatisfied customers tell more than 20 people about their awful experience, which directly effect on company well-being and reputation.

### Target group

Medium and large enterprises which work on their reputation and product development lacking comprehensive report over clients sentiment.

### Solution

Feedbackit is an AI-powered innovative feedback software-as-a-service platform, that searches thousands of unique places on the internet, combines any external and internal data source from a customer's journey and owing to machine learning models are being trained to slice and dice this amazing group of data, analysing it and provide a report full of insights and can successfully perform sentiment analysis. Apart from that, Feedbackit provides the API solution to increase the usability of the data we gather, it allows the company to find the right balance between paid media strategy and organic content. The company is in the phase of MVP coding and and machine learning modeling for sentiment analysis. Feedbackit provides the API to increase the usability of the data we gather.

[www.feedbackit.ge](http://www.feedbackit.ge) [PITCH DECK](#)

# Felp



## Market problem

SMEs do not have knowledge and resource as well as potential lenders.

Over 95% of SME's use debt financing and people deposit money in bank Unorganized financial statements (lack of knowledge), no assurances for potential lenders, no P2B lending platform exist out there. FS firms have been striving to drive cost efficiencies and maintain competitiveness to offset margin pressures. To achieve this, one area they have looked to is technology, with greater use of AI being explored in the last few years. SMEs do not have knowledge and resource as well as potential lenders expecting quality AI assurances and simple risk calculation.

## Target group

SME's that use debt financing since over 95% of SME's use debt financing and people deposit money in bank.

## Solution

Felp is a platform that provides quality assurance using AI and calculates risk and other variables for SMEs. Felp help SMEs organise financial accounting, reporting, Taxation (including returns) and raise debt from individual investors by eliminating middlemen. Felp solution has competencies in managing large businesses, creating modern SaaS solutions and corporate finance (the founder is ACCA member). Felp helps to avoid the routine job of preparing financial statements and analytics, will get in-depth analytics including evaluation of financial results, and tips and recommendations on how to improve them, where all data is encrypted and securely stored on Felp backed-up servers.

[www.felp.io](http://www.felp.io) [PITCH DECK](#)

## Jobia



### Market problem

Screening a large applicant pool results in missing many best-fit candidates. Job-based assessment is also expensive and is usually used only for top-ranking positions by top companies. Employers source through  $\approx 118$  candidates, out of which  $\approx 20\%$  of candidates are interviewed. Startup claims that 76% of companies with 100+ employees also have an additional expensive job-based assessment prior to the hire moment, where job based assessment is very expensive and inefficient, not to mention how much time consuming it is.

### Target group

employers who are looking for talent including mid-large size organizations and headhunters.

### Solution

Jobia is a platform that allows hundreds of organisations to find the "best match" candidates for various positions, which reduces the cluster of applicants and help identify key characteristics that are relevant for the job. Jobia - by using highly optimized software solutions - becomes an occupational platform that matches seekers and vacancies by assessing personality, skill, and knowledge. Jobia provides instant job matching based on a unique psychodiagnostic tool as well as an unique matching algorithm and provides recruiters with best-fit candidates in one interface. The benchmarking run by Jobia indicates that this solution can often reduce recruiting time 4 times in comparison to the state of art products. It also reduces costs - even up to 26 times: all with 2X better accuracy.

[www.jobia.work](http://www.jobia.work)

[PITCH DECK](#)

Ofoodo



### Market problem

Today, a particular online food delivery service is getting quite popular, but for restaurants, the installation of e-commerce services (Delivery, PickUp, or digital Menu) can be quite expensive, while third parties services charge a high % per order, that are not financially profitable for restaurants, as a result, 80% among 20M restaurants and dining places in Georgia still don't have the e-commerce website. The global food & beverages e-commerce market is expected to grow from \$25.36 billion in 2020 to \$31.25 billion in 2021 at a compound annual growth rate (CAGR) of 23.2%.

### Target group

Potential and targeted segment:

- 1) All types of restaurants, café-bars and fastfoods
- 2) Hotels and Resorts
- 3) Small cellars and family-run hotels/restaurants

### Solution

OFOODO is a fully automated platform and complete solution, which enables the restaurants to create in a day their own E-commerce website. The solution provides easy to use, UX friendly and simple dashboard also for unexperienced clients that lack digital expertise. OFOODO aims to turn food facilities into one space, which will be accessible to local visitors and tourists; This startup wants to provide one platform which combines all digital service in one application, such as table reservation with or without menu, event and activity booking, Food delivery and pick up service, and QR menu at a restaurant. The platform also includes OFOODO Application which combines partner restaurants and enable app users to reserve table, order or pickup food from all OFOODO's partner restaurants. As a result solution reduce the time-time-consuming for restaurants and provide a cost - effective solution.

[www.ofoodo.com](http://www.ofoodo.com)    [VIDEO PITCH](#)



## Leadin



### Market problem

The pandemic has made companies sack many skillful employees, as a result real estate developers have limited sales staff, that is, human resources. The sales process is identical in almost all companies and they lack innovative approaches. As a result, the labor market was saturated with people with good skills, but without employment opportunities, as a result it led to low quality real estate leads with high marketing costs. In the Real Estate industry, every Real Estate Developer or Agency needs buyer leads. Buyer leads are never enough, there is always a demand for more.

### Target group

SMEs Real Estate Developers companies, Digital Marketers, Personal Bankers, Realtors, Growth Hackers.

### Solution

Leadin is an affiliate platform that connects Advertisers (real estate developers) and Publishers (skilled individuals), which allows a potential real estate buyer to easily communicate with a real estate developer and receive trusted services. Owing to fully automating the process, which minimizes the human component in the platform's operation - Real estate developers gain the opportunity to reach potential customers, lower apartment sales costs, and shorten the time thanks to preliminary marketing costs. The principle of operation of the platform is simple: obtaining verification after registration means that you have become an associate broker of Leadin, which allows you to find potential buyers of the apartment. Clients can provide contact information to the real estate developer and if they purchase the apartment, they receive a commission from the full amount.

[www.leadin.ge](http://www.leadin.ge)

[PITCH DECK](#)

## Pevaton

# PEVATON

### Market problem

There are 300,000 small fashion boutiques in the EU only, however, three out of five of them fail to sell 35% or more of their inventory. On the other hand, most Eastern European brands have no brand awareness in Europe so they find it hard to enter European markets. As a result, independent boutiques or retailers and small and medium sized brand owners have to attend various physical trade-shows, use third-party agents and try to make contracts which can frequently be disadvantageous for one or the other sides of the market.

### Target group

Independent boutiques/retailers and small and medium sized brand owners from the Eastern Europe.

### Solution

Pevaton is a B2B platform that connects Eastern European brands or designers and European fashion boutiques, and helps boutiques source products cheaper, more efficiently, and decreases the volume of unsold inventory. Pevaton lets boutiques buy products cheaper on wholesale and mitigate their inventory risk, which has never been possible before, by sending boutiques the merchandise and giving them 30-60 days to try it out. If it appears that boutiques don't want it or it is not selling, they can send it back for free. Pevaton is working with secondary consignment platforms/markets to resell returned products and limit our downside. Pevaton is working to provide further help to all the boutiques with a real-time suggestions system based on AI and data analytics, that helps boutiques source demanded products based on their location.

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# Pikfud



## Market problem

Each year, around one third of the food produced in the world for human consumption gets wasted. This equals to 1.6 billion tons of food wasted every year, which has a value about 1.2 trillion dollars. It's responsible for 10% of the global greenhouse gas emissions. If food loss and waste were its own country it would be the third-largest source of greenhouse gas emission after China and the United States. The prediction is that in 2030 the annual amount of food wasted will reach 2.1 billion tons. Therefore, in order to try to counter and reduce this as much as we can, the awareness of the food waste issue should be raised.

## Target group

Restaurants, cafe, grocery stores.

## Solution

Pikfud is a social impact company fighting food waste. The mission is to help everyday people fight food waste in their local communities by connecting them to restaurants and grocery stores with surplus meals and ingredients through an easy to use, easy to download app. Pikfud is a free app that connects restaurants, cafes, grocery stores and customers who want to buy delicious food for half the price. Pikfud helps everyday people fight food waste in their local communities, with Pikfud, everyone can easily contribute to the protection of the environment, while saving money and enjoying tasty food. Customer choose the one he/she wants, buy it with 50% discount, then go to the location and pick up your purchased product.

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