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ICT COUNTRY PROFILE

AZERBAIJAN

2011

REGIONAL COMPETITIVENESS INITIATIVE

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I. EXECUTIVE SUMMARY

The purpose of this report is to provide an objective external evaluation of the ICT development in the country and reveal the possibilities for regional ICT cooperation. The desktop research should reveal the national strategies, policies and action plans for ICT development from one side and the activities held in that direction from another. The overall goal of the report is to disclose the real picture of the local ICT market and identify the possibilities for regional cooperation.

In order to be as objective as possible the author of the report used different researches, analyses and statistics from international organizations (World Bank, World Economic Forum, United Nations, etc.) and domestic state agencies and profit and non-profit organizations. The respective sources are quoted as footnotes at the end of each section.

According to Elnur Aslanov, chief of the political analysis and information department of the Presidential Administration of Azerbaijan, 2010 can be considered as successful for the economical development of the country.¹

Despite the global financial crisis, in 2010 the economy of Azerbaijan remained one of the strongest in the region. For the last seven years the living standard in Azerbaijan has seriously improved. The national reserves of the country increased by 18 times and the estimations show that by the end of 2010 the money reserves of the country were over \$24bln. For the first 11 months of 2010 the GDP increased with 4,5%, which is higher than in some European countries and the USA. A fact which speaks for the diversification of the economy is that the GDP growth rates in the non-oil sector are higher (5,9%) than those in the oil sector (2,6%). Furthermore the data shows that as a result of the development of the country in the last seven years salaries and pensions are 5-6 times higher, poverty rate is four times lower, and around 900,000 new jobs, including 600,000 permanent jobs have been opened.

The foreign economic activity of the country in 2010 was aimed at diversifying transportation of hydrocarbons from the Caspian Sea. A memo of mutual understanding for purchase and transportation of natural gas was signed in June 2010 between the State Oil Company of Azerbaijan and Turkish BOTAS. Also, a contract on strategic partnership and mutual assistance between Azerbaijan and Turkey was signed in 2010.

In 2010, Azerbaijan hosted the third Summit of the Caspian states. A number of agreements regarding the future legal status of Caspian Sea were discussed.

¹ <http://www.news.az/articles/politics/28673>

II. ANALYSIS OF THE ICT SECTOR IN AZERBAIJAN

A. PAST, PRESENT AND FUTURE TRENDS

The ICT sector in Azerbaijan steadily develops. 70% of the \$500mln invested in this field are foreign investments. The amount of domestic investments increases every year and it brings to the establishment of new enterprises in different fields.

The functioning mobile operators at present are 'Azercell Telecom MMM' JV, 'Bakcell LTD' and the local phone communication companies are 'AzEuroTel', 'Katel' and 'Uitel' JVs. The share of telecommunications in the GDP of the country is 2,3% . For comparison in developed countries that share is about 5-7%. The 1161-km Trans-Asia-Europe (TAE) fiber-optic cable mainline has been built within the Republic of Azerbaijan. The net was further expanded with domestic resources, other regions of country joined the main line and its construction was extended to the northern frontier.

Public TV is broadcasted in Azerbaijan from August, 2005. 60% of the population receives Public TV programs. Private radio-TV channels 'Lider', 'Space', 'ANS' are broadcasted by satellite and on the surface. 40-50% of the population of the country receives private TV programs. A big part of the state radio-TV transmitters and medium wave radio transmitters are morally and physically old and do not meet modern standards. For that reason new broadcast technology is not used.

In the period 1997-2005 the incomes from the ICT field grew from 32% up to 73,8%.

In Azerbaijan Internet exists since 1995. There are 22 Internet providers in the country and only 2 of them are owned by the state - 'BakInternet' and 'Aztelecomnet'. This is a proof for the democratic development of the country. The state owned providers assure Internet access in all regions of the republic. In 2010 the number of Internet users was about 400,000. This is lower than the average world level. For 5 years (2005-2010) over 450 Internet clubs were opened in Baku and some rural districts.

Preparatory actions for the building of the 'AzDATACOM' net, which will cover all regions of the republic, have been started. The 'AzDATACOM' net is part of the 'E-government' project which is implemented by the Azeri Government and UNDP. NATO's 'Virtual Silk Road' project aims to ensure Internet access to higher education centers from the country and the 'AzNet' project implemented by UNDP, AzRENA, ACI and CITM will provide Internet access to secondary schools.

According to information from the Ministry of Communication and Information Technology, Siyazan-Shabran-Samur-Guba fiber-optic highway construction has been completed. "Financial Services Development" Project has been implemented successfully with the financial support of the World Bank, and new banking-financial services started. Alternatively to the existing network, "AzDATACOM" created a network covering most of the regions in the country.

Actions towards signing agreements for the production and launch of the first satellite in orbit in 2012 were undertaken in 2010. Baku, Sumgait and Absheron peninsula, as well as the cities of Ganja, Lerik and the surrounding regions started to receive digital television broadcasting. Proper infrastructure for electronic signature organization has been created. Regional centers of Information and Communication Technologies for disabled and blind people have been created in Ganja and Nakhchivan, by Heydar Aliyev Foundation and MCIT.

A new stage of the "People's Computer" project has started and within the framework 10 000 secondary and high school teachers, students and pupils have been provided with computers equipped with licensed software on

preferential terms. The number of computers per 100 people is 14, the number of Internet users – 45, including broadband Internet access – 12.²

COMPETITIVE INDEXES AND DATA³

	Population (m)	GDP \$ (b)	GDP per capita \$	WEF GCR index Rank (value)	GCR innovation Rank (value)	WEF GITR Rank (value)	E-gov. development Rank (value)	E- participation Rank (value)
Albania	3,2	11,8	3,7	88(3,94)	121(2,57)	87(3,56)	85(0.4519)	86(0.1286)
Armenia	3,1	9,3	3	98(3,76)	116(2,63)	109(3,24)	110(0.4025)	135(0.0429)
Azerbaijan	8,9	51,1	5,7	57(4,29)	61(3,16)	70(3,79)	83(0.4571)	68(0.1714)
BiH	3,8	16,9	4,5	102(3,70)	120(2,59)	110(3,24)	74(0.4698)	135(0.0429)
Georgia	4,4	11,7	2,6	93(3,86)	121(2,51)	98(3,45)	100(0.4248)	127(0.0571)
Kosovo	1,8	5,6	3,1	n/a	n/a	n/a	n/a	n/a
Macedonia	2,1	9,1	4,4	79(4,02)	97(2,88)	72(3,79)	52(0.5261)	55(0.2143)
Moldova	3,6	5,8	1,6	94(3,86)	129(2,49)	97 (3,45)	80(0.4611)	58(0.2000)
Montenegro	0,6	4	6,4	49(4,36)	45(3,48)	44(4,09)	60(0.5101)	76(0.1571)
Serbia	7,3	39,1	5,4	96(3,84)	88(2,93)	93(3,52)	81(0.4585)	135(0.0429)
Ukraine	45,8	138	3	89(3,90)	63(3,11)	90(3,53)	54(0.5181)	48(0.2571)

B. ICT ASSOCIATIONS

AZERBAIJAN EDUCATION NETWORK (AZEDUNET) – <http://www.azedunet.az/>

AzEduNet is an Internet and IT Services Provider for the national academic, research and educational sector in Azerbaijan. The organization was founded in 2008 as a continuation of the UNDP/AzNET Project (2004-2007) targeted at improvement of the conditions and increase of the steady growth of the national academic, research and educational information networks in Azerbaijan.

AzEduNet has a Memorandum of Understanding signed with the Ministry of Education and the Ministry of Communications and IT. The document determines AzEduNet LLC as responsible for the construction of a high-speed corporate educational Intranet and Internet connectivity for academic and educational institutions in Azerbaijan within the “2008-2012 State Program on ICT for Education in the Republic of Azerbaijan”.

AzEduNet activities within the State Program consist of four main directions:

- Networking and infrastructure development
- LAN installations
- Technical support and services
- ICT training

The activities of AzEduNet also include the promotion of ICT solutions in the field of education.

² http://ict.az/en/index.php?option=com_content&task=view&id=1524&Itemid=44;

³ http://www2.unpan.org/egovkb/global_reports/10report.htm ; <http://www.worldbank.org/>
<http://gcr.weforum.org/gcr2010/> ; <http://www.networkedreadiness.com/gitr/>

NATIONAL CONFEDERATION OF ENTREPRENEURS (EMPLOYERS) ORGANIZATIONS OF AZERBIJAN REPUBLIC (AEC) – <http://ask.org.az/en/about/>

The National Confederation of Entrepreneurs (Employers) Organizations of Azerbaijan Republic (AEC) is a non-commercial, nongovernmental organization established on March 5, 1999. The Confederation has more than 4000 members, including private companies and associations and unions. AEC represents the employers and is a social partner in the trilateral General Collective Agreement signed between the Cabinet of Ministers, the Trade Unions Confederation and AEC on May 26, 2008 for determination of the socio-economic policy in Azerbaijan and the regulation of labour relations.

AEC is a member of the International Organization of Employers, World Association of NGOs, International Industrialists and Entrepreneurs Congress. The Confederation collaborates with the embassies of USA, Great Britain, Germany, France, Iran, Turkey, Egypt and Israel, International organizations, such as UNDP, CDC and participates in their various meetings. The Confederation has 10 regional representations covering the whole country.

C. PROFILE OF SELECTED COMPANIES

The Information Technologies business in Azerbaijan is still in the process of transforming into a driving force for the country's economy. The majority of the companies in the country are relatively small and young. A big part of them are working mainly as resellers of the IT products and services of the world leaders. The focus of the local companies involved in the development and implementation of IT solutions is mainly connected to the information security, telecommunications and banking sectors.

There is no representative sample of the leading ICT companies in the country. The following companies were found through a desktop research:

AZTECH – <http://www.aztech.az/aboutus/overview/>

The company is working in various spheres like IT, banking and laboratorial-analytical systems. From 1998, the company is one of the leaders in IT solutions by submitting into the market a broad range of IT products - computers, notebooks, servers, storage systems, IT security solutions and so on. Since 2003, the company presents the most innovative products for the banking sphere on the Azerbaijan market. In 2006 AZTECH decided to present on the market laboratory-analytical equipment. By pre-investigating the activity of clients and their demands, AZTECH provides clients with consulting, service and technical support in all spheres.

ULTRA COMPANY – <http://ultracom.az/new/en/haqqmzda/haqqmzda>

ULTRA Company is established in 1999. The company is one of the leaders in Azerbaijan and the region. The main spheres of activity of ULTRA Company are production, import and export of interactive IT Solutions, programming, IT products, official representation of world-known IT Corporations (Intel, Microsoft, HP, Cisco, etc.) in Azerbaijan, as well as distributorship of their products.

R.I.S.K. – <http://www.risk.az/browse.php?sec=18>

R.I.S.K. Company provides solutions in IT consultancy, System Integration, IT-Outsourcing, Application Development and Geographical Information Systems for Telecom, Oil & Gas, Government & Defense, Banking & Finance and Transport sectors. R.I.S.K. Company is the official partner of the world's IT industry leaders such as IBM, Dell, Cisco Systems, EMC, Avaya, SUN Microsystems, VMware, Oracle, Microsoft, Leica Geosystems, RAD Data Communications, Emerson.

SINAM – <http://www.sinam.net/en/index.php>

Sinam is one of the leading system integrators on the IT market in the Caucasus. The company offers a wide range of hardware solutions, equipment solutions, software solutions and consulting.

CASPEL LLC – <http://www.caspel.com/>

One of the largest integrator companies in Azerbaijan, providing the full range of IT and telecommunications solutions.

D. ACADEMIC PROGRAMS

AZERBAIJAN TECHNICAL UNIVERSITY – <http://www.aztu.az/data/page/17.xml>

Department of Information and Information Technologies

KHAZAR UNIVERSITY – <http://www.khazar.org/general/acdepartments.shtml>

Department Computer Science and Engineering

BAKU STATE UNIVERSITY – <http://cs.bsu.edu.az/en/>

Faculty of Applied Mathematics and Cybernetics, Department of information Technologies and Programming, Department of information science

GAFGAZ UNIVERSITY – <http://qu.edu.az/content.php?link=129>

Master of Science Program - Computer Science, MBA - ITS Management, Doctor of Philosophy Programs - Computer Engineering

E. STATE AGENCIES AND ORGANIZATIONS

MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGIES –

<http://www.mincom.gov.az/en/telecom.html>

AZERBAIJAN NATIONAL ACADEMY OF SCIENCES, INSTITUTE OF INFORMATION TECHNOLOGY – www.ict.az/az

The main area of activity of the Institute is the development of information technology based systems in various areas of activity, creation of intellectual computer networks, ensuring of information security.

STATE COMMITTEE ON STANDARDIZATION, METROLOGY AND PATENT OF AZERBAIJAN REPUBLIC, AZERBAIJAN STANDARDS INSTITUTE –

http://www.azstand.gov.az/index.php?id=17&sub_id=50&lang=3

Azerbaijan Standards Institute is founded by the State Committee for Standardization, Metrology and Patent of the Republic of Azerbaijan. The Institute is responsible for the development of the national standards of the country.

F. NATIONAL STRATEGIES AND POLICIES FOR ICT DEVELOPMENT

The information and communication technologies (ICT) are one of the factors that have the strongest socio-economic influence on the development of each country. Therefore the government of Azerbaijan identified the ICT sector as one of its main priorities on one hand and international donor organizations are willing to support these efforts on the other. The major strategic documents are listed below.

“NATIONAL INFORMATION AND COMMUNICATION TECHNOLOGIES STRATEGY FOR THE DEVELOPMENT OF THE REPUBLIC OF AZERBAIJAN (2003-2012)”

The goal of the Strategy is the transition to information society and hence improvement of the country's competitiveness and democratic development.

THE KEY OBJECTIVES OF THE NATIONAL STRATEGY ARE TO:

- Create and develop legislative base of the information society;
- Develop human factor in the country, create favorable environment for the population to get adequate education and medical services;
- Establish environment to ensure opportunities for the citizens and social institutions to obtain, disseminate and use information;
- Conduct effective, transparent and controllable state administration and local self-administration, create electronic government, form and develop electronic commerce;
- Enhance country's economic, social, and intellectual potential, create competitive economy, create and develop information and knowledge market;
- Protect and popularize broadly people's historical, literary and cultural heritage;
- Create advanced information communication infrastructure, form a common electronic information environment in the country, increase information and communication services;
- Ensure country's information security;
- Integrate the country into the international information society;
- Develop production of national software products, production of other ICT products (ICT industry);
- Eliminate the “**digital divide**” in the country.

Azerbaijan has positive experience in the wider application of ICT in different fields like: higher and vocational education, law enforcement, state administration, banking, customs, and election system.

There a number of factors, which influence the implementation of the National Strategy (the economic situation, the necessary funds, the rapid development of ICT, etc.) and require a stepwise approach.⁴

To assure the implementation of the National Strategy for development of communication and information technologies in the Republic of Azerbaijan the President approved the “**State Program for development of communication and information technologies in the Republic of Azerbaijan for 2005-2008' (Electron Azerbaijan)**”.

The Program is a supplementary tool which is supposed to facilitate the implementation of the National Strategy. The key objective of the State Program is the development of communication and information technologies in Azerbaijan. There are 3 major directions in the implementation of the program. The first one - Economic-structural reforms in ICT, includes liberalization of the market, privatization and new investments. These will ensure free market competition and transparent relations. The second one – Modernization, is focused on the technological modernization and trainings of highly-qualified labor. The last one - Projects to ensure transition to Information society, are aimed at improvement of state management and assurance of transparency, creation of national information resources, development of knowledge based economy, wide application of new technologies in all fields, protection of information security and freedom, full integration to global information space, etc.⁵

In 2010 President Ilham Aliyev approved the new “**State Program for development of communication and information technologies in the Republic of Azerbaijan for 2010-2012 (Electronic Azerbaijan)**”.

⁴ <http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN018110.pdf>

⁵ <http://www.mincom.gov.az/en/it.html>

The new Electronic Azerbaijan State Program will be realized in four main directions. The major priorities include: modernization of the communication and postal infrastructure, development of satellite communication technologies and services, expansion of the radio, television and digital television broadcast; development of an internet segment, creation of a single network infrastructure, development of information systems and resources; increase of the number of computer users, application of ICT in preserving and promoting national, cultural and historic heritage, and developing ICT personnel; setting state standards for strengthening competitiveness and export potential of the ICT sector, introduction of international standards and ensure the application of the Azerbaijani language in the national electronic information network.

A proof for the successful policy of the government in the ICT sector is the average yearly growth rate of 25-30%. The revenues from the ICT sector increased 4 times for the first six months of 2010. It is expected that by the end of 2022 the revenues from the ICT sector may be bigger than those from the oil sector.⁶

The MCIT plans to implement a project to create a Regional Innovation Zone (RIZ). The accurate approach will help to attract foreign companies and investors, strengthen local companies and increase exports. The key directions of the project include - creating a data-center for information resources and rendering information services, developing human resources and small- and medium-sized businesses, attracting investments and developing export capacity.⁷

“State Program on informatization of the educational system in the Republic of Azerbaijan in 2008-2012”

The modernization of the educational system and the integration of ICT in it is one of the priorities of the government.

“The program for provision of information and communication technologies in secondary schools in the Republic of Azerbaijan (2005-2007)” was one of the first steps in that direction.

The latest data shows that 82% of secondary schools, 45% of technical-professional schools, 91% of state vocational schools, and all higher schools in Azerbaijan have been provided with computer equipment.

The fact that the majority of teachers and pedagogical personnel have not visited any ICT courses was a significant obstacle. Around 7% of the pedagogical personnel took special ICT training courses in the last 3 years. Another important issue besides the provision of ICT training for the pedagogical personnel is the improvement of the management skills.

Furthermore ICT programs for all educational stages were prepared; different initiatives in the field of distance education were carried out, websites for some of the educational establishments were created and an educational portal is on the way.

Along with this special attention needs to be put on improvement of the normative legal base regulating the activities of local self-governing and state authorities for implementation of ICT in the field of education and completion of the special electronic database.⁸

⁶ <http://www.yap.org.az/view.php?lang=en&menu=20&id=10110>

⁷ <http://www.today.az/news/business/76990.html>

⁸ <http://portal.edu.az/English/Pages/informatizationofeducationalssystemintheRepublicofAzerbaijan.aspx>

G. DONOR PROGRAMS IN THE IT SECTOR

A number of international donor organizations are assisting Azerbaijan in the development of the ICT sector. Some of the most recent projects are listed below.

UNDP

The Ministry of Communications and Information Technologies and UNDP implemented the project “**National e-Governance Network Initiative**”. The project aims to further develop the e-government system in Azerbaijan, which will raise the transparency and accountability in the public sector.

The expected results from the project are the following:

- Creation of a National Internet Infrastructure and E-Government Network; This will be achieved through the creation of the National Backbone Data Transmission Network "AzDATAKOM", which will provide high-speed Internet to all regions of the country.
- Establishment and adoption of a Civil Service Code of Practice on privacy and protection of data, and security of state computer system;
- Appropriate training of trainers to ensure widespread compliance with the Civil Service Code of Practice throughout all government levels ;
- Creation of a top level government information portal, and pilot Citizen to Government (C2G) information access kiosks in 6 (six) regions of the country.⁹

The Ministry of Communications and Information Technologies of Azerbaijan with the support of the U.N. General Assembly started the implementation of the **Trans-Eurasian Information Super Highway project**.

The lack of Internet infrastructure and the low broadband penetration levels are a serious obstacle for the social and economic development of Azerbaijan. This is a common problem not only for Azerbaijan but for the whole CIS region also. Therefore the Azeri Government decided to launch an initiative between Eurasian and neighboring countries to build and manage a Trans-Eurasian Information Super Highway. The Highway will serve as part of the East-West transport corridor and will facilitate the supply of 20 countries of the region with high speed internet, telecommunication systems, e-information resources and e-economies. The expected benefits from the project are: reduced interconnectivity costs, better telecommunication connections, increased volume of electronic services, and reduced digital gap between the countries.¹⁰

USAID

From 1998 until 2009 IREX implemented the USAID funded **Internet Access and Training Program (IATP)**. The program was oriented towards citizens able to generate change in the society like NGO employees, educators, journalists, and government or political representatives. IATP aimed to support local initiatives and hence community development through ICT.

IATP centers typically offered citizens: free Internet, technical trainings, web resources with local language content, online forums, participation in different community events.

The benefits for the citizens were that young people were able to apply online for university, different jobs, etc. and part of the employees were promoted at work; unemployed citizens found jobs. With the organization of

⁹ <http://www.un-az.org/undp/ict/fsegov.pdf>

¹⁰ <http://www.itu.int/wsis/stocktaking/plugin/documents.asp?project=1265212071&lang=en>

online forums, round table discussions, seminars and presentations for different target groups, IATP completed its mission and the program was successfully ended in May 2009.¹¹

H. EXHIBITIONS, CONFERENCES AND EVENTS

MAIN EXHIBITIONS IN AZERBAIJAN

Bakutel 2010	23.11.2010-26.11.2010
VII International Forum “Telecoms without borders: business of unlimited possibilities”	18-20 August 2010
Azerbaijan-Belarus ICT Forum	February 9,2010

There is insufficient accessible information in Internet regarding the different ICT related events in the country. This may be an obstacle to attract new partners and investors and promote the image of the country as an ICT supplier.

I. IT NEWS: SOURCES OF INFORMATION

BAKU TODAY NET – <http://www.bakutoday.net/afps/english/shared/hightech/>

Baku Today is the first online English language newspaper covering the news from Caucasus/Caspian region.

TODAY.AZ – <http://www.today.az/news/business/76990.html>

TODAY.AZ is a news portal publishing news from Azerbaijan and South Caucasus, which is aimed mainly towards English-speaking readers.

NEWS.AZ – <http://www.news.az/articles/tech>

News.Az is among the region’s leaders in online news and information delivery.

Updated 24 hours, seven days a week, News.Az features the latest multimedia technologies, from live video streaming to audio packages and photo galleries.

INSITUTE OF INFORMATION TECHNOLOGY – www.ict.az

The Institute publishes current news from the ICT sector in Azerbaijan and the region as well as information about scientific activities and trainings.

In the section “Other Important links” the reader can find useful information regarding: on-line newspapers and journals on information technologies, websites on information technologies, official newspapers and journals.

¹¹ <http://iatpnews.typepad.com/iatp/azerbaijan/>

III. IT FOR OTHER INDUSTRIES IN THE COUNTRY

Information Communications Technology (ICT) is a key enabler for the competitiveness of a country's economy.

There is a high level of awareness in the country regarding the importance of implementation of ICT in other industries, especially since the country is trying to become one of the regional leaders in the ICT industry.

There are a lot of incentives in the field of internet security, personal data protection, digitalization of the communication network, internet penetration in the country. Furthermore there are a lot of projects in the field of e-Government and computerization of the education system.

Despite the registered progress in this field still a lot needs to be done.

The web platform IT2Business (www.it2business.org), an online catalogue with successful practices and Information Technology (IT) solutions for the business, is aimed at increasing the ICT competitiveness in Eastern Europe and Caucasus. The platform is designed and launched by USAID funded RCI (Regional Competitiveness Initiative) project through European Software Institute - Center Bulgaria/Eastern Europe. It fosters the direct contact between IT and other economic sectors. This enables the promotion of the local industry and the region as a whole. Currently there are 51 companies and 117 products/solutions registered in the platform. There are no Azerbaijani companies in the portal.

IV. QUALITY TENDENCIES

Working in compliance with the international quality standards is one of the obligatory prerequisites for developing a competitive ICT industry and gaining strong positions on the international market.

Generally there is a high level of awareness of the necessity to implement the latest relevant standards. According to data provided by the World Bank Organization in 2009 18,2% of the companies in Azerbaijan owned ISO certification. This can be considered as a positive trend especially since this indicator remained unchanged for the previous 4 years (2005 – 10% ISO certified companies).

The State Committee on Standardization, Metrology and Patent of Azerbaijan Republic, Azerbaijan Standards Institute is the responsible body for the standardization in the country. The institute's main goal is to introduce the national standards, relevant to the international and regional development, and elaborate the necessary regulatory documents in order to increase the efficiency of the standardization in the ICT sector.

On this ground one can assume that process improvement initiatives in the country would be of great interest to the local companies and training organizations.

The Azerbaijani IT companies need to gain awareness of the benefits to be part of the common capacity fund of ICT training and certification providers in Eastern Europe.

The web platform Quality2IT(www.quality2it.org) – Eastern Europe Training and Certification Network, provides excellent opportunities to participate in the establishment of a common regional ICT brand based on high quality and innovations. The platform is designed and launched by USAID funded RCI (Regional Competitiveness Initiative) project through European Software Institute - Center Bulgaria/Eastern Europe. For the time being there are 19 companies with 90 services registered in the platform. There are no Azerbaijani companies in the Quality2IT online portal.

V. SWOT ANALYSIS

The SWOT analysis of the ICT environment in Azerbaijan shows conclusions as follows:

Strengths

- Government success in ICT promotion;
- Presence of ICT in government agencies;
- Capacity for innovation;
- Government procurement of advanced technology products;
- Cheap labor costs;
- Support from international donor organizations;

Weaknesses

- Country does not have the image of an IT supplier;
- State of cluster development;
- Insufficient local competition;
- Quality of management schools;
- Low level of regional collaboration;
- Lack of international marketing skills and expertise;
- The existing associations and clusters in the ICT sector are still inefficient in promoting collaboration and participation in different events and campaigns among the local ICT companies;
- Lack of quality certification and development methodologies;
- Lack of project management skills and/or industrial production of software;

Opportunities

- Implementation of world recognized models and practices;
- Regional market potential;
- Development of own products;
- Strategic alliances with foreign companies to increase exports;
- Increased understanding of software process improvement methodologies;
- Tendency to improve the IT image of the country;

Threats

- Loss of export demand and decrease of the export prices;
- Lack of a coherent industry image;
- Brain Drain of leading IT specialists;
- Challenges in gaining an image of new-born IT supplier;

CMMI IMPLEMENTATION CAN SUPPORT FOLLOWING OPPORTUNITIES:

- Increased understanding of software process improvement methodologies;
- Implementation of world recognized models and practices;
- Strategic alliances with foreign companies to increase exports;
- Improve the IT image of the country;

CMMI IMPLEMENTATION CAN POSITIVELY AFFECT THE FOLLOWING WEAKNESSES:

- Lack of international marketing skills and expertise;
- Lack of project management skills and/or industrial production of software;
- Improve the image of the country as IT supplier;
- Lack of quality certification and development methodologies.

For further information, please do not hesitate to contact the RCI IT team in ESI Center Bulgaria/Eastern Europe, office@esicenter.bg, tel. +359 2 4899740.