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ICT COUNTRY PROFILE

GEORGIA

2011

REGIONAL COMPETITIVENESS INITIATIVE

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DISCLAIMER

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I. EXECUTIVE SUMMARY

The purpose of this report is to provide a look from outside at the ICT development in the country and to 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.

Since 2006, the main tendency in Georgian ICT market has been the creation of an infrastructure. For that reason communications occupied the attention of all governmental and non-governmental organizations. Many initiatives and support from international organizations were oriented towards the creation of Internet and communication infrastructure, and thus towards the development of an Information Society. In this situation, software companies did not have a strong external support and had to survive on their own. Speaking of information society development, Georgian industries recognized the need of investment in IT solutions in order to improve their performance but they faced the steep challenges of the mainly horizontally oriented companies and the financial and telecommunications sectors being the leading purchasers of software.

In 2008, the processes of global economic integration created the demand for horizontal development and expansion of the telecommunication infrastructure at national, sub-regional and international levels. The Government of Georgia declared the telecommunications sector among its priorities in the program for 2004-2009. The Data Exchange Agency of the Ministry of Justice of Georgia launched a web-platform – Electronic Governmental Resources. This web portal is a gateway to the Georgian electronic governmental services. The aim of the portal is to streamline the citizens' interaction with various electronic services provided by different governmental organizations. Different ministries and their subsidiaries provided diverse E-services, which made customer's interaction with the governmental organizations a lot easier.

The process of installation of electronic services goes on. The web-pages providing various digital services are being created and launched with high activity.¹

¹ <http://e-government.ge/index.php?lang=4&id=-1&p=start&page=1>

II. ANALYSIS OF THE ICT SECTOR IN GEORGIA

A. PAST, PRESENT AND FUTURE TRENDS

In the 1990s it became apparent that Georgia had a surprisingly good supply of highly professional programmers who worked in various scientific institutes. Georgia can easily be considered as a moderately computerized country with a good supply of professionals, cheap labor and a reasonable variety of companies involved in the information technology sphere.

In the period 2003-2008 there were a number of reforms in the field of telecommunications, aimed at liberalization and integration with the international telecommunication community - one of the priorities of the country. The telecommunication technologies are one of the most important factors for the formation of information- and knowledge-based economy.

Some important changes that spurred the development of telecommunications sector took place in the 1990s. These were:

- Structural transformation of the telecommunication sector;
- Liberalization;
- Development of the legal framework;
- Formation of a competitive environment within the sector;
- Introduction of new telecommunication services and a larger coverage range;
- Expansion and diversification of services and increased access.

Three companies own around 90% of the sector - "Akhteli Ltd", "New Net" Ltd, and "United Telecom of Georgia" JSC.

One of the fastest growing segments of the Georgian telecommunication sector is the mobile market. In the beginning of 2011 the mobile penetration rate is 100%. The annual growth rate of the market is around 20%. The three dominant companies "Magticom", "Geocell" and "Mobitell" are providing services in 95% of the populated area. Furthermore market leaders are trying to keep pace with new technologies like 3G. In 2010 two of the operators, Geocell and MagtiCom, were claiming a total of one million 3G subscribers between them. 3G subscribers are around 25% of the total mobile subscribers.²

The first Internet provider in Georgia, Kheta, was established in 1991. Fixed broadband Internet comprises around 90% of all Internet subscriptions. There are around 18 internet service providers (ISP) for the whole country. After the merge of 3 of the biggest ISP companies Caucasus Online was established. In 2008 the company built a high capacity undersea fiber optic link between Poti and Varna (total bandwidth of nearly 1.3 Terabits) and Georgia was directly connected to the Global internet network.

However the Internet sector in Georgia is still lagging behind. The Internet user penetration in Georgia was a little over 30% at the end of 2009. In the beginning of 2010 the ratio between Internet users and Internet subscribers was estimated around 8 to 1.³

² <http://www.budde.com.au/Research/Georgia-Telecoms-Mobile-Broadband-and-Forecasts.html>

³ www.eeca-ict.eu/index.php/en/...reports/.../25-express-diagnostics-georgia

In order to create an image of a favorable IT destination Georgia should use the advantage of being an international communicational highway connecting Europe and Asia. In that connection the government declared telecommunications as one of its priorities in the program for 2004-2009. The program was aimed towards upgrading, improving access to information and ensuring global connectivity of the telecommunication networks.⁴

COMPETITIVE INDEXES AND DATA⁵

	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

ICT Business Council, Georgia - http://www.ictbc.ge/?photo_gallery/main/4/main_gallery/

The ICT Business Council of Georgia aims to promote the development of the information and communication technologies in the country through the following objectives:

- Improving the e-literacy in the country;
- Strengthening the standardization, certification and quality control processes in the ICT-industry;
- Initiating and supporting the cooperation between the state, business and educational sector for the ICT development.

“GRENA” (Georgian research and educational networking association) - <http://www.grena.ge/eng/service>

The association was established on the 26th of July 1999. The primary mission of GRENA is the creation of a unique information infrastructure, connected to Internet, for Georgian research and educational institutions, libraries, academic hospitals, international organizations and their programs working in education.

GRENA is also engaged with activities like:

- 24 hours high speed internet connection and the possibility to station home-pages on GRENA's servers;
- Development projects in cooperation with universities and research institutions with the support of NATO Science Programme and Open Society - Georgia Foundation.

⁴ <http://www.mfa.gov.ge>

⁵ http://www2.unpan.org/egovkb/global_reports/10report.htm ; <http://www.worldbank.org/>

<http://gcr.weforum.org/gcr2010/> ; <http://www.networkedreadiness.com/gitr/>

C. PROFILE OF SELECTED COMPANIES

The Information Technologies business was not well developed until the 1990s, but it has started its development, and the process is ongoing. Nowadays one can meet many IT professionals in Georgia working in different areas of IT business. Local companies involved in IT business develop advanced solutions and implement large projects throughout Georgia; create information systems in which the practical experience of Georgian IT specialists, state-of-the-art technologies and the most up-to-date hardware and software products are consolidated.

Here is the scope of activities of Georgian companies involved in IT business:

- Development of key-ready solutions for financial institutions;
- Creation of computer and telecommunications systems and information storage systems;
- Creation of strong sales and service channels;
- Partnership with the leaders of the worldwide computer market.

The following companies were found through a desktop research:

Alta Computer Company - www.alta.com.ge

Computers and peripherals, service center, software solutions for the banking sector

Apex Ltd. - www.apex.ge

Software engineering, accounting programs development

BIT - Business Intelligence Technologies - www.bit.ge

ERP Systems, CRM Systems, Software Development Projects, ICT Solutions, IT Consulting, Computer Hardware

Delta Comm - <http://www.delta-comm.ge/eng/company.php>

Founded in 2002., the company has made considerable advances and grew into a large supplier of computer equipment and software packages. In 2004, Delta-Comm expanded its area of expertise by implementing the unique DeltaNet project that transformed it into a leading backbone internet service provider. Today it is the largest supplier of IBM and Cisco Systems equipment. It takes active part in the implementation of strategically important projects, seeks new business opportunities and permanently expands its share of IT market.

GeoAnalytica

GIS, Mapping, Programming

Green Networks Ltd. - www.greennet.ge

Founded in 1998 to meet the growing demand for quality network solutions in Georgia, GREENNET has rapidly developed to become the country's leading systems integrator and network solutions provider.

Georgian Software Systems Ltd. (GSS)

Georgian Computer Programs; Software processing; Software trade; SuperFin - Accounting and Financial System; GSS Code - the biggest collection of all types of Georgian legislation standard acts.

Innovative Systems Institute - <http://www.isystems institute.org/about-isi>

- Research, deployment, development and consulting of innovative systems (solutions, standards, recommendations, technology etc) in the fields of education, science, art and culture for the governmental, commercial and public sector;
- Society development support through synchronization of international and local experience;
- Culture development support of representatives of education, science, art, culture and technology spheres;
- Support of individuals with different skills for their full integration into society;

- Liberal and competitive market, intellectual property rights development and support;
- Legislative and policy development support;
- Multicultural cooperation support;
- Preservation, protection and development support of natural and cultural heritage.

Pulsar - www.pulsar.ge

Computer Hardware & Software, repair and upgrade services, computer courses

Soft-tronik Georgia - www.soft-tronik.ge

The only distributor in Georgia of vendors like: 3Com, Allied Telesyn, Cisco, Nortel Networks, Lexmark, Fujitsu-Siemens, Digi, Microtek and many more.

Orient Logic - <http://www.orient-logic.ge/contacts.asp>

The company was established in 1995. It has strategic partnerships with leading manufacturers like: Cisco, HP, Microsoft, DELL, VMWare, EPSON, etc.

ORIS Co. Ltd. - <http://www.oris.ge/>

The company specializes in development of financial software.

UGT Ltd. - www.ugt.ge

The company is a leading IT service provider in Georgia. UGT provides integrated designs and solutions to large corporations and governmental agencies.

ADDITIONAL COMPANIES

More companies can be found at <http://www.market.ge/directory/computers.html>.

D. ACADEMIC PROGRAMS

Caucasus International University <http://www.ciu.edu.ge/en/facit.html>

Faculty of Informational Technologies

Caucasus University - <http://www.cu.edu.ge/?l=1&i=4295>

Caucasus School of Technology

Ilia State University - http://www.iliauni.edu.ge/index.php?lang_id=ENG&sec_id=270

College of engineering, Computer sciences

Ilia Chavchavadze Georgian National University -<http://seu.edu.ge/index.php?type=menu&page=823>

Faculty of Information Technologies

International Black Sea University -

<http://www.ibsu.edu.ge/Icerik.aspx?ID=188&Page1=122&Page2=Faculties and Schools>

Faculty of Computer Technologies and Engineering

Free University - <http://www.freeuni.edu.ge/index.php?m=271>

School of Mathematics and Computer Science

Georgian Technical University - www.gtu.edu.ge

Faculty of informatics and Control Systems

University of Georgia - http://www.ug.edu.ge/en/it_home.php

School of Mathematics and Informatics

There are a few organizations which provide IT related trainings such as:

- **Young scientists Union INTELLECT - <http://www.intellect.org.ge/?lng=eng&p=home>**
- **ELITE-RC Co. LTD - <http://www.elite-rc.com/>**
- **GRENA - <http://www.grena.ge/eng/news.html>**

E. STATE AGENCIES AND ORGANIZATIONS

Ministry of Justice of Georgia, Information Technology department -

http://www.justice.gov.ge/index.php?lang_id=ENG&sec_id=141#

The department is responsible for the provision of electronic services to the Ministry and data sharing security. There are two agencies in the IT Department - Technical Assistance Agency and Software and Network Management Agency, which are respectively responsible for the support of existing services and introduction of advanced service methods and facilities.

Ministry of economy and sustainable development of Georgia, department of Communications and IT - <http://www.economy.ge/?category=20&lang=eng>

This is the body responsible for the elaboration and monitoring of the state ICT policy, corresponding legislative base, development strategies, priorities, projects. The department co-operates with state bodies, international and national companies and organizations, participates in the work of State Commissions and arranges international exhibitions.

F. NATIONAL STRATEGIES AND POLICIES FOR ICT DEVELOPMENT

The future economic development of Georgia goes through the creation of a modern information society. There are a number of successfully implemented governmental initiatives in the field of e-government, e-commerce, e-health, etc.

Since the end of 2000 the State Department for Informatisation elaborated a number of draft laws on e-commerce (with sections on digital signatures, digital documents and electronic commerce). These proposals were either incompatible with the international standards, or included unsuitable requirements regarding licensing of digital signature providers, concern for consumer data privacy, etc. The ICT department of the Georgian Ministry of Economic Development is responsible for the digital signatures.

E-Government services in Georgia were not well developed but in 2006 the nationwide Government of **Georgia Network (GGN)** initiative was launched. The goal of the project was to build a reliable high-speed network between state entities, banks, microfinance companies, supermarket chains, distribution companies, etc. This way the organizations could exchange information between themselves. The Mobile provider MagtiCom started implementing the GGN with their own resources in return for the government's guarantees of a minimum number of users. The first stage of the project was completed in 2008. Over 400 government offices were connected through a modern, secure, high-speed network. The success stories from the project include: less time to process registrations and provide support for those internally displaced by the Russia-Georgia conflict, faster processing of

aid applications, a wide range of electronic citizen services, including e-abstracts of property registrations, electronic filing of tax returns and faster customs clearance times for traders.⁶ The GGN was an important step towards the expansion of the information and communications technology (ICT) infrastructure and the transition to information society.

In 2010 the Data Exchange Agency of the Ministry of Justice of Georgia launched a new web-resource – **Electronic Governmental Resources**. The main e-government projects that were implemented in 2010 and made accessible through the website are: e-notary, e-treasury; e-filing (used by 99% of taxpayers), e-procurement; e-auction, e-auction on land.

Initiated Projects are e-ID, e-signature and Data Exchange Infrastructure (Connected Government Framework)

In the field of education Georgia cooperated with Estonia in order to implement the successful Estonian Tiger Leap Programme. The Tiger Leap Programme was established in Estonia to develop ICT use for education and is generally considered as very successful. Several universities have already elaborated their distance learning programs.⁷

One of the latest initiatives in the field of information technologies launched by the Ministry of Economy and Sustainable Development is the **IT Startup Days** in Georgia. The program aims to promote and support competitive startups and hence the development of IT innovations. Students of business schools and IT departments have the opportunity to present their projects to experts and potential investors. Leading companies both from Georgia and abroad such as HP, CISCO, UGT, expressed their willingness to participate in the program. The first session of the IT Startup days ended in December 2010. 4 out of 8 projects were chosen in the final stage. Leading companies like UGT, and Synergy expressed their willingness to invest in the projects.

G. DONOR PROGRAMS IN THE IT SECTOR

A number of international organizations are partners supporting Georgia. Among the most active partners are the World Bank group, the European Bank for Reconstruction and Development (EBRD), the European Union (EU), the United Nations agencies and the US Agency for International Development (USAID).

Back in 1995 International organizations began to render assistance to Georgia in the development of a national Internet segment. One of the first initiatives was the establishment of a national branch of **Soros Foundation (Open Society Institute)** - Open Society Georgia Foundation (OSGF). The Foundation provided free e-mail services to the population and different organizations received free equipment for internet access. In joint initiatives with international organizations OSGF supported the Academy of Science of Georgia in the creation of computer network with internet access.

EU

One of the latest EU funded and implemented by the Data Exchange Agency projects is the **Twinning project**. The project aims to increase the performance of governmental bodies and hence strengthen the e-government in the country through application of information and communication technologies. The name Twinning means that within the framework of the project administrations and semi-public organisations in beneficiary countries are working with their counterparts in the EU Member States. The concrete actions envisaged in the project are:

⁶ http://www.impactalliance.org/ev_en.php?ID=49265_201&ID2=DO_TOPIC

⁷ www.eeca-ict.eu/index.php/en/...reports/.../25-express-diagnostics-georgia

- Implementation of best EU practice in e-Polices and e-Government legislation;
- Implementation of interoperability framework including relevant regulation and standards;
- Functioning information security system with institutionalized strong and efficient CERT (Computer Emergency Response Team).⁸

Another EU funded initiative is the **EU-EECA ICT Cluster**, which is part of 3 FP7-ICT support actions (ISTOK-SOYUZ, SCUBE-ICT, EXTEND) aimed at strengthening the collaboration between European Union and Eastern Europe and Central Asia (EECA) countries in the field of ICT research.⁹

Small Enterprise Assistance Funds (SEAF) invested in Delta Comm Ltd, one of the main suppliers and service providers of information and communications technologies (ICT) in Georgia. The loan will be managed through the Georgia Regional Development Fund (GRDF). Delta Comm Ltd. built the GONET internet cable infrastructure, an underground fiber optic cable network running throughout Georgia. It is currently the only network in Georgia that offers backup sources for internet (from Turkey) and GPS-mapping of the network system.¹⁰

USAID

USAID is supporting Georgia’s Ministry of Education and Science efforts to secure education software for data processing. USAID’s **Education Management Project (EMP)** is a new student information system that will include data about school finances, students, and principals. This tool will enable the ministry and Education Resource Centers to improve the education system and efficiently use the financial and human resources that are needed to promote student achievement.¹¹

H. EXHIBITIONS, CONFERENCES AND EVENTS

Main Events in Georgia

Name	Place	Organizer	Last date Of the event	Additional information
“3rd Regional Georgian ICT Development and Cyber Security Event” GITI 2010	Tbilisi	ICT Business Council and Data Exchange Agency	10-12.11.2010	The major objective is to establish and promote effective partnerships among the public and the private sectors, associations and other IT&T industry related organizations in the Central and East Europe, Baltic States, Caucasus and Middle Asia region to promote competitiveness, innovation and security.

⁸ <http://www.e-government.ge/news-169-4.html>

⁹ <http://www.eeca-ict.eu/index.php/eecacountries/georgia>

¹⁰ http://seaf.com/index.php?option=com_content&view=article&id=301&catid=27&Itemid=378&lang=en

¹¹ <http://georgia.usaid.gov/news/usaid-news/2011/11/30/692>

<p>Caucasus Banking & Finance - the premier showcase Event for the Banking and Financial Industry with active participation of the World Bank Group and International Monetary Fund</p>	<p>Tbilisi, Sheraton Metechi Palace hotel</p>	<p><u>ITECA Caspian</u> 63, Ac. Hasan Aliyev Str., 5th Floor, Baku, Azerbaijan.</p>	<p>19-20.05.09</p>	<p>The largest specialized event gathering together senior finance professionals of whole Caucasus and Caspian regions, the conference attracting the attention of the international community will assist in covering of the positive processes occurring in finance sector of Caucasus and Caspian regions.</p> <p>Visitors' profile: High Level Government Officials, Financial Policy Makers, Foreign and Local Investors, Trade Delegates from various Countries, Business Magnates, Opinion Leaders & Consultants, Debt Managers / Loan Refinancers, Management Consultants, Operations & Payment Executives, Top Executives and Professionals from Local Financial & Banking Sector, Consul Generals & Foreign Missions</p>
<p>Transit-Trans Georgia - An Exhibition where you can establish new business contacts, evaluate opportunities for market entry, exhibit and sell products and services, evaluate company's prospect in the market, monitor competition</p>	<p>Tbilisi, Sheraton Metechi Palace hotel</p>	<p><u>Iteca Kavkasia Limited</u> Tbilisi Shanidze Street, 13/24, Tbilisi, Georgia.</p>	<p>06-07.11.08</p>	<p>Visitors' profile: Professionals related to the field of Logistics, Aviation and Road Transport, Railroad, Sea and river shipping, Municipal and industrial transport, Investment and leasing companies, Materials handling work, Storekeeping, Transportation security, Communication and navigation systems, Shipping zone and terminals equipment, Road-building mechanism, Courier Service</p>

I. IT NEWS: SOURCES OF INFORMATION

There isn't a well-developed infrastructure of IT related information sources in Georgia. One may infer that this is due to the fact that these sources might be mainly in Georgian. Despite this, the trend is that the volume of news sources written in English is growing. The predominant editions are full of miscellaneous news, not only ICT related ones.

Detailed information about the different media sources in Georgia and can be found on <http://www.abyznewslinks.com/georg.htm>.

In 2010 with funding from the European Union the United Nations Development Programme (UNDP) launched the **Development of Media Monitoring Capacities in Georgia** project. The two main groups targeted by the project are the media professionals and the civil society organizations. The project aims to increase the professional standards of the Georgian media and raise the awareness about the importance of independent and

objective reporting from one side and increase the capacity of civil society organizations to monitor media's performance from another.¹²

Another important initiative was the 7th South Caucasus Media Conference held in Tbilisi, Georgia (11-12 November 2010).

Media professionals, civil society representatives and governmental officials from Armenia, Azerbaijan and Georgia attended the conference to discuss the media developments in their respective countries with international experts. The focus of the conference was access to information and new technologies (including international standards on access to information), Internet development and regulation and the free flow of information in the South Caucasus.¹³

¹² http://www.undp.org.ge/index.php?lang_id=ENG&sec_id=40&pr_id=147

¹³ <http://www.osce.org/fom/73577>

III. IT FOR OTHER INDUSTRIES IN THE COUNTRY

Economic diversification is the main development challenge that Georgia faces as a small, open country with a significant share of its population still living in poverty. The strong sides of the Georgian companies include semiconductor design, test and production process optimization, and software development. Companies are developing complex solutions for Geophysics (Seismic interpret), Ecological Mapping, Banking, Building (design, calculation), Commodity circulation, City inform mapping, Linguistic (Georgian package AI IA), Games (Backgammon), Speech synthesis/recognition (Georgian), Optical character recognition and etc.

The voluntary organization Georgian Telemedicine Union is promoting the benefits from e-health. The activities of the Union include telepathology, education, and organisation of conferences and development of policy for particular scenarios, such as e-consultations for conflict regions. The National Information Learning Centre provides online and offline medical information for medical professionals and students, an FTP server, training and Internet access.

A sector in which the ICT infrastructure is underdeveloped is agriculture. The sector is lagging behind in terms of electronic project management tools, electronic research management systems, scientific and technical information content related to agricultural research and development, flow of hard copy and electronic documents between organizations is limited.¹⁴

The Georgian ICT sector is not very visible on the international market. The web platform IT2Business (<http://it2business.org/default.aspx>), 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. 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 2 Georgian companies registered in the platform.

¹⁴ http://papers.ssrn.com/sol3/papers.cfm?abstract_id=986496

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 for every country.

The Georgian National Agency for Standards, Technical Regulations and Metrology (GEOSTM) is the responsible body for the standardization in the country.

Generally there is awareness of the necessity to implement the latest relevant standards. Despite that fact the process of implementing international quality standards is in a deadlock. According to data provided by the World Bank Organization in 2005 16,1% of the Georgian companies owned ISO certification and in 2008 16%. This can be considered as a rather negative trend since ISO can be considered as one of the most widespread and affordable quality standards worldwide.

Georgia`s economy is relatively young and there are a lot of ongoing initiatives in the ICT sector. Despite the registered progress much more needs to be done.

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 Georgian IT companies are aware of the need to be part of the common capacity fund of ICT training and certification providers in Eastern Europe.

The web platform Quality2IT – 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. It is designed and launched by USAID funded RCI (Regional Competitiveness Initiative) project through European Software Institute - Center Bulgaria. For the time being there are 19 companies with 90 services registered in the platform. There is 1 Georgian company registered in the portal.

V. SWOT ANALYSIS

The SWOT analysis of Georgian ICT environment shows conclusions as follows:

Strengths

- Good educational background of Georgian IT specialists;
- Fast development of telecommunication sector;
- Support from international organizations for the creation of information society;
- Commitment of the Government to ICT use in public sector;

Weaknesses

- Underdeveloped private ICT sector with weak cooperation between the small ICT companies;
- The Georgian companies still do not take into account the need for faster implementation of the latest standards relevant to the IT companies;
- A lot of information is presented to the public only in Georgian;
- Lack of ICT industry related NGOs;
- Limited internet access in the province;
- Most ICT suppliers, especially hardware companies, are oriented towards the current needs of customers who do not require quality models and standards;
- Potential for work-sharing in the region is not extensively used;
- Company size and resources of many ICT companies are too small for international expansion;
- Lack of project management skills and/or industrial production of software;
- Not well-established country image as IT destination;
- Lack of financial resources for IT companies;
- Lack of marketing and brand building strategy. Insufficient promotion and market development funding resources;
- Lack of quality certification and development methodologies;

Opportunities

- Strengthened cooperation among non-dominant private ICT companies e.g. clustering among the companies and creation of communities of practice;
- Elaboration and implementation of balanced strategy for ICT private sector development;
- Implementation of world recognized models and practices that will position the Georgian ICT sector in the international market as ICT quality hub;
- Partnerships with significant foreign companies can subsequently support the „professionalization“ of ICT companies;
- Strategic alliances with foreign companies to increase exports;
- Development of own products
- Clustering with other competitive sectors in Georgia and the region;

Threats

- Government –dominated market;
- The present tendencies are oriented mainly towards the internet access development and building of infrastructure of that kind, without taking into considerations other segments of the ICT industry (e.g. software.);
- International companies do not have confidence in local specialists and for important positions enlist foreign specialists;
- Brain Drain of IT specialists;

- Orientation to the sales of 'Western' products and corresponding services reduce skills for own creative development;
- Lack of domestic market to enable industry to develop expertise;
- Lack of coherent industry image;
- Political instability;

CMMI implementation can support following opportunities:

- Creation of strong sales and service channels;
- Partnerships with the leaders of the worldwide computer market;
- Implementation of world recognized models and practices;
- Partnerships with significant foreign companies can subsequently support the „professionalization“ of ICT companies;
- Strategic alliances with foreign companies to increase exports;
- Clustering with other competitive sectors in Georgia and the region;

and positively affect the following weaknesses:

- Cooperation culture between companies not sufficiently developed;
- Potential for work sharing in the region not extensively used;
- Lack of project management skills and/or industrial production of software
- Not well-established country image as IT destination;
- Lack of marketing and brand building strategy. Insufficient promotion and market development funding resources;
- Lack of quality certification and development methodologies;

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