Digital.Azerbaijan. Transformation Through Innovation
**Vision**

To position Azerbaijan as a regional leader in digital excellence and innovation, enriching lives, fostering growth, and driving positive change.

**Mission**

Become the main driver and coordination power of Azerbaijan to ignite a dynamic culture of innovation, champion the creation of cutting-edge products and services, and drive economic growth through the joint forces of technology, entrepreneurship, and digital transformation.
Tech Ecosystem Archetypes

Assessment
## Tech Ecosystem Archetypes

<table>
<thead>
<tr>
<th>Definition</th>
<th>ICT Importer</th>
<th>Business Hub</th>
<th>Production Hub</th>
<th>Outsourcing Hub</th>
<th>Innovation Hub</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Importer of ICT products &amp; services</td>
<td>ICT commercial &amp; trading center</td>
<td>Low-cost ICT products manufacturer</td>
<td>Value driven ICT service provider</td>
<td>Leaders in developing new tech &amp; commercializing innovative solutions</td>
</tr>
<tr>
<td><strong>Main Attributes</strong></td>
<td>Basic ICT infrastructure</td>
<td>Strategic regional position</td>
<td>Large &amp; low-cost workforce</td>
<td>Large population / int'l language proficiency</td>
<td>Significant long-term investments</td>
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<td></td>
<td>Presence of commercial branches of ICT companies</td>
<td>Highly developed mobility options</td>
<td>Presence of manufacturing factories</td>
<td>Strong STEM education</td>
<td>Highly developed education system &amp; tech capabilities</td>
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<td></td>
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<td>Presence of both Regional HQ and commercial branches of ICT firms</td>
<td></td>
<td>Presence of Service &amp; Operation centers</td>
<td>Presence of Global ICT firms HQ and R&amp;D centers</td>
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<td></td>
<td></td>
<td></td>
<td>Strong tech start-up ecosystem</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td>Saudi Arabia</td>
<td>UAE</td>
<td>Mexico</td>
<td>Uzbekistan</td>
<td>Israel</td>
</tr>
<tr>
<td></td>
<td>Azerbaijan</td>
<td>Turkiye</td>
<td>Thailand</td>
<td>Ukraine</td>
<td>South Korea</td>
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<td></td>
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<td></td>
<td></td>
<td>Kazakhstan</td>
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</tbody>
</table>

*Source: BCG project experience*
## Tech Ecosystem Archetypes Comparison

<table>
<thead>
<tr>
<th>Archetype</th>
<th>Advantages</th>
<th>Disadvantages</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Hub</td>
<td>High value creation by focusing on disruptive tech entrepreneurship and innovation in business models and technology.</td>
<td>High dependency on talent, culture, and historical distinctive traits.</td>
<td>Phase 2</td>
</tr>
<tr>
<td>Outsourcing Hub</td>
<td>Steady growth of tech talent.</td>
<td>A lot of skilled tech talent is needed. Tech talent that will start building products in 7-10 years.</td>
<td>Excluded</td>
</tr>
<tr>
<td>Business Hub</td>
<td>Attraction of business talent and foreign investments into the country. Increase in international reputation</td>
<td>No specific focus on tech innovation and value creation.</td>
<td>Phase 1 with a caveat of big focus on tech businesses.</td>
</tr>
</tbody>
</table>

The most reasonable archetype for Azerbaijan currently is in the intersection of a Business Hub and an Innovation Hub. It makes sense to focus on creating a **Tech Business Hub** with a later transition into **Innovation Hub**.

*ICT Importer is excluded due to no innovation element in it / Production Hub — lack of distinctive traits.*
Healthy Innovation Ecosystem
Healthy Innovation Ecosystem

Startups

Market Access

Access to Talent

Access to Infrastructure

Access to Funding

- Domestic and International, Global and Regional
- Success Stories, Mindset, Soft and Hard Skills Development...
- Serial Entrepreneurs, Experts Pool, Workers Pool...
- Office Spaces, Legislation, Quality of Life...
- VC funds, Business Angels, Banks, Grants...

Culture

- Access to Talent
- Access to Infrastructure
- Access to Funding
- Market Access
Healthy Innovation Ecosystem

Startups

Market
- International Partnerships
- Diaspora
- Mentorship
- Networks
- Corporations

Funding
- VC Funds
- Venture Studios
- Accelerators
- Incubators
- Business Angels

Infrastructure
- Government
- Ease of doing business
- Creative Spaces
- R&D Labs
- Universities
- Education Centers
- Service Providers

Talent
- Skills Development
- Communities
- Events
- Mindset
- Role Models
- Tech Media
- Awareness Campaigns

Cultures
- Diaspora
- Mentorship
- Networks
- Corporations

Stakeholders
- Quality of Life
- Ease of doing business
- Creative Spaces
- Universities
- Education Centers
- Service Providers
- Corporations
- Networks
- Mentorship
- Diaspora
- International Partnerships

Activities
- Quality of Life
- Ease of doing business
- Creative Spaces
- Universities
- Education Centers
- Service Providers
- Corporations
- Networks
- Mentorship
- Diaspora
- International Partnerships

Activities
- Quality of Life
- Ease of doing business
- Creative Spaces
- Universities
- Education Centers
- Service Providers
- Corporations
- Networks
- Mentorship
- Diaspora
- International Partnerships
What’s going on in Azerbaijan?
Ecosystem Overview

Startups

Stakeholders

Funding

Market

Infrastructure

Culture

Talent
Main Challenges

Market
- Low Number of Investible Startups
- Very Few Corporate Champions
- Country Positioning
- Low Tech Diaspora Activity

Culture
- Complicated Rule of Law
- Risk-averse Mindset
- Lack of Success Stories
- Brain Drain

Funding
- Almost None International Investors
- Weak Coordination Among Government Entities
- Lack of Focus Among Ecosystem Players
- No Industry Champions

Infrastructure
- No University Champions
- Quality of Education

Talent
- Baku Centricity
- Lack of Focus Among Ecosystem Players
- Brain Drain
What's the plan?

Goals & Flagship Projects

Innovation and Digital Development Agency
Priority Goals (2026)

- Start ups: 500
- Market: $301MM
  - IT Export: 50
- Funding: $55MM
  - AUM by AZ Investors: 100+
  - Investments: 50
- Infrastructure: $55MM
  - International Technopark Residents: 50
  - Innovation Clusters: 2
  - Innovation Centres: 7
- Talent: 19K
  - Company valued at $50MM: 1
  - Technest Scholars: 7
What's the plan?

Agency Transformation
<table>
<thead>
<tr>
<th>Our Agency Principles</th>
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<tbody>
<tr>
<td><strong>Long-term Vision</strong></td>
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<tr>
<td><strong>Change Maker Role</strong></td>
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<tr>
<td><strong>Results-oriented, &amp; Transparency</strong></td>
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<td><strong>Sustainability &amp; Inclusivity</strong></td>
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<td><strong>Accessibility</strong></td>
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</table>
Working with Ecosystem Players

**Clusterization**

Match-making the ecosystem players to create industry technology clusters by connecting local and international innovation ecosystem: investors, universities, R&D, public or private entities, etc.

**Knowledge Hub**

Creation of standardized playbooks, how-to guides, templates, expert databases, and analytics of own and regional startup ecosystems dynamics.

**Excellence Center**

Train the trainers, workshops, trainings, internship programs for the employees of the local ecosystem players.

**Co-financing**

Co-finance the cost of innovation programs and initiatives up to 50% of the budget during the first year, up to 25% - year 2.
Thank you!