
**RIISING INNOVATION &
EMERGING TALENTS**

**FROM
THE
EAST**



AZERBAIJAN
ECOSYSTEM OVERVIEW

**WRITTEN AND
PUBLISHED BY**



AZERBAIJAN (AZE) ECOSYSTEM OVERVIEW

KEY ATTRIBUTES OF THE STARTUP ECOSYSTEM

Azerbaijan is a country rich in natural resources and consequently the largest economy in the Southern Caucasus. The main focus is on traditional industrial economy and hard infrastructure, innovation and startup ecosystem has not received the necessary attention and development. According to World Bank, expenditure on R&D in Azerbaijan remains lower than in EU and not outstanding compared to other CIS (Commonwealth of Independent States) countries, in 2018 it accounted only for 0.18% of GDP (World Bank, 2021).

Several factors can be identified that inhibit growth of innovation and the development of the startup ecosystem:

- limited access to finance, lack of risk/venture capital, neither local nor foreign private companies are keen to invest into R&D activities. Therefore, most of the investments are coming from the state,
- limited competition, small market,
- weak entrepreneurship culture, low quality of business management,
- quality of governance and bureaucracy,
- limited number of professional stakeholders who support innovation, research and infrastructure and provide financial instruments for research, most of the ecosystem members provide advice and consulting as well as help grants access to networks and help in establishing collaboration among different stakeholders,
- lack of relevant tax incentives focusing on startups, Azerbaijan has introduced tax incentives to encourage R&D activities and development of tech parks, however, these incentives are mostly helping big enterprises instead of creating incentives for startup support,
- weak innovation linkages.

Despite these limitations, the current trend of development of ICT and innovations ecosystem is promising in Azerbaijan due to the governmental efforts and commitments. The Azerbaijani government has been taking a series of measures to support startups in the country including the establishment of the State Fund for Development of Information Technologies which is providing investments, the establishment of a joint consortium with the participation of the Innovation Agency under the Ministry of Transport, Communications and High Technologies, AzInTelecom LLC and companies including Lenovo, Nutanix, and iQRex. Currently the main drivers of growth are government policies on liberalisation of the sector, and digitalisation of the society.

To conclude, Azerbaijan has a relatively limited number of private sector stakeholders helping innovative startups and SMEs. The structure of the innovation ecosystem is presented by the following figure (Figure 1.)

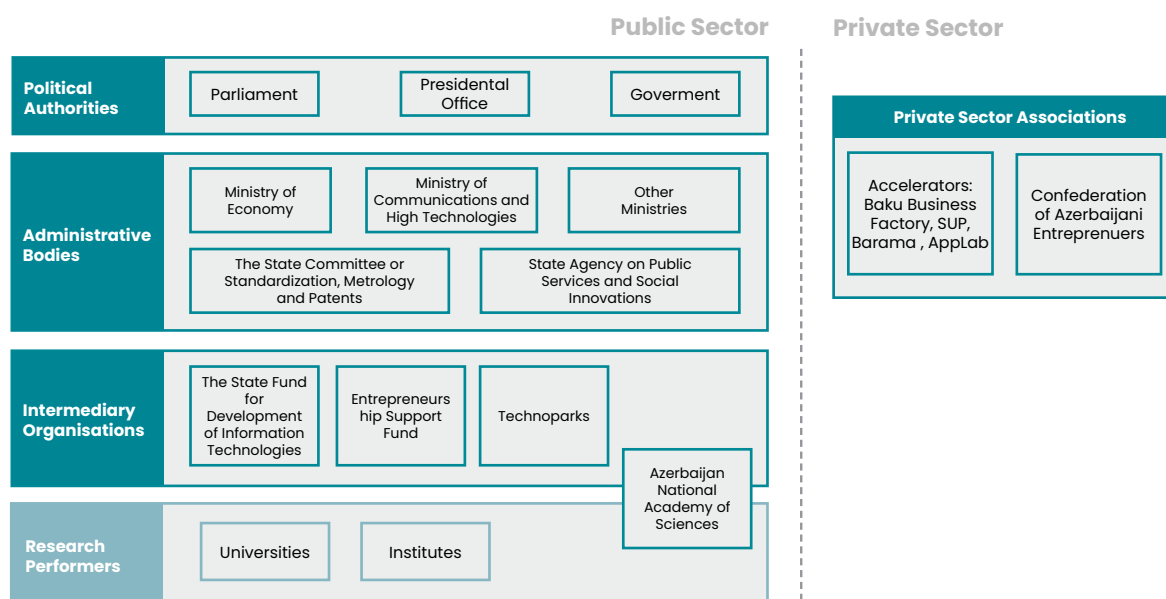


FIGURE 1. The structure of the Armenian technology ecosystem.
Source: European Commission–Kantor Management Consultants (2018)

In order to develop local startups, the following incubators and accelerators operate in Armenia:

Azerbaijan 500 ASAN Startup Program is a virtual program designed to support aspiring entrepreneurs in Azerbaijan over 21 weeks of world-class programming and mentorship. This program is designed specifically for innovative Azerbaijani entrepreneurs looking to find fellow co-founders and launch a startup with confidence. The program will be offered at no cost to founders and will be entirely virtual.

<https://ecosystems.500.co/azerbaijan500asan>

GIST IHub: Azerbaijan – SUP Accelerator. SUP is an intensive accelerator program that helps startups grow in Azerbaijan and expand to international markets. SUP intends to be a melting pot for local startups by providing access to capital, mentorship, customer acquisition, and product development. SUP VC is an intensive accelerator program that helps startups grow and expand to international markets. During the 3 month program startups build their products, learn different practices that are applied in an international environment and the program is finalized by Demo Day. SUP VC intends to be a melting pot for our startups by providing access to capital, mentorship, customer acquisition and product development. With dozens of mentorship networks across the globe, SUP VC delivers the knowledge, international practice and the best entrepreneurial journey.

<<https://www.gistnetwork.org/gist-ihub-azerbaijan-sup-accelerator>>

<<https://sup.vc/#about>>

Innovation Agency Azerbaijan. The Innovation Agency was established under the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan on the basis of the State Fund for Development of Information Technologies and “High Tech Park” LLC, which are subordinated to the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan. The Innovation Agency sustains local business entities in acquiring modern technologies and technological solutions, organizes their transfer, supports innovation-oriented scientific research and encourages innovative projects, including startups by funding them through grants, concessional loans and venture capital fund.

<<https://www.linkedin.com/company/innovation-agency-azerbaijan/?original-Subdomain=az>>

INNOLAND Azerbaijan is an incubation, acceleration and research center created to develop the private sector, promote innovation and expand the startup movement both in Azerbaijan and beyond its borders. INNOLAND consists of an incubator, an accelerator, a co-working space and an IT Training and Education Center. The IT Training and Education Center is a place where young people will be taught programming, information technologies and coding skills.

<<http://innoland.az/en>>

NEXT STEP is a Startup Ecosystem player supporting all of Azerbaijan and anyone who wants to connect to the Azeri community. The organization teaches best practices to early stage entrepreneurs that have a global vision and are looking to engage and grow together with partners and customers worldwide. Education and Mentorship is at the foundation of its philosophy. NEXT STEP supports companies at both the Incubation and Acceleration steps.

<<http://icnextstep.com/about-us/>>

Startup Azerbaijan. The main goal of the Startup Azerbaijan project is to improve the investment climate of the country's ICT sector, identify the best internet and IT projects, and assist in turning innovative ideas into successful business areas.

Azerbaijan places a strong focus on national strategies for research, innovation, ICT and startups. The most important documents are listed below:

- Azerbaijan 2020: Vision of the Future,
- Azerbaijan Strategic Roadmap for National Economy,
- National Strategy on Development of Information Society in the Republic of Azerbaijan for 2014-2020,
- Strategic Roadmap for Development of the Telecommunication and ICT.

Despite all the difficulties some promising and prosperous startups can be mentioned operating in Azerbaijan or achieved global success:

REMARKABLE STARTUPS:

AZEREX is an Idea Developers Fast-Paced startup SMB company. The goal is to build web projects that offer beautiful experiences. AZEREX is also a NATO (The North Atlantic Treaty Organization) registered commercial entity for doing business with international governments. We've experience in developing complex software solutions for enterprises, SMBs, startups and can help your business discover new opportunities for growth and develop comprehensive product strategies.

<https://www.azerex.net/about-us-2/>

Buglance speeds up the testing process in a unique way that companies get their initial bug or issue reports in the shortest time as possible. The company helps businesses to deliver software their users want with crowdsourced testing solutions.

<https://buglance.com/about>

CRBN Tech is a full-service software development company of engineers, designers, and developers founded in 2017. Developers at CRBN Tech make it possible to turn clients' business ideas into successful software solutions that meet their business requirements and contribute to their strategies.

<https://crbn.az/> <https://www.linkedin.com/company/crbn-az/about/>

Fonibo includes a pharmacy, market, restaurant and many other shopping facilities, special express delivery, selection from thousands of products, fast orders, etc. Many advantages such as to make it easier for people to use and to have a successful experience in online shopping. The main goal is to make people's lives easier by making the best use of the opportunities that technology creates for us.

<https://fonibo.com/en/mission>

Keepface is a Global Influencer Marketing Platform offering a variety of influencer management tools that allow brands and agencies to work with the most relevant influencers to create engaging, native and selling content. The automated platform allows companies to collaborate with influencers at a mass-scale, but in a customized fashion.

<https://keepface.com/site/en/influencer-marketing/>

<https://www.linkedin.com/company/keepface-influencer-marketing-platform/>

Onneks Lab provides a wide range of services for the design and development of websites and mobile applications.

<https://www.linkedin.com/company/onnekslab/about/>

Owbike is a scalable cloud-based website building system. You no longer need to go to studios to create a site. You can create a professional website for your business. Owbike, which has repeatedly surpassed all offers in the country, radically simplifies the work of small and medium-sized businesses' websites.

<https://owbike.com/haqqimizda>

QReact (est. 2016) is an easy-to-use survey software for customers, employees and research. QReact is a modern way to get real feedback from your customers.

<https://www.qreact.net/>

SOURCES OF THIS SUBSECTION:

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