

[Industry Growth Model of Armenian IT Sector \[1\]](#)

EV developed the Industry Growth Model of Armenian IT Sector in early 2007. The research covered possible paths of software & services and IT sectors development. The supply estimates, about

The growth model proposed 3 main scenarios for the software & services sector development. The worst-case scenario (or how we called it the trap of current model) assumed decreasing adequacy of IT education, no government initiatives and exploitation of cost-quality characteristics IT labor force. The base-case scenario, Maneuvering in the niche market, assumed moderate and discrete government initiatives with no breakthrough actions. Finally, the Strategic positioning scenario assumed increasing government investments in education and IT ecosystem, establishment of the country brand, private initiatives, targeted FDI promotion, VC industry nurturing, etc. Retrospective look on the scenarios reveals that Armenian IT sector follows the path of the third scenario.

The number of companies grew significantly; the Government actively supported the IT sector development initiatives, the communications infrastructure (internet & telecom) grew rapidly. First ever Armenian Venture Fund (Granatus Ventures), Innovation Grants, Digitec events, ANEL technological laboratory (of National Instruments), Microsoft Innovation Center are now part of Armenian IT ecosystem

The actual results of Armenia's IT sector performance reveal the high level of the relevance of the model developed by EV. While the sectors develops in terms of revenue and number of the companies in line with EV assumptions, Armenian IT community agrees on the fact that human resources currently remain the main bottleneck of the industry. This is also supported by our growth model, which pointed out the demand of more than 9,000 IT professionals by 2011 (pointing out a gap of approximately 1,500 IT professionals).

	2006	2011				2012
		Scenario 1: trap of current model	Scenario 2: Maneuvering in the niche market	Scenario 3: Strategic positioning	Actual result, 2011	
Total industry revenue*, million USD	71	115	171	248	205	320.9
Number of companies	150	172	205	224	281	360
Number of employees	4,156	7,201	8,037	9,506	6,760	9,354

* Software and Internet Services

Source: EIF

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