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for a better business environment

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Ms. KARINE SARKISSIAN

EXECUTIVE DIRECTOR

American Chamber of Commerce in Armenia

MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Reader:

The challenges, disruptions and opportunities accelerated by the pandemic and war in the region are creating a new economic reality and **Innovation, Information Technology, Entrepreneurship and Investment** are an essential part of that.

I am glad to present the current issue of the AmCham Business Magazine dedicated to **Innovation, Information Technology, Entrepreneurship and Investment in business**, an actual topic for a contemporary world. It is now widely acknowledged that entrepreneurship and information technology have become the backbone of the world economy, whereas innovation and entrepreneurship usually go hand in hand in the business world. The increasing penetration of IT in society, as well as the enhanced forces of entrepreneurship and innovation in the economy, reinforces that the business community adapts its business strategy, objectives and processes to address the urgent need to be globally competitive.

Besides the business community efforts, there should be a strong

government focus and support to promote **Innovation, Information Technology, Entrepreneurship and Investment**, so the business community will be motivated to prioritize its investment activities. According to the **Ameria Management Advisory Industrial Strategy 2030 and Results Framework Study**, it is recommended that the Government of Armenia undertakes Policy Measures and sets measurable tools to monitor the progress of Science, Technology and Innovation. According to that study, there is a strong need for technology modernization as only 36 % of the companies have innovative products or services. We at AmCham expect that **Ameria Industrial Strategy 2030 and Results Framework Action Plan** will be used to set targets for the industrial-technological development of Armenia.

In the current issue, we are honored to present Mr. Hayk Margarian, Director, **National Center for Innovation and Entrepreneurship (NCIE)** at the RA Ministry of Economy, and his perspective on the NCIE plans. The **NCIE** was established in 2009 to promote innovation

and be the platform for Scientific and Technical Information best practice exchange, for support the innovative ideas in the development and commercialization stages. It provides technical information and library services. Currently, the role of NCIE is becoming very crucial to make a drastic change in the economy and pave the road for sustainable economic growth.

In the magazine, you will also find very informative articles on how our members apply innovation and technologies in their business.

We, the Executive Team, hope we meet AmCham Members' expectations in serving your business advocacy and networking needs and make AmCham the best business community. We are open to your recommendations to make your membership experience better and would like to thank you for your active contribution to our advocacy efforts!

Enjoy the reading!



Mr. GAGIK GYULBUDAGHYAN

CHAIRMAN OF THE BOARD

Grant Thornton Armenia

VICE-PRESIDENT

AmCham Board

MESSAGE FROM AMCHAM 2ND VICE PRESIDENT'S MESSAGE

Dear Reader:

We have devoted this issue of the AmCham magazine to one of the hot topics on the agenda of every organization. The world is changing at an unprecedented speed and conventional processes and systems are no longer able to keep up with this pace. The COVID-19 pandemic has swayed over economies and continues to disrupt many industries. In this new reality, bold leaders understand that while they resist the disruption and try to minimize the damage, they will remain relevant only if they reorganize and rethink their business. Hence, invest in innovation.

The impact of the accelerating wave of transformation calls for innovative solutions across all areas of activity. More and more often, we hear that innovation is no longer a choice, but an imperative. Naturally, the greatest enablers of this process now are digitalization and information technologies. To retain a competitive advantage, organizations need to take an assessing look both inward and outward. We observe

a positive shift in the mindsets of many business leaders in Armenia that re-evaluate their internal business process and lead the transformation process. Some others still need to embark on that journey as soon as possible, otherwise, the market will inevitably isolate them in due course.

As digital and IT take up solid positions in the lifecycle of organizations, businesses need to be aware of the associated risks. Information becomes the most expensive, yet most vulnerable asset for many industries. Cybercriminals find more and more sophisticated ways of endangering the activity of businesses. Ensuring information security requires the serious attention of business leaders. If we take a closer look at some organizations, we will see that this risk by far contains the biggest hazard to the business. Therefore, investing in mechanisms and solutions that will ensure security is also imperative. It is encouraging to see that cybersecurity is gaining wider

attention in Armenia. Many organizations, outside the financial services industry, which was a pioneer in this respect, are placing greater focus on safeguarding their operations and the security of their data.

Here in AmCham, we have a broad representation of organizations from various industries and sizes. From innovation-based startups to established businesses with a long history, we observe how our members embrace digital transformation, invest in innovative solutions and development. We share our experiences to learn from each other, collaborate even more widely and support our economy. In this issue, we bring to you success stories and best-practices from our members, as well as insights from subject-matter experts on trending topics that, we hope, you will find both useful and interesting.

Enjoy the read!

MEET OUR NEW GOLD MEMBER



Andava Digital Marketing Agency founded in 2009 is one of the leading digital marketing agencies in Armenia that specializes in everything modern businesses need for a successful and profitable online presence: users flow, new customers and advanced search engine and social media visibility.

Andava's cross-functional teams are in place to support the businesses at every stage of their journey. Be that a beautiful website design and development, a long-term SEO strategy, a powerful PPC campaign or meaningful conversations with prospects through social media, they have got you covered.

Andava provides the businesses with the following services:

- **Web Design & Development**
- **Search Engine Marketing (SEO)**
- **Pay Per Click (PPC) Advertising Campaigns**
- **Social Media Marketing**
- **Email Marketing**
- **Amazon Marketing**
- **Local Business Marketing**

What makes Andava's services unique?

Dedication

Passion drives everything they do. They approach every campaign with the same dedication as it would be expected from an in-house team.

Strategy

They don't think short-term. Instead, they create sustainable digital marketing strategies in line with business goals and objectives.

Technology and Training

Technology moves quickly, but our teams are on it. We're constantly in training mode to stay up to speed with the latest thinking.

We Listen

We know that we can't deliver unless we listen. Forget one-size-fits-all solutions; we take the time to understand what you need.

Transparency

We're on this journey with you. That's why we're in constant communication: the highs, the lows, and the steps we're taking next.

Scalability

With teams of digital marketing experts at the ready, we can scale up to deliver the solutions you need, when you need them.



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MEET OUR NEW GOLD MEMBER



Company Overview

Teryan 5 is a real estate development project by Galaxy Group of Companies and the Marriott International, encompassing a 75 meters tall 22 story building, in the heart of Yerevan.

Galaxy Group is a multi-industry conglomerate headquartered in Yerevan and representing 15 companies in three countries. Besides the leading telecom operator in Armenia Ucom, the businesses under the Galaxy Group include Yerevan Mall, the biggest shopping mall in Yerevan, TI'ME & Pandora premium jewelry and watch stores in Armenia, Georgia and Belarus, MegaFood, one of the largest importers and distributors of confectionery and food products on the local market, etc. In addition to Marriott International, the Group has partnered with Eriksson, Etix, Swatch Group, Richmond Group, and PAUL international, among others, running joint projects in the region.

Competitive Advantages

Teryan 5 is the first of its kind in Armenia to offer luxury apartments for sale, as well as full room service for the residences, optionally provided by the hotel.

It has the highest requirements for safety and preservation. In particular, Teryan 5 has advanced engineering systems, including a hot water recirculation system, which allows using hot water immediately upon opening the tap.

The building has three high-speed elevators to serve the residents, one of which is a service elevator designated for service staff, and one from the other two is the only fire-fighting elevator that meets European standards in Armenia.

The facade of the building is ventilated. It is covered by 30,294 unique 4 cm thick travertine slabs. The travertine slabs are attached to the monolith of the building by means of stainless steel HALFEN anchors, as a result of which an air corridor is created between the facade and the monolith.

All the windows of the apartments are French balconies and the railings are made of glass, which ensures more natural light. The windows of the building are made of high-end materials from world-famous brands such as Schüco (aluminum window profiles), PILKINGTON and AGC (three-layer glass packs with double UV protective membrane).

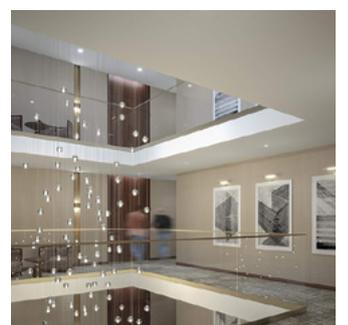
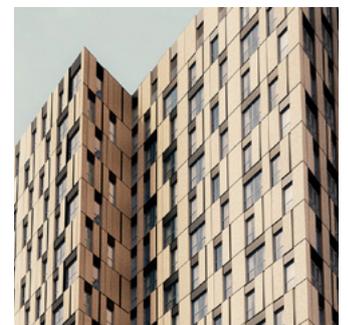
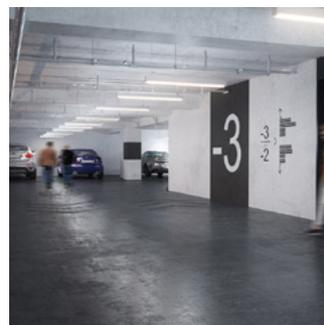
There will be heating and cooling in the corridors of all floors of the building, and 1,010 LED lights will provide general area lighting. The atrium passing through each floor creates a continuous visual connection along the entire length of the residential part of the building, filling it with natural light.

Teryan 5 is one of the unique projects, offering disruptive and innovative solutions, as well as creating new benchmarks in the industry.

The first 11 floors of the Teryan 5 building houses a 173 key Courtyard by Marriott hotel, while the second 11 floors encompass 75 luxury residences. Amenities for the residents include 4 levels of underground parking area for 90 cars, SPA, Fitness and concierge service. The total Gross Building Area (GBA) of the building is 31,000 m². The building is designed by UK leading architects from Broadway Malyan.

Teryan 5 website: <https://www.teryan5.am/>
Galaxy Group website: <https://galaxygroup.am/>

All 4 underground floors of the spacious parking area are equipped with fresh air ventilation and heating systems as well as a fire-fighting sprinkler system. There are hardly safer and more comfortable parking lots than those in Teryan 5.



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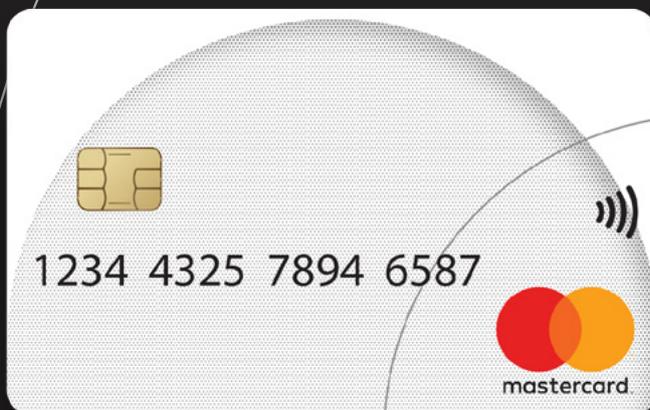
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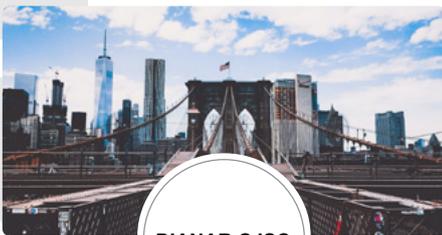


ANTARES MEDIA HOLDING LLC
www.antares.am

Antares Holding was founded in 1992. The date of the foundation itself witnesses the thorny way that the company has passed through. The company managed to achieve a stable position among leading companies both in Armenia and abroad. The Holding includes a **publishing house, advertising agency, design studio, package design and production.** The Holding has marketing and advertising services and cooperates with the manufacturing sector with several enterprises, and all this was achieved due to the company's highly professional human resources management combined with modern hi-tech equipment.

The number of **Antares Holding** employees has been increased significantly from the date of the establishment, which supports solving the employment problem in Armenia. solving.

Antares Holding partners and customers can be sure that it will do its best to bring their ideas to life, combining creativity, quality and professionalism. Numerous diplomas and awards from international and regional competitions, festivals, book fairs and exhibitions are the best proof of **Antares Holding's** achievements.



DIANAR CJSC

In 2015, Eduard Melikyan established **Dianar** CJSC, which is one of the leading real estate developers in Armenia. Since 2015, **Dianar** CJSC develops more than 5,5 ha area in the city center. The latest project of the company is the reconstruction of Yerevan's **33rd district.**

The 33rd district better known to the public as "Firdausi" is bordered by Tigran Mets Avenue, Hanrapetutyán, Buzand and Khanjyan Streets.

The whole project has more than 5 hectares (57,676.18 square meters) of total area and will consist of the round square with a

diameter of 80.0 meters, buildings with up to 30, 45 and 60 meters height (depending on the location), 3-storey underground parking spaces connected together with underground streets, public and business centers, hotels and residential buildings.



**«HAEK-I SHINARARUTIUN»
CJSC (HAEKSHIN)**
www.haekshin.am

HAEKSHIN is one of the leading construction companies in Armenia. HAEKSHIN continues to be actively engaged in construction activities, enriching its history with new achievements and monumental buildings. Over the past 15 years, HAEKSHIN has completed the construction of strategic and especially important facilities of various purposes, in particular, about 250 facilities, including more than 10 large hydraulic structures, 20 industrial sites, 25 energy and power facilities and more than 160 civic ones.

The company's mission is to ensure high quality construction work, consolidating leading experts, introducing modern materials and high-tech equipment.



UPAY CJSC
www.ucom.am

Upay CJSC is a payment and settlement organization operating in the Republic of Armenia, which was founded by Ucom CJSC in 2018 and received a license from the Board of the Central Bank of Armenia. The mission of Upay CJSC is to provide specialized payment and settlement services in the Armenian market with the active use of the latest technologies, which will be aimed at making the payment process simpler, faster, and more accessible. Upay can be used in 2 ways: – Download the Upay app from the Play Store or App Store and make all money transactions without leaving home, directly from a smartphone – Visit the Ucom Service Center and contact the appropriate employee Upay e-wallet allow

to make utility, mobile, internet connection, TV, parking, traffic fines, property tax, social networks other payments, repay loans and other money transactions. The wallet is designed with a simple structure and does not present complications during use. In order to ensure the convenience of our customers, we also provide services at Upay branches. Payments at branches are easy and fast, and the transactions are reliable. There are 42 branches, 20 of which are located in Yerevan and 22 in the regions. The company provides fast, simple, and innovative services in a wide branch network, the list of which is constantly expanding.



SHTIGEN ENERGY SYSTEMS LLC
www.shtigen.com

As the pioneer of the Renewable energy sector in Armenia, Shtigen has passed a complicated path from the startup to the market shaper. Shtigen adopted a mission to introduce affordable solar energy solutions to Armenian families, businesses and public sector, by promoting green technologies and strengthening energy self-sufficiency of the nation. Starting from the promotion and installation of household solar water heaters in 2011, ten years later Shtigen is the proud installer of more than 40MWp of rooftop and ground based photovoltaic systems and nearly 35 MW solar thermal stations for both residential and commercial use.

In addition to our solar energy traditional field, Shtigen invests also in a vast variety of newly developing fields. Now Shtigen is a group of companies including business entities engaged in electric cars, EV fast charging infrastructure, energy efficient heating and cooling systems and electricity retail markets. Shtigen has already developed and implemented several CSR projects like Shtigen Kids, a full educational course for 10-14-year-old children. Everything Shtigen is involved in is about rising efficiency and economic growth first of all in Armenia, after in the region.

Prices for electricity and gas grow constantly, while modern technologies allow using free and safe solar energy for our buildings and cars. Shtigen believes in green and renewable future for Armenia and the whole world. Hence the company is here to make these technologies work for households, businesses and public sector and give our customers independence

from constant rises in energy prices. Shtigen's decision to join AmCham is based on the ambition to make Armenia and the whole world a better place to live for the present and future generations. To achieve this goal, the company needs a group of wise supporters who have the same mission.



Asteria

ASTERIA PHARMACEUTICAL COMPANY LLC

www.asteria.am

Since 2000, **Asteria pharmaceutical company** has been engaged in the import and wholesale of pharmaceutical and related products. In addition, Asteria provides state registration of medicines, marketing, and promotion services for medicines and related products.

Asteria pharmacy chain has been operating since 2011, which makes **Asteria** one step closer to its customers. As of now, the **Asteria** pharmacy chain includes 23 pharmacies with over 70 specialists.

The main goal of **Asteria** is to provide Armenian citizens and guests with friendly and caring service with the highest quality and most effective products, which will help them to be healthy.

The **Asteria** vision is to expand the geography and portfolio of the organization, provide high-quality services, be a leading pharmaceutical company for its customers, and help improve public health.



**Electro
Montaj**

ELECTROMONTAJ LLC

www.electromontaj.am

Electromontaj LLC company was founded in 2014. During 7-years of work, it has occupied its unique place in the field of the energy sector. It has performed and continues to perform energy and electrical installation works and has implemented large-scale projects.

During the years **Electromontaj LLC** acquired many partners, such as **Sard**

Engineering LLC, Garage Masters' Mall, Domus hypermarket chain, AT Automation LLC, etc.

Electromontaj company is the official distributor of the internationally renowned French brand Schneider Electric in Armenia, as well as the official distributor of the brand DEKraft By Schneider in Armenia, the official and exclusive representative of Russian Teploluxe brand and the official and exclusive representative of Slovenia TEM brand in Armenia.

Currently, Electromontaj LLC has a store and showroom known to the consumer as **Schneider Electric** and will soon be available at Garage Masters Mall.



Giggles

EDUTAINMENT

Edutainment is an educational entertainment center for children from 3 to 6 years of age.

At Giggles, You can enjoy the convenience of various clubs, like gardening, recycling, yoga, science, arts & crafts, music, and much more, in one bright and secure location.

As most of the human development generally happens before 6 years of age, it is crucial to imprint love and curiosity towards learning in children before they actually start attending school. At Giggles - education is all about play! We encourage our students to learn through hands-on approach that allows using their natural inquisitive and curious side in discovering the world. Moreover, motivating the children to discover and ask questions helps to set a pattern towards learning and being interested in education throughout their entire lives.

Edutainment at Giggles can serve as a substitute to a traditional preschool education or simply be a fun place where new discoveries and friendships are made. As such, we have different visiting options for Your children - annual, monthly, or single-visit basis. In either case, the expected outcomes are the same:

- New breathtaking experiences
- Mental and physical development
- New discoveries, memories, and friendships
- Fun, Fun, Fun! And of course,
- Yummy-yummy food in our tummies!

PHOTOROOM

Besides the fun educational program at

Giggles, our Photoroom offers You and Your little one's unforgettable moments derived from exciting monthly themes.

Photoshoot never gets boring at Giggles, as our inspiring and motivational staff is here to guide Your kids through a fun experience of modeling and enjoying the process of capturing the moments.



GITELIQ

GITELIQ

www.giteliq.am

GITELIQ is a networking entertainment platform, where professional experts from different spheres come and share their knowledge and experience with the audience. During GITELIQ events, participants get knowledge about Armenia and the world's leading events and developments and meet people with inspirational life stories and experiences that can motivate them to generate new ideas. More than 20 GITELIQ events have been organized in recent years, attracting more than 1000 participants from almost 100 Armenian leading companies.

GITELIQ is also a community, which connects leading experts from different fields, who realize the importance of non-formal education, as well as the value of networking and meeting new people.

In 2021, the GITELIQ team initiated a new project named "My Project by GITELIQ". My Project by GITELIQ is an event management company that organizes various b2b events that inspire and transform business. The events vary from training to networking meetings, charity evenings to closed business meetups, etc. Individual approach to each client is My Project's main value!



Holiday Inn
AN IHG HOTEL
Yerevan-Republic Square

HOLIDAY INN

YEREVAN-REPUBLIC SQUARE

Holiday Inn Yerevan-Republic Square is a brand new hotel commenced in 2021, located adjacent to the heart of Yerevan,

Republic Square. Nearby guests can find a wide variety of restaurants and shops, many entertainment centers and it's just a 12-kilometer drive to Zvartnots International Airport.

Holiday Inn Yerevan-Republic Square features 191 stylishly designed guest rooms and the brand's Open Lobby concept that has been designed to combine public spaces, including the reception area, restaurant, bar and lounge – into one open, cohesive space with a contemporary feel. The concept of the hotel is created to provide guests with a place to relax, eat, work or just gather around in one integrated space.

Holiday Inn Yerevan-Republic Square's 7 modern and well-equipped meeting rooms are ideal to host any type of event from high-level conferences to fancy social events. There are superior working conditions, including state-of-the-art equipment and technical support staff who will help event organizers with any specific requirement.

Holiday Inn Yerevan-Republic Square offers unique features for both visitors and locals. The Cloud 7 SPA & Fitness area is almost 1,500 sq. m. and has a 25m pool, massage rooms, beauty treatments, wide array of fitness equipment along with a whirlpool spa, sauna, hammam and a salt room. Adjacent to it is the Cloud 7 Terrace Bar & Lounge. Below the hotel, there is a secure garage with over 96 parking spaces."



IE University
www.ie.edu

IE University is one of the leading European higher education institutions, whose belief in innovation and entrepreneurship is the integral part of its drive towards academic excellence. IE shapes leaders with a global vision, an entrepreneurial mindset and a humanistic approach to drive innovation and change in organizations.

IE Business School is ranked among the best business schools according to the Financial Times, the Economist and Forbes. IE is a leader of blended education, being the pioneer of online teaching, it delivers a learning experience which combines interactive online teaching via video conferences and debate forums, with short face-to-face periods at the IE campus in Madrid. IE's portfolio includes

bachelor, masters, MBAs, Executive MBA and executive education programs.

IE Ecosystem consists of 5 Schools and different centers:

- IE Business School - A school for transformation, creation and innovation. Our internationally recognized approach creates an environment of thriving professionalism.
- MBA, Master in Management, Master in Finance
- IE School of Human Sciences and Technology - Educating innovative professionals for the new world of work. Our students draw on communication, media, social sciences and technology to impact business and society.
- Master in Business Analytics and Big Data, Master in Cybersecurity, Master in Digital Business and Innovation, Executive Master in Digital Transformation and more
- IE School of Global and Public Affairs - We train influential leaders to transform and truly make a difference in the private, public, and non-profit sectors.
- Master in International Relations, Master in International Development (designed in partnership with UNSSC), Executive Master in International Trade
- IE Law School - IE Law School drives innovation in the legal world, training global lawyers that stand out for their passion for entrepreneurship and humanistic spirit.
- LLM in International Business Law, Master in Legal Tech, Master in Corporate Compliance
- IE School of Architecture and Design
- Architecture and design education is based on innovation, responsibility and entrepreneurial spirit, all fostered through project-based learning
- Master in Business Architecture and Design, Master in Real Estate

IE's ecosystem also consists of various initiatives, research centers and labs.

- IE Exponential Learning – A department that provides non-degree programs to professionals with a lifelong learning mindset who seek growth at every stage of their careers. Those programs are short-term, and have different formats, such as online, on site, blended, that cater to the different needs of the students.
- Data Science Bootcamp, Management programs, Innovation for Managers, Short term specialized programs
- Headspring Executive Development – a joint venture of IE Business School and the Financial Times, custom programs catered to specific needs of corporate and public clients.



Regional Post Caucasus Media

www.regionalpost.org

Regional Post Caucasus Media was established in 2016 first as a print and online English language magazine and then as a full-service company covering a wide range of media services including media planning, writing, content marketing, as well as managing media campaigns for various clients. Currently, the company practices storytelling through a variety of channels such as print, digital, and podcasts formats.

The flagship product of the company remains Regional Post Caucasus magazine, which covers such topics as diplomacy, economy, business world, international relations, culture and everything that adds to the development of Armenia and the Caucasus region. The magazine is distributed in Armenia individually to 1500+ recipients, including political, business and cultural leaders, governmental officials, the representatives of foreign embassies and international organizations, and other relevant individuals. It's also available in cafes, business centers, universities, airport lounges, various events and other locations relevant to our target audience.

The magazine is distributed not only in Armenia and the region but also in Russia and several European countries such as France, Germany, Italy, Switzerland, Belgium, and Turkey.

During the past couple of years, RP Media started focusing also on the digital presence of its content and social media promotion. As a result, currently, we have up to 500.000 unique reaches via Facebook, up to 25.000 engagements per month via Instagram and around 8000 unique visitors per month by means of our website.

The statistics derived from these data illustrate that 50% of our readers are from Armenia and the rest 50% are from abroad. Our audience mostly consists of 25-40 years old young professionals, who are fluent in English. 55% of the latter are women.

To learn more about Regional Post Caucasus Media, you can visit our website, our podcast page or our Facebook page:

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**STAMINA SALES
OUTSOURCING COMPANY LLC**
www.stamina.am

Stamina is the first Armenian company that provides sales outsourcing services to individuals and organizations. The goal of the company is to change the way of thinking about sales, to create a new culture in Armenia. It was founded in 2020, and despite the challenges of the previous year, it continues to grow steadily and help Armenian businesses.

We create sales departments for companies in different fields, we train sales professionals based not only on knowledge but also on skill development. We develop the professionalism of individuals to become sales managers, and of course, sell the best products of companies.

OUR VISION

Change the mindset and create a new culture on sales approaches in Armenia

OUR MISSION

Educate and develop sales professionals, provide quality sales services to individuals and organizations

OUR VALUES

Young, well-educated and experienced staff

Practice-based approaches to all procedures Measurable results

SERVICES FOR COMPANIES

1. Establishment of a professional sales department
2. Saving of financial and time recourses
3. Increase of sales volume of the company

SALES SETUP & REDESIGN

Building sales department from recruitment to onboarding, with the implementation of all relevant processes

SALES OUTSOURCING

Full outsourcing services for startups and other companies that design new products and services



We Solve Law Firm
www.wesolve.am

A Firm with a Mission

We Solve is a firm of empowered individuals which has been established in 2021 with the main mission of transforming

the culture of the legal services industry in Armenia. A distinguishing feature of the firm is its dedication to providing a value-adding, solution-oriented approach to its clients primarily in the communities of Gyumri and Yerevan. Being yet new in the market, We Solve has already found its way in the representations of top-level commercial transactions and litigations.

Our firm specializes in the advisory of the following legal areas:

- Corporate Law / Corporate Governance
- Commercial Law
- Regulatory / Administrative Law
- Labor Law
- Insolvency & Estates
- General Litigation
- Tax & IP Law

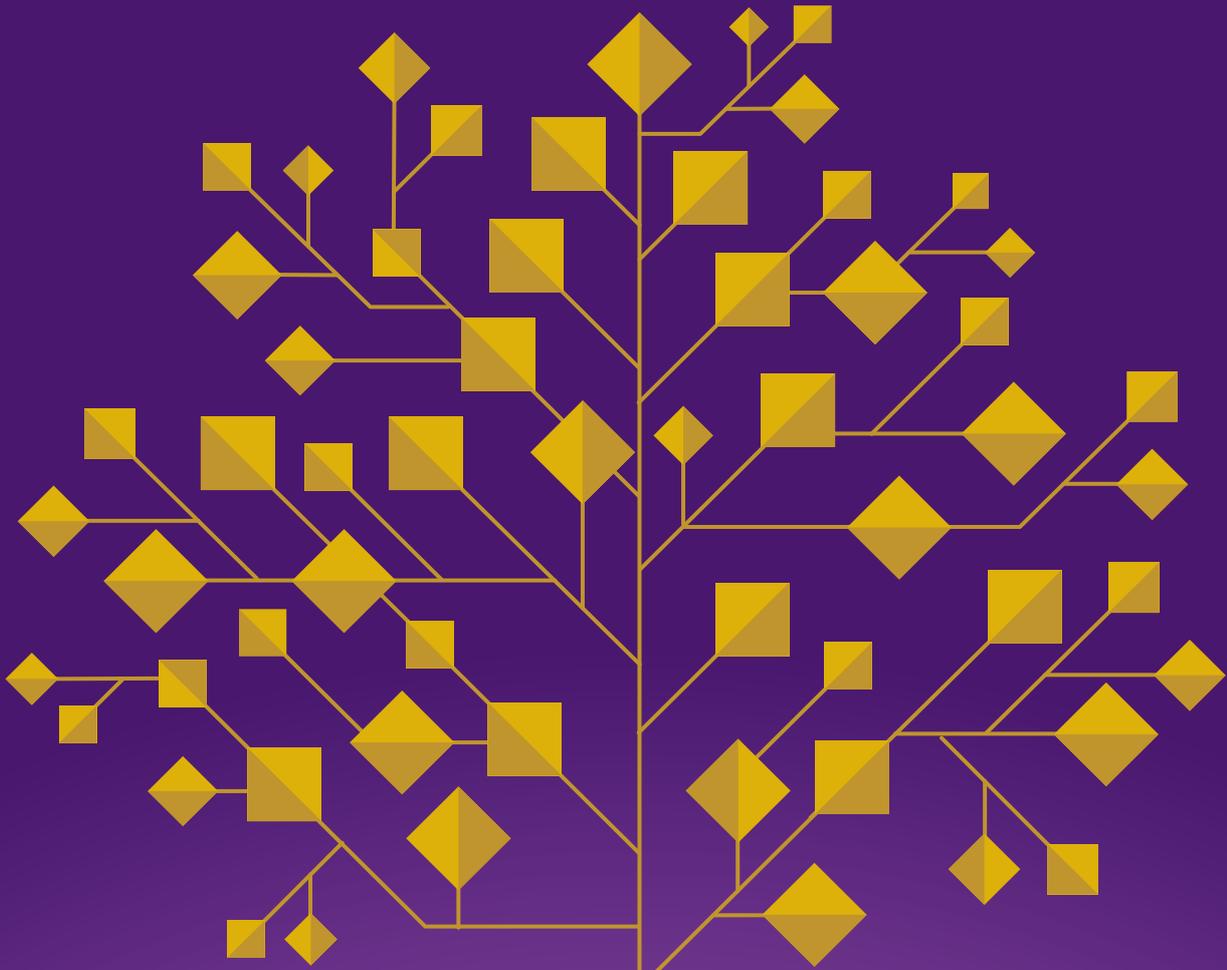
CLIENT-DRIVEN

At We Solve, we strive to provide our clients with creative solutions to their business problems in an affordable and timely manner. It is one of our missions to serve the communities of Gyumri and Yerevan as well as the public interest to promote diversity throughout the legal profession and maintain a culture of team work and collegiality.

RESULTS-ORIENTED

We litigate cases and close transactions. Our consultants and attorneys remain fully engaged in each case from start to the very end, taking a proactive approach to coordinating client teams and safeguarding the delivery of quality work in the shortest period of time.

We Solve law firm is an enthusiastic and innovative law firm with a full confidence that it will be able to render a professional and cost-effective service that will meet and exceed clients' expectations on a local and international level.



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BYBLOS BANK
ARMENIA

Mr. Hayk Margarian

Director, National Center for
Innovation and Entrepreneurship



MINISTRY OF ECONOMY OF THE
REPUBLIC OF ARMENIA



Q: Mr. Margarian, please tell us about yourself, your educational background and your work experience?

A: I was born in Armenia in 1984 and when I was 3 years old my father relocated our family to Russia to begin a private business, which, eventually, grew into a family-run multifunctional organization, including the ownership and operation of several factories, civil engineering and government construction projects and catering services.

After I graduated from the remote campus of Maryland University in The United

States of America and the Far Eastern Federal University in Russia, I started my career in Audit, Consulting and Economics in Moore Stephens International and several other companies in the private sector. In 2009 I moved to Canada, where I started my own business projects such as educational language center, web development, importing and exporting of new products and agriculture, which I continued in Russia. I am married to Anna and have two wonderful children, Suren and Anastasia.

Q: How does the study at the Moscow State Institute of International Relations contribute to your future career?

A: My study at the Moscow State Institute of International Relations was primarily the beginning of my Ph.D. economic scientific research, which I am continuing here in Armenia. The graduation from the Universities of different countries such as Maryland, USA in Business Administration; Vladivostok, Russia in Economics; Moscow, Russia Law and Classical Theology has given me a wonderful learning experience in different professions from international experts and professors, which really helps me in the position of the Director of the National Center for Innovation and Entrepreneurship (NCIE). I believe one needs to be multi-skilled, in order to manage such an organization and work with different types of people.

Q: Mr. Margarian, tell us, what was your key driving force to return to Armenia after several years of living in the US, Canada and Russia and to take over such

a responsible position as the Director of the National Center for Innovation and Entrepreneurship?

A: I have always had the feeling that one day I must return to my Motherland. After meeting my future wife in Armenia, I began investigating the possibilities of repatriation due to the overwhelming love, I felt to my country. As I know, nothing happens by coincidence. In 2020, I was invited to Armenia through the iGorts program by the Office of the High Commissioner for Diaspora Affairs to serve in the Ministry of Economy. As a result, I accepted the invitation with great motivation. We finally repatriated in September 2020, just before the war commenced, and with even more enthusiasm, I continued working for the good of our nation together with passionate people: those native to the homeland and others from the diaspora and non-Armenians. I was extremely happy to see so many talented and dedicated people from different parts of the world gathered together in one place. Almost 6 months later, several experts with me proposed to restructure the NCIE. The Minister of Economy invited me to lead this organization, which was supported by the Prime Minister.

Q: Mr. Margarian, how is your family adapting to Armenia?

A: Initially it was difficult for my family, but deep in my heart, I knew that this was the exact time we needed to be in Armenia. We have had our challenges, adapting to a different lifestyle and the recent war against our country. But all in all, it has been a positive experience for us. After several months we smoothly integrated into the Armenian society and found many friends. It is very easy in Armenia to find like-minded individuals, and we have met all kinds of people with different experiences and backgrounds. My wife studies and our children go to an Armenian kindergarten. When I see them joyful and active, I remember my happy childhood in Armenia. Indeed, Armenia is a great place for a happy family.

Q: Mr. Margarian, how will the National Center bridge innovation with business and what are the challenges that you face

currently?

A: As a team, we offered our government a complete restructuring of the Center and are currently building a new model with three governmental innovative directions:

1. **Technology Transfer Office** - to help commercialize innovations, technologies and scientific research connecting scientists and inventors with business;
2. **Multifunctional Business Support Center** - to create a structure with effective governmental mechanisms for a transparent services and simplification processes for businesses.
3. **Digital Transformation of the Private Sector** - to raise digital maturity and compete effectively in a post-pandemic digital economy.

We believe that without developing knowledge-based economy with a strong emphasis on technological innovations and business simplification our country will not take the economic leap it needs in order to successfully compete in the global marketplace.

We have attracted international and local Armenian and non-Armenian experts (mostly on a voluntary basis), who have helped to create this new structure and have begun developing project concepts, necessary for our country's future development. Now we are in the process of creating this new structure to hopefully, obtain the budget we need for these new projects from the government and donor organizations. We are open to cooperation with local and international organizations to achieve better results and invite everyone to visit our Center.

Q: Mr. Margarian, what is the Center's current strategy on cooperation with the business community to develop systematic innovative and entrepreneurial culture?

A: The current strategy of our Center is to build

systematic measures of services and business support by creating a Unified Multifunctional Center. In addition to our Support Centers in several regions of Armenia, we will offer effective informational service, consulting and state support functions and create an online innovative platform. This platform should be a modern resource to provide most of the governmental services for businesses online, such as:

- Company registration;
- Applications for subsidies and loans;
- Due diligence of companies;
- Unified registry of companies;
- Online education for entrepreneurs.

All these steps will significantly change the quality and level of the entrepreneurial culture of Armenia in a systematic way.

Q: Mr. Margarian, what was the most innovative decision you have made?

A: Brought my family back to Armenia and brought together like-minded professionals, who are dedicated to the future development of our country. This team has an amazing work ethic despite some very challenging circumstances and many people are inspired by their enthusiasm. This has resulted in many Diaspora and non-Armenians expressing a desire to live and work in Armenia. Furthermore, many locals are seeing a future in a business and professional world herein Armenia and have decided to stay in their Motherland.

Q: Mr. Margarian, what do you think is the greatest innovation in the world?

A: In my opinion, the greatest innovation is the human being, who is a co-creator of innumerable wonderful inventions. Also, nature, which inspires engineers and provides resources to create life-changing inventions, e.g. airplanes (developed since the Wright brothers) and all of the hardware and software that goes into its complex design and development.

Q: Mr. Margarian, what key sectors would

you recommend entrepreneurs invest their time in?

A: There is a great potential in Armenia, and I can note these areas for entrepreneurs to devote their time and effort:

- Production of high-quality products, not only agriculture and light industry, but also high-tech and for export abroad. Made in Armenia should become a sign of quality and a good reputation in the world. We must have a strategy for promoting Armenian high-quality products, and my team has some developments in this area.
- Technology, industry and innovation are of fundamental importance. Armenia has a human capital that meets the criteria of leading technology companies. This resource can be used to create world-class IT solutions.
- Our scientific school has a great resource for the development and commercialization of technologies. For this, we are creating the first governmental Technology Transfer Office, which will help commercialize scientific innovations and technologies.
- The construction industry, because the development of Armenia is also associated with the creation of an innovative urban environment and conceptual architectural structures up to the creation of Megaprojects of new innovative cities. We have a favorable environment, great historical background and a convenient geographic location for this.

Q: Mr. Margarian, what will you wish to the AmCham Business Community?

A: Dear AmCham Business Community, I want to thank you and wish you successful work in Armenia and productive relations with our National Center for Innovation and Entrepreneurship now and in the future. Our team hopes to develop a strong mutual collaboration with AmCham, and you can be assured of our full cooperation and openness to dialogue at any time.



Mr. Hayk Lorikyan

Deputy CEO, Business Development | Galaxy Group



Q: Mr. Lorikyan, tell us about the Galaxy Group as a company, and what are the main values of the company?

A: **Galaxy Group of Companies** is a “factory” that forms, assembles and delivers successful businesses. This is a group of companies that always strives for excellence by looking ahead, asking questions before the idea commercialization and combining previous experience into something more developed, more successful. Galaxy is a house of professionals with shared high quality standards and ethics, united by a mission to improve lives and communities.

Q: Mr. Lorikyan, what is the KEY business challenge you could solve that would make the biggest impact on the organization?

A: I believe that no single person is ever capable of changing any large organization, it is always the team, a group of like-minded people, who happen to get together and solve real business challenges. Looking back, I would say that the key business challenge we could solve here at Galaxy was the slight change of the corporate culture of the company to engage the team in the decision-making processes.

Q: Mr. Lorikyan, tell us what kind of ideas are being tackled in the workgroup discussions to make the company more innovative and its projects original?

A: The ideas are not only limited to workgroups, the ideas can come from different companies and the workgroups within those companies as well. There is a stage at Galaxy Group where all employees have the opportunity to share their ideas with many partners and other employees of the group, and it is one of the most important elements of our company, to have their voices heard. That comes from having a very dynamic, young and modern board of directors and shareholders, who like to sit with the staff members around the table and discuss numerous ideas. Of course, during those sessions, not only new original ideas might arise that have not been yet introduced by anyone else, but also ideas that can diversify already existing business units. Hence, our development team is responsible for that very area, either creating new business ideas or expanding the current business active units. The ideas get filtered based on how much they are aligned with our overall business strategy and vision. If it is an entirely new idea that does not correspond with what business areas we are currently exploring, it is discussed within the Galaxy Group whether it is possible or not to start a new branch for the proposed idea. That said, some ideas can be incredibly original

and new but do not line with the company's current goals.

Q: Mr. Lorikyan, what new projects are currently undertaken by the Galaxy Group?

A: **Teryan 5 building complex in partnership with Marriott International**, is one of the outstanding projects. **Captain Kid's Treasure Island** in Yerevan Mall is a totally new concept in the kids' entertainment sector. In addition, two years ago we signed a franchising contract with **Paul Boulangerie** which is a French business concept. Paul is a 100-year-old famous traditional business that is based in France and will open its doors in Armenia shortly. We have gathered a pretty good professional team for our other restaurants, such as **Santafe** and **Pahest 33**, and as such, we have decided to monetize this branch of the HoReCa sector and capture the opportunity for the development of such businesses.

Currently, our other business - **Megafood** has a new business idea. For instance, Megafood is part of the Galaxy Group that works in food production, and after a long and in-depth study of the local market, we realized that the cheese market can be a very interesting and high potential sector to participate in. **Katna** is our new cheese brand that has three different types of cheeses: Chanakh, Lori and Suluguni. The success of this project mainly relies on consumer demand, which we estimated to be considerably high when it comes to such high-quality cheese products.

Q: Mr. Lorikyan, what was the main motivation behind the complex of Teryan 5, how did you partner with Marriott International? When the project will be launched?

A: Well, the motivation always is to challenge the existing market with something breakthrough idea, which, apparently is the key to success and profit. When Galaxy took over the project, there was a ready-to-go project on the table, it was intended to build a 400 key luxury five-star hotel, so the first thing we did was to challenge the existing project and ask ourselves whether it is feasible. We hired two different consultants from C&W and JLL, for comprehensive market research, which showed that instead of a luxury hotel the market needs something different, a medium-segment facility, and instead of 400 rooms it should have only 150-180. After the long-research, we signed a management agreement with Marriott International to develop and operate a 173 key Courtyard by Marriott hotel, which perfectly matched all of our requirements. Because of the pandemic, the launch of the hotel shifted to 2023 while

the residential part will be commissioned in Q3 2022.

Q: Mr. Lorikyan, we know that you drove the launch of the Captain Kid’s Treasure Island, can you tell us what challenges you faced and how successful it was?

A: As you know, every shopping mall needs a so-called anchor tenant in order to attract high traffic, and it is especially important for the newcomers. Due to some processes, Yerevan Mall was launched with no operating entertainment anchor and we needed to act fast to help the operations team. So, the main challenge was the time. We, together with my colleagues from Yerevan Mall, managed to create from scratch and set up a really great venue of **Captain Kid’s Treasure Island** in about 6 months, which apparently became the number one family entertainment center in the city.

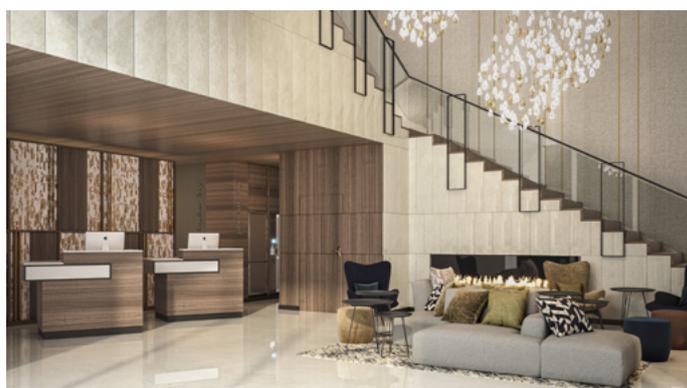
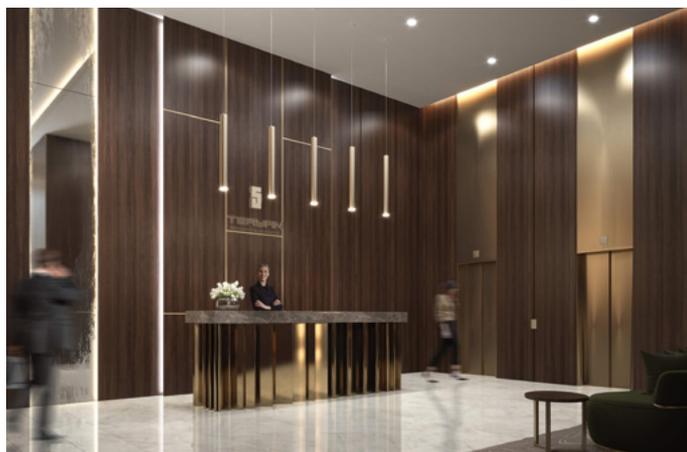
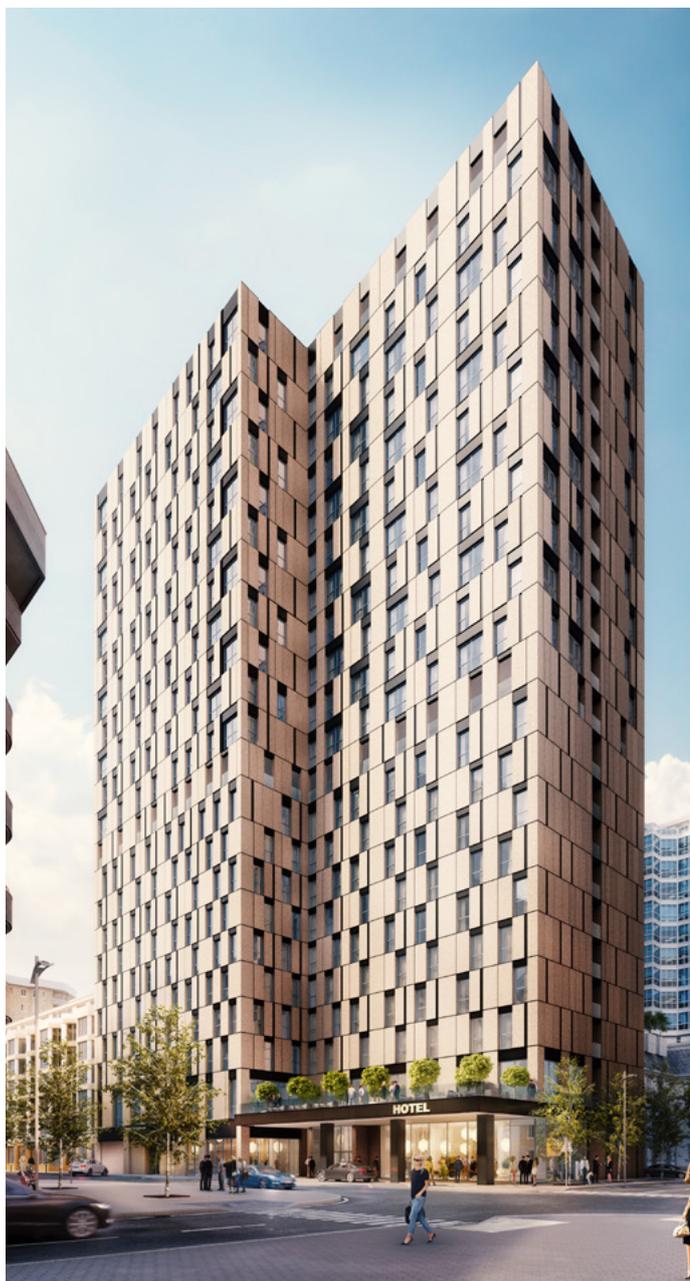
Q: Mr. Lorikyan, can you tell us more about Paul Boulangerie? How the new project will be implemented in Armenia and what will it bring to the sector?

A: We studied the pastry and boulangerie market and realized that it is quite open for new investments, as it is only in the last 2 years that the pastry business has developed in Armenia. We invited experts from France, and they helped us to pinpoint in which direction we should be working. In the case of creating such a business, you mainly have two options: you either start a team on your own for an originally new brand, with all its risks, or you bring in a partner, which in our case has 100 years of experience with strong know-how, hence, you trust their input on what to do/how to do. The pandemic changed the deadlines a bit, but the project is running right now and we hope by May 2022 we will have the first **Paul Boulangerie** opening on Abovyan St. 8, Yerevan. It will be in a historical building very appropriate for the business since it will bring the spirit of France and French cafes, with its interior design, food items, the atmosphere, music and aesthetics. There will be small tables venue to enjoy the coffee outdoors and watch the people flow. We are planning to have five different branches of Paul in Yerevan. One of them possibly will

be at the airport. Certainly, the first flagship is the most important one because it represents the factory as well, where everything is being produced. The other branches are more like satellites to support the business for demand creation and will be opened within three years. We will have the same exact quality and taste of food and croissants at Paul’s as anywhere in the world, of course, without unveiling the recipes’ secrets. Each of the three main chefs will be working as a bakery chef, pastry chef and kitchen chef. In addition, the management will undergo certain training, for almost four months since the Holder family is very serious about delivering quality and we strive to integrate that same exquisite French quality here in Armenia.

Q: Mr. Lorikyan, what will your advice be to the business community of Armenia?

A: Come up with new products and services, test them in Armenia and expand abroad.



Mr. Aren Naltakyan

CEO | Inecobank



EDITOR'S NOTE

Aren Naltakyan's career at Inecobank spans more than 11 years, including extensive experience in various parts of the business as a Branch Manager, then Head of the Retail Business Service, and Director of Development and Marketing, before being appointed CEO in 2019. A proponent of lifelong learning, Mr. Naltakyan has an MBA from Sheffield University (Great Britain) and a diploma in Strategic Management and Leadership from the Chartered Management Institute.

COMPANY'S BRIEF

Inecobank is one of the leading banks in the South Caucasus region and offers a full range of banking services including breakthrough and innovative digital banking solutions. For 25 years the bank has been providing unmatched convenience serving over 500,000 customers and already 280,000 online users. Inecobank developed industry-leading digital solutions and introduced an entirely new culture of banking services.

Q: Mr. Naltakyan, please briefly tell us about yourself. What is your story and how did you decide to become a banker?

A: Back when I was a student, I used to work in web development and initially sought to develop a career in this area. However, my father and I also set up our own business, which was a small production unit. I got some valuable business experience there. But when a branch of a bank opened in Abovyan, where I used to live, my parents thought it would be a good idea if I applied for a job there. To be honest, I had never imagined myself working in a bank back then, and I never thought I would get accepted, given that my educational background was in a completely different area and I had no experience in the banking sector. At the time, I basically applied to please my parents as I was personally quite happy with the business we had started.

But, as often happens in life, things turned out differently than planned. The deputy director seemed to appreciate my analytical skills during the interview and felt that I was a good fit for the role of the credit officer, and that was how my banking career started.

Q: Mr. Naltakyan, why did you decide to go back to studies for a master's degree after 15 years break and a successful career? What did you discover for yourself?

A: The first thing is that I believe learning is a lifelong process and you should never pass on the opportunity to continue your education whenever it arises.

This was a real opportunity that I wanted to grab.

Coming to the question of what I discovered, it was interesting to see that I had been working intuitively with the same principles outlined in the formal education content, even though I had not known about their existence as such. But, naturally, the education process helped me systematize my thinking and understand better when and how those principles should be applied for maximum effectiveness.

Q: Mr. Naltakyan, Inecobank is acclaimed for constantly providing high-quality banking services for already 25 years now. What's the main driving force of Inecobank's success?

A: You're absolutely right when you say that Inecobank is one of the best examples of a successful business in Armenia, because we started with just 100,000 USD in capital and a team of fewer than 10 people but, over 25 years, we managed to successfully implement a number of initiatives, allowing us to get to this point today where we provide 800 high-paying jobs, have 500,000 customers, capital worth more than 100 million USD, and a consistent position among most profitable banks in the country. This, in turn, allows us to invest in the development of our team and technological infrastructure such that we have secured our position as the pioneers of innovation in various directions in the financial sector.

We have managed to achieve all these thanks to several factors.

This first thing is the value system that is embedded in our company's DNA, which consists of having sincere relationships with our partners and customers, allowing ourselves to have the freedom to create and launch new initiatives, prioritizing professionalism and the effort to be the best in our field, as well as focusing on teamwork and transparency.

The second factor is our business model, which focuses on the team that has these values and who strive to help our customers achieve their financial objectives.

And our relationship with our partners is also a key factor of our success. Inecobank has the biggest partnership network with international financial institutions, who trust us and give us access to a whole range of financial resources.

Q: Mr. Naltakyan, what are the Inecobank's mission and vision and how does the business environment in Armenia contribute to it?

A: As a business, we strive to become a leading financial organization in our region, but the underlying mission of our operations is to create opportunities for people to realize their goals by providing financial services in line with their needs. These are sometimes everyday goals like improving the conditions in which their families live, managing to travel and enjoy different cultures, supporting their efforts to gain an education, and other such crucial individual objectives. At the same time, we help businesses grow and scale up their operations. This is our mission, which relies on our solid foundation of being a customer-centric company.

Q: Mr. Naltakyan, please advise on the Inecobank current investment strategy, and how does it affect the banking sector of Armenia in general?

A: We carry out investments in several areas. The first consists of our own staff, with their development and improved working conditions as a key focus of our company. The next area in which we invest is innovation and technology, which allows us to develop as a company and provide our customers with the best and most convenient banking solutions.

When it comes to our credit operations, we have two broad areas – financing to individuals and to businesses. In both cases, our offering covers the full range of the market's needs. We have a particular focus on small and medium enterprises (SMEs) and we are the leading bank in this area. We provide loans, financial leasing, factoring, as well as special credit terms for energy efficiency and renewable energy solutions. When it comes to individual customers, we were the first bank in the market to provide online loans, pioneered various digital banking solutions which in a sense set the scene for fintech development in Armenia. We are constantly developing new products, setting standards and challenging the competitive banking sector in the country.

Q: Mr. Naltakyan, what is the foreign participation in Inecobank and how does it support your operation?

A: For many years now, Inecobank has a diversified shareholder structure. We had such reputable shareholders as the IFC and EBRD. Currently our distinguished international shareholders are agRif Cooperatif U.A. with 10.01% of shares and DWM with 5.09%.

We get several benefits from having these companies as our shareholders. Naturally, we had a lot to learn many years ago from these international partners – their experience has been invaluable to us in the local market. At the same time, their presence contributes to the constant improvement of our internal corporate governance and balancing of our decision-making mechanisms.

Q: Mr. Naltakyan, please describe the banking sector competitive universe and how does Inecobank address the competition challenges?

A: I think we have more banks in Armenia than necessary for our market, given its size. Nonetheless, we love to compete and have several competitive advantages such as our team, the convenient and innovative solutions we provide and, most importantly,

our customers' trust, which we have managed to earn thanks to many years of honest and professional work.

Our corporate slogan calls to value your time, and we truly adhere to it. That is one of our main competitive advantages. We are much quicker both when it comes to our own internal decision making as well as delivering to customers on things like providing loans.

As any well-established business, we love healthy competition as it is always motivating.

Q: Mr. Naltakyan, if you go back a year, what was the biggest move you made in high-tech to make Inecobank more modernized?

A: We could go back and look at each year separately and we would see several moves we made to modernize Inecobank and consistently consolidate our position as the leader in technology. This technology is deployed on a strong foundation of personal values, an outcome-oriented team, and their collaborative skills. From this point of view, we have carried out several changes that aim to improve these qualities and take us to a different level. We are soon launching an in-house processing center, which will be certified by international payment systems and in compliance with PCI DSS industry security standards. As a result, we will be the first bank in Armenia to permit card transaction authorization from the Bank's core system, allowing the card and card account balances to be synchronized. The Bank will be ready to offer its customers completely new tools previously not available in the market and, most importantly, we will further improve one of our longstanding main competitive advantages, which is the speed of development and implementation of new products and solutions. At the same time, our customers can continue to seamlessly conduct transactions within the ArCa system thanks to the host-to-host integration between the two processing centers

Q: Mr. Naltakyan, what are the technological advancements at Inecobank that best serve your customers' needs and you feel are the future of the banking sector in Armenia and globally?

A: I would like to highlight that each and every innovation and technological advancement is made for the sake of our customers' convenience.

The InecoMobile app, for instance, is the best of its kind in the market, and the evidence for this is that we have around 280,000 online users. The app also reduces in-person visits to our branches – these only constitute less than 10% of our daily transactions now. The other popular service we provide is our online loans, including our well-known One Click solution. We were the first to introduce online loan and I can confidently state that it is hugely popular, with more than 200 loans provided a day. Our solution to provide credit on the spot has made it possible to get a decision allowing purchase on credit within just 15 minutes, compared to the previous time period of 3 days.

InecoPay, our contactless payment solution was launched in 2018 and continues to be very popular to this day and will continue to gain popularity among our customers with the

introduction of BNPL (Buy Now, Pay Later) service, which has grown popular around the world. This is a global best practice and we are excited to be able to offer it in the Armenian market via InecoPay. It allows customers to make purchases on the spot, without spending their savings. Payments are arranged to the bank over several months without any interest or intermediary costs.

I can continue adding to this list, bottom line – we constantly look into opportunities to improve our customers' experience.

As for the future of banking in the country, I think that this sector has proven itself as a stable and trustworthy system even in times of crisis. From future perspective, I think that the essence of the banking sector will not change, i.e. it will be a financial mediator that relies on customers' trust – this is eternal. However, what would change are customer preferences when it comes to service, something we are seeing around the world – customers are giving preference to quick, simple and accessible services, and banks must be able to adapt themselves to the necessary level of professional and technological preparedness.

Q: Mr. Naltakyan, what are the crucial soft and hard skills that the leader of the 21st century needs to have?

A: Today, there are various researches and theories, claiming that the new generation needs different leaders. Based on my experience I must say that a 21st century leader is different from the leaders of the past only in the sense that these are different times with a change in specific external details. But the qualities of a leader are essentially the same and I would highlight the fact that leaders must, first and foremost, be able to find the right people for the job, set clear objectives and unite the team around them. I think it is also very important to make decisions in complex and uncertain situations.

Q: Mr. Naltakyan, what is one decision that you would change if you had the opportunity to?

A: I never think about that – I have always been guided by my value system even in the most complicated times, and I don't think there is ever a need to look too much to the past.

Q: Mr. Naltakyan, your advice to AmCham members and the SMEs using your banking services?

A: I think that any initiative has the potential to succeed and it all depends on how much one believes in that success and is ready to fight for it. My advice is simple – never give up to fight for the objectives that lie ahead of you.

I would also like to use this opportunity to express my gratitude to the customers that use our banking services. I assure you that any decision we take is based on our desire to improve customer satisfaction and our mission to help them achieve their objectives. I am certain that we have so far managed to meet our customers' expectations and we remain committed to doing so in the future as well.



Ms. NAIRA DERDZYAN

PARTNER, HEAD OF ANALYTICS CENTRE
Grant Thornton



“COMPETITION NEVER SLEEPS”: ACCELERATING DATA USE IN THE MODERN WORLD

In this article Grant Thornton Data Analytics experts share their insights into data transformation trends that encourage companies to rethink the ways they approach their businesses and gives them the tools to improve their business strategies.

Business transformation, big data processing and analysis are concepts we hear every so often. In the modern world these are considered as key factors in defining successful business strategies and risk management policies. With the rapid development of big data and information technology, companies generate a large amount of data, which will not be useful without proper processing and analysis. Big data analytics provides businesses with many advantages, including effective time management, improvement of efficiency of operations, better decision making and most importantly, great competitive advantages.

There is also another “player” to the game called research. The role of research for business decision making is seemingly self-evident: the efficiency of a cure depends on the accuracy of the diagnostics. However, that is only a fraction of the benefits a proper application of research methods brings to competitive companies. In general, it is always hard to justify the “intuition” behind decisions if there is no selected research method behind. In that case, the quality of the decision utterly depends on a set of unobserved qualities of the expert, which makes the decision biased.

Typically, applied methods will have well-defined structure and the decision maker only has to support the usefulness of the models. The researcher has to perform relevant statistical exercises (tests) and select the appropriate model. If the data matches certain preconditions, then the applied method is correct and the results

are already justified.

Together with research data analytics (DA) is an important part of business processes nowadays as it helps organizations optimize their performances and demonstrate a competitive edge. A company can use data analytics to adopt various business strategies and help analyze customer behavior trends, demand shifts, automate processes and reduce costs, improving product/service delivery and client experience level.

Data analysis tools make it easier for users to process and manipulate data, analyze the relationships and correlations between data sets, and it also helps to identify patterns and trends for interpretation.

Big data analytics is the use of advanced analytic techniques against very large, diverse big data sets that include structured, semi-structured and unstructured data, from different sources, and in different sizes.

With big data analytics, we can ultimately fuel better and faster decision-making, modeling and predicting of future outcomes and enhanced business intelligence. Big data analytics helps businesses to identify customer related trends and patterns, learn more about what they are looking for, develop insights into customers’ budgets and the features they want to see before making a purchase. And, as we all know, customer behavior analysis leads to a profitable and more sustainable business.

The application of DA can be in various industries, one such example would be increasing the quality of medical care in the country. Healthcare facilities can make use of data analytics to provide streamlined, higher-quality medical services and improve patient outcomes. Organization of public transport and rout mapping in complex urban areas would be another example. The third example is the application of new technologies in

agriculture, such as the use of drones in plant treatment, etc. This ultimately leads to another concept of data-driven activities called business intelligence (BI).

Business intelligence (BI) is a set of methodologies, processes, architectures, and technologies that leverage the output of information management processes for analysis, reporting, performance management, and information delivery.

Business intelligence deals with the present, while data analytics is more focused on the future. Business analytics (BA) refers to the practice of using your company’s data to anticipate trends and outcomes.

At present, 2.5 quintillions (2.5 followed by 18 zeros) bytes of data is being created each day, yet that pace is only accelerating with the growth of the Internet of Things (IoT). Over the last two years alone 90 percent of the data in the world was generated.

As big data amasses, business intelligence solutions become essential for companies to retrieve, analyze and transform data into useful business insights. Each day new organizations are investing in big data and AI citing the need to manage unstructured data as a problem for their business. To be able to make quick and agile decisions and stay competitive on the market, businesses must recognize the importance of having these solutions in place regardless of the sphere of their operations.





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**SUSTAINABLE
FINANCE ARTICLE**

Sustainability has never been more important to governments, investors and the corporate sector than it is today. According to the HSBC Sustainable Financing and Investing Survey 2021, 93% of issuers and 83% of investors have increased their attention to either environmental or social, or both issues. 74% of European respondents believe it's right for their organisation to care about the world and society.

Sustainability implies meeting the needs of the present without compromising the ability of future generations to meet their own needs. 2030 Agenda for Sustainable development adopted by all UN Member States and Paris Agreement define the main goals of sustainability.

The 2030 Agenda for Sustainable Development, adopted in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the 17 Sustainable Development Goals, designed to achieve a better and more sustainable future for all.

The Paris Agreement, adopted in 2015, targets to strengthen the global response to the threat of climate change by limiting a global temperature rise this century well below 2°C. The agreement also includes the commitment to strengthen the ability of countries to deal with the impacts of climate change, through appropriate alignment of financial flows with a pathway towards low-carbon and climate-resilient development.

A recent survey by the UN Development Programme of 1.2 million people in 50 countries was clear: 64% of people said that climate change was an emergency.

It is widely accepted that achieving global net zero emissions by 2050 is the best chance to mitigate the worst impacts of climate change. Being net zero means reducing the greenhouse gas emissions (like carbon dioxide) produced, while

increasing the removed amount to achieve a balance that protects the planet, while creating a resilient global economy.

Sustainable finance will play a critical role in supporting companies' transformation. It channels private investment into the transition to a climate-neutral, climate-resilient, as well as resource-efficient and fair economy, as a complement to public money.

The EU describes sustainable finance as "finance to support economic growth while reducing pressures on the environment and consider social, corporate and governance aspects," such as inequality, human rights, management structures and executive remuneration.

The market for sustainable finance is growing globally. It can be categorized in terms of three ESG themes and then, further categorized into either negative/exclusionary or positive/integrated investment strategies.

Environmental finance focuses on green finance that invests in companies that aim to reduce their carbon emissions or divests from those that do not, provides new investment for development and application of carbon reduction technologies.

Social finance focuses on the impact finance that invests in companies that aim to improve their human resources practices, or divests from those that do

not, provides start-up or growth capital to enterprises that address social market failures in the provision of welfare in such areas as health, education, and employment.

Governance finance focuses on stakeholder finance which is directed to companies that adhere to international standards of employee wellbeing or is divested from those that do not, is invested in companies that have a strategic aim to incorporate elements of purpose into their governance structures.

Critical contributors to the emergence of sustainable finance are changing investor preferences, in particular, as per the same survey, 92% of European investors agree that their responsibility to society has changed. Caring about the world and society (85%), the financial benefits in terms of improving returns and reducing risk (78%), and pressure from customers (63%) are the three top reasons why Sustainable finance has increased in importance for issuers in financial markets. Regulatory requirements (65%), the pressure from customers (64%) and employees (61%) are as important factors as the care about the world and society (64%) for global investors to increase demand for Sustainable finance products.

It is vital that we all recognise that our planet urgently needs drastic and lasting action to protect our planet.





Mr. ARTEM CHICHYAN

CORPORATE BUSINESS DIRECTOR |
MEMBER OF THE MANAGEMENT BOARD

Inecobank



INECOBANK: THE BUSINESS OF SME SUCCESS

Acknowledging that business would never be the same after the COVID-19 pandemic in 2020, McKinsey and Company developed a report called *The Future of Business: 2021 and Beyond*, which looked at the factors that would be key parts of the business landscape in the years to come. One of those factors is the acceleration of digitization and innovation, with the suggestion that the very nature of work will change thanks to automation of manufacturing and behind-the-scenes business processes. At the same time, greater attention will be paid to environmental, social, and governance (ESG) issues, because having an authentic mission is recognized as a source of flexibility and competitive advantage, especially when seeking to hire the best talents. Having a balance of goals and activities that address ESG issues is now being seen as a necessity, not just an option. Focusing particularly on the environment, the McKinsey report emphasizes the need for a green recovery, because energy efficiency and renewable energy solutions create stable jobs and sustainable growth. How will Armenian businesses fit into this picture of post-pandemic business landscape? Which players in the ecosystem will support the development of an Armenian economy that is resilient, innovative, and green?

Inecobank has been a reliable partner for businesses in Armenia, particularly small and medium enterprises, for more than 25 years. It is one of the largest banks in the country today providing financial solutions to this business sector, which is often called the “backbone of the economy”. And this has been the result of a strategic effort in this area, which is clearly seen by the fact that Inecobank was the first bank in Armenia to open a branch to serve business customers exclusively in 2016. Inecobank now has four business

branches in Yerevan, with plans to increase their number in the coming years. But what do small and medium enterprises gain when they work with Inecobank? As with any bank, the main reason why a business would come to Inecobank is to have a reliable financial partner. And, just like any investor providing capital to a business, Inecobank wants to see their partners succeed. In order to increase the chances of making this happen, the bank does not just limit itself to what the partner needs, but also on how this solution is provided. Inecobank’s business branches value customers’ time and seek to provide the most convenient solutions possible by making business customers the focus of staff’s attention. The staff at these branches is trained to provide an individual approach to each business customer. At the same time, the InecoOnline digital banking solution allows business customers to carry out almost any transaction related to their business operations. Both the specialized branches and the InecoOnline help entrepreneurs and small business owners save one of the most precious resources they have – time. By allowing business customers to achieve their goals in the quickest time possible, Inecobank enables to use their resources effectively, thus creating a stronger foundation for success.

With the crises in Armenia of the COVID-19 pandemic and the war in 2020, small and medium enterprises in Armenia have recently faced a very difficult time, with many challenges still lying ahead. The OECD SME and Entrepreneurship Outlook 2021 report states that, even with government support to SMEs in many countries, there has been a need for small businesses to take on more debt during the period of the pandemic. At the same time, the crisis has brought with it an opportunity for businesses to reconsider how they use

the financial solutions that are available to them, and two key needs have emerged. Small and medium enterprises have realized during the COVID-19 pandemic that there are two key steps they can take to ensure resilience in the future such crises – they can increase revenues, even during lockdowns, by making a digital transition and a shift to e-commerce. At the same time, they can cut costs by focusing on environmental sustainability, particularly through the introduction and increased use of renewable energy as well as ensuring energy efficiency.

Inecobank has been a reliable and supportive partner particularly in this period having provided loans to its business clients for more than 22bln AMD within the scope of RA government programs addressed to the elimination of the economic impact of COVID-19.

Inecobank participates almost in all government financing programs and collaborates with a big number of IFIs which allows meeting the financing needs of its customers.

Among new financing programs in which the bank is currently involved, the following four can be emphasized – 1) Energy Efficiency for SMEs and 2) Renewable Energy Development, with KfW, as well as 3) the Green Economy Financing Facility (GEFF) and 4) SME Competitiveness, with EBRD.

As part of the KfW programs, Inecobank has invested around 3 billion AMD into energy efficiency and renewable energy programs.

In the first phase of the EBRD GEFF program, Inecobank has financed 20 energy efficiency and renewable energy projects, with a total value of 2.5 million USD. In the second phase, 32 projects have been funded with a total value of around 3.3 million USD, with more funding

available. The projects funded through the GEF program include the construction of photovoltaic stations as well as industrial-grade energy conservation units and energy-efficient manufacturing equipment. The businesses that have benefited from this opportunity cover a range of sectors such as agriculture (winemaking, meat and dairy production), industry (metal and plastic production, furniture manufacturing, textiles etc.) as well as wholesale and retail businesses. Financing through the GEF program has also allowed the construction of 8.5 MV solar power stations, which will allow businesses in Armenia to reduce their greenhouse gas emissions by 5,200 tons annually.

The SME Competitiveness program is specifically aimed at facilitating the improvement of the quality of services and products offered by local businesses, upgrading them to high European standards. This will enable Inecobank's

business customers to be competitive in European markets as exporters. Within the framework of the project, SMEs will also have the opportunity to receive technical advice, which will allow to identify additional prospective investment directions that will contribute to improving the quality of business efficiency.

Thus, Inecobank's support to small and medium enterprises in Armenia has focused on the core concept of modernization, which allows these businesses to become more competitive and profitable. The bank has also worked to this end with individual customers. Through the promotion of contactless payments, Inecobank has been a key player in the promotion of modern financial systems in the country, helping small businesses carry out cashless transactions. The newly introduced Paylater (the local analogue of worldwide-trending BNPL concept) besides providing

a more convenient shopping experience to the buyers, also helps businesses by attracting new customers and increasing the cashflow.

Inecobank's efforts in this area have been consistent for 25 years and will continue in the years and decades to come. As a bank that focuses on innovation and technology, it is well placed to provide solutions that help businesses in Armenia modernize themselves, thus transforming into resilient and sustainable companies and preparing for success in the post-pandemic business landscape that McKinsey and Company described in their report.

Did you know?



Inecobank is one of the leading banks in the South Caucasus region and offers a full range of banking services including breakthrough and innovative digital banking solutions. For 25 years the bank has been providing unmatched convenience serving over 500,000 customers and already 280,000 online users. Inecobank developed industry-leading digital solutions and introduced an entirely new culture of banking services.



The most innovative online banking system in Armenia enabling 24/7 financial transactions.



The most convenient mobile banking application in Armenia, an absolute leader by number of users due to its ease of use.



The first fully automated lending in Armenia, 24/7 providing loans in seconds through InecoOnline and InecoMobile.



Innovative payment system that allows to make payments with a QR code via smartphone.



World-trending BNPL (buy now, pay later) payment practice introduced in Armenia.

Our digital achievements are continuous, as innovation itself is a path from approaches to solutions. The customers' convenience and striving to value their time are at the core of our innovative solutions.



Mr. ALEKSAN POGHOSYAN

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THE FRAGILE BRIDGE BETWEEN AUDIT AND CONSULTING

"Advisers of the Future" -tells BDO Global Dream statement. Other global audit firms have similar statements: "Delivering sustained outcomes impacting the value chain", "Making an impact that matters", "Inspire confidence and empower change", "Build resilient future", "Building a better working world" ...

These compelling messages sound beautiful, inspiring, motivating, and bright, but do the users of the audit reports

perceive audit firms to be advisors of the audited clients? **Can auditor provide high-quality advice to the client and the same time maintain high level objectivity in a role of custodian of the financial statements' reliability?**

Do clients of audit firms expect the auditor to be a consultant? Do the target stakeholders of the audit reports: the existing or potential shareholders and investors, and institutional lenders expect

auditors be an adviser to the audited firm management?

The above questions are conceptual and becoming more complex as global audit firms shift from traditional audit roles to an advisory role. This shift is also evident from their financial results for the year 2020, where audit revenue is consisting just 20%-40% of the firm's total revenue ("World Survey", International Accounting Bulletin, Issue 6'18).

Firm	Deloitte	PwC	EY	KPMG	BDO	RSM	GT
Total fee, \$B	47.6	43.0	37.2	29.2	10.3	6.3	5.8
Audit share, %	21	41	34	38	42	39	40

As a direct implication of the above, the talent recruitment message at BDO USA tells: "Auditor or Advisor? – Actually, we are looking for both".

As audit seniors, we face a dilemma at each engagement – at what extent to be a consultant, while maintaining objectivity and professional skepticism through the whole audit process. Some clients are ordinary request and expect valuable advice control, tax and operational management, in addition to assurance, though many of them do not perceive auditors to be a consultant. As a general practice in audit, auditors provide advisory to some extent as part of their professional service, mostly listing observations regarding deficiencies in internal control revealed during the audit and providing recommendations improvement.

Consulting and auditing are challenging combination, though they consider to be desirable. They are distinct disciplines, each having a long and illustrious history, as well as well-organized and fine-tuned norms and logical acts for good professional practice. Even, sometimes they could be diametrically opposed. The most famous negative case is the Enron scandal in 2001, which resulted to the collapse of one of the biggest audit firm, "Arthur Andersen". The main reason for this huge audit failure was the inability to distinguish between audit and consulting provided to the audited firm.

The practical challenge of merging auditing and consulting frequently manifests itself in tiny circumstances that are recognizable to every auditor. Consider an auditor who gets caught

up in his own advice: you stated it yourself, therefore there's no room for a critical report or a truly independent perspective. Or a client who abuses an auditor's work: look, we're on the right track; the auditor is even exchanging ideas with us. The auditor then becomes a character in the client's story, putting himself back on track and becoming a character in the story.

Providing assurance is ultimately a one-way activity. The auditor provides additional assurance; management then decides whether or not to act on it. Auditors offer value by examining more than simply compliance with regulations. They assess effectiveness by examining the extent to which planned actions are carried out and expected outcomes are attained.

Auditors pursue providing value-added audits, but we should be delicate not endanger our key value: independence.



Ms. MARY TOVMASYAN

SENIOR ASSOCIATE, ATTORNEY

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PUBLIC-PRIVATE PARTNERSHIP (PPP) MODEL

In the modern world, the public-private partnership (PPP) model is well-established and occasionally used for major infrastructure projects and for innovation in the government and is now used in a lot of developed and developing countries in the world.

There is no generally accepted and unified definition or concept for the PPP, and each jurisdiction uses an approach more suitable to their practice, constitutional and general legislative requirements and regulatory tradition.

In fact, PPP is a partnership between the public sector and the private sector for the purpose of delivering a project or service traditionally provided by the public sector (government or local self-government bodies). PPP offers a lot of advantages. The concept of PPP is based on the recognition that public and private sectors each has certain advantages relative to others in performing specific tasks and can increase the quality of public services. Most importantly, PPP focuses on reduced costs, better risk allocation, faster implementation, improved services and possible generation of additional value. In general PPP framework is one of the main solutions for implementing project finance solutions in the public sector.

For developing its infrastructure, the Republic of Armenia adopted the RA Law on PPPs which was signed on 16 July 2019 and entered into force on 1 January 2020. The Law establishes a framework for the government to attract investment for projects focused on infrastructure development. The Law provides a body of rules and procedures applicable to the definition, award and implementation of PPP contracts/projects in Armenia.

According to the Law, the sectors of public services being rendered within the scope of PPP projects shall be defined by the decision of the Government. PPP projects

may be prepared by the competent authority in the format of a draft PPP project, which must go through a formal appraisal process before tendering can begin. Appraisal of the PPP project consists of a comprehensive assessment of all aspects of the PPP project. The main purpose of the appraisal of the PPP project is to ensure that clearly unfeasible and fiscally and economically unsound PPP projects are not approved

A PPP project must comply with several criteria. In particular, it should

- a) ensure allocation of risks between a public partner and a private partner, pursuant to the PPP procedures;
- b) ensure an economic return for the Republic of Armenia, i.e. have Economic Internal Rate of Return (IRR), which will exceed the base rate prescribed by the PPP procedures;
- c) be selected as a project to be implemented, in accordance with the procedure for identifying, developing and evaluating public investment programs and be approved by the Government;
- d) be fiscally affordable;
- e) have VfM, which is greater than zero, where applicable.

After approval of the PPP, the Government renders a decision on the implementation of a PPP project based on a draft PPP project.

The selection of private partners can be organized either through an open or closed tender.

The Law provides a two-stage qualification procedure:

- pre-qualification stage, during which the submitted qualification applications are evaluated in accordance with the established procedure, as a result

of which the evaluation commission compiles and approves the list of qualified applicants (**qualitative aspects - experience, available resources, including knowledge and expertise**) and

- the stage of inquiry of proposals from the qualified applicants (**financial aspects**).

In the case of close tenders, the Government decision on the implementation of the PPP program is not subject to publication and the qualification request is provided only to persons pre-determined by the competent authority.

The Law also provides the principles-based on which selection of private partners must be completed. In particular, according to Article 14.1 of the Law, the selection process of the private partner must be **competitive, transparent, public and non-discriminatory**. The applicant must meet the professional, technical, financial and economic qualification criteria set out in the qualification request for the fulfillment of the obligations under the draft PPP contract.

The Law also defines the criteria upon which the selection of the private partner should be made:

- a) selection based on the quality and price, or
- b) selection based on price only.

As a result of recent amendments to the Law, it differentiates **solicited** and **unsolicited** proposals.

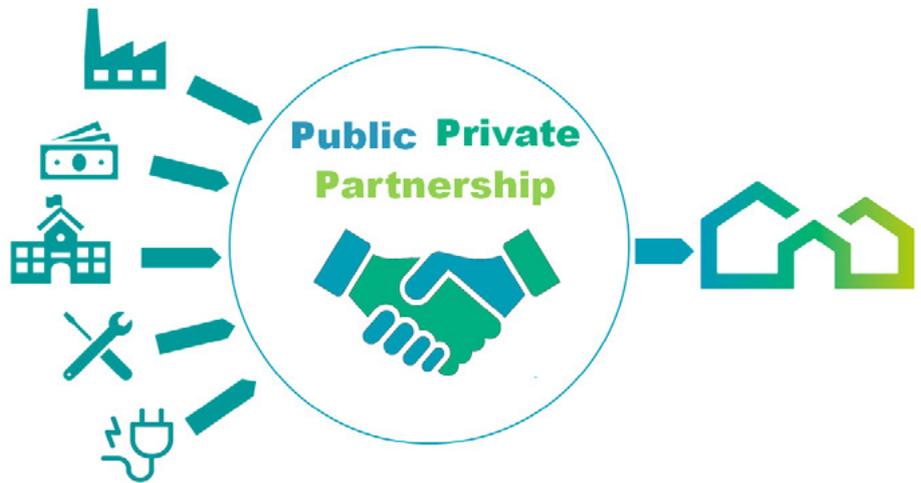
A solicited proposal procedure refers to projects identified by the competent authority from the list of their priority projects. In a solicited proposal competent authority formally solicits the submission of bids from the public. The solicitation is done through the publication of an invitation

for interested bidders to submit bids, and selection of the private proponent is done through a public competitive process.

In an unsolicited proposal procedure (which is a novelty for the procurement procedures of Armenia), the private sector project proponent submits a project proposal to a competent authority without a formal solicitation from the government. An unsolicited proposal may be accepted for consideration and evaluation by the competent agency provided it complies with the following conditions:

1. the private initiator must have experience of entrepreneurial activity in this area, established by the PPP procedure;
2. the proposal must include a pre-feasibility study;
3. the profitability of the proposed program must correspond to the size established by the PPP Law;
4. the private initiator must assume an irrevocable obligation.

Unsolicited proposals mainly refer to such projects that involve new concepts or technologies and are not included in the list of PPP priorities because of a lack of relevant experience in the public sector.

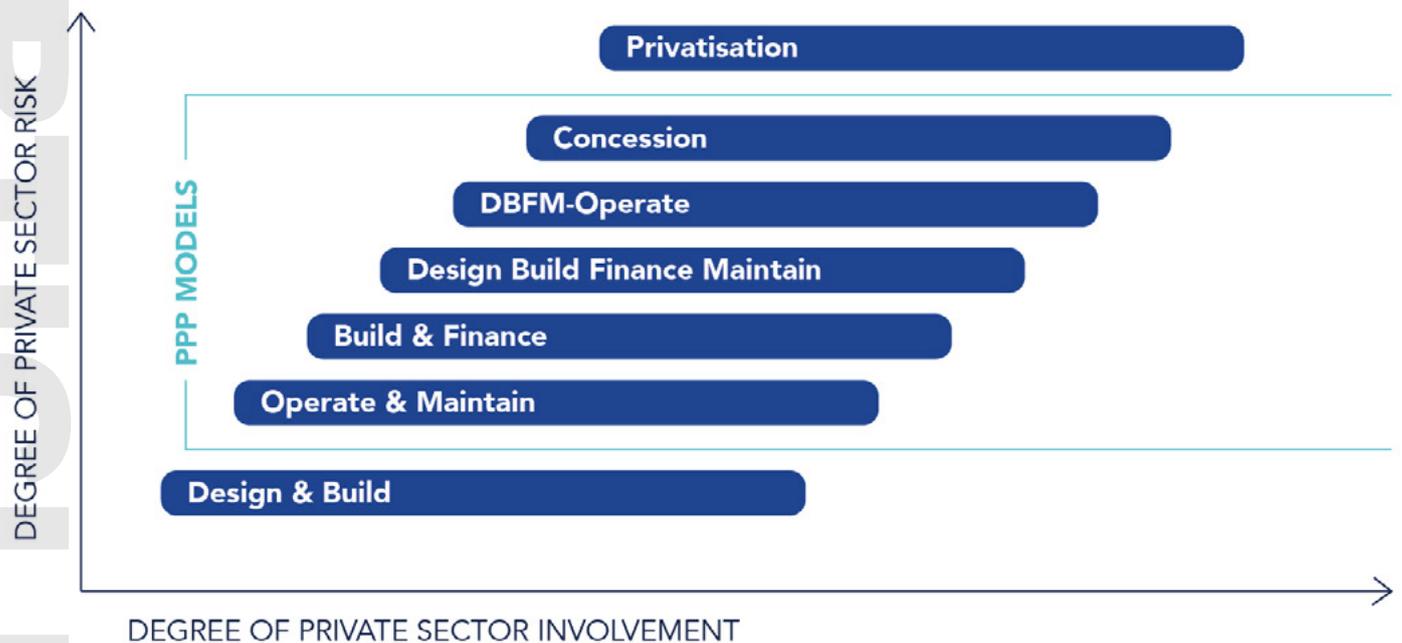


After the designation of the preferred bidder via the tender process, the competent authority starts the final negotiations for concluding a PPP contract. The final negotiations should not modify clauses that were previously highlighted in the tender documentation. However, other clauses may be modified in order to fit the PPP contract to a certain bidder and current market conditions.

Although the Law and recent amendments to it provide an institutional framework for the development of PPP in Armenia,

however, it is a long-term process to define and develop all the relevant roles and relationships. Effective governance on the part of governmental bodies and institutions involved will contribute to the success of the system defined in the Law.

PPP Models





Mr. SEYRAN SAHAKYAN
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CONVERTIBLE DEBT AS A USEFUL TOOL TO INVEST IN STARTUPS

“Wall Street sells stocks and bonds, but what it really peddles is hope.”
 Jason Zweig

Launching a new business is harder than it often seems. Many startup projects fail in a definite timeframe, usually in a few years. There are a number of studies showing that the failure rate of startup businesses is 90 percent within 10 years.¹ Therefore, investing in a newly founded start-up is, consequently, riskier than doing it in a well-organized and well-performing company. On the other hand, this kind of risk is being compensated by the succeeding companies bringing a vast amount of income to their investors.

However, investors, especially venture capitalists are seeking ways of securing their investments, thus offsetting the risk of business failure, meanwhile, being entitled to own equity in case of success. One of the best instruments for such purpose are convertible debts, where the investor lends money to the business and concludes an agreement on the right of conversion of the loan into certain type, sometimes certain number of stocks, at some point in the future. Those instruments are sometimes called as bridge loans because they serve as a “bridge” between one round of venture financing and the next.²

There are a few methods of calculations by which the value, numbers of shares and the other conditions of conversion the debt into equity are predetermined. One of the most used methods is the method of discount, when the issuer company promises to discount the stock price to the investor during conversion. Another option is the cap on the future share price. The simplest and at times the riskiest method

for an investor is to define the price as the the current market value of the shares.

The convertible instrument has both its pros and cons. First off, by means of having the debt agreement; the investor will receive a priority over equity holders and be on an equal footing with other unsecured debt holders and creditors in case of insolvency. The investor has a right to become the owner of the company shares upon successful development. On the contrary, before conversion takes place the decisionmakers are not bound by the duty of care and have authority to make decisions for the company even if they are fatal.

The key is to negotiate and draft the contract with due care to have an agreement expressing the balanced interests of both parties. However, the convertible debt agreements can be affected by other circumstances as well, such as the prevailing power of the opposite side.

The common terms of the convertible debt agreements that need due care by the contracting parties are the terms regulating the following:

- maturity date,
- mandatory conversion,
- optional conversion,
- control change in borrower company,
- conversion discount,
- valuation cap, and
- amendment provisions.

One of the key terms is the maturity date that can be conditioned either by



a future date or by an occurrence of a certain event. In any case, the term shall be precisely constructed to prevent any dispute arising out of that.

Provisions regulating the conversion relations are the core part of the agreement and require great effort to draft provisions evading future disputes. Those provisions can be on (but not limited to);

- the minimum size of the round to be closed,
- any privileges that lender can enjoy during conversion,
- the share price or methods for determining it,
- the discount percentage and etc.

Overall, convertible debts can be useful and secure tools for an investor to finance startup companies but only if those are well-drafted and all essential provisions are drafted to minimize the risks for an investor.

¹ How Many Startups Fail and Why? <https://www.investopedia.com/articles/personal-finance/040915/how-many-startups-fail-and-why.asp>
² “Contractual Innovation in Venture Capital”, John F. Coyle, Joseph M. Green, UC Hastings College of Law, 2014.



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THE LEGAL STATUS OF THE DIRECTOR OF THE JOINT STOCK COMPANY IN ARMENIA

Which law defines the legal status of the director of a joint stock company?

The legal status of the director of the joint stock company is determined by the RA Law “On Joint Stock Companies”.

According to the Clause 3 of the Article 88 of RA Law “On Joint Stock Companies”, the director carries out the management of current operations of the company, organize the implementation of the decisions of the Meeting of Shareholders and the Board of Directors manages company property, including financial means, and enters into transactions on behalf of the company represents the company in the Republic of Armenia and abroad, acts without a license, give licenses, enters into contracts, including labor contracts, opens company bank accounts, submits to the Board of Directors for approval of the internal labor regulation of the company, the rules of separate entities, the administrative structure of the company and the employee lists, implements the acquisition of stocks or share buybacks placed by the company, if this right is granted to the executive body by a decision of the Meeting of Shareholders or by the charter of the company, issues decrees, orders, compelling instructions and monitor their enforcement, recruit and dismiss the company staff, apply encouragement and discipline-related liability in regards to employees, get involved in paid labor elsewhere only with the consent of the Board of Directors.

Which documents also set the legal status of the director of a joint stock company?

In addition to the RA Law “On Joint Stock Companies”, the legal status of the director can be defined by the company's charter or/and the contract concluded with the

company and the director. In accordance with Clause 2 of the Article 88 of RA Law “On Joint Stock Companies”, the contract with the director and early termination of the authority of the director is implemented by a decision of

the Meeting of Shareholders, unless the Charter authorizes the Board of Directors to do so. The Meeting of Shareholders may, at any time, terminate the contract with the director unless this right has been given to the Board of Directors under the Charter (Clause 5 of the Article 88 of RA Law “On Joint Stock Companies”).

Whether the contract signed between a joint stock company and the director is an employment agreement and whether the director of the joint stock has a special status, with the power of which RA Law “On Joint Stock Companies” defines legal regulation different from legal regulation of a common labor legislation regarding the termination of the contract with the director?

The director of the joint stock company is the company's executive body who performs the functions of administration, makes actions of legal significance on behalf of the company, realizes the rights and responsibilities of the company and etc.

Therefore, the legal status of the director is significantly differing from the general legal status of the employee defined by the RA Labor Code, due to the peculiarities of the director's activities, the role of the director in the management of a joint stock company.

Only those regulations of the RA Labor legislation concerning the general legal status of employees may apply towards the director which do not contradict the legal status of the director defined

in the RA Law “On Joint Stock Companies” or which are not regulated by the mentioned law.

The RA Labor Code does not contain any provision on the rise or termination of employment relations with the head of a joint stock company. The establishment of the executive body of a joint stock company is regulated by the RA Law “On Joint Stock Companies”.

The agreement signed between the joint stock company and the director is not purely employment contract provided by the RA labor legislation, as it is not signed between the employer and the employee envisaged by the RA Labor Code, but may contain settings on working relations, taking into account the fact that there are also elements of employment relations between the company and the director.

The employment status of the director of the company differs significantly from the employment status of other employees.

The director of the organization acts as the main organizer and manager of the activities in the interests of the participants and the quality of director's activities directly affects the profitability of the company and other legitimate expectations.

Is it lawful to terminate the powers of the director by the Meeting of Shareholders of a joint stock company at any time?

The possibility of terminating the contract with the director at any time is generally linked to the peculiarities of the legal status of the director of a joint-stock company.

The Board of Directors of the company should be endowed with certain powers in order to carry out economic activities more efficiently and use the property invested in a particular company as rationally

as possible, appoint (elect) the head of a company under its responsibility (who will be entrusted with the management of the established company, with the power to protect the company's property), as well as terminate the relations with the relevant person if necessary.

The possibility of early termination of the contract with the director of the company is in the interests of the shareholders of the joint stock company. The need for early termination of the contract maybe due to changes in business development strategy or the need to increase management efficiency or the need to choose new directions of the activity or to change the legal status and the

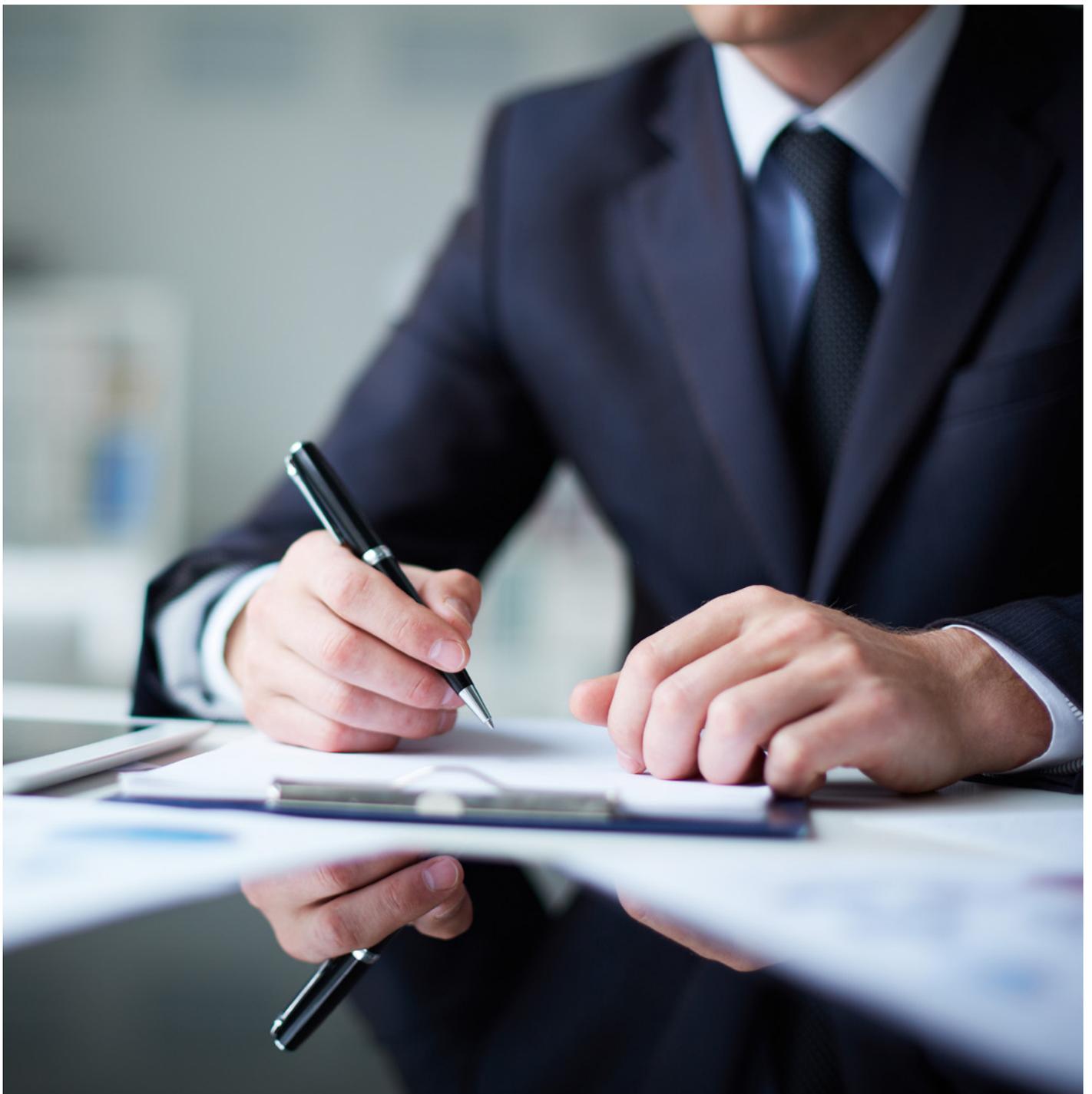
property status of the company and etc.

Such regulation derives from the requirements of a market economy, from the principle of freedom of the economic activity of joint stock companies and from the principle of the free economic competition. That is why the decision to terminate the contract with the director of the company may not contain any justification for such a decision.

Freedom of economic activity entitles the Meeting of Shareholders to independently make at its own risk decisions on organizational and personnel policy, based on the efficiency of economic activity and the rational use of the company's property.

The Meeting of Shareholders was granted a fairly wide discretion, taking into account the following two factors: the Meeting of Shareholders should be endowed with the freedom of economic activity and free economic competition and that the director of a joint-stock company has a special status.

Unlike other legal relationships in the labor market, where, as a rule, the criterion for evaluating the work is its quality, the evaluation of the work of the director of a joint stock company is mainly the result of the work which is evaluated by the company's shareholders.





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INECOBANK

INECOBANK OFFERS A NEW APPROACH TO BANKING SERVICES

Inecobank introduces BNPL, the latest worldwide trend in shopping, to Armenia

Inecobank launches **paylater**, bringing the worldwide practice of BNPL (buy now, pay later) to Armenia – enjoy the moment, the payment can wait.

A leader in digital solutions in the banking sector, Inecobank presents the latest convenient and trendy service, providing additional financial freedom to consumers. From now on, customers have more flexibility when it comes to managing their finances, allowing them to control their resources effectively and shop freely without any wasted effort or time.

paylater is a modern payment option that is today common in many countries around the world. InecoMobile users can now enjoy an expenditure limit of up to 5.000.000 AMD, allowing them to make purchases instantly and pay in installments over 3 or 6 months, with no additional fees. Customers can shop at Inecobank's partner stores and service providers, with offers ranging from tourism to aesthetic medicine and education, from clothing and accessories to car maintenance.

"The goal of **paylater** is to improve customer experience by making shopping and payments more



convenient, so you can have more joyful moments in life," says Levon Rubinyan, Director of Retail Business at Inecobank.

paylater is available through the InecoMobile application. Payments are made with a QR code – just one click, with no need for additional paperwork. Moreover, users can choose whether to pay partially from their own financial resources or to conduct the whole transaction through **paylater**.

This simple, fast, and contactless **paylater** solution not only provides customers with the freedom and

businesses stay competitive by introducing a new culture of payments and bringing new customers their way.

"As a leading digital bank, we always aim to create innovative solutions that will be mutually beneficial to both individuals as well as businesses. This is part of the mission of Inecobank – to create opportunities for everyone to make their aspirations come true," states Aren Naltakyan, the CEO of Inecobank.

For more details on **paylater**, please visit the official website of the bank or use the service directly through InecoMobile.

flexibility to shop, it also helps



BDO IN ARMENIA

MERGER WITH A&M FINANCIAL CONSULTING

Being a member firm of BDO International Limited, one of the world's largest professional services organisations, necessitates a specific approach toward company growth, which we affectionately refer to as "BDO Mindset."

Founded in 1963, BDO arrived in Armenia in 2010 and has rapidly grown since then. BDO in Armenia provides **Exceptional Client Service** in audit, accounting, tax and legal consulting. From December of 2021, we expand our scope of services by **joining forces with Armenian-based leading business advisory and management consulting firm "A&M Financial Consulting" CJSC (AMF)**.

"Our continuous growth and expansion align with BDO Vision Statement, **"To be the leaders in our markets"** mentioned Vahagn Sahakyan,

Managing Partner of BDO in Armenia. "Having and keeping the leading position in our market requires a thoughtful approach to the company's development strategy, which is primarily centered on assembling the finest possible combination of expertise and professionals to the benefit of all parties. Merging the international experience from BDO Global Network and the best local practice gained by AMF strengthens us by allowing to provide **exceptional advisory services** to our clients".

Founder and Managing Partner of AMF, hereinafter BDO Partner, Head of Advisory, Aleksandr Shaghikyan, stated "Current fast-changing business environment brings ever new challenges for both public and private sectors, which has to be tackled with more robust and resilient solutions, via pooling forces and resources for

bringing a state-of-the-art knowledge and solutions to the Armenian market and beyond across the larger region. **I believe this merger is a strategic step towards the realization of the ambitions of our team for the good of our clients, partners and the broader community.** "

AMF has been founded in 2011 with faith that each organization has unique strengths and abilities which should be enabled. During these years AMF have completed over 500 engagements for more than 150 public and private clients mostly in corporate finance and strategy domains across all industries. AMF team's passion for assisting clients in realizing their true sources of competitiveness and growth articulates with BDO Mission Statement: **People Helping People Achieve Their Dreams.**



World Vision
ARMENIA

WORLD VISION

WORLD VISION'S "CHILD SPONSORSHIP" PROGRAMME IS AN OPPORTUNITY TO MAKE CHILDREN'S LIFE BETTER

In one of the coldest regions of Armenia, in Vardenis where winter lasts for more than five months, and agricultural or any other employment opportunities are scarce, little boy named Armen lives with his mother Susanna, two sisters and the brother. Armen's father died in 2020 in the Artsakh (Nagorno-Karabakh) armed conflict. After the loss, Armen and his siblings have remained solely in his mother's care. Needless to say how difficult it was for a single mother to provide for four children's basic needs without a stable income; they always needed food, warm clothes and shoes.

World Vision's specialists visited Armen's family when they needed support the most. After assessing the family needs, World Vision Armenia's specialists involved the family in the organization's **"Child Sponsorship"** Programme and developed an individual plan to increase their resilience, support with the first necessities and ensure a somewhat dignified conditions for children's life.

Thanks to the regular donations from an individual sponsor from Armenia, the family was provided with a cow

and calf that helped Armen's mother to provide her children with daily fresh dairy products. World Vision also supported the family to improve (the earthen floor was changed) the housing conditions, and connect the house with the drinking water system. The family is regularly provided with firewood, warm clothes and school supplies.

"I am very happy with being involved in World Vision's Programme, this has changed my children's life; after the repairing of the floor my children don't have to live in mud anymore.", - says Susanna.

World Vision's **"Child Sponsorship"** Programme was launched back in 2001 in Gyumri, but also started involving sponsors locally from Armenia in 2017. Different companies operating in Armenia, their staff and just individuals cooperate with World Vision becoming sponsors for children from impoverished families across the country.

"Child sponsorship pairs one sponsor with one child in need. It is not only an effective way to support but also an opportunity to establish a friendly relationship with the child, thus getting

a clear idea of what kind of changes the financial means provided by you bring in both the child's and his/her family's life", - says World Vision Armenia's Marketing coordinator Irena Balayan.

World Vision's child sponsorship reaches to needy children in two different ways:

1. Poverty Reduction and Resilience; when a small monthly donation help the child and his/her family overcome extreme poverty. Thanks to your donation, the family receives economic support to have steady source of income.

2. Child Education and Development; this creates an opportunity for the child to attend "Navak" Day Care Centre, where he/she will do the homework, enjoy healthy food, acquire life skills and participates in different afterschool activities.

To join the Programme, please visit www.donate.am
For cooperation, you can send an email to irena_balayan@wvi.org or call **(+374 95) 005 881** (contact person Irena Balayan).





HSBC BANK ARMENIA

HSBC'S NEW GENERATION EXECUTION PLATFORM

With digitalisation, regulations and more disruptive trends, the world of finance continues to be reshaped, creating a New Future for financial markets.

At HSBC, we know our customers lead very busy lives and have multiple competing priorities for their time, so we're striving to go beyond offering just easy transactions to create more engaging experiences.

Simple, but powerful technology is key for making smart decisions

in today's dynamic environment. And our customers expect us to help them complete their everyday banking tasks digitally with ease.

HSBC is developing and deploying some of the industry's most advanced and innovative technology to make banking easier and more secure.

Inspired by the changing environment in the spheres of execution, risk management, treasury and more, we have enriched our electronic trading capabilities to help clients experience

a seamless execution service.

True to our purpose of opening up a world of opportunity for our customers, we are pleased to bring to Armenia HSBC Evolve - HSBC's new generation execution platform. HSBC Evolve, specially designed to be intuitive and intelligent, is our customisable FX platform that adapts to fast-changing markets and technology to make execution more intuitive, flexible and efficient.



HSBC Evolve in 3 points

Smarter

Tap into advanced execution capabilities

Access our liquidity network with over 1,500 currency pairs, deliverable and non-deliverable across most markets.

Faster

Tailor your session as you wish

The Trading Canvas is fully customizable: you can add or delete currency tiles as you wish, access detailed information easily and execute trades with a single click.

Easier

Follow your transactions

Through the powerful Trading Blotter, you'll get a complete overview of all the trades executed with HSBC at a glance, regardless of the execution method.



Our clients will be able to bring their trading experience to new levels, taking the complexity out of their day-to-day operations with this award-winning intelligent and interactive platform that enables executing transactions in a reliable, easy-to-navigate environment.

While at this stage only a portion of the platform possibilities will be available to our customers locally, we are working on enabling the full stack of opportunities it has to offer.



MCCANN YEREVAN

20 YEARS OF TRUTH WELL TOLD IN ARMENIAN MARKET

McCann Yerevan Advertising Agency Celebrates its 20th Anniversary in Armenia. As a part of the McCann Worldgroup family, McCann Yerevan is operating in Armenia since 2001. McCann formerly McCann Erickson is an American advertising agency with offices in 120 countries. Along with other popular

network agencies such as MullenLoewe, FCB, Momentum Worldwide, UM, etc. McCann is part of the Interpublic Group of Companies: one of the four large holding companies in the advertising industry worldwide.

INTERESTING FACTS:

1920

1920: McCann's "Truth Well Told" becomes the first service company emblem to receive intellectual property protection through the U.S.

1955

1955: Coca-Cola assigns its U.S. ad account to McCann as the plan to consolidated and integrate U.S. and international advertising

1957

1957: McCann became the first U.S. advertising agency to bill \$100 million in TV and radio sales

1992

1992: McCann lost its largest customer, Coca-Cola.

1998-2000

1998, 1999 and 2000: McCann Erickson was named **"Global Agency of the Year"** by Adweek

2000

2000: Coca-Cola returned as a customer with a new "groundbreaking contract, making McCann a marketing partner

2017

2017: Adweek names McCann "Agency of the Year"

2018-2020

2018, 2019, 2020 being named as "Most Effective Network of the Year"

FAMOUS PROJECTS:

- McCann Erickson created **Coca-Cola's "It's The Real Thing"** slogan and ad campaign
- The agency also introduced the line, **"If you've got the time, we've got the beer"** for **Miller High Life** in 1971,
- The company also developed the **MasterCard** commercial saying **"There are some things money can't buy. For everything else, there's MasterCard"**
- In 1973, McCann New York launched the campaign for **L'Oréal's** hair coloring products featuring the line, **"Because I'm Worth It."**

Being one of the first full advertising network agencies in Armenia we are trying to bring another advertising and business culture to Armenian market together with our valuable clients and partners. The large portfolio of international high-class clients allows to position the company as one of the leading agencies in the sphere. McCann helps brands play a meaningful role in people's lives. We dig deeper, to unfold powerful TRUTH about the brands, which help to build productive and successful communications.

During these 20 years, we've been working with such clients as Coca-Cola, JTI, HSBC, MasterCard, Samsung,

Kimberly-Clark, Marriott, Bonduelle, Jacobs, etc...

We are the first in the launching non-standard OOH placements, SMS global campaigns realization and experiential BTL campaigns.

The highly professional team regularly studies the market and opens new perspectives and visions, not forgetting, of course, that it all starts with an inspirational and provocative TRUTH.

We are motivated with Marketing that is built on human values, fueled by data and driven by creativity.

AmCham in Armenia Strategy and Priorities

VISION

AmCham has identified **Key Priorities** for advancing the vision of Armenia for better business environment and will be focusing on the following basic levels:

1. POLICY & LEGAL

2. OPERATIONAL - SHORT TERM IMPROVEMENTS

1. POLICY & LEGAL

Economic Policies need to be aligned with general economy development strategy (yet, to be prepared) and the main and fundamental changes in Tax Legislation should follow and support the implementation of this strategy.

General Economy Development Strategy should be prepared for the following period:

- Emergency Plan (for up to 1.5 – 2 years)
- Mid-Term economy development plan (for up to 5 – 7 years)
- Long-Term economy development strategy (for up to 30 years).

General Strategy Paper should be the consolidation of different sectors development strategies. Specific action plans (road maps) should be prepared both for sector players and regulators/government.

Economic Development Strategy Paper should be developed to focus on the priority sectors such as agriculture, ICT, industry, etc., as well as on the operational areas such as industrial policy, taxation, investment, export, etc., and be predictable, data driven and result oriented with Key Performance Indicators which cascades down through the Government all levels with a common vision.

International experience shows that existence of relatively large alternative tax systems result in ineffectiveness of tax evasion and tax administration. The companies should operate under the same legislation conditions and follow all tax rules.

There is a need to conceptually reinterpret the general tax policy: taxation for producers (profit tax, income tax) vs. taxation for consumers (VAT, excise tax). We need to have a tax policy, which will support producers (especially export oriented producers), thus, reducing taxes for production and increases taxes for consumption (e.g., land tax, property tax).

Legislative changes/reforms should be implemented to facilitate a smooth operation in the following areas:

- ✓ **Labor Code** - as it is out of date and does not reflect the current reality of rapid changes such as Internship, Disability, Child Birth Encouragement, Expats employment, etc.
- ✓ **Customs Administration - Authorized Trade Operators** system application, to facilitate the post-customs operations.
- ✓ **Justice Sector Reforms** - with the focus on arbitration and IPR, as well as anticorruption reforms. E-draft operational effectiveness should be considered.

2. OPERATIONAL IMPROVEMENTS

The following should be the main focus areas in **Operational Improvements**:

- ✓ **State Exclusion from the Business Sector/Services Monopolization** – State should not become a monopolist in the account of the private sector as the state cannot be as effective as the private sector and it is hard to track the performance of the state owned sectors. Competition Protection Commission should be able to track the state companies' share so they do not monopolize and abuse their dominance and avoid of possible corruption risks.
- ✓ **Regulatory Impact Assessment** - to do a data driven policy making. When a tax item changes, it must be explained why it changes and what is the impact on the government budget as well as the expected impact on the businesses, economy and society, as well as be predictable.
- ✓ **Private Public Dialogue mandatory platform** system establishment with the Government and the National Assembly for effective lobbying.
- ✓ **Fair Tax Privilege System** - Fundamental changes in tax legislation should not be made without public consent. Tax privileges need to be given not to the individual companies but the sectors as per the priority areas. The Tax reforms should be implemented by phases and a timing gap should be given for implementation.
- ✓ **Family Income Declarations Scheme** - should be introduced to be applied: instead of individual declarations, it should be differentiated by type of income, i.e. by business owners, high-salary, middle income, low income, etc. Tax deductions should be applied for healthcare, education, vulnerability, etc.
- ✓ **State Procurement** - should be transparent, simplified and digitalized, which has an actual working system.



for a better business environment



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INFORMATION TECHNOLOGY

In the 21st century, you cannot imagine your life without **Information Technology (IT)**. At present, it will be hard to find a business that does not at least partially rely on computers and other technological innovations. With the advent of the internet and management of information systems, more and more businesses have been able to rise, evolve and turn into international household names.

Not only did IT play a crucial role in the business sphere but also had a big impact on the development of modern life.

Information Technology is the use of any computers, storage, networking, and other physical devices to create, process, store, secure, and exchange all forms of electronic data. It's the application of technology to solve business or organizational problems on a broad scale regardless of whether they are easy or hard to solve.

The key point of IT is that it involves the processing of data by computers. Therefore, the construction of computers does not fall within the definition, and the processing of information by manual or mechanical methods also does not take into account.

Computers existed before IT was invented, but they were mainly used to perform complicated calculations. Once computers were applied to sorting and indexing written information, the term "information technology" came out.

The term IT in its modern sense first appeared in an article published in the Harvard Business Review in 1958. The authors Harold J. Leavitt and Thomas L. Whisler commented that "the new technology does not yet have a single established name. We shall call it Information Technology.". They defined several categories of information technology:

1. **Techniques for the fast processing of information. The use of statistical and mathematical models for decision-making**
2. **The "simulation of higher-order thinking through computer programs."**

The first one includes techniques for processing large amounts of information rapidly, and it is mainly incorporated

by the high-speed computer. The second part refers to the application of statistical and mathematical methods, and also decision-making problems. They are represented by techniques like mathematical programming, and by methodologies like operation research. The third part generally consists of the simulation of higher-order thinking through computer programs, but it is still in perspective and more research is needed for a better outcome.

In the further analysis of how the Information Technology department should organize its work, professionals distinguished three primary pillars of responsibility for it:

1. **IT governance:** This is the combination of policies and processes which ensure that IT systems are running effectively and are in alignment with the organization's needs.
2. **IT operations:** This sector is responsible for the daily work of the IT department. It includes network maintenance, security testing, tech support, and device management duties.
3. **Hardware and infrastructure:** This pillar focuses on all the physical components of IT infrastructure. It embraces the setup and maintenance of equipment like servers, phone systems, routers, and individual devices like laptops.

Information Technology has brought many advantages into the business sphere. Technologies made communication and cooperation easier for businesses. Through communication platforms such as conferencing software, email, video chat, company intranets, and the internet in general, businesses can easily hold virtual meetings with staff and clients around the world without having to spend time and money on travel. Companies can use online recruitment to find more qualified job candidates and handle most of the hiring process online. They can do online promotion of the company and provide a good customer experience through improved customer service. IT also allows creating an online database with increased security that can be easily backed up and saved in the cloud to reduce paper waste.

The discovery of IT not only benefited the business sphere but also opened up various jobs for people. Now jobs in the IT department are the most desirable both in terms of interest in programming and problem-solving and a highly paid salaries.

IT Professionals are in charge of assisting firms in maintaining their digital infrastructure as well as offering troubleshooting assistance to technology users. IT experts are in high demand because they can assist others in keeping up with technological advances and security measures. These are the jobs like Quality Assurance Engineer, Web Developer, Software Engineer, IT Technician, Systems Administrator, Network Engineer, Cyber Security Specialist, and so on.

Information Technology in Armenia

The IT sector in Armenia is a strategic direction for the development of the country, taking into account existing realities, including the relatively high level of scientific and educational potential of the population. Being a center of software development, industrial computing, electronics and semiconductor production during the Soviet era, Armenia continues to occupy a leading position in the region in the field of information technology in terms of its share in the country's GDP, growth rate in the number of companies and total turnover. In 2019, the total turnover of the ICT sector was about 309.9 billion AMD. Despite a general economic downturn in 2020, the IT sector still grew by 2.8% compared to 2019.

In 2020, the number of people employed in the IT sector was 14,755, and mostly in the private sector. For comparison, in January-March 2021, the number of IT employees increased by 4,202—more than 28%. It should also be noted that the IT sector is considered one of the highest paid sectors in the Armenian labor market. In 2020, the average salary for IT professionals was 411,927 AMD in the public sector and 638,756 AMD in the private sector and IT sector could be considered one of the main sectors shaping the new middle class in Armenia.

Armenia has a favorable environment for foreign direct investment in the ICT sector and continues its presence in the global value chains.



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UNDERSTANDING INNOVATION

Innovation is a concept as old as time in its relevance to humankind. However, innovation is not merely the uprising of a new idea. In the Oxford Dictionary, innovation is defined as “the introduction of new things, ideas or ways of doing something”. It is more complex, it is multi-layered, and these layers can be very deep. Yet the goal of innovation remains one simple thing, and that is the possibility of it changing the world.

To understand innovation, there must be a good grip on how innovation truly works. The breaking of the status quo is a start, the regular everyday business that everyone is comfortable with. A certain person may have a look at the typical norm and say “hey! I know what we can do differently”, hence the idea is born and it is tackled until it can change the world or become indifferent to it

Marc de Jong, Nathan Marston and Erik Roth named eight essentials when it comes to innovation. They are as follows:

1. Aspire
2. Choose
3. Discover
4. Evolve
5. Accelerate
6. Scale
7. Extend
8. Mobilize

If you have a good grip on those essentials, you are most likely innovating in your business. How so? If you (1) **Aspire** to be innovative, it means you look at innovation as something that would lead your growth. You (2) **Choose** how to use your resources to make them valuable in regards to time and risk. When you (3) **Discover** new dots within your business, ones that are either ignored, unseen or forgotten by others, you are willing to turn them into profitable plans. You notice parts within your business that were once powerfully successful but now lacking, and you decide that it is time you (4) **Evolve** those ideas into more scaled business schemes. Pacing is key, if you want to keep up with your competitors, you are usually maintaining (5) **Acceleration** by knowing when and how quickly your innovations should come to life. You consider the context of things, as you (6) **Scale** your market or product depending on who demands the items, and what

are the items. As the world is becoming smaller and more interconnected, you (7) **Extend** your ideas and business plot towards external networks and communities, becoming broader. Finally, you do your best to create the balance within the business and the market that concerns your business, you (8) **Mobilize** your business’s motivation, reward and organization so that the idea of innovation does not die out on them quickly.

These points are helpful when it comes to boosting a business or a project, to gain more insight on how to pursue innovation. The question begs itself, how does one create an innovation? Three layers go into answering that question: **Creation of the idea, evolution of the idea and the context of the idea.**

Some very iconic quotes come to mind while thinking about **the creation of an idea.**

Statements such as “and we are calling it the iPhone”, is a phrase you can guess the name behind the person who said because they claimed to have re-invented the phone, and they have. Steve Jobs’ creation is revolutionary mainly because we now face the question, “can you survive without a smartphone in the 21st century?” Indeed, the iPhone was innovative because it was a phenomenon that changed the world. If you were to travel back to 300 BCE and ask people that we have devices that allow us to connect with everyone across the world turning our planet into a virtual village, would you believe it? A man named Plato might answer you “yes, our need will be the real creator”. A very interesting elaboration on that would be to look back to history and witness Sargon of Akkad’s magnificent innovation in establishing international relations during a time where concepts such as the internet would be a fable or a myth. Amanda Podany explains how Akkadians were successful in communicating with other nations despite not having the right vocabulary, which is an example of how necessity opened the door for innovation. Kings would send each other messages addressing each other as “brother”. In such scenarios, a brother did not mean biological sibling, but an equal leader in rank and power. This methodology

developed “father” and “son” resembled superiority and inferiority respectively. Thus, Sargon was able to trade with other kingdoms and states, just by meddling with meanings and vocabulary he was able to change the world. The industry and market of our current world are extremely interdependent that it is almost impossible to become fully sovereign in the economy of a state.

When it comes to **the evolution of the idea**, there is a simple way of explaining it. Imagine this:

You are having a lunch break and you decide to go home and make yourself a bowl of warm pasta. You use the perfect Pesto recipe that your grandmother has had in a world-renowned chef’s book for all of your life and follow it step by step, yet, for some reason, you want to add something to the pasta that is not mentioned within the cooking book. “Garlic!” You think to yourself as you aim for the garlic powder container in your drawer, and add a good pinch of it to your Pesto sauce. As you do the taste test, it is phenomenal, magnificent taste and aroma coming from your meal. Congratulations, you have innovated the Pesto sauce, and it has now changed your world by changing the recipe your grandmother used for all her life and would probably argue that it is the only way of making Pesto sauce. Alternatively, you may have used olive oil instead of garlic and disliked the texture and bitterness of the taste. As such, many innovations like garlic and olive oil are processed nowadays, some ideas are considered brilliant and the way to go for change, some are disregarded as they have not improved anything in any sense. It is up to you to mix and clash your ideas until you find the creative spot, ask why garlic? Is it the taste? The nostalgia of having a garlicky scent in your house as a child while your parents were cooking? The connection between Italian cuisine and garlic or olive oil? These are the dots that you were able to find, explore and discover your innovation through. The need for that pinch of garlic will forever change Pesto sauce, now think bigger, how would that innovation change the world? That is the true motive behind innovation, giving people the same joy as you while having tasted that sauce.

Finally, the **context of the idea**, matters when and where you are doing what.

You have to know who your audience is and what technology surrounds you, and in recent years technological advancement is growing at an increasingly fast pace. This sets the stage for a lot of controversial discussions, such as cryptocurrency being the future of international currency since no one has ownership of it. Virtual currency is no new concept with the introduction of banks and the utilization of

credit cards. Yet cryptocurrency remains between the lines of being a successful or an imaginary innovation. Between this debate, if a person comes up with an idea that a new physical coin that works internationally would be an **innovation** will sound laughable. It is the same as creating the sword spear, a refined new model of a weapon used in medieval times in a world where weapons that eradicate nations and cause environmental harm to existing.

With those layers in mind, innovation should be a subject that excites people, for it is an exciting concept on its own. The ability to change the world, the reality we live in, the new becoming the regular mundane. With everything said in mind, how excited are you to turn your business into an innovative one? How do you think will you achieve it?



for a better business environment



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ENTREPRENEURSHIP AND INVESTMENT

Entrepreneurship has been an inseparable part of human life since approximately 17,000 BCE when locals started exchanging obsidian (a volcanic glass prized for its use in hunting tools) for other needed goods – like tools, skins, and food. It served as a tool in the long way of developing civilization, and today all of us have an understanding of what entrepreneurship means. Google defines **entrepreneurship as the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties to make a profit.** The definition includes a crucial component - profit. Although in many cases, entrepreneurs strive for a better and more sustainable future and development of the nation and even humanity, the ultimate goal of the enterprise is to make a profit. Three levels of entrepreneurship can be roughly defined, starting from being self-employed, ending with being an investor and the most important part of it is being able to see the opportunity when it is present.

These three levels are built so that each subsequent level is based on and feeds on the previous one. An early entrepreneur starts as a self-employed, educates himself, and gains experience in various fields to have the necessary knowledge and qualification to step up to the next level - a business owner. A business owner is already running an enterprise, which generates the cash flow and capital. This capital is the one that builds you into an investor. At the last level, a person uses the money to generate more money. Various investment options include stock market, real estate, investing in businesses, buying bonds, etc. This last step - being an investor is rapidly gaining popularity nowadays. This has a few reasons why. Investing is one way to prevent your money from losing value due to inflation; moreover, investing is a passive income source. It means that a person does not have to dedicate hours every day to invest. Also, there is no fixed amount of money needed to start investing. In a stock market, one can buy shares worth a few dollars or up to hundreds of thousands.

Probably the most essential thing in entrepreneurship is seeing the opportunity

and taking advantage of it. To be an entrepreneur, a person should analyze his interests and skills and match them with a problem they can fix.

Although Armenians as a nation consider themselves innovative, a recent study conducted by General Entrepreneurship Monitor (GEM) in Armenia, by the America Management Advisory, showed that “Armenians rarely see business opportunities - 11th out of 50 countries and their proactivity and vision is on an average level among all 50 GEM countries. Around 65% of Armenians rarely act even if they spot a profitable business opportunity.”

In addition, according to the World Bank’s study, 35% of Armenia’s school students at late primary school are unable to read and understand a short, age-appropriate text by age 10, and approximately 40% people in Armenia live below the poverty rate.

With these parameters known, it is hard to be surprised that the majority of Armenian businesses are in the agricultural sector. Moreover, the agricultural businesses in Armenia nine times out of ten are primitive and do not use technologies to enhance productivity. So, what is also very much expected from the listed facts is that the primary reason for starting an enterprise in Armenia is the financial need instead of striving for progress and development.

This situation needs a significant change. I see the change possible through education. We should generally lower the percentage of uneducated people and later teach them about entrepreneurship, financial stability, and freedom. Moreover, investing in R&D can serve as a tool to generally develop Armenia, improving the educational system and infrastructure. As the world is yet to recover from the waves of COVID-19, and it is still unknown how many new challenges we will face in the future due to COVID-19, it is time to act. In unstable times like this, people tend to panic and stop engaging in entrepreneurial activities. However, people who do take risks and succeed are the ones who benefit the most when the fuss settles. This is precisely why entrepreneurs should take advantage of the lower competition in the market due to the shutdown of many companies during the pandemic and make a place for themselves in the market. This is an excellent opportunity for the startups to accommodate, introduce solutions and products to the post-pandemic situation and needs we are facing now.

Entrepreneurship and investment are excellent tools to improve the overall financial situation in Armenia. Actions should be taken to develop the Armenian business sector. And it is the responsibility of every one of us to make the change happen. It is the right time to act and make the future better and stronger.





COP26: transatlantic business committed to climate action

Friday, 29 October 2021 – During two weeks global leaders gathered in Glasgow to accelerate action towards achieving the objectives of the Paris Agreement. The COP26 summit marks a crucial milestone to help find shared solutions as we begin to see the concrete consequences of climate change across the globe.

As representatives of the transatlantic business community in Europe, the co-signatories fully support the objectives of the COP26 conference as well as the emission reduction targets set out by the Paris Agreement. We believe that international cooperation is essential to deliver on global climate neutrality objectives. Only through continued shared dialogue between world leaders, from developed to developing countries, from SMEs to global corporations, can we achieve the transition to a carbon-neutral economy that will bring benefits to people's lives.

Transatlantic partnership on the climate agenda will be paramount. Among the world's largest emitters, the transatlantic economies must lead by example and use their global influence to bring allies and partners on board in the race towards net zero. In green bond issuance, Europe and the US are already taking the lead, having issued 80% of all green bonds in 2020.

Industry is already contributing to climate change mitigation worldwide, by developing new, low carbon technologies, supporting green finance, and reducing their environmental footprint. However, the co-signatories are aware that more needs to be done and are ready to work together with policymakers to make the green transition a success.

As the [top purchasers of European renewable energy](#), the transatlantic business community in Europe has been and remains unwaveringly committed to playing a role in advancing Paris Agreement targets and to achieving a successful green transition that combines sustainability and prosperity.

Signatories:

AmCham Albania	AmCham Gibraltar	AmCham Slovakia
AmCham Armenia	AmCham Hungary	AmCham Slovenia
AmCham Azerbaijan	AmCham Ireland	AmCham Spain
AmCham Bosnia and Herzegovina	AmCham Italy	AmCham Sweden
AmCham Belgium	AmCham Kosovo	AmCham The Netherlands
AmCham Croatia	AmCham Latvia	AmCham Turkey
AmCham Denmark	AmCham Lithuania	AmCham Ukraine
AmCham Estonia	AmCham Montenegro	American-Hellenic Chamber of Commerce
AmCham EU	AmCham North Macedonia	BritishAmerican Business (BAB)
AmCham Finland	AmCham Poland	Israel-America Chamber of Commerce
AmCham France	AmCham Romania	Swiss-American Chamber of Commerce
AmCham Georgia	AmCham Russia	
AmCham Germany	AmCham Serbia	



AMCHAM EVENTS

Education Training and Development Working Group Discussion



WFD Committee ETD Working Group Meeting



WFD Committee ETD Working Group Meeting



WFD Committee ETD Working Group Meeting



WFD Committee ETD Working Group Meeting



WFD Committee ETD Working Group Meeting



WFD Committee SOE and Labor WG Meeting



WFD Committee SOE and Labor WG Meeting



WFD Committee ETD Working Group Meeting



WFD Committee SOE and Labor WG Meeting



WFD Committee SOE and Labor WG Meeting

FMCG Sustainable Waste Management Assessment



Legal Committee Meeting



Discussion on a Special Package on Tax Incentives to promote the Diaspora Repatriation/Immigration



TCuFP and Legal Committee_Discussion on Comprehensive Health Insurance Project



TCuFP Committee Meeting



Workforce Development (WFD) AmCham Committee 1st Meeting



Workforce Development Committee #2 and Working Groups Meetings



Be My Guest with Armenia Wine Company





Be My Guest with Ibis Yerevan Center



Be My Guest with IDBank



American Council and AmCham "Connecting Champions for Workforce Development" Workshop



Discussion with Mr. Ruben Vardanyan on the FUTURE ARMENIAN Initiative



Industrial Strategy and Result Framework Presentation by Mr. Tigran Jrbashyan



Legal Committee Meetings





Meeting with Mr. Lars Kolind, a Danish Businessman



Meeting with the Minister of Economy Mr. Vahan Kerobyan



PWC CEO Survey Presentation

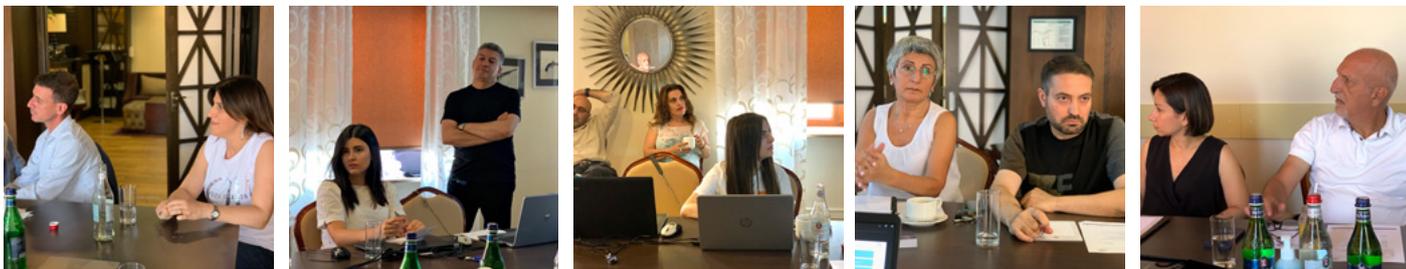


Responsible Business Network (RBN) Platform 2nd Event



Strategy Discussion and Development Workshop





TCuFP Committee Meetings



Workshop on Business Tax Functions in the Corporations





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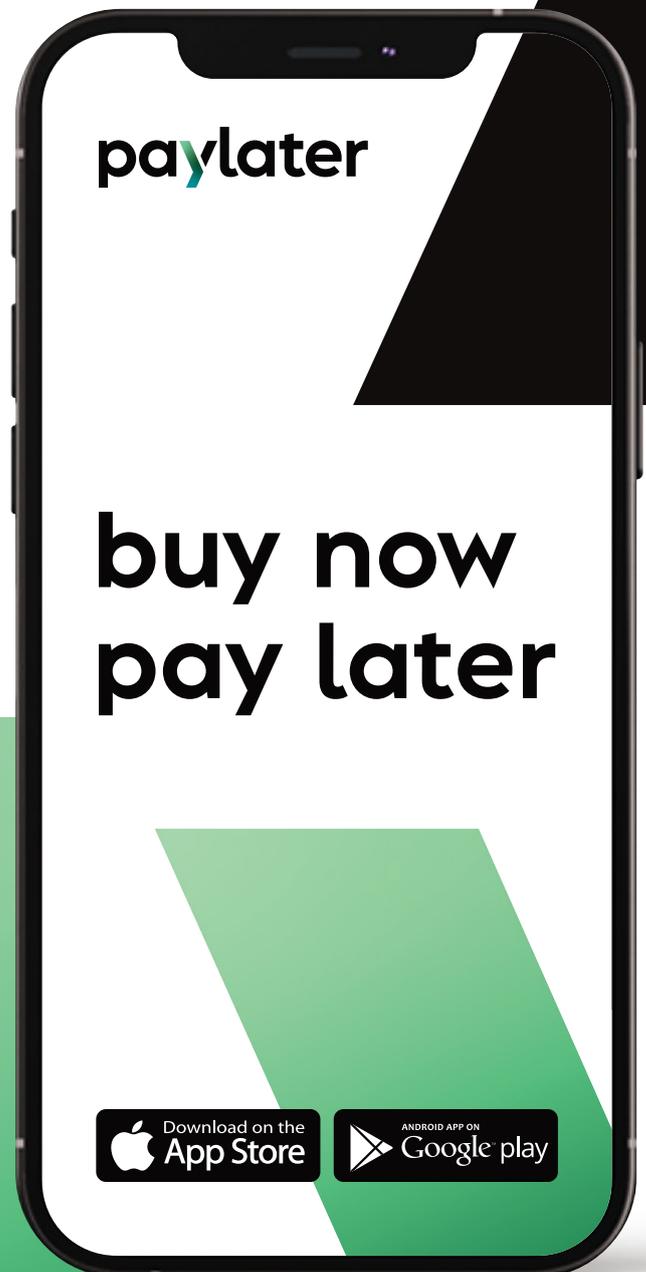
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