

Once a Soviet hub, Armenia looks to revive its tech sector

April 1 2014, by Mariam Harutyunyan



People check out Armenia's first tablet computers, ArmTabs, designed by the joint Armenian-US company Minno, in Yerevan, on March 18, 2014

Once seen as a silicon valley of the Soviet Union, the tiny Caucasus nation of Armenia is hoping the launch of its first tablet computer and smartphone could kickstart a comeback for the country's tech sector.

Designed—and soon set to be constructed—in Armenia, the ArmPhone

and ArmTab devices are seen as a key steppingstone as the landlocked state seeks to overcome crippling trade blockades from its neighbours to become an unlikely industry hub.

"The high-tech sector in Armenia already has a long existence and now we need to take it back to an international level," Vahan Chakarian, president of the joint Armenian-US company Minno behind project, told AFP.

"By building an Armenian tablet computer we'll create a brand that will make Armenia more recognisable on the world market," Chakarian said.

Compared to major international brands funding and production targets for the start-up are modest. The firm is spending some \$6.5 million over its first three years and aims to get manufacturing levels up to some 100,000 items annually.

While the devices are designed by Armenian experts, up till now production has been taking place in Hong Kong and the US. But those behind the project hope that will change soon.

"We've been spending a lot of funds sending our Armenian specialists to China to conduct quality tests where the tablets were being assembled," Chakarian said.

"Given the engineering capabilities in Armenia we plan in the near future that all the work on the exterior and motherboard design and software implementation will take place exclusively in Armenia."

The company already has a contract with Armenia's education ministry to supply all first graders in the country with a [tablet computer](#) by 2015.



Vahan Chakarian, president of the joint Armenian-US company Minno, shows Armenia's first tablet computer, ArmTab, designed by his company, in Yerevan, on March 18, 2014

Strong heritage, unfriendly neighbours

For many the resurgence of the high-tech sector in Armenia comes as no surprise. From computer systems in space ships to the electronics in submarines, Armenia was at the heart of the USSR technology sector.

"One third of military electronics was designed and produced in Armenia and there were several hundred thousand specialists worked on developing and manufacturing computer technology," says Karen Vardanyan, executive director at the Union of Information Technology Enterprises in Yerevan.

Armenia though faces considerable challenges if it is to compete on the

international level.

Festering disputes with its two neighbours Turkey and Azerbaijan—including over the disputed territory of Nagorny Karabakh—mean that much of its borders are sealed off.

Those in the IT sector remain bullish about the prospects for development and point to steady growth rates of over 20 percent despite Armenia's flagging overall economic performance.

"Our predictions show that by 2018 the IT sphere will become the dominant sector in the country's economy and will bring in around \$1 billion," said Vardanyan.

Huge intellectual potential

Some 500 tech firms are now working in the country and international giants such as Microsoft have started getting involved.



One of the Armenia's first tablet computers, ArmTabs, designed by the joint Armenian-US company Minno, seen in Yerevan, on March 18, 2014

"Our main task today is to maintain the current growth rates, increase the number of specialists and then make sure they have well paid work to stop them being attracted abroad," Vardanyan said.

For its part Armenia's government has thrown its weight behind the industry by making it a priority economic sector and pledging that more help is on the way.

"At this stage we have accumulated a huge potential for development, but to move forward, we need to think and take new measures to help new companies compete," Prime Minister Tigran Sarkisian said at a recent unveiling ceremony for the ArmTab and ArmPhone.

"Now the government is preparing amendments to the legislation that

will mitigate tax conditions for Start-up companies," Sarkisian said.

Despite the challenges, all this leaves those at the forefront sector optimistic for the future.

"In Armenia there is a huge intellectual potential and favourable legislation that can help develop this sphere," says tablet producer Chakharian.

"I am sure that in the next three to five years Armenia will become famous for its IT production and the ArmTab and ArmPhone will be the start of this."

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