



Department of  
**Digitalization**  
of Almaty city

# Venture and startup ecosystem of Almaty

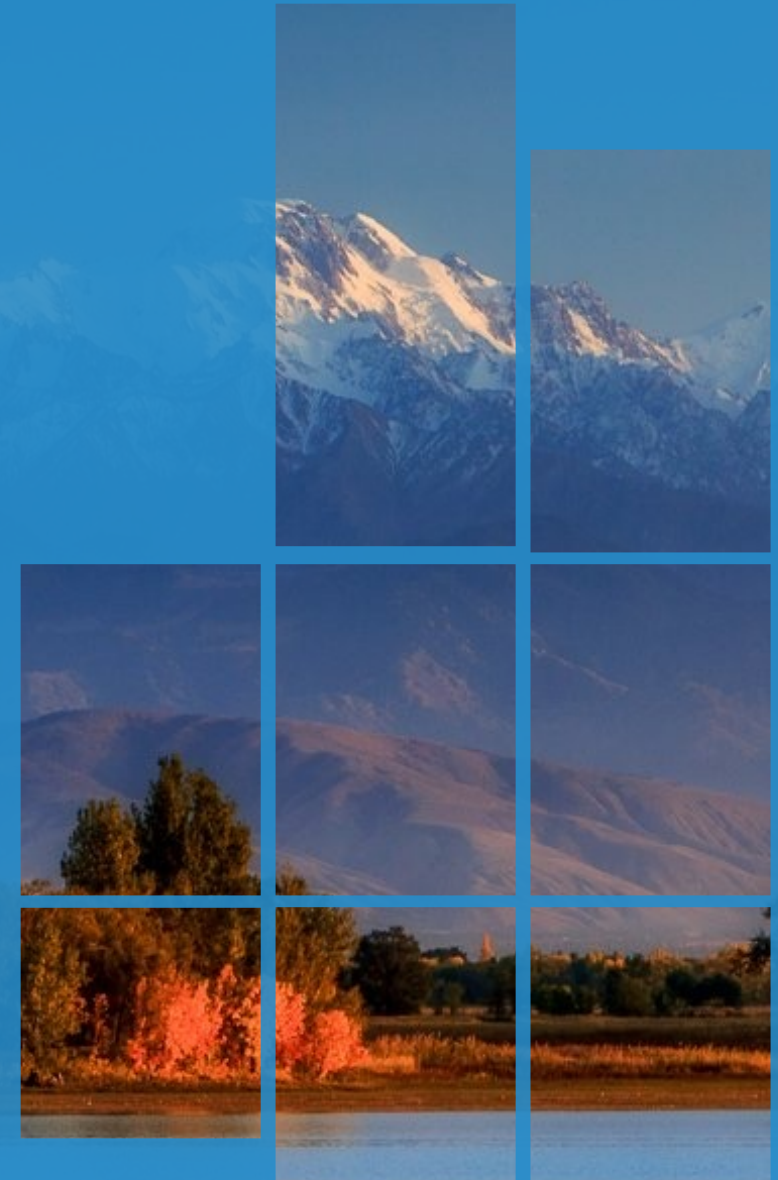
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June 2023

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# Acknowledgments

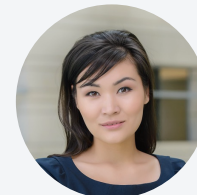
We would like to express our gratitude for the contribution made to this research (participation in interviews and the provision of additional information) to representatives of the corporate sector and startups, industry experts, and investors:

- **Bayan Konirbayev**, Head of the Digitalization Department of Almaty
- **Andrey Beklemishev**, Regional Director of IDC in Central Asia and Azerbaijan
- **Nurtay Abilgaliyev**, CEO of BTS Digital
- **Alexey Sharavar**, Director of Change and IT at Beeline Kazakhstan
- **Aziza Shuzheeva**, President of the NGO TechnoWomen
- **Konstantin Aushev**, Partner, Head of Technology Practice at KPMG in the Caucasus and Central Asia
- **Binur Zhalenov**, Chairman of the Board of National Payment Corporation of the National Bank of Kazakhstan
- **Rafal Trepka**, General Manager of Mastercard in Kazakhstan
- **Erniyaz Zamanbek**, Director of New Business Development Department, Kazakhtelecom
- **Vitaliy Volianyyuk**, Director, Co-founder of the Kazakhstani portal digitalbusiness.kz
- **Olzhas Satiyev**, CEO of TSARKA GROUP
- **Amirkhan Omarov**, Founder and CEO at Smart Parking Technologies
- **Adlet Mukashov**, Director/Co-founder of Verigram
- **Bolatbek Ospanov**, CEO of Smart Satu
- **Beibut Zhanturin**, Founder and CEO of Prosper Pay
- **Alim Khamitov**, Managing Partner at MOST Ventures
- **Mirat Akhmetsadikov**, Managing Partner at MOST Ventures
- **Karakoz Tasbolatova**, COO of MOST Business Incubator

## Authors



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Managing Partner at MOST Ventures



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MOST is a Kazakhstan private business incubator and venture fund that has supported technology entrepreneurs, investors, and corporations since 2011.

Our mission is to build a technology ecosystem for societal transformation aimed at fostering prosperity.

### We promote interaction within the innovation ecosystem through:

- Supporting technology entrepreneurs
- Building sustainable partnerships
- Synergy and integration of resources
- Providing financial instruments
- Attracting talented individuals
- Accelerating innovation
- Building a community

## Other our reports and thought leadership



# Foreword



**Bayan Konirbayev**

Head of the Digitalization  
Department of Almaty

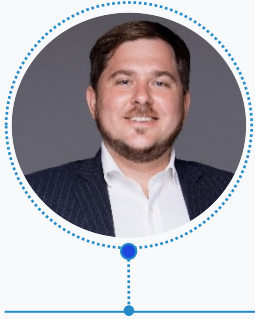
We are pleased to present the report on the current state of the startup and venture ecosystem in Almaty. This report represents the first analytical overview of startups and technology entrepreneurs in our city.

The Digitalization Department of Almaty actively engages in market research of the innovation ecosystem to develop new products and services that support technology entrepreneurs. Our research focuses on the current needs of the startup community and the changes occurring in the technology and innovation sector. We have analysed the key demands of technology entrepreneurs, their development strategies, perceptions of existing barriers, and the factors considered crucial for business success. We have also explored potential correlations between startup behavior and factors such as development stage, age, business model, and founder profile.

The objective of the research was to comprehensively study the dynamics and trends in Almaty's IT market and provide up-to-date information for all stakeholders. We believe that the findings of this research will contribute to a better understanding and interaction with the startup community. Additionally, these insights will serve as a foundation for the creation of city services that support innovative entrepreneurs. We invite all interested parties to collaborate and work together in creating a conducive and innovative ecosystem that fosters the growth and success of startups in our city.

We extend our sincere gratitude to our partners, experts, and market representatives for their valuable support in conducting this research.

# Foreword



**Pavel Koktyshov**  
Managing Partner, MOST  
Ventures

We are delighted to present to you our extensive research on the IT and innovation ecosystem of Almaty, the largest technological hub in Central Asia. This study is the result of months of work, meticulous analysis, and numerous hours of interviews with key industry stakeholders.

As a leading venture capital firm in the Central Asian region, we strive to enhance understanding of the state of the IT and innovation ecosystem in the region where we operate. We hold a special regard for our hometown of Almaty, where our headquarters are located. Our goal is to convey to a wide audience the significance of Almaty's IT and innovation ecosystem, showcasing its immense potential and impact on the country and the region as a whole.

With each passing year, our dependence on technology grows, underscoring the importance of its development. Venture capital plays a prominent role in the development of the IT sector as it fosters innovation and supports early-stage startups. Strong synergy between IT and venture capital can lead to the creation of a dynamic and thriving innovation ecosystem. Almaty occupies a unique position in this context. As Kazakhstan's cultural and financial center, it offers vast opportunities for the development of the IT industry. It is a city where diverse cultures and ideas converge, fostering creative thinking and innovation. It is also important to note that Almaty boasts highly skilled IT professionals and a rich educational infrastructure. The city is home to leading technical universities in the country, producing world-class specialists and nurturing an innovative spirit.

Through this research, we hope to provide readers not only with an understanding of the current state of affairs in Almaty's IT and innovation ecosystem but also with insights that will aid in formulating strategies for more effective utilization of the opportunities presented by this rapidly evolving market.

We are grateful to all industry participants who shared their knowledge and expertise during this research. We hope that our findings will prove valuable and inspiring to all stakeholders, including entrepreneurs, investors, policymakers, and, of course, anyone interested in the development of Almaty's IT and innovation ecosystem for the benefit of the country and the region. We are on the verge of witnessing the emergence of Central Asia's first "unicorn," and it is highly likely to be from Almaty.

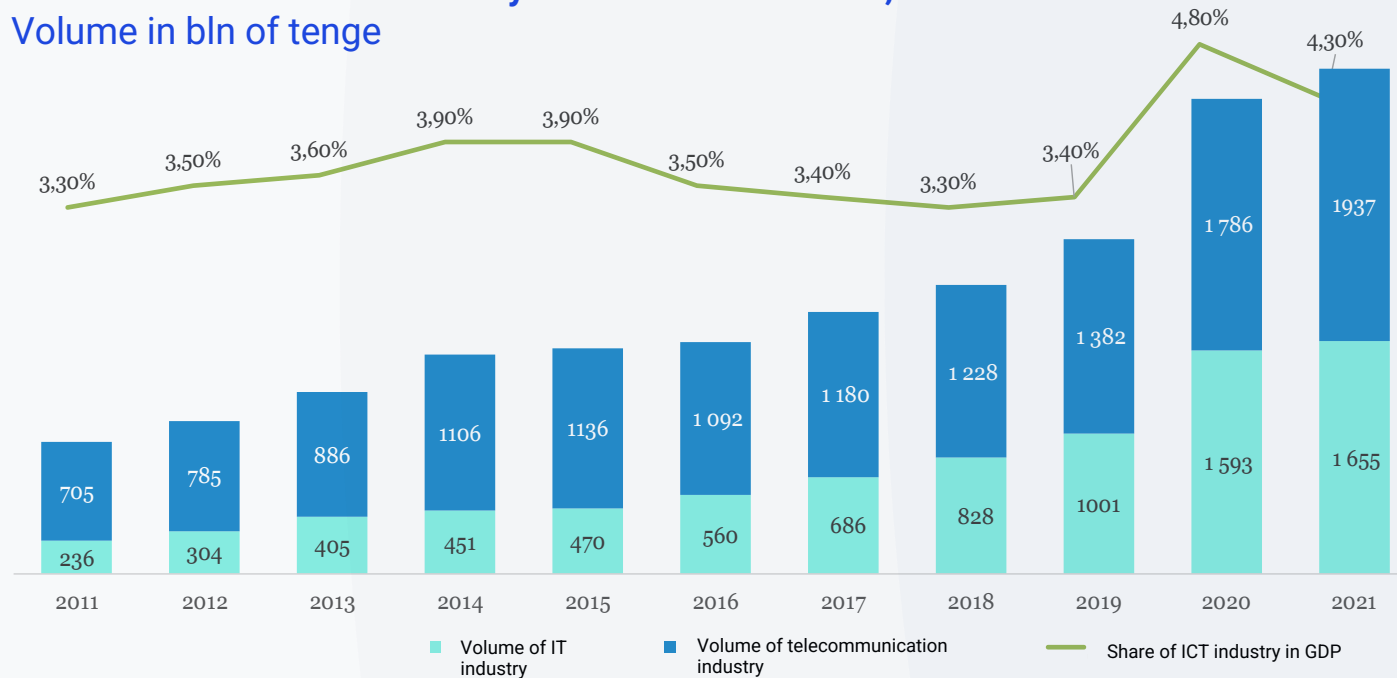


**01**

# OVERVIEW OF THE IT MARKET IN KAZAKHSTAN AND ALMATY

# The Information and Communication Technology (ICT) industry is one of the rapidly developing sectors in Kazakhstan

The volume of the ICT industry and the share in GDP, 2011-2021  
Volume in bln of tenge



Source: National Statistics Bureau of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan (MTSPR RK), and hr.enbek.kz, as of July 1, 2022.

Note: In general, the approach used in the formation of official statistics, such as estimating the size of the ICT market, ICT workforce, etc., by summing up enterprises based on specific industry codes (OKED), may have significant deviations (margin of error). It is necessary to conduct in-depth research with surveys of all participants in the ICT market, comprehensive analysis of various data, and the application of mathematical modeling in accordance with international market assessment standards. This year, IDC plans to conduct such a study, and the results will be published at the end of 2023.



In Kazakhstan, the IT industry is progressing at a fast pace, and much depends on specific market segments. In terms of hardware solutions, we lag behind many countries, but in the software sphere, **there are successful companies engaged in software development, solutions for the financial sector, e-commerce, and more.** However, the startup ecosystem in Kazakhstan is relatively young, and its diversity is limited by market capacity. Most successful IT entrepreneurs strive for international expansion, and therefore, we do not always see the most interesting and innovative solutions in our market.



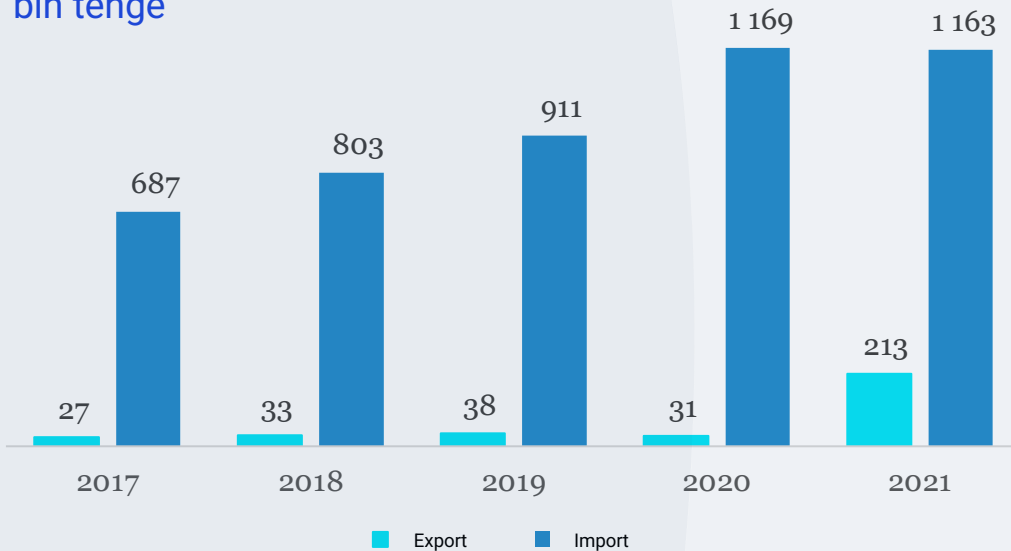
**Nurtay Abilgaliyev**  
CEO of BTS Digital



# The relocation of technology teams from other countries has contributed to the growth of the ICT industry and exports

## Export and import of ICT goods, 2017-2021

bln tenge



Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan



**Kazakhstan has established favorable conditions for the relocation of technology teams long before regional conflicts arose.**

The country boasts both government and private institutions dedicated to attracting investments and fostering technological advancements. Notable institutions include the Astana International Financial Center, Astana Hub International Technopark, and MOST holding, among others.

According to the Ministry of Digital Development, Innovation, and Aerospace Industry, several international technology companies have chosen to fully or partially relocate to Kazakhstan. Among them are prominent players such as **Playrix** (game development, valued at \$17 bln), **Tinkoff Bank** (online bank, valued at \$6.3 bln), **Nexters** (game development), **InDriver** (ride-hailing service, valued at \$1.2 bln), **SPB Exchange** (stock exchange, valued at \$1 bln), **Mytona** (game development, valued at \$0.25 bln), TypeType (font studio), Level Travel (online tour booking), and **Red Mad Robot** (app developer).

“Kazakhstani IT entrepreneurs should consider conducting their business abroad while keeping their technological back office based in Kazakhstan”.



**Olzhas Satiyev**  
CEO TSARKA GROUP

“Furthermore, there is a potential for the entry of more international and Russian technology and innovation companies into Kazakhstan. **This influx will intensify competition within the market and encourage companies to attract more resources**, leading to the enhancement of their products for users. However, it is worth noting that increased **competition for talent among startups and companies may arise** as a result”.



**Alexey Sharavar**  
Director of Change and IT at Beeline Kazakhstan

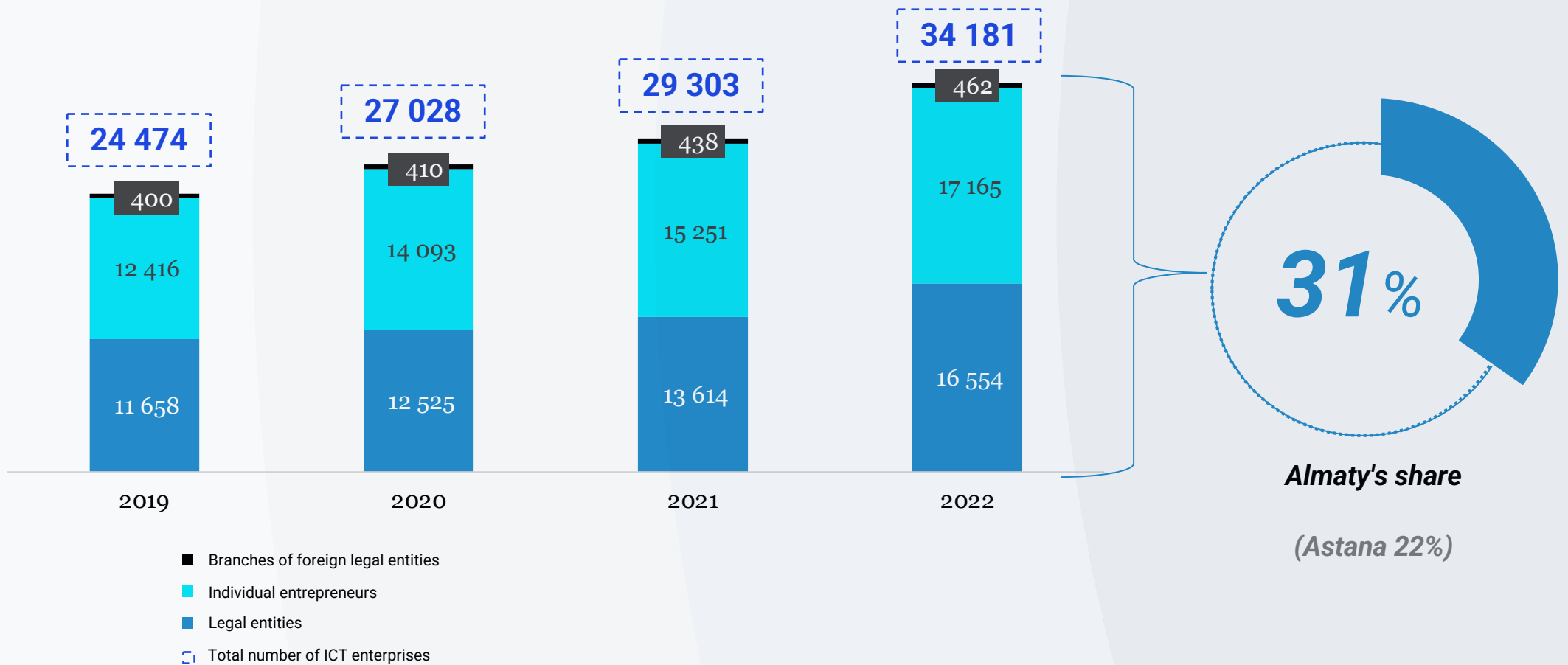
“I believe it is crucial to focus on reducing barriers and providing support to startups with strong export potential. This can be achieved by leveraging the **political and diplomatic resources** of our country, taking into account the current geopolitical landscape”.



**Binur Zhalenov**  
Chairman of the Board of National Payment Corporation of the National Bank of Kazakhstan

# Almaty takes the lead in the ICT industry in Kazakhstan, with a share of registered enterprises exceeding 30%

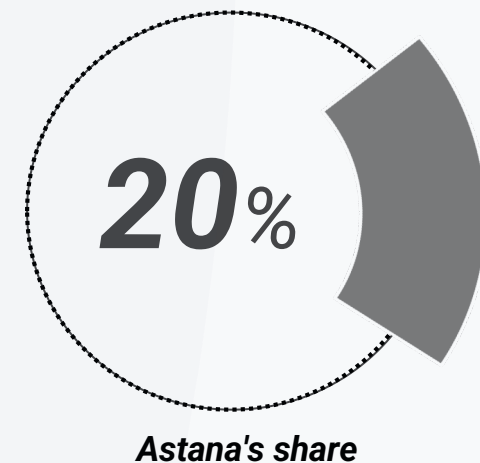
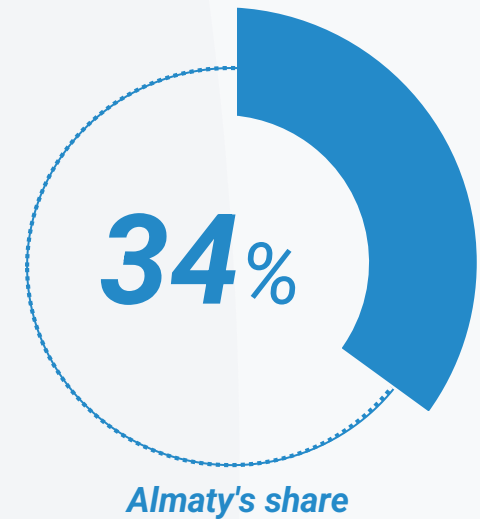
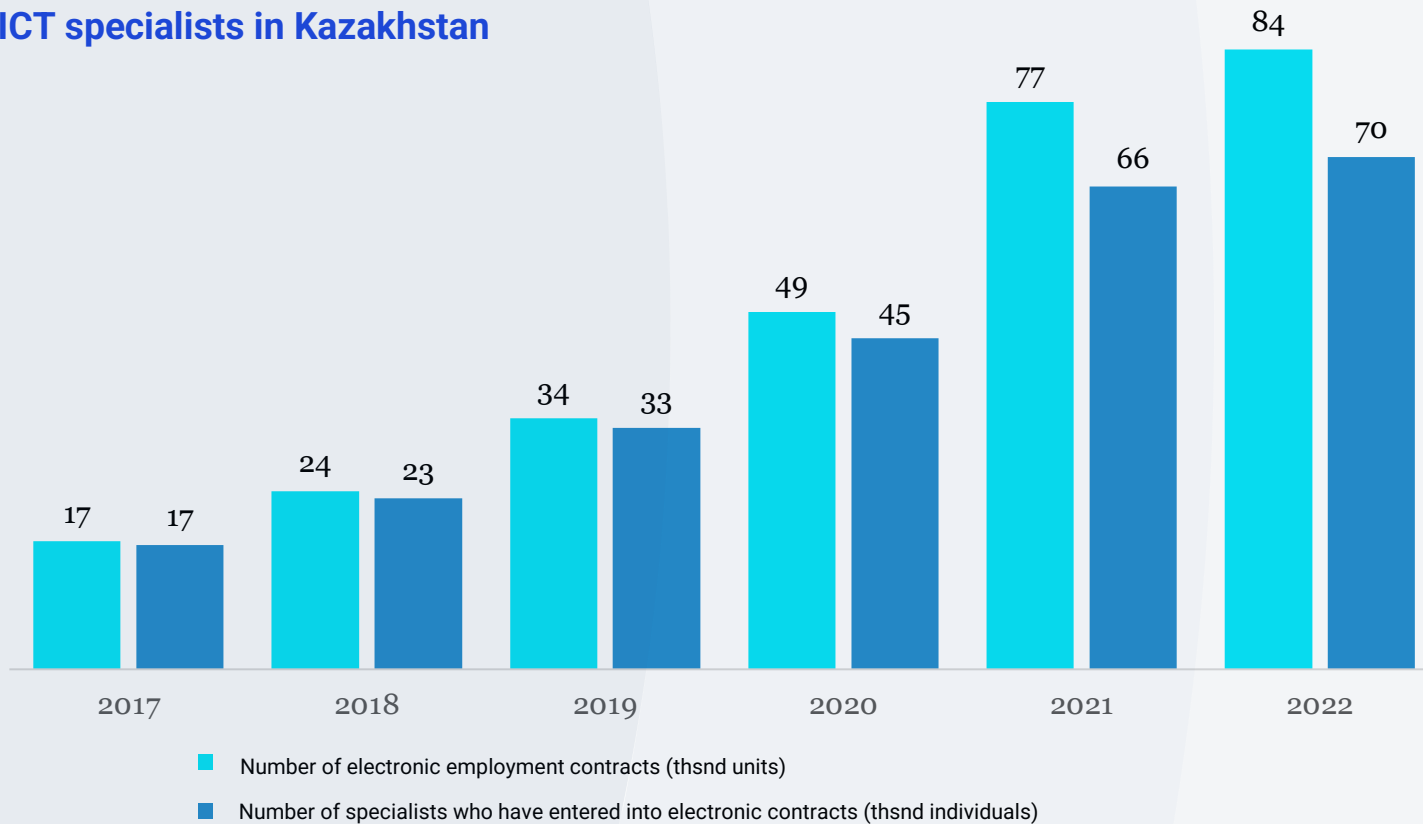
Number of registered ICT enterprises in Kazakhstan, 2019-2022



Source: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan

# Almaty is home to over a third (34%) of all ICT specialists in Kazakhstan

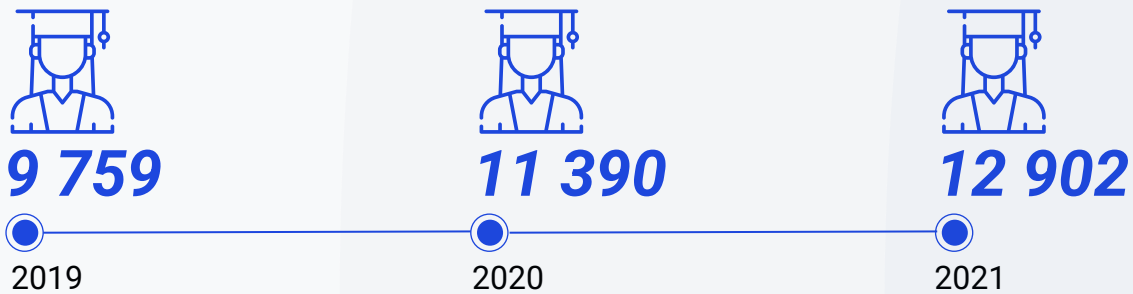
## ICT specialists in Kazakhstan



Source: Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan and hr.enbek.kz, as of July 1, 2022.

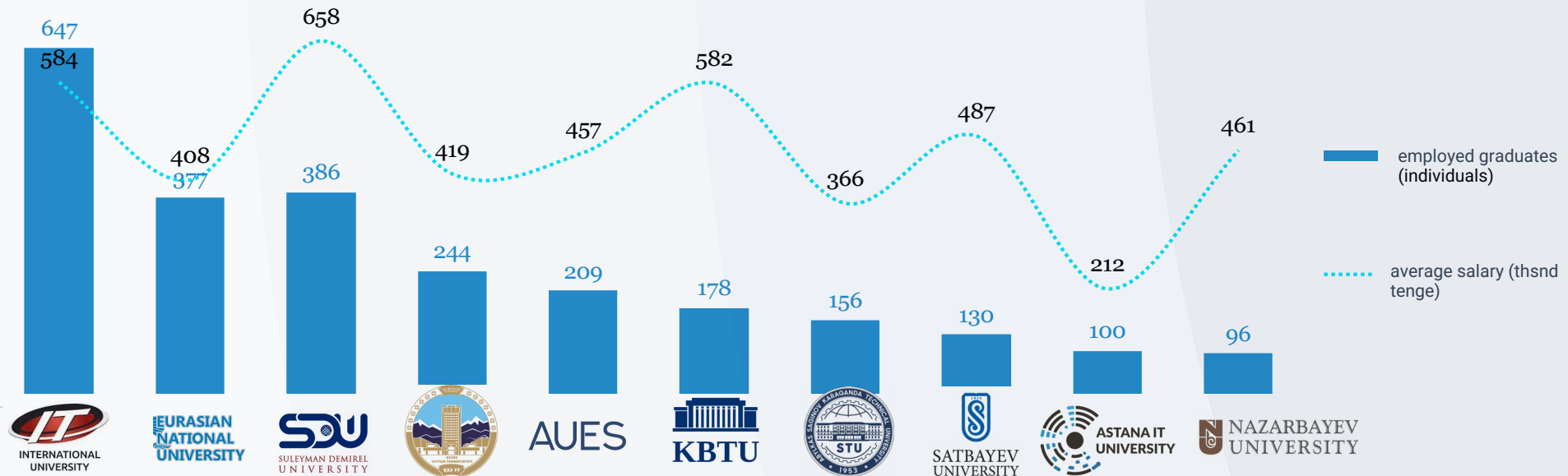
# 83 out of 122 universities in the country train IT professionals, and the number of IT graduates continues to rise

Graduates of universities and colleges in IT specialties, people



Source: Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan and hr.enbek.kz, as of July 1, 2022.

The number and average salary of employed graduates in IT professions in 2019-2022



Source: Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan and hr.enbek.kz, as of July 1, 2022.

# Almaty is the creative economy center and IT hub of Central Asia



*of the country's GDP is accounted for by Almaty*



*share in the state budget*



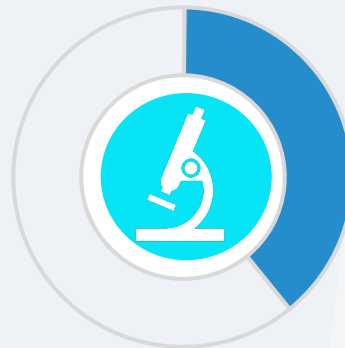
*public services are provided in digital format*



*the level of digital literacy of the population*



*organizations are engaged in research and development work*



*of all costs for research and development work*



*ICT specialists of the country*

# Startups have evaluated the overall ecosystem with an average rating of 3 out of 5, placing emphasis on the favorable tax incentives

## Assessment of the ecosystem according to Almaty-based startups

(1 - bad, there are problems; 5 - good, no problem)



“In Kazakhstan, a robust innovation infrastructure has been established, ranging from accelerators to venture funds, forming the basic contours of a thriving ecosystem. While there is room for growth and improvement in terms of refining business processes and enhancing synergies among different elements of the infrastructure, the dynamic progress observed in recent years provides a strong basis for optimism”.

**Binur Zhalenov**  
Chairman of the Board of National Payment Corporation of the National Bank of Kazakhstan

**Opinions of startups:**

“The market is actually very small. **There is a lack of diversity. In most cases, everyone knows each other**”.

“**There are trust issues with businesses and new projects, including IT ventures.** Moreover, the absence of large and stable investment funds increases the risks of investment loss”.

“**There is a lack of bold and daring founders in the market who challenge norms and demonstrate that the startup journey doesn't adhere to conventional rules**”.

“**In the last 2 years, robust support for startups has emerged, providing a valuable opportunity to retain the country's top talents**”.

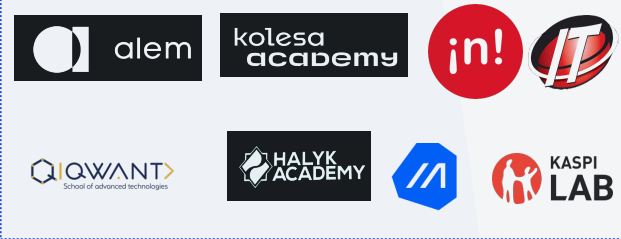
# Startup ecosystem



## Accelerators, incubators, competitions



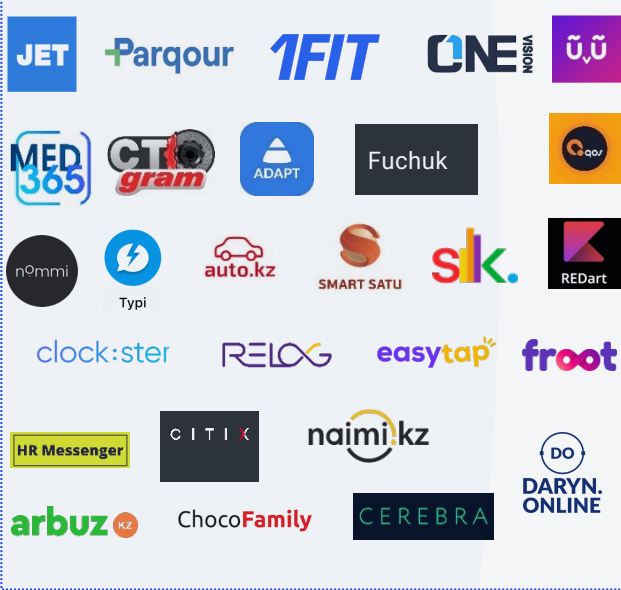
## Programming schools



## Sources of venture financing (including grants)



## Startups that have received venture funding\*



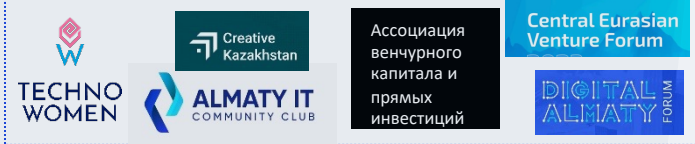
## Media



## Innovation labs



## Associations, communities, events



## Business support

The Department of Entrepreneurship and Investment of the city of Almaty offers free training, financing, and subsidies, along with consultation services, assistance in obtaining regulatory documents, support in business registration, and business plan preparation.



## Corporations



Note: This list is not exhaustive

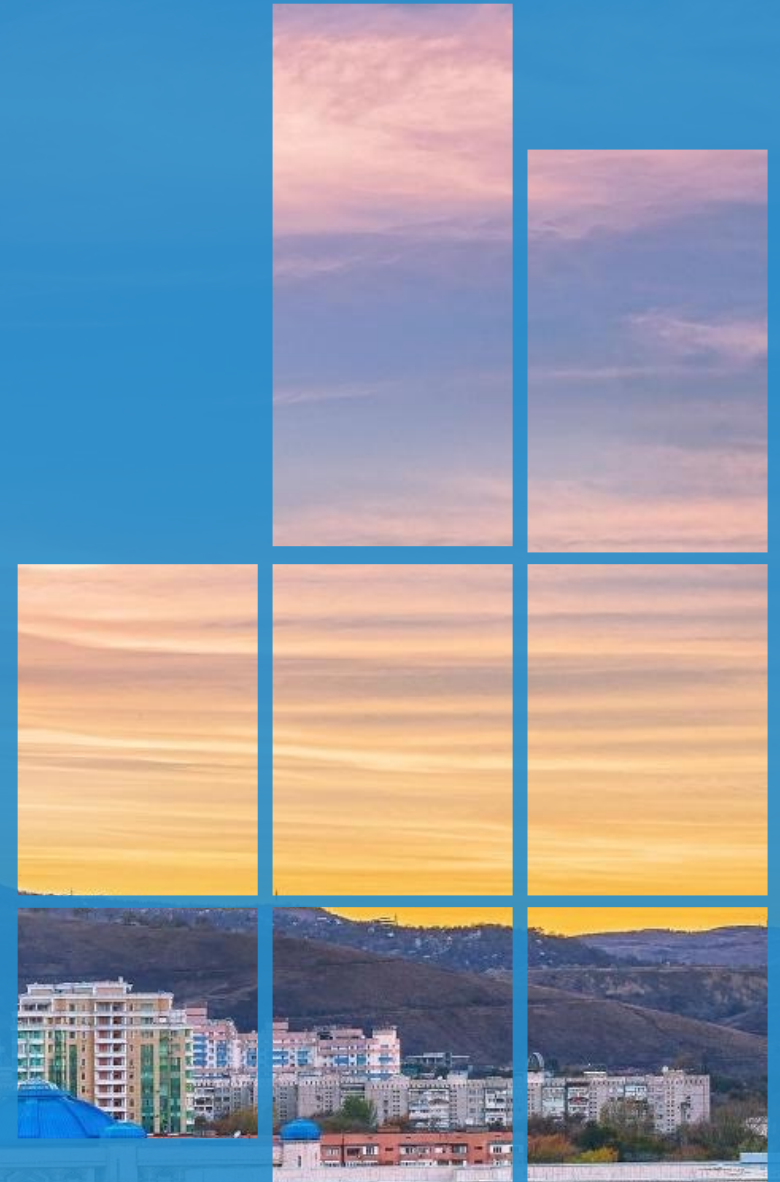
\* Startups that received venture capital funding from 2018 to 2022

“

*"The startup ecosystem in the city has made significant progress, although there is still room for further advancement when compared to global benchmarks. Creating a favorable environment for startups and providing comprehensive support are areas that can be further developed. The emergence of institutions like Astana Hub has been promising, and the past five years have witnessed notable international achievements. However, it is crucial to learn from well-established startup ecosystems such as Silicon Valley, with its 50-year history, and Beijing's thriving innovation cluster in Zhongguancun since 1989. By drawing inspiration from these successful models, we can strive towards our ultimate goal of cultivating a world-class startup ecosystem".*



**Bayan Konirbayev**  
Head of the Digitalization Department of Almaty



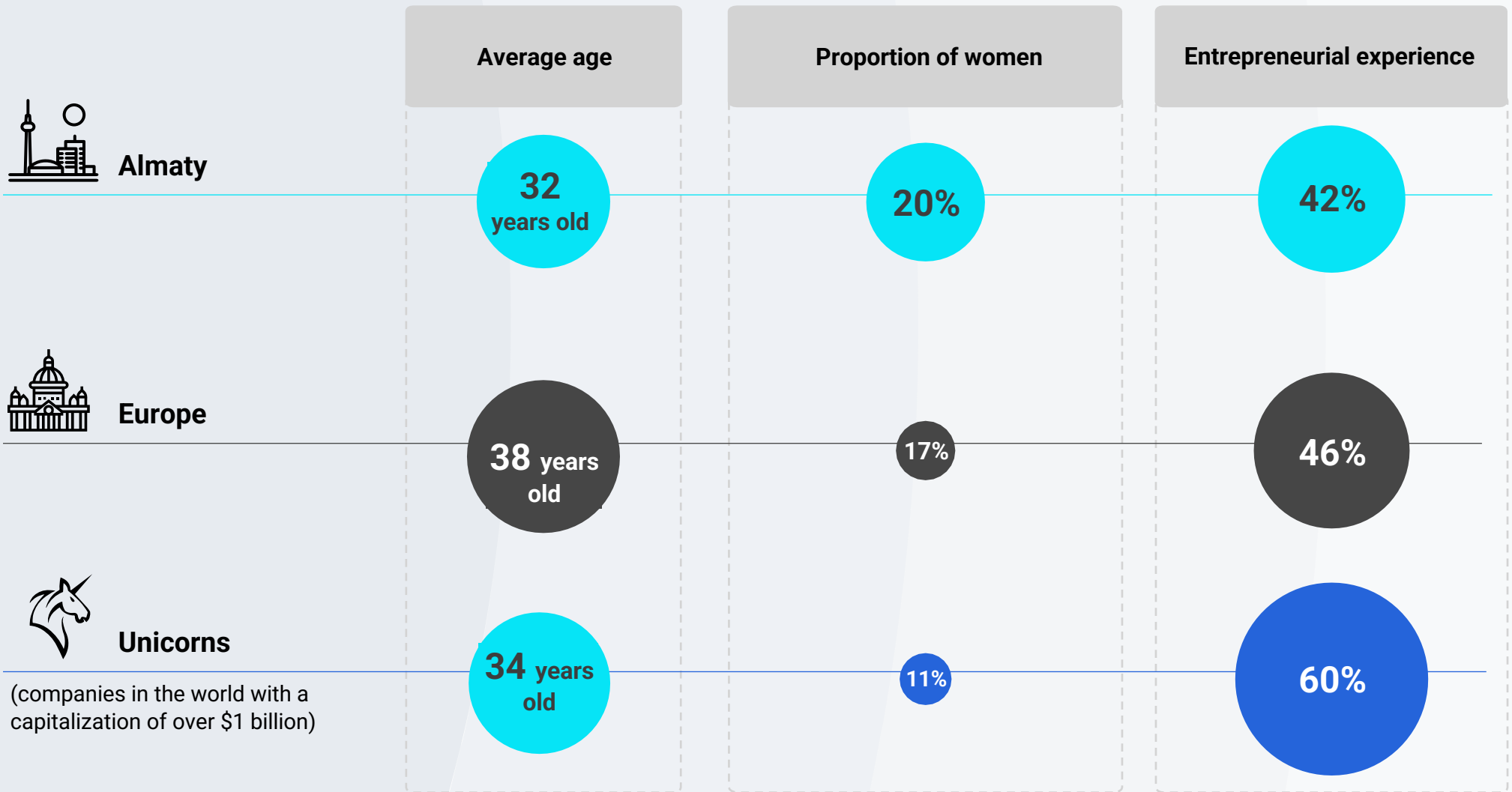




# 02

## PORTRAIT OF STARTUPS IN ALMATY

# The portrait of a startup founder in Almaty: comparative characteristics

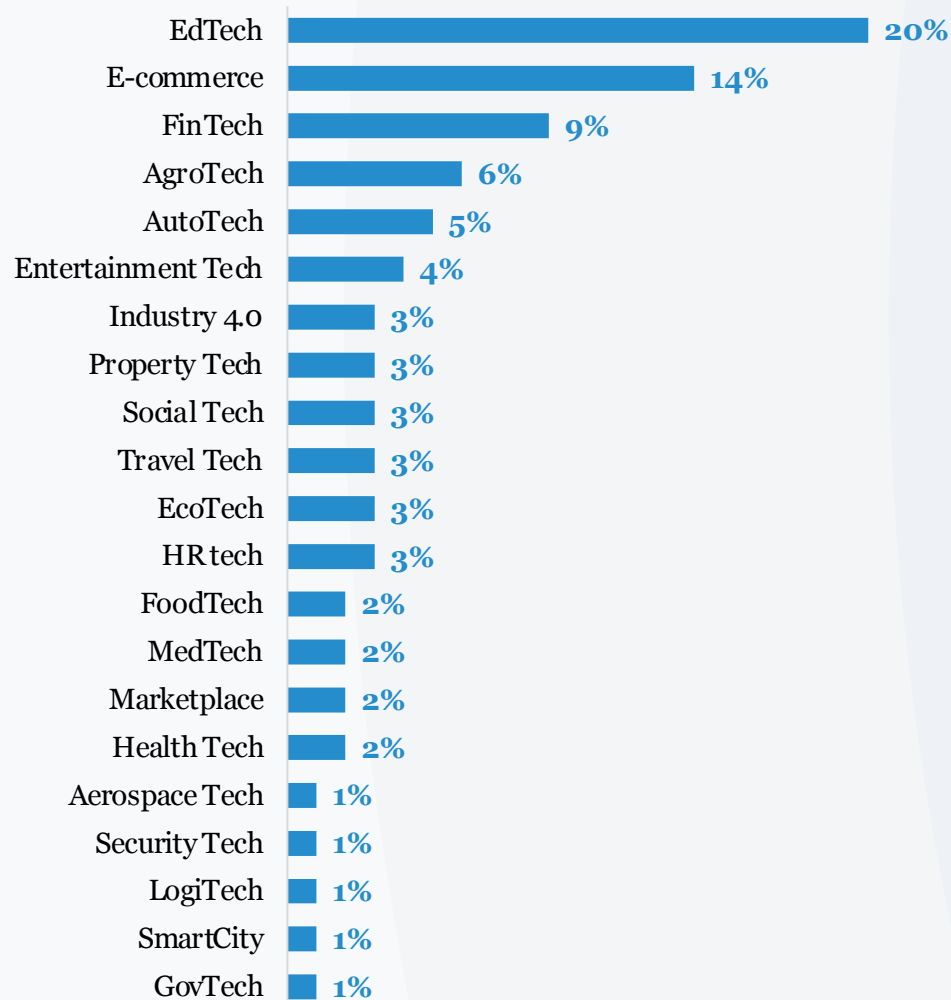


Sources: Results of an online survey of startup founders, n=80, March 2023  
 portrait of a European startup – European Startup monitor 2018 (2,515 startups); Land of the "Super Founders" – A Data-Driven Approach to Uncover the Secrets of Billion Dollar Startups, December 2018

# The key sectors driving startup development in Almaty are EdTech, FinTech и E-commerce

## Distribution of startups by sectors

% of the total number of respondents



"We have a positive outlook on the future of startups in Kazakhstan. While it is difficult to pinpoint which sectors will thrive in the immediate year ahead, we anticipate promising developments in **biometric identification methods, AI, blockchain, and open data**".



**Rafal Trepka**  
General Manager of Mastercard in Kazakhstan

"There are strong startups in finance, e-commerce, and B2B solutions. However, many startups are still at an early stage with a local focus and lack ambitions for international expansion. It is desirable to see more advancements in biotechnology, AI, cybersecurity, and robotics. The B2B market has great potential for growth in IoT and agrotechnology".



**Alexey Sharavar**  
Director of Change and IT at Beeline Kazakhstan

"Almaty has historically excelled in **retail, delivery services, and the service economy**, positioning itself as a thriving financial and commercial center rather than a hub for manufacturing industries".

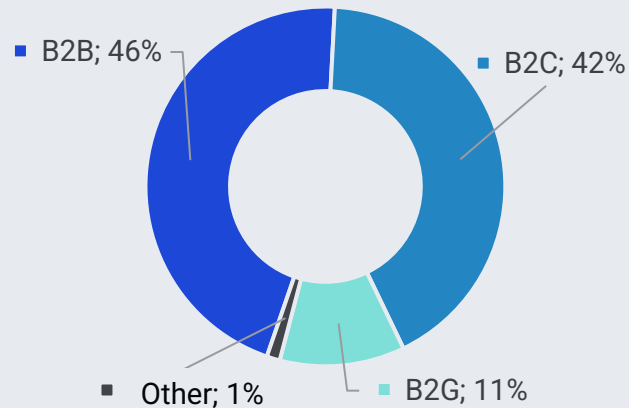


**Bayan Konirbayev**  
Head of the Digitalization Department of Almaty

# 36% of startups did not witness any revenue growth over the past year

## Business model

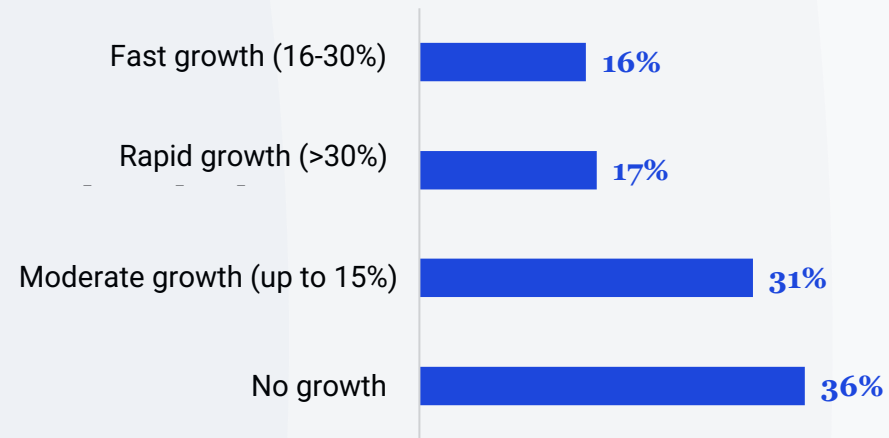
% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023

## Revenue growth rates over the past year

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023

"There are four main popular niches in the market:

- **B2C market:** This includes **education, online marketplaces for goods and services.**
- **SMB market:** Providing mass services that help automate processes.
- **B2B sector:** Focused on solving niche industry-specific problems.
- **B2G sector:** Catering to government-related projects and services".



**Adlet Mukashov**  
Director/Co-founder of Verigram

"Kazakhstan is experiencing the rise of a competitive group of technology entrepreneurs, supported by the government's innovation ecosystem, including initiatives like Astana Hub. The emergence of independent Kazakhstani services in various sectors and breakthroughs in deep tech, such as Cerebra, demonstrate the country's entrepreneurial potential. However, the growth of startups is constrained by market size and consumer demand, posing challenges for further development".

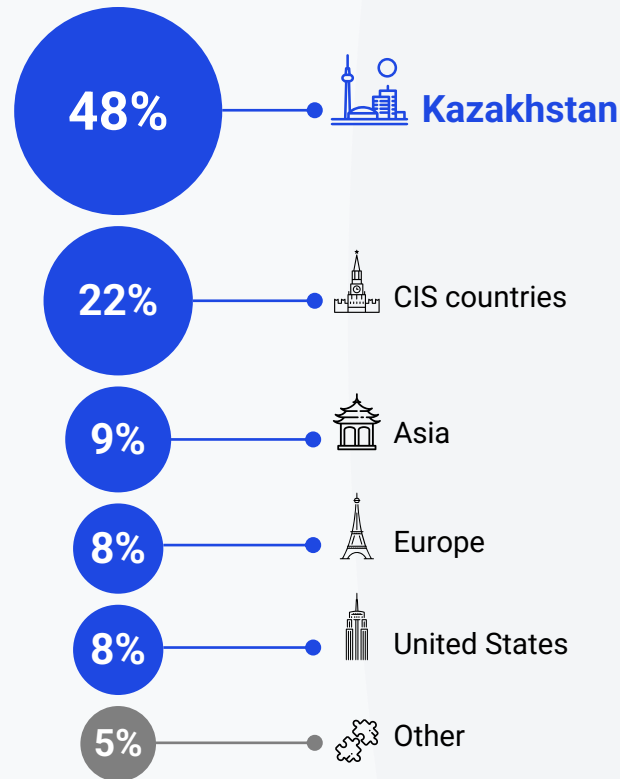


**Binur Zhalenov**  
Chairman of the Board of National Payment Corporation of the National Bank of Kazakhstan

# 48% of startups in Kazakhstan have sales oriented towards the local market

## Sales regions

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



*“Many startups in Kazakhstan should expand their horizons beyond the local market and consider the possibilities of exporting their products or services. One notable example is Alexey Li, renowned in Kazakhstan for his projects like Arbuz.kz, Aviata.kz, and Ticketon. Recently, he has embarked on the challenging journey of replicating Arbuz’s success in the United States with Pinemelon, an e-commerce venture. According to Alexey, venturing into the world’s largest market is far from easy and demands immense dedication and relentless effort, often working around the clock. While it may sound mundane, stepping outside the comfort zone of the domestic market is where substantial growth is achieved. This understanding has been embraced by countries like Israel, Estonia, and Belarus, where tech entrepreneurs are driven by an export-oriented mindset, targeting larger and more lucrative markets”.*



**Vitaliy Volyanyuk**

Director, co-founder of the Kazakhstan portal digitalbusiness.kz

*“In Kazakhstan, the absence of a large domestic market poses a challenge for building successful technology companies. To overcome this, it would be advantageous to **establish trade partnerships with major economies like the United States, Japan, Korea, the European Union, and the Trans-Pacific Partnership.** These partnerships would facilitate technology exchange, resource sharing, and the creation of new market opportunities. Furthermore, it is crucial to invest in developing robust logistical infrastructure and trade routes to support efficient international trade”.*



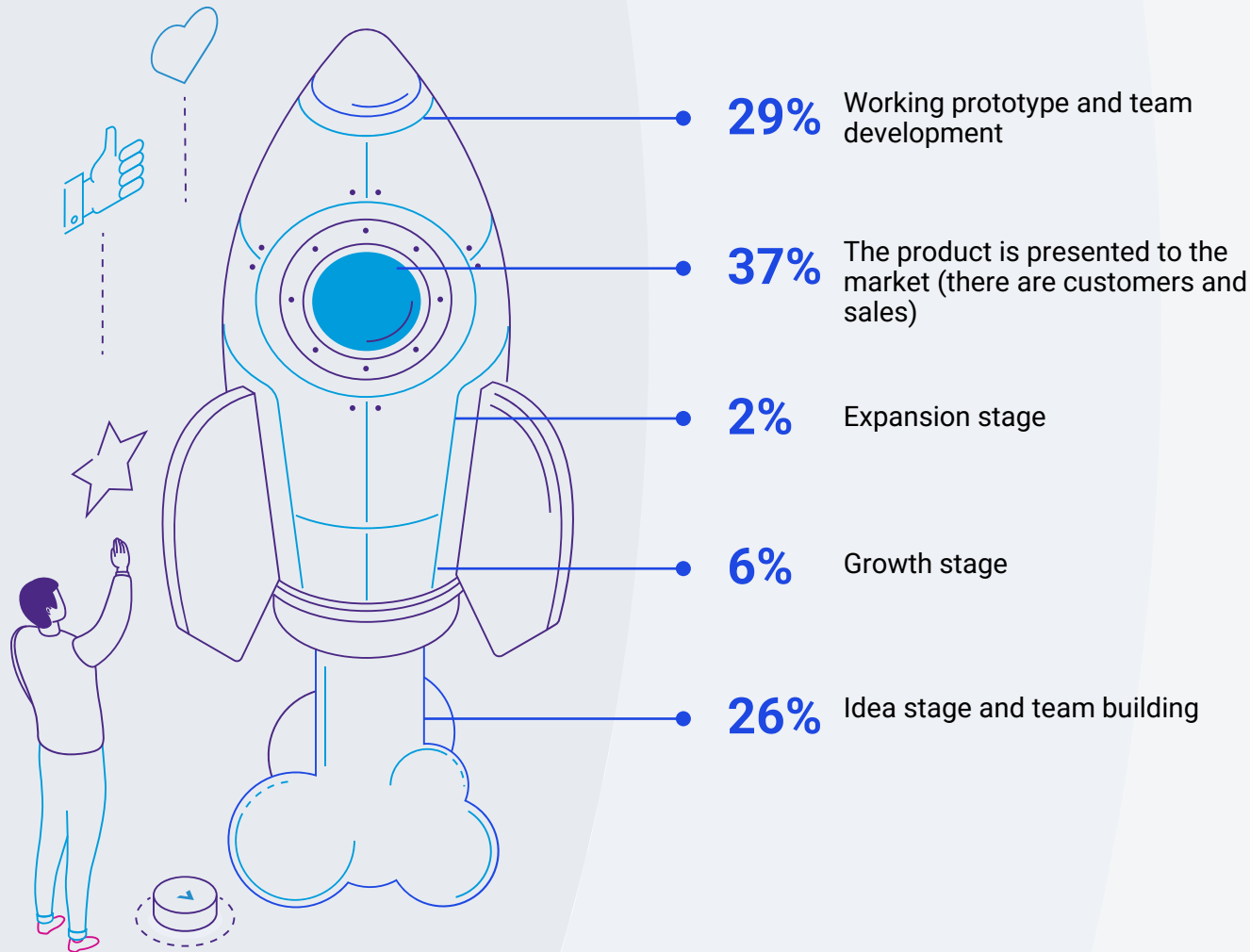
**Adlet Mukashov**

Director/Co-founder of Verigram

# Stage of development

## Distribution of startups by stages of development

% of the total number of respondents



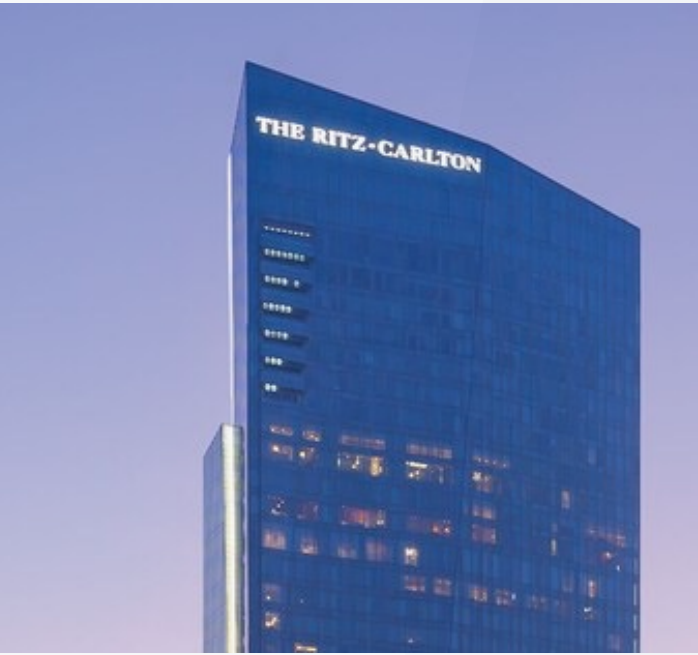
Source: results of an online survey of startup founders, n=80, March 2023



*"In general, all sectors have some level of saturation, but it is difficult to pinpoint a few truly mature startups at this time".*



**Alexey Sharavar**  
 Director of Change and IT at  
 Beeline Kazakhstan

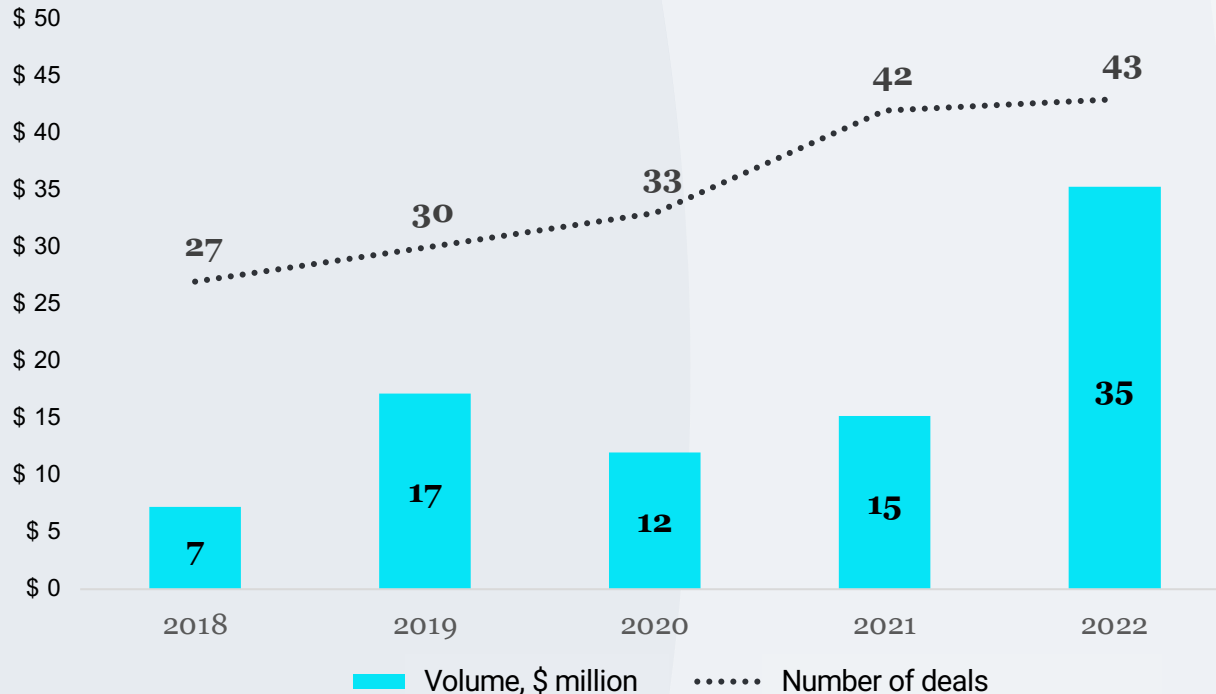


**03**

## **FINANCING AND VENTURE CAPITAL**

# A significant share of venture investments in Kazakhstan is concentrated in Almaty

Volume and number of public venture capital transactions



Sources: MOST study "Venture Capital Market in Kazakhstan", 2023

Total volume and number of public venture capital transactions (2018-2022)

According to the MOST's "Venture Capital Market in Kazakhstan" study, over 50% of venture investments were attracted by startups based in Almaty

Sources: MOST study "Venture Capital Market in Kazakhstan", 2023

**175**  
Number of deals

**\$87** mln  
total volume



"Over the past decade, the IT sector in Kazakhstan has experienced significant growth and development. This dynamic environment has seen the emergence of numerous startups that have successfully expanded their presence into international markets while attracting foreign investments. Notably, the **Kazakhstani government has played a crucial role in facilitating this progress by partnering with foreign investment funds such as Quest Ventures and 500 Startups**, who have already provided financial support to several promising Kazakhstani startups. Additionally, a wave of domestic professional investors has surfaced in Kazakhstan, actively nurturing and backing early-stage startups".

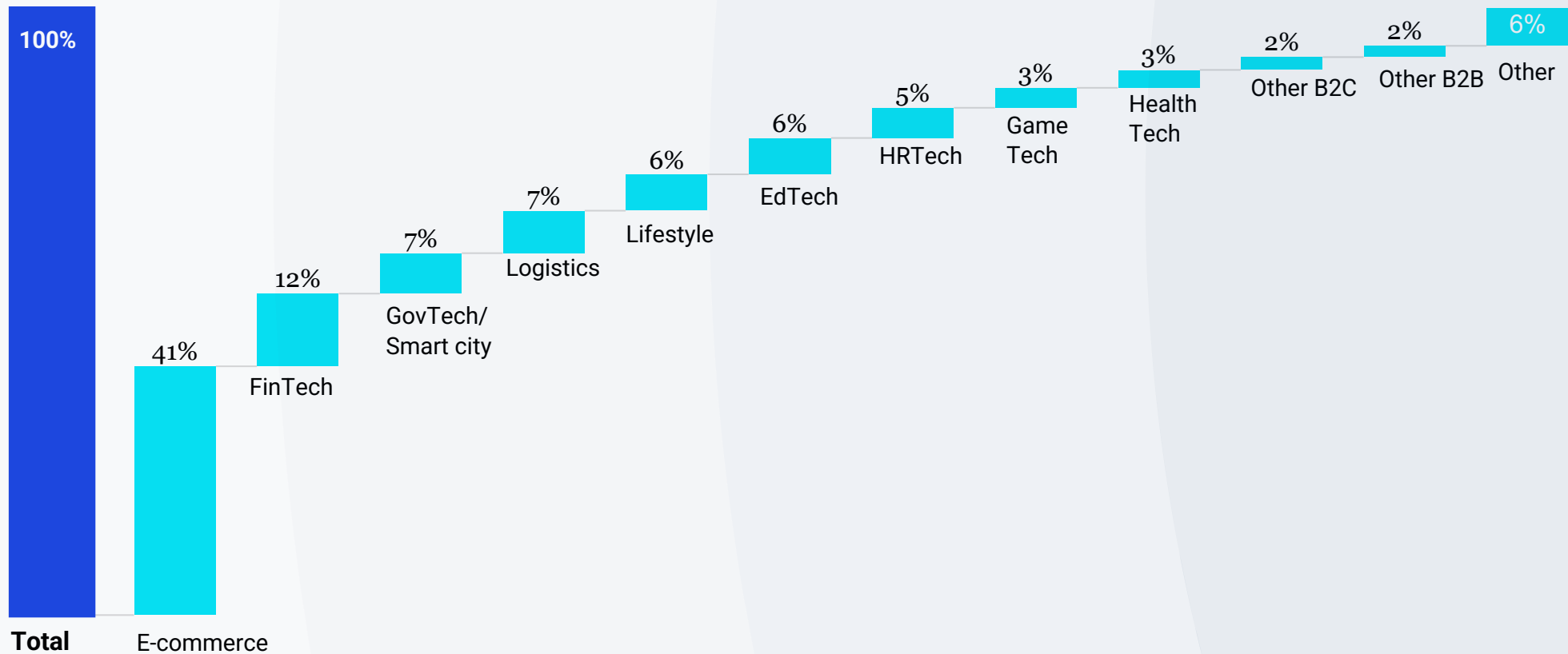


**Bolatbek Ospanov**  
CEO Smart Satu



# The FinTech and E-commerce sectors dominate in venture deals in Kazakhstan, accounting for 53% of the total number

Distribution of the volume of publicly available venture capital transactions by sector (2018-2022)

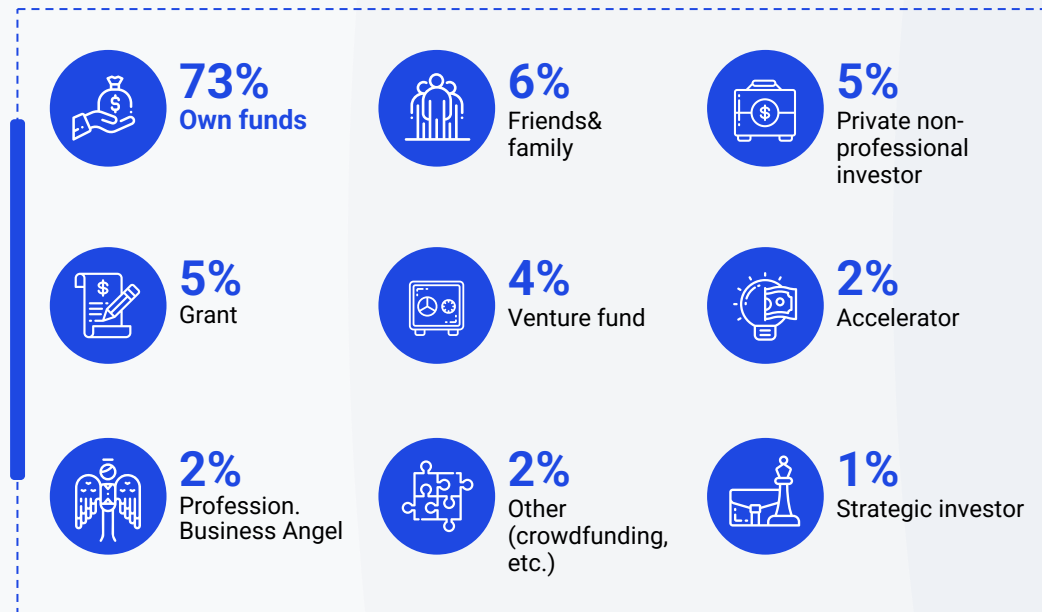


Sources: MOST study "Venture Capital Market in Kazakhstan", 2023

# The majority of startups rely on their own resources to fund their businesses

## Sources of funds

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



## Opinions of the IT community:

*"It would be beneficial to create a **list of investor companies** interested in collaborating within specific industries".*

*"Creating an **online platform that enables entrepreneurs to engage with private investors, including those from abroad**, is essential. Currently, our interactions are restricted to individuals we have personal connections with, but having a dedicated platform would broaden the scope for collaboration".*

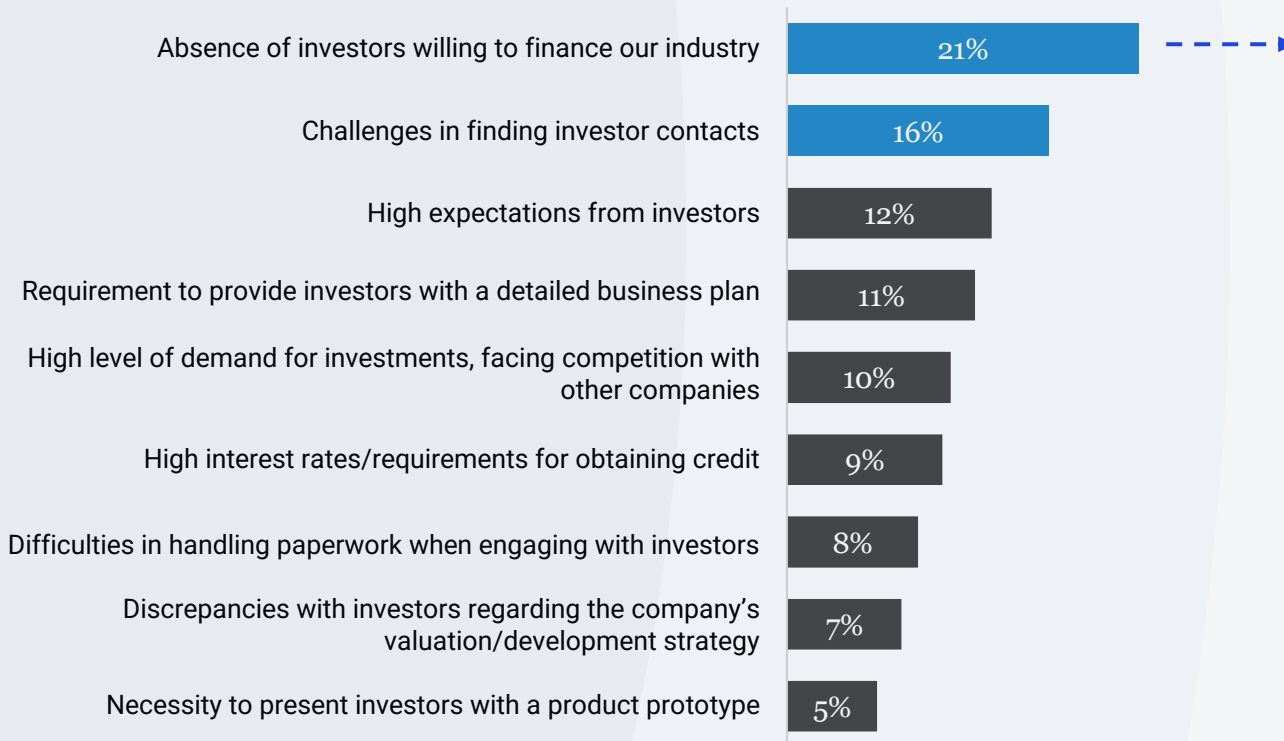
*"Develop a **comprehensive guidebook specifically tailored to startups, categorised by industries, providing an extensive list of investment and venture funds available both within Kazakhstan and internationally**. This guidebook should segment investments into portfolios, detailing associated risks, as well as outlining the minimum and maximum funding amounts, expected return on investment (ROI), and the specific eligibility criteria set by venture funds for application submissions. Additionally, establish an online portal akin to CCB.kz, offering accessible and convenient e-learning resources for startups, particularly benefiting women entrepreneurs with childcare responsibilities who may face difficulties attending offline courses. It is crucial to study and adopt the best practices from successful startup ecosystems in Singapore, China, and Southeast Asia".*

*"It is essential to attract investors who can provide more than just financial support and also assist with international market expansion".*

# 21% of startups struggle to find investors for their industry, while 16% face challenges in establishing investor contacts

## Why were you unable to attract financing?

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



*"Kazakhstan is in need of highly skilled investors in the realm of game development and virtual reality. While our startup ecosystem offers solid support mechanisms, as an entrepreneur, I've faced difficulties in attracting investors and seeking out partners who share a similar vision. Nevertheless, we take solace in the presence of established industry leaders who have already demonstrated their achievements and successes".*

*startup from Almaty*

*"There is a wide range of angel investors actively searching for prospective projects. However, numerous startups lack the knowledge and resources to locate these investors. A possible solution to this issue involves **hosting networking events and utilising social media platforms to raise awareness about both venture and non-venture investors**, including those who are new to the scene".*

*startup from Almaty*

# Perspectives of the IT community on the venture capital market in Almaty



Over the past years, the venture capital market has experienced a positive trend. However, experts highlight a significant lack of investments specifically at the seed and early stages.

In an effort to mitigate risks, investors prioritize companies that demonstrate confirmed product demand and possess agreements and contracts with consumers.

Some startups, recognising the risks associated with early-stage financing ("mistakes at the outset can deter investors"), plan to seek external investments only during the expansion phase.



*"The venture capital market in Almaty is witnessing dynamic growth, with notable positive advancements. Venture capitalists are adopting a systematic approach to precisely define their requirements for startups, actively supporting them in terms of training and development. However, despite the increasing number of venture investors and funds, **the demand for financing among startups remains consistently high**".*



**Beibut Zhanturin**  
CEO and Founder of Prosper Pay



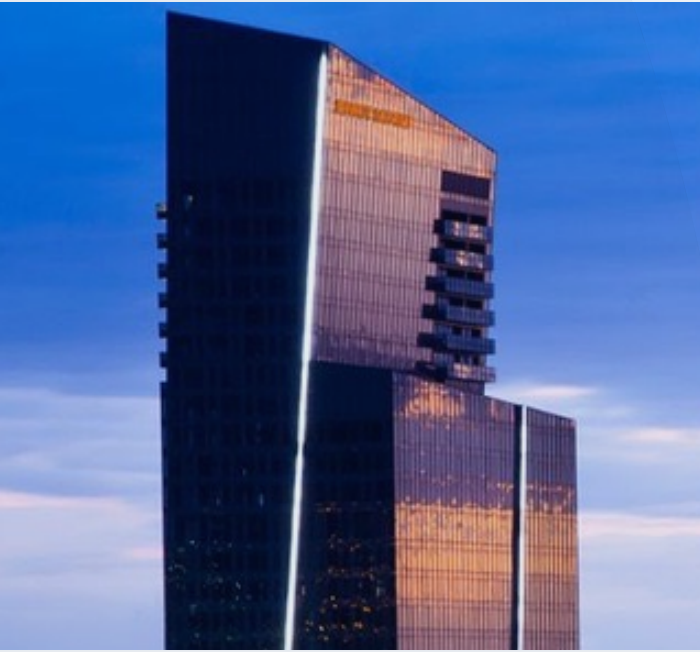
*"The recent emergence of multiple accelerators and the increased activity of venture funds is a positive development. **However, the lack of a private investor and business angel ecosystem, in my view, hampers the establishment of a fully-fledged infrastructure.** While private investors do exist, they often gravitate towards real estate operations, loans for working capital or contract fulfillment, and financing traditional businesses backed by assets".*

*"It can be quite **difficult for many entrepreneurs to find their initial investor**, whether it be a business angel or a venture capital fund".*

*"Creating a product that is easily understandable to the venture market is crucial to avoid any obstacles in its sale. **It is unwise to develop a product solely relying on investor funds**, as there is a high probability of not reaching the market, and investor funds are typically obtained only once".*

*"**Insufficient awareness of venture capital and startup culture** in the region highlights the need to take proactive measures in educating and fostering an environment that supports entrepreneurs".*

*"If the government could organise and establish a **local angel investor class similar to those in the United States**, who could identify early on whether a company truly has potential, it would be fantastic. Such individuals are crucial for launching technology companies".*



# 04 CORPORATE INNOVATION

# Collaboration between startups and corporations: global insights

Most startups in the world operate in the B2B market and collaborate actively with large companies. Common tools used by corporations for engagement include accelerators, venture funds, and technology competitions.

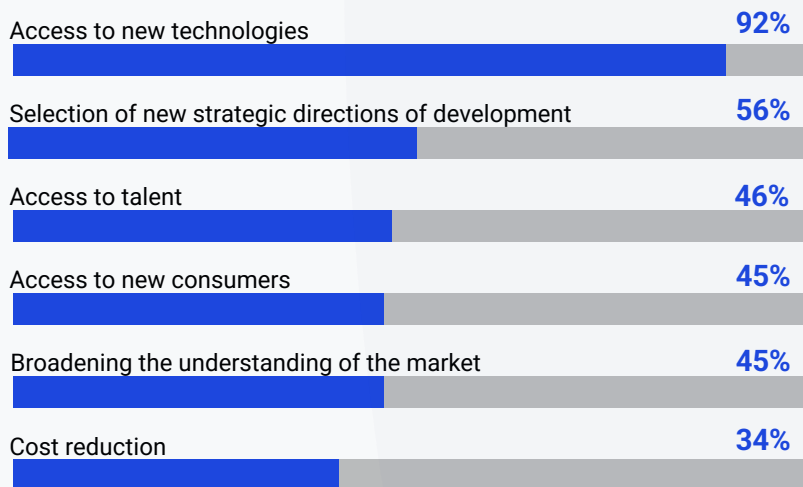


**82%**  
*share of B2B startups in Europe*

European Startup monitor 2018

## Why are corporations interested in collaborating with startups?

Executive Survey of 100+ Fortune 1000 Companies

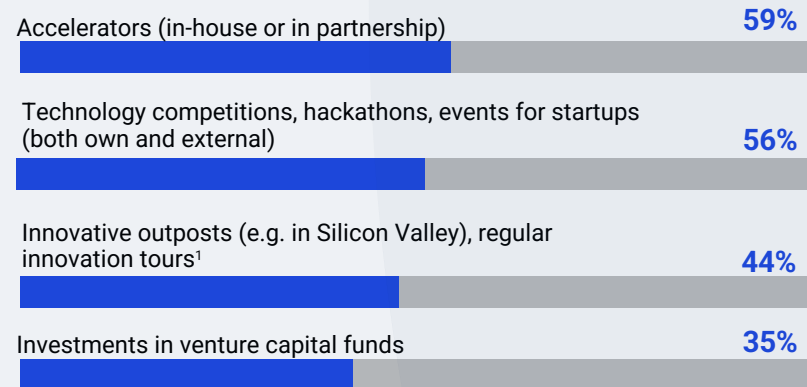


**77%**  
*European startups cooperates with large companies*

European Startup monitor 2018

## How do corporations search for startups?

Executive Survey of 100+ Fortune 1000 Companies



<sup>1</sup> An innovation outpost is a specialized office located in key international innovation hubs in order to study international experience. Innovation tours are programs for visiting innovative organizations, companies and clusters in order to exchange experience and identify new trends in the development of the industry.

Source: Unlocking Innovation Through Startup Engagement: Best Practices from Leading Global Corporations, Report by 500 Startups, 2018.



## Corporate innovations Global trends

*"There seems to be a growing trend of large corporations actively focusing on the IT company market. However, it's not possible to provide a straightforward answer to the question of what exactly startups need to do to become appealing to these corporations. As the saying goes, defining the problem is already halfway to solving it. If it were that simple, corporations would have already addressed their issues on their own. Nevertheless, by analyzing global markets and observing which startups attract the most investments (for instance, through KPMG's regular "Pulse of Fintech" report), some noteworthy trends can be identified::*

- Overall investment in startups is declining globally, but there is an upward trajectory in terms of substantial deals made by institutional players.
- The Regtech sector is experiencing significant growth, which is expected due to increasing regulatory pressure worldwide. Notably, the largest deals of the year have been in the Regtech field, such as the acquisition of AVALARA for \$8.4 billion and Computer Services Inc. for \$1.6 billion.
- Interest in cybersecurity solutions is on the rise, with numerous deals occurring, even though they might not be as substantial in volume compared to other sectors.
- Payment services remain attractive, attracting the majority of investments. However, the investment volume in this area is still considerably lower than it was in 2019.
- The interest in lending solutions is waning. Even the largest investment in this sector (an \$800 million investment in the BNPL platform Klarna) fell significantly short of its initial funding valuation.
- The Insurtech sector shows mixed indicators, with some regions experiencing a surge of interest accompanied by multimillion-dollar deals, while others are witnessing a notable decline. Interestingly, there is currently no significant focus on this sector in Kazakhstan, suggesting untapped potential.
- Blockchain and digital currencies have lower investment indicators compared to the peak of a year ago, but they still surpass the levels seen prior to 2021. Furthermore, institutional investors and major banking holdings have become more active in this domain".



**Konstantin Aushev**

Partner, Head of Technology Practice at KPMG in the Caucasus and Central Asia



# According to the Corpup Kazakhstan study, the market of corporate innovations is still considered insufficiently mature

According to the Corpup Kazakhstan study, experts have observed a gradual increase in the number of Kazakhstani corporations embracing open innovation tools in their operations. In PwC's 2021 annual survey of top company executives, it was revealed that 41% of the CEOs in Kazakhstan expressed their readiness to collaborate with entrepreneurs or new companies, including startups. This figure marks a significant rise from the previous year's 21%.



**In the Kazakhstani market, there is a prevalence of companies that recognize the importance of adopting innovation but lack operational corporate innovation tools and are unwilling to allocate substantial financial or human resources towards it.**

Corporate innovations usually flourish in environments where management faces competitive pressure, particularly from emerging players with disruptive technologies and agile business models.

However, in Kazakhstan, the low level of competition in key industries and the substantial presence of the public sector often lead to innovation being overlooked as a primary instrument for long-term advantage.

Sources: AIFC Tech Hub "Corpup Kazakhstan" study, 2021

## 2/5 points

**According to the experts, the development level of open corporate innovations was evaluated at an average of 2 out of 5 points.**



*"Local startup teams in Kazakhstan lack a specific type of "producers" who can effectively navigate and facilitate the necessary interactions with large business structures. However, this is a natural part of the current stage in the evolution of the corporate innovation market in Kazakhstan, as it is still in its early stages of development".*



**Amirkhan Omarov**

Founder and CEO of Smart Parking Technologies



# Startups claim that corporations are showing interest in open innovations...

## Assess the level of corporations' interest in collaborating with startups

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023

## Examples of initiatives undertaken by large businesses to increase their participation in the startup ecosystem

- aviata.kz ✈️ + ChocoFamily
- TIKETOH + FREEDOM HOLDING CORP.
- santufei + Kaspi.kz
- re:Kassa + FREEDOM HOLDING CORP.
- magnum GO + Kaspi.kz
- HR Messenger + Avito
- PAY BOX money + FREEDOM HOLDING CORP.
- ChocoFamily + FREEDOM HOLDING CORP.



"We recognise the **active involvement of both public and private organizations in working with innovations and startups**. It is evident that the number of fintech startups in Kazakhstan is on the rise, and various competitions sponsored by companies and the government are instrumental in fostering the creation of new market-relevant products and services".



**Rafal Trepka**  
General Manager of Mastercard in Kazakhstan

"I anticipate an increasing interest in startup deals. **We have already observed major acquisitions by specific holdings in the past year, and this trend is likely to continue.** Moreover, with many companies experiencing a growth crisis and struggling to find new business opportunities, there will be a renewed emphasis on internal corporate innovations".

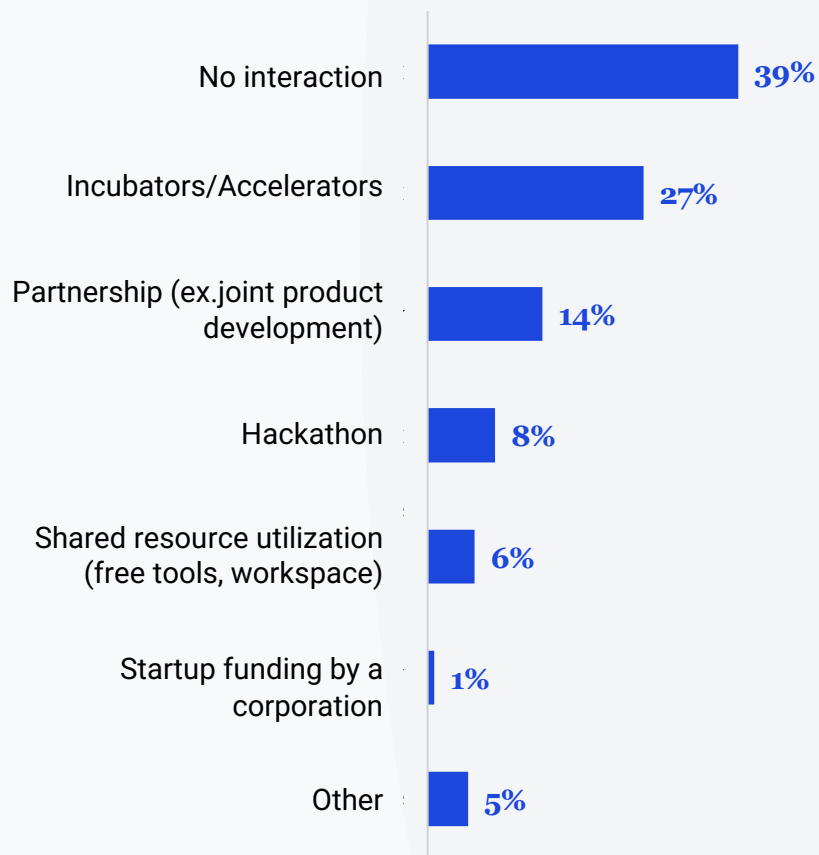


**Konstantin Aushev**  
Partner, Head of Technology Practice at KPMG in the Caucasus and Central Asia

# ...however, 39% of them note that there has been no interaction so far

## What was the form of your interaction with the corporation?

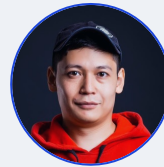
% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



"I have doubts whether large companies, including government entities, **have truly begun engaging with open innovations and Kazakhstani startups**. It appears to be more of a PR strategy, while the fundamental matters are still being addressed behind closed doors and through established arrangements".



**Олжас Сатиев**  
CEO TSARKA GROUP

"There is a wide range of needs spanning different segments, including FinTech, HealthTech, EduTech, SocialTech, LegalTech, EcoTech, and more. Additionally, the spectrum of technologies is extensive. Our companies are keen on adopting various technologies, including **blockchain, Internet of Things (IoT), artificial intelligence (AI), as well as emerging technologies in the fields of recognition, biometrics, and cybersecurity**".



**Aziza Shuzheeva**  
President of the NGO "TechnoWomen"

"Foremost, corporations are in need of technologies that optimize production, processes, and expenses. The majority of innovative projects are focused on digitization, automation, manufacturing transformation, leveraging big data, enhancing services, and simplifying internal processes".

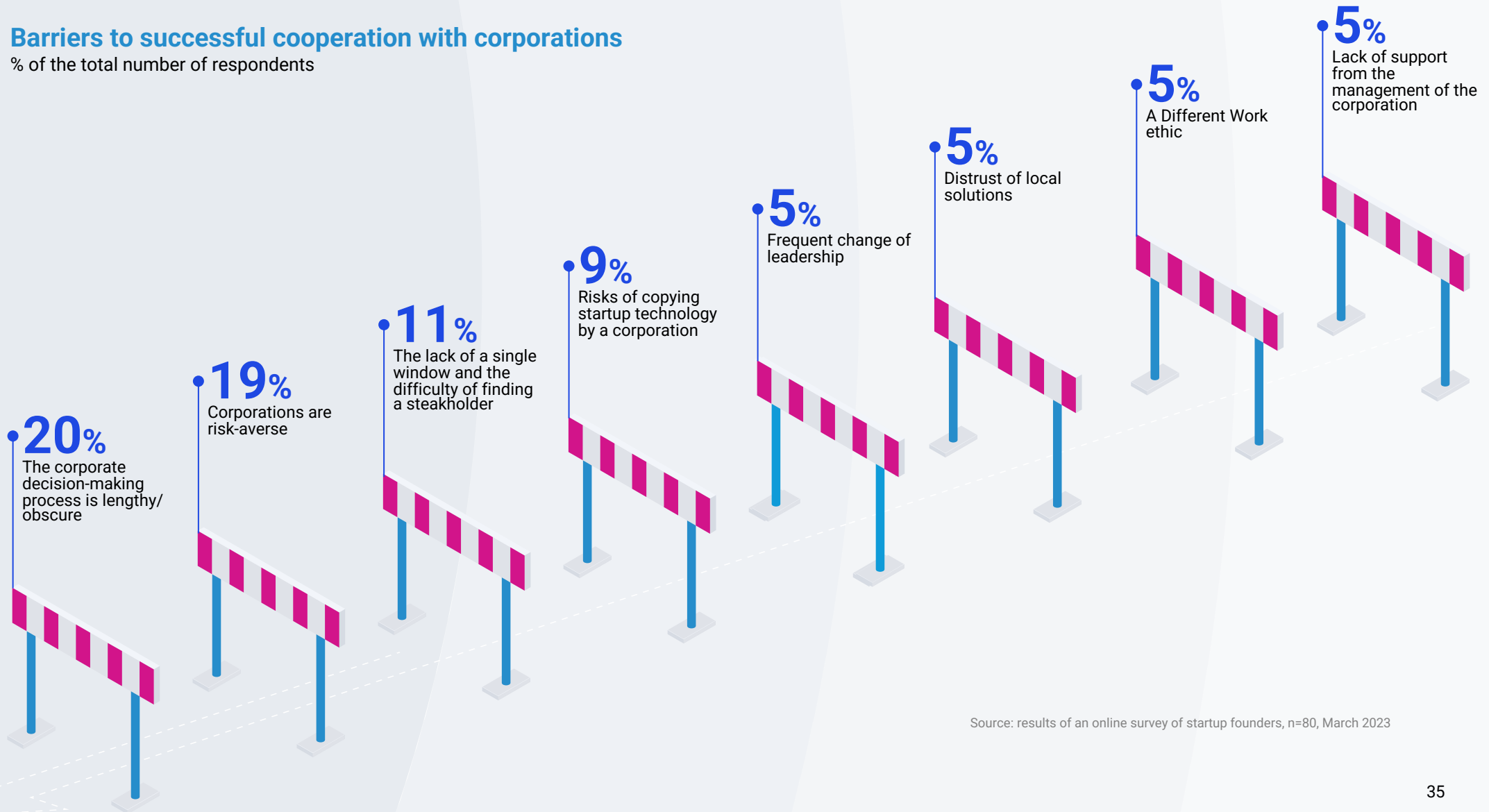


**Yerniyaz Zamanbek**  
Director of New Business Development Department, Kazakhtelecom

# The primary obstacle to collaborating with corporations is the prolonged and unclear decision-making process

## Barriers to successful cooperation with corporations

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



*“Fintech startups in Kazakhstan are experiencing similar growth trends as their global counterparts, with a diverse range of startups operating in various sectors. The country has actively fostered an environment supportive of fintech innovation through a series of initiatives such as competitions, hackathons, industry conferences, and the establishment of Tech Hubs and IT parks.*

*Noteworthy events, including Astana Finance Days, Almaty Investment Forum, Digital Almaty, Digital Bridge, MobiEvent, Persona Non Data, and more, have provided valuable platforms for IT entrepreneurs to showcase their expertise.*

*It is worth mentioning that local banks themselves often function as fintech startups. However, collaborations between banks, financial institutions, and startups have also been observed, aiming to create dynamic ecosystems and innovative applications.*

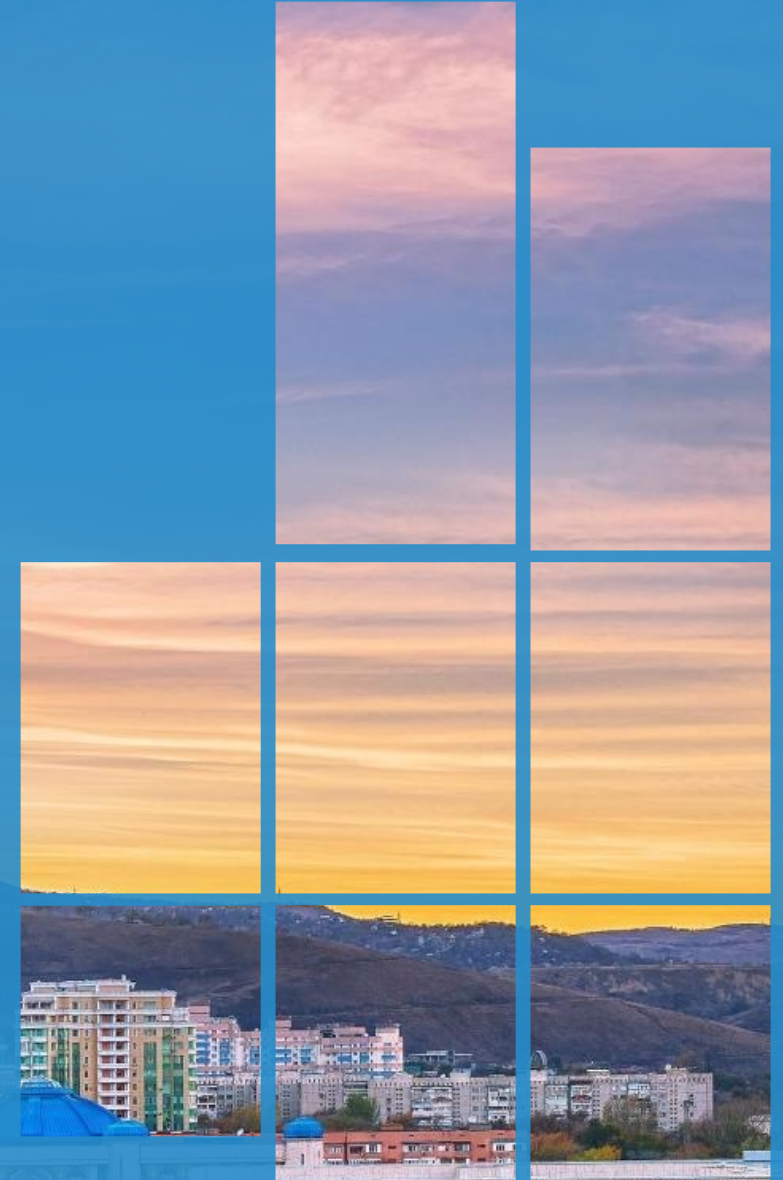
*Kazakhstan takes pride in its own indigenous projects and developments, which can rival global examples in terms of quality and potential.*

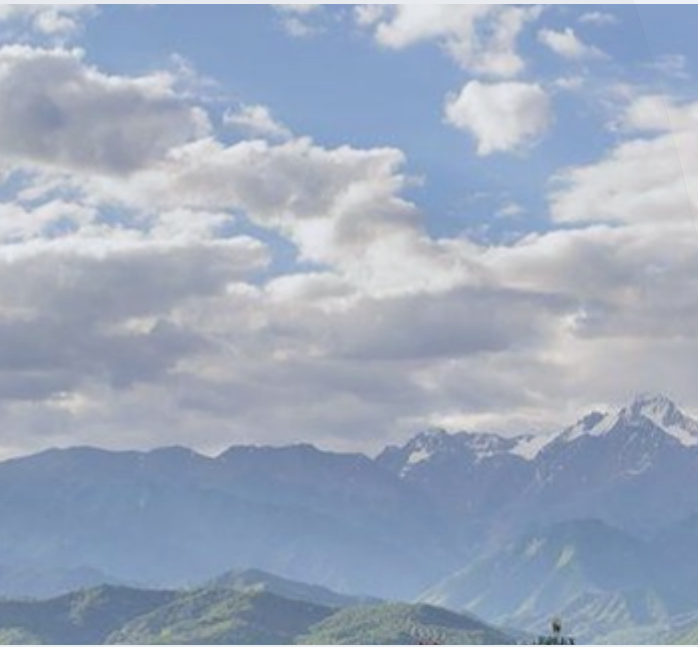
*In 2022, in partnership with Tech Hub AIFC, the Mastercard Sustainable Banking Challenge was organized. This competition aimed to support Kazakhstani banks in establishing collaborations with top fintech teams, advancing sustainable banking practices, and managing various ESG risks. The competition attracted a wide range of interesting solutions, including e-commerce platforms, internal process optimization tools, green banking initiatives, cloud-based solutions, Islamic financing models, employee training programs, and biometric identification technologies. The winning projects have initiated pilot programs in partnership with participating banks, with the guidance and support of Mastercard. Successful outcomes from these pilots hold the potential for future scalability.*

*As the quality of projects continues to improve each year, we remain committed to fostering a collaborative environment alongside our partners. We are confident that other companies will also have numerous successful examples of such partnerships and collaborations”.*



**Rafal Trepka**  
General Manager of Mastercard in Kazakhstan





# 05

## KEY CHALLENGES ENCOUNTERED BY STARTUPS

# The primary obstacle faced by startups in Almaty is the difficulty in attracting financing

## What kind of difficulties are you experiencing?

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



*"The primary challenge lies in the absence of accessible bank loans and financing, hindering the progress of Almaty's startups. Furthermore, there is a lack of engagement from small and medium-sized businesses (SMEs) in digital transformation and a dominant concentration of services on banking platforms. Essentially, the IT entrepreneurial sector finds itself in competition with an oligopolistic market of platforms that monopolize various domains, impeding the growth of an API-driven economy".*



**Aziza Shuzheeva**

President of the NGO "TechnoWomen"


*"The market's limited accessibility and scarcity of domestic investors contribute to the challenges. Brain drain to other countries has resulted in a shortage of highly skilled experts. The key objectives are to identify a sustainable market model within a country of 19 mln people, characterized by a large territory and social divisions, and to initiate expansion into other countries beyond Central Asia, targeting a broader market with a promising TAM (Total Addressable Market)".*




**Alexey Sharavar**

Director of Change and IT at Beeline Kazakhstan

# 80% of startups are facing a shortage of skilled personnel

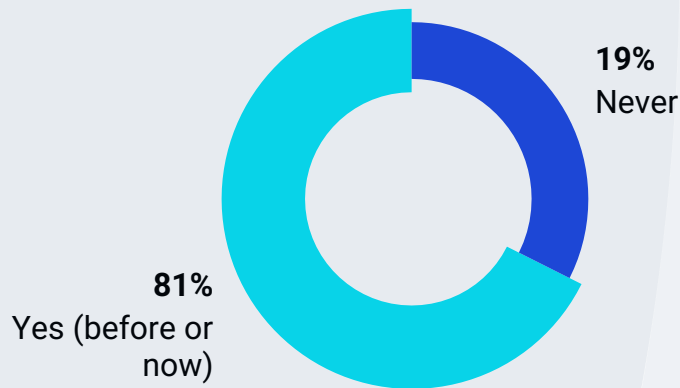
 **75%** of startups are small teams of up to 10 people.

 up to **10** people is the average size of a startup team.

**>80%** of startups experience a shortage of skilled professionals. This can be attributed to several factors, including the perceived unattractiveness of working in a startup, candidates' high salary expectations, and a scarcity of specialists with the required knowledge and skills.

## Have you had any problems with the selection of the team?

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023

*"The difficulty arises from our inability to provide individuals with concrete incentives at this stage, apart from promising future prospects. Hence, we must actively seek out individuals who are passionate enthusiasts of our mission".*

startup from Almaty

## What difficulties have you encountered or are experiencing when choosing a team?

% of the total number of respondents



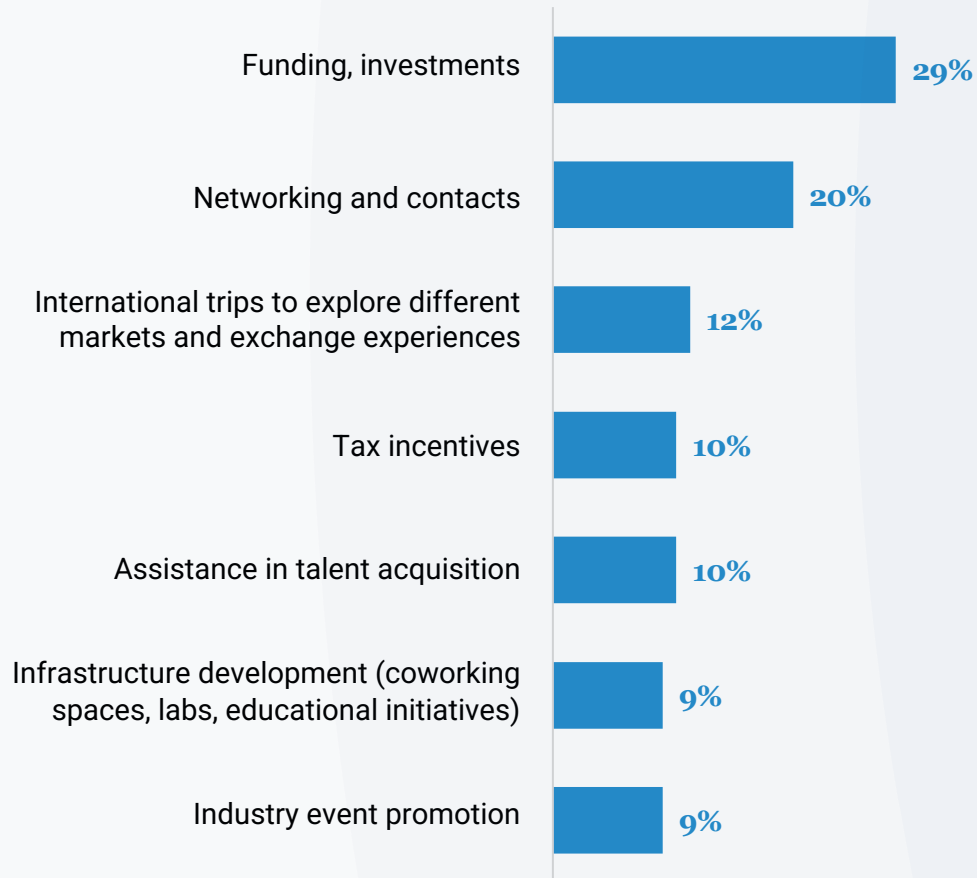
Most often, this problem is faced by early-stage start-ups

Source: results of an online survey of startup founders, n=80, March 2023

# Investments and connections are the most sought-after forms of support for startups

## What resources can help you grow of your business as support?

% of the total number of respondents



Source: results of an online survey of startup founders, n=80, March 2023



### Opinions of the IT community:

*"When the top 100 entrepreneurs in the world were asked about the key factors that contributed to their success, it was rather unexpected that it wasn't money but rather **contacts and networking** that played a significant role. By actively engaging in various circles and social networks, they were able to connect with investors, technologists, and skilled professionals. **Unfortunately, the value of networking is often overlooked in our context**".*

*"To facilitate the process of connecting startups with partners and investors, it is essential to arrange **networking events**".*

*"As a startup entrepreneur, you may **face challenges related to copyright issues**. It is crucial to navigate how to safeguard your ideas and content on external platforms, as well as obtain copyright protection for your algorithm, prior to engaging in negotiations with potential investors".*

*"To succeed as a startup, it's crucial to have not only a target audience and **market demand but also a strong ecosystem connection**".*



# 63% of startups aim to expand into the export market in the next 2-3 years and require support



The majority of startups in Almaty are currently focused on domestic markets but have ambitions to expand internationally within the next 2-3 years. They require support in building connections with potential foreign partners and marketing assistance, including the development of market entry strategies.



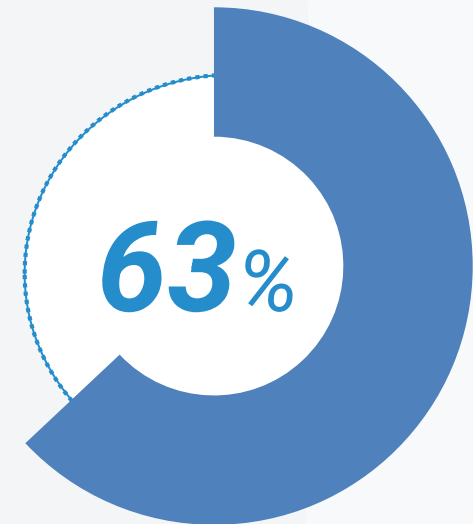
*"Startups are actively seeking assistance to expand into global markets. For instance, at prominent fintech exhibitions, government officials are engaging with the finest technological companies and startups, offering them exhibition booths, covering their expenses, aiding in their promotion, and facilitating valuable connections".*



**Adlet Mukashov**  
Director/Co-founder of Verigram

*"I believe it is crucial to pay attention to the **reduction of barriers and the support provided to startups with significant export potential**. This can be achieved by utilizing the political and diplomatic resources available within our country, while considering the prevailing geopolitical landscape".*

*"Expand opportunities for startups to thrive by increasing programs aimed at **promoting their presence in local and global markets**".*



*of those currently operating in the local market have plans to expand to international markets within the next 2-3 years*

Source: results of an online survey of startup founders, n=80, March 2023

# Many startups face difficulties, but only a few utilize the available support

The majority of startups face challenges in running their businesses



When looking for investors



When selecting a team



When bringing a product to market



and they lack information about existing services and support programs



## Opinions of the IT community:

*"I'm not even aware of the nature of government support that might be available. It's likely just due to a lack of information".*

*"If there are any gaps in my knowledge, I will seek guidance from mentors or consultants to elevate the project".*

**"Excessive formalities and lack of flexibility in many services can be discouraging.** *Strict planning, reporting, and control over spending may hinder the entrepreneurial spirit".*

*"Many individuals are unaware of the availability of programs that facilitate business growth. I would recommend adopting a more **transparent approach when seeking investors and government grants**".*



# 06

## REQUESTS AND RECOMMENDATIONS FROM THE IT COMMUNITY

# Requests and recommendations from the IT community



Stimulating the development of the venture capital market and the competencies of investors

- One of the primary hurdles in startup development is the challenge of attracting investments. According to experts and respondents, investors are hesitant to take risks and prioritize assured returns.

Representatives of startups have appealed for government support in addressing the following issues:

- **Mitigating risks for investors and business angels** when investing in startups, including the provision of partial cost reimbursement and opportunities for joint financing.
- **Regulating bank credit policies to facilitate easier access to loans**, lower interest rates, and potentially involving the government as a guarantor.
- **Establishing educational programs for investors** to enhance their investment knowledge and proficiently manage their portfolios, encompassing risk diversification and analysis.
- Developing a **platform for engaging with both local and international investors in Kazakhstan**.
- In Almaty, there is a sufficient number of services available to support technology entrepreneurs. The quality of these services is highly appreciated by the majority of users, who are likely to seek their assistance again in the future. However, it is concerning that almost half of the startups are unaware of the existence of such services.
- To address this issue, startups believe that the implementation of a platform, acts as a comprehensive navigator, would be an effective solution. This **platform would automatically match services based on specific parameters, provide a centralized calendar of events, and offer a service for locating suitable spaces**.
- In order to effectively promote these services, it would be beneficial to leverage the **influence of popular and reputable sources**. Most startups discover these services through recommendations from friends, acquaintances, and social media networks.



Effective system of informing about existing services



*"Having a platform/website/application that provides information about all investors and venture capital funds, with the ability to connect with them, would be incredibly beneficial".*

*"It is essential to have an online platform that facilitates interaction with private investors, including international ones... At present, our interactions are limited to individuals we know personally".*

*"We need more information about support services available for startups".*

*"There is a lack of awareness regarding the availability of programs that support business growth. I would suggest adopting a more transparent approach to facilitate the search for investors and government grants".*

The requests are based on the analysis of the results of a survey of startups

# Requests and recommendations from the IT community



Facilitating market entry (both domestic and international) by offering guidance and support in obtaining relevant information and establishing direct connections with potential customers

To support B2B-focused startups, including those targeting government entities, it is crucial to assist them in overcoming the challenge of customer acquisition. To facilitate the market entry of these startups, the following support measures can be implemented:

- **Provision of comprehensive information about the demands of government and corporates**, as well as industry trends, competitors, and market dynamics.
- Creation of a **portal that enables startups to directly connect with potential buyers**, facilitating effective communication and networking opportunities.
- **Access to valuable data from banks, telecom operators**, and other relevant sources to enhance market intelligence and decision-making.
- Establishment of **platforms for real-life product testing**, involving potential consumers to provide valuable feedback. Transparent selection criteria for pilot projects should be in place, ensuring successful testing leads to immediate product launch and deployment. In the case of government buyers, exploring streamlined procurement processes for companies that have successfully piloted their technologies, similar to the experience of Barcelona, can be explored.

The requests are based on the analysis of the results of a survey of startups



***“We are in need of support for negotiations with major corporations that are integral to the overall ecosystem. Collaborating with such companies can significantly increase the chances of success for our startup. Moreover, existing business owners may require courses in digital literacy to cultivate an interest in process automation and boost the demand for digital solutions”.***

***“It is essential to explore foreign markets for startups rather than focusing solely on their domestic promotion”.***

# Requests and recommendations from the IT community



Development of competencies and increasing availability of highly skilled professionals

- Startups encounter the challenge of hiring skilled professionals and the need to enhance their team's capabilities. This necessitates an **improvement in the quality of educational programs**, such as specialized courses facilitated by experienced industry practitioners who have successfully established their own businesses.
- The most relevant areas for skill development encompass marketing, sales, product management, strategic planning, finance, and legal aspects of business operations.
- To support startups effectively, it is essential to establish an online platform that enables the identification of specialists with specific expertise. This platform should also facilitate project-based collaborations and allow participants to provide recommendations for other platform users. Furthermore, the platform should offer registration and communication features to streamline interactions between job seekers and potential employers.
- Additionally, startups greatly benefit from **qualified mentorship** provided by accomplished companies, covering various aspects of business management and growth. This includes valuable insights gained from analyzing mistakes, formulating comprehensive growth plans, and receiving guidance on engaging with investors.
- One of the significant obstacles to the rapid development of entrepreneurship is the absence of a positive societal perception towards it and a low level of individuals aspiring to become entrepreneurs. Therefore, it is crucial **to enhance the prestige of entrepreneurial endeavors as a successful life path**, including the promotion of inspiring stories of accomplished entrepreneurs.

The requests are based on the analysis of the results of a survey of startups



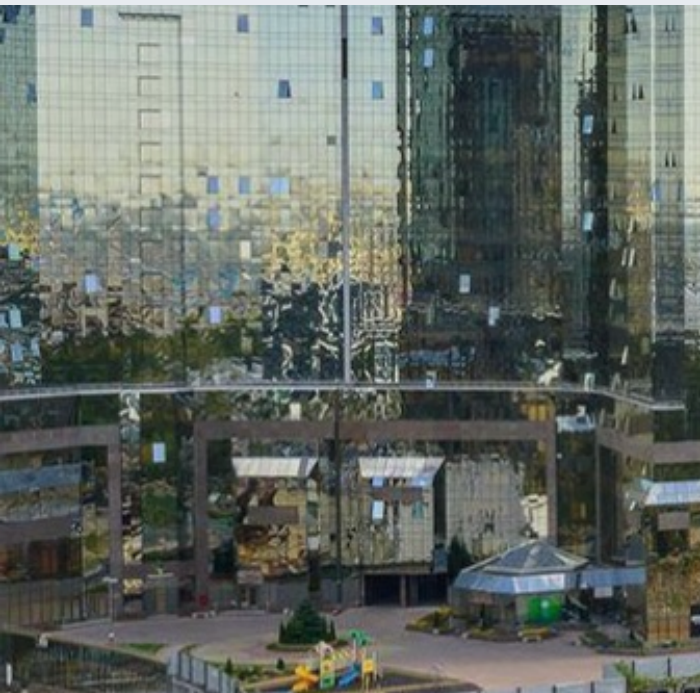
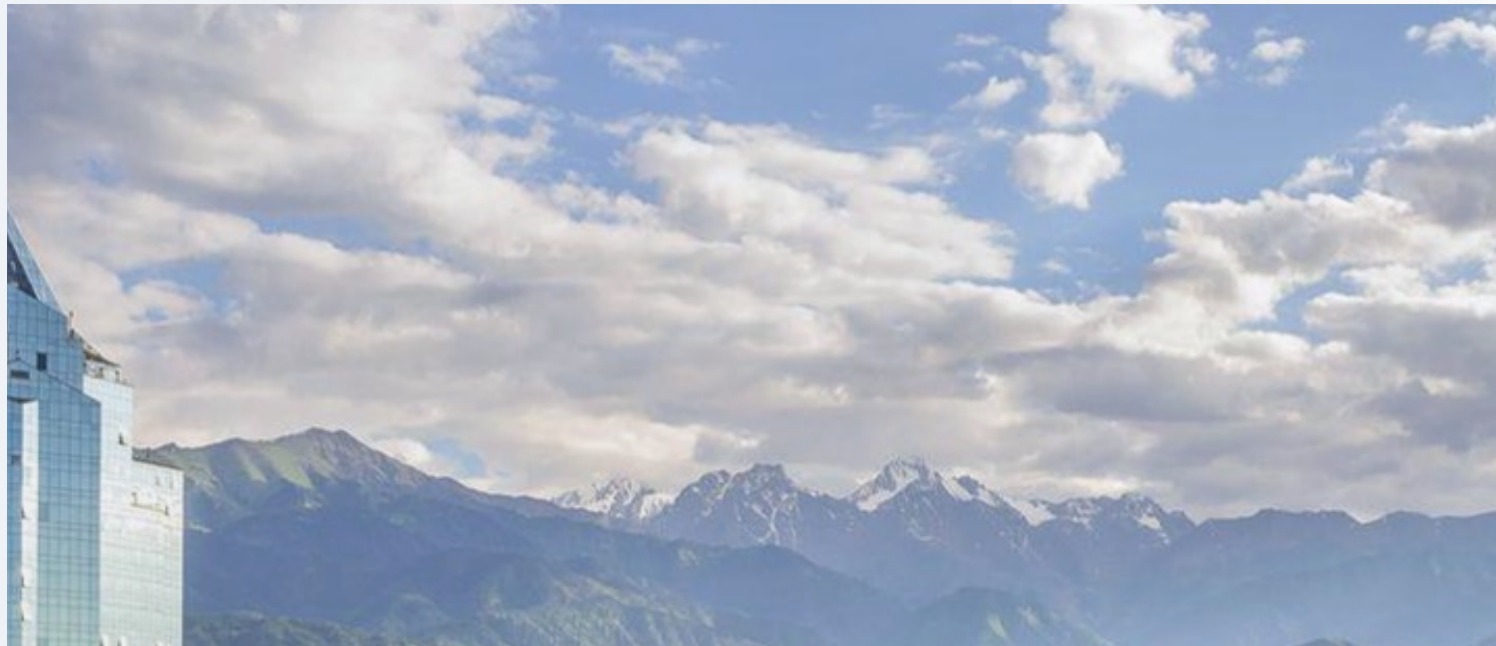
*"There is a lack of prominent experts in fields like unit economics, CustDev, trackers, and mentors invited from abroad".*

*"In order to cultivate a thriving startup culture, it is vital **to promote entrepreneurship within schools and universities, celebrate the achievements of successful startups, and offer mentorship to emerging founders**. Furthermore, incentivizing research, development, and innovation, while also providing support for innovation hubs, will enable startups to access state-of-the-art technologies and invaluable expertise".*

*"We need to undertake greater efforts in **promoting entrepreneurship, IT, and venture business through extensive information campaigns**. Currently, small and medium-sized enterprises (SMEs) contribute around 30-35% to Kazakhstan's GDP. However, to foster the robust growth of a market economy, our target should be to exceed 50%".*



Boosting the attractiveness of entrepreneurial endeavors



# 07

## METHODOLOGY AND CONTACTS

# METHODOLOGY



## Expert interviews

with representatives of venture funds, development institutions, and experienced entrepreneurs to gather valuable insights. Clarifying the research focus, generating hypotheses, and collecting information to create effective survey instruments for startups and conducting in-depth interviews. Obtaining detailed information and refining the results obtained from the online survey.



## Online survey of startups in Almaty

(Surveyed more than 80 startup founders). Gathering data to create profiles and typologies of startups in Almaty, including identifying unique behavioral patterns, development strategies, and the respondents' service and support requirements.



## Open sources of information

The remaining data, including statistical information, has been sourced from relevant reports by consulting and research organizations, official documents from countries and cities, as well as reputable business media outlets. Priority was given to official sources to ensure reliability and accuracy.





Department of  
**Digitalization**  
of Almaty city

# THANK YOU!

 @mostventures

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