



JULY
2021

THE STARTUP ECOSYSTEM OF KAZAKHSTAN

TUZ
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 Fintech

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GARDEN
VENTURES

 MOST
SERIES INVESTOR



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FOREWORD



Kazakhstan is and has been shaping up to play a leading role as the hub for entrepreneurship in the region. Through various interviews and secondary data, we can see successful stories and case studies of the entrepreneurial movement.

We see that Kazakhstan's ecosystem is growing at a fast pace. This is both in terms of number of new companies as well as an ever-growing source of funding coming together in the last five years. With this graph we see a very optimistic outlook for the role Kazakhstan can play for developing and retaining entrepreneurs as well as becoming the fundraising center for the region. An appetite for high risk investment is growing.

In the long run, there is a need to help founders diversify to become more inclusive, both geographically and in terms of the founder community.

With the government playing a key role in many new initiatives, taking risks for the community up until now, there is room to readjust approach and align with the needs of the current state for a complex system. We also expect to see larger involvement from the private sector.

Finally, we looked at the effects of the global pandemic and the way founders have grown and become more resilient. Many founders have turned global hardship into an opportunity fueled by adoption of e-commerce delivery and other tech for everyday use in the life of consumers.

Okó Davaasuren,
TUZ Venture Partner & Techstars Director

EXECUTIVE SUMMARY



Kazakhstan stands at the heart of Central Asia, and is positioned to flourish along with the region. Strategically, Kazakhstan links the fast growing markets of China and South Asia with Russia and Europe - making it a centerpiece in any recreation of the silk road trading routes.

This report details the tech startup ecosystem in Kazakhstan and benefits four separate groups: founders can gain insights about their local startup community; government officials can learn about their country's startup ecosystem; investors will gain a perspective to inform viability decisions; and internationals will discover the inner market dynamics to inform investment, development and journalism decisions.

To gain these insights, TUZ Ventures, an early-stage tech VC fund focused on Central Asia, the Caucasus and Mongolia, conducted an in-depth study by partnering with, mainly, AIFC Fintech Hub, as well as Zerde NIH, Astana Hub, MOST, and Tech Garden. The study included responses from 108 entrepreneurs between September and December 2020 during the COVID-19 pandemic. Deep insights were gained into four areas: the market, founders & tech talent, startup support, and capital.

Startup founders in Kazakhstan are young and hungry for success. They are concentrated in two regions: Nur-Sultan and Almaty. Entrepreneurs need access to more capital to achieve their growth goals, and currently rely on friends and family for financing. Recent growth has been buoyed by government measures to ease doing business, but founders desire more direct governmental support.



01 FOUNDATIONS

OUR OBJECTIVE

We sought to obtain a **unique and analytical snapshot of the Kazakh tech ecosystem**. Our approach is highly comprehensive and data-driven, and uses tailor-made methods and techniques to tackle the local reality. We go beyond the usual ratios by addressing deep societal, geographical, educational, and migration factors to analyze the current situation.



This study focuses on startups. Subsequent analysis in coming years will focus on Investors and the Government.

The target audience for this report consists of four main groups.

Figure 1: Target Audience Groups

<p>FOUNDERS</p> <p>Gain insights about the community they are a part of, how other entrepreneurs are growing, and what the future might hold</p>	<p>INVESTORS</p> <p>Use this comprehensive analysis of the ecosystem to inform tech investment perspectives and viability</p>
<p>GOVERNMENT</p> <p>Understand the strengths and weaknesses of Kazakhstan's startup ecosystem in order to better facilitate entrepreneurship and nurture an environment for startups</p>	<p>INTERNATIONALS</p> <p>Discover inner dynamics to inform decisions for investing (VC funds), developing (NGOs, DFIs), reporting (economists, journalists), and studying (universities, research clusters)</p>



WHEN

The study was conducted between **March 2020 and May 2021**. The data collection took place between **September 14th, 2020 and December 9th, 2020** – in the midst of the multiple-wave COVID-19 Pandemic. Although this certainly impacted responses to the questionnaire, we believe the information will be more relevant than ever before.

WHERE

This is a countrywide study, though most respondents came from the main urban centers of Nur-Sultan and Almaty. It was conducted online and respondents were called or emailed in person. **A total of 108 respondents** took part in the process and filled in the questionnaire. This was an all-inclusive report - with the minimum condition that each startup had to be operational in some capacity.

BY WHO

TUZ Ventures conducted the study in collaboration with **AIFC (mainly), Zerde NIH, Astana Hub, MOST, and TechGarden.**



02 METHODOLOGY

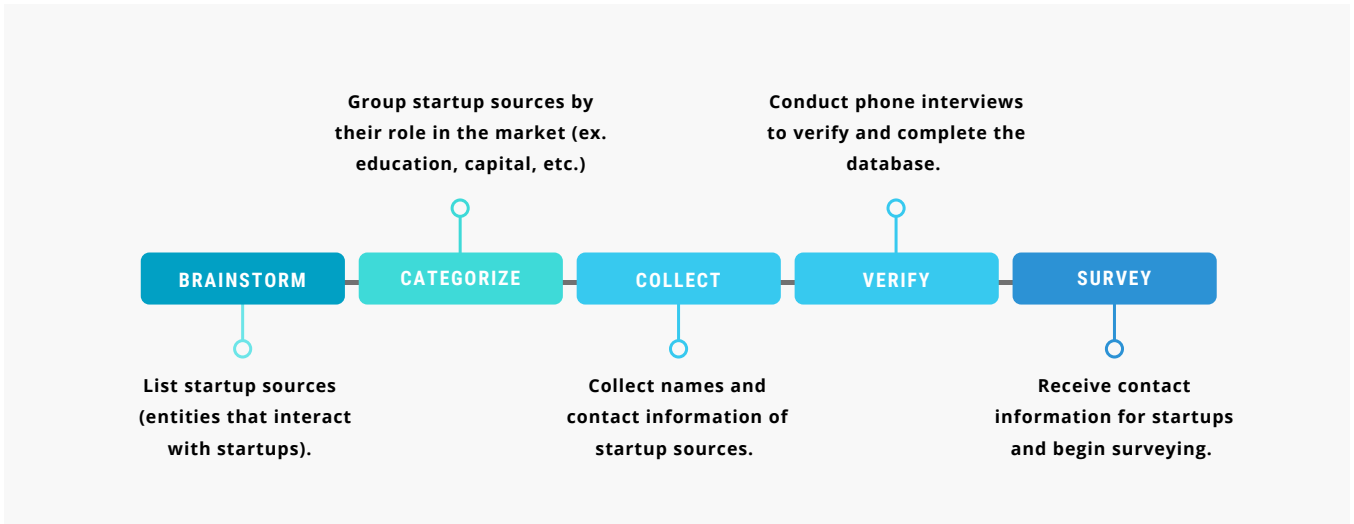
THE MAKING OF THIS REPORT

Three steps represent the backbone of the study: **research & cluster selection, questionnaire formulation, and analysis**. In this section, we describe which pillars of the startup ecosystem we decided to study and how we gathered our data. Important information about Kazakhstan is given to provide context for the analysis section.

RESEARCH

The first step was to research and identify all **relevant sources/clusters of startups**. We narrowed down the finding to 8 sources where startups emerge by interviewing local tech experts who have been operating in the country.

Figure 2: Steps in the Research Process



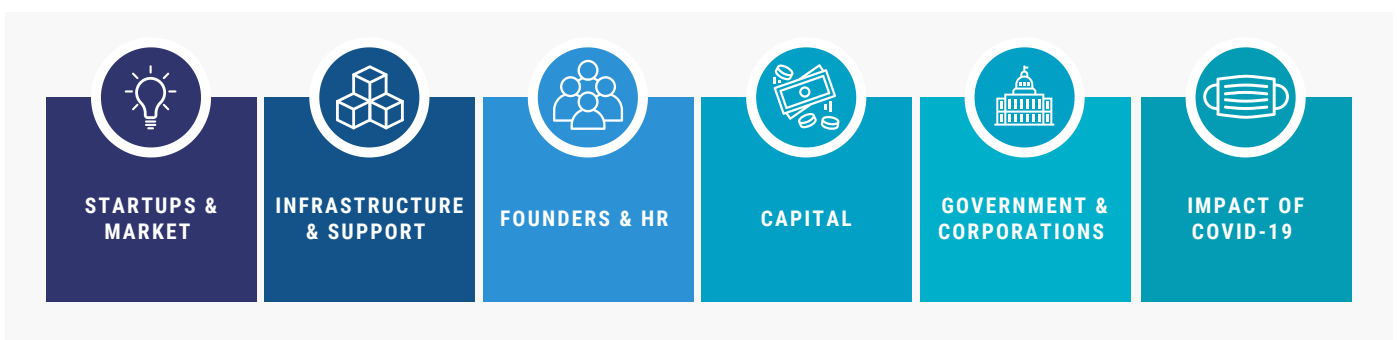
The next step was identifying the main pillars of the startup ecosystem. We focused on the ground reality versus applying pre-conceived (Western) concepts. We used a mix of inductive and deductive approaches.

The initial step was to take an inductive approach by observing the concrete reality (the data we have collected) and deriving broad generalizations. Then we made use of the deductive approach: applying a pre-conceived concept or idea to a given reality to test its validity.

We used deductive logics to ensure our initial inductive fact-finding approach remained close to the generally and internationally accepted norms of analysis. Deviating too much from or identically mimicking frontier markets' typical pillars would have resulted in an inaccurate and incomplete analysis. Pillars of startup ecosystems that are typically observed include Media, Capital, Education, Co-Working, Incubators & Accelerators, Community, etc.

For this report, we have identified unique pillars for a comprehensive analysis of the Kazakh startup space.

Figure 3: Unique Pillars of this Report



9th

Largest country
in the world [1]

Largest in Central Asia)

Population of

**18.7
mln**

as of 2020[2]

\$8,528

GDP per
capita [3]

DIGITAL KAZAKHSTAN

implements digital technologies in
traditional sectors of the economy,
expands the ICT infrastructure, and
increases the number of public
services provided online [5]

86%

of KZ companies work with
foreign partners [4]

Hydrocarbons and metal
manufacturing make up nearly

30%

of the country's GDP
[13]

46%

of the population
has received a
tertiary education [10]

5.3%

Average spending on R&D by KZ
companies (% of revenue, 2019) [8]

Expected economic
growth rate of

3-4%

in 2021 [7]

BRAIN DRAIN

Emigration has been outpacing
immigration since 2013 [9]

Exports > Imports

The value of Kazakhstan's
exports are nearly double the
value of its imports [11]

Corruption, bureaucracy, arbitrary
law, and concentration of power are

POLITICAL CONCERNS

of foreign investors willing to invest
in Kazakhstan [6]

Key investors are from the US,
the Netherlands, and

\$3.6 bln

of FDI received
in Q1 2020 [12]

KEY FACTS

STARTUPS IN KAZAKHSTAN

The word "startup" comes from the English phrasal verb "to start up" or "to launch", "to start something new". It means a company that is in the process of or has been newly created. Due to the short time of operation, a startup can be misinterpreted as a small business but they are inherently different. According to Forbes, **startups are organisations that offer a fundamentally new, innovative idea to the market whilst searching for a scalable and repeatable business model** [14]. While any company can be considered a startup, regardless of its field of activity, in some circles, only those in the field of high technologies, Internet businesses and related disciplines are called startups.

Figure 4: Top Five Verticals for KZ Startups

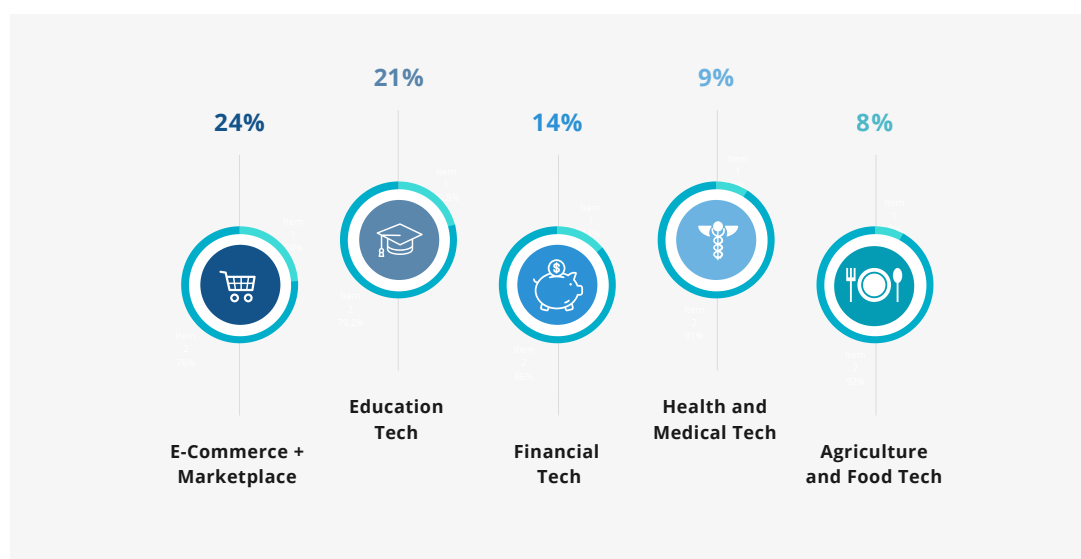
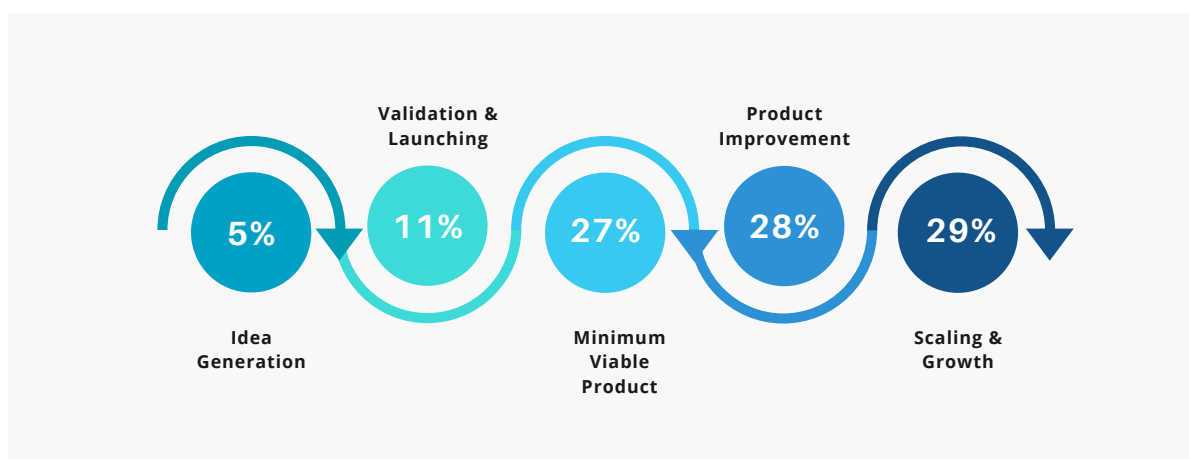


Figure 5: Development Phases of KZ Startups



According to the 108 collected responses, startups in Kazakhstan usually consist of a team of up to 5 people; members include local founders, local or international developers, and marketing specialists. Most early stage startups are not registered, do not have a website, and can present a project only as a PDF presentation. Information about startups is difficult to access online, necessitating personal connections with a founder to gather information.

STARTUP ECOSYSTEM

The Kazakh startup ecosystem is valued over \$100 million. Below, we listed major ecosystem players that often interact with startups.

Figure 6: Key Startup Ecosystem Participants



An aerial photograph of a modern city skyline, featuring several tall skyscrapers and a prominent golden dome. The image is partially obscured by a large, semi-transparent blue banner that contains the section title. The banner is positioned in the upper half of the page, and the city view continues below it.

03 THE ANALYSIS

MAKING SENSE OF THE DATA

As we collected a large amount of data, we have filtered our findings to show the most pertinent pieces of information for the four primary reader groups: **entrepreneurs, investors, the local government,** and **internationals.**



STARTUPS & MARKET

This section analyzes the current situation in regard to startups and the market, including growth, verticals and market segmentation.

ECOSYSTEM GROWTH

Kazakhstan is currently diversifying its heavily oil-dependent economy; one strategy of diversification is the development of a strong startup ecosystem. Kazakhstan is considered the most developed environment for launching startups in Central Asia, a region in which most startup ecosystems are still in the formation stages.

The startup ecosystem in Kazakhstan has experienced significant growth in recent years. An increasing number of startups are being founded each year, with a sharp spike in 2016 when a fifth of now-existing startups were established. About a third of startups were founded in 2020, during the COVID-19 pandemic (Figure 7).

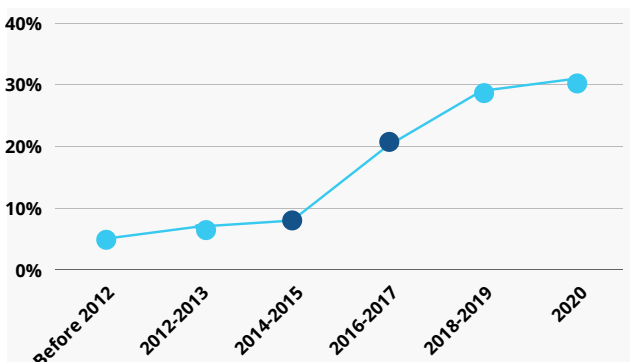


Figure 7: Time of Startup Establishment

STARTUP SCALING

Despite the challenges posed by the COVID-19 pandemic, Kazakh startups seem to have progressed very quickly in terms of development. On average, it took six months for startups to begin scaling their operations.

When asked about the main obstacles preventing or stunting scalability, startups cited lack of access to finance, scarcity of human capital, and other ecosystem-related problems. While asking about priorities over the next 12 months most startups plan to grow their sales and work on product development (Figure 8).

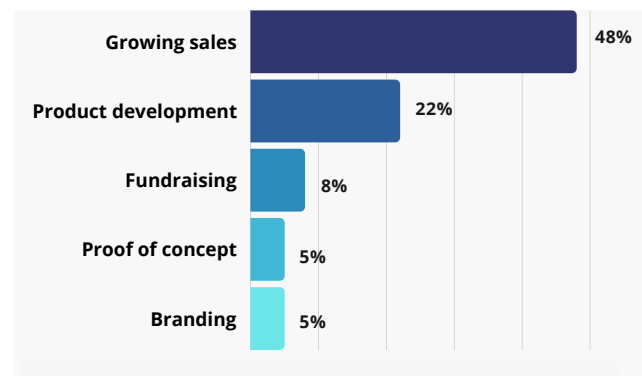
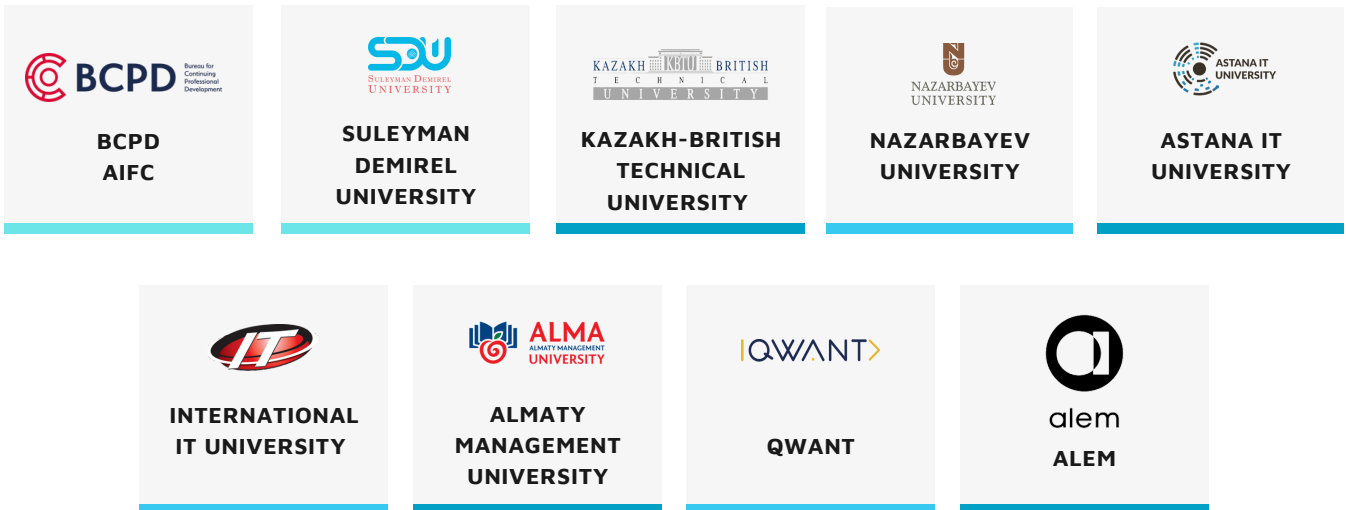


Figure 8: Priorities over the next 12 months

INDUSTRIES AND VERTICALS

The majority of startups that entered the market within the past 2 years belonged to 3 sectors: e-commerce, edtech and fintech. This finding is likely attributable to the COVID-19 pandemic, a period of time that necessitates safe alternatives for traditional shopping, contactless payments and online learning. These 3 industries are considered well-established startup verticals within the Kazakh market and are continuing to expand.

Figure 9: Institutions for Science and Teaching



RESEARCH AND DEVELOPMENT

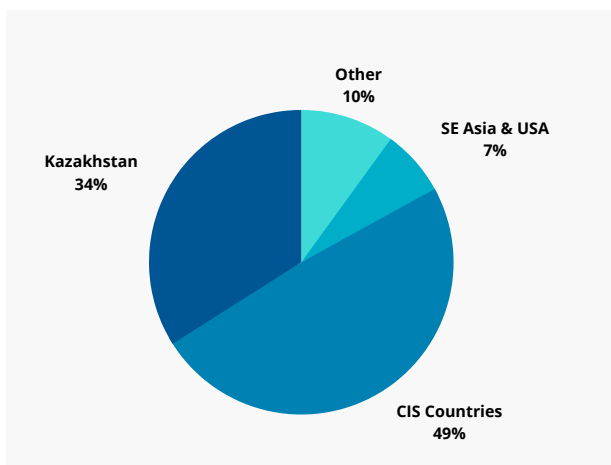
The Kazakh tech ecosystem is still in its emerging stages, necessitating strong research and development infrastructure to facilitate innovation. The responses to our survey found that the majority of startups conduct R&D independently. This may be a symptom of a lack of proper Research and Innovation clusters in Kazakhstan. Such clusters can benefit startups by providing accessible R&D bases where they can conduct a proper market research and develop their tech product. There is a need for all startup ecosystem participants to ensure the accessibility and facilitate cooperations with R&D clusters and their bases.

MARKET SEGMENTATION

The majority of the startups are targeting both B2B and B2C markets. From a geographical perspective, most startups target either Kazakh or CIS region market, and very few startups focus on markets outside of the CIS region (Figure 10).

Despite the low percentage of respondents who target an international audience, the majority of the startups expressed a desire to scale globally in the future. This suggests that startups may be focused on solidifying a strong local and domestic audience before pursuing business on an international scale.

Figure 10: Target Market (Geographical)



When asked about the local competition within the target market and vertical, over half of founders felt the competition was moderate and scarce. Such responses indicate that there is much room for innovation in Kazakhstan and the CIS region, and thus great potential for more startups to emerge in coming years.



INFRASTRUCTURE & SUPPORT

This section covers the infrastructure present in the Kazakh ecosystem, as well as various forms of startup support accessible by founders.

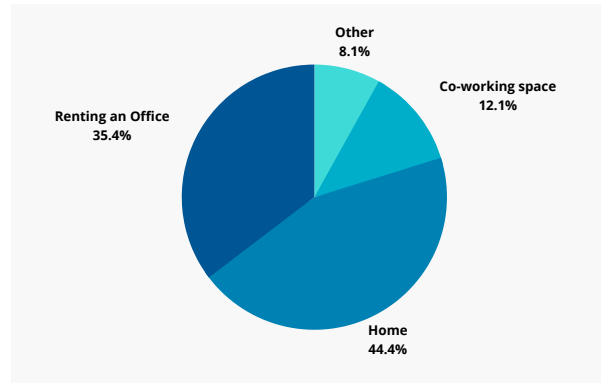
MOBILE & INTERNET NETWORK

Mobile networks and internet access have become essential for startup founders, especially during the ongoing pandemic when most startup operations are dependent on the stable Internet connection.

The majority of founders are satisfied with mobile network penetration. Some founders are concerned with the low speed of accessible Internet, even in the main cities - Nur-Sultan, Almaty.

The situation is worse in rural areas where infrastructure is less developed and cannot ensure stable Internet access. There is a need for government and telecom companies to ensure stable Internet and mobile connection for the startup founders across Kazakhstan.

Figure 11: Startup Workspaces

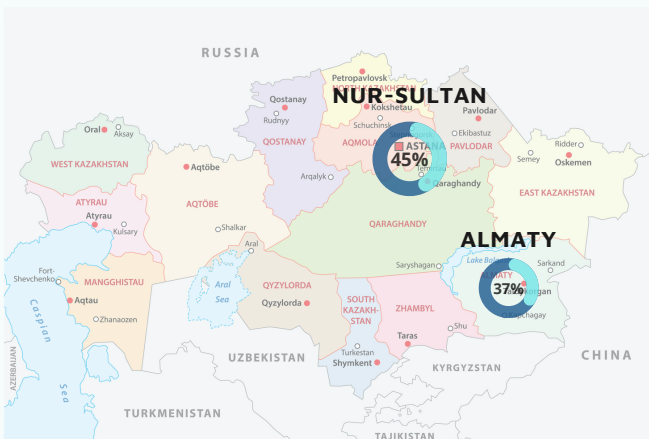


CO-WORKING SPACES

Another prominent aspect of startup infrastructure is co-working spaces. Most Kazakh founders prefer renting an office instead of utilizing a co-working space and such preference increases with the maturity of the startups. The low preference for co-working spaces could be attributed to the lack of available co-working spaces or the lack of startup finance to rent a co-working space.

NUR-SULTAN AND ALMATY ARE IT HUBS IN KAZAKHSTAN

Figure 12: Map of Kazakhstan



Startup founders are concentrated in the main IT hubs of Kazakhstan - **Nur-Sultan** and **Almaty**. However, many founders were born in other places: Almaty, Karaganda, Nur-Sultan, and the Akmola region. As the Karaganda and Akmola regions are in close proximity to Nur-Sultan, it is unsurprising that founders tend to migrate from their home regions to the closest hubs. More hubs need to be created in non-main Kazakhstan areas in order to ensure proportional ecosystem development of all Kazakhstan's regions.

STARTUP EVENTS

Despite the fact that there are various conferences, incubation, and acceleration programs in Kazakhstan, mainly led by governmental or quasi-governmental institutions, founders in Kazakhstan feel that there is a lack of startup industry gathering events. Some of the founders are still completely unaware of such events. Responses from founders based in Almaty and Nur-Sultan suggested that events and gatherings are rare even in the major IT hubs.

When it comes to accelerator or incubator programs, **only 38% of startups have participated in the past while the rest of startups abstained.**

MEDIA COVERAGE AND PERCEPTION

To understand how startups and founders are perceived in Kazakhstan, we asked founders about media coverage and the general perception of startups within the Kazakhstani market. About 43.5% of startups said that the media coverage of startup activities was low. Low to moderate media coverage of startups and their activities may be a contributing factor to the lack of awareness among founders of the industry gathering events and accelerators/incubators mentioned previously. Regarding startup industry perception, over half of founders believe the startup space is seen positively in the domestic market.

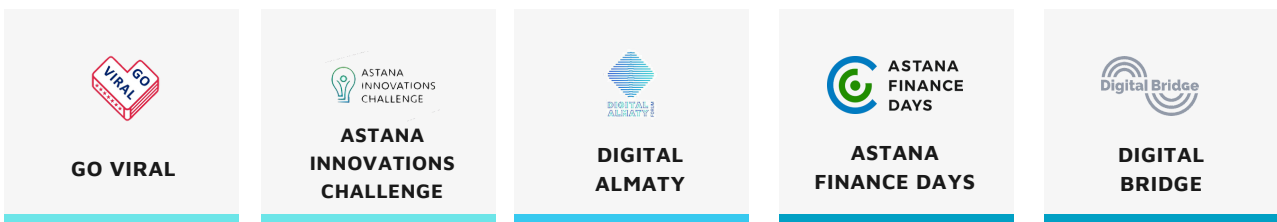


Figure 13.2: Incubators & Accelerators

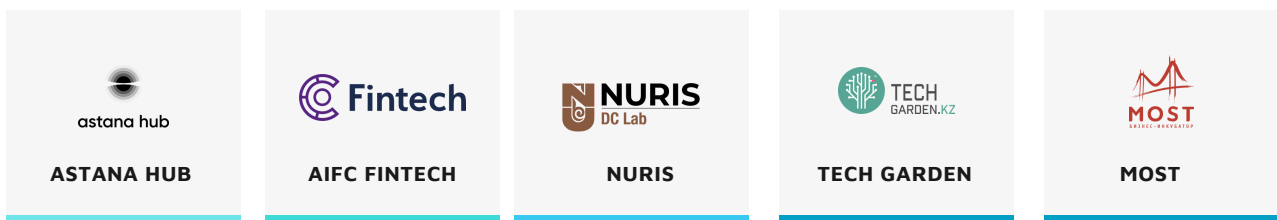


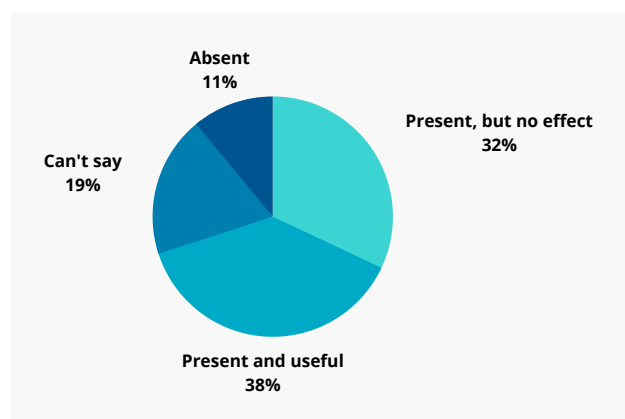
Figure 13.1: Events & Networking

COMMUNITIES AND MENTORSHIP

When asked about the presence of supportive startup communities and networks in the country, more than half of startups stated that such resources are moderately active.

Our survey also asked founders whether they believed available opportunities to receive mentorship were present and useful; answers on the usefulness of available mentorship deviated among founders (Figure 14).

Figure 14: (Opinion) Presence of Mentorship Opportunities

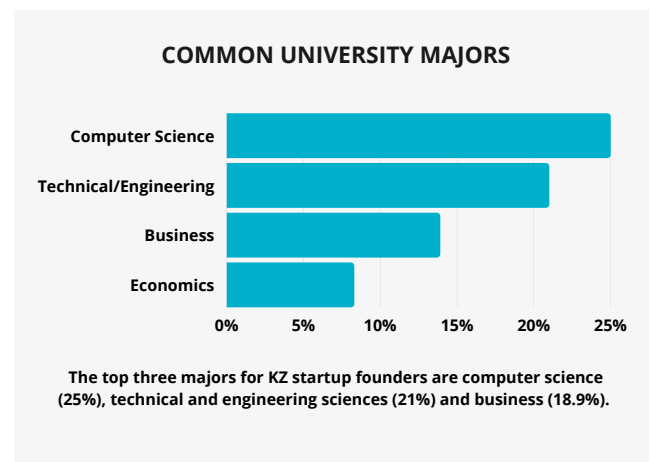
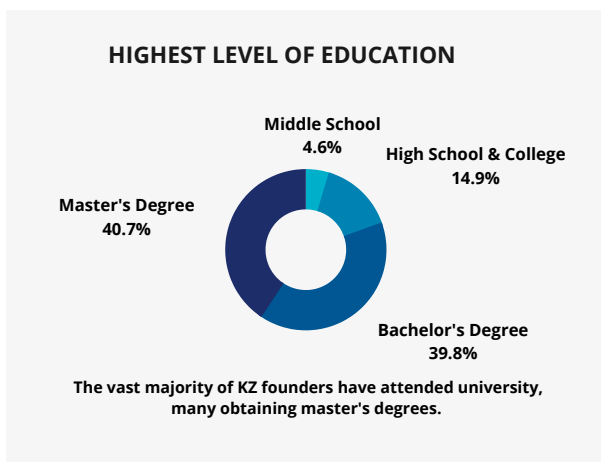
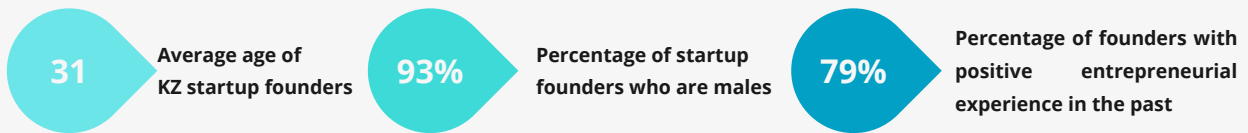




FOUNDERS & HR

The Founders & HR pillar discusses the human capital in the Kazakh startup ecosystem and HR issues faced by startups.

Figure 15: Key Facts About Startup Founders



FOUNDERS' EXPERIENCE

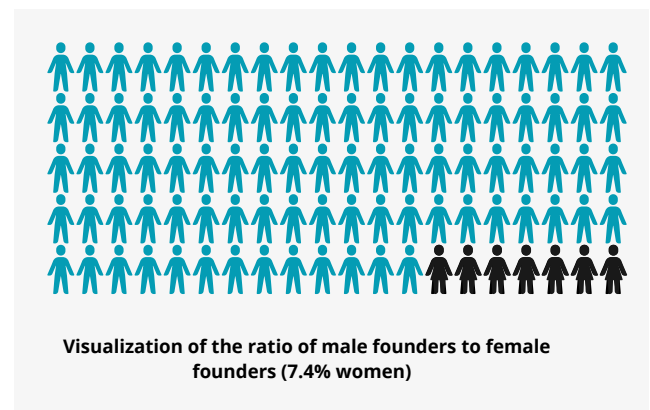
Founders typically enter the startup space with previous work experience, most of the founders with more than 5 years. Half of the respondents have previously worked in IT and had managerial experiences and left managerial/senior positions upon starting their business, potentially bringing valuable assets such as expertise and business network to their venture.

Many startup founders are experienced entrepreneurs, with 78.7% stating they have had successful startup ventures in the past. Various factors were attributed to the failure of a previous venture including financial issues, lack of a business model, and incomplete market research.

GENDER BALANCE

The lion's share of founders are male, leaving only **7.4% of founders female** in the startup space. The lack of women in the KZ startup space indicates the lack of founders diversity and the need to promote female empowerment in the Kazakhstani IT industry.

Figure 16: Gender Balance

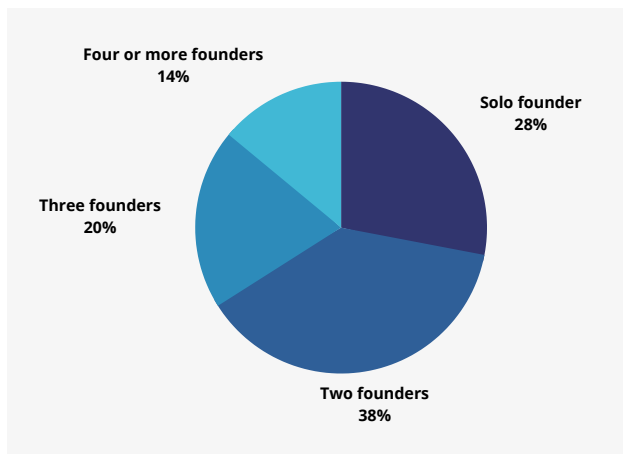


TALENT IN DEMAND

Our survey results indicated that 38% of startups have 2 founders in a team while around a third of startups are run by a solo founder. Only a fifth of startups have three founders, and the remaining 14% by more than 3 founders (Figure 17).

When looking for people to invite into the team, startups tend to hire specialists from their personal connections or through job postings.

Figure 17: Number of Founders



TALENT IN DEMAND

When looking for talents, half of the startups tend to hire local specialists. The startups who are not satisfied with the local talent supply, usually look for employees from Russia or Ukraine.

Currently, software developers are in high demand. This may be connected to the fact that most startups are at an early stage where there is a need to develop and establish a strong technical base for their product. There is a need to prepare more tech specialists to ensure a strong human capital base in a country.

HR PROBLEMS

Despite 63% of startups reporting that they are able to find needed talent within a short time, startup founders indicated several HR problems which they face.

The most common issue represented was payroll, suggesting a need to ensure startups have sufficient funding to cover their human capital costs. Recruitment and talent availability also created an obstacle for startups which shows the quality of talent available within the country. Establishing opportunities or government initiatives to aid the nurturing of human capital and talent in Kazakhstan (ex. IT education to increase the number of available tech specialists) may benefit startups from an HR perspective.

Figure 18: Top HR Issues Faced by Startups

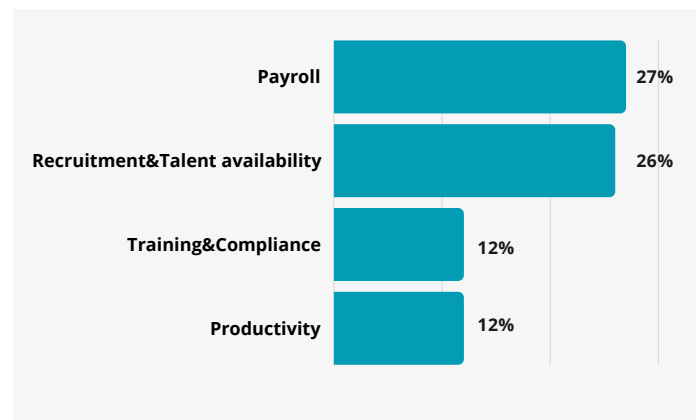
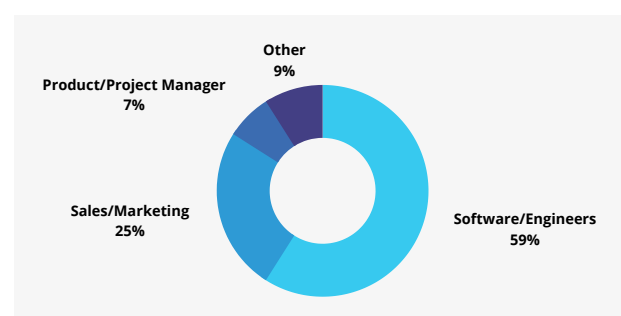


Figure 19: Professional Talent in Demand





CAPITAL

The *Capital* pillar looks at investment and funding options for startups in Kazakhstan.

STARTUP INVESTMENT GOALS

When it comes to startup investments, founders ask for a diverse range of investments due to the early stage of startup and differences in valuation methods for the emerging markets. However, we can notice that most startups require between \$50k and \$100k. The amount of equity a founder would give up in exchange for capital varies by the maturity of the startup. As it is more difficult to attract investments with no product, startups would give up larger company shares for investments **(up to 50%) at seed-stage startups**. At the later stages with the product and business development the share decreases.

The main priorities startups choose to allocate funding towards differs at the various development stages but mostly they are product development and marketing.

Figure 21: Equity to Give Up for Investment

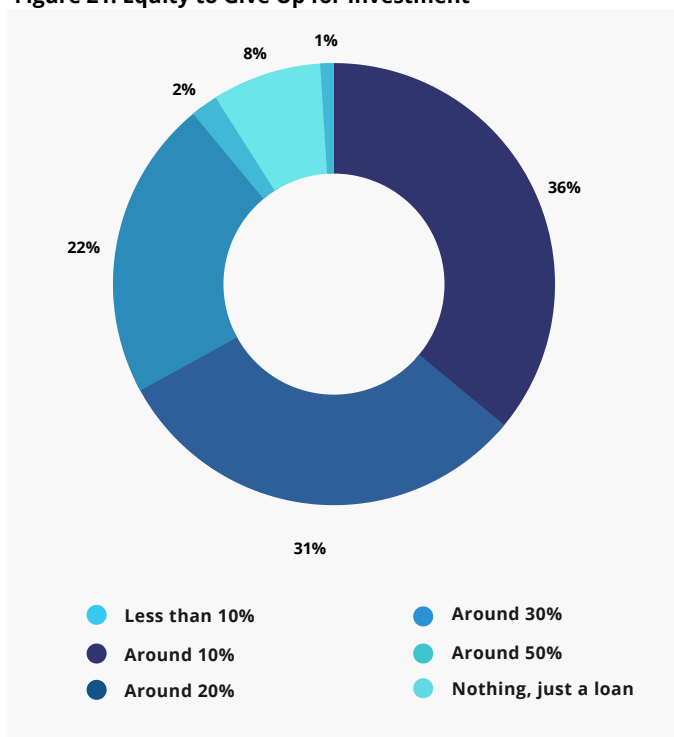
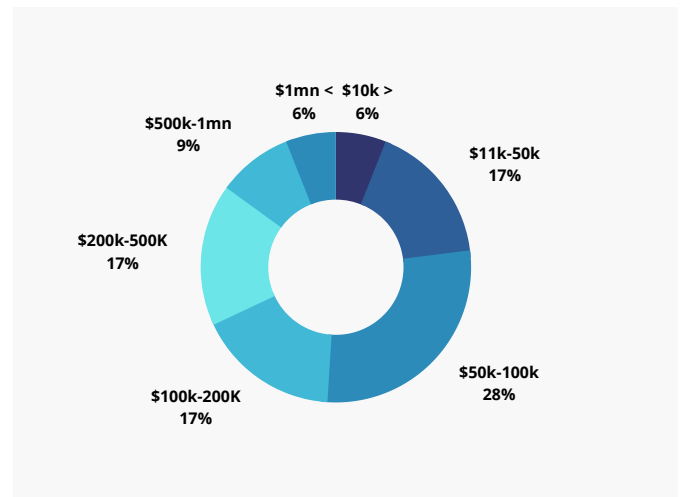


Figure 20: Amount of Financing Startups Seek



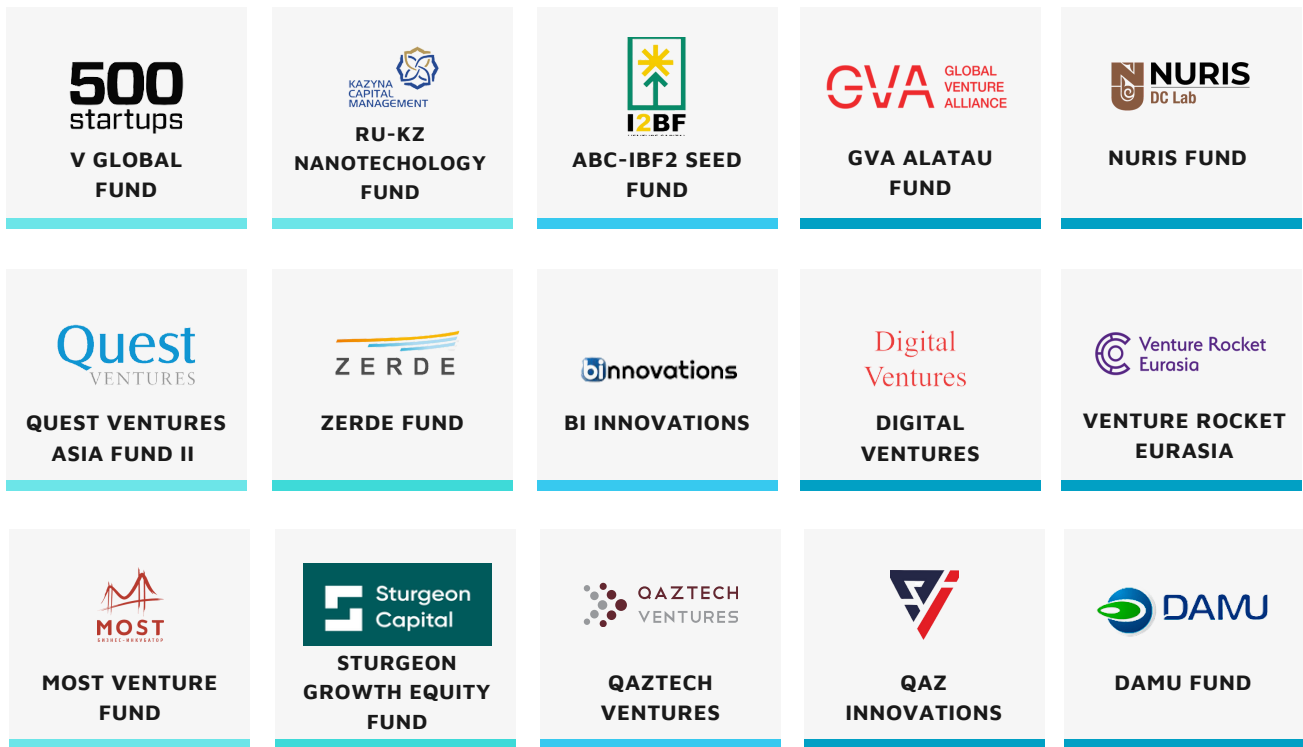
ACCESS TO FINANCE

Almost half of the founders mentioned that access to finance was moderate in Kazakhstan while a third of startups face difficulties with access.

Startups from large sectors find it easier to access financing; many of the fintech and edtech startups believe it is easy or entirely possible to get funding. There may also be more opportunities for those startups to fundraise from various bodies (ex. government, grants, etc.) due to their status of established and well-developed sectors in Kazakhstan.

Overall, most startups do not use a fundraising strategy. Equity investment is more common than non-equity and informal investments, suggesting that the implementation of the English Law enabled an increase in access to private equity financing which has been successful over the last few years.

Figure 22: Institutions for Funding and Capital



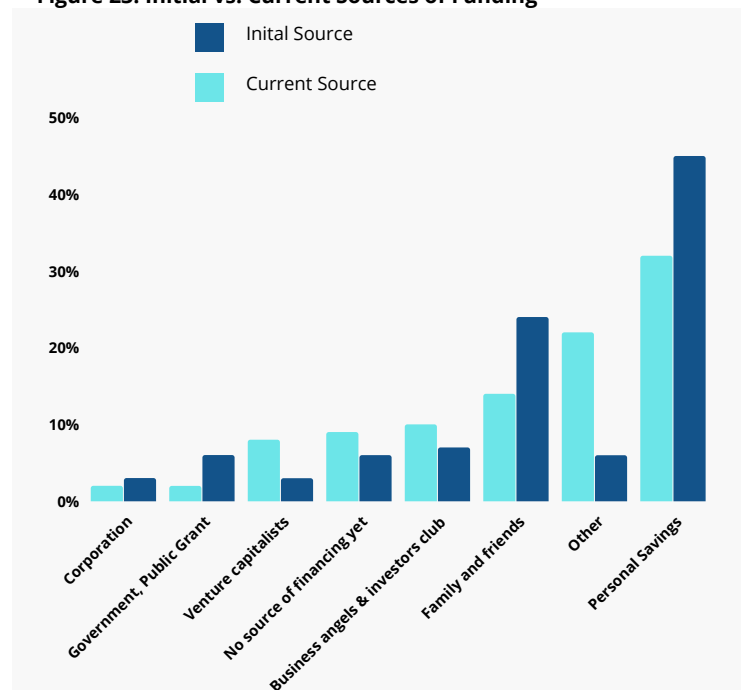
SOURCES OF FINANCING

Most startups in Kazakhstan rely on personal funds as an initial source of finance, following finances from friends and family. The business angel and venture capital investment shares were quite small as the investor groups only recently became active. At the same time, it is worth noting the already created legal environment can significantly increase the interest in venture financing among business angels.

When asked about the current main source of funding, a third of respondents still relied on personal savings, family and friends. Venture capital as a current source of main funds accounted only for 8.3% of startups (Figure 23). Currently, there are several venture funds in the country, but due to the scarce startup pipeline, the number of investments made is small.

Due to the emerging stage of startup ecosystem in Kazakhstan, most financial institutions and grant programs were established within last 5 years and new are still continue to appear which can cause shift in the current financing structure for startups.

Figure 23: Initial vs. Current Sources of Funding





GOVERNMENT & CORPORATIONS

This section examines the role of the Government and Corporations in facilitating the startup ecosystem.

Figure 24: Government Institutions in the Startup Ecosystem



LEGAL & REGULATORY FRAMEWORK

In general, founders find the legal framework satisfactory or suitable for the startups functioning. The opinion towards the business registration process and legislation are mostly positive, indicating founders finding it neither difficult to navigate nor financially taxing.

While founders' attitudes towards the business environment and legal framework in the country seem relatively positive, founders still do not feel strong support from the government. More than 40% of respondents didn't feel support from the government with funding while only a fifth of founders believe that the government helps startups attract investments. Over a third of startups had no opinion towards government support, suggesting the lack of promotion and media coverage of available startup funding programs from the government (Figure 25).

DESIRED GOVERNMENT INCENTIVES

Founders were particularly interested in seeing more financial incentives (i.e. grants and zero-interest loans as well as tax incentives) from the government. Other incentives founders would like more of include innovation hubs, startup platforms, and support for entering foreign markets (Figure 26).

Figure 25: (Opinion) Government Support for Financing

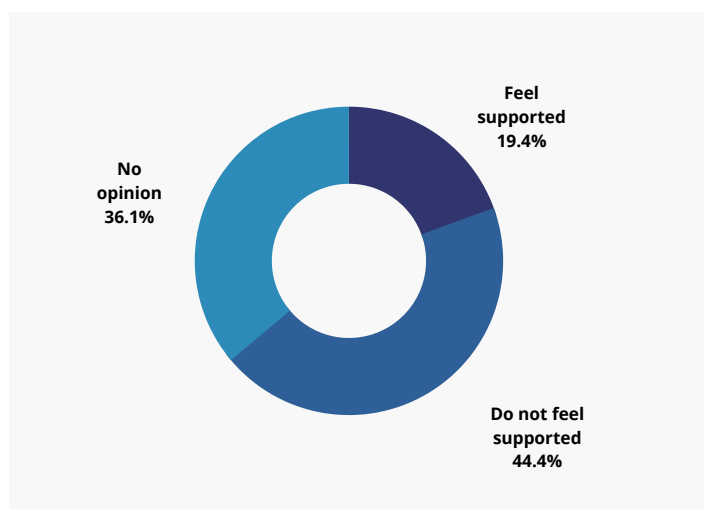
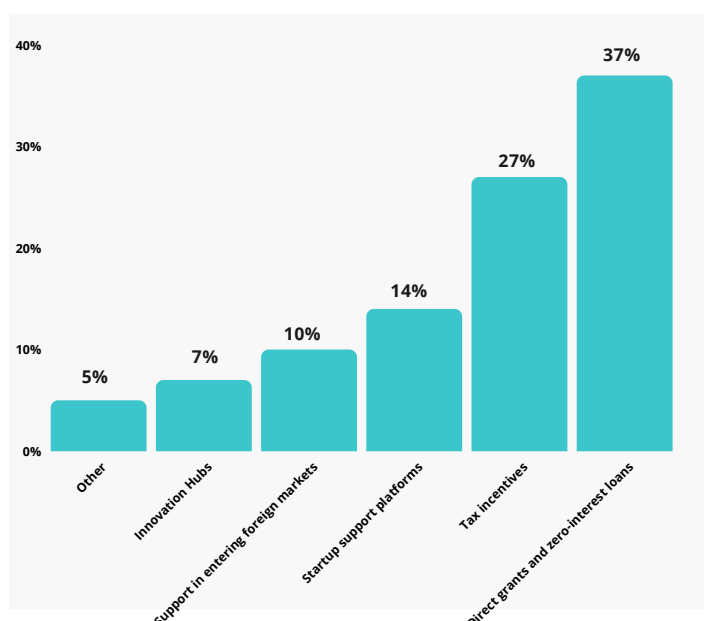


Figure 26: Desired Government Incentives



CORPORATE PARTNERSHIPS

Interaction between the young technology sector and large corporations is currently underdeveloped. About a third of startups have never interacted with large companies, and another third interacted only through the framework of incubation and accelerator programs.

Among startups who had partnered with a corporation in the past, half of the startups reported a positive experience. The level of satisfaction among startups towards corporate incubators, accelerators, and hackathons is quite high and can be a sign that startups would benefit greatly from more events of a similar nature.

When asked about the benefits of partnering with corporations, startups mentioned the importance of access to business expertise and potential for joint ventures and acquisitions. Concerningly, the most common response to the question was “I don’t know”. Finding suggests that startups are unsure about pursuing partnerships with corporations and unaware of its pros. Suggesting can be made to corporations to work to elucidate the benefits of partnerships and the opportunities available.

Figure 28: (Opinion) Corporations' Engagement with Startups

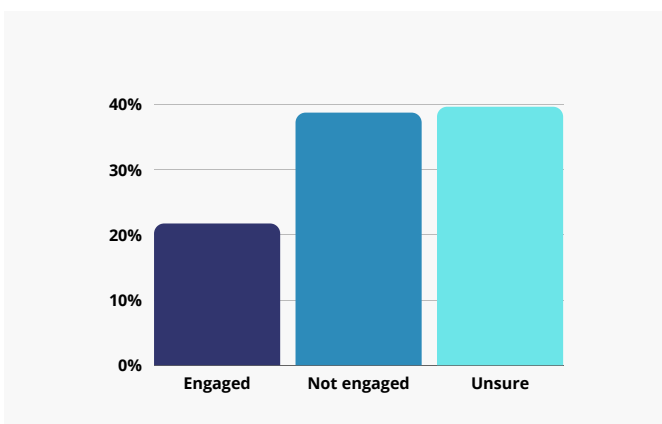


Figure 27: Types of Startup-Corporate Engagement



BARRIERS TO COOPERATION

Upon being questioned about the barriers preventing startups from cooperating with companies, startups commonly stated that the corporate decision-making process was too long and unclear and a weak propensity of corporations to take any kind of risk. The findings can represent a problem of a strong rift between corporate and startup culture in Kazakhstan.

On the flip side, we asked if local corporations are actively seeking to engage with startups. Respondents disagreed or were unsure which might suggest that either local corporations are not making an effort to engage with startups or they are simply failing to reach out to startups in a more effective way. Another explanation could be the relatively recent emergence and development of the startup space in Kazakhstan; early-stage startups may simply be not aware of various existing partnership opportunities.



IMPACT OF COVID-19

COVID-19 has ravaged the world for over a year. This pillar covers what effect has it had on startup operations in Kazakhstan.

DIRECT IMPACT OF COVID-19

As a third of startups were established in the past year, the COVID-19 pandemic seems to have not stifled the entrepreneurial spirit of KZ founders. Furthermore, the majority of startups feel that the pandemic does not pose an existential threat to their business. Fintech, e-commerce, and edtech startups feel especially resilient, as these sectors saw an increased demand for their services brought on by the COVID.

Though not an existential threat for most startups, the impact of COVID-19 manifested itself in several ways. As shown in Figure 30, 33% of startups were affected positively by pandemic. The rest of the startups adapted differently: pausing operations, changing business model, or experienced a decrease in sales as the greatest challenges brought on by the pandemic.

Figure 30: Direct Impact of COVID-19 on Startups

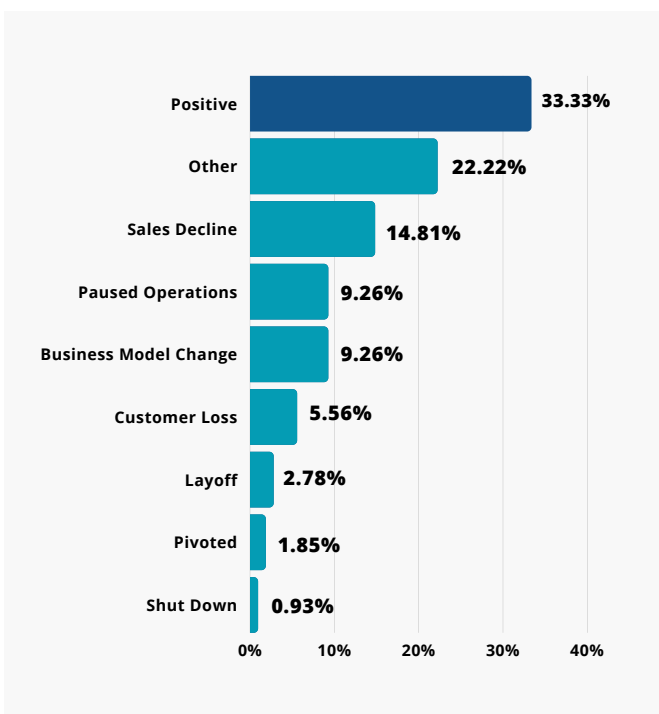
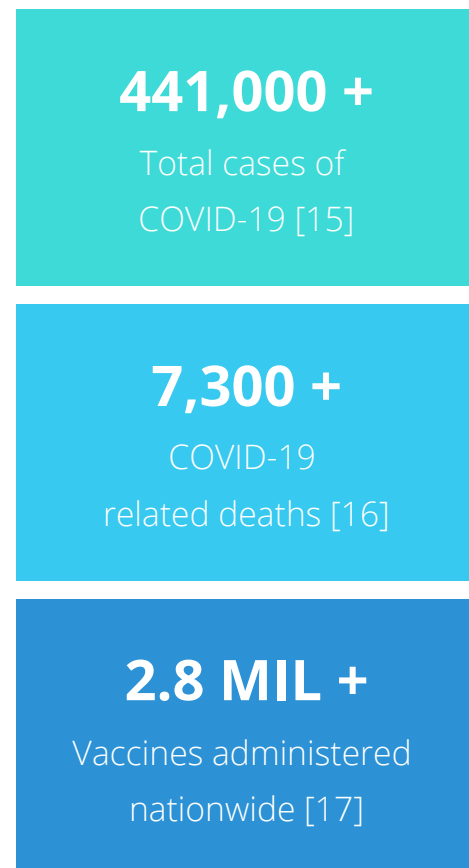


Figure 29: COVID-19 in Kazakhstan



CURRENT STATUS OF STARTUPS

About 85% of surveyed startups are active, while another 15% are dormant or permanently frozen. The majority of dormant startups expect to resume their operations within the next 6 months suggesting that problems within a business may be contributed by COVID-19. However, there were also startups who permanently terminated their activities mostly due to financial issues. It is important to note that financial issues could also be a result of a lack of funding for the pre-seed, seed phase or uncontrolled expenditures.



04 TAKEAWAYS

UNDERSTANDING THE KEY FINDINGS

This section identifies and summarizes the **key takeaways** from each pillar. It represents the important findings of our research, their main implications and suggestions for ecosystem members to ensure the development of the startup scene in Kazakhstan.

STARTUPS & MARKET



- Our findings show that a **young and emerging startup market** is arising in Kazakhstan - 80% of startups were established in the last 5 years and new ventures continue to emerge.
- Most startups fall under the **e-commerce, edtech, and fintech** verticals and have seen success under the circumstances of the COVID-19 pandemic.
- To continue to nurture up-and-coming startups and facilitate innovation, ecosystem participants must ensure the **presence of R&D bases and research opportunities**.
- For more than half of the startup founders the main priorities over the next 12 months is to **grow sales and improve product**.

INFRASTRUCTURE & SUPPORT



- Most ecosystem builders and startups are concentrated in **Nur-Sultan and Almaty**, making these cities the main IT hubs in Kazakhstan.
- A large share of founders feel the lack of startup events thus **more networking and ecosystem nurturing events** need to be organised across the country to increase startup chances for learning and connecting.
- Encouraging **more startup mentoring opportunities** to take place and increasing the awareness of these opportunities will foster a strong network among startups
- Ecosystem participants should make an effort to improve access to the startup infrastructure such as **high-speed internet/mobile connection, and co-working or office spaces**.

FOUNDERS & HR



- The majority of founders are **tech and science majors with managerial and entrepreneurial experience** who usually tend to lead their business in pairs or as solo founders.
- The number of female founders is still extremely low which prevents the ecosystem from being diversified and highlights the need to promote **female empowerment** in the tech space.
- Startups need more **software developers and tech specialists**; IT education should be developed and improved in Kazakhstan to nurture human capital and talent.
- **Financial issues and lack of available talent** in Kazakhstan are considered to be the main HR problems for startups.

CAPITAL



- Founders ask for a diverse range of investments due to the early stage of startup and differences in valuation methods for the emerging markets, but most are looking to raise between **\$50k and \$100k**.
- The amount of equity a founder would give up in exchange for capital can be high due to the early stage of startup - **up to 50% of equity at seed-stage startups**.
- Startups find accessing financing moderately difficult and mainly rely on **personal savings and friends with family** for initial and current financing.
- Higher activity from **business angels, venture capital funds** would help to shift the current financing structure for startups from the governmental to private, and eliminate startups difficulty with attracting investments.

GOVERNMENT & CORPORATIONS



- Ventures expressed satisfaction with the **business registration and legislation**, stating that it is suitable for startups. However, founders feel unsupported by the government when it comes to **accessing financing**.
- **Governmental and quasi-governmental organizations** considered to be the main startup ecosystem builders in Kazakhstan.
- Founders expressed a desire and need for more government-sponsored financial incentives for startups such as **zero-interest loans, grants, and tax incentives**.
- **Engagement between startups and large corporations is low** suggesting a need for corporations to be more involved in startup ecosystem development by organizing more events for startups.

COVID-19



- The COVID-19 pandemic seems to have not stifled the entrepreneurial spirit of KZ founders: **fintech, edtech, and e-commerce** startups even benefitted from the circumstances of the pandemic.
- Several startups were negatively impacted by the pandemic and have had to **pause activities** to refine their product, business model, or other aspects of their venture.
- For the time of survey 85% of startups were active on the Kazakhstani market.
- Frozen startups cited **financial issues** as the main reason for terminating operations.

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ECOSYSTEM EXPERT

Okó Davaasuren

Techstars

LOCAL EXPERTS

Almas Tuyakbayev

Founder & CEO, UXStone

Amirkhan Omarov

Founder, SmArt.Point

Anuar Seifullin

General Director, ABC-I2BF Seed Fund

Aset Turysov

Chairman of the Board, National Information Technologies JCS

Askar Aituov

Director, Dar Lab

Bolat Minbayev

Strategy and Operations Director, KPMG

Dagar Davletov

Co-Founder, Method Coding School, Alem, Amanat Labs

Konstantin Aushev

IT & Digital Advisory Director, KPMG in Kazakhstan and Central Asia

Malik Amardinov

Senior Banker & Head of Digital Ecosystem Direction, ForteBank

Marat Tolibayev

Director, Activat, Smart Investments LLP

Murat Abdrakhmanov

Angel investor

Nurbek Rayev

Founder, iKapitalist

Sayasat Nurbek

Head of educational projects, BTSDigital, Atlas of new professions in Kazakhstan

Taras Volobuiev

Chief Fintech Startup Officer, AIFC Fintech Hub

Timur Bairov

CEO, Bitfury

Vladimir Popov

Director, KBTU Startup Incubator

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TUZ TEAM

Gulzari Tursunova
Herve Edongo
Josef Cohen
Leila Alimanova
Sebastian Winter
Sudarsh Kansal
Suzu Kitamura
Zhazira Subebayeva

AIFC TEAM

Kairat Kaliyev
Ainur Zhanturina
Maken Ibragimov
Interns:
Daulet Bidanov
Lyazzat Sanat

ZERDE

Pavel Koktyshev
Ayazhan Mukanbetova
Erniyaz Zhanbosynov
Inkar Kenzhessarina
Makhabat Manguzhinova
Turemurat Konsultanov

CONTRIBUTORS

Astana Hub

Magzhan Madiyev
Joseph K. Ziegler
Alina Issakhanova
Aigerim Zharkyn
Malika Zhanibek
Zhanat Sailybayev

TechGarden

Cyrus Baghai
Assel Akezhanova
Sanzhar Suleimanov

Astana IT University

Andrii Biloshchytskyi
Aliya Urazbayeva
Sapar Toxanov
Zeinep Toktar

MOST

Alim Khamitov
Anuar Lenzat

DESIGNER

Marta Adamska

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