

DIGITAL

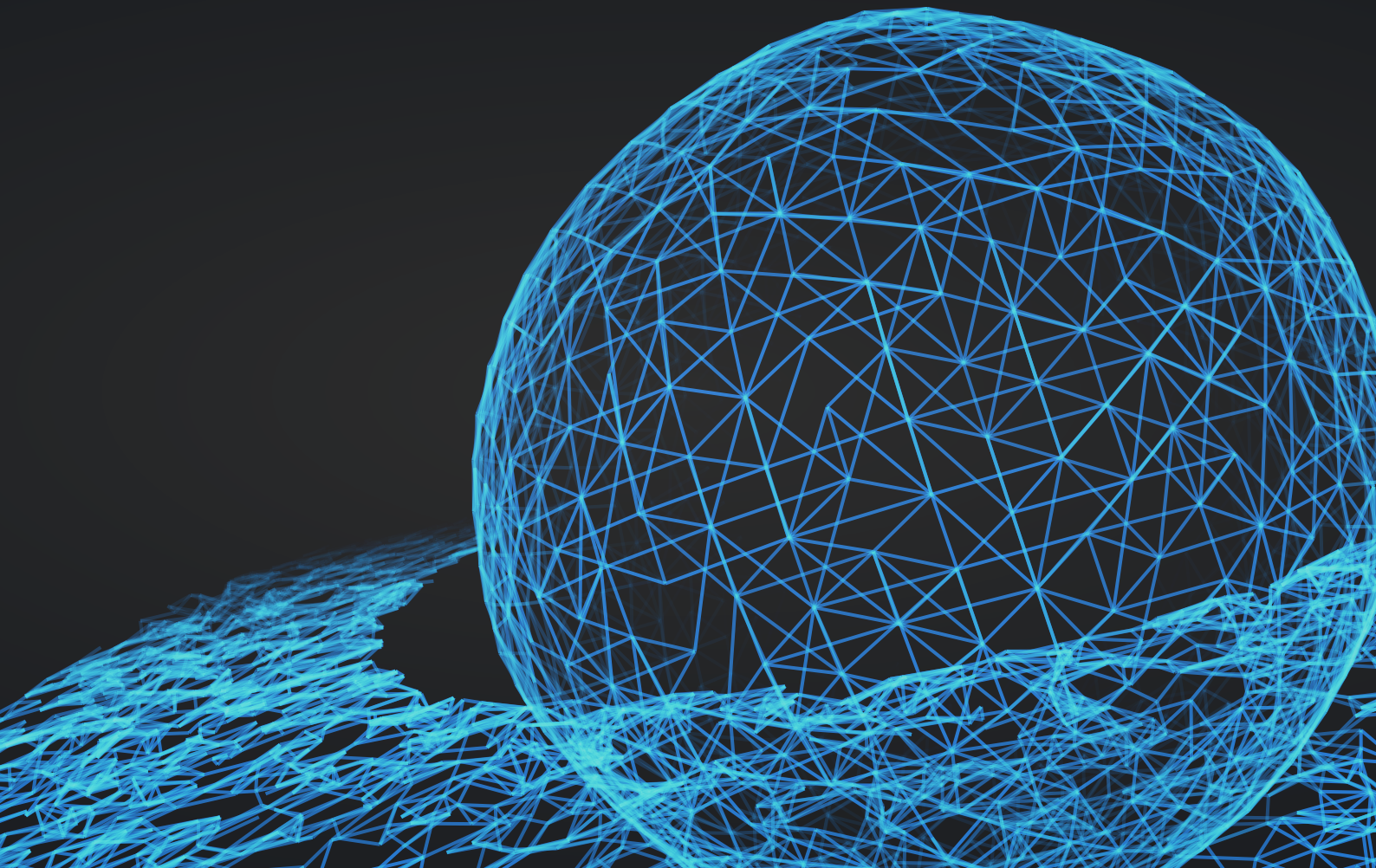
ECOSYSTEM DIGEST

2025

IT SECTOR IN GEORGIA:

TRENDS AND EMPLOYMENT

PROFILE



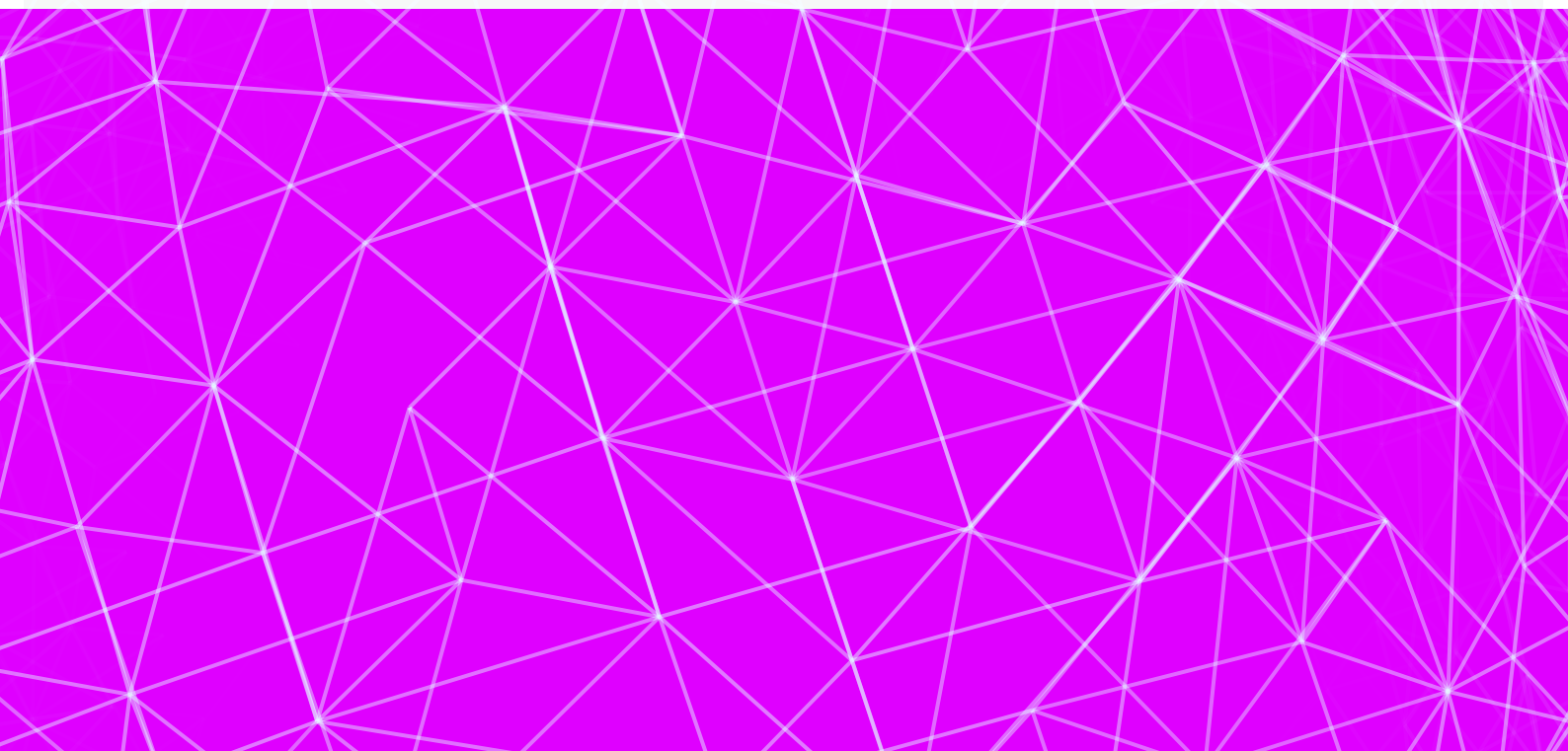
INTRODUCTION

In recent years, the IT sector in Georgia has grown significantly, establishing itself as one of the fastest-developing industries. It not only occupies a larger share of the economy but is also diversifying and expanding in various directions.

This report presents an analysis of the IT sector in three key areas. First, it examines the sector's growth dynamics and main indicators. Next, it explores the factors driving its development. Finally, the concluding section analyzes the characteristics of IT professionals in Georgia.

The report is based on official statistics (Geostat and Statista), author's calculations and interviews with sector representatives. The indicators related to IT employment profiles have been derived from Geostat's survey database, "Information and Communication Technologies Usage in Households."

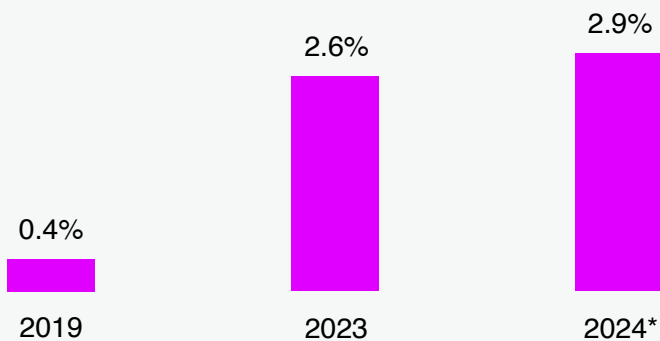
Although the primary goal of this study is a focused analysis of the IT sector, due to existing statistical limitations, in some cases, the report includes aggregated data covering various ICT fields (with relevant clarifications provided on corresponding pages).



IT SECTOR GROWTH

THE IT SECTOR IS GROWING RAPIDLY AND ITS SHARE IN THE ECONOMY IS ALREADY NOTICEABLE

IT Sector's Added Value as a Share of GDP



In 2023, the IT sector's added value was 2.1 billion GEL, accounting for 2.6% of GDP.

For example, this is higher than the added value of the mining industry (1.9 billion GEL).

*As of the three quarters of 2024.

Note: The data includes NACE Rev. 2 codes 62 (Computer programming, consultancy, and related activities) and 63 (Information service activities).

Two effects of the entry of international companies

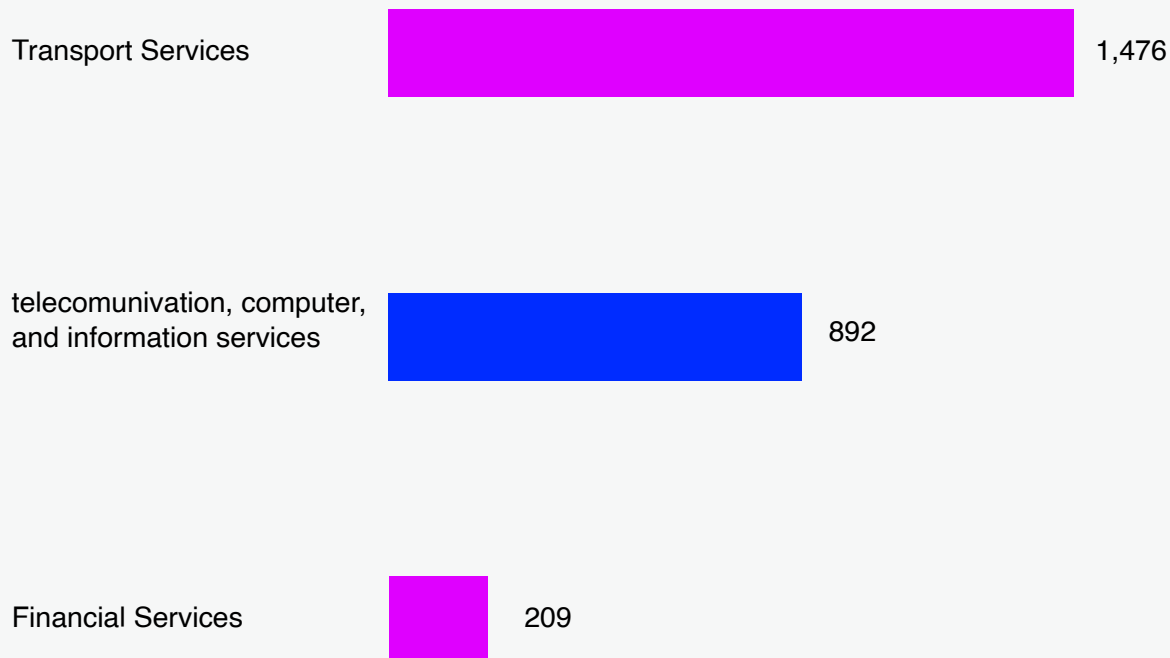


One of the reasons for sector growth is the entry of international companies and workforce, primarily linked to the geopolitical environment. According to market representatives, this not only increases competition for local players but also creates new opportunities.

IT SECTOR GROWTH

IT SERVICES HAVE ALREADY BECOME A SIGNIFICANT EXPORT SERVICE

Several export directions of services in 2023 (MLN USD)



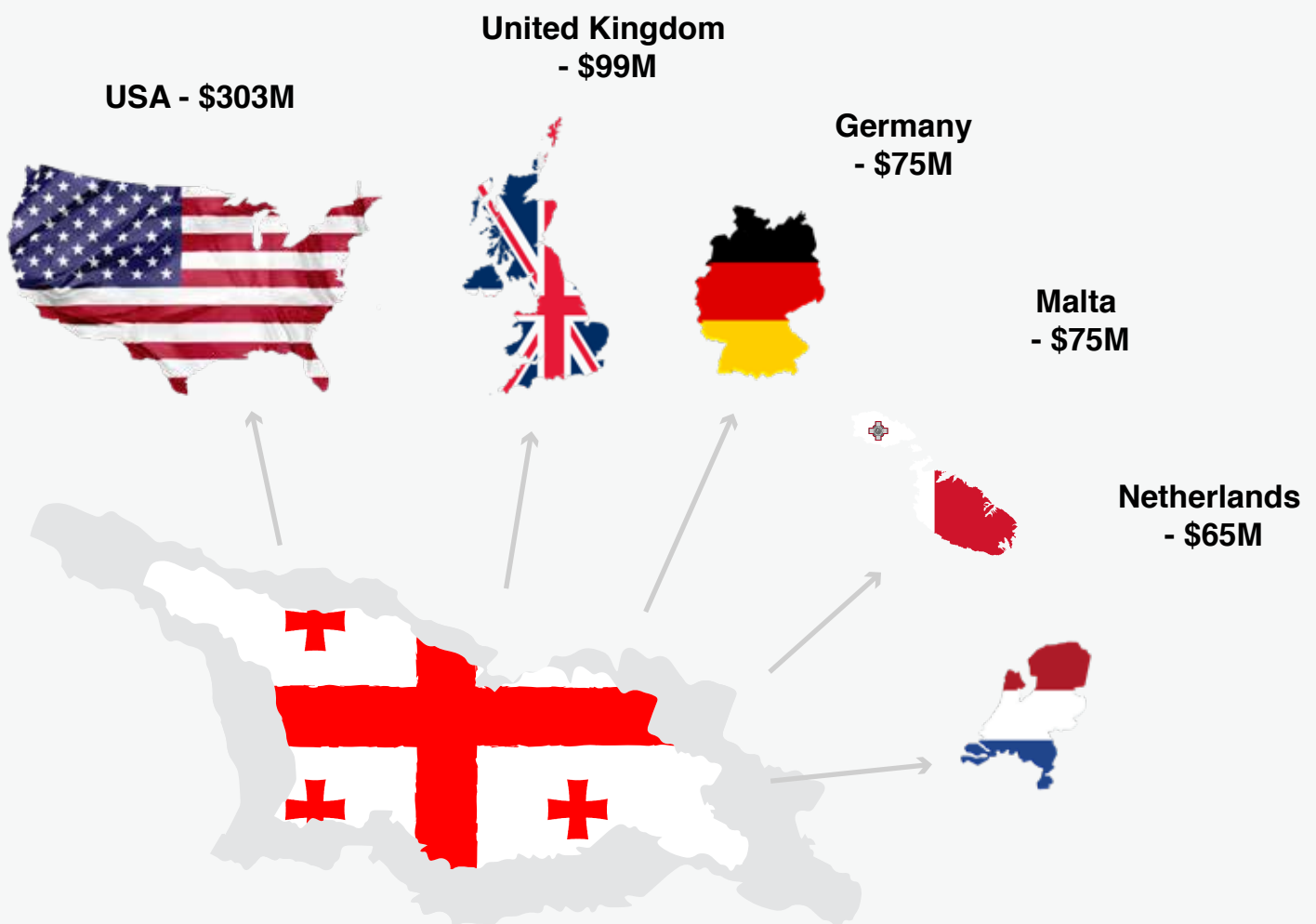
From 2020 to 2023, ICT service exports increased nearly 8 times.

Its export volume significantly exceeds the export of financial services but is still lower than transportation exports.

IT SECTOR GROWTH

THE EXPORT OF IT SERVICES IS MAINLY CARRIED OUT TO DEVELOPED COUNTRIES

Which countries import ICT services from Georgia? (2023 Year)



In 2023, 61% of ICT service exports were directed to these five countries.

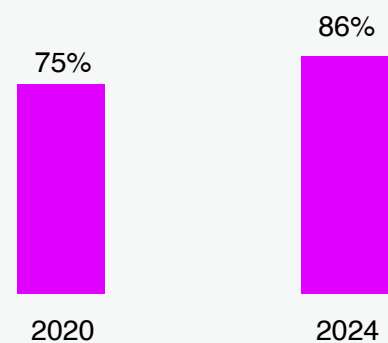
KEY FACTORS SUPPORTING THE IT SECTOR

THE GROWING NUMBER OF INTERNET USERS CONTINUES TO DRIVE DEMAND FOR IT SERVICES

**86% of the population uses the internet
(+11% compared to 2020)**

**81% of the population owns a
smartphone and 86% actively use it**

Share of Internet Users in Population



* Statistics calculated for the population aged 6 and older

With high accessibility to the internet, smartphones, and computers, most consumers use the internet almost daily, meaning the market is approaching saturation. As a result, future growth in the IT market will likely come from increasing engagement with various digital services rather than new internet users.

KEY FACTORS SUPPORTING THE IT SECTOR

INTERNET USAGE IS ALSO IMPROVING IN QUALITY, WITH DIGITAL TECHNOLOGIES BEING USED MORE FREQUENTLY FOR ECONOMIC ACTIVITIES

The number of e-commerce users has increased by 334 thousand people over the past five years

*People aged 15 and older who have ordered a product/service remotely for personal use.

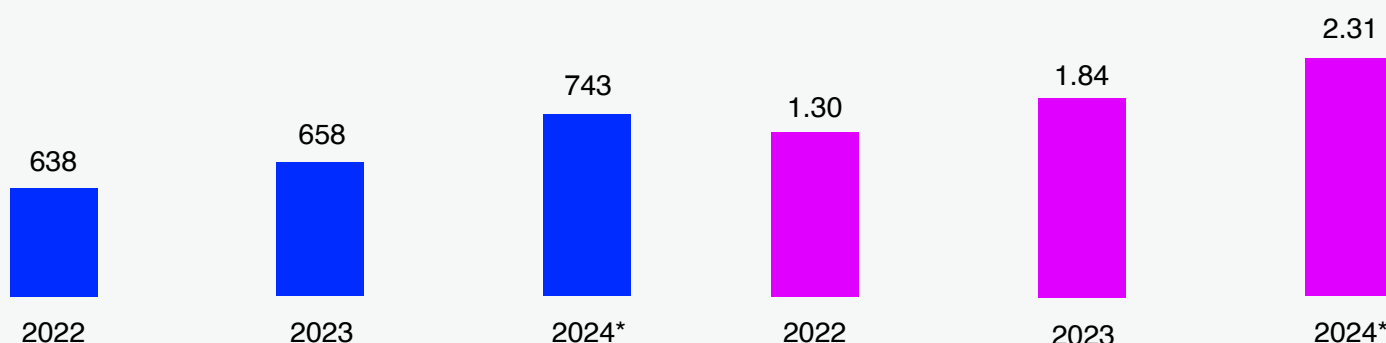
Over the past five years

The e-commerce market size has expanded by 44%**

Digital payment volume has grown 4.4 times.**

E-commerce market size in Georgia (million USD) **

Digital consumer payments market in Georgia (billion USD) ***



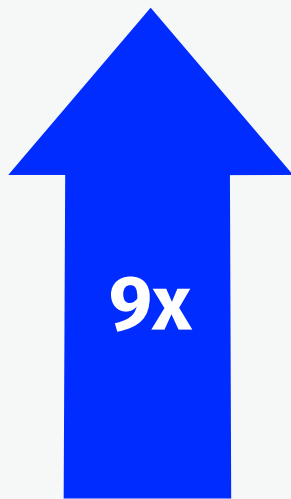
** E-commerce users: individuals aged 15+ who ordered goods/services online for personal use.

***Digital payments include online and mPOS transactions but exclude B2B transactions and terminal payments. Data calculated at current exchange rates.

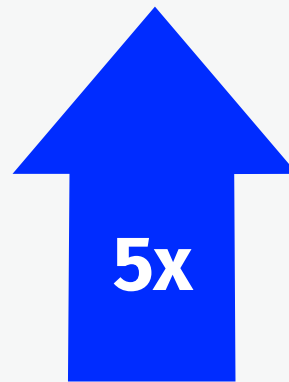
IT SECTOR GROWTH

IT COMPANIES EXPAND EMPLOYMENT ALONGSIDE REVENUE GROWTH

How much has it grown from 2019 to 2023?



**IT business sector
turnover**



IT business sector employment

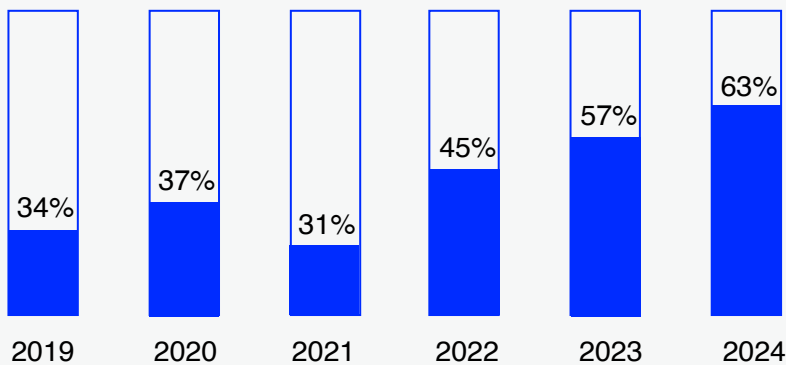
By 2024, IT business companies alone employ around 13 thousand people.

In 2024, 54 new LLCs were registered in the IT sector.

IT SECTOR GROWTH

THE IT SECTOR IS LABOR-INTENSIVE AND EMPLOYEE SALARIES ARE THE MAIN EXPENSE FOR COMPANIES

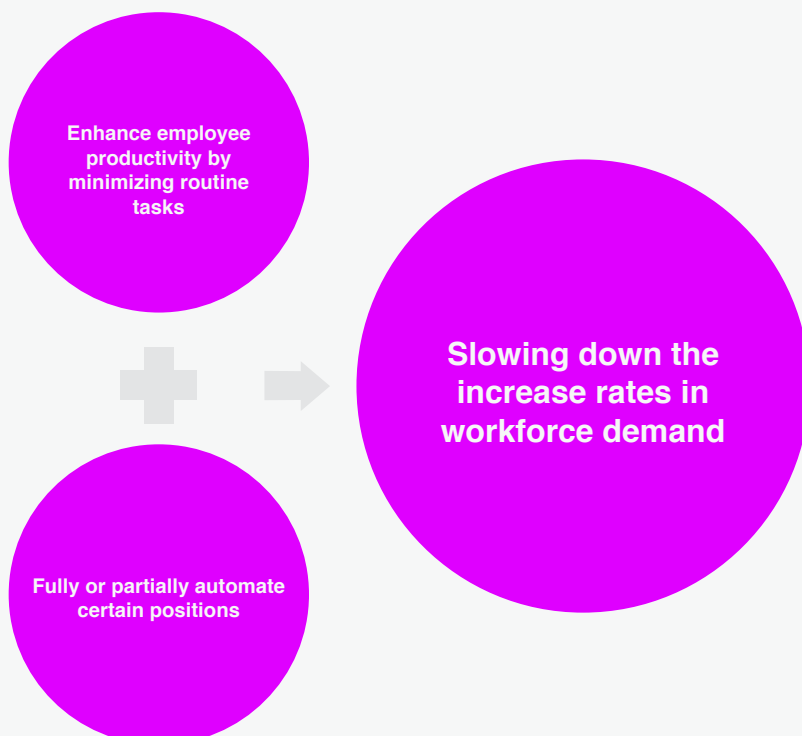
Employee salary-to-revenue ratio in the IT business sector



*Data for 2024 is based on three quarters.

In 2023, IT business companies paid approximately 1.2 billion GEL in salaries to employees, accounting for 57% of their turnover

Possible impact of AI integration

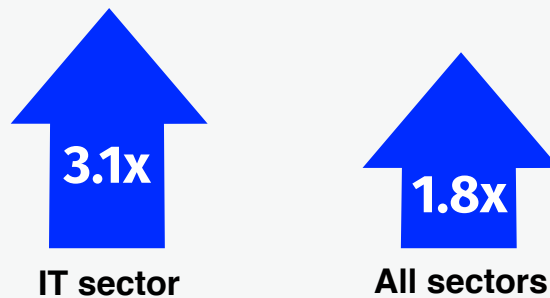


IT is one of the main sectors where AI is rapidly integrating. Sector representatives think it can soon slow down the growth rate of workforce demand, if not reduce the overall demand.

IT SECTOR GROWTH

SALARIES IN THE IT SECTOR ARE NOT ONLY HIGH BUT ALSO GROWING RELATIVELY FAST

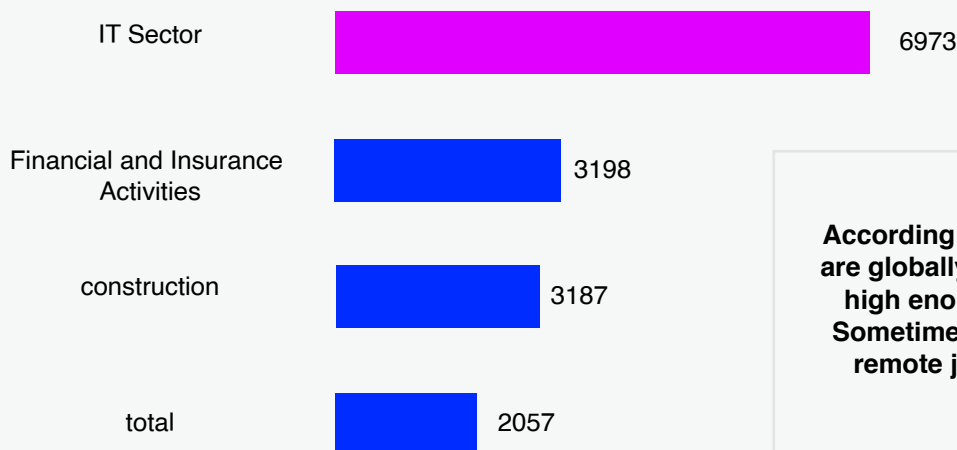
How much has the average monthly salary increased from 2019 to 2024? *



*The average nominal monthly salary of employees, as of the third quarter of 2024

In Q3 2024, the average nominal monthly salary in IT organizations reached 6,973 GEL, which is 3.4 times higher than the national average salary. Notably, salaries are even higher in IT business companies, reaching 7,104 GEL.2024. It is important to mention that this statistic refers to employees of IT-profile organizations, regardless of their specific professional position.

Nominal average monthly salary* for employees, Q3 2024 data



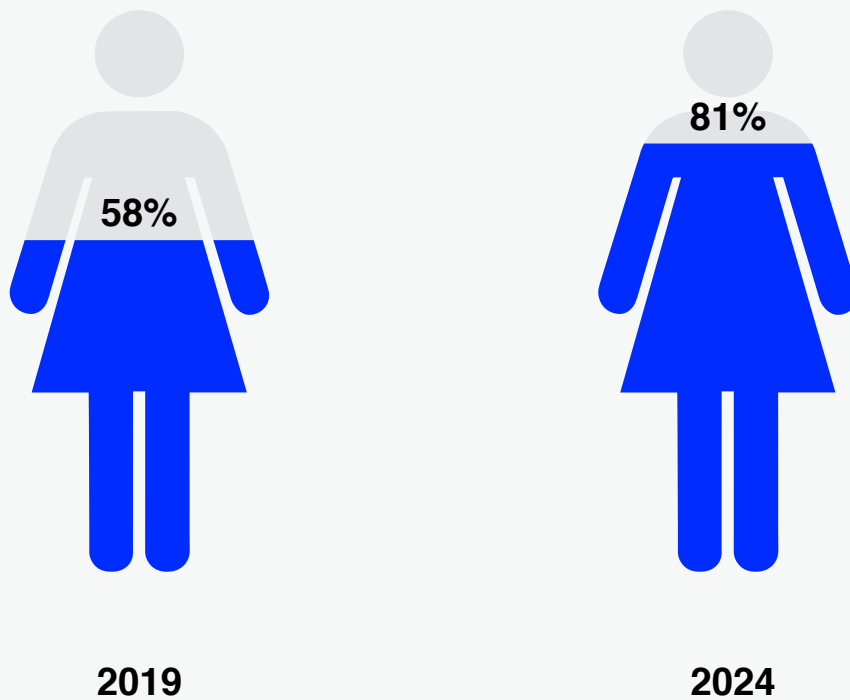
According to representatives, incomes are globally competitive but not always high enough to prevent brain drain. Sometimes, people take lower-skilled remote jobs abroad for better pay.

*All taxes are included

IT SECTOR GROWTH

THERE IS A TREND TOWARD SALARY EQUALIZATION BETWEEN MEN AND WOMEN IN IT SECTOR COMPANIES

What is the ratio of women's salaries to men's salaries in IT companies?

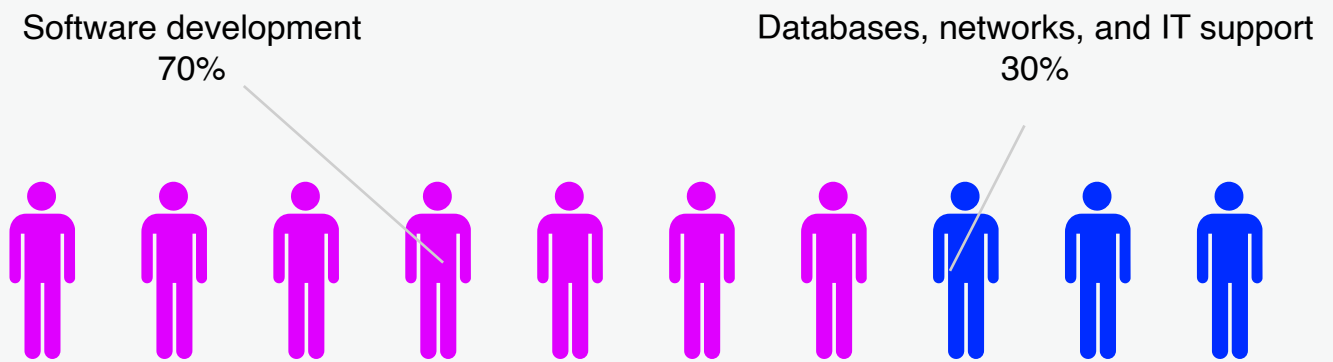


In Q3 2024, the average nominal monthly salary was 7,471 GEL for men and 6,026 GEL for women. The gender pay gap has significantly decreased over the past five years. Since 2019, the nominal salary for women in IT has nearly quadrupled.

IT EMPLOYMENT PROFILE

7 OUT OF EVERY 10 IT PROFESSIONALS WORK IN SOFTWARE DEVELOPMENT

Structure of IT professionals employed in Georgia



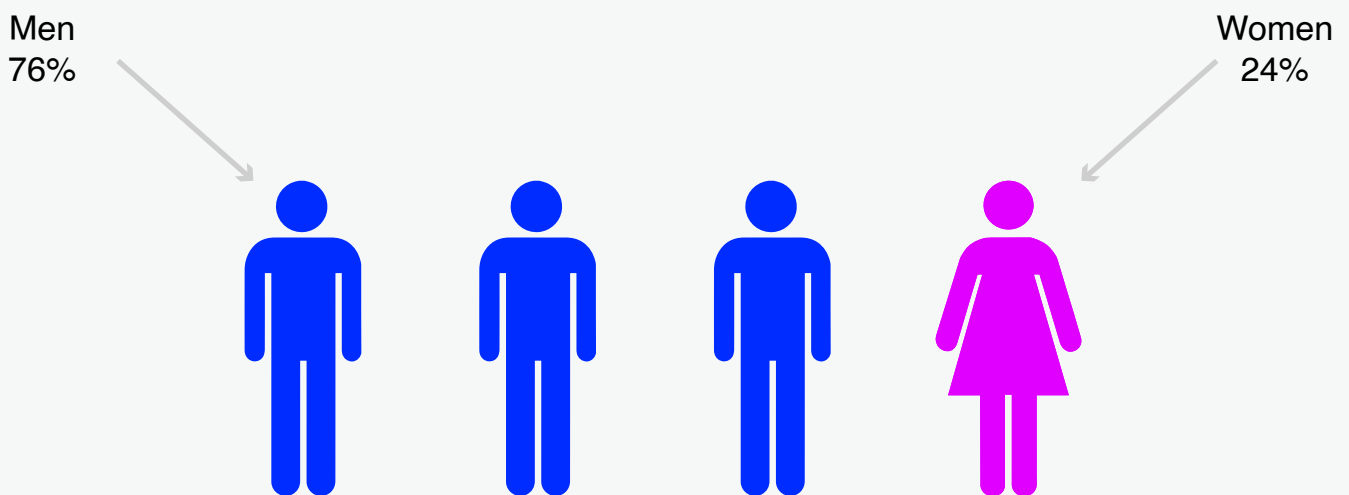
By 2023, 9.9 thousand people were employed in IT professions in Georgia. The largest group consists of programmers, followed by system analysts, network specialists, IT support technicians, and web developers. Note: This statistics excludes IT teachers/lecturers and IT product sales managers.

Source: Author's calculations on "Information and Communication Technologies Usage in Households", Geostat

IT EMPLOYMENT PROFILE

THE SHARE OF WOMEN IN IT EMPLOYMENT IS STILL LOW BUT GROWING

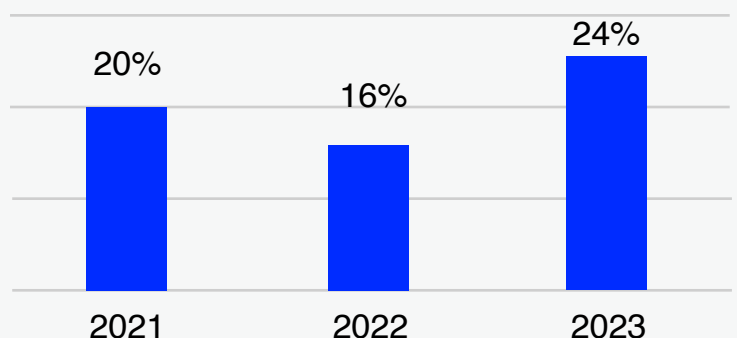
Structure of IT professionals employed in Georgia



Every fourth IT professional is a woman.

In 2023, the number of women employed in IT professions increased by over 600, making up 24% of the workforce, which represents a significant growth compared to previous years.

Structure of IT professionals employed in Georgia

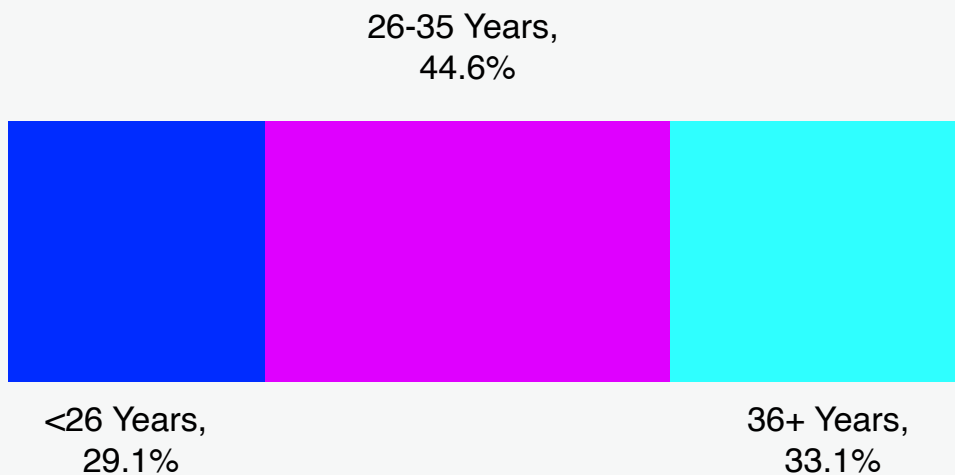


IT EMPLOYMENT PROFILE

IT REMAINS ONE OF THE YOUNGEST FIELDS – THE MEDIAN AGE OF EMPLOYEES IS ONLY 28 YEARS.

IT professionals employed by age groups, 2023

Every third IT worker is between 24 and 27 years old.



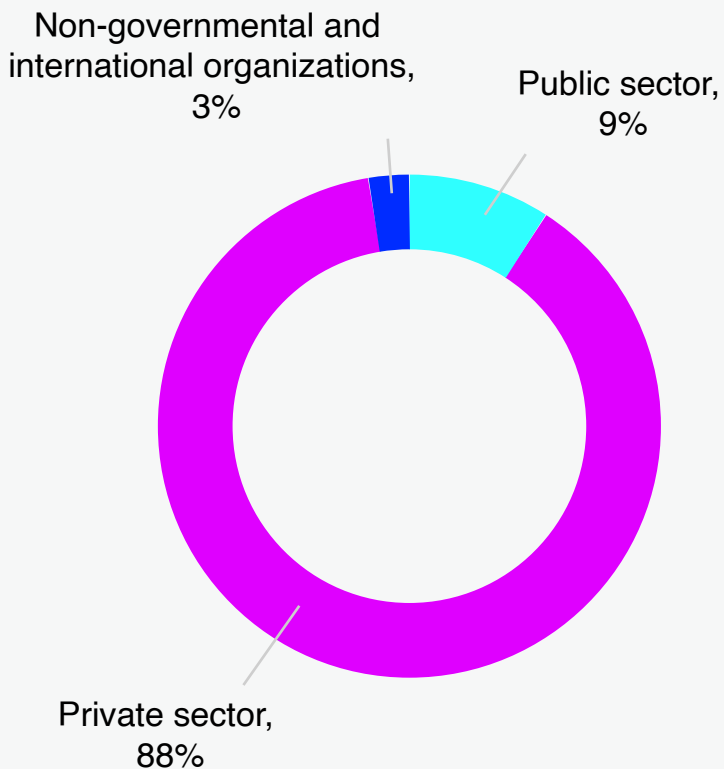
By 2023, the average age of IT professionals in Georgia exceeded the median age, reaching 32 years, making it one of the youngest employment sectors in the business industry. Notably, almost one-third of IT employees are under 26 years old.

IT EMPLOYMENT PROFILE

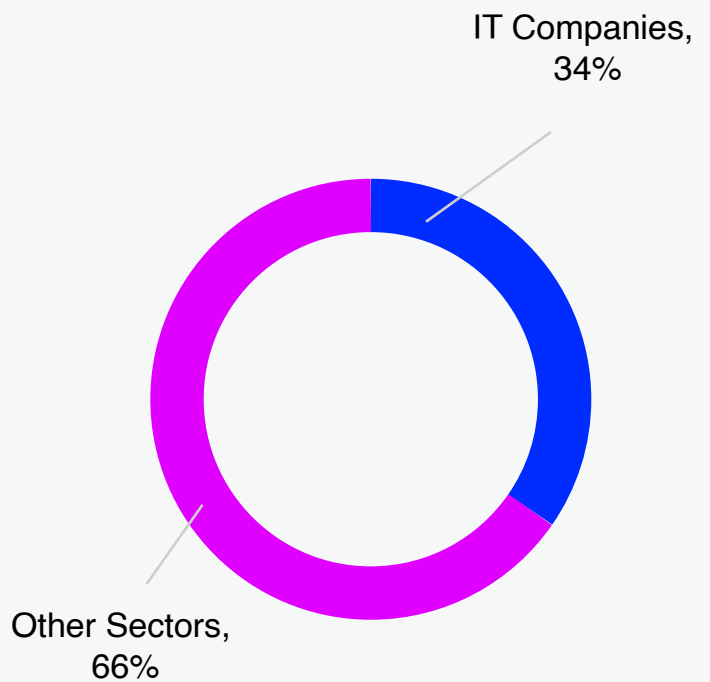
IT PROFESSIONALS WORK ACROSS DIFFERENT INDUSTRIES – ONLY ONE-THIRD WORK IN IT COMPANIES.

Structure of IT professionals employed in Georgia, 2023

By organization status



By industry

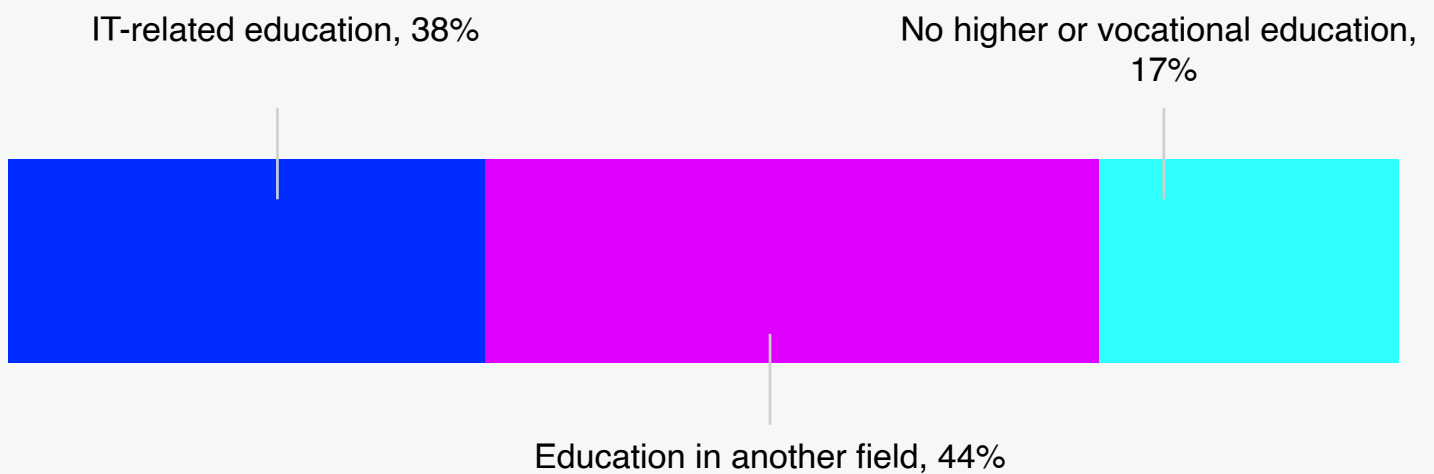


By 2023, the private sector was the largest employer of IT professionals. Apart from IT companies, major employers include other ICT organizations, education, and finance sectors.

IT EMPLOYMENT PROFILE

FORMAL EDUCATION IS NOT A MAJOR REQUIREMENT FOR WORKING IN IT – MOST EMPLOYEES HAVE DEGREES IN OTHER FIELDS

Distribution of IT professionals by field of education, 2023



By 2023, nearly half of IT professionals had obtained higher education in fields other than IT. Meanwhile, among those with an IT education, 40% held a master's or doctoral degree.

Sector representatives highlight that university graduates often lack practical experience, requiring companies to invest heavily in training

IT EMPLOYMENT PROFILE

IT PROFESSIONS ARE PRESTIGIOUS BUT DEMANDING

In Georgia, among IT professionals:

31%	work on weekends occasionally.
27%	work more than 40 hours per week.
16%	work in the evening or at night*.

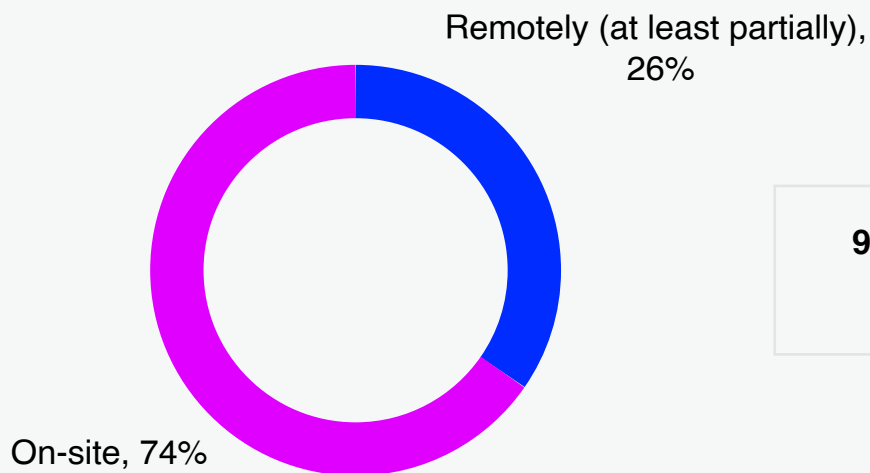
* Evening: 19:00-23:00, Night: 23:00-06:00

According to sector representatives, the practice of starting the workday late affects overall time management.

IT EMPLOYMENT PROFILE

ALTHOUGH IT IS A DIGITAL FIELD, NOT EVERYONE WORKS REMOTELY

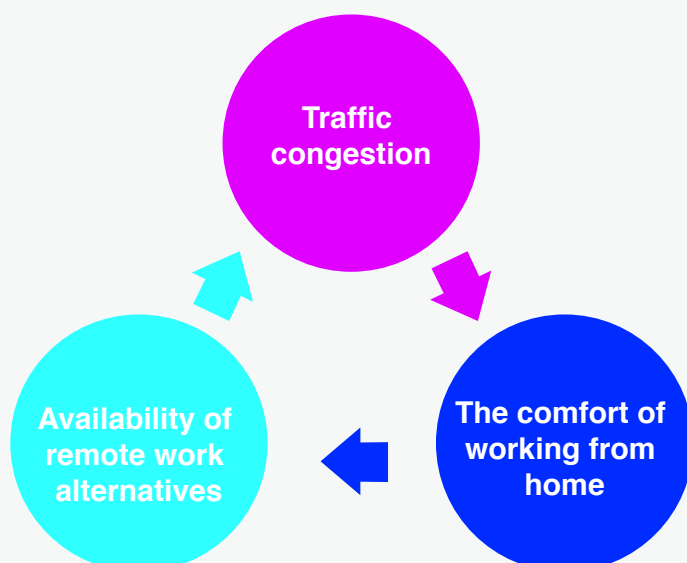
Distribution of employed IT professionals
by work arrangement



93% of IT professionals live in urban areas.

By 2023, 22% of IT professionals worked from home for at least half of their working days. Despite its digital nature, IT jobs remain concentrated in urban areas.

Key factors driving the demand for remote work in Georgia



The popularity of remote work in the IT sector peaked during the COVID period. Now, some jobs are returning fully to the office. Industry representatives argue that working from the office is more efficient. However, traffic congestion, employees' preference for working from home due to comfort, and the availability of remote work alternatives have influenced employers to allow remote and hybrid work modes.

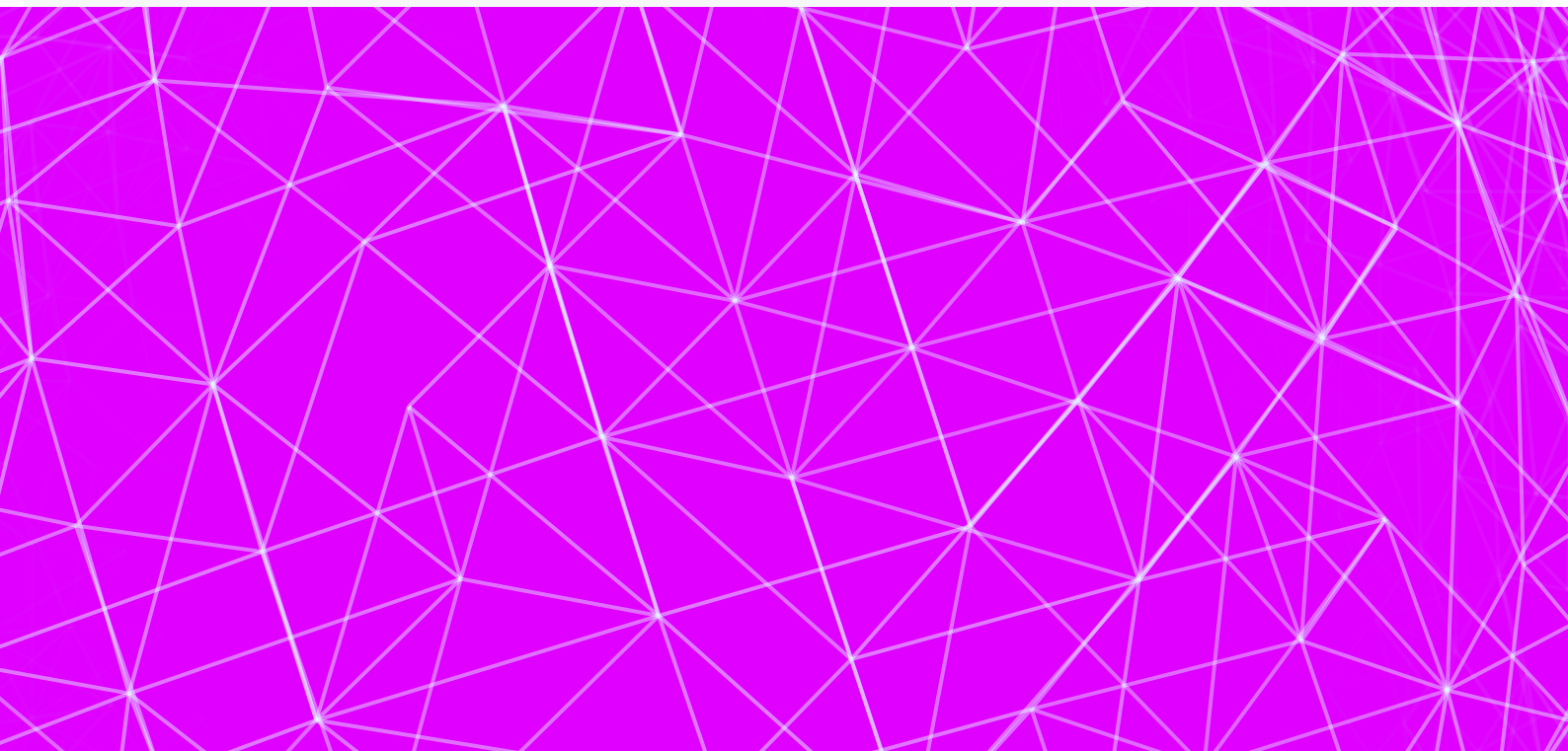
WHAT IS DIGITAL ECOSYSTEM DIGEST?

Digital Ecosystem Digest is a quarterly electronic research report issued by the BTU Center for Entrepreneurship.

The report reviews current technological and innovative trends in various sectors of the digital economy of Georgia and covers topics such as: AI, startups in digital business, e-commerce markets, digital platforms (B2B, B2C , C2C), fintech, etc.

The purpose of the report is both to consolidate existing information and to generate new practical knowledge about the digital economy.

Each research report will be co-authored by different researchers. The current edition is authored by BTU academic affiliate staff Tsotne Zhghenti.



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ECOSYSTEM DIGEST

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