

Information Intensive Entrepreneurship in the Republic of Armenia

Abstract

Unlike any other former Soviet republic, Armenia has no debt to the Commonwealth of Independent States. The funds to repay this debt were obtained from foreign parties in exchange for infrastructure, either via a direct sale (for example Armentel) or an operational franchise (airports, railway). Consequently the Armenian economy is highly stratified: businesses are either very large (funded internationally) or very small (funded by a family), with few entities in between. Will this always be the case? Or are we at a point in our history where middle-tier businesses have an opportunity to grow and flourish?

Jason Paul Kazarian will argue that current Armenian economic conditions, global recession included, offer several opportunities for entrepreneurs willing to deliver value via an information intensive offering. Because of this stratification, existing businesses cannot find reasonable solutions for crucial business functions, such as accounting and information technology. Consequently, entrepreneurs that deliver high quality in small scales to multiple customers have excellent chances for business development and profitability.

We begin the lecture with definitions of key concepts for an information intensive businesses. We discuss removing financial and other barriers to a firm's offerings. We cite a business that has benefited from a similar strategy in similar economic conditions. We fully define the concept of an information intensive business. Finally, we discuss three example strategies relevant in today's Armenian economy.

Topics

Each of the following topics is approximately ten to fifteen minutes long and will be modified to suit student interest and allowed time:

Price ≠ Value: Comparing Cost, Quality, and Service

Businesses consider many factors when making purchasing decisions. Cost, quality, and service are objective factors that can be quantitatively measured. But value is the subjective weight a buyer applies when evaluating the merit of these factors. And it's hard enough to optimize for one factor, let alone all three.

Product, Service, System, Hyper System

We all can cite examples of products, services, and systems. But what is a hyper system? The absence of fixed development or operational cost is one necessary constraint. We will discuss others. But in summary, a hyper system is one in which barriers to use are as small as possible.

As Clear as Glass: Interface Integration and Transparency

From the customer's perspective, the major system cost drivers are human oriented: training expense is one. Business interruption due to pilot error is another. Eliminating these costs through custom interface integration is necessary to eliminate the fixed cost of a hyper system deployment.

Micro-Credit: The Financial Analog of Hyper Systems

Three decades ago, the Grameen Bank in Bangladesh pioneered Micro-Credit, or lending a fractional amount of a standard loan to multiple small businesses. Making capital available to the working poor, customers normally ignored by conventional bankers, has increased the city's standard of living. Information intensive entrepreneurs can use this concept, too.

Only the Best is Good Enough

In *Growing A Business*, Paul Hawken defines information as not just data, but everything that is necessary to "accomplish something in the best way." Thus an information intensive business is one in which all of the firm's offerings are better than competitors, if not the best possible, regardless of the amount billed.

Example I: A Hyper Accounting System

Most Armenian businesses are in no position to spend 100K AMD on the equipment, software, and training necessary for a computerized accounting system. But what if we deployed a hyper accounting system to support twenty businesses? What would the technology of this system look like? What are the potential revenue models? How would we maintain interface transparency across multiple customers?

Example II: Full Service Internet Presence

Look, it's a brand developer! A web developer! A hosting firm! No, it's what's really needed by small Armenian businesses: one-stop shopping for fully competent, completely packaged ways of building a company's Internet presence. Branding, design, development, e-mail, hosting, tech support, and web deployment with one party responsible for success.

Example III: Choose Your Own Off-Shoring Adventure

Once upon a time, second and third world countries were dependent on the first world. But no longer: thanks to globalization, developing countries have created their own market, one that attracts serious capital. And you can bid for that capital in the comfort of your pajamas.