

ENGLISH ISSUE

Forbes

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of GEOLN.COM - on
1 million dollar investment
in the popularization
of Georgian real estate
market on the world stage



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Forbes Georgia is published by
Media Partners JSC

Publisher: Maia Mirijanashvili

Advertising and Marketing: Leli Mirijanashvili

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Printed by "Graphics Design and Printng" Ltd.
Address: 0159, Tbilisi, G.Shavgulidze 7a,
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LeaderBoard

The Fastest Growing and Declining Retail Brands in 2020

BY KATIE JONES

The COVID-19 outbreak has led to the savage disruption of retail the world over.

Almost overnight, foot traffic in physical stores disappeared, and supply chains were left scrambled. Now at a major fork in the road, many retailers are forced to make tough decisions that were completely unforeseen.

While some global retail giants are laying down their weapons and filing for bankruptcy, others are innovating to save themselves, serving their customers in new and unexpected ways.

Today's graphic uses data from Kantar's Brand Z™ report to illustrate the retailers that are growing through adversity, and those that may struggle to survive.

Editor's note: The report compares brand value of the top 75 retailers globally between 2020 and 2019, using mid-April as a cut-off date for incorporating latest financial information. Some early effects of the pandemic are incorporated in these calculations, but the pandemic's impact on retail going forward is uncertain.

RETAIL BRANDS

The global retail industry has experienced a catastrophic start to 2020 due to the ongoing pandemic, and no retailer has been immune to its effects.

However, several brands have experienced an increase in brand value when compared to 2019.



The following data comes from Kantar's BrandZ 2020 report, and incorporates financial data up until mid-April 2020

KANTAR calculates the value of a brand by using global data from:

3.7M consumers 165K brands 50 markets

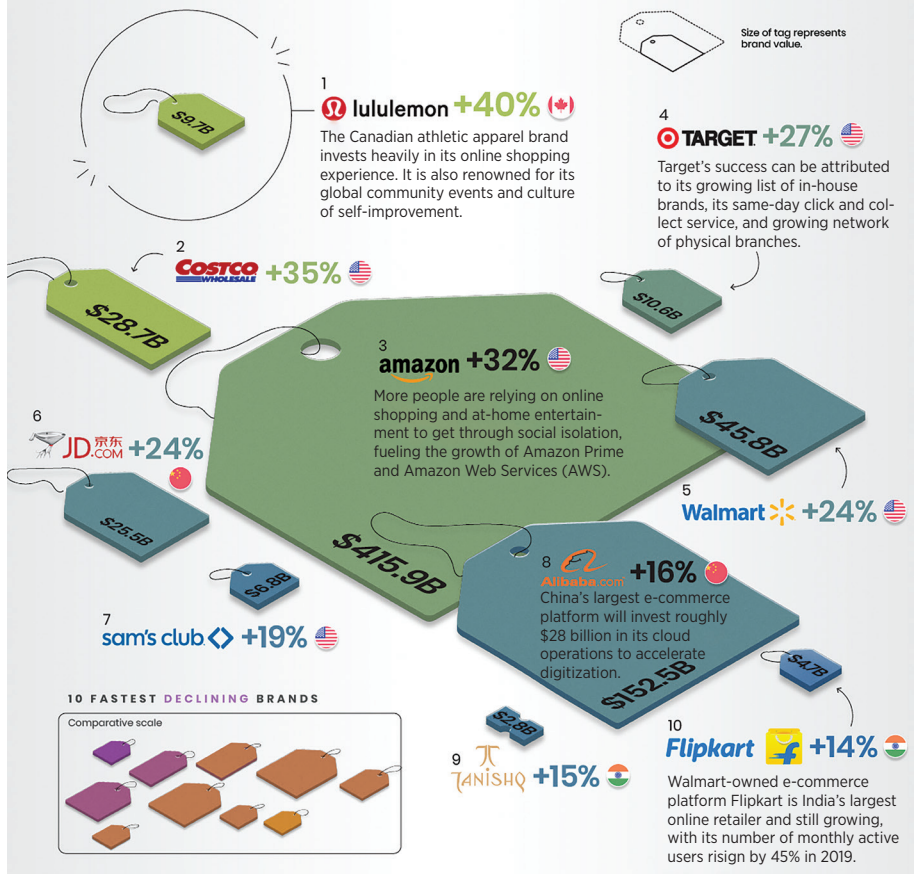
BIGGEST WINS

10 FASTEST GROWING BRANDS

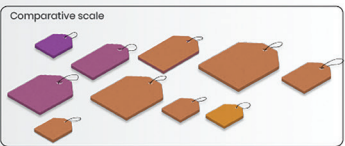
BRAND VALUE % CHANGE 2020 VS 2019



Size of tag represents brand value.



10 FASTEST DECLINING BRANDS



BIGGEST LOSSES

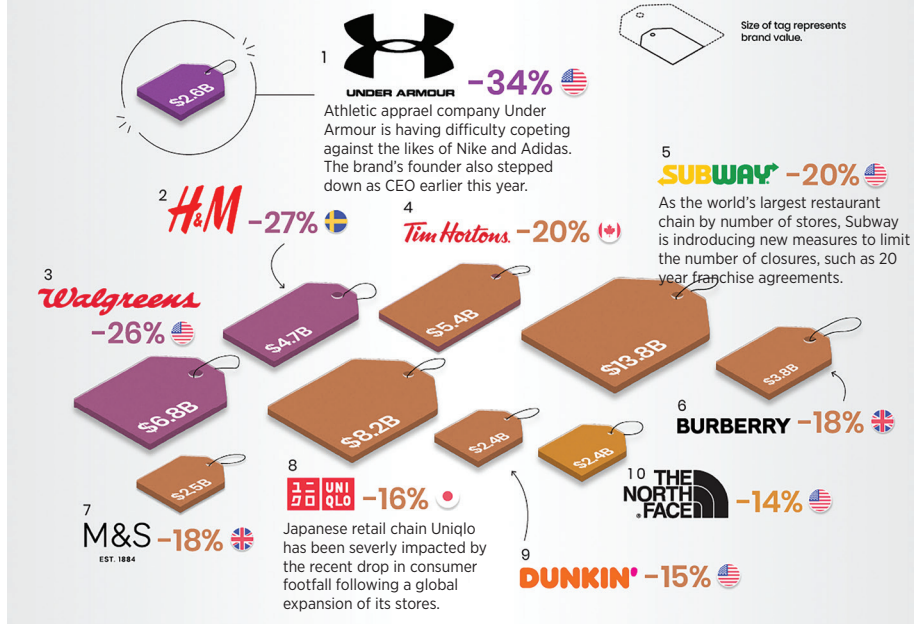
10 FASTEST DECLINING BRANDS

Scaled 200% for illustrative purposes.

BRAND VALUE % CHANGE 2020 VS 2019



Size of tag represents brand value.



Even as the economy begins to open up again post-COVID-19, the future of retail is very uncertain. How these brands react in the coming months will determine their value in the next edition of these rankings.

Infographic by Visual Capitalist;
Collaborators:
 Research + Writing: Katie Jones;
 Design: Amy Kuo;
 Art Direction: Melissa Haavisto;
 Editing: Katie Jones

Note: The report uses financial data as of mid-April, and may include the early effects of the pandemic. However, they are not a reflection of future valuations. Source: Brand Z™ / Kantar



LeaderBoard











Retailers **Rising to the Top**

The calculation of brand value refers to the total amount that a brand contributes to the overall business value of the parent company.

In this case, it is measured by taking the financial value of a brand (latest data as of mid-April), and multiplying it by the brand's contribution, or the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

Based on these metrics, activewear brand lululemon is the world's fastest growing retail brand for the second year running. Famous for its culture of accountability and global community events, the brand has struck the perfect balance between a seamless online and offline experience.

Explore the 10 fastest growing retail brands of 2020 below:

Brand	Brand Value 2020	Brand Value % Change 2020 Vs. 2019	Category	Country
lululemon	\$9.7B	40%	Apparel	 Canada
Costco	\$28.7B	35%	Retail	 United States
Amazon	\$415.9B	32%	Retail	 United States
Target	\$10.6B	32%	Retail	 United States
Walmart	\$45.8B	24%	Retail	 United States
JD.com	\$25.5B	24%	Retail	 China
Sam's Club	\$6.8B	19%	Retail	 United States
Alibaba	\$152.5B	16%	Retail	 China
Tanishq	\$2.8B	15%	Retail	 India
Flipkart	\$4.7B	14%	Retail	 India

Interestingly, Walmart holds three spots in the ranking as it also owns Flipkart and Sam's Club. Moreover, the American retail giant purchased a stake in Chinese e-commerce platform JD.com, which has grown from 5% to 12%.

The two brands entered the strategic partnership together with the goal of dominating the Chinese market and surpassing Alibaba.

The Recipe for **Retail Success**

While every retailer has a unique growth strategy, according to the authors of the report, there are three factors that are undeniably crucial for success.

Value: Offering value for money through fair pricing for all products or services.

Uniqueness: Having a clear purpose and standing for something that consumers find meaningful.

Premium: Being perceived as being worth more than the price consumers pay.

Further, research also suggests that successful brands dominate their respective category when it comes to brand awareness and consistently provide experiences that enrich their customers' lives, as demonstrated by lululemon.

As retailers continue to shift their focus towards digital transformation, consumers are still finding great value in having the best of both worlds when it comes to combining e-commerce and brick-and-mortar, otherwise known as "brick and click".



Retailers Struggling to Stay Relevant

Unfortunately, there are several brands that haven't yet mastered this winning combination, and the ruthless pandemic economy has only emphasized their struggles.

Here are the 10 fastest declining retail brands of 2020:

Brand	Brand Value 2020	Brand Value % Change 2020 Vs. 2019	Category	Country
Under Armour	\$2.6B	-34%	Apparel	United States
H&M	\$4.7B	-27%	Apparel	Sweden
Walgreens	\$6.8B	-26%	Retail	United States
Tim Hortons	\$5.4B	-20%	Fast Food	Canada
Subway	\$13.8B	-20%	Fast Food	United States
Burberry	\$3.8B	-18%	Luxury	United Kingdom
M&S	\$2.5B	-18%	Retail	United Kingdom
Uniqlo	\$8.2B	-16%	Apparel	Japan
Dunkin'	\$2.4B	-15%	Fast Food	United States
The North Face	\$2.4B	-14%	Apparel	United States

Under Armour's distribution relies heavily on third party retailers and department stores, so the brand has understandably been negatively impacted by the mass store closures.

While the brand focuses on expanding its personalized and connected fitness product offerings, it faces huge pressure from powerful competitors such as Nike and Adidas who already dominate this space.

A Rising Tide Lifts All Shipments

2020 has instigated a retail renaissance of epic proportions through accelerated digitization and changing consumer values. Ultimately, some brands will be better positioned than others to benefit from these changes.

As retailers begin reopening for business, they are presented with an opportunity to recalibrate the current retail landscape by setting new standards for the industry.

LeaderBoard

Zoom is Now Worth More Than the World's **7 Biggest Airlines**

BY IMAN GHOSH

Amid the COVID-19 pandemic, many people have transitioned to working—and socializing—from home. If these trends become the new normal, certain companies may be in for a big payoff.

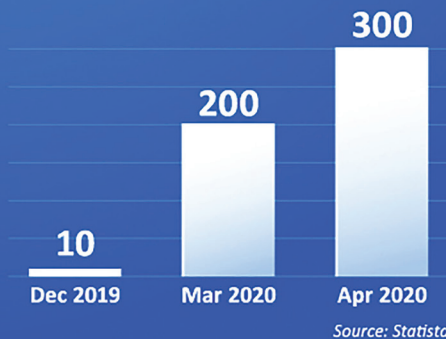
Popular video conferencing company, Zoom Communications, is a prime example of an organization benefiting from this transition. Today's graphic, inspired by Lennart Dobravsky at Lufthansa Innovation Hub, is a dramatic look at how much Zoom's valuation has shot up during this unusual period in history.

MARKET CAPITALIZATION OF ZOOM VS. TOP AIRLINES

zoom
Communications

Market Capitalization
\$48.78B

ZOOM DAILY MEETING PARTICIPANTS (Millions)



Southwest
\$14.04B

DELTA
\$12.30B

UNITED
\$5.87B

IAG INTERNATIONAL AIRLINES GROUP
\$4.11B

Lufthansa
\$3.87B

American Airlines
\$3.89B

AIRFRANCEKLM GROUP
\$2.14B

Source: YCharts, as of May 15, 2020. Top airlines are selected based on their 2019 revenue.
Concept inspired by Lennart Dobravsky at Lufthansa Innovation Hub

Total Airlines
\$46.21B

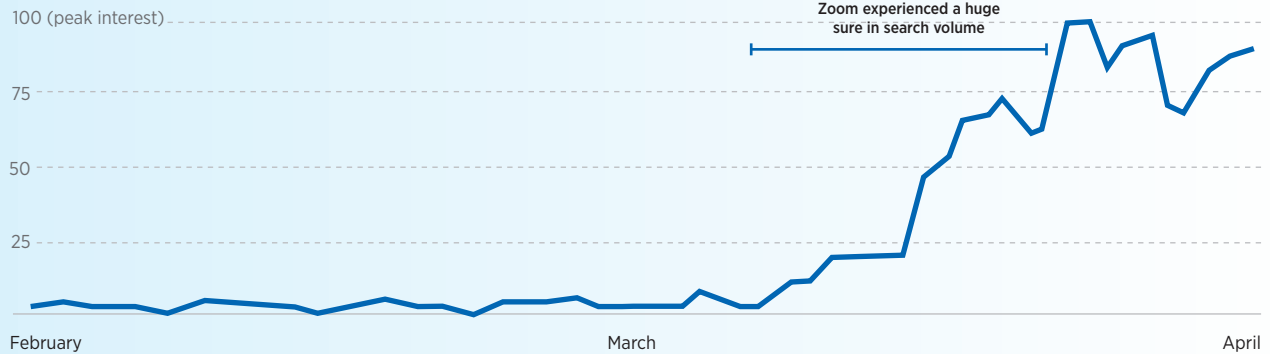
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The Zoom Boom, in Perspective

As of May 15, 2020, Zoom's market capitalization has skyrocketed to \$48.8 billion, despite posting revenues of only \$623 million over the past year.

What separates Zoom from its competition, and what's led to the app's massive surge in mainstream business culture?

GOOGLE TRENDS DATA ON **zoom** (Feb 1 - April 1, 2020)

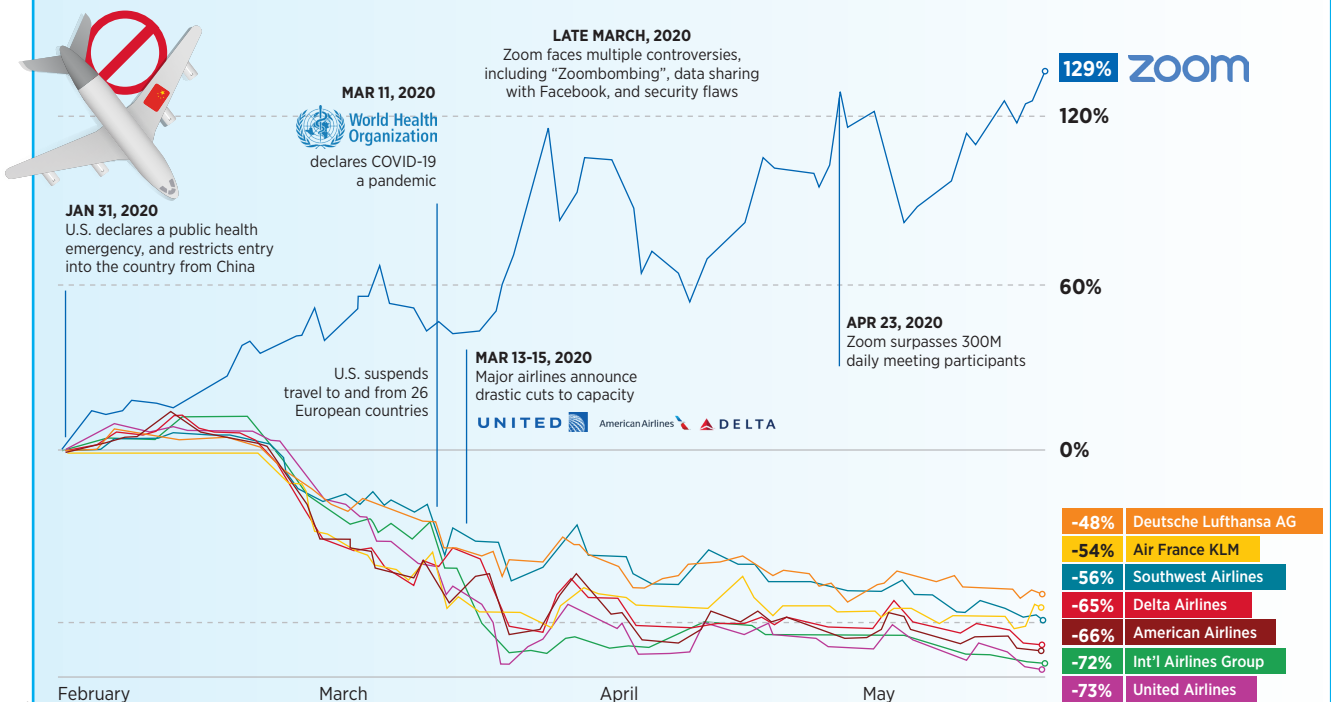


Industry analysts say that business users have been drawn to the app because of its easy-to-use interface and user experience, as well as the ability to support up to 100 participants at a time. The app has also blown up among educators for use in online learning, after CEO Eric Yuan took extra steps to ensure K-12 schools could use the platform for free.

Zoom meeting participants have skyrocketed in past months, going from 10 million in December 2019 to a whopping 300 million as of April 2020.

ZOOM VS THE 7 LARGEST AIRLINES STOCK PERFORMANCE

(% Change, Jan 31 -May 12, 2020)



Source: Barchart, as of May 15, 2020

The Airline Decline

The airline industry has been on the opposite end of fortune, suffering an unprecedented plummet in demand as international restrictions have shuttered airports:

The world's top airlines by revenue have fallen in total value by 62% since the end of January:

Airline	Market Cap Jan 31, 2020	Market Cap May 15, 2020
Southwest Airlines	\$28.440B	\$14.04B
Delta	\$35.680B	\$12.30B
United	\$18.790B	\$5.867B
International Airlines Group	\$14.760B	\$4.111B
Lufthansa	\$7.460B	\$3.873B
American	\$11.490B	\$3.886B
Air France	\$4.681B	\$2.137B
Total Market Cap	\$121.301B	\$46.214B

With countries scrambling to contain the spread of COVID-19, many airlines have cut travel capacity, laid off workers, and chopped executive pay to try and stay afloat.

If and when regular air travel will return remains a major question mark, and even patient investors such as Warren Buffett have pulled out from airline stocks.

Airline	% Change in Total Returns (Jan 31-May 15, 2020)
United	-72.91%
International Airlines Group	-72.16%
American	-65.76%
Delta	-65.39%
Air France	-54.34%
Southwest Airlines	-56.35%
Lufthansa	-48.08%

What Does the Future Hold?

Zoom's recent success is a product of its circumstances, but will it last? That's a question on the mind of many investors and pundits ahead of the company's Q1 results to be released in June.

It hasn't been all smooth-sailing for the company—a spate of “Zoom Bombing” incidents, where uninvited people hijacked meetings, brought the app's security measures under scrutiny. However, the company remained resilient, swiftly providing support to combat the problem.

Meanwhile, as many parts of the world begin taking measures to restart economic activity, airlines could see a cautious return to the skies—although any such recovery will surely be a “slow, long ascent”.

LeaderBoard

Making Billions: **The Richest People** **in the World**

BY DOROTHY NEUFELD

In the last year, the wealth controlled by the world's top 10 billionaires has jumped by over \$76B.

Even in the teeth of jittery markets, many of the world's richest people have seen their wealth surge to new heights as COVID-19 unfolds.

Today's infographic draws data from Forbes Billionaire's List and shows a broad cross-section of the world's billionaires - highlighting their stratospheric wealth in the current economic climate.

1**2****3****4****5****6****7****8****9****10****Top 10 Overall**

\$145B

\$1B

**Jeff Bezos**
\$145.1B**Bill Gates**
\$103.6B**Bernard Arnault & Family**
\$91.5B**Warren Buffett**
\$73.4B**Mark Zuckerberg**
\$68.8B**Larry Ellison**
\$65.9B**Steve Ballmer**
\$62.5B**Amancio Ortega**
\$60.5B**Larry Page**
\$58.4B**Jim Walton**
\$57.0B**1. Jeff Bezos**

Since COVID-19 broke out, Jeff Bezos has made an additional \$24B as Amazon sales skyrocket.

8. Amancio Ortega

Over the last year Amancio Ortega, founder of Zara, has seen his fortune drop by \$2.2B as factories have pivoted to making face masks and medical supplies instead of clothing.

Top 10 Women

\$145B

\$1B

**Alice Walton**
\$56.8B**Francoise Bettencourt Meyers & Family**
\$53.2B**MacKenzie Bezos**
\$47.3B**Julia Koch & Family**
\$42.7B**Jaqueline Mars**
\$27.5B**Yang Huiyan & Family**
\$24.6B**Susanne Klatten**
\$19.1B**Laurene Powell Jobs & Family**
\$17.9B**Zhong Huijuan**
\$16.3B**Wu Yajun & Family**
\$14.3B**1. Alice Walton**

Alice Walton of Walmart fame runs a \$500M private art collection.

3. MacKenzie Bezos

Princeton-grad MacKenzie Bezos owns a 4% stake in Amazon following a 2019 divorce settlement with Amazon CEO, Jeff Bezos.

Top 10 in China

\$145B

\$1B

**Ma Huateng**
\$46.3B**Jack Ma**
\$41.8B**Colin Zheng Huang**
\$25.5B**Yang Huiyan & Family**
\$24.6B**Hui Ka Yan**
\$23.1B**He Xiangjian**
\$22.5B**William Lei Ding**
\$21.2B**Qin Yinglin & Family**
\$19.9B**Wang Wei**
\$17.1B**Zhong Huijuan**
\$16.3B**2. Jack Ma**

Prior to cofounding the e-commerce platform Alibaba Group, Jack Ma taught English. He also owns a Bordeaux Vineyard in France.

7. Qin Yinglin

Qin Yinglin, the chairman of Muyuan Foodstuff Co., saw his net worth more than quadruple in 2019 thanks to surging pork prices.

Top 10 Oldest

\$145B

\$1B

**Chang Yun Chung**
102
\$1.1B**Aloysio de Andrade Faria**
100
\$1.6B**Marcel Adams & Family**
100
\$1.6B**George Joseph**
99
\$1.5B**Robert Kuok**
97
\$10.0B**Sumner Redstone**
97
\$2.8B**David Murdock**
97
\$2.0B**Charles Munger**
97
\$1.7B**Masatoshi Ito**
96
\$3.3B**S. Daniel Abraham**
96
\$2.0B**1. Chang Yun Chung**

Shipping magnate Chang Yun Chung is working with IBM Singapore to build a blockchain supply-chain platform.

8. Charles Munger

Investing legend Charles Munger has said recently about Tesla, "I would never buy it, and I would never sell it short."

Top 10 Youngest

\$145B

\$1B

**Kylie Jenner**
22
\$1.0B**Alexandra Andresen**
23
\$1.2B**Katharina Andresen**
24
\$1.2B**Gustav Magnar Witsoe**
26
\$2.5B**Jonathan Kwok**
28
\$2.1B**Elisabeth Furtwaengler**
28
\$1.3B**Evan Spiegel**
29
\$3.5B**John Collison**
29
\$3.2B**Lisa Draexlmaier**
29
\$1.1B**Ludwig Theodor Braun**
31
\$1.9B**1. Kylie Jenner**

In late 2019, Kylie Jenner sold a 51% stake of Kylie Cosmetics to beauty giant Coty Inc. for \$600M.

7. Evan Spiegel

Evan Spiegel cofounded the popular short-form video app Snapchat with Bobby Murphy (the 12th youngest billionaire) in 2011.

Top 10 Newcomers

\$145B

\$1B

**Eric Yuan**
\$7.8B**Anthony Von Mandl**
\$3.9B**Larry Xiangdong Chen**
\$3.6B**Dmitry Bukhman**
\$3.1B**Igor Bukhman**
\$3.1B**Sun Huaqing**
\$3.0B**Forrest Li**
\$2.4B**Byju Raveendran**
\$1.7B**Jitse Groen**
\$1.5B**Qian Ying**
\$1.5B**1. Eric Yuan**

Zoom, headed by Eric Yuan, saw share prices double between Jan 3 and March 18, 2020.

8. Byju Raveendran

Both Tencent and Mark Zuckerberg are investors in Raveendran's online ed-tech company, Byju's.

Top 10 in Tech

\$145B

\$1B

**Jeff Bezos**
\$145.1B**Bill Gates**
\$103.6B**Mark Zuckerberg**
\$68.8B**Larry Ellison**
\$65.9B**Steve Ballmer**
\$62.5B**Larry Page**
\$58.4B**Sergey Brin**
\$56.3B**MacKenzie Bezos**
\$47.3B**Ma Huateng**
\$46.3B**Jack Ma**
\$42.0B

It's telling that many of the people on this list appear in other top 10 lists - showcasing the immense wealth creation that tech has enabled.

6. Sergey Brin

Brin is now working mostly at X, the moonshot factory, developing breakthrough technological solutions to global issues.

Top 10 in Finance

\$145B

\$1B

**Warren Buffett**
\$73.4B**Jim Simons**
\$21.6B**Joseph Safra**
\$20.0B**Ray Dalio**
\$18.0B**Stephen Schwarzman**
\$17.4B**Petr Kellner**
\$15.8B**Suleiman Kerimov & Family**
\$15.5B**Thomas Peterffy**
\$14.5B**R. Budi Hartono**
\$14.2B**Steve Cohen**
\$13.9B**2. Jim Simons**

Prize-winning mathematician and Renaissance Technologies founder Jim Simons was a code-breaker during the Vietnam War.

4. Ray Dalio

Ray Dalio runs the largest hedge fund in the world, Bridgewater Associates.

Sources: The Guardian, Financial Post, Business Insider, CNBC, Forbes

LeaderBoard

Wealth in Astonishing Circumstances

The below table shows the fortunes of the world's 10 richest people, comparing the numbers from March 5, 2019 to the most recent data from April 22, 2020.

Rank	Name	Net Worth 2020*	Net Worth 2019*	Change 2019-2020
#1	Jeff Bezos	\$145B	\$131B	+\$14.1B
#2	Bill Gates	\$104B	\$97B	+\$7.1B
#3	Bernard Arnault & Family	\$92B	\$76B	+\$15.5B
#4	Warren Buffett	\$73B	\$83B	-\$9.1B
#5	Mark Zuckerberg	\$69B	\$62B	+\$6.5B
#6	Larry Ellison	\$66B	\$63B	+\$3.4B
#7	Steve Ballmer	\$63B	\$41B	+\$21.3B
#8	Amancio Ortega	\$61B	\$63B	-\$2.2B
#9	Larry Page	\$58B	\$51B	+\$7.6B
#10	Jim Walton	\$57B	\$45B	+\$12.0B
Total Change				+\$76.2B

Source: Forbes - *As of April 22, 2020 **As of March 5, 2019

Gaining the highest across the top 10 is former Microsoft CEO Steve Ballmer, who saw his fortune rise over \$21 billion since March 2019.

Facing the steepest losses belong to investing luminary Warren Buffett, whose net worth has dropped over \$9 billion over the past year. At year-end 2019 Buffett was a 11% shareholder in Delta Airlines. In April, Buffett sold 13 million shares in the airline.

Meanwhile, Mark Zuckerberg's fortune is holding steady. Amazingly, the Facebook founder still remains one of the world's youngest billionaires (ranking 22nd out of 2,095) despite first joining the billionaire club a dozen years ago.

Newcomers to the List

As a new decade begins, who are among the most newly-minted billionaires?

Eric Yuan, CEO of Zoom has climbed in the ranks as online video communication demand soars. Zoom went public in April 2019 at a stunning \$9.2 billion IPO valuation. As of April 24, 2020, Zoom was valued at over **\$44.3 billion**.

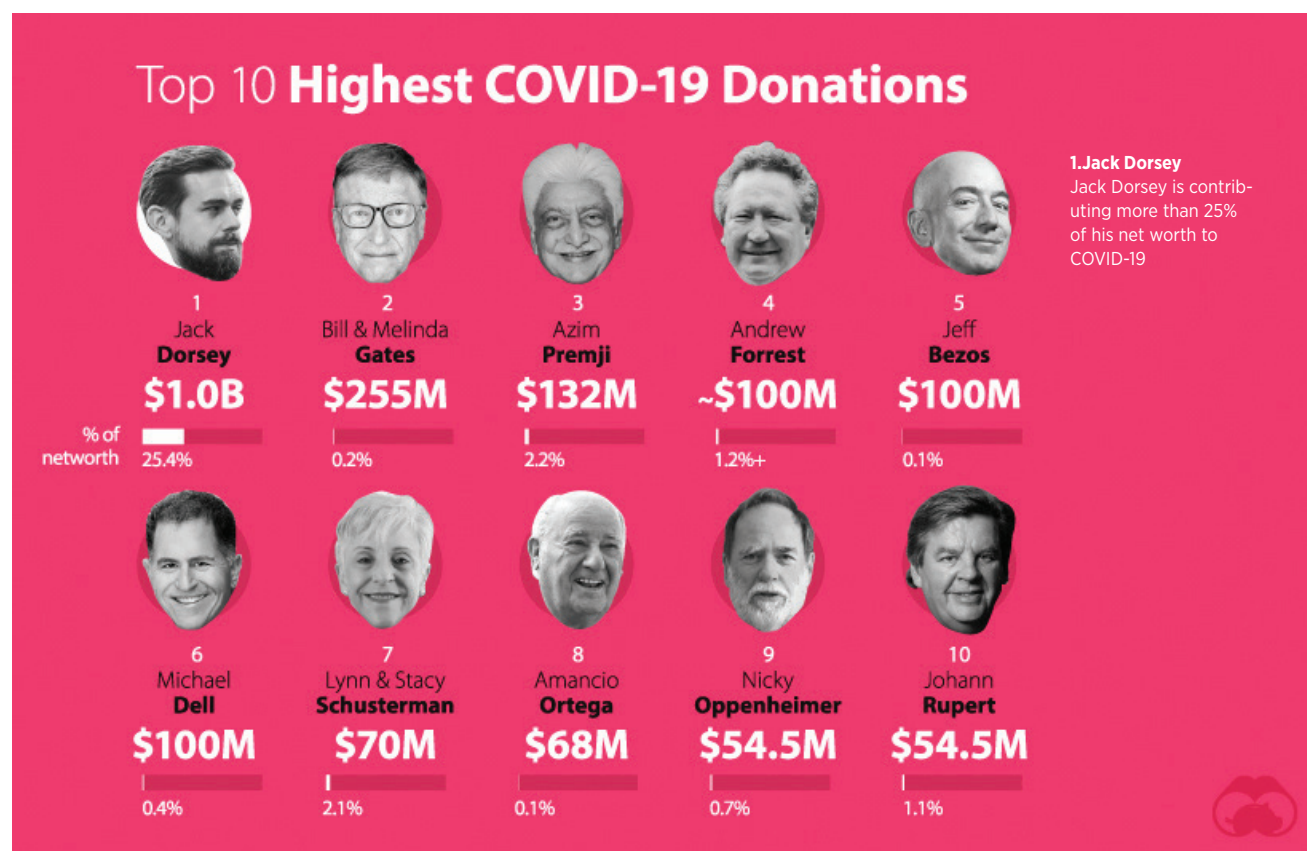
Similarly, Netherland's Jitse Groen has witnessed his food-delivery company Takeaway.com expand extensively. Takeaway.com currently operates in 11 countries across Europe and received regulatory approval to complete a \$7.6 billion merger with JustEat in April.

Forrest Li who runs Sea, an online-gaming and e-commerce company, has similarly joined the ranks. Tencent and private equity firm General Atlantic are among its major stakeholders.

Rank	Name	Net Worth	Source of Wealth
#1	Eric Yuan	\$7.8B	Zoom
#2	Anthony von Mandl	\$3.9B	Mark Anthony Brands
#3	Larry Xiangdong Chen	\$3.6B	GSX Techedu
#4	Dmitry Bukhman	\$3.1B	Playrix
#5	Igor Bukhman	\$3.1B	Playrix
#6	Sun Huaiqing	\$3.0B	Guangdong Marubi Biotechnology
#7	Forrest Li	\$2.4B	Sea Group
#8	Byju Raveendran	\$1.7B	Byju's
#9	Jitse Groen	\$1.5B	Takeaway.com
#10	Qian Ying	\$1.5B	Muyuan Foods

Wealth in Astonishing Circumstances

The below table shows the fortunes of the world's 10 richest people, comparing the numbers from March 5, 2019 to the most recent data from April 22, 2020.



Twitter CEO Jack Dorsey is donating roughly 25% of his net worth to COVID-19 in the form of Square stock, valued at \$1B. His donation, which was placed in a donor-advised fund called Start Small LLC, is more than four times higher than any other billionaire. That said, after the pandemic, Dorsey also stated that this money may also go towards girl's health and education, as well as universal basic income (UBI).

Overall, 77 of the world's billionaires have made public contributions related to the COVID-19 pandemic, just a fraction of the world's ultra-rich.

As COVID-19 continues to spread globally, will the world's billionaires still accumulate wealth at greater speeds, or will a different picture emerge as unconventional policies around the world become increasingly commonplace?

Rank	Name	COVID-19-Related Donation	% of Net Worth
#1	Jack Dorsey	\$1B	25.6%
#2	Bill & Melinda Gates	\$255M	0.2%
#3	Azim Premji	\$132M	2.2%
#4	Andrew Forrest	\$100M+	1.2%+
#5	Jeff Bezos	\$100M	0.1%
#6	Michael Dell	\$100M	0.4%
#7	Lynn Schusterman, Stacy Schusterman	\$70M	2.1%
#8	Amancio Ortega	\$68M	0.1%
#9	Nicky Oppenheimer	\$54.5M	0.7%
#10	Johann Rupert	\$54.5M	1.1%

*As of April 15, 2020

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Mapped: The World's Ultra-Rich, by Country

BY DOROTY NEUFELD

The global number of ultra-high net-worth individuals (UHNWIs) – those with over \$30 million in assets – has continued to rise over the years.

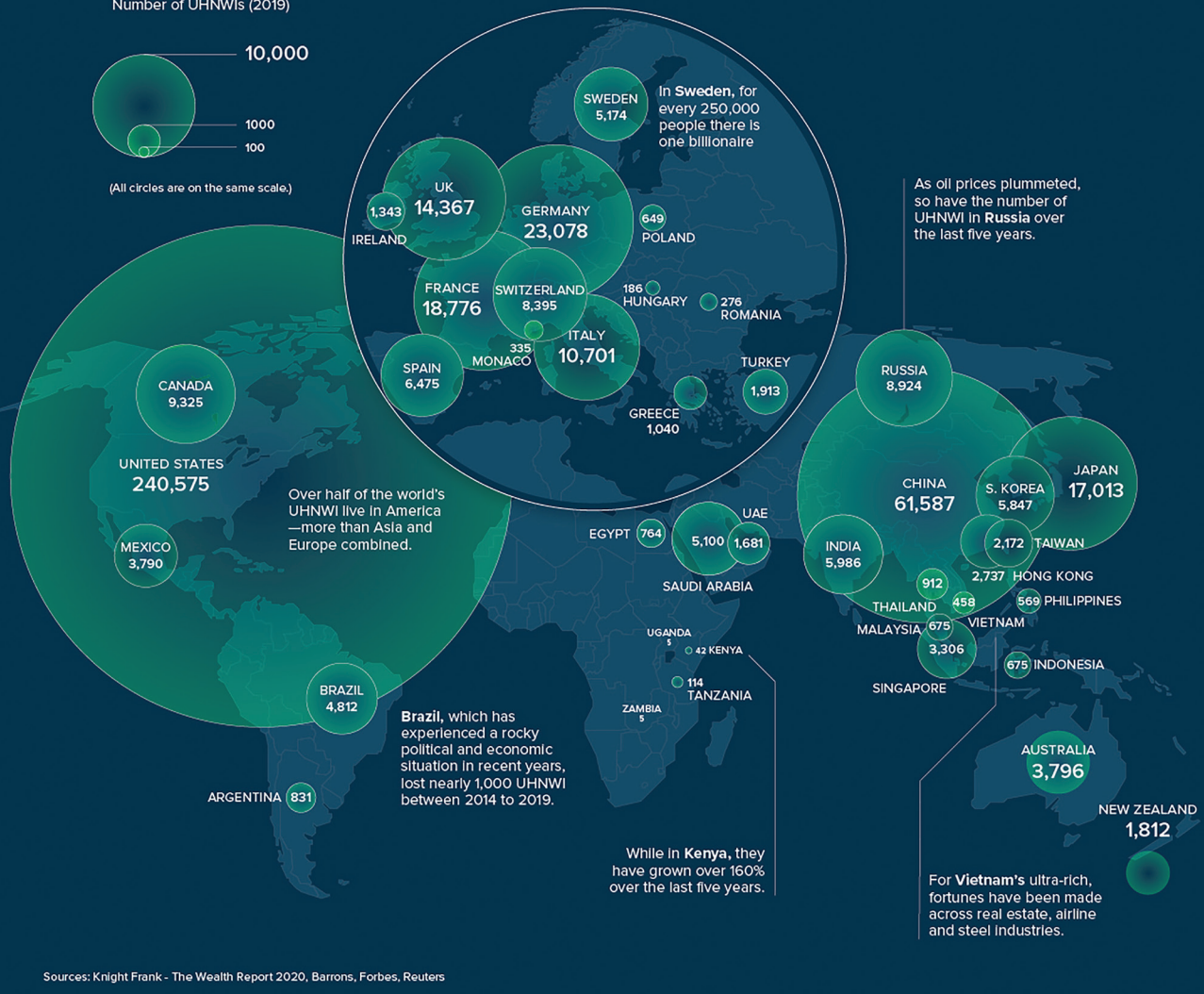
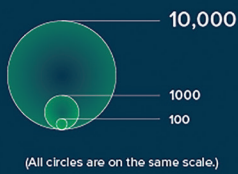
Today's infographic draws data from Knight Frank's 2020 Wealth Report released in March, and it shows which countries have the highest number of UHNWIs, as well as how that number is projected to change in years to come.

Where the Ultra Wealthy Live

UHNWI: Ultra-high-net-worth individual

Someone with a net worth of over US\$30 million including their primary residence.

Circle Size:
Number of UHNWIs (2019)



Sources: Knight Frank - The Wealth Report 2020, Barrons, Forbes, Reuters

LeaderBoard

No Ordinary **Millionaire**

To start, let's look at where the world's wealthiest could be found in 2019, which is both the peak of the decade-long bull market and the most recent year of data covered by the report.

Rank	Country	Ultra-High Net Worth Population	1-Year Change (%)
#1	United States	240,575	5.9%
#2	China	61,587	14.7%
#3	Germany	23,078	0.8%
#4	France	18,776	7.9%
#5	Japan	17,013	17.0%
#6	UK	14,367	3.6%
#7	Italy	10,701	20.8%
#8	Canada	9,325	5.3%
#9	Russia	8,924	3.9%
#10	Switzerland	8,395	3.0%
#11	Spain	6,475	-1.1%
#12	India	5,986	0.2%
#13	South Korea	5,847	21.6%
#14	Sweden	5,174	0.3%
#15	Saudi Arabia	5,100	0.0%

While the U.S. maintained its foothold, the ultra-rich in South Korea and Italy have grown over 20% each since 2018. An economic model focused on exports, conglomerates, and select manufacturing industries could likely be behind the UHNWI boom in South Korea.

Interestingly, the number of ultra-wealthy in Saudi Arabia increased by only one individual between 2018 and 2019.

Multi-Millionaire **Next Door**

Taking a closer look, what made up the wealth of this ultra rich population? Knight Frank found that 27% of UHNWI wealth was locked up in property investments:

Property as an Investment	Equities	Bonds/Fixed Income	Cash	Private Equity	Collectables	Gold/Precious Metals	Crypto
27%	23%	17%	11%	8%	5%	3%	1%

In terms of more liquid assets, the average UHNWI held 23% of their wealth in equities, 17% in bonds, 11% in cash, and 3% in precious metals. It will be illuminating to see how, or if, this changes in the aftermath of the ongoing COVID-19 economic crisis.

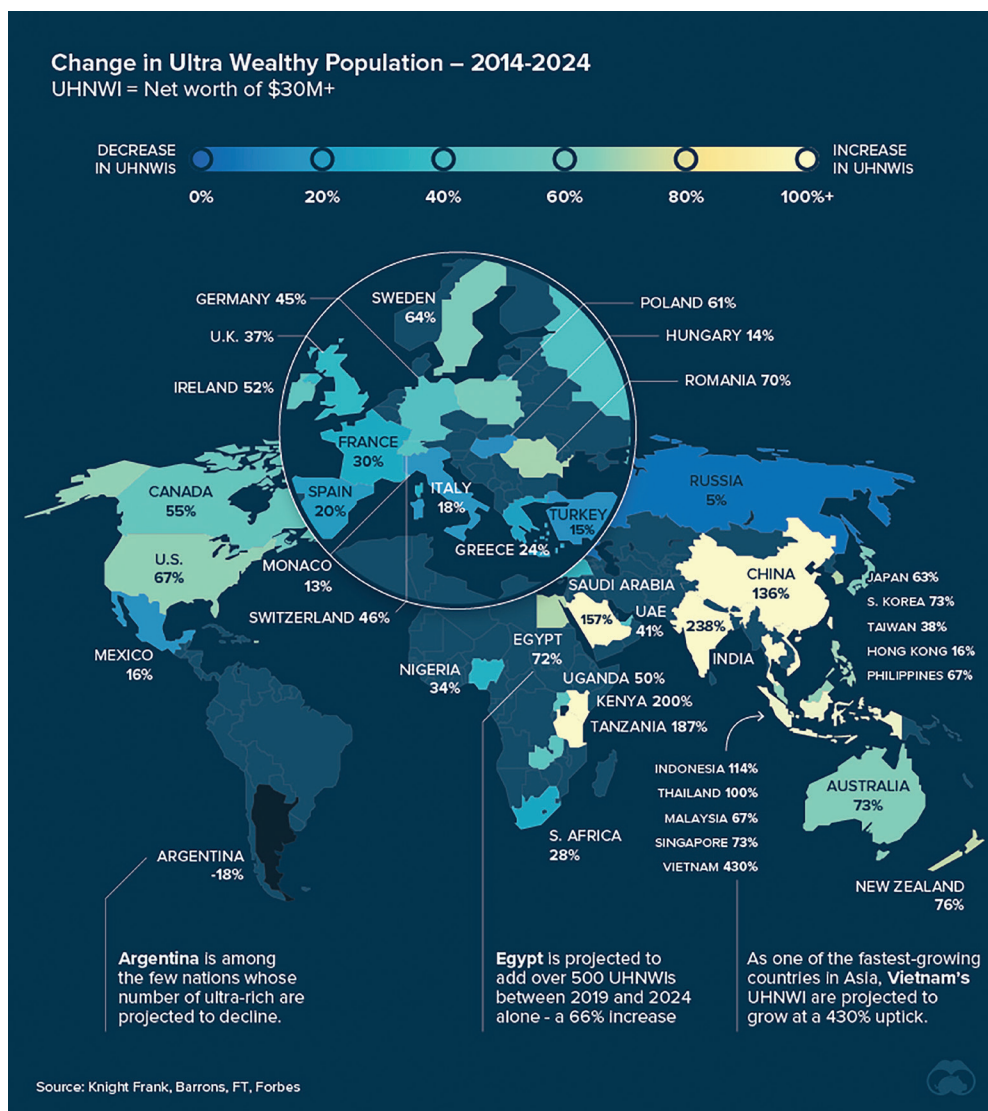
The Future Destination Hubs

Fast-forward to 2024, and Knight Frank estimates that the global hotspots of the world's wealthiest will remain consistent, with some notable winners over the decade.

The greatest difference will be the rising cohort of the ultra-wealthy in China and India, both projected to grow by triple digits between 2014 and 2024. This burgeoning middle class in China is driving domestic consumption and is transforming the consumer landscape.

As the ripple effects of COVID-19 continue to take hold, experts pose differing opinions on how its impacts on the global economy will unfold.

Could the crash hasten the number of ultra-rich as inequality is laid bare, or will wealth be redistributed in response to the unprecedented crisis?



Rank	Country	UHNWIs (Projected, 2024)	10-Year Change (Projected, %)
#1	U.S.	293,136	67.0%
#2	China	97,082	135.8%
#3	Germany	26,819	45.0%
#4	France	22,728	29.7%
#5	Japan	19,110	63.3%
#6	UK	18,818	36.7%
#7	Italy	12,508	17.6%
#8	Canada	11,928	54.8%
#9	Russia	11,019	4.8%
#10	India	10,354	238.3%

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Visualizing the Countries Most Reliant on Tourism

BY DOROTHY NEUFELD

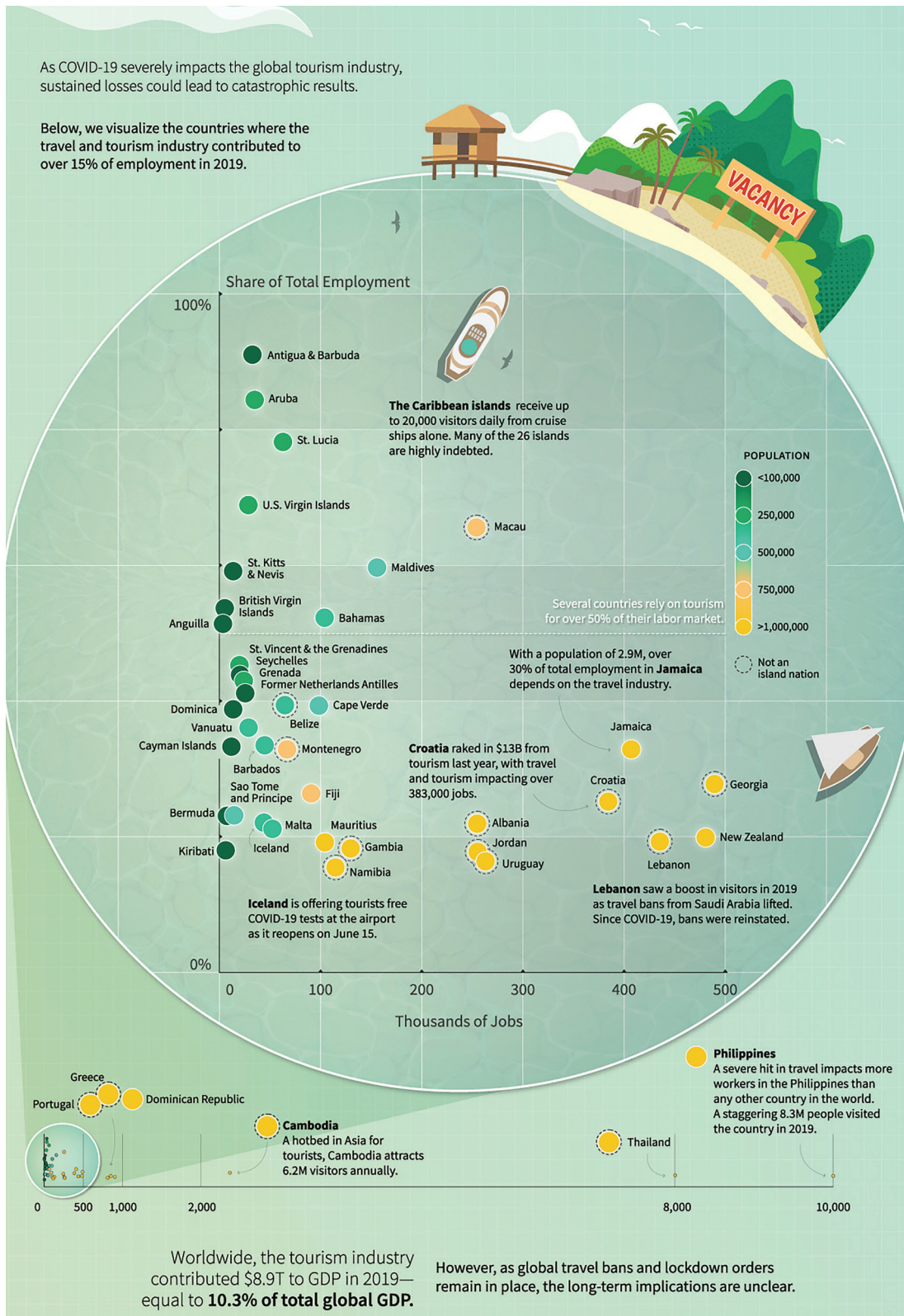
Without a steady influx of tourism revenue, many countries could face severe economic damage.

As the global travel and tourism industry stalls, the spillover effects to global employment are wide-reaching. A total of 330 million jobs are supported by this industry around the world, and it contributes 10%, or \$8.9 trillion to global GDP each year.

This infographic uses data from the World Travel & Tourism Council, and it highlights the countries that depend the most on the travel and tourism industry according to employment—quantifying the scale that the industry contributes to the health of the global economy.

As COVID-19 severely impacts the global tourism industry, sustained losses could lead to catastrophic results.

Below, we visualize the countries where the travel and tourism industry contributed to over 15% of employment in 2019.



Infographic by Visual Capitalist;
Source: WTTC, WEF, Reuters, CNN, Al Jazeera, BBC

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Ground Control

Worldwide, 44 countries rely on the travel and tourism industry for more than 15% of their total share of employment. Unsurprisingly, many of the countries suffering the most economic damage are island nations.

At the same time, data reveals the extent to which certain larger nations rely on tourism. In New Zealand, for example, **479,000** jobs are generated by the travel and tourism industry, while in Cambodia tourism contributes to **2.4 million** jobs.

Rank	Country	T&T Share of Jobs (2019)	T&T Jobs (2019)	Population
1	Antigua & Barbuda	91%	33,800	97,900
2	Aruba	84%	35,000	106,800
3	St. Lucia	78%	62,900	183,600
4	US Virgin Islands	69%	28,800	104,400
5	Macau	66%	253,700	649,300
6	Maldives	60%	155,600	540,500
7	St. Kitts & Nevis	59%	14,100	53,200
8	British Virgin Islands	54%	5,500	30,200
9	Bahamas	52%	103,900	393,200
10	Anguilla	51%	3,800	15,000

Croatia, another tourist hotspot, is hoping to reopen in time for peak season—the country generated tourism revenues of \$13B in 2019. With a population of over 4 million, travel and tourism contributes to 25% of its workforce.

How the 20 Largest Economies Stack Up

Tourist-centric countries remain the hardest hit from global travel bans, but the world's biggest economies are also feeling the impact.

In Spain, tourism ranks as the third highest contributor to its economy. If lockdowns remain in place until September, it is projected to lose **\$68 billion** (€62 billion) in revenues.

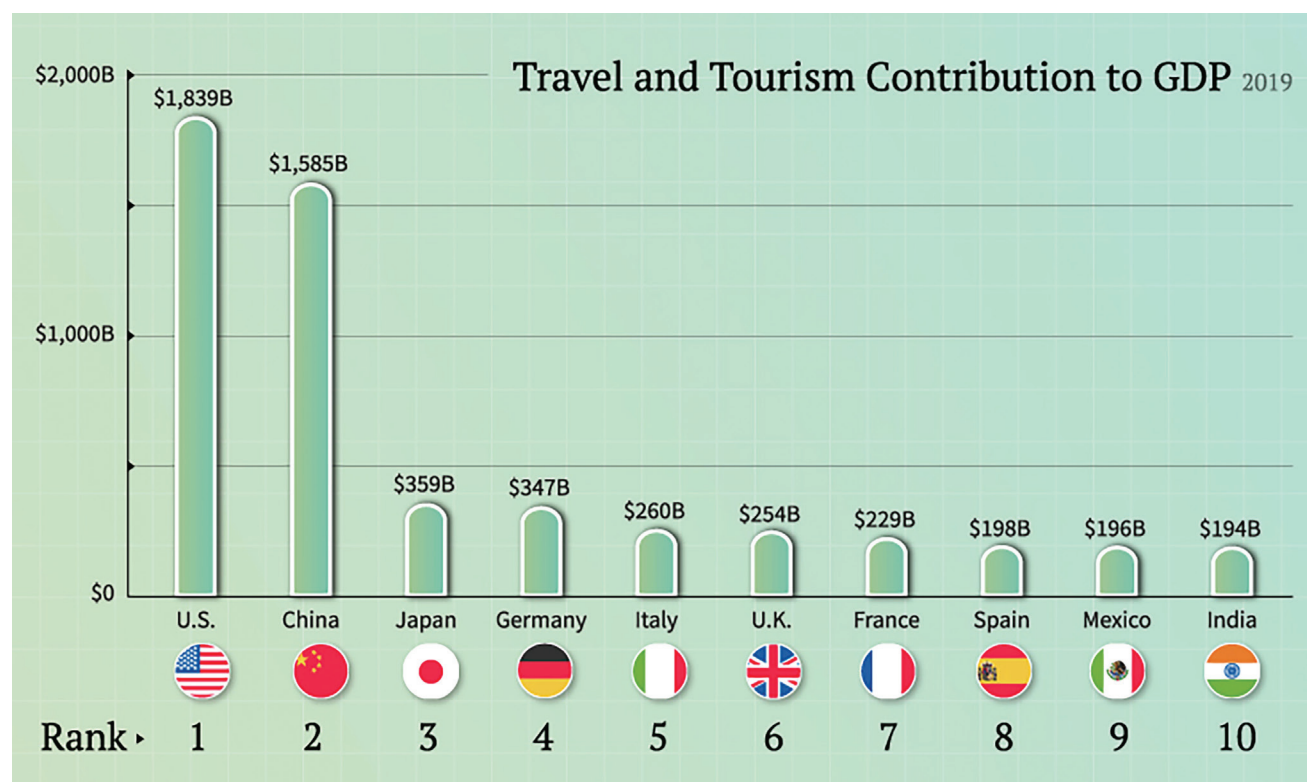
On the other hand, South Korea is impacted the least: just 2.8% of its GDP is reliant on tourism.

Rank	Country	Travel and Tourism, Contribution to GDP
1	Mexico	15.5%
2	Spain	14.3%
3	Italy	13.0%
4	Turkey	11.3%
5	China	11.3%
6	Australia	10.8%
7	Saudi Arabia	9.5%
8	Germany	9.1%
9	United Kingdom	9.0%
10	U.S.	8.6%

Travel, Interrupted

Which countries earn the most from the travel and tourism industry in absolute dollar terms?

Topping the list was the U.S., with tourism contributing over \$1.8 trillion to its economy, or 8.6% of its GDP in 2019. The U.S. remains a global epicenter for COVID-19 cases, and details remain unconfirmed if the country will reopen to visitors before summer.



Meanwhile, the contribution of travel and tourism to China's economy has more than doubled over the last decade, approaching \$1.6 trillion. To help bolster economic activity, China and South Korea have eased restrictions by establishing a travel corridor.

As countries slowly reopen, other travel bubbles are beginning to make headway. For example, Estonia, Latvia, and Lithuania have eased travel restrictions by creating an established travel zone. Australia and New Zealand have a similar arrangement on the horizon. These travel bubbles allow citizens from each country to travel within a given zone.

Of course, COVID-19 will have a lasting impact on employment and global economic activity with inconceivable outcomes. When the dust finally settles, could global tourism face a reckoning?

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Entertainment **Top 5**

Meet the successful younger generation who are creating a new climate within the Georgian entertainment industry.

Nikoloz Kandelaki, 28

EASTERN PROMOTIONS, OFFICIAL REPRESENTATIVE TO FOREIGN COUNTRIES

Nikoloz Kandelaki is an official business representative of Eastern Promotions. Mr Kandelaki is the only professional in the Caucasus region to have a Master of Arts in Music Industry Administration. As an official representative of Eastern Promotions abroad, he conducts meetings with the agents and managers of any given artist on behalf of the company.

Eastern Promotions is one of the more distinguished organizations within the music industry, dealing with notable and highly acclaimed artists from around the globe and organizing their concerts in the Caucasus region.

Eastern Promotions organized the concerts of celebrated musicians such as Snoop Dogg, Elton John, The Chemical Brothers, The Prodigy, and Sting. Mr Kandelaki worked as a Tour Manager for Macy Gray and as an intern for Quincy Jones Productions. Currently, he is the co-executive producer of Nik West's new album – "Moody".



Boris Kiknadze, 29

FORTUNEJACK, DIRECTOR

Boris Kiknadze is the executive of FortuneJack. Founded in 2014, the company was one of the pioneers to have created Crypto Casino. Currently, the platform unites 9 cryptocurrencies, including Bitcoin, Litecoin, Ethereum, Tron, and so on. FortuneJack offers over 2,500 games to its customers. Unlike standard online casinos, crypto and blockchain gambling is much more dependable, faster, safer, and simpler. Despite FortuneJack being a Georgian startup, it is represented in the foreign market.

Mr Kiknadze joined the group in 2019. Today the startup consisting of four members is one of the leaders of the industry. Simultaneously, the FortuneJack team founded a blockchain-games studio – Orbital Gaming, which crafts innovative and unique Blockchain & Provably Fair games. Orbital Gaming is going to be one of the trailblazers in the world to have created such kinds of games.

Koka Gogokhia, 29

STOCKTON, FOUNDER

Koka Gogokhia founded Stockton in 2019. The company is mainly focused on managing artists and music events.

The essence of Stockton's business can be compressed into the phrase – “let the world hear voices from Georgia”. The company's raison d'être is to introduce the world to the work of Georgian performers, which is a necessary precondition to raising global awareness about Georgian music.

One of the main reasons behind the creation of Stockton was to improve the quality of the music industry. The present-day Georgian music industry requires development. The company, despite the challenging environment, is aiding bands in realizing their full potential.

Stockton currently represents two popular Georgian bands – Green Room and MokuMoku.

It is worth noting that Koka Gogokhia has been working in the management team of Tbilisi Open Air since 2014. This is an annual music festival held since 2009.



Aleksandre Buadze, 21

COLLECTIVE K7B67, CO-FOUNDER

Aleksandre Buadze is a co-founder of Collective K7B67, a multifunctional space encompassing several aspects– a platform for beginner DJs, a vendor for professional sound-systems, and a club for the wider public and corporations alike.

The space offers novices in DJing an environment where they can work with professional equipment and hone their skills.

The club space offers listeners live concerts of electronic music. Collective K7B67 has hosted both Georgian and foreign artists such as Airod, Digital Groove Affair, Trotsky, Puritan, and many more.

Aleksandre Sulaqvelidze, 28

TBILISI OPEN AIR, TECHNICAL MANAGER

Aleksandre Sulaqvelidze is the technical manager of Tbilisi Open Air. His is one of the key positions, playing a significant role in organizing various festivals and events.

Mr Sulaqvelidze's tasks extend to every technical detail of a given event; including, but not limited to negotiating with artists about their technical requirements, communicating with the suppliers of technical equipment, and the management thereof. He ensures the adequate functionality of such aspects of venues as scene, sound, light, screens, and visual display.

Aleksandre Sulaqvelidze joined the Altevizion Group in 2011. He was an organizer of Tbilisi Open Air.

Mr Sulaqvelidze is a participant of the campaign 'Men Care', organized by the U.N. The program aims to encourage Georgian men to participate more in family life and in the raising of children.





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The Tech Top 10

Technology is a category that unites those under 30 years of age. Through the use of innovative technology, this group are trying to change Georgia's business atmosphere and social environment, ease communication between people, and create a better future.

Nikoloz Kvaratskhelia, 20

FEEDC, FOUNDER

Nikoloz Kvaratskhelia is the founder of Feedc. The platform enables its users to integrate into the worldwide network.

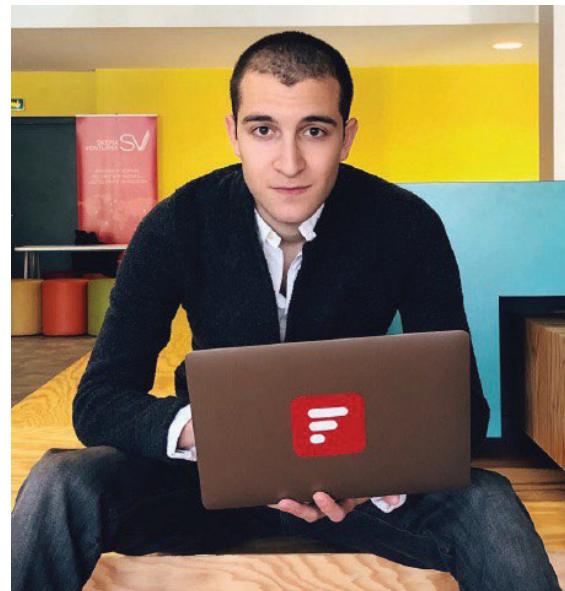
The main component of the Feedc navigation space is the user's location. Meaning that a user can find out the comings and goings within a 5km radius. Also, one can gather information, quickly and easily, about the latest developments in a given city or even a village.

It is worthwhile to note that in Feedc's network, regular citizens play the role of a narrator. This enables the users of the platform to receive the desired information from the epicenter of the news.

Feedc is a platform, which unites the best and most interesting posts from various nations.

Despite only being created in 2019, Feedc has already acquired quite an acclaim. The social network unites companies such as Microsoft, Skype, Bank of Georgia, and others.

In 2020, the Feedc team created the first-ever Georgian online education space—Feedc Edu, which aids the online education process and plays the role of a mediator between students and teachers.



Lasha Antadze, 30

SHELF.NETWORK, FOUNDER

Founded by Lasha Antadze, Shelf.Network enables you to place a product on multiple online platforms and conduct synchronized auctions across online marketplaces. The commerce distribution model creates an arbitrating network where the control in e-commerce becomes significantly less arduous.

Shelf.Network's current focus is on the development of the commercial network of used vehicles and, currently, represents the largest aggregate in Europe by amount of inventory – 500,000 monthly available auctions from companies such as BNP Paribas-Arval, Adesa.eu, Copart, and IAAI.

The focus on the auto industry became the reason for the company's success because the used vehicle sector is second in global commerce and one of the leading fluid assets amongst nations. Shelf's institutional investors are Techstars Ventures and Broadleaf Automotive, the manufacturer of auto industrial programs and listed on the Tokyo Stock Exchange.

The company actively cooperates with leading U.S. dealerships, Western European leasing companies, and aids them to establish their presence in the Eastern European market via synchronized auctions. Also, in Japan, they operate as Shelf AP-Asia Pacific, which is implementing the platform for Japanese vehicles in Southern Asia – specifically, New Zealand and the Philippines academic.

Lasha Antadze is the recipient of international prizes such as the Frontier innovation award for Blockchain implementation in 2018, Automechanika Frankfurt, Car remarketing award in 2019, and Blockshow in 2018.





Vakhtang Veliashvili, 30

LINGWING, CO-FOUNDER

Vakhtang Veliashvili is the co-founder of Lingwing, an educational platform. The online educational space allows its users to, quickly and easily, learn a desired language.

Lingwing is distinguished by its effective methodology, which is based upon the guidelines set by the Council of Europe. This is a messenger-type application that aids its users in learning a new language via chat and conversation.

Lingwing, during the initial phase of learning, utilizes the bilingual method of study. In the successive phase, it uses the bilingual-semantic frame. The algorithm regulates the fluctuation between the phases that enables one to master a given language in a relatively short period of time.

It is worthwhile to note that Lingwing is the first company on the Georgian market to have employed this methodology within the educational online sphere.

Currently, the platform has 175,000 users. The interest in Lingwing is on the rise not only locally, but internationally as well. Kazakhstan, Bangladesh, and Israel have already shown an interest in Lingwing.

Luka Chkhetiani,

21

SYSTEM CORP., FOUNDER

Luka Chkhetiani is the founder of SYSTEM CORP, a company that works on the research and maintenance of mechanical intelligence. The company has been operating on the global market for three years and has received international acclaim from institutions such as IEEE, MSOFT AI Guardian, MSOFT Imagine Cup, MIT Grand Hack, NVIDIA Inception Incubator, and others.

The principal aim of the company is the implementation of wide-ranging program maintenance within corporations. To achieve this goal, they actively conduct rigorous commercial and academic research in the field of mechanical intelligence.

In 2019, SYSTEM CORP became a member of NVIDIA Inception Incubator and received equity-free funding exceeding \$150,000. Currently, the company is on the global market, and interest in its activities is increasing annually. In the fourth quarter of the 2019 fiscal year, SYSTEM CORP's sales increased by 250%.

It is worthwhile to note that SYSTEM CORP also cooperates with medical organizations to automate their dermatological, cardiological, and ophthalmological diagnostics.

SYSTEM CORP's partners include corporate giants such as NVIDIA, Microsoft, Massachusetts Institute of Technology, and IEEE. This cooperation with SYSTEM CORP resulted in the creation of a voice marketing agent, Marco, and a full-time academic assistant at the Technological University, BTU.ai.



Davit Khasaia, 23

WEBER TECHNOLOGIES, CO-FOUNDER

Davit Khasaia is a co-founder of Weber Technologies, a company manufacturing smart electronic charging systems. The startup was created in 2018 and appeared on the market in 2019.

Weber Technology's principal aim is to aid the development of green technology in Georgia. That is the reason behind the motivation to popularize the electric vehicle sector and improve the existing technological challenges within the nation.

The prime motivator of Weber Technologies is the idea of a green future—the company is trying to improve the current situation and aims to make electronic transportation an effective alternative to petrol, diesel, and gas vehicles nationwide.

To achieve the aforementioned goal, they are creating affordable chargers to deter the general public from using vehicles with a combustion engine.

It is worthwhile noting that each product the company produces corresponds with international standards, recommendations, and protocols. Currently, Weber Technology is moving towards an active certification process. After completing this step, the company will enter the global market.





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Vasil Dalakishvili, 29

NATIONAL BANK OF GEORGIA

Vasil Dalakishvili is the head data analyst at the National Bank of Georgia (NBG). His principal activities consist of effective management of existing data, the creation of sustainable databases, and the proper delivery of customer services day-and-night.

Mr Dalakishvili has implemented the Business Intelligence Solution at NBG. The chief aim of the project was the simplification of customer relations. For this reason, Business Intelligence was created – a platform, which after analyzing data and processing information enables the executives, managers, and other members of the corporate world to make informed and business-oriented decisions. The Business Intelligence platform allows customers to quickly and easily receive statistical information.

Vasil Dalakishvili was also involved in the creation of the Business Continuity Plan at NBG. The project enabled the creation of a data recovery system, which operates following international standards and business guidelines.



Tamar Menteshashvili, 27

JIAO TONG UNIVERSITY BLOCKCHAIN HUB, FOUNDER

Tamar Menteshashvili is a pioneer on the Georgian market and globally in the domain of technology, cryptocurrency research and development.

A lawyer by education, who after being involved in the technology space believes that in the contemporary world the concept of “boundaries” is obsolete. For this reason, Miss Menteshashvili aims to familiarize younger generations with the endless possibilities afforded by the internet and technology. This “world” is the principal component that enables young people to discover their interests and possibilities.

Tamar Menteshashvili is the founder of Jiao Tong University Blockchain Hub. She created the hub in China. The principal aim of SJTU Blockchain HUB was to connect the resources of private and public sectors to academia. Currently, the organization is the largest initiative operating in the wider Asia region, uniting a wide variety of professors and students.

Tamar Menteshashvili also works at Binance as the director of its corporate development strategy department. She manages a decentralized team of sixteen remotely. The company’s services are being utilized in 160 countries worldwide.

To connect youth with technology, Tamar Menteshashvili alongside other co-founders, has created the Global Education Union. The organization conducts free training and lectures for students. Their goal is to support the youth interested in technology. For these reasons, they are planning to fund Georgian students interested in STEM.



Sopho Chkoidze, 24

PULSAR, CO-FOUNDER

Pulsar AI SaaS (Software-as-a-Service) is a business model startup, which in Georgia, and now in the United States, is working on the creation of solutions based upon artificial intelligence. The company was created in 2016 and Sopho Chkoidze was one of its founders.

The company creates an opportunity for direct communication with American clientele and aids the vehicle dealers to, quickly and effectively, conduct their services.

In Georgia, Pulsar became the leading artificial intelligence firm. Its employees are working on the creation of missing technology on the market. Especially, the processing of the Georgian language via a computer in terms of voice technologies. They have created a Georgian-speaking voice assistant, distance verification of users, media-monitoring, and the renowned bots –Ti Bot, B Bot, Super B, and Silk Bot.

The financing of Pulsar totals \$1.2 million worth of investment and a 650,000 grant from Georgia's Innovation and Technology Agency. It is important to note that Pulsar is the only Georgian startup that has been able to attract investment from Silicon Valley. Its investors are the famed so-called "angel investors" and venture funds such as Rindge Ventures, Great Oaks VC, the well-known political consultant Mike Murphy, Ten Eighty Capital, and others.

On the Georgian market, Pulsar cooperates with leading businesses such as TBC Bank, TBC Insurance, VEON, GWP, Space, Silknet, VTB Bank, and many more.



Mariam Kupatadze, 29

FLASHGRID GEORGIA LLC,
DIRECTOR

Mariam Kupatadze is the executive director of Flashgrid Georgia. Flashgrid Inc. is a corporation that supports companies with cloud transfers. Flashgrid Georgia is an affiliate of the American-based Flashgrid Inc. The company has been on the Georgian market since 2019.

Mariam Kupatadze has been employed at Flashgrid Inc. since 2017 as the senior architect, and in 2019, became the executive director of the company's Georgian branch.

It is pertinent to note that Flashgrid is the only company on the global market to offer its customers the transfer of RAC servers. The company cooperates with tech giants such as Amazon, Microsoft, and Google.

Flashgrid has customers not only in the United States but also in European countries, and offers support around-the-clock. To cover the whole of the European time zone, Flashgrid decided to open an affiliate representative in Georgia. Flashgrid Georgia ensures constant technical support to its European customers. Locally, the company serves over fifty Georgian companies.



Rati Gvelesiani, 26

SMART WEB, FOUNDER

Rati Gvelesiani founded Smart Web, a digital agency in 2009, when he was only 16 years of age. The agency offers its customers a wide array of services, including logo design, brand identity, social media management, SEO optimization, and digital marketing.

In 2019, the company had 700 customers. It is worthwhile to note that the interest in the Smart Web services is not only local, but also global. The agency works with companies based in the EU, U.S., China, and Ukraine. Smart

Web's customers include renowned companies such as Coca Cola, UNDP, Europe Foundation, Toyota, Hyundai, Schwarzkopf, Yamaha, Kawasaki, Crocobot, Adjarabet, Julius Meinl, Dirsi, Aversi, Georgia, and many more.

Besides Smart Web, Mr Gvelesiani has also founded other companies, such as Hiro.Ge (an employment platform), Smart Host (a hosting-service company); and ALIENS (a creative agency), which operates both on the Georgian and European market.



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Entrepreneurial Top 10

Meet the entrepreneurial ten. The winners in the category of Entrepreneurship aim to develop a robust society within Georgia. They seek to alter the nation's socio-economic life for the better.



Tornike Chkhaidze, 29

UKVE LLC, FOUNDER

In 2016, Tornike Chkhaidze founded Ukve, one of the pioneers in Asian fast food in Georgia. The service was one of the first to offer sushi and other Asian dishes to its customers at an affordable rate. This innovative approach resulted in the creation of a novel sector within the Georgian market.

Currently, Ukve is one of the largest Asian cuisine chains in the country.

Ukve serves approximately 300 customers daily. Due to high demand, the company has grown considerably and presently owns five restaurants citywide.

It is worthwhile to note that Tornike Chkhaidze is, also, a co-founder of a consulting firm, SavvY. Mr. Chkhaidze aids private companies with the processes of planning and development.

Marekhi Gvaramadze, 30

KANT'S ACADEMY, FOUNDER

Marekhi Gvaramadze is the founder and general director of Kant's Academy. Her aim is to implement a novel vision within the Georgian education system and then transform it.

Founded in 2015, an informal education platform, Kant's Academy, is currently one of the leading institutions within the Georgian education system.

The raison d'être of Kant's Academy is the creation of informed citizens and leaders of the future. Its graduates, numbering 4,000, are using the education received at the academy to spread Western values and experience within the nation.

Due to Ms. Gvaramadze's efforts, Kant's Academy became the official representative of the International Model United Nations of Alkmaar (IMUNA) both in Georgia and the Caucasus at large.

Marekhi Gvaramadze is a member of 'Women for Tomorrow', a business leaders' federation. She actively cooperates with the UN and, with their assistance, aids women, residing in the provinces, to develop business ventures and participate in prevalent social issues. In 2020, Ms. Gvaramadze became the president of a global movement called 'We Make Change'.





Ambako Bregvadze, 25

HOUSE OF ROSES, FOUNDER

Ambako Bregvadze is the founder and director of the House of Roses. The company's principal aim is the popularization of rose culture in Georgia.

The company is actively involved in events, charity drives, and seasonal exhibitions nationwide.

Ambako Bregvadze has designed a multitude of interiors. The company, mainly, takes private orders, but the House of Roses has decorated the Joseph Stalin Museum in Gori, the Elene Akhvlediani Museum, the Cultural House in Tbilisi, and the front of Kutaisi City Hall.

It is worth noting that Ambako Bregvadze is actively involved in agricultural consultation. Mr. Bregvadze advises many companies, amongst which are the rose plantations of Pirose and Green Vilao, located in Lagodekhi.



Manana Kavtaradze, 29

PANKISI CAMPING, FOUNDER

In 2018, Manana Kavtaradze founded Pankisi Camping in the Pankisi Gorge. The camp, aiding the development of tourism within the region, is of grave importance to the area because it aims to get rid of the existing stereotypical attitude towards the Pankisi Gorge.

"Everyone has their own Everest to climb," this phrase became the motivating factor for Manana Kavtaradze. She created a space of interest to potential tourists. In the summer of 2019, Pankisi Camping hosted around 300 Georgian and foreign visitors.

Manana Kavtaradze, due to her efforts at the Pankisi camp, became a finalist of the TBC Business Awards—Female Entrepreneur of 2018. Welcome to Georgia – National Tourism Award gave Pankisi Camping the 'Best Adventure Tourism Destination of the Year' in 2018.

Rusudan Janashia, 29

MATERIEL TBILISI, COMMERCIAL DIRECTOR

Rusudan Janashia is the commercial director at Materiel Tbilisi, the premium line of Fashion House Materia. The company plays the role of a mediator between Georgian designers and the global market.

Rusudan Janashia became a commercial director of Materiel Tbilisi in 2018. Ms. Janashia is actively involved in increasing brand awareness of the company on the global market. Due to her efforts, during the past year, international sales have increased by 650%.

With the aid of Materiel Tbilisi, Georgian designers can sell their products in Europe, North America, and Asia. Rusudan Janashia cooperates with companies such as Net-A-Porter, Bergdorf Goodman and Intermix in the United States, BROWNS in the UK, LUISA VIA ROMA in Italy, SSENSE in Canada, MYTHERESA.com, Selfridges, Farfetch, MODA OPERANDI, The MODIST, and many more.



LeaderBoard



Koba Tsertsvadze, 25

CNICK AND HAND4HELP, CO-FOUNDER

Koba Tsertsvadze and his partners founded CNICK, a smart device manufacturer, in 2016. The company has an important role in the Georgian smart technology market.

The main motivation behind the creation of the CNICK Ring was the replacement of credit cards. Currently, the company, via smart devices, can share basic information, control mobile apps, and simplify identification processes. The CNICK Ring can serve as a key to Tesla vehicles and aids its user to start their car.

Koba Tsertsvadze is responsible for business development and product development at the company. He supervises international partners' placement and negotiates with interested parties.

CNICK is currently available in ten countries. The product has garnered the biggest interest in the U.S., South Korea, and Australia.

Mr. Tsertsvadze cooperates with Amazon. After appearing on Amazon's platform, the product became one of tech giant's best sellers.

Koba Tsertsvadze is, also, a co-founder of Hand4Help, a social venture, created by a group of friends in 2016. The startup wanted to create an affordable prosthetic appliance for children. The minimal cost of an artificial hand starts at \$50,000. But this startup, using a 3D printer, reduced the price by around \$5,000-10,000.

The startup successfully concluded the initial phase. They gave their prototype and an MVP product to children.



Lika Okhanashvili, 28

KEY CONSULTING, FOUNDER

Lika Okhanashvili founded an informal education platform, Key Consulting, in 2018. The primary aim of the platform is the improvement in the quality of Georgian education.

Key Consulting's demographics are rather unusual and includes both pupils and teachers from private and public schools. Key Consulting conducts various types of training, educational forums, and has a leadership school. The participants of Key Consulting's projects are teachers, principals, and managers from different locales.

The "Leadership School" was created specifically to accommodate students and aid the youth in enhancing their skills, such as leadership, analytical and creative thinking, teamwork, effective communication, and so on.

Lika Okhanashvili aims to bring about a positive change within society. The organization serves to improve the education level in Georgia. Key Consulting organizes an education forum that connects the personnel involved with others in the same sector.

Graduates of Key Consulting's programs exceed 8,000. It is worthwhile noting that the organization conducts various education meetings in the regions. The initial representations were held in Bolnisi, Batumi, and Kutaisi. Periodically, events are conducted in Kareli and Sagarejo.



Lela Sarishvili, 23

ART FACTORY, FOUNDER

Lela Sarishvili is the founder of Art Factory, a creative space, where the creatively inclined can master ebru or a method of aqueous surface design.

Ebru is produced using dyes, a water-based solution, and is created by mirroring designs onto canvases. The principal aim of the creation of Art Factory was the popularization of paper marbling.

Art Factory is the first Georgian fine arts studio to offer ebru courses to customers. The company's target audience are individuals interested in arts and private companies willing to hire Art Factory for performances.

"It is more than possible to learn marble painting (ebru), attend master-classes, or order performance for various events. Our uniqueness is measured by the distinctiveness of this art. We are contributing, within our limits, towards the colorization of the world. Considering the novelty of marble painting in the Georgian market, the level of interest is considerably high. Mainly, the attention comes from the events sector. We have already performed or decorated (via Body Marbling) such venues and festivals as Open Air, 4GB, Echowaves Fest, Night Serenades, the GAU graduation ceremony, the SES corporate party, International Business Forum Batumi, and so on," says Lela Sarishvili.



Mia Mi, 28

HUALING GROUP, PROJECT MANAGER

Mia Mi is a project manager at Hualing Group. She is actively involved in the development of human resources and marketing. Ms. Mi is a vigorous agent within the company, involved in developing Hualing's marketing campaign, event management, advertisements, and design.

Mia Mi has made numerous acquisitions, for example, hospitals, schools, banks, and hotels.

Ia Tserodze, 24

GEORGIA CRACIA, FOUNDER

Ia Tserodze is a student at the Davis Center for Russian and Eurasian Studies at Harvard University. She founded the platform, Georgiacracia, in November of 2019. The purpose of the platform is to highlight people's priorities in such areas as politics, economy, and energy.

Georgiacracia currently counts over 20,000 preferences from its users. The sole criterion to vote is to be a Georgian citizen.

Georgiacracia is an open space where its data is widely available to any interested party. The platform does not collect any private information and participation in the process is completely anonymous.





LeaderBoard

The Top Financial

Meet the winners in the category of Finance, who, with their professional activities, are creating a stable business environment within the nation.

Mariam Koyava, 29

SAVVY, MANAGING PARTNER

Mariam Koyava is a managing partner at SavvY, a business consulting firm. Founded in 2015, SavvY has a modern outlook; aiding companies with planning, developing, and innovating their businesses.

The company's motto - "We Are Here to Change" -aims to implement positive changes for their clientele and aid their development.

In 2020, SavvY branched out to Great Britain, making it the first such occurrence within the Georgian consulting sector. The company is actively trying to attract new customers, and its goal is to serve British clientele from Georgia.

"We are not content with our achievements because we are aware of our potential. That is why, our team's performance is improving each day," these are the words used by Mariam Koyava to describe the company's activity. This attitude is the exact reason behind SavvY's success.



Tatia Jajanashvili, 29

JSC MFO MICRO BUSINESS CAPITAL, CFO

Tatia Jajanashvili is the chief executive officer (CFO) at MBC, a microfinance organization, which is the fourth largest company, by size of portfolio, within the sector.

Ms. Jajanashvili oversees the accounting, treasury, and IT departments. Her activities extend far beyond finances and encompass several vital directions within the company.

Due to her efforts, the company was able to procure financing from international donors, a feat achieved by only four microfinance firms on the Georgian market.

In 2020, MBC received a grade of B+ from a German international ranking company, Scope Ratings, the highest grade within the microfinance industry. MBC is planning on issuing bonds in the foreseeable future.



Ketevan Toidze, 23

GALT & TAGGART, SENIOR MANAGER

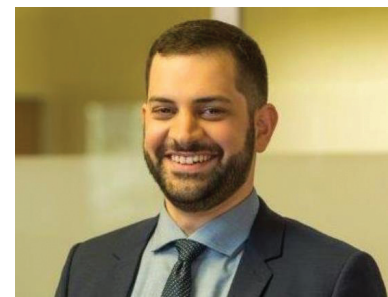
Ketevan Toidze joined the Galt & Taggart team in 2017. She was the senior manager of investment at the company. Galt & Taggart is an investment bank that won the award of "The Best Investment Bank in Georgia in 2019" by Global Finance.

Galt & Taggart offers its clients an array of banking services, not only local transactions but also global ones. The investment bank aids potential investors to study the Georgian investment climate and allows local and regional companies to access both capital and debt markets.

Sandro Museridze, 28

EBRD, PRINCIPAL BANKER

Sandro Museridze is a principal banker at EBRD. He, alongside the local banks of Georgia, Armenia, and Belarus, coordinate loan transactions of



the Risk Sharing Facility (RSF). The aim of the product is not only the co-financing of companies, but also sharing the experience with partnered banks, organizing training sessions for their personnel, and co-funding the debtor companies' consulting services.

Sandro Museridze was actively involved in developing the EBRD projects in Georgia. Within the range of the RSF, during the past three years, 16 companies were co-financed with debt equaling 400 million. Consequently, the recipients were able to develop, meaning that they increased their production, rentals, and hotel rooms. Alongside business growth, revenue and income grew as well, and new employment became a possibility.

Mikheil Nadareishvili, 29

TBC BANK, DEPUTY HEAD OF BUSINESS ANALYTICS

Mikheil Nadareishvili joined the TBC team in 2014. His chief tasks include the creation of an environment where the bank can utilize data for better business decision-making. Mr. Nadareishvili is working on the creation of a unified business data storage. The aim behind the construction of the storage is to enable the bank to cover various directions with easy-to-use analytics, the selection of analytical personnel and their development, and raising awareness via analytics.

Mikheil Nadareishvili worked on an analytical project, resulting in the creation of the Competence Center. The center was responsible for the implementation of an artificial intelligence system within the bank. Within the scope of the project, one of the most distinguished systems was created – “the Next Best Offer”, which depending on consumer behavior and taste accurately predicts the next product to offer. Testing has shown that the offers made by this system resulted in a 30% increase in consumer satisfaction.



Giorgi Gvazava, 26

BROKERS.IO, CFO

BROKERS.IO is a globally minded Georgian company that works in fintech. The company's principal directions are the improvement of blockchain and cryptocurrency-related products and services. Mr. Gvazava joined the BROKERS.IO team in 2019.

Giorgi Gvazava was involved in the implementation of the International Financial Reporting Standards (IFRS), working out operational and financial reports in accordance with a best-practice method, and the creation of financial risk management policy.

BROKERS.IO cooperates with influential international companies such as Bitfury Group, Securosys SA, Binance, Bitstamp, Bitrex, Kraken, and others.

One of the more ambitious projects of BROKERS.IO – cryptx.com – concluded in 2020. Cryptx.com is a safe cryptocurrency wallet which plays the role of a “Swiss Bank” and its services can be utilized by crypto-friendly businesses and regular individuals alike.

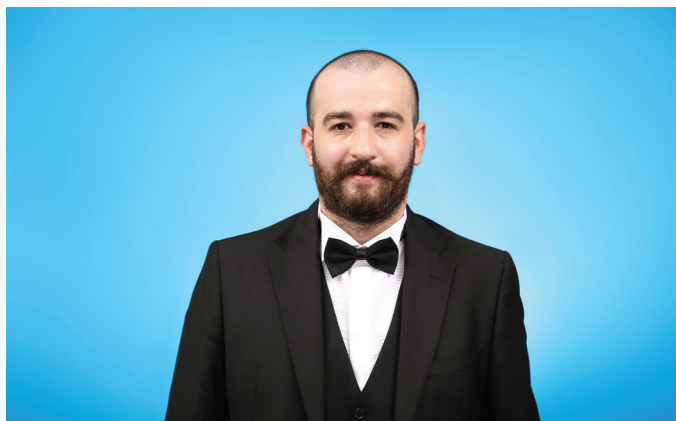


Jaba Gvelebiani, 29

KPMG GEORGIA, LEGAL PRACTICE HEAD

Jaba Gvelebiani is the head of the legal department at KPMG Georgia. KPMG is an international company providing legal assistance in 80 countries worldwide.

Jaba Gvelebiani joined the KPMG Georgia team in 2018. His responsibilities include the development and management of legal practices, the planning of services to clientele, and quality control. With Mr. Gvelebiani's leadership, the company was able to offer a full array of judicial practices; meaning representation at court hearings, immigration services, and help during large mergers. Consequently, KPMG offers a steady and growing portfolio here in Georgia, a prerequisite for stable development.



Levan Gudiashvili, 29

ADJARA GROUP HOSPITALITY, DEPUTY FINANCE DIRECTOR

Levan Gudiashvili is the Deputy Finance Director at Adjara Group. He has driven a multitude of positive changes within the company. Mr. Gudiashvili is a member of the team responsible for the creation of a corporate atmosphere wherein the potential risk of each financial or tax-related issue is minimized. He created a financial changes plan, saving the company a considerable amount of money. Mr. Gudiashvili was an active participant in the financial development project, and the company's analysis and decision-making processes.

Levan Gudiashvili is a member of the Association of Chartered Certified Accountants (ACCA) and is on the second stage of the Certified Financial Analyst program.



THOUGHT LEADERS

KETI BOCHORISHVILI - CURRENT EVENTS

GEORGIA - GATEWAY TO CAUCASUS AND CENTRAL ASIA REGIONS- TIME TO ACT



• **The tectonic shift in supply chains**, particularly in the manufacturing industry, started even before the coronavirus spread, so the pandemic will just accelerate the process.

• **Georgia can become the frontier business destination** for logistics, trade, light manufacturing, and service industries for immediate and wider regions. Georgia is a primary gateway for transportation between western countries and the regions of the Caucasus and Central Asia (in total a population of around 160m and economies valued at \$800 billion).

• **Georgia could have unparalleled opportunities** for US and EU companies to use its territory as a platform to expand business in the region. Initially, we should attract international 3PL (third-party logistics) providers in Georgia, and focus on logistics, warehousing, assembling and distribution activities. In the medium term, this can be expanded into manufacturing and transferring MNEs' (multinational enterprises) regional activities to Georgia.

• **Georgia should not become a cheap destination**, where the attraction of international companies is only based on low salaries, cheap land and/or tax incentives with no linkage to the national economy.

• **Soft infrastructure (international arbitration, quality infrastructure, international regulations, invest-**

ment protection and aftercare services) coupled with the investments in hard infrastructure (a deep sea port, a modern railway system, roads and airports) as well as modern industrial and logistics parks managed by leading international operators will transform Georgia as a platform to develop the existing logistics, transportation and trade clusters with significant participation of foreign companies. This will lead not only to the enhancement of connectivity but also to the integration of local and regional economies.

Currently, many experts are raising the topic of the post COVID19 world, citing among other outcomes the global changes in supply chains, particularly in the manufacturing industry. However, it is worth mentioning that the process of shifting production chains started even before the coronavirus spread, so the pandemic will just accelerate the process. After decades of globalization and outsourcing of manufacturing to low-cost countries, especially to China, which as of 2019 accounted for about 30% of the global manufacturing industry, recently there have been signs of the reversal of this. One of the best sources to prove this was the report published by the research arm of Bank of America published in February 2020 and it does not incorporate the aftermath of COVID19. Critically, this report is based not on a top-down theoretical approach but on a worldwide survey covering 3,000

KETI BOCHORISHVILI, FORMER VICE MINISTER OF ECONOMY



companies with a total market capitalization of \$67 trillion.

The findings of the report suggest that companies in up to 10 out of 12 global sectors representing \$22 trillion market capitalization have already started on a journey of shifting their supply chains from remote locations, mainly from China. Among the key driving forces for companies to initiate the reshoring processes are the ones that would only be exacerbated by the pandemic aftermath such as national security, carbon footprint and proximity to consumer markets. The topic of national security will be augmented with the intent of developed countries to return manufacturing back home since the sector plays an important role in job creation, has a multiplier effect on other industries and most importantly expands the tax revenue base for state budgets.

What are the key takeaways of the report that Georgia could use as food for thought

in developing a strategy that would benefit them?

The first takeaway is that even before the pandemic, the process of supply chain shifts has started with about 12 sectors already on the move. Among these manufacturing subsectors are: technology, hardware and equipment, the semiconductors industry, consumer durable and apparel products, automotive and spare parts, capital goods, materials, healthcare equipment, food & beverages, household and personal care products. Importantly, the industries and companies are moving closer to their epicenters of consumption. Fortunately for Georgia, a similar trend has been reported for European companies. Even Chinese companies have started to locate their production bases closer to the final consumer markets, and not only in response to the trade war with the United States.

The second takeaway is that compa-

nies in order to offset the higher costs in new locations will heavily invest in automation to stay competitive. Yet, according to the paper, this topic is more important for the North American market. We should consider this as a mid-term strategy to be employed by many companies in different sectors as mitigation against margin compression. The selling point of having low-skilled and cheap labor might soon become negligible.

A third and, probably the most important takeaway, is that the process of shifting supply chains and leaving China is not easy. Companies used China as a global factory, competitive advantages such as cost-efficient labor, high quality infrastructure and logistics chains, efficiency, and a friendly-regulatory environment for manufacturing- they will now seek these in other locations. The surveyed companies expect new locations to offer financial, regulatory and tax incentives to alleviate the impact of rising costs. Evidence

of this is the recent initiative of the Japanese government to subsidize companies leaving China to move to new destinations.

Georgia is strategically located to be attractive in terms of near shoring (locating production close to the final consumer market) or to be used as part of the supply chain for onshore productions in Europe. Its location on the crossroad of Europe and Asia is a natural shortcut for transportation between different regions. The country's strategic geographical location enables it to serve as a vital transportation road between South and North (MENA region/Turkey and Russia, south to west from India to Europe, Europe and Asia via the established Middle Corridor, China and Turkey, Caucasus/Central Asia and Europe). Besides, Georgia as a primary gateway for transportation between western countries and the region of the Caucasus and Central Asia (in total a population of about 160m population and economies valued at \$800 billion). Five hours by plane from Georgia—you can reach the whole of Europe, MENA region including Gulf states, key urban areas of CIS, major cities of Russia, and the North-West of China). In two weeks—by railway you can reach China, CIS, EU and Turkey. In a maximum of two days by truck—the whole Caucasus region, major urban areas of the European part of Russia, Turkey, and the North-West of Iran are reachable.

Based on studies that were implemented by the leading professional consultancy consortium of the UK based BuroHappold Engineering and Moffatt & Nichol for the Anaklia Special Economic Zone, the following sectors were identified as competitive in Georgia: logistics, food and beverages, construction materials, cosmetics and beauty, automotive components (tier 2 and 3), cleaning products, pharmaceuticals, household appliances and electronics. Even with lower case projections, by 2030, total import of these products to primary and secondary markets will increase above 220 billion. In the base case, by 2030m the market will achieve up to 308

billion.

In addition to geographical location, Georgia is a world-renowned reformer and leader in terms of ease of doing business and streamlined bureaucracy. The achievements of Georgia are attested by reputable institutions: 7th in the world in Doing Business by the World Bank, 16th freest economy by the Heritage Foundation, 44th by Corruption Perception and 9th with the lowest tax burden by the World Economic Forum. The reforms and innovations of the country's customs system are recognized as a role model for other regional economies due to transparency and efficiency.

Georgia (particularly port infrastructure) has a primary role as a transit corridor for the US trade with the region of Caucasus and Central Asia. According to the transportation assessment prepared by Moffatt & Nichol, the 2017 trade balance (non-energy products) between the USA and Central Asia in tonnage equaled to about 250,000 tonnes (150,000 of exports from the US and circa 100,000 of imports to the US), out of which 61% was transited through Georgia mainly using ports (circa 98%). Overall, US export to the Central Asian markets in 2017 totaled \$1 billion. Georgia also has almost a 100% transit share for US exports to the Caucasus market, which equaled \$0.8 billion in 2017.

Georgia could have unparalleled opportunities for US and EU companies to use its territory as a platform to expand business in the region, utilize the cost-efficient operations and logistics, export their products without import duties to markets with a population over 2.3 billion through Georgia's Free Trade Agreements with the EU28, EFTA, CIS region, Turkey, Ukraine and China (including Hong Kong).

While Georgia certainly can benefit from the already started changes in supply chains, both in term of on shoring and near shoring, the country has to wisely use its existing advantages and develop the ones that are missing. Georgia should not become a cheap

destination, where the attraction of the international companies is only based on low salaries, cheap land and/or tax incentives, with no linkage to the national economy. This approach is not enough in the modern world. It is hardly sustainable and has limited impact on the national economy. Instead, we should aim at a sustainable and inclusive way of economic growth, which will have a knock on effect on trade and industries. This will create additional spillovers from FDI, will bring knowledge and innovation, skills development and will be the platform to enhance the national economy. Therefore, it is not only what we already offer, but also something we must work further to create.

What actions should be taken? What is a realistic achievement? Are we ready for this challenge?

VISION AND PROMOTION

The government is on the verge of repeating a mistake of many developing countries by prioritizing the import substitution agenda in response to the crisis instead of positioning Georgia as an export-driven economy. This means sending the wrong messages to potential foreign investors and Georgian companies. As a country with a 3.7 million population, we have low purchasing power, we are not an interesting destination for the local consumer market. In contrast, we must be aggressive in promoting our country as a destination for export-oriented manufacturing and as a production location to be integrated into new supply chains. Manufacturing is unlikely to grow much in volume of production if it remains domestically focused, but its value can grow by developing higher value premium products and premium grade products are needed to tackle export markets. At the same time, export has remained our only source of foreign income (not counting international loans and aid) after the cessation of FDI, remittances and tourism expenditure because of the pandemic. Having low foreign income

means weaker national currency and fewer dollars to buy goods and services a country cannot avoid consuming. Georgia has simply not enough resources, either natural or manmade, to economically sustain itself without integration into the global economy. Georgia lacks business sophistication, quality, and digitalization of services. For this we need more international players with their know-how and solutions. Initially, we should attract international 3PL providers in Georgia, and focus on logistics, warehousing, assembling, and distribution activities. In the medium term, this can be expanded into manufacturing and transferring MNEs' regional activities to Georgia.

ENERGY

One of the topics highlighted by the abovementioned surveyed companies is energy, which is certainly an important factor for most of the manufacturing sector. Unfortunately, Georgia has again become dependent on importing electricity. In 2019, our trade deficit in electricity grew by 24.2% to a record high \$70 million. Moreover, for the first time, Georgia imported energy in the months of July and August, with 32% of imported electricity being from Russia. This raises significant concerns on future prices of electricity in Georgia and national energy security. Obviously, a country with such an abundant potential in hydro energy as Georgia, should invest in its own generation facilities, guaranteeing a stable supply of energy for investors.

LABOR FORCE

As explicitly indicated in the report, the availability of cost-efficient and skilled labor force remains an important factor for companies selecting new destinations for production. This means low salaries, but at the same time a productive workforce. This topic is very "painful" for Georgia. We have to employ the strategy of other countries, offering to support companies with the training of future

employees both in terms of co-financing and with infrastructure.

BUREAUCRACY

This will be a critical selling point for the investors, the ability and flexibility of the government to support companies in quickly setting up in the country. Should the local bureaucracy drag the companies into the lengthy process of obtaining licenses, permits and negotiating with state authorities, the country would lose investors to other, more efficient destinations. The country needs a one-stop-shop entry point for new investors, efficient process management and strict deadlines for any state authority to serve the needs of the investors. This also requires expediting decision-making and management by high-level public officials, personally leading the process. It is especially important to have international regulations and an ecosystem, which will allow to follow SDGs (Sustainable Development Goals). Proper enforcement of legislation; transparency; no corruption and stability are a few among other factors that investors are paying attention to.

A MODERN REAL INDUSTRIAL ZONE

As previously mentioned, Georgia is strategically located to be attractive in terms of near shoring or to be used as part of the supply chain for onshore production in Europe. However, in addition to location, Georgia has to offer high quality infrastructure and efficient logistics. Currently, it is almost impossible in Georgia to find modern industrial real estate areas and facilities, while most of the existing fixtures are old Soviet properties, some of which have undergone renovation. Meanwhile, 2018 was a record high for the Central and Eastern European region with up to 4 million square meters of new builds in industrial and logistics spaces supplied to the market. At the same time, the vacancy rate at such properties has decreased to a historic

low of 5%, which reflects the significant demand for such facilities. Covid19 will have an impact on industrial and logistics properties. Initially due to the shrink in demand, occupancy may decrease, but then robust demand will come from e-commerce and returning manufacturing companies. It is important to create a new concept and value proposition for modern industrial and logistics parks fully integrated with multimodal transportation (a deep-sea port, rail, roads and airports), powered by the attractive regulatory framework/incentives and managed by leading international operators. A leading industrial real estate developer and an operator will ensure that future facilities and infrastructure meet the demands of local and international companies. This model is to create the platform to attract existing, new and emerging industries, currently not present in Georgia and to ensure the future expansion of these industries.

It is well known that the bottleneck of expansion to Georgia is due to the low recognition of the country and the small market. Thus, improving transportation and logistics infrastructure, raising recognition as a logistics hub, and expanding the market are urgent issues to overcome.

Most likely, in short-term policy, MN companies will be putting the priority to reconstruct national businesses. Once domestic business operation is normalized, they will review overseas business policy based on several factors. Caucasus and Central Asian countries are currently being watched, and if the markets of these countries show development after the coronavirus crisis, they can attract more attention of MNs compared to the past. Foreign investors are seeking global distribution networks and division of labor on top of better logistics services. There is big competition for those who will grasp these opportunities and Georgia is expected to perform better than other countries in order to emerge on the international stage. **F**



THOUGHT LEADERS

BATU KUTELIA - CURRENT EVENTS

Georgia Needs a Post-Pandemic Grand Strategy



GLOBAL SHIFTS CAUSED BY CRISES OF ALL SORTS,

apart from sometimes having dire consequences, have always been an opportunity for courtiers to reshape their state processes. Those who have done it successfully, have guaranteed the security and prosperity of their nations for many decades. There are ample examples in recent history. The current COVID-19 pandemic and its tectonic effect could be considered as the catalyst for economic and political processes that the world was approaching slowly anyway. While one can argue that this pandemic caused an unprecedented economic pause, it is obvious that geopolitics has not stopped - just the opposite, some processes have been accelerated.

Georgia, as a small economically fragile and emerging democracy, has an existential challenge of navigating these uncharted waters. The major dilemma is either to attempt to return to the shore it departed from, or to try to find a new destination with more promising opportunities of ensuring rapid development, prosperity, and the security of its citizens.

Even whilst still being in the midst of the pandemic, it is obvious that Georgia's existing economic model in the post-pandemic world will be neither effective, nor relevant. The question is where to navigate to?

For this Georgia needs a compass -A new grand

strategy (I would argue it is overdue).

What is a grand strategy? According to the Encyclopedia Britannica, grand strategy is "a country's most complex form of planning toward the fulfillment of a long-term objective. The formulation and implementation of a grand strategy requires the identification of a national goal, a thorough assessment of the state's resources, and, ultimately, the marshaling of those resources in a highly organized manner to achieve the goal...It also requires a concerted effort on the part of a significant segment of society... A measure of national consensus or at the very least, the absence of general resistance to its goals."

The primary goal of this kind of grand strategy for Georgia should be threefold: Firstly, to break with its economic past (as many in the region or globally will do), find a better place on the global economic map for more sustainable and rapid economic growth. Secondly, ensure the country is firmly anchored to the west and has the support of strategic allies to become a NATO member - a decision that has no alternative. Thirdly, reinforce bilateral strategic partnerships and alliances based not only on common interests, but also on common values.

Besides the economic, security and diplomatic pillars; a grand strategy incorporates a psychological

AMB. BATU KUTELIA, VICE PRESIDENT, ATLANTIC COUNCIL OF GEORGIA, GEORGIA'S FORMER AMBASSADOR TO THE UNITED STATES

dimension that is reflected in the morale and determination of a nation. This can be described as collective self-confidence to achieve the desired goals of the national consensus. Once, labeled as the “beacon of democracy” in the region, not only Georgia’s self confidence in successful statecraft has been boosted, but also it has had a significant psychological spillover effect on regional countries.

In the post-pandemic world, there will be a few important priorities to rearrange the global economy in the field of finance, trade, domestic politics (ESG - Environment, Social Governance) and foreign relations. The new global economic map will be marked with the shift of production and supply chains from China to home countries or closer to the consumers. This would require diversified multimodal logistical networks with a localized process of manufacturing, thus creating the opportunity to absorb more developed, highly skilled local labor force as well as R&D and innovation capabilities.

Considering the increased security implications of those economic processes, every decision will be scrutinized through the prism of national security and priorities would be given to strategic allies. Georgia’s competitive advantages are its geography, strategic partnership with the US and EU, and a good track record of being a reliable security partner. Part of the strategy should be further investment in logistical infrastructure of all sorts, as well as warehousing capabilities and human capacities to seize the current supply chain reshuffling momentum. Besides the legal, tax, soft infrastructure and other similar incentives, increasing the skills and further development of the labor force, able to meet the demands of new automated technological processes will be decisive. The new normal for Georgia’s post pandemic economy from a short to long-term perspective should be acquiring the regional logistical hub function

with a higher degree of security of critical infrastructure. Furthermore, developing automated manufacturing clusters of industry; and finally evolving into a technology driven industrial economy.

Georgia is well positioned regionally to utilize this potential to full extent. Strengthening military mobility in the wider Black Sea region has been an important component for Russian deterrence and European security. There needs to be a more rigorous security environment regarding policy decisions. Georgia cannot enjoy a strategic partnership with the west, while at the same time increase its economic, energy and financial dependence on Russia, or provide easy access to critical infrastructure, information and technology to Russia or China.

Even before the pandemic, a key strategic partner of Georgia, US Secretary of State Mike Pompeo warned the Georgian Prime Minister publicly to enhance the country’s relationships with free economies and prevent from falling prey to Russian or Chinese economic influence.

Georgia’s most significant security complication is the ongoing Russian occupation of its territories accompanied by all the other means of offensives, including propaganda. The Russian hybrid strategy aims to amplify Georgia’s existing systemic problems of informal governance, free and fair elections, an independent judiciary, political prosecution, media freedom and corruption to subvert state processes. Unfortunately, backslide has been obvious recently. Developments regarding the Anaklia deep-sea port could be viewed as an example of a combination of all the above mentioned challenges.

The Covid-19 pandemic once again stimulated the strategic rethinking of the regional economy, reviving the importance of the so-called middle logistical east-west corridor from Europe to Asia, connecting through the Black Sea to the Caspian Sea and further to the Central Asia. This corri-

dor (once labeled as Northern Distribution Network South) has effectively functioned in support of ISAF operation and partially for the retrograde transit of military equipment. It has increased the importance of other strategic infrastructure; like the Anaklia deep-sea port, the Baku-Akhalkalaki-Kars railway, airfields, highways, and storage facilities as well as highlighted the necessities of a close strategic partnership among the region’s countries. Georgia’s close geographic proximity and political association with the EU - one of the most strategic consumers of goods - marks the immediate importance and opportunity for acquiring a logistical hub function for Georgia.

Designing the grand strategy is not just pulling together a nicely drafted plan of action or an emergency response. On the contrary, an emergency response could only be efficient if there is a grand strategy. It is only the most sophisticated political process led by “grand” leaders with a “grand” vision, which are able to build national consensus and can then be implemented by functioning and collaborating institutions.

There is a risk that Georgia may miss this historic opportunity. As many times in history, oversized governmental measures including the limitations of basic rights for the sake of an immediate crisis response that could serve as the “foot in the door” for socialist or authoritarian inclinations with the colors of populism. Growing the roots and lifespan of a grand strategy process is longer than the calculations of any politician. That is why it could help Georgia to avert any post crisis traps. Therefore, it is up to Georgian citizens to participate proactively in the political process, apply collective intelligence and wisdom to design their own grand strategy by making everyday choices and decisions. 



THOUGHT LEADERS

SHANE ROSENTHAL - CURRENT EVENTS

Georgia and COVID-19: Strong Foundations for a Diversified and Inclusive Recovery



AS A MAJOR REGIONAL TRADE HUB

and international tourism destination, Georgia is inherently vulnerable to COVID-19. Despite this, the country has responded remarkably well to the pandemic and has among the lowest rates of new infections in the Caucasus and Central Asia. Its long-standing commitment to openness and good governance appear to be paying off. As its economy gradually restarts, Georgia has a unique opportunity to initiate a new era of growth that is more diversified and inclusive.

Georgia's relative success in containing the spread is thanks to its early action and effective enforcement. From the outset the country imposed health checks on incoming airline passengers and ramped up restrictions on movement as the first cases emerged. The National Bank of Georgia quickly eased regulations and successfully stabilized the exchange rate, while commercial banks postponed repayments from borrowers.

Nevertheless, the economic impact has been severe, especially for households and small businesses. Yet, Georgia has been able to draw lessons on the importance of supporting households, the unemployed and businesses from the previous downturns including the global financial crisis and tensions with Russia in 2008.

Although responding to the pandemic has led to a fiscal gap of almost 10% of GDP, prior to the crisis, the

country built up fiscal and foreign exchange buffers that help weather economic shocks. Its economic institutions had also established a reputation for competence and strong governance.

Confidence in Georgia helped its development partners quickly assemble a financing package to support the government's response, including a \$100 million loan from the Asian Development Bank to help contain the pandemic, safeguard the livelihoods of vulnerable groups, and support the private sector.

This sets the stage for a recovery that can build on Georgia's strengths and forge a new path toward greater resilience and inclusiveness. Here are five ways to reshape the economy going forward.

First, Georgia must support the private sector by maintaining a resilient financial system. The National Bank of Georgia has already allowed banks to make better use of existing capital buffers for lending operations and as a cushion against losses. Other tools are being used to deliver liquidity, thereby preventing interest rates from increasing, especially for SME clients. This ensures that critical resources continue to flow to the real economy.

Second, a broader based recovery can be achieved by improving access to finance for micro, small and me-

SHANE ROSENTHAL, RESIDENT REPRESENTATIVE IN GEORGIA, ASIAN DEVELOPMENT BANK



dium sized enterprises. Some 43% of Georgians live in rural areas with a vast number working in small enterprises or subsistence farming. The government is already introducing grants and other means of helping small and medium enterprises that make an outsized contribution to employment, and it continues to support vital infrastructure projects that enable the transport of goods and better access to electricity and water. Greater support for export-oriented sectors could capitalize on free trade agreements with EU, China, and Turkey; helping Georgia to diversify and tap into larger markets.

Third, boosting access to finance is also key to initiating an agricultural transformation. Agriculture accounts for around 10% of GDP but is the source of livelihoods for nearly half the population. Yet, the sector suffers from low productivity as a result of dilapidated irrigation infrastructure, underinvestment in new technology, an absence of cooperatives, and land fragmentation. It has also been deprived of funds as banks have focused on lending to large

enterprises. Production can be increased on a significant scale if more land is readied for irrigation, and improved infrastructure and logistics can better link farmers with markets and open opportunities for local processing. Lifting living standards in rural areas will help the poorest and most vulnerable communities.

Fourth, it is critical that Georgia boost employment skills that are relevant to the modern economy. The country suffers from a skills gap that prevents many people from accessing well-paid jobs and constrains employers. The system can be improved to attract more students, partner with the private sector, and use on-the-job training to launch new careers. Greater investments in curriculum and facilities would make a positive difference, especially when combined with other initiatives to match job seekers and employers under the new National Labor and Employment Strategy.

Finally, Georgia can seize the opportunity to develop more livable cities. Uneven

development in rural areas has increased migration to urban areas and Tbilisi in particular, which is a driver of growth for the Georgian economy. Tourism and community infrastructure that is spread more evenly across the country in regional clusters, could lead to a more balanced pattern of growth. Designated “Green and Healthy City” areas including new parks and recreation areas in Tbilisi and other towns could link green transport corridors that prioritize pedestrians and public transit.

Georgia has done remarkably well to avoid the worst health impacts of COVID-19, but the pandemic has shown that the country remains dependent on tourism and trade, highlighted an uneven pattern of growth especially in rural areas, and given urbanites a taste for clean air, pedestrian-friendly streets and open spaces. While the processes of restarting the economy requires continuing vigilance, Georgia now has a unique opportunity to build on its strengths and initiate a new era of growth that is more resilient and delivers for all Georgians. **F**



THOUGHT LEADERS

MACIEJ CZURA - CURRENT EVENTS

The Economic Impact of the Covid-19 Crisis and Support from the EU Bank



THE CORONAVIRUS PANDEMIC is putting enormous pressure on healthcare systems, it is affecting the global economy in an unprecedented way, and it is leading to a downturn incomparable to any other economic crisis in recent history. It is hard to estimate the depth and duration of the recession: for every region and country, it will depend not only on the development of the pandemic, but also on specific economic features, circumstances, strengths, and vulnerabilities. This includes demographics, the level of healthcare development, the integration in global value chains, the dependence on non-agricultural commodity exports, the level of dependence on tourism, and the share of remittances in financial flows.

Georgia is an example of prudent and successful management of the virus. With containment and infection tracking measures introduced relatively early compared to other countries, Georgia displays a low infection rate and is now gradually introducing deconfinement measures. At the same time, the Covid-19 crisis is profoundly affecting Georgia's economy. The virus caused almost entire suspension of tourism and related activities, a sector from which Georgia derives more than 30% of its GDP and 45% of its exports. Containment measures suspended or slowed down economic activities in other sectors (for example, retail and ser-

vices). Finally, yet most importantly, lower remittance inflows and weaker demand for goods and services from the rest of the region and globally are weakening Georgia's economic position and, consequently, its fiscal situation. Even though the crisis is temporary, it requires both immediate action supporting the economy, as well as medium-term strategies for bringing the economy back on a path of resilient growth.

The early anti-crisis response of the Government of Georgia and the National Bank of Georgia in cooperation with the country's international partners and the local financial sector is a strong foundation for economic recovery. Key actions in this regard include strengthening the healthcare system, supporting the liquidity needs of businesses - both through fiscal and regulatory measures - and continuing vital public investment projects. In the medium term, support for new investments addressing challenges resulting from the Covid-19 pandemic, such as introducing digital solutions and increasing local production, may be instrumental in stimulating resilient growth. It is worth noting that critical reforms, like the newly adopted energy efficiency law also support a sustainable economic recovery.

The European Investment Bank (EIB) is supporting Georgia's economic recovery in all aspects, contribut-

MACIEJ CZURA, HEAD OF REGIONAL REPRESENTATION FOR THE SOUTH CAUCASUS, EUROPEAN INVESTMENT BANK



European Investment Bank

ing significantly to an unprecedented support package for the country prepared in coordination with the European Union, European governments, and European financing institutions. In the public sector domain, EIB is reallocating available funds to support the health sector in response to the Covid-19 emergency. At the same time, EIB's investments in core transport and municipal infrastructure continue, as does its engagement in new renewable

energy and agriculture projects. EIB also continues to support Georgia's private sector, with particular emphasis on access to finance for micro-small and medium enterprises (MSMEs), a key priority for Georgia. Emergency measures related to Covid-19 will increase flexibility of existing financing for MSMEs to support working capital needs and disbursement of funds. Additionally, the recently introduced features of the InnovFin program will

enable supporting working capital needs with increased guarantee rates, as well as adjusting existing SME loans to address potentially distress situations. Adjustments may include amending repayment terms, refinancing, and bridge financing. All these measures are expected to be supplemented by the end of this year with additional financing for MSMEs with special terms and conditions available through commercial banks. **F**

GEOLN.COM in Georgia

*Leading expert of Georgian real estate -
Diana Kabakci.*

BY ELENE CHOMAKHIDZE
PHOTOS: VALENTINA USTIMENKO

In the era of technology, companies who do not keep up with the times are left behind. Real estate, as one of the most popular and competitive sectors in the world, requires innovative developments. The international brokerage platform GEOLN.COM is constantly evolving. “We created a quality IT product, the world’s best real estate search engine,” says Diana Kabakci, general director of Geoline Holdings, parent company of GEOLN.COM.





Diana, could you tell us about the GEOLN.COM real estate search engine?

The search engine was created for Geoline Holdings, which is symbiotic and serves the global real estate, tourism and investment sectors in over twenty markets.

We chose the real estate sector because there lacks a global digital product that professionally serves the industry at an international level. The lack of a single platform on the internet where you can find, select and purchase real estate directly from developers and property owners around the world was the main reason for the development of

this global real estate search engine.

What is the main mission of the company?

Namely to streamline all the information available in the world about construction projects and real estate, to provide quick and easy access to it, to provide the opportunity for the buyer and the developer/owner to interact directly.

Today, GEOLN.COM is more than a real estate search engine; we have implemented IT innovations in the real estate market that provide direct communication with the developer and the owner in the form of online chats, developer offices, the possibility of direct communication between the developer sales department and the buyer, the functions of online booking, convenient tools for searching and automatic comparison, the possibility of individual notes and lists of the projects you like, which significantly saves the buyer time and helps to make a better decision about investing.

Since the purchase of real estate is for many a crucial decision, we began to provide professional legal services to users, such as transaction support, online mortgages, remote real estate purchases, as well as specialized services for large investors.

And how does GEOLN.COM operate?

You might agree that it would be unpleasant to spend half a day choosing real estate, and then it turns out that half of the offers are not relevant to you. We understand that the most valuable thing is time and we do everything so that users of our platform can save it.

Now let's look at one more competitive advantage - developers' offices, which allow them to exhibit their projects, maintain up to date information and communicate directly with buyers.

We provide more than 30 functional modules for developers, such as an ability to give access to sales managers, add new construction projects, show affordable apartments, mark sold units, and receive reservations for apartments online. Also, a reminder function is available to every developer, which allows them to improve service quality.

There are too many advantages to talk about here, so I'm going to talk about real estate tour, and we will stop there.

What is a real estate tour based on our platform?

This is a service that allows a buyer to select any projects and include them in the tour program, combined with a full-fledged tourist vacation program. We are convinced that before investing in real estate, you need to discover the country not only as an investment location, but also as a place that you will fall in love with. So, we invite all investors to visit Georgia on our real estate tour.

Since figures are always important to Forbes, could you share with us what was your initial investment?

If we talk about initial investments, two years ago we decided to invest more than \$700,000 in the development and popularization of the real estate market in Georgia on the world stage and more than \$300,000 in travel services. We are glad that we have contributed to the growth of tourism and

offers, and in the search process, you can't remember the advantages of each complex - some of them have an attractive price, some of them have earlier completion dates, and some of them offer more flexible installment conditions. Our toolkit allows you to compare everything in one window and highlight the advantages of each offer you like, which in turn is very convenient for making a decision.

But still, our main advantage is the relevance of the offers on the website. Another innovation from our team in the real estate market is artificial intelligence, which recognizes irrelevant offers and removes them from the website.

Why the Georgian market as a new destination for your business? GEOLN.COM entered this market two years ago. Was this due to market development and increased demand for real estate in this country?

The company's experts and analysts could not

Two years ago we decided to invest more than \$700,000 in the development and popularization of the real estate market in Georgia on the world stage and more than \$300,000 in travel services. We plan to increase the amount of subsequent investments.

investment areas; we plan to increase the amount of subsequent investments.

You will agree that this is extremely competitive area, so from your point of view what is your competitive advantage?

We are the first company to introduce the tools of automatic comparison of projects that our clients like on the website, as well as convenient lists and notes on objects, which allows the user to make personal comments on the offers they like.

Just imagine, you want to find some real estate from a developer or owner in Georgia or any other country. You have already reviewed more than 100

help but pay attention to the increased demand for real estate in Georgia. In a detailed study of the issue, we were struck by the trends and successes of Georgia in the world arena.

An indicator for us was the start of activities in Georgia by international construction companies, such as SYSTEM CONSTRUCTION, with the premium project of Porta Batumi Tower; famous architects of England, Broadway Malyan, and international engineers from RWDI were involved. They were in charge of projecting the wind power of the London Millennium Bridge and the Burj Khalifa Skyscraper.

This provided an understanding of the current



investor demand for premium property. Not to mention the economic growth of Georgia, the annual growth of tourism, the absence of crime, the easy conduct of business for foreigners, the country's high business ratings from international organizations, the simplified tax system, and of course, the generation of real estate income, which is certainly attractive for investors from all over the world.

Who are the people who make it easier for people around the world to buy and sell real estate through your platform?

We have an international team and most of our employees work remotely. Our team has both international and Georgian specialists with high qualifications in various fields - programming,

marketing, law, etc.

We care about the professional and career growth of employees, so training is an integral part of our corporate culture.

Our employees are leading experts in different fields. Our management has a modern approach.

For example, our company's office has lounges, where employees can relax during the working day, there is no strict binding to a schedule, and absolutely no age limit for hiring.

I want to note that we plan to transfer the main office of GEOLN.COM to Georgia, since here there are very favorable conditions for the IT industry.

How did the global pandemic affect your business?

In addition to the real estate search engine GEOLN.COM, Geoline Holdings includes companies related to the tourism sector, such as G-AVIA.SALE - an airline ticketing service, G-HOTELS.WORLD - a hotel search, comparison and booking service, a travel agency - G-TRAVEL.WORLD, an online discount offering - GEO-ASK.COM, all of which acutely felt the global crisis of the tourism industry

The global pandemic certainly hit the tourism sector of the company; however, we were surprised how demand for real estate in Georgia has grown from around the world.

In our opinion, the increased interest in international investment in the Georgian real estate sector is caused by the safe situation in the country during and after the pandemic, which is associated with the measures taken by the state to prevent the spread of COVID.

Effective actions were noticed by the international community, reputable media and now Georgia is actively discussed around the world as a safe place for business and investment.

All foreign publications talk about Georgia as a safe tourist destination, thereby popularizing the country as an oasis of calm, the best place for recreation and investment.

Earlier, investors considered the Georgian real estate market mainly as a way of passive income and quick payback on investments, but now we see a growing trend when investors from all over the world consider Georgia as a place of possible permanent residence and running business.

A vivid example, a client from Kazakhstan, invested over \$1,000,000 in hotel apartments in Batumi, with the aim of opening his own hotel business on the coast of the Black Sea. It is worth noting that the transaction was carried out remotely and the infrastructure of the House of Justice contributed to the fact that the procedure was clear and transparent to our investor

How has the company developed in the market during these years and what international recognition does it have at the moment?

I consider the number of our users in different countries to be international recognition.

Today, there are more than 500,000 users of the

platform, and this figure is increasing every day.

Our platform is chosen not only by buyers, but also by sellers. Therefore, an equally significant fact is the choice of developers to promote and sell their property with us. Today, the number of developers is approaching 10,000 companies.

Next year, we plan to enter the markets of America and China, and now we are actively developing the markets of Kazakhstan and Poland.

A large share of the company's success are experienced and qualified founders. Tell us about your experience in real estate.

I have been in the real estate business for over 11 years. I have an MBA in Economics. The start of my professional career began in the Bulgarian market, after that my career was continued in Spain, Turkey and consisted in the individual support of transactions of large investors.

Today, I serve the individual and corporate sector for investing in Georgia, I am a member of the supervisory and coordinating council of the international system for the development and assessment of risk management of investment projects based on G-INVEST.LTD. I also provide professional consulting services to construction companies in the field of management, marketing, audit, brand development, developer, and sales growth. I am the author of a practical methodology for real estate sales, according to which international construction companies work successfully. From the very beginning, my motivation was to participate in a global project at an international level in real estate. I am motivated by the people around me, the team, and the goal we are working towards.

And finally, what are the future plans of GEOLN.COM?

Now, we are working on the opening of cyberschool.ge - an IT school for children in Georgia, where we plan to teach teenagers how to program and develop their own technology projects. My immediate plan for the company is to launch this project this year.

In the real estate sector, we will continue to develop in the Georgian market, we plan to expand functionality for both developers and users. **S**

STRATEGIES

FINANCIAL SECTOR



A NEW CHAPTER

The leader of the Forbes Banker list is TBC Bank;
whose team prefers to act in the here and now.

BY ELENE KVANCHILASHVILI
PHOTOS: KHATUNA KHUTSISHVILI



FOR SEVERAL YEARS, you might have been actively repeating this company's messages:

#Hello

#Whoever You Might Be

#Come Here

#You

And now - #Here#Now

I am certain that many of you, like me, did not realize that if the phrases are joined up, it results in a novel message about action and development. I should mention that this is not a mere coincidence, rather a multiyear strategy that connects seemingly chaotic dots.

In this special edition of Forbes Georgia, the nation's leading bank is represented in full alongside its top management. Every aspect that makes TBC not only a bank, but also a tech company - a space where the evaluation of risks are turned into innovations and foreseeing the future is done with precision, even the sudden calamitous pandemic morphed into a profitable venture both for the company and its customers.

Customer is not an accidental word. TBC does not have clients. TBC has customers. The difference between the two will become apparent if you follow the story to the end. Our guides will be the human beings who manage and are responsible for making decisions in the bank- both the easy ones and the difficult ones.

Vakhtang Butskhrikidze -CEO of TBC Bank since 1998. The phrase I recall most vividly: "Now, the biggest challenge is, when we return to normal after the re-opening of the economy, to retain the gains we made during the pandemic. We do not want to return to the company of February 2020 and would like to remain as TBC from May of 2020- a different company with different services."

Giorgi Shagidze -Deputy CEO since 2010, with executive experience at Barclays Bank PLC. Currently responsible for the financial direction of the bank. The phrase I recall most vividly: "We have learned a lot during this period and view the gained experience as something new we can do."

Tornike Gogichaishvili -Deputy CEO since 2018, with 20-years' experience in financial services and operational management. Currently responsible for retail banking. The phrase I recall the most vividly: "TBC's culture and character value innovation. Also, we do not rush our decisions. We make measured decisions, and with full faith, aim to execute them. Presently, this is what we are after."

Goga Tkheldidze -Deputy CEO since 2014, with experience at Barclays Investment Bank as a Vice President in the Financial Institutions Group (FIG), EMEA. Responsible for corporate and investment banking. The phrase I recall most vividly: "We should not lock ourselves in an armored vehicle, thinking that all of this is going to go away. It is of crucial importance to adapt to the environment and continue proactive work, including new ventures."

Nino Masurashvili - Deputy CEO since 2006. Responsible for risk management. The phrase I remember most vividly: "Communication with both employees and customers is of paramount importance. Informing and mobilizing employees aids the betterment of the communication process with customers. Currently, the vast majority of transactions are conducted outside offices-everything is digitalized, and the process is ongoing"

Nikoloz Kurdiani -Deputy CEO since 2014, with 14-years' experience in the industry; five of which were spent at Union Group in Austria, Turkey, and Kazakhstan. Responsible for micro, small, and medium enterprise banking. The phrase I recall the most vividly: "It is important to analyze the situation, but not over analyze and let the analysis kill you. Do not panic -compartmentalize the data and devote time to thinking."

Considering Forbes Georgia and the focus of this article, I was wrestling with two questions.

1) What makes the managerial style of these individuals different from that of others and why TBC - not other equally successful companies -graces the cover of this publication?

2) How do top management become role models for over 7,000 employees?

Talking with every member of the TBC top management team has left me with insight, which I am going to share with you.

First of all, the company has a mission and it is not for showboating on the website or easing communication with foreign investors, but due to the company's real commitment to the mission.

TBC exists to simplify life for humans.

The CEO of the company believes that it is irrelevant how the environment is going to change due to COVID-19 or other challenges; TBC must still succeed in its mission. "This is the tour de force of our company," says Vakhtang Butskhrikidze.

Indeed, the context-how simplification is per-

ceived today when compared to yesterday- might change, but only in the realm of tactics, the core mission remains intact. Changes should happen in the here and now, not tomorrow or in the future, but now.

In almost two months, an institute of systematic importance to the Georgian economy, with its 7,000 employees and 150 branches, has managed to shift to a digital regime and eased the battle with the pandemic for both its employees and customers. "The technological development is not due to our liking it. It is for doing tasks more effectively and faster. Let us use technology. But use for what? To simplify life for humans," Nika Kurdiani said to Forbes Georgia.

It is apparent that it is easier said than done, however, the previous observation simplifies the task.

Secondly, the company has a long-term strategic vision, meaning that the important tendencies are observed prior to capitalization.

In the case of TBC, digitalization is the primary vindicator of its strategic vision. Before the global pandemic, digital products and services were a pleasant novelty, which in the context of Georgia, said a lot more about the company's development than about customer's ability to catch up with the changes. But the COVID-19 pandemic has shown that without digital capabilities, in the 21st century, we lose the ability to adapt. In such a predicament, it becomes increasingly challenging to develop because not everyone is equally capable of escaping their comfort zones, in the here and now.

But TBC is here to simplify human lives.

It appears that TBC beat the pandemic ten years ago when it implemented digitalization. Throughout 2010 all the way to 2012, the company made considerable investment in mobile and internet banking.

After several years, TBC was able to neutralize the consequences of the pandemic due to its customers having mobile and internet services. "Consequently, the moment that the load on branches decreased and performing banking operations on the spot became difficult -the high digitalization of certain processes aided us quite a bit," says Nino Masurashvili, TBC's Chief Risk Officer.

Today it is rather apparent that TBC is trying to digitalize everything regarding simple transactions and view the branch channels as a means of communication and consultation, dealing with more

complicated transactions.

If we were to observe the previous two months, we would grasp the sheer amount of tech products, created by TBC - including, a wholly digital card in Georgia, unique in its own right, that can be activated in seconds, via the mobile app, or confirming an installment plan online without your physical presence or a handwritten signature, or if you are a TBC employee, request leave online, finalize business trips and avoid any unnecessary bureaucracy. "At the beginning of June, we want to launch online onboarding," discloses Tornike Gogichaishvili, the head of Retail Banking. Online onboarding is going to make the activation process of a new client even easier -he or she would be able to digitally onboard via mobile banking, become a customer, open an account, get a card, and use every available TBC service. "And all of this will occur in the virtual space," explains Tornike Gogichaishvili.

Having said this, TBC is not going anywhere and wherever necessary will be physically present, but it is challenging to disprove top management's reasoning regarding the necessity of digital development. "Our strength in digital services allowed us to re-organize in a better manner and to re-arrange our back offices in such a manner to minimize health risks," such is the analysis of the more severe days of the pandemic by Giorgi Shagidze.

Every member of TBC's top management recalls, with a smile, the decision to allow its employees to work from home one day a week. "The system restructuring took quite a long time, we extensively tested our cybersecurity, and only after its success, implemented it," recalls Vakho Butskhrikidze.

Upon this experience was founded another entirely novel experience. "We quickly reorganized 95% of the back office in a manner to allow individuals to work safely from home, and soon after the pandemic forced us to close offices," recalls Giorgi Shagidze.

And, here, we must pay attention to one strategic vision -the one which was more of a "guess" than a calculation, says Vakho Butskhrikidze. This is, also new and not entirely suitable for a bank, but more for a tech company, which once more is going to learn from experience and is going to dare to be bold. Especially, if the team backing top management, is equally passionate. And the CEO of the bank confirms

the narrative. Nonverbal communication, even via Zoom, never lies.

To be brief, the story is as follows: after another Zoom meeting, when top management reviewed hundreds of accounts on where the company currently is, there was time for a Q&A - one of the employees joked - we did it, we transitioned to agile.

"Transformation to agile banking, of course, is not finished but the pieces were already moving, which became crucial towards its conclusion," says Vakho Butskhrikidze, who does not deny some inconveniences while performing certain transactions, but most importantly not a single customer - individual or corporate - experienced a delay.

That is why agile transformation became an integral component of the bank's strategy, which was ahead of its time, and without any prior preparations and calculations, became part of the agenda. In this case, employees were grouped not around a leader or an authority figure but around a task at hand, teams became more practical and began thinking and acting more proactively.

TBC was able to avert many challenges caused by the pandemic as well, and as Giorgi Shagidze explains, this was due to the global reputation that TBC has been able to accumulate. "I would like to make it clear; we were able to procure more loans from international financial institutions than was necessary for today. On the contrary, in a sense we are combating excess liquidity," says Giorgi Shagidze.

These institutions became the founding members of TBC in 2000. The International Financial Corporation (IFC) was the icebreaker and other international organizations flooded in.

In 2014, TBC moved to the London Stock Exchange and, after two years, moved up into the FTSE 100, LSE's premium segment.

Today, TBC's shareholders are from the U.S., Britain, Sweden, etc. "We are on almost every continent," says Giorgi Shagidze. 25% of TBC's capital is American. TBC, also, has investors from South Africa and the Middle East.

Besides shareholders, TBC managed to successfully secure funding via bond issuances. Last year, they issued bonds worth \$425 million, twice, and the American market bought 30% of those bonds. "I think, the high level of our administrative systems,

transparency enables all of us to be bold, dependable, and resourceful. With this attitude, we can procure more resources, whenever it is needed," says Giorgi Shagidze.

His words lead me to the following conclusion. Third, the company is not afraid to take innovative steps and to develop them further afterwards.

One factor, addressed rather openly by Nika Kurdiani in the interview, is the need of TBC to find new strategic distinctions. The head of MSME Banking, Marketing and Payments argues the following, "if at the end of the 20th century and the inception of the 21st century, companies used digitalization as the major differentiating factor and called it innovation; tomorrow it will become the new normal for everybody. That is why we must think more about other unique distinctive factors," says Nika Kurdiani.

From my perspective, TBC already possesses this factor - non-financial support for businesses. The logic behind the support-system is rather elementary - everybody needs help. That is why the program has over 20,000 participants who can access experts willing to offer advice free of charge. Consultations have shifted to Zoom, without a single absentee. On the contrary, numbers have drastically increased, making TBC ponder about the possibility of prolonging the practice, to save money and resources.

Regarding financial support - here, apparently, the pandemic is going to leave its mark. "We are making it abundantly clear to businesses that they need to have enough liquidity to resume their economic cycle," says Nika Kurdiani, already preoccupied with the creation of products that are going to aid businesses in this challenging up and coming chapter.

Goga Tkheldze believes that, in this situation, it is important for companies to learn how to be effective. "Considering the sheer size of the crisis, our first impression was that it was going to dramatically affect individuals and businesses," says the head of Corporate and Investment Banking. "Our initial goal was to curb the negative consequences. We postponed loan repayments for three months. Now, after June, we are going to sit down and cover in detail the current predicament. According to their revenue, will decide about the type of financial structure."

Goga Tkheldze also shared the results of the efficacy study, which demonstrates that TBC has fared

better than was initially believed by members of top management. "It is a possibility that certain services are a bit delayed and this was to be expected," says Goga Tkhelidze, "but the study clearly shows that our customers receive a full array of services from the bank. And this is of grave importance, a direct result of our team's constant work. We must carry on this path; however difficult it might seem."

The possibilities are boundless for a team responsible for Space - an innovative digital bank, operational only via its app. "We have created healthy courage," such is the vision of this team.

When you are tilting your customer base towards digital products and services, you must first be able to offer them a service, and secondly, the consumer must realize that his or her comfort zone is steadily increasing with you at the helm. "Space, first and foremost, was a symptom of the larger changes within the company," says Nika Kurdiani. And these changes have occurred. If TBC, previously was a bank, now it is far more than a mere financial institution - presently, it is a tech company - an adequate adaptation to the digital world.

Nowadays, Space grants its savings to over 7,000 people and has 50,000 monthly users. "We can compete with lots of banks in the number of active clients," says Nika Kurdiani jovially.

And here is my next observation.

Fourth, the company has ambitious, yet calculated goals and tasks that are based on analytical data. Because the bank feels a profound responsibility for the 5 million customers who have entrusted it with their deposits or business' future.

"We are entrusted with tens of millions of deposits," says Nika Kurdiani, "in this aspect, we are the leaders and ensure the savings of the people. We have absolutely no right to endanger their savings due to our creative approach, and we tread carefully. On the other hand, if we were not creative, we would not be able to maximize revenue from their deposits."

Therefore, TBC did not refuse the pre-pandemic regional expansion.

Vakho Butskhrikidze's approach to this issue is purely pragmatic. Firstly, this is going to be a step towards completing the mission, because TBC would be able to ease the lives of people everywhere, and secondly, the diversification would be an important

decision for the investors themselves.

"Our banker's mindset is shown here," says Vakho Butskhrikidze. And the mindset consists of TBC's unwillingness to sail into uncharted waters. The Uzbekistan expansion was, primarily, procured due to Space. Space - as a practical neo-bank is already tested in Georgia - the bank has no geographic location but has its active users, possesses a portfolio, and with its indicators is larger than several banks currently on the Georgian market.

TBC is planning on expanding to Uzbekistan in June. "We would like to create a new generation bank, more dependent on digital communication, which will enable us to learn more and achieve faster results."

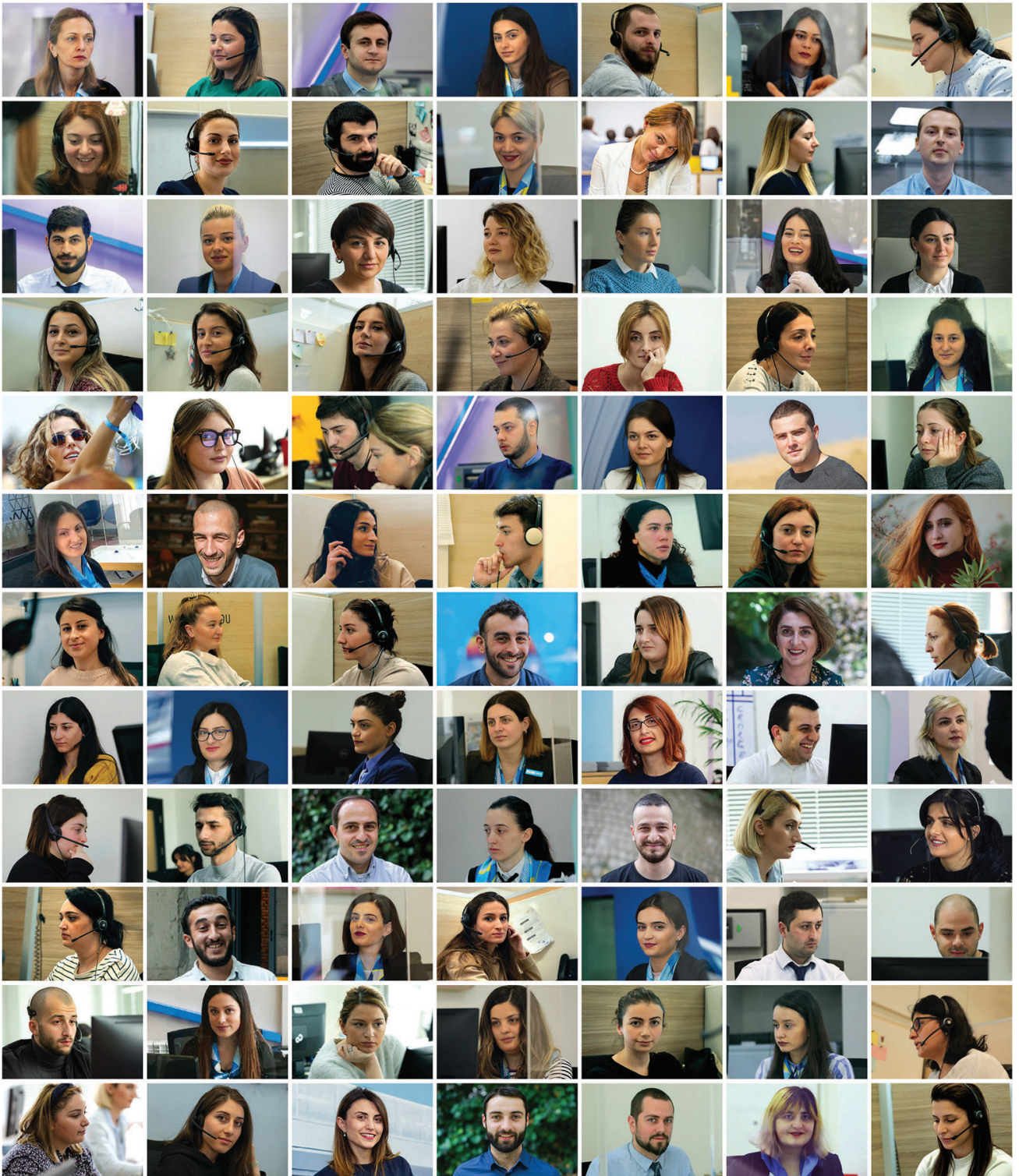
This proposition has a significant advantage, they do not need to invest in the complex, expensive, and stiff resources. According to the current plan, Uzbekistan is going to have a few physical branches, mostly focused on consulting and mentoring. This experience will probably be useful in Georgia as well.

"We want to increase our scale," explains TBC's CEO, "our technological development requires a sizable investment, numbering in tens of millions annually."

Consistent with this plan is the target, announced prior to the pandemic, of 10 million customers before the end of 2023. TBC's CEO is aware that the global pandemic will make the goal harder to attain, but the banker's mentality is at full force here and sees an opportunity even in the direst of situations. "If we were to approach the situation levelheaded," explains Vakho Butskhrikidze, "it is a good opportunity. If we were to choose the companies of interest to us, their value during the crisis has decreased." TBC, apparently, is ready to make a difficult and risky, but ultimately right decision to diversify. According to the latest data, the company already has 5 million customers.

At TBC, they understand customer satisfaction perfectly well. For the bank, the satisfaction of the consumer base and employees alike is interlocked, because one enables another's strength, and vice versa. The quality of service is partially dependent upon this synergy. Tornike Gogichaishvili has concrete measures for customer service.

"We are, probably, one of the pioneers to have attempted measuring customer service" says the deputy CEO, responsible for retail banking. "We measure



TBC TEAM

ourselves not only against the banking industry but also every sector of the Georgian economy, to create the best possible customer experience.”

This means that TBC's every product or service has customers in its focus. The main question for this team is whether a given product is going to ease the lives of its customer base and not what TBC itself thinks about this direction. “This, of course, is aspirational and we cannot boast about a 100% success rate, but we work daily, and try to gain experience,” says Tornike Gogichaishvili.

An emotional element is an integral part of any

predicament are uncertainty and the lack of certain financial information. TBC has to inspect in detail more scenarios than it would have to, under normal circumstances, but TBC's CEO ensures me that the restart of the economy, after the pandemic, is not going to be exceedingly challenging.

Every member of top management believes that the crisis will be quick but painful - the prognosis coincides with the assertions from EBRD, IMF, and other international financial institutions.

“The second quarter is going to be extremely challenging for the Georgian economy,” says Vakho

“In almost two months, an institute of systematic importance to the Georgian economy, with its 7,000 employees and 150 branches, has managed to shift to a digital regime and eased the battle with the pandemic for both its employees and customers”.

service. We all would very much appreciate proactive contact, bearing in mind our opinions, and identifying and preventing a problem before it becomes a hindrance. “This is our philosophy,” says the head of Retail Banking.

In the risk department, according to Nino Masurashvili, in dealing with the pandemic on a scale of 1-10, TBC would score a sound 9. “You should always be ready for crises,” says the Chief Risk Officer, “and you must not expect something not to happen. We already had the plan for demanding circumstances that helped us quite a bit. Now, we all have to be patient and agile.”

TBC's new task will be supporting businesses with necessary information, and in this manner will help them with their forecasting abilities. “With the reopening of the economy, alongside regular research, we will share weekly business indicators. We want businesses to see prevalent developments,” says Goga Tkheldze.

TBC understands its systematic importance and the reliance of the national economy on its calculations.

Currently, the dominant factors of the current

Butskhrikidze, but unlike the 2008 crisis, we are more optimistic because of the dramatic fall that can be reversed in equal rapidity.”

TBC expects that the Georgian economy will return to the 2019 mark by 2022. The main channel of the reversal - per Vakho Butskhrikidze - should be commercial banks, including TBC, because every investment - be it national or international devoted to Georgia - is processed by commercial banks.

This is the aspect, according to the CEO of TBC, which needs to change in bankers' mentalities. The famed phrase - that a banker gives you money when you do not need it and does not give it to you when you need it most - must be a thing of the past. “We will try to look in detail at cases in damaged industries,” says Vakho Butskhrikidze, “we must find ways to continue funding projects that are going to boost the economy.”

And the last observation - the company has a specific corporate culture and knows exactly the types of individuals to employ and for whom they might serve.

During the previous ten years, TBC has made two major purchases - Bank Constanta and the Bank

Republic. In both cases, the mergers caused major shifts, but ultimately, proved to be positive; Vakho Butskhrikidze believes that the culture was renovated and revived. "The more people share the TBC mindset the easier it will be for us to achieve our goals and it will be more interesting and rewarding to work here," says the CEO.

TBC's culture is quite specific and entails seven core, and quantifiable, tenets.

Vakho Butskhrikidze and his team recruit the types of individuals who want to be winners because this breed of people possesses the necessary leadership qualities and can aid the company in implementing novelties. Open-minded and happy individuals who are trying to spread their positivity.

How?

By performing interesting tasks that are going to be reflected on the happiness level of their customer base. Curious cadres because curiosity entails seeking viable alternatives, and consequently, urges you to implement more novelties. Individuals focused on results, who instead of talking deliver them. People open to opportunities including the ones associated with taking risks. Honest employees, who neither lie to others nor themselves, always keen on keeping their word. All of the above means that ideas are good, but there are goals and a public company must accomplish them. "We will never entirely fulfill the requirements, but the idea here is to get to them as closely as possible," explains TBC's CEO.

What does TBC expect from the future? I asked this last question to every member of top management. It was rather interesting that like the phrase at the beginning of the piece, their expectations too complemented each other.

Vakhtang Butskhrikidze - "Every crisis is an opportunity, and the challenge is to turn the current crisis into an opportunity."

Giorgi Shagidze - "We must be ready for more rapid changes - more flexibility, more digitalization. This will create many opportunities for both Georgian business and the nation's youth because the location will no longer be a competitive edge."

Tornike Gogichaishvili - "I am expecting development. We are all restless in the team. What can we do that is new and interesting? This is and will be the main question."

Goga Tkheldidze - "2020 will be arduous, but it will bring in considerable experience. 2021 will be transitional, and in 2022, TBC - like many Georgian companies - will become more efficient, profitable, and successful."


Nino Masurashvili - "I believe that effort, when channeled properly, bears results. A company striving to be better today than it was yesterday will always develop."

Nika Kurdiani - "There will be many uncertainties. Trends will develop extremely rapidly. Many might not be able to adapt. Curiosity, courage, leaving one's comfort zone will become valuable."

Post Scriptum. As the executive editor at Forbes Georgia for many years, I have come into contact with many businesses. Finding common ground with them has altered my thinking - I have learnt to capture the nuances that speak more about a business' will than the answers I get from in-depth interviews. I have long believed that one of the core issues is a company's and its top management's view on competition.

In 2016, TBC completely altered its vision and stated that it must become the region's most dependable provider of digital finance. The result was the company's constant attempts to compare its level of customer service to the companies most proficient in that area - the hotel sector, restaurants who value effectiveness, and speed. Consequently, when we talk about TBC's competitors, we go beyond financial institutions. Everyone interviewed chose their words quite carefully while discussing themes in a sector where competition is extremely high and the reader might perceive the overt focus on TBC's successes as a sign of weakness of others. This, however, might just be part of the corporate culture of the bank.

At the beginning of the article, I promised if you followed me till the end, you would find out why TBC says they have customers and not clients. I hope you will find that the article has answered this question.

Whether you are, or you are not a TBC customer, you might value this team's commitment, but do not deem it to be enough. Perhaps due to a burdensome loan repayment or a bad experience with a bank, you do not agree with a single sentiment of mine. I will simply ask you - what are your realistic expectations from TBC here and now? 

Interview with **Dejan Štancer**, Chairman of the Global Chamber of Business Leaders (GCBL).

BY ANITA MUSKERIA



Hello, Mr Chairman. First of all, sincere congratulations on your appointment as Chairman of the Global Chamber of Business Leaders, which happened only three months ago.

Good day to you too and thank you very much!

Tell us what the Global Chamber of Business Leaders is, and how you see the institution you have taken over.

The Global Chamber of Business Leaders, GCBL for short, is a coalition of business leaders whose goal is to connect established business leaders, as well as those who have just started, in a common network from which each of them can then draw knowledge, experience, as well as the connections that are absolutely necessary for the growth of companies. Personally, the idea visited me in the past, as I was already working in this direction on a smaller scale as the President of the Kazakh-Slovenia Business Club, which developed and grew quickly.

It is your experience, leadership skills and charisma that have been cited in the GCBL as the reason for your appointment to the position of Chairman. So let me ask you, is your experience also international?

I have been associated with entrepreneurship for over a decade, and in recent years I have also ran a business club that has economically connected Central and South-Eastern Europe, Central Asia and the Caucasus. The club also serves as a representative office of the State Agency of Kazakhstan for Entrepreneurship, Attraction and Support of Investors. The members of the club are renowned companies from several countries, which means that we have exceeded the framework of two national countries, which was the initial orientation of the club at the time of its creation. In fact, the club is already present in more than 20 countries around the world, which I am extremely proud of.

Let's get back to GCBL. What are your plans for growing the organization?

The plans are very extensive. Personally, I try to raise the bar high, if you shoot for the moon, you will at least be able to reach the stars. Currently we are still keeping to this principle, so the first move in this direction that has been made is to move the GCBL headquarters to the US. We want to work more closely with the United Nations, particularly with some UN programs. In this regard we are also reorganizing the organization in terms of personnel, and I am considering the enrichment of the GCBL with some top experts from different parts of the world. I am aware that developing the organization the way I want it will take a lot of hard work and effort, but I think business leaders really deserve it. Economics is the engine of the world, the more connected it is, the better the engine will run if you allow

me to be figurative.

Do you have in mind someone from our region, maybe even from the country?

The answer is yes. My wish is to involve experts from all continents, and from as many regions as possible, so that we can really achieve as many goals as possible. I can say that I want to see a lady from Georgia in the structure, whom I appreciate very much. I have known her for a long time, and I have also been able to see her abilities on a number of occasions.

Maybe you can trust us with something more, maybe even a name?

Of course. I am talking about Mrs Ekaterina Maisuradze, President of the Georgia-Africa-Asia Chamber of Commerce. I am convinced that Ms. Maisuradze is an excellent business leader, as well as that her abilities and experience will make a rich contribution to the development of GCBL in this area, and of course more broadly, globally.

Mr Chairman, you said that the economy is the engine of the world. Okay, but then how do you look at the friction in the world, between the US and China I mean, at Russia, Europe ...

For a comprehensive answer to this question, it is first necessary to have an insight into the context. If the 20th century was the century of U.S. growth, then the 21st century is certainly the century of growth of Asia, especially China. Quality business leaders understand the context of constant political change and look for constant challenges in it, they see less of a problem in it. The business has long since crossed the boundaries of a policies that do not affect it, or very little. Globalization has been a fact for some time, and the attempts of many politicians to nationalize the operations of domestic companies will, in my opinion, fail miserably, as they are no longer sustainable in the context of time. Capital generates policy and not the other way around. Let's just remember the arms race one day. I am not saying that this is over now, but what was happening in the field of armaments back then is happening today in the field of digitalisation and, consequently, cyber security.

How far do you think the friction between the US and China will go, which, as we can see, is only escalating? And what do you think this means for the economy, for business leaders?

As you correctly note, the friction between the superpowers is really increasing. Where and when this will end is impossible to predict at this point, but I am certainly an optimist. The economy is always looking for ways forward and cannot be stopped, nor can it be slowed down by politics, especially if it comes from a market-oriented environment. The economy is like torrential water that always cre-

ates a riverbed so that it can flow forward. Maybe not right away, but eventually for sure. The protectionism we are witnessing will not last in my opinion in the long run. Of course, it is not good and healthy, nor are the so called “predators”, with whom unfortunately more and more countries have to deal with. But after all, we are still talking about globalization and everything that is happening in that regard.

Are you saying that the economy will be able to survive all the challenges that stand in its way?

It will, of course. But only if we succeed in maintaining peace in the world as much as possible. And that is also why, in my opinion, it is necessary to make every effort to find solutions to all issues that could threaten peace and stability all over the world. At the same time, it is necessary to promote world trade and not to hinder it, of course, again with the predisposition that it is a trade, not a policy that hides behind it.

What do you mean?

If we could only talk about a market economy all over the world, we wouldn't even talk about it. Unfortunately, this is not always the case. This is one of the reasons why we are witnessing state interventionism before the coming global crisis. Even where this was considered unacceptable, even immoral, until yesterday.

Speaking of the coming economic crisis, do you think it will be worse than the one in 2008?

Sorry, but yes. There are too many factors that will deepen the crisis. The question, however, is how long the crisis will last. Opinions about this are quite divided, but personally I think that if we look for answers globally, connect more economically even the way we were not until yesterday, the crisis will be correspondingly long or short. Again, I'm thinking of business leaders who will have to make every effort to maintain jobs, just connect even more, look for new partners and customers, even in distant markets, and thus take care of the growth of companies.

And that's why they will need the Global Chamber of Business Leaders...

Definitely. This is one of the reasons why GCBL is already preparing for the coming crisis and the assistance we want to provide to the

economy and business leaders. To be honest, the crisis is not coming, it is already here. Millions of people around the world have lost their jobs, millions of companies have either gone bankrupt or are on the verge of collapse, the primary cause of which is the COVID-19, which is still among us and takes its toll on people's health, lives and role in the economy.

But how did the GCBL respond to the COVID-19 pandemic?

The response was as unique as possible: we sent several messages to business leaders around the world, clearly articulating that we are here for them, as well as that they should be strong, persistent, and that they should not forget to be in solidarity and always act ethically. First of all, we donated a special medical device to one of the hospitals included in the global COVID-19 survey, which undoubtedly contributed to greater safety against infection and may even have saved some lives. We are especially proud of that.

Congratulations for your Donation

Sincere thanks!

Do you think another wave of the COVID-19 is coming, and how do you think a possible second wave will affect the world economy?

Hard to say, I'm not an epidemiologist. I am one of those who hopes that there will be no new wave of infections. Of course, the whole world needs to be prepared for a potential second, perhaps even third wave of infections. COVID-19, however, is a new virus, unknown, not only to us but also to the health professions. What I do know for sure, however, is that we will have to find a balance between how to isolate the infected without closing the economy. Another complete closure of the economy would certainly mean an even deeper drop in economic activity, which would have absolutely catastrophic consequences for many people.

What do you think about how the world will change after this pandemic and how do you think the economic environment will change when the crisis is over?

The digitalisation of society will certainly continue, no matter how long the crisis lasts. Companies in this sector are also likely to feel the crisis less than, for example, in the construction or wholesale

“THE WORLD ECONOMY IS GOING THROUGH A DIFFICULT PHASE, BUT THE MORE WE WILL COOPERATE WITH EACH OTHER, THE SHORTER IT WILL LAST.”



sectors. No matter how long this crisis will last and how severe it will be, like any other so far, it will have certain consequences. We need to be aware that the world economy is entering a difficult phase, but the more we know how to work together, the shorter it will last. When I mention collaboration, I am otherwise only a moderate optimist, also because of what we talked about earlier. I certainly wish that, as an organization, we would be able to promote cooperation, common growth and solidarity with business leaders around the world. In some places where they do not already live in abundance, there will be even less prosperity after this crisis. I must also mention that the World Bank warned a few days ago that the crisis we are entering could be a decade or more in length, affecting as many as 60 million people and having them falling below the poverty line. I sincerely hope they are wrong in these assessments... Maybe after the next crisis it will be time for a new discourse.

What kind? Are you hinting at a change in the economic model?

That's exactly what I'm talking about. A redefinition of capitalism may be needed. Perhaps just a little more protectionism of countries than we see in some countries after the corona crisis, that we will be able to mitigate the tremendous increase in population stratification. If we fail to do this, and we certainly will not, unless a serious debate is launched on it, I fear that we will face constant unrest in the future as a result of the constant protests of those emerging from the social margins. I think we as a society globally are really too rich to want that. However, if this happens, we will only talk about how to stop it so that the economy does not suffer again. Therefore, a discourse on this is necessary now.

As we are slowly coming to an end, Mr Chairman, let me address you once again to wish you all the best in running GCBL. I also wish you plenty of success and health.

Thank you very much, dear Mr. Isakadze. Allow me to wish your loved ones plenty of health, and plenty of success in business and life. I also wish your media all the best in the future. **F**

CEO

WOLT

TIMES OF CHANGE

Wolt is facing the COVID-19 pandemic in 22 international markets, including Georgia.

BY ELENE KVANCHILASHVILI
PHOTOS: KHATUNA KHUTSISHVILI



11th of May is the birthday of Wolt Georgia. One of the more popular delivery services of the nation entered the market exactly two years ago and has been growing ever since. Unlike many other companies, Wolt escaped the Coronavirus unscathed, in fact, the global pandemic has only accelerated the company's growth both locally and globally.

Wolt's statistics are as follows: 22 countries, 80 cities, more than 10,000 restaurant partners, well-above 20,000 courier partners. Wolt has raised €258M in funding from investors including ICONIQ Capital, Highland Europe, 83North, EQT Ventures, Goldman Sachs, Inventure, Lifeline Ventures, Supercell founder & CEO Ilkka Paananen and Nokia Chairman Risto Siilasmaa, among others.

Founded in Finland in 2014, the company currently has 900 employees and this number is growing.

When Wolt entered Georgia in 2018, the company was only represented in six nations and employed 150 individuals. Natalia Khizanishvili, with 13 years of experience in the technology and commerce sector, has been the general manager of Wolt's Georgian branch for two years.

Due to the Coronavirus, the interview was conducted via Zoom. After reading the interview with Natalia Khizanishvili, one will be convinced once more than in every crisis, however severe it might be, lies great opportunity. If only one were to look for it and seize the opportunity.

How has COVID-19 affected Wolt?

COVID-19 has altered the working principles of every company, including us, in multiple ways. First of all, we do everything, within the realm of possibility, by distance - our support team works remotely. Also, we conduct the training of prospective couriers remotely. We work with a lot of new partners whom we have not seen physically. This is extremely interesting and what we learned during this period will, perhaps, increase our productivity in the post-pandemic period.

Let's be more specific - what do you, as the general manager, consider to be the greatest challenge?

The main challenge is that we do not know what tomorrow will bring. We do not know what will occur in the following weeks. The only fact we do know is that the future is uncertain and that is why we must be ready for a speedy response. This is the biggest challenge. We do not know for how long this global emergency will last and I am not certain that anyone can claim with conviction what the long-term consequences of this crisis will be.

If we were to listen to analysts, it becomes rather clear that the impact will be significant and lengthy on business production and every aspect of it - companies, employees, consumers, systems - do you expect this and other fundamental changes in the post-pandemic market and are you currently preparing for such changes?

We are already witnessing a significant amount of change. Consumer behavior is changing. So, business is shifting as a response. For the post-pandemic period, I believe, we have to consider that even more services are going to be digitalized and even more customers, due to the imposed limitations, are going to use a digital service such as food delivery. Consumer behavior will certainly be altered and a sizable amount of customers will continue using this service in its current form.

Therefore, we believe that a lot is going to change, and every company ought to prepare for these changes, including us. We are getting ready - we are hiring new employees, developing technology because the answer to the changes is, indeed, a technological one. It was our technology that enabled us to remain operational in 22 countries, including Georgia. We are delivering food without interruption and are presently thinking that the pandemic, and our technological answers to it, has

revealed an untapped market within Georgia. We believe that in the future a lot more companies are going to get interested in these areas and will begin to examine them. During the post-pandemic period, I estimate that the size of the market will drastically increase.

When you are speaking of the technological development, did you need fundamental systematic restructuring to adjust to the changes and increase the company's flexibility?

Of course. Firstly, we have already begun a no contact delivery - we knock on a customer's door and then simply leave the food at the door. This was the first step in adjusting to the new reality through the use of technology. Secondly, if in the past we only worked with the restaurants; now, we began cooperating with the supermarkets and, practically, with every type of company - we deliver everything we can, and believe that, in the future, this aspect is only going to grow.

Which, for its part, requires an increased level of supervision. You are the general manager of this company - what has changed in your daily routine in this aspect - has it, in fact, complicated your work?

Truth be told, this period has been extremely interesting. For instance, how to utilize employees from a distance and how to motivate them as well, from a distance. We are constantly learning, for example, how to gather the team via Zoom or even celebrate a milestone remotely. This is both a challenge and a big new experience for us. All the members of Wolt's global team became even closer. Even here, we only gathered once or twice a week because we already communicated daily and discussed our opinions regarding the prevailing processes. Now, every day begins with a distance meeting, greeting each other, and then beginning the discussion about business. That is why, in a sense, we became even closer and more intimate.

It appears, there are certain lessons you can learn during these tumultuous times...

Yes, for sure.

You have mentioned globalization several times. You are represented in 22 markets. What are the similarities and differences we can observe amongst these nations - for instance, where is it

easier to adapt to the changes?

Lots of countries are similar. But there are sizable differences. For one, which is undoubtedly interesting - we are a small company; we only employ 1000 people, the vast majority of whom work in the head office in Finland. What we are observing, for example, if in Georgia there was no demand during weekends, COVID-19 has changed this occurrence, the workload has increased and encompassed every day. In Europe, on the contrary, if weekends were the most labor-intensive, now the load has been redistributed. We, the representatives of these 22 countries, share knowledge and experience about various directions with one another.

To sum this part up - is globalization, in its present form, more of a hindrance, or on the contrary, an advantage?

One of our main strengths is that each nation is autonomous, meaning that each country has its general manager who is in complete control over the operations. In our case, globalization entails sharing knowledge and experience with one another. This, of course, is an advantageous factor because if we learn something in Georgia, this knowledge could be useful to other countries and if they learn something, we will bear it in mind. That is why sharing knowledge was moved to the forefront, which is unambiguously a positive aspect. Another example is that we are cooperating with international partners as one team, but each country remains free to make its own decisions.

A company's decision-making and subsequently consumer trust are going to be highly valued in the post-pandemic period. A consumer is going to pay quite a bit of attention to the level of safety a given company's products and services provide. How are you handling this task and what are you doing to keep trust after the pandemic?

In my opinion, the most important aspect here is to serve a customer in a way that he or she does not expect. Trying to surpass expectations is the key. Consequently, every point of contact a customer has with our company must surpass expectations and be better than the previous one. This is



how we are trying to earn customers' trust. Including the mobile application, which must be easy and comfortable to use, the time of delivery must be brief; also; the quality and communication we have with our customers must be constructive and beneficial. Accordingly, our company's philosophy is to ensure happiness in the entire work cycle - including, our courier partners, restaurants, shops -generally speaking, goods and customers. Each of these directions must perform well. This is our main task. We are constantly thinking about the level of customer service - we are improving, identifying, and correcting every error; and the whole company is working on it.

And, I assume, afterwards you are measuring all of this.



That is why it would be interesting if you could tell us, how do consumers perceive Wolt and, additionally, what are they demanding the most - has the pandemic changed anything in this respect? At the beginning of our conversation, you mentioned the new possibilities that have appeared, which are going to contribute to the growth of the market...

We are a tech company; we are dependent on daily data and are constantly processing it. First is the average time of delivery, which should not exceed our company standard; this is around 30-35 minutes. Here, we mean the whole cycle from order to delivery. Second is the support team; we believe that supporting our work in real-time, especially when we are speaking of fast service, is extremely important - you do not have to wait

even for several minutes, so we have seconds on average to reply - and in these seconds, we are aiming, first of all, to respond to any existing problems and to resolve these issues in approximately two minutes and by doing so improve our customer service. And third is the addition of the directions which the customers need.

Georgia was one of the first countries in Wolt to include deliveries from supermarkets and supermarket delivery is a part of our rapid growth. This is a relatively new service that we initiated less than a month ago and see its relatively high potential.

This addition is, indeed, due to Coronavirus - so to speak, if it were not for the pandemic you might not have left the comfort zone and would have paid lit-

tle attention to this direction...

Yes. COVID-19 was a challenge. The addition of this service was amongst the challenges because, at the beginning, we were not technologically ready. But we have adapted to the new reality swiftly and see huge potential in this direction. The most important factor, here, is that supermarket deliveries are as quick as the ones from the restaurants.

Apparently, this reshuffle, which often you had to do in a short period of time, has not harmed quality?

There were moments when we faced lots of problems because adjusting to the regulations took a long time. For instance, after the changes to working hours, deliveries were reallocated to a short amount of time. Currently, these problems have been eradicated but we are not content; we are still working on adding new courier partners. If we were to stop, we would take a step back and our quality would go down. That is why we are working on adding the right number of partners to carry on without hindrance.

How important is it for the economy to re-open?

It is extremely important. For us, COVID-19 was and remains a great challenge. Us and every other company must work in a rather complicated period. It is of grave importance for restaurants to re-open. The lockdown of the economy here and in the rest of the world creates long-term problems. We are a part of this economy and, obviously, it is of crucial significance that it becomes fully operational, as soon as possible.

However, this decision was not solely guided from the perspective of rapid growth. We felt a humongous responsibility, in this situation we were the only ones capable of such a fast reaction, and due to our technology and infrastructure, we were able to offer our clientele additional services.

What do you expect from the future?

For me, the most important is that, despite these challenges, we were able to remain in business and continue working. The future seems uncertain because, still, nobody knows what tomorrow will bring. That is why it is extremely important for us that our customers, partners, and employees were able to continue working - this is our main task. We have long-

term goals; how to develop the business and aid those companies that have suffered from COVID-19 and allow them to progress with us.

I would like to keep this line of questioning, and to broaden it a bit. Due to the conundrum caused by COVID-19, the business sector is proactively trying to ease their burden - be it reorganization of production, cooperation with the StopCov fund, or the creation of individual platforms like 1anoba.ge, etc. - how and what are you contributing to this effort?

Our part, first and foremost, is to allow companies, which do not have a delivery service, to supply their products to costumers. We are ready to increase the number of our partners and aid business development in this way. Apart from this, we want to give our courier partners enough deliveries to enable them to work in this testing time. We would like not to merely keep the existing amount of jobs, but rather to increase them.

Do you require any assistance from the government, or will you need any, in the post-crisis period?

Since we were able to carry on working during the pandemic, while many others could not, we have not requested, nor are we intending to ask for government assistance. Currently, it is important for us that a certain portion of business activity be resumed to its maximum capacity. We hope that the government and private sector, together, are going to find ways to support small and medium-sized businesses; and the restaurant sector will re-open to such an extent that the losses would be minimal.

Does the portion of the Anti-Crisis Plan regarding the lifting restrictions and reviving the economy increase your ability to forecast and allow you to plan ahead?

It is excellent that there is a concrete plan. Of course, we understand that it also is dependent on a course of events, but we have already prepared an exit strategy in accordance with the current plan. The steps necessary to return to the office - we are actively prepping for that, as a company, and the guidelines are aiding us in the process. Now, it is important that these steps not be broken and for this, it is necessary to keep physical distance and stay at home until it is required. **S**

Contributions and Challenges of Today's Crisis

Interview with the founder and CEO of ATL Group

Rashad Mirzayev is the founder and CEO of ATL Group, which operates in various business sectors. He is also mentoring to support the development of other commercial entities, including start-ups aligned with his business activities. Modern business techniques, IT solutions, and sustainable innovation are the key elements of his business vision.

BY ANITA KARTVELISHVILI

Many entrepreneurs say that every crisis brings opportunities. What positive contributions may today's crisis create for businesses?

The most evident contribution is the fact that every unprecedented problem obviously requires a unique solution. Companies can explore new ideas and approaches, functioning mechanisms to produce a solution and capitalize on it. Inevitably, businesses will be forced to transform themselves in order to survive.

Flexible organizations that explore and secure present opportunities and search for future innovations will benefit the most from any positive opportunities in the current crisis. These organizations are characterized by their ability to concentrate on products and processes of past successes while also focusing on opportunities that will define the future.

We must not forget that shocks, regardless of their magnitude, create a coping mechanism for future events so that any reaction takes less time and is more effective. History shows that, we as the human species, have learned great lessons throughout many catastrophes. These coping mechanisms also develop in organizations, not only individuals.

To put it simply, using the words of Stanford

economist Paul Romer: "a crisis is a terrible thing to waste".

What is the role of knowledge management (KM) in transforming challenges into opportunities? Do you think KM becomes much more popular, common, and effective these days?

While tackling challenges, the main task that falls upon companies is to capture a relevant stream of information and turn it into enterprise knowledge. After capturing this stream of information, you need to select and process the most valuable information, which typically resides in the minds of your employees. However, capturing tacit knowledge and adding it to the enterprise knowledge base is not an easy task. This is where knowledge management comes in. This whole process can be achieved by implementing a proper knowledge management strategy supported by the correct toolsets.

The main benefits of efficient knowledge management are communicating important information instantly, making expertise available as shared knowledge, reducing the friction of processes and internal politics, and stimulating innovation and education.





Knowledge management is becoming more relevant than ever as entrepreneurs are continuing to understand that data-centric management is a new era and no single decision should be made based on intuition or the fact that “things have always operated in this way”. The current digital age has adopted a system of first-come-first serve and with the pandemic, this process has sped up significantly.

The companies who will thrive tomorrow will be the ones who capitalize on a successful knowledge management strategy.

Before the crisis, high-tech companies and business intelligence services had already become one of the most demanding and effective businesses. Now the crisis is boosting this process. Can these businesses also save other types of businesses?

High-tech companies and business intelligence services actually provide other business types the necessary resources to cope with and survive crises. Tech companies offer the essential tools required for digitalization, which traditional businesses need more than ever now, during lockdowns. Business intelligence services on the other hand help create a better understanding of what is

going on and give clues about what must be done.

For example, ATL Tech, the largest software development company in Azerbaijan provides many restaurant chains, which have been severely hit by the imposed lockdowns, with a call center software called InstaCall, enabling them to manage with the increased demand in deliveries. On top of that, it allows SMEs to manage their contact centers without having employees present at work, which is a powerful support to WHO's recommendations about self-isolation and staying at home.

It is self-evident that many other business types need tech companies to tackle problems that require data analysis and digitalization.

Will business methodologies change after the crisis in the Caucasus? Do you expect big innovations in business models or implementing existing but uncommon methodologies in the region?

One of the main business tendencies in the Caucasus is that many companies are implementing “play not to lose” strategies rather than “play to win”. In Azerbaijan, the majority of companies have adopted the first one, due to the fact that since 2008 no single company has been able to foresee, plan and construct a strategy that can be applied for the next five years, due to many instabilities in the region and worldwide.

When we established our AI Lab at ATL Tech we didn't set serious goals. But we believed in the idea. We knew that AI is something beyond just a buzz word, and today we are happy to see some glimpses of its fruits.

Companies in our region are making certain attempts to explore uncommon methodologies and adapt to the new reality. However, some obstacles definitely exist. For example, we can observe many organizations trying to adapt to the current trend and the necessity of remote working, however, most companies in the region face a lot of challenges with this particular format. Because even though they are forced to operate in isolation, their management format is not adapted to this working process.

Nevertheless, I am optimistic that more and more local companies will gradually shift to “play to win” strategies, meaning they will: invest in technology, innovation, and business models to gain a significant advantage over their competition. ^F



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NEWS

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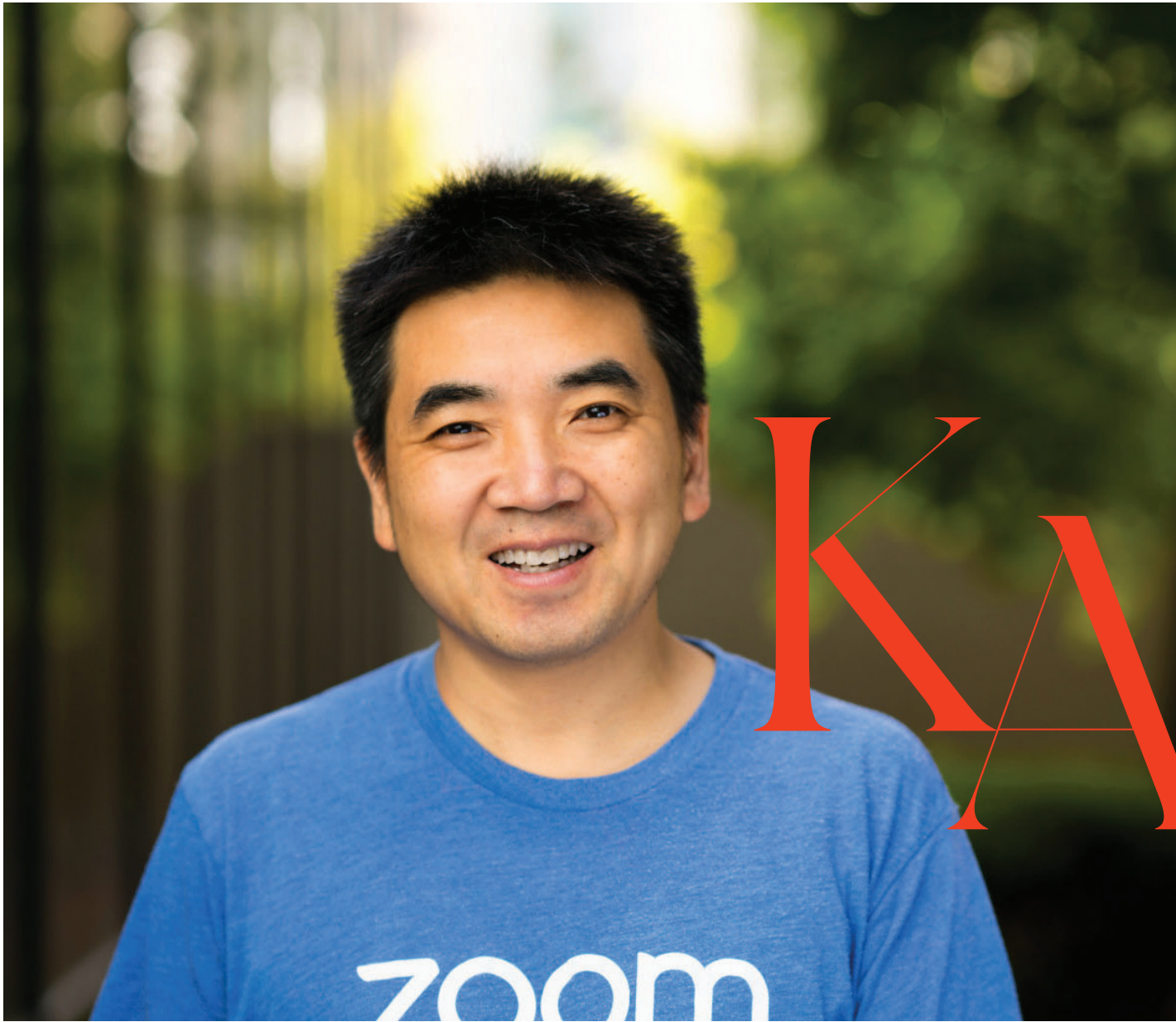


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BY ALEX KONRAD

ZOOM



BOOM!

ERIC YUAN IS HELPING MILLIONS OF PEOPLE SURVIVE SOCIAL DISTANCING BY GIVING AWAY HIS VIDEOCONFERENCING TOOL, ZOOM, FOR FREE. THE MOVE IS EARNING HIM MUCH RESPECT, AND WHEN THE PANDEMIC HAS PASSED, THE BILLIONAIRE'S BUSINESS WILL LIKELY BE STRONGER THAN EVER. BUT IN THE MIDST OF A GLOBAL CRISIS, CAN HIS APP WITHSTAND A 610% SPIKE IN TRAFFIC VIRTUALLY OVERNIGHT AND THE SCRUTINY OF PRIMETIME?





number of downloads since its April 2019 IPO to more than 59 million, according to mobile intelligence firm Apptopia. Zoom recently ranked No. 1 among all free apps on Apple's App Store, ahead of Google, WhatsApp and even Gen Z favorite TikTok. None of that accounts for the millions who tune in via laptop or desktop computer.

All of this has pushed Zoom, based in San Jose, California, into a new financial stratosphere. Its shares are up 143% since the IPO and 44% in the last month—a time when the S&P 500 fell 11%—giving the company a market cap of \$42 billion and Yuan a net worth of \$5.5 billion, making him one of the richest self-made newcomers on this year's Forbes Billionaires list. Even before the spread of COVID-19, Zoom was on a tear, with at least

Zoom CEO Eric Yuan's kids finally care about what he does for a living. Sure, they were there that morning in April 2019 when Yuan, the founder of the world's most popular video-conferencing company, rang the opening bell at Nasdaq, with Zoom's stock-market debut making him a billionaire. But it wasn't until a Monday in mid-March that Yuan's eighth-grade daughter, forced by the coronavirus to go to school remotely, finally had a question about her father's work. "My daughter had never asked what I'm doing," Yuan says, beaming. "For the first time, she stopped by to say, 'Dad, how do you raise your hand in Zoom?'"

Yuan's son, a college freshman, has become an emergency Zoom user, too. "I told my son, 'I finally realized why I was working so hard,'" Yuan says. "I realized, 'Maybe I built these tools just for you to use in your online class now.'" This newfound respect still wasn't enough to stop either kid from battling for the family's WiFi with Dad, jokes Yuan, 50.

Welcome to the new work-from-home family life: conducted, increasingly, over Zoom. As the coronavirus ravages the planet, leading to quarantined cities, states sheltering in place and schools and universities closing down worldwide, Zoom has emerged as one of the leading tools to keep businesses up and running, students learning and people connected through virtual birthday parties, happy hours and yoga classes.

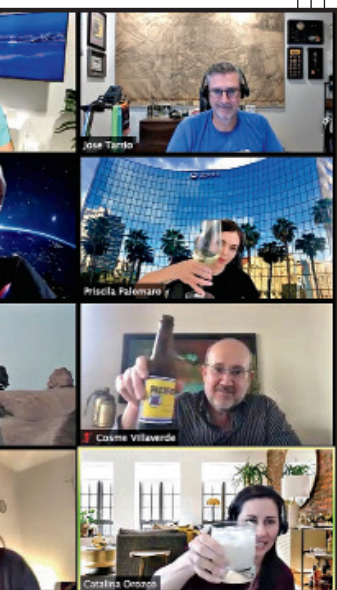
On the last Saturday of March, nearly 3 million people globally downloaded the Zoom app on their mobile devices for the first time—a record for the company, bringing the



81,000 paying customers, including Samsung and Walmart. It posted revenues of \$623 million and net profits of \$25 million through its fiscal year ending January 2020, up 88% and 234%, respectively.

Zoom isn't just a darling of Wall Street. It's a social-media phenomenon. On Twitter, TikTok and elsewhere, Zoom has gone viral—quite a feat for a piece of business software. “Just got an email from a prof: ‘As a reminder, you are required to wear clothes during Zoom meetings.’ Rules are made when they become necessary, not before,” one Twitter user quipped, getting more than 85,000 likes. Joked another, to 21,000 likes: “Lol you thought you were better than me cause you went to Harvard??? We're all attending Zoom University now.” (The real Harvard is conducting all of its remaining classes on, what else, Zoom.)

Much of the Zoom boom is fueled by Yuan's decision to provide unlimited free access—first to affected regions in China and then, in mid-March, to all schools shut down in the United States, Italy and Japan. He's since expanded the offer to schools in at least 19 other countries; around 84,000 have signed up. Add to that millions of new individual users taking advantage of Zoom's complimentary 40-minute video



Mr. Yuan's Neighborhood

Kindergarten teacher James Baldwin (below) reads a children's book to his students (below left) from his home in Brookline, Massachusetts, a Boston suburb. Zoom's Latin America team (left) enjoys a virtual happy hour.



THE CLASS OF 2020

EVEN WITH THE STOCK MARKET'S MARCH MELTDOWN, 178 PEOPLE FROM 20 COUNTRIES CLIMBED INTO THE RANKS OF THE WORLD'S WEALTHIEST FOR THE FIRST TIME THIS PAST YEAR. INGENUITY TRUMPED INHERITANCE, AS 144 SELF-MADE ENTREPRENEURS DEBUT. THEY'VE MADE THEIR FORTUNES IN STEEL, SKIN CARE, ONLINE TUTORING, MOBILE GAMES, SPIKED SELTZER AND MUCH MORE. HERE ARE SOME OF THE MOST NOTABLE.

Larry Xiangdong Chen

NET WORTH: \$4.5 billion • China • AGE: 48



Even before the coronavirus outbreak closed schools around the world, China's rising family income and competitive education system helped make the country one of the world's largest markets for online learning. Chen became a billionaire following the June 2019 IPO of his five-year-old GSX Techedu, which provides online after-school tutoring for K-12 students. Its stock is up two-thirds since the coronavirus outbreak at the start of the year.

Alexandre Behring

NET WORTH: \$4.3 BILLION • BRAZIL • AGE: 53



A founding partner and CEO of private equity firm 3G Capital, Behring also serves as chairman at two of its biggest investments: food giant Kraft Heinz and Restaurant Brands International, which owns Burger King. He got to know the billionaire Brazilian partners of 3G Capital—Jorge Paulo Lemann, Marcel Telles and Carlos Sicupira—while working at GP Investimentos, a private equity firm cofounded by Lemann and Sicupira.

Anthony von Mandl

NET WORTH: \$3.3 BILLION • CANADA

Best known for creating the popular canned alcoholic beverage White Claw Hard Seltzer and, before that, Mike's Hard Lemonade, von Mandl began his career at age 22 in the Canadian wine business in the 1970s as an importer. In December, he told Forbes that his U.S. business is estimated to deliver close to \$4 billion in revenue this year.

Dmitry Bukhman

NET WORTH: \$3.1 BILLION • RUSSIA • AGE: 34

Igor Bukhman

NET WORTH: \$3.1 BILLION • RUSSIA • AGE: 38

These brothers from northern Russia started selling games online while Dmitry was still in high school. They hit it big as cofounders of the Russian online gaming upstart Playrix, best known for free mobile-app games such as Homescapes and Fishdom. The company, which they own, now has more than \$1.2 billion in revenue.

Orlando Bravo

NET WORTH: \$3 BILLION • U.S. • AGE: 49

The first billionaire from Puerto Rico is a leading Wall Street dealmaker. His private equity firm, Thoma Bravo, has done some 230 software deals worth more than \$68 billion since 2003 and now oversees a portfolio of 35 software companies that generate roughly \$10 billion in annual revenue. Bravo's ticket out of Puerto Rico was tennis: As a teenager he roomed with Jim Courier at Nick Bollettieri's esteemed tennis academy in Florida and was then recruited to play for Brown University.



Barry Zekelman

NET WORTH: \$2.2 BILLION • CANADA • AGE 53

Zekelman took over his family's steel business at age 19, soon after his father's untimely death. He has since built it into one of North America's largest steel pipe and tube makers. He races Ferraris and has owned a series of yachts named Man of Steel, but lately he's made headlines for his politics. After a Zekelman company cut a \$1 million check to a pro-Trump Super PAC, Zekelman was captured on a secret recording from a

chats (available to any individual or group with fewer than 100 participants), which were already free before the pandemic. Zoom won't say how much money all this free service is costing, but Stifel analyst Tom Roderick estimates the additional tab at \$30 million to \$50 million. And all those people are sucking up costly bandwidth—meaning Zoom is likely having to invest in public cloud resources as a stopgap, estimates Sterling Auty, an analyst at JPMorgan Equity Research. Zoom says its infrastructure can already support 8 billion meeting minutes per month: “In the case of an unprecedented, massive influx of demand, we have the ability to access and deploy tens of thousands of servers within hours.”

While Yuan's generosity might be expensive in the short term, it will undoubtedly pay off richly for Zoom, which is already well on its way to becoming the generic term for videoconferencing, much as the brand names Xerox, Kleenex and Google are for their products. (According to its S-1, the majority of its top customers in 2018 had started out with a free account.) Zoom's biggest challenge now is not how to make money but ensuring that its systems don't crash under the weight of millions of new users or collapse under the spotlight.

“It was not a hard decision,” Yuan says. “When we thought about this decision, we were very excited. We know that whatever problems we face, we will overcome. Cost, our public company gross margin, our capacity: Everything else is secondary.”

The son of mining engineers in China's eastern Shandong Province, Yuan grew up fascinated by entrepreneurs like Bill Gates. After graduating from Shandong University Science & Technology with a degree in applied mathematics in 1991, he decided to head to America. Before his departure, U.S. Customs asked for an English-language version of his business card. It listed Yuan as a consultant, and he was misunderstood to be a part-time contractor. His visa was denied. For the next year and a half, the now-skeptical immigration services would deny him seven more times. But Yuan refused to give up.

He eventually made it to California and got a job at Webex, an early player in web-conferencing and videoconferencing applications. It was acquired by Cisco in 2007, and Yuan left four years and four months later, disillusioned by the quality of the service. He started to build Zoom and began offering to hook up some in-need organizations and institutions, such as the University of San Francisco, for free.

Now that altruistic impulse is taking on global importance as Zoom has become vital for the work-from-home economy. But it's far from the only company stepping up to meet this trend—and standing to profit later. Google and Microsoft also

2018 Trump donor dinner, bending the president's ear about the steel business. Now stretches of the Mexican border wall going up in Arizona are stamped with the words ATLAS TUBE, a subsidiary of his Zekelman Industries.

Forrest Li

NET WORTH: \$1.9 BILLION • SINGAPORE • AGE: 42



The online gaming entrepreneur catapulted onto the list as shares of his New York-listed Sea Limited more than doubled in the past year. Boasting 60 million daily active users, its shooter game Free Fire was the most-downloaded app of

2019 and the highest-grossing mobile game across Latin America and Southeast Asia. Li started Sea, formerly called Garena, in 2009 with Gang Ye, 39—also a newcomer. They got their big break a year later through a partnership with U.S.-based Riot Games, the developer behind League of Legends.

Byju Raveendran

NET WORTH: \$1.8 BILLION • INDIA • AGE: 38



His online education app Byju's offered free lessons until the end of April in light of the coronavirus pandemic. In 2006 he began teaching test prep in Bangalore, and in 2011 launched Byju's. It now has 42 million registered students across India

and the Middle East, many of whom use its flagship app for fourth- to twelfth-graders. Its latest funding round, in February, valued the company at \$8 billion. Investors include Tencent, Tiger Global and Facebook's Mark Zuckerberg. Raveendran's wife, Divya, who helps him run the company, was one of his early students.

John Bicket

NET WORTH: \$1.4 BILLION • U.S. • AGE: 40

Sanjit Biswas

NET WORTH: \$1.4 BILLION • U.S. • AGE: 38

Bicket and Biswas, who met as Ph.D. candidates in computer science at MIT, cofounded Samsara, which sells hardware and a monthly cloud-based software subscription that helps industrial companies collect and analyze data. In September, the company completed a \$300 million funding round that valued the Internet of Things startup at \$6.3 billion.

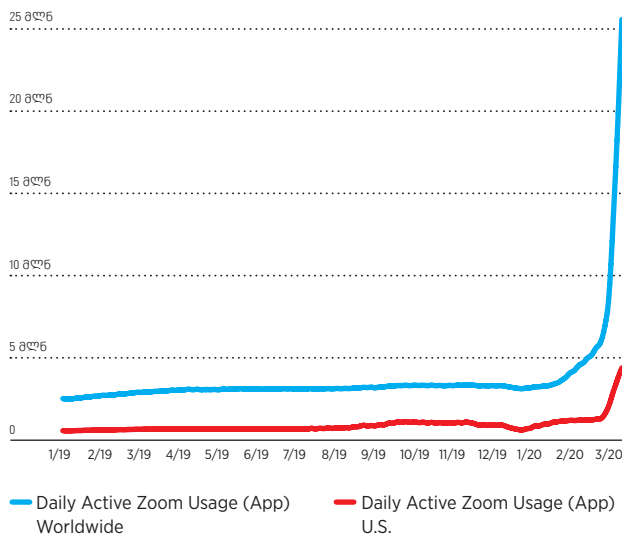
Daniel Dines

NET WORTH: \$1.3 BILLION • ROMANIA • AGE: 48

Dines is cofounder and CEO of UiPath, a New York-based leader in a sleepy but booming category of software called robotic process automation. He got his

TOGETHER, APART

SINCE SOCIAL DISTANCING BECAME THE NEW NORM, THE NUMBER OF DAILY USERS OF ZOOM HAS EXPLODED AROUND THE WORLD.



Source: Apptopia

announced they were opening up more free features for their own classroom and videoconferencing tools. RingCentral, a Belmont, California-based cloud communications company, and Newsela, a New York City-based ed-tech firm, are two of a host of lesser-known players doing the same.

But likely no other company has signed up so many new users, so fast. How can Zoom possibly keep up? "Is your platform prepared for practically every college class in America to be using it? Simultaneously? Asking for a whole lot of friends," said Adrienne Keene, an assistant professor of American studies at Brown University, via Twitter. "It's unrealistic to expect we can just transfer class to a Zoom call and things will be fine," she later emails Forbes, noting that some students live internationally, have spotty Wi-Fi or have no quiet space at home. "However, I am looking forward to seeing their faces and hearing their voices." Yuan is not worried. He's confident in Zoom's infrastructure, and his team is working on other work-from-home and study-from-home-inspired features, from better face lighting to a lecture tool for professors, while he continues to roll out Zoom to as many affected schools as his team can handle. "I feel like overnight, this is one of the catalysts where in every country, everybody's realized they needed to have a tool like Zoom to connect their people," Yuan says. "I think from that

start by launching outsourcing company DeskOver in Bucharest in 2005, and shifted to RPA six years later, offering customers a way to pass off repetitive, time-consuming tasks to virtual “robots” of code. In April 2019, UiPath raised funding at a \$7 billion valuation, but with its head count soaring, laid off more than 300 people by October. The company had \$355 million in revenues last year.



Egon Durban

NET WORTH: \$1.2 BILLION • GERMANY • AGE: 46

As co-CEO of private equity firm Silver Lake, which specializes in technology investments, Durban has orchestrated wildly successful bets that include Dell Technologies' \$25 billion privatization in 2013 and Skype's \$8.5 billion sale to Microsoft in 2011. Durban joined Silver Lake as a founding principal in 1999. The firm now manages roughly \$43 billion of assets.

Jitse Groen

NET WORTH: \$1.2 BILLION • NETHERLANDS • AGE: 41

Groen is founder and CEO of Netherlands-based food-delivery service Takeaway.com, which serves 10 European countries and Israel. In January, Takeaway acquired rival British food-delivery merchant Just Eat for \$7.7 billion. In March, the company instituted “no-touch” delivery in response to COVID-19.

Radha Vembu

NET WORTH: \$1.2 BILLION • INDIA • AGE: 47

Vembu has a 48% stake in India's cloud company Zoho, founded by her brother Sridhar, who lives in the United States and has just a 5% stake. Radha Vembu reportedly joined the company in 1997, a year after its founding, and is a product manager for Zoho Mail, which offers email services.

perspective, we feel very proud. We've seen that what we are doing here, we can contribute a bit to the world.”

Yuan may not have predicted all the ways Zoom would facilitate a social-distancing lifestyle. But the company started to brace itself for huge changes when COVID-19 first disrupted business in China beginning in January. At that time, customers such as Walmart and Dell reached out with concerns, Yuan says, wondering if their local employees would be able to move full-time to communications through Zoom. In the run-up to going public, Zoom had trained its staff on responses to natural disasters, though the company didn't anticipate that the disaster en route would be a pandemic.

Zoom's 17 data centers were designed to handle traffic surges of up to 100x, Yuan says. “The beautiful part of the cloud is, you know, it's unlimited capacity, in theory,” he says. And with engineering teams across the globe, including in China and Malaysia, Zoom has the technical chops to be able to remotely monitor its systems around the clock.

Still, some Zoom users have noticed dips in video quality, or had difficulty connecting in the first place. Zoom's online help center is experiencing the dreaded “longer wait times than normal.” On March 23, Zoom's service page acknowledged that some users of its free service were reporting problems with starting and joining meetings. That's not surprising, given that daily active mobile users jumped 610% in the last two months, per Apptopia. It's not just Zoom's challenge. The internet as

“Zoom is being a good corporate citizen. They are not looking to take unfair advantage. That goodwill carries a long way.”

a whole is straining from so many people now living entirely online, says Morgan Kurk, CTO of communications technology firm CommScope. His recommendation: Schedule your Zoom—or any virtual meeting—roughly 15 minutes past the hour to avoid the virtual rush.

With ubiquity has come more scrutiny from security and privacy researchers. In late March, Vice Media's tech-news site, Motherboard, revealed that Zoom was sending data to Facebook, even if users didn't have a Facebook account. Zoom said

the outflow was limited to metadata—what type of device you were using, the size of your screen, what language and time zone you were in. One day after the news broke, Yuan wrote an apologetic blog post explaining that the program had allowed users to log in via Facebook, and that code had now been removed.

Zoom collects user data only to the extent it's absolutely necessary, it says, to provide "technical and operational support"—in other words, to ensure your meeting's audio and video are working smoothly. One school in Colorado says it won't use Zoom, citing concerns about how its data would be used and who controls it long-term. Zoom does not have the ability to monitor anyone's conversations or meetings in real time, says global risk and compliance officer Lynn Haaland, who recently joined the company from PepsiCo. And while Zoom has also caught flak for an attention-tracking tool that can tell administrators who turn it on when attendees have opened something else over the Zoom meeting for more than 30 seconds, Haaland says that Zoom does not track what users have open besides Zoom. "We are committed to protecting the privacy and security of students' data, as we are all with all customers," she says.

What about protecting users from hackers? On March 30, the office of New York Attorney General Letitia James sent a letter to Zoom outlining several privacy concerns, including whether the surge in users made the platform more vulnerable to hackers. "During the COVID-19 pandemic, we are working around the clock to ensure that hospitals, universities, schools and other businesses across the world can stay connected and operational," Zoom said in a statement sent to Forbes. "We appreciate the New York attorney general's engagement on these issues and are happy to provide her with the requested information."

In his temporary home-office headquarters, Yuan says demand has pushed him into a 7:30 a.m. to 11:30 p.m. work routine: "I just feel busier at home. My mom [who lives with us] keeps asking me, 'How come you have meetings like this every day? You missed lunch!'"

He does find time to check social media, where he has long been known to respond to individual user concerns and vow to look into problems himself. "It's not something to distract myself. . . . This is part of our business operation," Yuan says. "At the start of a company like Zoom, there are problems every day. Do you want to know, or do you want to hide? I want to know."

Some of this has led to improvements such as better virtual

Trevor Milton

NET WORTH: \$1.1 BILLION • U.S. • AGE: 38

Milton, a college dropout with a lifelong fixation on heavy-duty vehicles, is developing futuristic electric semi trucks powered by hydrogen and batteries. Nikola Motor, his Phoenix-based startup, is slated to begin delivering big rigs to customers including Anheuser-Busch in 2021. He has raised more than \$600 million from investors, who valued the company at \$3 billion. In March Nikola announced plans to merge with the Nasdaq-listed acquisition firm VectoIQ.

Kim Jung-woong

NET WORTH: \$1.1 BILLION • SOUTH KOREA • AGE: 45

Capitalizing on China's appetite for all things K-beauty, Kim launched a line of facial sheet masks under his JM Solution brand in mid-2017. Since then he's sold more than a billion skin-care masks, mostly on the mainland, by leveraging China's social-media platforms and its top beauty influencers. Goldman Sachs paid \$67 million for a 5% stake in its holding company, GP Club, in October 2018.



Antonio Percassi

NET WORTH: \$1 BILLION • ITALY • AGE: 66

At age 23, Percassi was playing professional soccer in Italy; now he's a billionaire with assets ranging from the cosmetics brand KIKO Milano and his hometown football club, Atalanta, to licenses for retail shops like Zara and Starbucks and a stake in a shopping mall, Westfield Milan. Nearly all of them are likely getting hit by the coronavirus—including the soccer league, whose play has been suspended.



backgrounds and a default setting for teachers that locks their students' screens so they can't hijack the lesson as a prank. Zoom has also rolled out new capabilities, like a tune-up feature inspired by consumer apps that touches up one's face and lighting. It is also working on a tool for college-sized classes that would make it so that every student's video would appear as though shot from the same angle.

Still, Yuan says he wakes up in the middle of the night worrying if Zoom is doing enough. Some schools in some parts of the world that want Zoom don't yet have it. And the company has made the decision not to offer a similar program to nonprofits or other needy programs. Yuan says that while K-12 school email addresses are easy to verify, there's no good way for Zoom to automatically review and approve the rest.

What happens to Zoom after the pandemic passes? Analysts expect its stock, trading at a nosebleed multiple to projected revenues, to fall back to earth somewhat as people go back to the office, but see

the virus as a "wakeup call" for businesses that will save on rent and commuting time by shifting more permanently to work-from-home. Zoom should be able to turn many free users into paying ones—and profit—in the long run, says RBC analyst Alex Zukin. "Zoom is being a good corporate citizen," adds JPMorgan Equity Research's Sterling Auty. "They are not looking to take unfair advantage. We think that goodwill carries a long way."

Yuan says he has frozen all projects and plans that don't contribute directly to keeping Zoom running—and helping students—through the crisis. He has instructed his executives not to ramp up sales or marketing to benefit from Zoom's current boost. He also approved a bonus for all Zoom employees as they work overdrive through the surge in usage, equivalent to two weeks' pay. "I told the team that with any crisis like this, let's not leverage the opportunity for marketing or sales. Let's focus on our customers," Yuan says. "If you leverage this opportunity for money, I think that's a horrible culture."

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FINANCE

KOBA GVENETADZE - CURRENT EVENTS

Dollarization in Georgia



THE DOLLARIZATION OF THE FINANCIAL SECTOR, which is reflected in lending and attracting deposits in a foreign currency instead of the national currency, is one of the most significant challenges for many developing countries in the world. Unfortunately, Georgia is no exception. In general, the origins of dollarization have historically been linked to macroeconomic instability and periods of hyperinflation. Over such periods, due to high uncertainty, financial intermediation using the local currency becomes more difficult. Hence, the local currency is often replaced by a more stable currency. The origins of dollarization in Georgia are also linked to the experience of the macroeconomic and political instability in the 1990s. In addition, in the early 2000s, Georgian commercial banks' access to the international financial markets increased. Resultantly, commercial banks started attracting foreign currency funding from non-resident banks and international financial institutions, thus contributing to the growth of foreign currency lending in the country.

In small open economies like Georgia, high dollarization is a source of various problems. Given the

free capital mobility, which is necessary to achieve productivity growth in the country, and consequently, economic growth in the long run, the existence of a floating exchange rate regime is the optimal choice. A small open economy, integrated with the global economy, is affected by any change in external conditions. The flexibility of the exchange rate allows a country to reduce negative impact of the so-called external shocks on the real economy. Hence, the floating exchange rate serves as a shock absorber and helps the economy to recover with the lowest social costs. However, under a floating exchange rate regime, local borrowers who have a loan in foreign currency are subject to currency risk. Most of these borrowers, especially borrowers with smaller loans, do not have the ability to manage this risk, which in turn increases the overall credit risk in the banking sector. In addition, the high dollarization of corporate loans also results in higher volatility of inflation. As a result, during external or domestic shocks followed by currency depreciation, the economy is hit by an additional shock, which requires tighter monetary and fiscal policy stances. Thus, due to dollarization, the shock is amplified further, and we

KOBA GVENETADZE, CHAIRMAN OF THE BOARD OF THE NATIONAL BANK OF GEORGIA

get the so-called “double shock” effect that is translated into lower growth of income and higher unemployment than it would have been under lower dollarization. Therefore, high dollarization significantly increases the risks of macroeconomic instability to an economy.

Along with currency (and induced credit) risk, dollarization also increases liquidity risks. The central bank’s ability to play the role of a lender of last resort is limited by high dollarization. In particular, the central bank can provide unlimited liquidity to commercial banks in local currency, but foreign currency financing is limited by the amount of foreign exchange reserves. In response to this challenge, banks are forced to maintain high buffers of liquidity in foreign currencies. Unlike the national currency, the creation of foreign currency liquidity buffers is costly, making the country’s long-term financial resources more expensive.

At the same time, dollarization reduces the efficiency of the monetary policy. In case of high dollarization, the central bank must increase/decrease the interest rate by more than it would otherwise. Due to dollarization, the sharp rise in interest rates is causing higher economic volatility and, as a result, reduces long-term growth.

Moreover, dollarization is also hindering the improvement of Georgia’s sovereign credit rating. Credit ratings directly affect the price of resources attracted from international markets. The higher the risk of the country, the higher the price of credit attracted by the private and public sectors and the lower the volume of foreign direct investment. Consequently, long-term potential economic growth is lower.

Considering the reasons discussed above, under high dollarization, the economy is characterized by high volatility and macroeconomic instability, which is eventually reflected in lower incomes and high unemployment. Hence, we can say

that the high dollarization of the financial sector, first and foremost, causes problems for borrowers, and at the same time, has a negative impact on the whole economy. As a result, everybody is affected, including those who do not have loans in foreign currency.

Due to these high and fundamental risks, it is important to resolve the dollarization issue to improve the economic outlook of Georgia. Different countries have had various experiences of dealing with dollarization. Many countries have either avoided the dollarization of the financial sector from the outset or eliminated it through consistent market reforms. Several countries, however, have solved the problem of dollarization by using administrative measures after a crisis. Nevertheless, there are still many countries where, despite reforms and administrative measures, the dollarization of the financial sector remains high.

At the same time, the experiences of different countries clearly reveal that to solve the problem of dollarization, it is necessary to have a stable macroeconomic environment, developed financial markets, and, in case of market failure, use administrative measures.

In Georgia, dollarization measures include increasing the availability of long-term GEL resources, adequate distribution of foreign exchange risks, and measures to promote pricing in lari. Price stability is critical to boosting the confidence of the national currency and increasing dollarization. Since Georgia introduced inflation targeting framework in 2010, inflation has fallen sharply, averaging 3.6% over the past ten years, which is quite low. Over the same period, the National Bank of Georgia, together with the Government of Georgia, supported the creation of long-term GEL instruments in the financial sector. Throughout this period the dollarization of the financial sector declined. The renewal in issuance of treasury securities in 2009

and the gradual increase in their maturity and volume is of particular importance, as it is essential for the development of the securities market. In 2016, NBG together with the government developed a joint strategy for the development of capital markets, which was being gradually implemented over the several years and currently it is almost complete. At the same time, NBG provides commercial banks with liquidity risk management tools that allows them to offer long-term GEL loans to consumers. Hence, banks are managing GEL liquidity more efficiently.

These steps have had a positive effect on the de-dollarization trend, reducing the dollarization of both total loans and deposits. Meanwhile, the de-dollarization of loans to individuals is of particular importance, as individuals are most vulnerable to currency risks. The dollarization of loans to individuals has decreased by 40% when compared to 2010 (excluding the exchange rate effect, this figure has been halved), and since the end of 2016, it has decreased by 18%.

The downward trend in dollarization is somewhat volatile, as declining dollarization will lead to a reduction in macroeconomic risks, and consequently, a decrease in interest rates on resources attracted in foreign currency, resulting in banks having excess foreign currency. Meanwhile, excess foreign currency reserves lead to an intensification of foreign currency lending for some time and a slowdown in the de-dollarization of loans, which is often the basis for criticism of the de-dollarization policy. Despite these fluctuations, it is important to continue the downward trend of dollarization in the long run. Of course, dollarization will never be reduced to zero, nor is this the goal. However, it is necessary to reduce the share of foreign currency loans to the extent that during external shocks macroeconomic instruments can mitigate external shocks as much as possible. 

Global Tourism to Suffer Crushing Blow in 2020

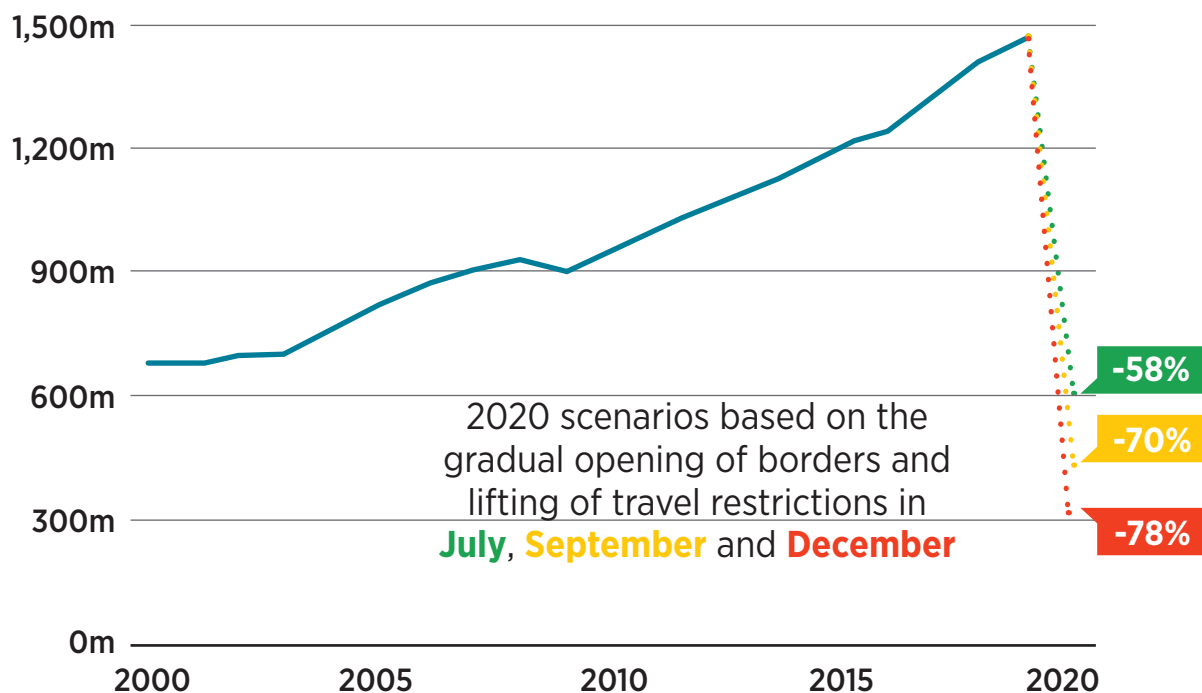
by Felix Richter

WHILE FEW INDUSTRIES HAVE BEEN SPARED by the impact of the COVID-19 pandemic, even fewer have been hit harder than the tourism sector. And while it is impossible to gauge the full extent of disruption brought on by COVID-19, the World Tourism Organization (UNWTO) published estimates on how the pandemic will affect international tourist arrivals in 2020 under three different scenarios.

Unfortunately, the pandemic's impact on the tourism industry is expected to be devastating, even under the most optimistic of the three scenarios. Assuming the opening of borders and the gradual lifting of travel restrictions begins in early July, the UNWTO expects international tourist arrivals to drop by 58 percent to 610 million this year. That would set the global travel industry back to 1998, when the number of international travelers was last so low. It could get worse, however, if travel restrictions remain in place until later in the year. Assuming they are eased as late as December, the UNWTO sees international tourist arrivals fall as low as 320 million, a level last seen in the mid-80s and possibly costing the industry \$1+ trillion.

Prior to the coronavirus outbreak, the global tourism industry had seen almost uninterrupted growth for decades. Since 1980, the number of international arrivals skyrocketed from 277 million to nearly 1.5 billion in 2019. As our chart shows, tourist numbers only dipped twice in the past two decades: in 2003, when the SARS outbreak led to a 0.4 percent drop in arrivals, and in 2009, when the global financial crisis caused a 4 percent drop in international travel.

International tourist arrivals worldwide since 2000



Source: UNWTO