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Armenia's Technology Economy After the Boom: What Stayed

The 2022 surge in Armenian growth was mostly re-exports and Russian money, and most of that has gone; the technology sector is the part that kept growing.

By William Shalva Maisashvili · 8 min read



Yerevan. Photo by Aram, Unsplash

KEY POINTS

- 1 Armenia's ICT services exports rose from USD 382m in 2021 to USD 1.50bn in 2025, growing every year, including the years when re-exports and money transfers from Russia fell sharply.
- 2 In 2025 ICT services exports exceeded personal remittances for the first time on World Bank data, a basic change in how Armenia earns foreign currency.
- 3 There was a real setback in 2024: output and employment fell in the first half, and average sector wages fell over the first nine months. Growth returned in 2025, when information and communication value added rose 18.6% in real terms.
- 4 Headcount has plateaued at about 41,500 while turnover keeps rising. Talent supply appears to have become the main constraint, and the 2025 incentive regime is designed around it.
- 5 Investable exposure remains mostly indirect: US-listed ServiceTitan, private companies such as Picsart, a small venture market, and banks that hold the sector's deposits and payrolls.

Three booms in one number

Armenia's economy grew 13.0% in 2022 and 8.3% in 2023, according to revised World Bank data. Most of that growth was not about technology.

Three things happened at once after Russia invaded Ukraine. Trade with Russia surged, much of it re-exports: Armenia's exports to Russia rose from USD 452m in March to September 2021 to USD 2.1bn in the same months of 2023, according to the World Bank. Money flowed in: the Central Bank of Armenia recorded gross bank transfers into the country of USD 5.2bn in 2022 and USD 5.7bn in 2023, roughly 70% from Russia, a figure that includes commercial flows and, by several accounts, Russians moving savings as they relocated. And a wave of Russian technology workers and companies arrived. Between 24 February and 22 March 2022 alone, 938 Russian citizens registered as sole traders in Armenia and 268 companies were set up with Russian participation, most of them in IT.

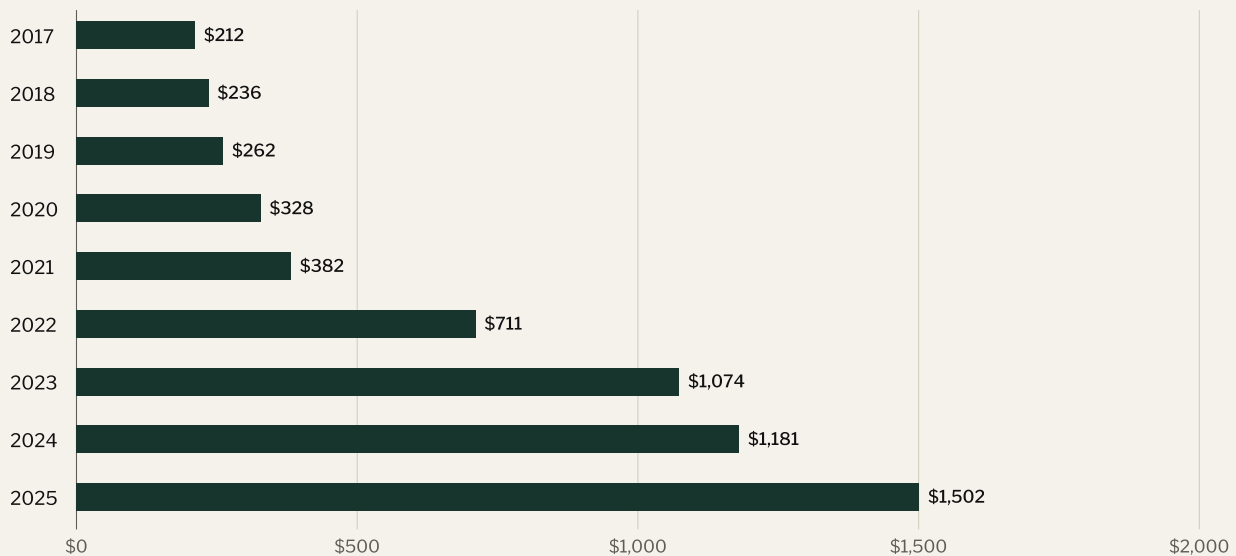
The first two have largely reversed. Net money transfers from Russia fell by about half in the first quarter of 2024, according to the central bank. In 2025 Armenia's total exports fell 36.1% to USD 8.4bn, and exports of precious stones and metals, the main re-export category, fell 64.5% to USD 2.8bn, according to Armstat. The question for investors is what was left.

The part that kept growing

The answer is in the export data. Armenia's exports of ICT services, which cover computer, telecommunications and information services, have grown every year:

Armenia's ICT exports grew every year, through the boom and after it

ICT services exports, USD m, 2017–2025



Source: World Bank, World Development Indicators (BX.GSR.CCIS.CD), balance-of-payments data, updated 13 July 2026.

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They were USD 382m in 2021, USD 711m in 2022, USD 1.07bn in 2023, USD 1.18bn in 2024 and USD 1.50bn in 2025, according to the World Bank. That is close to a fourfold increase in four years. More important than the size is the timing. ICT exports rose 27% in 2025, the year re-exports collapsed and total exports fell by more than a third. If the technology sector had been a by-product of the trade and remittance boom, it would have fallen with them. It did not.

The national accounts tell the same story. Real value added in information and communication grew 11.9% in 2024 and 18.6% in 2025, according to Armstat as reported by ARKA, against overall GDP growth of 5.9% and 7.2%.

USD 1.50bn

ICT services exports, up from USD 382m in 2021

World Bank · 2025

18.6%

Real growth in information and communication value added

Armstat via ARKA · 2025

41,431

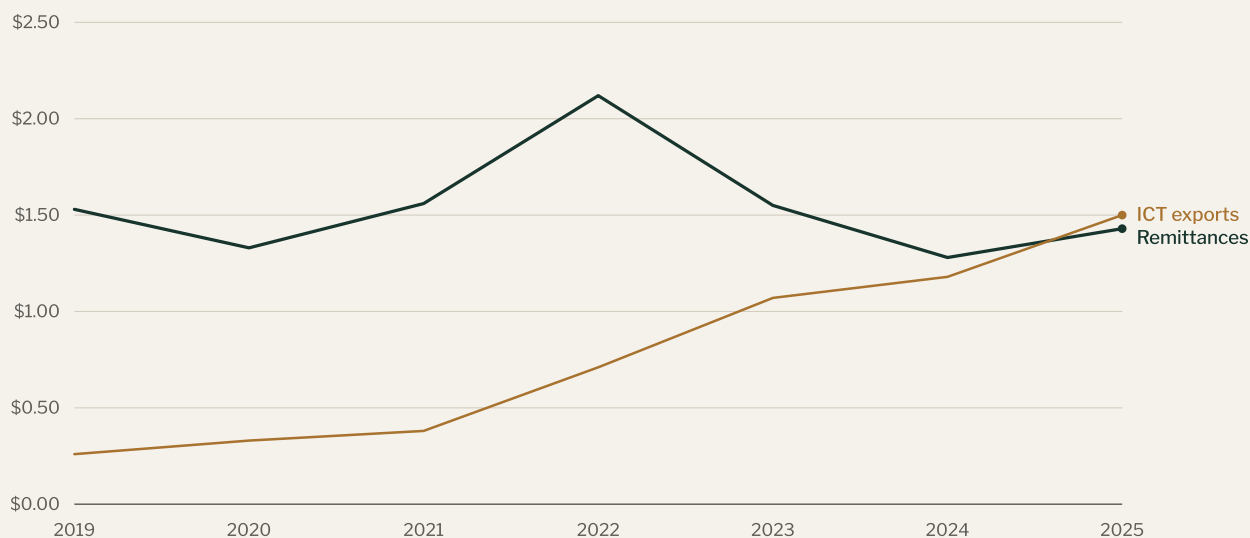
IT sector employees, little changed from 41,541 a year earlier

Ministry of High-Tech Industry · 2025

In 2025 ICT services exports, at USD 1.50bn, exceeded personal remittances received, at USD 1.43bn, for the first time in the World Bank data. Remittances, money sent home by Armenians working abroad, have long been one of the country's main sources of foreign currency. A country that earns more from exporting software and digital services than from its diaspora's pay packets has a different external profile, and one less exposed to the Russian labour market.

In 2025 Armenia earned more from ICT exports than from remittances

ICT services exports and personal remittances received, USD bn, 2019–2025



Source: World Bank, World Development Indicators (BX.GSR.CCIS.CD; BX.TRF.PWKR.CD.DT), updated 13 July 2026.

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A caution on definitions. Ministers often describe the technology sector as 7% to 8% of GDP. Those figures appear to divide sector turnover by GDP, which is not a like-for-like measure. The only value-added share found for this piece is 3.2% for 2022, reported by JAMnews citing official data. The export series is the cleaner measure, and the one used here.

The 2024 air pocket

The recovery was not continuous. The first half of 2024 was a real contraction. The finance minister said in October 2024 that IT sector output had fallen year on year in the first half; a former minister, Vahan Kerobyan, put the fall at 13%. The number of IT taxpayers fell 12.4% between the end of 2023 and mid-2024, and employees fell 5.4%, from 36,773 to 34,814, according to State Revenue Committee data reported by JAMnews. Average wages in information and communication were one of only three sectors to fall in the first nine months of 2024, according to the Ministry of Economy.

Several causes overlapped. Some relocated Russians moved on or went home. The dram had strengthened sharply: a dollar bought about 22% fewer drams on average in 2023 than in 2021, which raised local costs for companies earning in dollars. And the old tax regime for IT start-ups, which offered certified companies 0% profit tax and 10% income tax, expired at the end of 2023. By November 2022, 1,230 companies held certificates under the scheme, about 1,105 of them founded by foreign citizens. Part of the 2022 cohort may have registered for tax reasons and left when the incentive ended.

The 2024 dip matters because it separated the durable sector from the opportunistic one. Growth resumed in 2025: IT revenue rose 25.6% in the first half, according to the prime minister, and value added grew 18.6% over the year.

More output, the same number of people

The most important current fact about Armenian tech may be this: employment has stopped growing while output keeps rising. The Ministry of High-Tech Industry counts 41,541 IT employees in 2024 and 41,431 in 2025. Over the same period IT turnover rose from AMD 915.8bn to more than AMD 1 trillion, and ICT services exports in dollars rose 27% on the World Bank's balance-of-payments measure. (The ministry's own dram-based 'IT exports' series, which uses a different definition, was almost flat.)

There are two readings. One is that companies are moving into higher-value work, with fewer, more senior people producing more. The other is that the sector cannot hire fast enough and talent has become the constraint. Both are probably true, and both point the same way. Armenian tech will grow in the next few years by raising output per worker and by training new engineers, not by absorbing another wave of arrivals.

The incentive regime introduced in January 2025, which runs to the end of 2031, is designed around that constraint. According to EY Armenia, qualifying small companies pay a 1% turnover tax on high-tech income. Companies earning at least 90% of turnover from high-tech activities can reclaim 60% of income tax on the wages of new entrants to the sector, for up to three years per employee, and 50% for employees they retrain, capped at half of their quarterly payroll taxes. Qualifying research staff pay 10% income tax. The design pays companies to bring new people into the industry rather than to register in Armenia.

Durable anchors

Much of the sector's base predates 2022 and never depended on Russian relocation.

Synopsys, the US chip-design software company, has operated in Armenia since 2004 and employs more than 1,000 people in Yerevan and Gyumri. NVIDIA announced a research centre in Yerevan in April 2022. ServiceTitan, the US software company founded by Armenian-Americans Ara Mahdessian and Vahe Kuzoyan, listed on Nasdaq in December 2024 at USD 71 a share, raising about USD 625m, with more than 270 staff in Yerevan at the time. Picsart, the photo and video editing platform founded in Armenia, raised USD 130m in 2021 at a valuation above USD 1bn in a round led by SoftBank's Vision Fund 2. Krisp and Sololearn are other Armenian-founded companies with engineering teams in the country.

The newest addition is of a different kind. Firebird, a company linked to the founders of the Team Group telecoms business, opened an AI data centre in Hrazdan in August 2026, after receiving a US export licence for NVIDIA chips in November 2025, according to ARKA Telecom. Its first phase was announced at USD 500m and more than 100MW, and the company has described plans for a much larger second phase. Those plans are company statements, and the capital committed beyond the first phase has not

been confirmed. Even so, it marks a shift from exporting engineers' time to hosting capital-intensive infrastructure, which depends on cheap power, US export policy and customers that have yet to be fully disclosed.

Armenian tech now earns more abroad than Armenians working abroad send home.

CIG view

What remains fragile

The sector's strengths do not remove its risks. Dollar earners still face a strong dram: the average rate was AMD 387 to the dollar in 2025, against 504 in 2021. A meaningful part of exports may come from a small number of companies, though public data do not show how concentrated it is. The incentive regime has been redesigned several times, and early press reports of the 2025 rules were wrong, which does not help companies planning payroll years ahead. And the Firebird project ties a visible part of the sector's future to US export-licensing decisions.

Geopolitics cuts both ways. Armenia's move closer to the United States, including a strategic partnership charter in 2026 and the peace framework with Azerbaijan, has supported investment such as Firebird. A renewed shock in relations with Russia, which remains Armenia's largest export market, would test the parts of the economy still tied to it.

Investment implications

Direct exposure to Armenian technology is hard to buy. The listed routes are indirect: ServiceTitan on Nasdaq, and multinationals with Armenian engineering centres for which Armenia is a small part of the business. The private market is real but small. The government's national venture fund was set at USD 18m in 2023, half from the state, and Formula VC launched a USD 30m second fund in 2025, according to the high-tech minister.

The financial sector offers a different route. Banks hold the sector's deposits and payrolls. When Bank of Georgia Group, now Lion Finance Group, bought Ameriabank, Armenia's largest lender by loans, in 2024, it paid USD 303.6m, 0.65 times net assets and 2.6 times 2023 earnings. The price suggested that buyers treated the boom-era earnings as temporary. The continued growth of ICT exports since then suggests part of that income has proved durable.

What to watch: ICT services exports in dollars, which are the cleanest measure of the sector; real growth in information and communication value added; the State Revenue Committee's employee count, to see whether training incentives lift headcount; take-up of the 2025 incentives; the dram; and Firebird's utilisation and customers. The 2022 boom was mostly temporary. Armenia's technology sector is the part that lasted.

DISCLOSURES

The authors have no relationships with the entities discussed in this publication.

Sources & methodology

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METHODOLOGY

ICT services exports are the World Bank balance-of-payments series (computer, telecommunications and information services). They are lower than the ministry's 'IT exports', which use a different definition. Remittances are the World Bank 'personal remittances' series, which is much smaller than the Central Bank of Armenia's gross bank-transfer data. Armstat figures were obtained through Armenian news agencies that cite Armstat, because Armstat's website could not be accessed directly; they should be read as reported official data. Employee counts for 2024–25 are the ministry's; the end-2023 and mid-2024 counts come from State Revenue Committee data reported by JAMnews and are not directly comparable with the ministry series.

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