

AMERICAN BUSINESS IN GEORGIA: A SHORT JOURNEY TO THE PAST • OPTIO-AI –GEORGIAN FINANCE CHATBOT

ENGLISH ISSUE

Forbes

GEORGIA

HOSPITALITY GAME-CHANGER

WITH HIS PROPOSED NEW BUSINESS ALLIANCE WITH RCI AND THE WYNDHAM HOTEL GROUP, **AKAKI SONGULIA** PROMISES TO TRANSFORM GEORGIA'S VACATION INDUSTRY.

TOP 25 U.S. PRESIDENT BY NET WORTH • NEBULA FORMS STARS

ENGLISH ISSUE

GEORGIA

Forbes

TECHNICOLOR GEORGIA ON HIS MIND

AMBASSADOR KELLY IS CONFIDENT STRONG SUPPORT
FOR GEORGIA WILL CONTINUE

THE WORLD'S MOST POWERFUL PEOPLE 2016 • 7 QUESTIONS REGARDING MEGA COMPLEXES

ENGLISH ISSUE

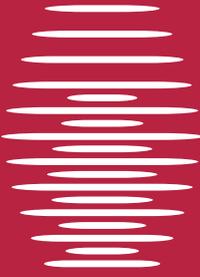
GEORGIA

Forbes



BROKERAGE BEYOND INSURANCE

ENCOURAGED BY THE SUCCESSFUL OPERATIONS OF GRAS SAVOYE IN GEORGIA, WILLIS TOWERS WATSON IS DETERMINED TO STAY HERE AND GROW



ALLIANCE
PALACE

COURTYARD®
Marriott®

PREMIUM APARTMENTS

START DATE

2015

FINISH DATE

2017



+995 557 40 00 00



INFO@ALLIANCEGROUP.GE

CONTENTS



p. 54

LEADERBOARD

- 10** Top 25 U.S. Presidents
by Networth
- 14** The World's Best-
Value CEOs
- 16** The World's Most
Powerful People 2016

THOUGHT LEADERS

- 18** U.S-Georgian Bilateral
Economic Relations
by Rusudan Kemularia

- 20** American Business in Georgia:
A Short Journey to the Past
by Fady Asly
- 22** US Involvement Across
Georgia's Economy
by George Welton
- 24** Seven Questions Regarding
Mega Complexes
by Sandro Tarkhan-Mouravi
- 28** Trump's Administration:
Billionaires' Cabinet -
A Genuine Big League
by Elene Panchulidze



RAMADA

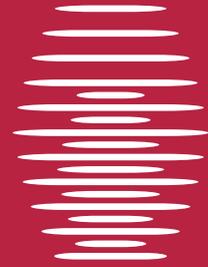
SKI RESORT
GODERDZI

START DATE

2016

FINISH DATE

2018



ALLIANCE
RESORT



GODERDZI, GEORGIA

+995 (422) 27 00 00

WWW.ALLIANCEGROUP.GE

CONTENTS

STRATEGIES

- 30** The Preferred Employer
by Ana Tskhovrebova

ENTREPRENEURS

- 32** Hospitality Game-Changer

- 38** How RCI Will Make a Difference in Georgia
by Kate Tabatadze

- 40** Brokerage Beyond Insurance
by Kate Tabatadze

- 46** Full of Dreams
by Elene Kvanchilashvili

- 46** Direct Mineral Resources Manager
by Nini Longurashvili

p. 32

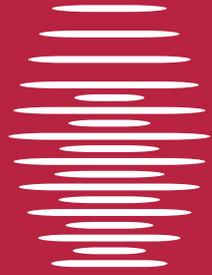


p. 80



GONIO INN

BOUTIQUE HOTEL



ALLIANCE
GROUP

START DATE

2015

FINISH DATE

2016



GONIO, GEORGIA

+995 0422 21 20 02

INFO@GONIOINN.GE

WWW.GONIOINN.GE

CONTENTS



EXCLUSIVE

54 TECHNOLOR GEORGIA ON HIS MIND

*Exclusive interview with his Excellency Mr.
Ian C. Kelly, U.S Ambassador to Georgia
by Kate Tabatadze*

TECHNOLOGY

60 Nebula Forms Stars *by Anita Muskaria*

64 Optio-Ai - Georgian Finance Chatbot *by Maka Tskhvediani*

INVESTING

70 From Kazakhstan To Batumi

74 King David: A New Standard of Living in Georgia

ECONOMICS

76 Tourism Over the Past Twelve Years *by Vakhtang Asatashvili*

PAYOT HOMME

Skincare dedicated to men for stronger,
more resilient skin.

The best of men's face care in the Optimale
range effectively relieves sensations of
discomfort, protects from pollution and
rejuvenates men's skin.



OPTIMALE

big
Estée
Professional
Cosmetics

24 I. Abashidze str.; Tel: 2 24 24 55

CONTENTS



FORBES LIFE

78 Winter Tune
by Niko Nergadze

80 Investment in Passion
by Nini Longurashvili

84 The New Silk Road
by Marita Chanishvili

92 My Helmet Couldn't
Care Less
by Alexander Davitashvili

HISTORY

100 US National Christmas Tree
93 Years Before and After
by Kate Tabatadze

Forbes

Editor in Chief: Giorgi Isakadze

Executive Editor: Anna Eristavi

Editor: Kate Tabatadze

Copy Editor: William King

*Creative Director / Photo Editor / Designer:
Serga Nemsitsveridze*

Rusudan Kemularia, Fady Asly, George Welton, Sandro Tarkhan-Mouravi, Ana Tskhovrebova, Kate Tabatadze, Elene Kvanchilashvili, Anita Muskaria, Maka Tskhvediani, Vakhtang Asatashvili, Niko Nergadze, Nini Longurashvili, Marita Chanishvili, Alexander Davitashvili, Elene Panchulidze.

*Photographers: Khatuna Khutsishvili,
Nika Paniashvili, Andro Eradze, Jaba Chitidze*

Web Editor: Gogi Kavtaradze

*Forbes Georgia is published by
Media Partners JSC*

Publisher: Maia Mirijanashvili

Advertising and Marketing: Leli Mirijanashvili

COVER PHOTOS BY KHATUNA KHUTSISHVILI



PRINTED BY "OMEGA TEGI" PRINT HOUSE
TBILISI, GEORGIA, 17 SARAJISHVILI STREET
TELEPHONE: 00 995 32 253 03 62



Orient Logic

Best Friend - Best Partner

22 YEARS IN IT BUSINESS

IT AND BUSINESS SOLUTIONS



IT Infrastructure



Network Infrastructure



Data Centers



Software Solutions

LeaderBoard



Top 25

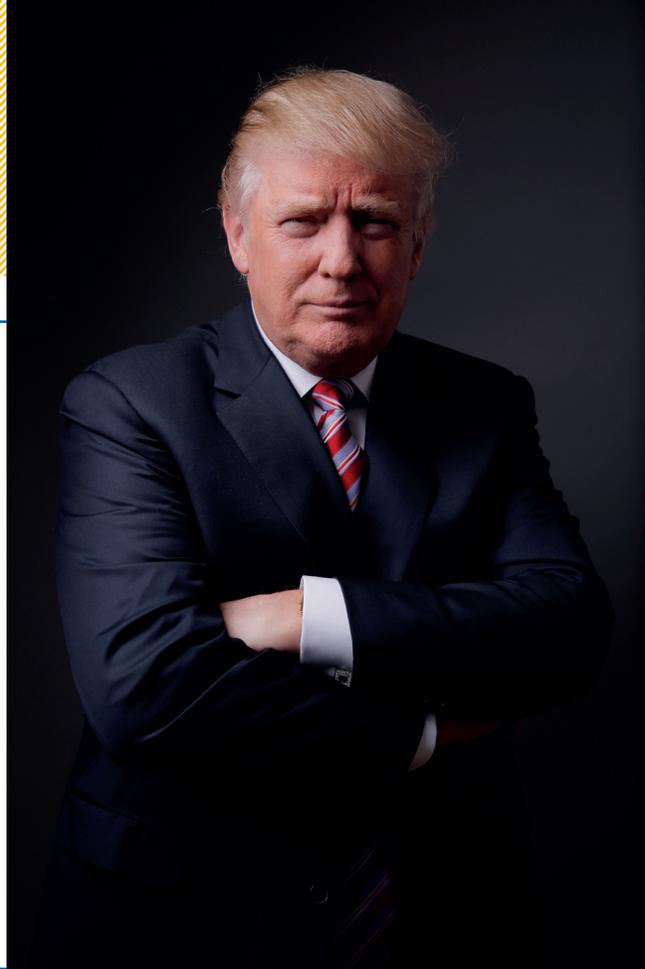
U.S. Presidents By Net Worth

America might not have a royal family, but it's sure had a pretty large correlation between wealth and power. Below we've ranked top 25 presidents by net worth. Donald J. Trump, the controversial real estate mogul who was elected as the 45th President of the United States tops the list as one of the all-time wealthiest presidents with a net worth of \$3.7 billion

1. Donald Trump

NET WORTH: \$3.7 BILLION
NUMBER: 45TH PRESIDENT
PARTY AFFILIATION: REPUBLICAN PARTY
YEARS IN OFFICE: FROM JANUARY 20, 2017

Born into a wealthy family, Donald J. Trump made a few successful real estate investments in the Manhattan market in the 1980s before transitioning to self-marketing in the 1990s. He bought beauty pageants, football teams, television shows and fashion lines and with every investment, Mr. Trump infused his brand: brash, boisterous and always entertaining, and marketers loved it. In a way, Donald Trump built his wealth simply from the fact his name was Donald Trump.



2. John F. Kennedy



NET WORTH: \$1 billion
NUMBER: 35th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1961 – 1963
(2 years 9 months)

JFK's father Joe Kennedy built his fortune through several successful business endeavors, including banking, stock trading, selling liquor (not always legally), and producing movies. Technically, Kennedy was never a billionaire himself—he was assassinated before he could inherit his family's wealth. But while he held office, he had access to his family's large trust fund and numerous real estate holdings.

4. Thomas Jefferson

NET WORTH: \$212 million
NUMBER: 3rd president
PARTY AFFILIATION: Democratic - Republican Party
YEARS IN OFFICE: 1801 – 1809 (8 years)



A true Renaissance man, Jefferson had several successful business endeavors. But like many of the Founding Fathers, Jefferson's real fortune came from property. Jefferson's large Virginia estate Monticello remains an architectural wonder today.

3. George Washington



NET WORTH: \$525 million
NUMBER: 1st president
STATE AFFILIATION: Virginia
YEARS IN OFFICE: 1789 – 1797
(7 years 9 months)

Washington's massive net worth can be summarized in one word: land. The Washington family was one of the most successful land speculators in Virginia, and their Mount Vernon estate consisted of more than 8,000 acres.

5. Theodore Roosevelt

NET WORTH: \$125 million
NUMBER: 26th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1901 – 1909 (7 years 6 months)



Although the Roosevelts were a wealthy New York family, Theodore struggled financially in his earlier years. However, he gained wealth as a prolific author, writing over 40 books throughout his life. His most valuable asset was his Sagamore Hill estate on Long Island.

LeaderBoard



6. Andrew Jackson

NET WORTH: \$119 million
NUMBER: 7th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1829 – 1837 (8 years)

For a self-proclaimed populist who dismantled the Federal Bank, Jackson had a surprisingly high net worth. His fortune primarily came from substantial landholdings and his military career.

8. Lyndon B. Johnson

NET WORTH: \$98 million
NUMBER: 36th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1963 – 1969
(5 years 2 months)



Following JFK's assassination, Johnson assumed office under tragic circumstances, but quickly reinvigorated the nation with his War on Poverty. Johnson's fortune primarily came from his large landholdings in Texas.



10. Franklin D. Roosevelt

NET WORTH: \$60 million
NUMBER: 32nd president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1933 – 1945
(12 years 1 month)

FDR was the longest-serving president in U.S. history, with over 12 years in the White House. He inherited significant wealth from his family and his marriage to Eleanor, but was never able to match the fortune of his older cousin Teddy.

12. John Tyler

NET WORTH: \$51 million
NUMBER: 10th president
PARTY AFFILIATION: Whig Party
YEARS IN OFFICE: 1841 – 1845
(3 years 10 months)



Sometimes referred to as "His Accidency," Tyler abruptly assumed office when President William Henry Harrison died 23 days into his term. In addition to inheriting the White House, Tyler also inherited a massive tobacco plantation and married into a rich family.



14. Martin Van Buren

NET WORTH: \$26 million
NUMBER: 8th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1837 – 1841 (4 years)

Van Buren's legendary sideburns were complemented by a similarly impressive career in law. He also owned substantial property in New York.



7. James Madison

NET WORTH: \$101 million
NUMBER: 4th president
PARTY AFFILIATION: Democratic - Republican Party
YEARS IN OFFICE: 1809 – 1817 (8 years)

Known as the "Father of the Constitution," Madison earned substantial income as both president and secretary of state. However, his real wealth came from his 4,000+ acre plantation in Virginia, named Montpelier.

9. Herbert Hoover

NET WORTH: \$75 million
NUMBER: 31st president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1929 – 1933 (4 years)



Unlike many of the presidents on this list, Hoover did not inherit any wealth. In fact, Hoover was an orphan who made his fortune in the mining industry. Unfortunately, his business savvy couldn't stop the onset of the Great Depression.



11. Bill Clinton

NET WORTH: \$55 million
NUMBER: 42nd president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1993 – 2001 (8 years)

Although Clinton had a successful law career before entering politics, his real wealth came after he left the White House. Clinton's autobiography, *My Life*, has sold over 2.2 million copies. Additionally, Clinton has made a sizeable fortune from public speaking alone.

13. James Monroe

NET WORTH: \$27 million
NUMBER: 5th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1817 – 1825 (8 years)



Monroe presided over the "Era of Good Feelings" in the U.S. and was the last Founding Father to serve as president. Before his presidency, Monroe amassed wealth as a lawyer, farmer, and planter.



15. Grover Cleveland

NET WORTH: \$25 million
NUMBER: 22nd president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1885 – 1889 (4 years)

Grover Cleveland has the distinction of being the only U.S. president to serve two terms out of sequence. Known as the "Veto President," Cleveland vetoed 414 bills, more than any other president at the time. Unsurprisingly, Cleveland had a formidable career in law and also had successful real estate investments.

Top 25 U.S. Presidents By Net Worth



16. George H. W. Bush

NET WORTH: \$23 million
NUMBER: 41st president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1989 - 1993 (4 years)

Like his son, Bush Sr. worked in the oil industry before entering the White House. He also owns significant property in Maine.

18. George W. Bush

NET WORTH: \$20 million
NUMBER: 43rd president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 2001 - 2009 (8 years)



Before entering politics, Bush had success in the oil industry and as a co-owner of the Texas Rangers baseball team. Bush currently makes revenue from his books and public speaking engagements.



20. Richard Nixon

NET WORTH: \$15 million
NUMBER: 37th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1969 - 1974
(5 years 6 months)

Though the Watergate scandal tarnished Nixon's legacy, it also led to some high-paying book deals and interviews. In fact, British talk-show host David Frost paid \$600,000 for a series of interviews with "Tricky Dick."

22. James K. Polk

NET WORTH: \$10 million
NUMBER: 11th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 1845 - 1849 (4 years)



Polk's accomplishments as president are often overlooked, but the one-term wonder successfully led the nation to victory in the Mexican-American War, restored the Treasury, and reduced tariffs. His landholdings were similarly impressive.



24. Barack Obama

NET WORTH: \$7 million
NUMBER: 44th president
PARTY AFFILIATION: Democratic Party
YEARS IN OFFICE: 2009 - 2017 (8 years)

The leader of the free world currently makes \$400,000 a year—about as much as a high-level banker. While he can enjoy his salary until 2016, Obama has made most of his money from his two best-selling books.



17. John Quincy Adams

NET WORTH: \$21 million
NUMBER: 6th president
PARTY AFFILIATION: Democratic - Republican Party
YEARS IN OFFICE: 1825 - 1829 (4 years)

As the son of John Adams, Quincy Adams had big shoes to fill. Like his father, Quincy Adams was a controversial president and lost reelection. He inherited most of his fortune, but also had success as a lawyer.

19. John Adams

NET WORTH: \$19 million
NUMBER: 2nd president
PARTY AFFILIATION: Federalist Party
YEARS IN OFFICE: 1797 - 1801 (4 years)



The second Commander-in-Chief had a rocky presidency. Losing his reelection to rival Thomas Jefferson was a major defeat for Adams. Nevertheless, Adams was a renowned attorney and married into a wealthy family.



21. Ronald Reagan

NET WORTH: \$13 million
NUMBER: 40th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1981 - 1989 (8 years)

A successful Hollywood actor, Reagan starred in over fifty movies before his presidency and served as spokesman for GE. Post-presidency, Reagan found further success with a lucrative book deal.

23. Dwight Eisenhower

NET WORTH: \$8 million
NUMBER: 34th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1953 - 1961 (8 years)



In addition to his eight years as president, Eisenhower was a celebrated military commander and president of Columbia University. His largest financial asset was his large estate in Pennsylvania.



25. Gerald Ford

NET WORTH: \$7 million
NUMBER: 38th president
PARTY AFFILIATION: Republican Party
YEARS IN OFFICE: 1974 - 1977
(2 years 6 months)

Ford had the challenging task of taking over the White House after President Nixon resigned. Like Carter, Ford made most of his fortune from book deals after his presidency.

LeaderBoard

The World's Best-Value CEOs

Are chief executive officers worth their pay? Apple CEO Tim Cook's \$10 million in compensation isn't chump change, but it's a bargain when you compare that to the company's massive average economic profit over the last three years. Other companies pay their CEOs much more, but seem to get a lot less for it. Forbes looked at the pay-for-performance ratio of 20 CEOs at some of the largest companies around the world to see which companies are getting the best value from their CEO.

COMPENSATION TYPES

■ Salary
 ■ Bonus
 ■ Stock awards
 ■ Option awards
 ■ Non-Equity incentive plan
 ■ Change in retirement-plan value
 ■ Other

#	Score	CEO	Company	Latest Pay	Type of Pay	Company's three-year average economic profit
1	100.00	Kosta Kartsofis <i>Waived compensation—but holds more than \$200 million in company stock</i>	Fossil Group (U.S.)	\$0		\$147M
1	100.00	Robert Pera <i>A billionaire, he owns almost 70 percent of the company</i>	Ubiquiti Networks (U.S.)	\$0		\$129M
3	99.99	Larry Page	Alphabet (U.S.)	\$1		\$3,083M
4	99.82	Li Yue <i>Compensation was slashed at China's biggest state-owned companies as part of the government's austerity drive</i>	China Mobile (Hong Kong)	\$91,497		\$5,183M
5	99.76	Chaitanya Kamat <i>CEO pay in India has increased more than 50 percent in two years but is still less than one-fifth of U.S. pay</i>	Oracle Financial Services Software (India)	\$1,276		\$55M
6	99.75	Warren Buffett <i>His salary hasn't changed in more than 25 years</i>	Berkshire Hathaway (U.S.)	\$470,244		\$18,844M
7	99.63	Prashant Jasvantrai Mehta	Rajesh Exports (India)	\$1,789		\$49M
8	98.47	Jay Adair <i>Joined Copart at age 19, when it was a small California-based company</i>	Copart (U.S.)	\$18,001		\$111M
9	95.98	Suchada Ithjarukul <i>Averaging \$64,984, CEO pay in Thailand ranks at the bottom of Bloomberg's CEO pay index</i>	Siam Makro (Thailand)	\$33,333		\$83M
10	95.69	Prasan Maleenont	BEC World (Thailand)	\$40,643		\$94M
11	95.40	Tim Cook <i>Expected to own a stake in Apple worth 10 times his base salary</i>	Apple (U.S.)	\$10,281,327		\$22,609M
12	95.10	Mark Wilson <i>His pay more than doubled as Aviva's acquisition of Friends Life created the U.K.'s largest insurer</i>	Aviva (U.K.)	\$8,665,709		\$17,704M
13	94.94	Richard Hayne	Urban Outfitters (U.S.)	\$44,310		\$87M
14	91.60	Lowell McAdam <i>Personal use of company aircraft and vehicle totaled more than \$135,000</i>	Verizon Communications (U.S.)	\$18,343,660		\$21,833M
15	90.59	Maxime Jadot	BNP Paribas Fortis (Belgium)	\$1,844,108		\$1,958M
16	89.21	Lars Rebien Sorensen <i>Will step down this year, ahead of schedule. Company has formed committee to review executive pay</i>	Novo Nordisk (Denmark)	\$3,988,412		\$3,695M
17	88.75	Yasuyuki Yoshinaga	Fuji Heavy Industries (Japan)	\$1,226,523		\$1,098M
18	88.41	Mitsuomi Koizumi	Japan Tobacco (Japan)	\$1,561,874		\$1,354M
19	88.29	Ulrik Svensson <i>Will leave his job to return "to the airline" industry, which is undergoing a turnaround</i>	Melker Schorling (Sweden)	\$949,003		\$809M
20	87.39	Zhang Jianming	Haitian International Holdings (China)	\$121,434		\$96M

LeaderBoard

The World's Most Powerful People 2016

There are nearly 7.4 billion humans on planet Earth, but these 74 men and women make the world turn. Forbes' annual ranking of the World's Most Powerful People identifies one person out of every 100 million whose actions mean the most.

To compile the list, we considered hundreds of candidates from various walks of life all around the globe, and measured their power along four dimensions. First, we asked whether the candidate has power over lots of people. Next we assessed the financial resources controlled by each person. Are they relatively large compared to their peers? For heads of state we used GDP, while for CEOs, we looked at measures like their company's assets and revenues. Then we determined if the candidate is powerful in multiple spheres. There are only 74 slots on our list – one for approximately every 100 million people on the planet --so being powerful in just one area is often not enough. Lastly, we made sure that the candidates actively used their power.

To calculate the final rankings, a panel of Forbes editors ranked all of our candidates in each of these four dimensions of power, and those individual rankings were averaged into a composite score. This year's list comes at a time of rapid and profound change, and represents our best guess about who will matter in the year to come.



RANK	NAME	COUNTRY / ORGANIZATION	AGE
1	Vladimir Putin	RUSSIA	64
2	Donald Trump	UNITED STATES	70
3	Angela Merkel	GERMANY	62
4	Xi Jinping	CHINA	63
5	Pope Francis	ROMAN CATHOLIC CHURCH	80
6	Janet Yellen	UNITED STATES	70
7	Bill Gates	BILL & MELINDA GATES FOUNDATION	61
8	Larry Page	ALPHABET	43
9	Narendra Modi	INDIA	66
10	Mark Zuckerberg	FACEBOOK	32
11	Mario Draghi	EUROPEAN CENTRAL BANK	69
12	Li Keqiang	CHINA	61
13	Theresa May	UNITED KINGDOM	51
14	Jeff Bezos	AMAZON.COM	52
15	Warren Buffett	BERKSHIRE HATHAWAY	86
16	Salman bin Abdulaziz Al Saud	SAUDI ARABIA	80
17	Carlos Slim Helu	AMÉRICA MÓVIL	76
18	Ali Hoseini-Khamenei	IRAN	77
19	Jamie Dimon	JPMORGAN CHASE	60
20	Benjamin Netanyahu	ISRAEL	67
21	Elon Musk	SPACE EXPLORATION TECHNOLOGIES CORP.	45
22	Jeffrey Immelt	GENERAL ELECTRIC	60
23	Francois Hollande	FRANCE	62
24	Rex Tillerson	EXXONMOBIL	64
25	Christine Lagarde	INTERNATIONAL MONETARY FUND	60
26	Lloyd Blankfein	GOLDMAN SACHS GROUP	62
27	Doug McMillon	WAL-MART STORES	50
28	Jack Ma	ALIBABA GROUP	52
29	Akio Toyoda	TOYOTA MOTORS	60
30	Sergey Brin	ALPHABET	43



THOUGHT LEADERS

RUSUDAN KEMULARIA - CURRENT EVENTS

U.S-Georgian Bilateral Economic Relations

Georgia is a small transitional market economy of 3.7 million people with a per capita GDP of \$ 3,766 (2015). The country has experienced much economic growth over the past twelve years. In June of 2014, Georgia signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the European Union (EU). Through reduced tariffs and the removal of technical barriers to entry, the DCFTA allows Georgian products access to the EU market. Furthermore, the AA opens new opportunities to build on the country's transit role in the region.



BILATERAL ECONOMIC RELATIONS

In 2009 the US-Georgia Strategic Partnership Commission was launched. As such, the U.S. Department of State holds regular meetings with its Georgian counterparts across various working groups. One of these dialogues is the Economic, Energy, and Trade Working Group, which aims to coordinate Georgia's strategy for development in these areas to explore ways to expand bilateral economic cooperation. In addition to the Strategic Partnership Commission, in May 2012, the U.S. and Georgia launched a High-Level Trade Dialogue with a view of expanding the bilateral trade exchange.

Georgia can export many products duty-free to the United States under the Generalized System of Preferences program. Through a high-level trade and investment dialogue, the two countries have discussed a range of options to improve economic cooperation and bilateral trade, including the possibility of a free trade agreement (FTA).

Georgia is a small market for the U.S. however. The government and its authorized agencies have to work intensively in order to make the investment climate favorable for businesses and attract more investment. Georgia's main export markets are Azerbaijan, Bulgaria, Turkey, Armenia, Russia, China and the US. The table below demonstrates export to the US between 2014 and 2015.

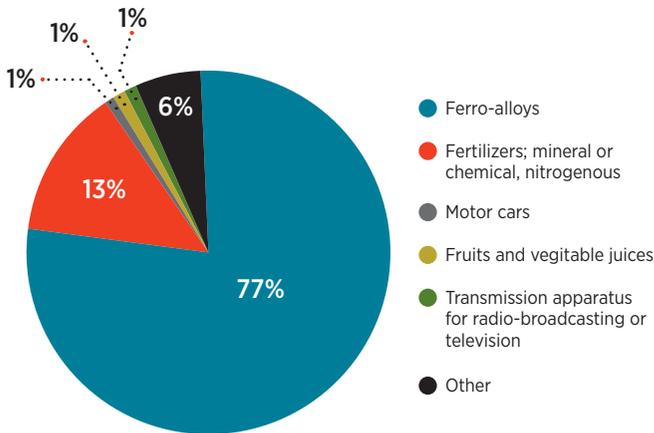
Georgia's main imports are petroleum products and natural gas, automobiles, medicines, sugar, turbines for

power generation, and wheat. After years of declining domestic manufacturing, most consumer goods are imported from abroad as well. Turkey, China, Azerbaijan, Russia, Ukraine and the United States are Georgia's main sources of imported goods. The table below shows the import to Georgia from the US between 2014 and 2015.

Foreign Direct Investment (FDI) is considered an important potential source of economic growth for developing countries, as it brings in capital for investment and increases domestic employment. Furthermore, FDI provides new technology, skills, and managerial know-how, which accelerates the development process in the host country. Together with other transition countries, Georgia opened its doors to foreign capital in the early years of its independence. Georgia's strategic geographical location means that the majority of pipelines from Azerbaijan extend through Georgia. Those factors are what originally attracted and continue to attract foreign investor interest in this country. And as the world becomes increasingly dependent on sources of energy, investors are ready to put their money in the energy sector despite the high geopolitical risks that exist. The table below shows US FDI in Georgia (2014 - 2015).

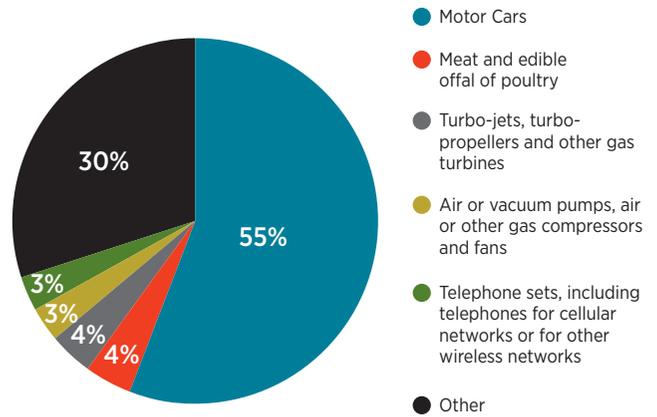
It is clear that the Georgian government has to work intensively on all levels in order to increase the economic activity between the two countries. If we make reference to McKinsey research, we can see that about two-thirds of a company's growth is determined

Export Structure (2014-2015)



SOURCE: NATIONAL STATISTICS OFFICE OF GEORGIA.

Import Structure (2014-2015)



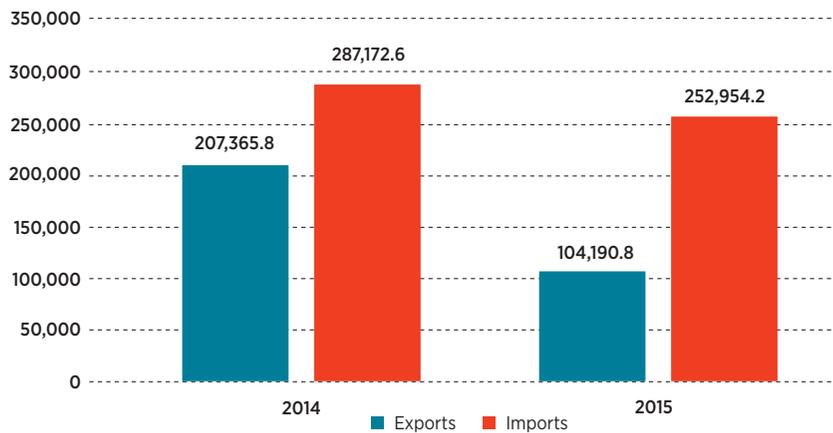
SOURCE: NATIONAL STATISTICS OFFICE OF GEORGIA.

by the momentum - the underlying growth, inflation, income, and spending power - of the markets where it competes. Harnessing market momentum in the years ahead will require covering more geography, more industries, and courting more competitors, prospective partners, and value-chain participants, as well as additional governmental and non-governmental stakeholders. Georgia will have to use this momentum and offer more innovative projects to businesses to increase FDI.

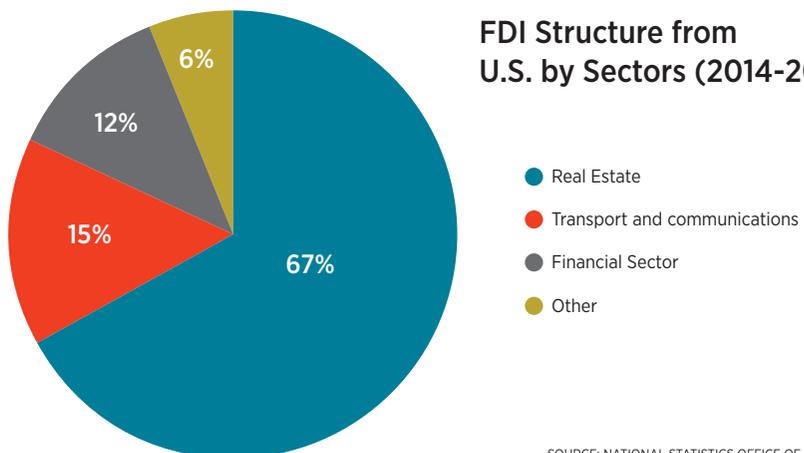
Today, the Georgian economy is slowing due to a troubling mixture of low investment, high political risk and a general waning of transitional economies throughout the region. The task of the Georgian government is to pursue prudent fiscal and monetary policy. Furthermore, consistent policy initiatives will promote a sense of stability and certainty. One important strategy would be to pursue activities that would ease market entry for newly-established businesses and foster a truly competitive environment. Finally, the economic platform continues to be one where we can do more in order to increase the economic activities with the US.

Georgia-U.S. Export-Import (2014-2015) (thousand USD)

SOURCE: NATIONAL STATISTICS OFFICE OF GEORGIA.



FDI Structure from U.S. by Sectors (2014-2015)



SOURCE: NATIONAL STATISTICS OFFICE OF GEORGIA.



THOUGHT LEADERS

FADY ASLY - CURRENT EVENTS

American Business in Georgia: *A Short Journey to the Past*



IT WAS THE EARLY TO MID- 1990S

and American investors were among the very first international investors to commit to Georgia. For example, there was former US Secretary of State James Baker, who invested in a winery and AES the giant US power company that privatized the power distribution in Tbilisi and invested about 300 million USD into the country.

There were smaller US investments at that time as well - businesses like Betsy's Hotel, founded by Betsy Haskell; an entity that became a small westernized island of peace in the turbulent ocean of the 90s in Georgia.

The business climate at that time was quite challenging, and investors were facing various problems that ranged from criminality, harassment by the tax authorities, to betrayal by untrustworthy local partners.

At the time, the US Embassy consisted of a very small staff and they were busy most of the time tackling the problems that US businesses were having in the country.

In 1998, Ken Yallowitz arrived to Georgia as the newly-appointed US ambassador.

Ken was pragmatic, rational and business friendly; he was aware of the pressure that the authorities were exerting on foreign investors and he understood very well that there would be no chance for Georgia to develop and move forward without serious foreign investment. And for that, it would be necessary to secure a workable environment for foreign businessmen.

Georgian businessmen had their own way of solving their problems - by using their personal or family con-

nections as a tool of leverage over the country's decision makers. However, foreign business people had no such recourse, and their only two choices were either to partner with a Georgian businessman with all the associated risks that come with it, or to operate on their own and be racketeered by the criminal world and later thrown out of the country.

Since Georgia's independence, the list of foreign businesses defrauded by their local partner was growing larger by the day, and Georgia had gained a very bad reputation within foreign investor circles.

Of course there were some successful partnerships between foreigners and locals, but they were an exception rather than the norm back then.

Ambassador Yallowitz was well aware of the problems that my own company had faced with the government back in April that year, and he was wondering how to provide foreign investors some tools to protect their interests while doing business in Georgia.

The US embassy used to organize business roundtables once a month at the embassy; the attendees included American businessmen and US companies operating in the country. During those roundtables, major problems facing business were discussed and this allowed the embassy staff to better understand what was going on in the country.

I attended the September 1998 roundtable at the embassy and when the meeting wrapped-up, Ambassador Yallowitz invited me to his office.

"Fady, I need to talk to you about an important matter. I have followed up on your problems here and, unfortunately, you're not the only company facing such



troubles; the embassy is solicited on a daily basis to troubleshoot problems that the few American investors are facing. I have an idea and want you to tell me what you think of it. Why don't you establish an American Chamber of Commerce (AmCham) in Georgia? There are about thirty or forty US businesses operating in the country; if we have an AmCham in country then, in addition to the embassy, there will be a second voice to lobby US businesses and protect their interests," he told me.

It's a great idea, I told him. I believe that an AmCham in Georgia is badly needed, not only for American businesses, but for all foreign business people operating in the country.

"Perfect, then start working on it! I will talk to Leigh Durland the President of Absolute Bank and ask him to coordinate with you," he told me.

AmCham was established in November 1998. Its main goal was to protect its members from harassment and other unlawful actions, and to strive towards the improvement of the business environment. The first General Assembly was held in February 1999 at the Sheraton Metechi Palace Hotel, at which I was elected president. I had the honor to assume this role for eight consecutive years.

With the change in power at the end of 2003, the Saakashvili administration focused

on curbing both criminality and corruption, and Georgia started climbing very quickly up the rankings of the International Financial Institutions. Finally Georgia was no longer a harbor for criminals, and it became a focal point for investors from various countries of the world.

Although the business climate had improved dramatically, some businesses were still targeted and pressured for one reason or another, usually through intimidation by the tax authorities.

Unfortunately, we still see some of these kinds of cases today. As a matter of fact, a mining company, one of the largest US investments ever in Georgia, has been subjected to unjustified harassment by the Revenue Service for a couple of years now. The reason? It is rumored that "someone" wants to take over their business.

Of course those cases have become extremely rare, but they still cast a very long shadow over the country's business climate.

In order to forecast their activities and expansion plans well ahead of time, businesses need stability, predictability and visibility.

Changes to the country's legislation should only be made after careful assessment and thorough discussions with the private sector. In addition, legislative changes should be announced well ahead of time, before

being implemented.

With an average of 3% GDP growth per year, Georgia will need 25 years to reach the current GDP of Turkey and Romania and more than 50 years to reach the current GDP level of Western European countries.

Therefore every new piece of legislation should be weighed against its impact on GDP growth and adopted or rejected accordingly. Georgia should focus on a double-digit economic growth, as anything less than that will keep the country in poverty for decades.

The appointment of Giorgi Kvirikashvili as Prime Minister in December 2015 gave the business community in Georgia a new influx of optimism. If some businesses and investors were still hesitant before the October 2016 parliamentary elections, they now feel the full commitment from the business community to go forward with their expansion plans.

Prime Minister Kvirikashvili fully understands business and enjoys the unconditional trust and respect of the business community. He keeps his door open to anyone and is attentive to any suggestion that could help move business forward.

I feel very optimistic about the future of the country. As a matter of fact, I can't recall the last time I felt this optimistic about things -it's been years. My prediction is that the golden period for Georgian business is starting right now.



THOUGHT LEADERS

GEORGE WELTON - CURRENT EVENTS

US Involvement Across Georgia's Economy



THE UNITED STATES and US Companies are widely involved in the Georgia marketplace running businesses, investing, supporting infrastructure upgrade and, through US Government programs, working with the Georgian Government and the private sector to improve the entire economy. At the American Chamber of Commerce, we work through personal networks and public advocacy to support these developments, to build business connections between Georgia and the US, and to expand the network of US companies who know about and engage with the country.

US involvement can be seen across the whole economy, from extraction and export, oil and gas, transport and logistics, energy, tourism and retail. To run through a few examples, manganese has been Georgia's biggest export category for 5 of the last 10 years, responsible for \$2.1 billion in exports from 2006-2015. Most of that has been done by Georgian American Alloys, a Florida-based company.

In oil and gas, BP, which has its biggest group of investors in the USA, in addition to managing gas and oil pipelines, is currently engaged in an upgrade of its Southern Corridor gas pipeline; an investment worth \$2 billion in Georgia alone. This will triple the throughput capacity of the pipeline and increase Georgia's transit revenue. Meanwhile, Canargo and Frontera have been in Georgia for years engaging in gas and oil investigation and extraction.

In big infrastructure projects, Conti Group are partners with the TBC-led consortium to build Anaklia Port and Schultz Global Investment have committed to invest \$100 million into small hydro-electric power plants

and expect to start their fund early in 2017. AECOM and General Electric are also providing resource and consultancy in a range of infrastructure projects.

Beyond that, the American GMT Group, owners of the Marriott Hotels, are also responsible for the Funicular Complex of Investments and are currently building a newly branded hotel, and no-one can miss the recent explosion of American Brands in Georgia, from retail like Old Navy and Banana Republic, service provision, like Precision Auto Care, International Hotels including the Marriott, Radisson, Sheraton, Holiday Inn, Biltmore and Hilton and food, including McDonald's, Wendy's, Dunkin Donuts, Burger King, KFC, Subway, Domino's Pizza and many others.

What challenges do these companies face? The most obvious challenge of the Georgian market is size. With a population of around 4 million, and a relatively low GDP per capita, Georgia's domestic market is modest. Therefore, big investments are generally connected to industries like tourism, energy and transport and logistics as these are not constrained by growth in the domestic market.

But geography is also one of the country's greatest assets. Clearly, the growth in tourism is connected to the country's fantastic physical beauty and agriculture and hydropower rely on plentiful water resources.

Location is also key. Georgia has already demonstrated its value as a hub by the gas and oil pipelines that transit the country. However, the broader logic of the East-West Silk Road has huge potential. Trade between Europe and Asia was \$1.8 trillion in 2014, and between China and Europe alone, was \$589 billion. The

Eurasia land-mass that the Silk Road traverses represents 70% of the world's population and around 60% of the global economy. Therefore, improving connections between the West and the East of Eurasia has the huge potential for improving inclusive economic growth in the region and the world. Similar reasoning can also be applied to North-South connections, particularly if the Iran deal holds.

The geographic benefits do not end with transit. While transiting the goods and services will be a great business opportunity for transport and logistics companies, and will provide transit fees to the government, the truly transformative opportunity offered by Georgia's location, is in value-added activity. The combination of the EU market access provided by the EU Association Agreement, and good transit links to Asia and the Middle East, make Georgia a great place to produce goods that have inputs from the East but which are destined for the EU market. Value-added activity will be important as products will need to be stamped as 'made in Georgia' to get duty free access to the EU. This could lead expansion in local production.

But why is this relevant for the United States and US businesses? There are three main reasons. First, the recently announced plans for infrastructure upgrades on ports, rail and road

which are essential for this trajectory of development will probably depend on US development firms, like Conti Group and consulting firms like AECOM and General Electric. This will further embed US capital in the region.

Second, the financing for these capital improvements will occur with American backing. Chief amongst the financiers of Georgia's domestic infrastructure upgrades will be the World Bank, Asian Development Bank and possibly European Bank of Reconstruction and Development (EBRD). Each of these organizations has been lending huge sums to the Georgian Government and Georgian private sector for years. But don't let the names fool you, the largest contributor and shareholder in World Bank, Asian Development Bank and EBRD is the US Government.

Third, US Government programs are also helping to facilitate reforms that can make economic growth more likely in Georgia. Two programs stand out. The US financed Millennium Challenge Corporation, following from discussions with Georgian businesses and the Georgian Government, is spending \$140 million to upgrade school infrastructure, invest in vocational training and support and improve the education of Science Technology, Engineering and Maths. This is intended to help Georgia fill its skill gap, by generating a

core group of highly trained engineers and technologists, and improve the prospects of value-added activity in the country.

The second program is USAID's Government for Growth (G4G) project. This project is working with organisations, including AmCham Georgia, to support public-private dialogue on issues of business climate reform. Using support from this project, AmCham is working with the Government of Georgia to engage on tax reform. This should help ensure that Georgia maintains its long track record of business oriented reforms, and maintains its place as by far the easiest place to do business in the region.

But in the final analysis, the biggest challenge that we face in attracting US businesses to Georgia is that the country continues to be off-the-beaten-track of US business-people. Whenever we have guests, whether businessmen or Congressmen, they are always surprised by the country; its beauty, its people and the amazing progress it represents. Therefore, as much as anything, at AmCham we see that our responsibility is to invite, encourage and cajole colleagues, government officials and business people to come and see Georgia for themselves, because when they do many, like us, find it hard to leave.





THOUGHT LEADERS

SANDRO TARKHAN-MOURAVI - CURRENT EVENTS

Seven Questions Regarding Mega Complexes



BIDZINA IVANISHVILI HAS PROMISED that the Cartu Fund will invest one billion Euros in educational and scientific infrastructure, which will be bestowed upon the state. The plan is to build a university town in Kutaisi, a technological institute and a scientific-research center in Tbilisi.

What's not to like about that?

One billion Euros seems like an exorbitant sum of money for the Georgian education system. The total budget of the Georgian Ministry of Education and Science in 2015 was approximately 320 million Euros. In other words, the investment promised by the Cartu Fund is just about as much as the state spends in three years.

That is exactly where the first question arises:

Can Georgia afford the maintenance of such expensive projects?

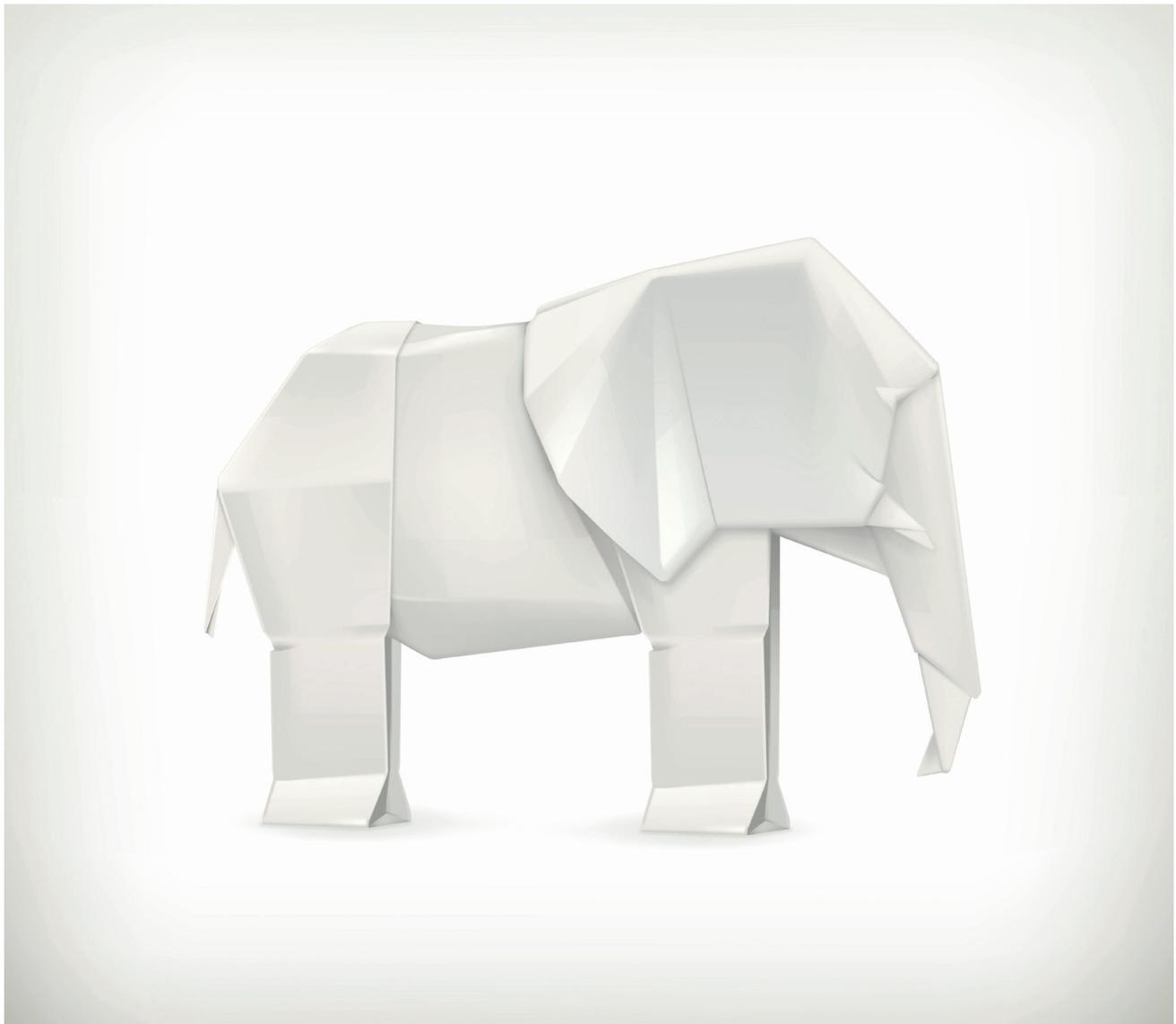
"Bidzina will bestow upon the state" has become a pre-election tradition. However, it is time to think about the costs associated with the maintenance of such grand projects. Before we get too excited about it, we should first carefully weigh the project ROI and costs.

The term 'white elephant' is an expression used in English. The term is derived from the sacred white elephants kept by monarchs in Thailand. If the monarch disliked one of his subordinates, he would give him a white elephant as a gift. Receiving a white elephant

from a monarch as a gift was simultaneously both a blessing and a curse. It was a blessing because the animal was sacred and it was a curse because the recipient now had an expensive-to-maintain animal he could not give away - one that would eventually drive him into bankruptcy.

There are many examples of 'white elephants'. For instance in the late 19th century the Brits calculated the costs associated with administering one of their African colonies in Uganda and realized that it was a total losing endeavor economically. There are many instances when owners can no longer afford to maintain or even keep their own real estate, since the costs exceed the revenue. Last year, the widow of millionaire comedian Robin Williams, who passed away in 2014, told the court that she could no longer afford the upkeep of the palace she had inherited from her deceased husband.

Will the 'Mega Complexes', as Prime Minister Kvirikashvili refers to them, built by the Cartu Fund, be cost-effective for the country? As a rule, state expenses are not followed by direct profit. There is a possibility of indirect profit - if Georgian students get a better education, their salary demand may increase on the labor market and the country could get rich. However, there are many other ways to improve education and/or make the country rich. It is necessary to consider all available alternatives: what else can we do for the same



price?

If the promise concerning 60,000 students is kept, then the university will need at least 6,000 staff members. The student-teacher ratio at the Massachusetts Institute of Technology is nine to one. At the University of Science and Technology of China, the student-teacher ratio is eight to one. At the Caltech and Moscow Technological University the student-teacher ratio is seven to one.

In order to discuss any improvement in the sphere of technological education, one should have a highly professional faculty in place. The salary for a relatively high-level professor in Georgia has already

reached GEL 3,000, and it will take even more to lure foreign professors. Even if we use GEL 2,000 as the average monthly salary for the university staff, it will easily add-up to approximately 60 million Euros (GEL 114 million). Therefore, it is going to be much harder to calculate the overall costs of Ivanishvili's 'mega complexes'. The budget of world-class technological universities will reach one billion Euros. Even if we calculate a tenth of that sum by skipping an accurate estimate, Georgia still cannot afford this kind of luxury at the present time.

Which leads us to the next question:

Why does the government unconditionally agree to take over Cartu's projects?

No one can ban a private fund from implementing educational or scientific projects. However, this does not mean that the state should be compelled to participate. The state must weigh all the pros and cons related to a 'donated' project, just as it would with its own projects. Where is the strategic vision that the government will need in order to develop education and science in this particular form? Where are the documents with the appropriate justification?

The country has an informal ruler and I



“It is unclear why they want to spend the extra millions on the construction and maintenance of such a huge complex, when a much smaller university would be perfectly fine”.

have no intention of bringing up the many examples to substantiate this assertion. However, the synchronized swimming of the government of Georgia and Mr. Ivanishvili with their ‘mega complex’ fantasies is just one example of this. If it hadn’t been for the dominance of Ivanishvili’s opinion, I might have agreed with one economist friend of mine - “after all if this becomes a losing endeavor, they will either sell it or move the refugees there.”

Ivanishvili’s government will not shut down these projects and most likely, neither will the next government -it is very hard to shut down major educational and scientific projects even if they turn out to be a total failure.

But the opening of this university is not even a done-deal, let alone the closing of it. Prime Minister Kvirikashvili mentioned in his speech that Ivanishvili had announced the construction of the university in Kutaisi in 2011, and that the idea of building it had come much earlier.

Why have these past five years been wasted?

As it turns out, the construction is about to start and in the best case scenario, the construction work will be completed by 2019. According to insider information, the main concept of the upcoming university has not yet been developed (for instance, what will the language of instruc-

tion be?) Let us forget all the unfulfilled promises - given such pace, the numbers and dates announced by the government for the sake of public relations is even more dubious.

If the development of technical education is indeed a priority for the government and it is willing to spare no expense for that, than why is there such a delay?

The construction of new buildings is obviously very important, but not so crucial as to wait for it as long as seven years or more- from the announced date in 2012 till 2019. It is far more important to have a strong faculty, effective management and teaching methodology, than it is to build a university campus.

Let us recall that in 2012, the government of Georgia donated the newly-built campus for Batumi Technical University to City Hall.

If having a technical university in west Georgia is so important, than why wasn't the Batumi project given a chance?

The previous government claimed that the building was designed with the participation of foreign specialists - the lower floors were designated for laboratories and auditoriums, and the top floors would have accommodated professors and students. Regardless of how many drawbacks the Batumi campus might have had, it is hard to believe that it would have been useless in comparison with the existing State Technical University in Tbilisi. The US also offered a multi-million grant for the Batumi project. Unless it was simply a clash of egos between Ivanishvili and Saakashvili, it is still unclear why the fulfillment of the technological dream did not start in Batumi in 2012, instead of Kutaisi in 2019.

We can only hope that the Kutaisi Technical University will turn out to be a state-of-the-art academy and justifies all the costs.

Are these big expectations realistic?

The entire developed world recognizes that a high level university professor needs to be a productive scientist as well. The productivity of a given scientist is measured by their publications in international journals. For instance, approximately 30 such publications in computer science are published from Georgia on a yearly basis. In response to the myth regarding the 'demolished science', it should be noted that before 2004, the number of such publications was less than 10. From 2009-2012, the number of annual publications reached 40-50 articles, which included joint publications with foreign experts.

Optimistic estimates show that

there are total of about 30 people who can safely be regarded as having a high academic level in computer sciences. All these specialists are already employed at various universities. In the case that two more mega complexes are built, we would then have to deal with even more staff shortages. For an ambitious technological science center and a university with the capacity of 60,000 students (even for 15,000) 30 computer science specialists is obviously not enough. We have a similar situation in most areas: if we don't want to get the old Technical University, which just moved to a new building, then we definitely need to bring professors in from abroad. However, the new university cannot be staffed with only foreign specialists. The dream of creating a super educational institution in Kutaisi may sacrifice modest, but real development of several Georgian universities, since their staff will have to move to Imereti.

The next question is about the faculty members:

Should the language of instruction be English or Georgian?

According to insider information, foreigners have recommended making it an English language university. However some Georgians are opposed to this idea. Most likely, foreign consultants just looked at the numbers and realized that Georgia has a shortage of good professors (unlike the team formed by the Georgian physicist Gia Dvali, whose reform document of 2012 did not contain a single relevant number). It is hard to say whether we will follow these recommendations or not. Some people still share the fear that active usage of the English language may undermine or make us forget our mother tongue. It would be more reasonable to fear that English might be rejected as an instructional language, since in that case it will be a control shot for the crystal towers of Kutaisi University. Provided that the government

does everything correctly - makes the proper selection of local and foreign professors, incorporates the existing technological university (so that our scarce resources will not have to be divided between two big technical universities) and disregards Gia Dvali's vision of a technical university - we might have a truly good university on our hands. It is also possible to improve the existing universities in Tbilisi, Batumi and Kutaisi, as long as we have the right vision.

But one thing remains unclear:

How did they come up with 60,000 students?

In 2015, the total number of students in 75 higher educational institutions - including MA, PhD and undergraduate students was only 167,000. The most highly-rated university in the world - The Massachusetts Institute of Technology (MIT) has only 11,000 students. It will simply be impossible to fill the capacity of 60,000 students even if one out of three Georgians goes to this university - in which case it will no longer be an elite institution. It is unclear why they want to spend the extra millions on the construction and maintenance of such a huge complex, when a much smaller university would be perfectly fine. Georgia needs a high-level education institution and not a massive university. We hardly have enough staff for a small university and the prefix 'mega' only complicates things.

There would not be any need in so much critical discussion if it weren't for one particular whim - to bestow everything on the state. MIT is a private university and this fact does not raise doubts regarding its quality or its role in the development of the United States. Instead of promising to invest a billion dollars in infrastructure, Ivanishvili could easily come up with a realistic long-term plan for a normal sized private university, in which case he would still retain his charitable image and the status of de facto ruler of the country, and at the same time reduce the risks to Georgia's higher education system.



THOUGHT LEADERS

ELENE PANCHULIDZE - CURRENT EVENTS

Trump's Administration: Billionaires' Cabinet - A Genuine Big League



AS A CHARISMATIC BILLIONAIRE with a brash and often combative personality, and over 15 bestselling business books to his name, the president-elect of the United States - Donald J. Trump - will attempt to share another success story, but this time with the American people. Subsequent to his astonishing triumph over Hillary Clinton in a tough presidential race, Donald J. Trump is already making waves within the political establishment in Washington.

While traveling around the country to various thank-you rallies, the president-elect publicized his cabinet choices for the top jobs in his administration. A cabinet of billionaires with "a few poor millionaires" is how Senator Bernie Sanders assessed Trump's future administration, which will most probably go down as the richest in US history. One of the most controversial selections thus far has been Trump's nomination for Secretary of State, Rex W. Tillerson. The Exxon Mobil CEO, who is widely thought to be closely connected to Russian President Vladimir Putin, is still awaiting Senate confirmation for the position, together with a number of other billionaires, Goldman Sachs bankers and investors.

Throughout his presidential campaign, the president-elect under the "make America great again" slogan, has projected a rosy picture of America with him at the helm - an America with a booming economy, 25 million new jobs and around 3.5 percent economic growth per year. Trump has also repeatedly promised to initiate trade barriers and sweeping reforms in the tax and energy sector, in order to defeat the "unequal system" in place.

While blaming free-trade agreements for the collapse of the American manufacturing industry, Trump's pro-growth economic policy calls for the renegotiation of the North American Free Trade Agreement (NAFTA) and other large-scale trade deals, particularly the Trans-Pacific Partnership (TPP), which was negotiated between 12 countries around the Pacific rim. He also calls on rene-

gatiating the Transatlantic Trade and Investment Partnership (TTIP) between Europe and the US, by promoting protectionist, anti-globalization policies in order to end unfair advantages other countries have over the United States, and to provide better deals for American workers.

As a vocal supporter of the president-elect, 78-year-old investor, and Secretary of Commerce Nominee, Wilbur Ross says that on behalf of American workers, he will identify every trade agreement violation to date, and serve US interests around the world following his likely US Senate confirmation.

Donald Trump represents a real hope for millions of discontent working-class Americans who believe that they have been left behind over the years, and marginalized by the focus placed on minorities and competition from illegal immigrants. As such, Trump is putting together an unprecedented billionaires' cabinet, while the whole world watches breathlessly with concern.

GEORGIA IN FOCUS

The national excitement and commotion around the US election is not lost on Georgia. Soon after the announcement of the election results, Georgian President Giorgi Margvelashvili welcomed the new Trump administration. Underlining the importance of the US-Georgia strategic partnership, he expressed initial readiness for further enhancement of Georgian-American friendship to ensure worldwide peace and security.

While preparing to take office as the 45th President of the United States, Donald J. Trump has left managerial control of his business empire to his two adult sons and other executives. He declared on social media that the presidency is a "far more important task." Regardless of Trump's unorthodox approach to politics, Georgia's political elite are confident that Georgia's 25 year strategic partnership with the United States will continue with renewed energy into the future.



NATURALTECH™ IS PRODUCED WITH ENERGY FROM RENEWABLE SOURCES

WISE PRESCRIPTIONS, NATURAL SOLUTIONS.



NATURALTECH™
NATURE + MAN + TECHNOLOGY

WWW.DAVINES.COM
WWW.FACEBOOK.COM/DAVINESOFFICIAL

davines
SUSTAINABLE BEAUTY

NEW YORK, PARIS, LONDON, MEXICO
DAVINES SPA, VIA RAVASINI 9/A, PARMA, ITALY
INFO@DAVINES.IT

The Preferred Employer

Even though Lendo has been operating on the rapid loan market for less than a year, through its strong corporate culture, the company's management has succeeded in turning Lendo into one of the most preferred employers in the country.

AUTHOR: ANA TSKHOVREBOVA





en months ago, Lendo started with only three branch offices. Today there are currently 30 branches - 14 in Tbilisi, with the rest found in almost every corner of the country, except for Georgia's high mountainous regions. Furthermore, Lendo has branded stands in many shopping malls, where people can receive loans in cash. The company's mobile office 'Lendomobile' travels throughout the regions on a daily basis.

Although the rapid loan market is quite saturated (there are presently more than 40 companies competing with one another), Lendo has a unique advantage: At Lendo, loans are given much quicker to applicants under the age of 75, and most importantly, Lendo gives cash in just 10 minutes.

"Naturally we have borrowers who have access to online services, but there are some, particularly in the regions, who don't have access to computers. People come to our offices and receive loans in cash. The process takes just five minutes. Our goal is to be accessible everywhere," says Lendo CEO Mikheil Nonikashvili.

Lendo has approximately two hundred employees and its managers are particularly proud of the corporate culture that the company has developed since the day of its founding. The feedback system between the various levels of the company is arranged so that the management is in constant contact with the front office and clients, and there is a separate reporting system for middle-level management for the purpose of evaluating the performance of the upper level management.

"If we want to continue to develop, it is absolutely necessary that we listen to everyone and be open to healthy critique and feedback," this is how Nonikashvili explains the driving principle of his company's corporate policy.

The close link between management and employees has a positive impact on the pace of growth of the company staff. The company tries to promote those employees whose career has been developing together with Lendo.

"We've had cases when employees transferred to other companies because they had better offers, but then they came back. This is because our management style and corporate culture is very distinct. We are one team; we strive towards one goal and have one common vision. Efforts made by each member of the team are vital for the success of the company. We are a team, where everything is discussed in an open and transparent manner, and where decisions are made by the entire team. Management policy and culture is based on

mutual trust and respect of the employees. This is our secret to success," Nonikashvili stresses.

The company's recruitment policy is also very transparent. However, unlike traditional employers, Lendo is more interested in a prospective employee's teamwork and adaptation skills, rather than their work experience. It is also noteworthy that 80% Lendo's employees are women. The management explains this trend by women being more active in searching for jobs - and in most cases, being able to present themselves better than men.

"We are actively recruiting students who work in the evening and on the weekends. They receive a decent salary. This is an opportunity for them to gain very important experience," says Lendo's Operations Director Irakli Tsurtsunia.

The company prefers to hire inexperienced staff and train them in customer relations and principles of responsible financing.

"Our employees are well aware that they must acquaint the borrower with the terms of the loan, interest rates and fees charged for the postponement of the loan," notes Tsurtsunia. "Being a reputable and trustworthy employer, Lendo always welcomes enthusiastic, smart young people who want to build their careers. I come from Sokhumi and hope that some day I will have a chance to employ people in my hometown and open branches there," Tsurtsunia says with a noticeable pain in his voice.

Lendo believes that financially educating the population is of the utmost importance. As such, the company is willing to participate in various social projects to raise public awareness and understanding of how much they can borrow, in proportion to their income, so that they have no trouble paying back the money they borrow. Lendo is in favor of regulations that oblige companies to perform responsible funding.

Since placing their portfolio at risk is not in the interest of the company, loans cannot be given to just anyone who wants to borrow money. Additionally, the high risks that accompany quick loans are reflected in the interest rates. "The quick personal loan is a high risk product, and therefore is comparatively expensive," says Tsurtsunia.

Nevertheless, the managers of Lendo believe that the quick loans sector has great potential for growth. In fact, the demand for the product is very high and the sector is ready to accept certain new regulations.

"The right approach to business is essential," reiterates Tsurtsunia, who believes that everyone who knows how to spend their money right should have access to money.

ALLIANCE

GROUP



HOSPITALITY GAME-CHANGER

Akaki Songulia, CEO and co-founder of Alliance Group, the company that has invested over \$200 million in Georgia's real estate sector, has thrown himself into a \$5.54 billion market. His big breakthrough is a proposed agreement that is in development with RCI, the largest timeshare vacation exchange network in the world, and part of the Wyndham Worldwide Group, a global leader in the travel and hospitality market and the European leader in vacation rentals.

PHOTOS: KHATUNA KHUTSIHVILI



Tourism is Georgia's asset," says Akaki, pointing to the commercial brochures neatly arranged on his desk that read 'RCI'. He is the man behind a proposed vacation exchange agreement that will, for the first time, bring Georgia onto the world map of vacation exchange. Alliance Privilege Club, recently co-founded by the Alliance Group CEO, will make dreams come true for middle-class Georgian vacationing families. Sipping Cosmo and getting tanned on Canary Island beaches, enjoying the family pools and facilities of the 59 RCI-affiliated resorts on Tenerife, for example, and dining at the Michelin-star restaurants on the island offering an authentic taste of Basque cuisine—this is just a taste of the dream that becomes affordable through RCI vacation exchange membership for Georgian citizens from the summer of 2017. "We are excited to finalize our relationship with Alliance Privilege Club and extending the benefits of RCI to its owners. Using this vacation exchange program, a timeshare owner can access family-sized accommodation for far less cost than they would by staying in several hotel rooms or a private rental property of equivalent size," says Dimitris Manikis, RCI Vice President of Business Development for Europe, the Middle East, and Africa. The starting price for purchasing a 15-year timeshare ownership at Alliance Privilege Club will be as low as \$4,500. Owners will be provided with an option to stay at an Alliance resorts' home resort or choose an alternative and very different holiday destination from the 4,300 resorts affiliated to the RCI vacation exchange program in over 100 countries. A small RCI membership and exchange fee will be payable on an annual basis, but the week's vacation period and accommodation is paid for upfront. That \$4,500 has bought the owner a quality vacation for one week a year for 15 years, either in their home resort or in the many and varied RCI-affiliated resorts worldwide. Vacationers can purchase additional weeks if they choose to—but they will not have to pay accommodation or rental fees for that week's vacation again throughout their period of ownership. From 2018, it is proposed that selected Alliance resorts will also be affiliated to The Registry Collection, an elite network of 200 of the finest vacation properties in more than 40 countries. "The shared vacation ownership model will transform Georgia's vacation industry," says Alliance Privilege Club CEO.



In the five years between 2011 and 2016 it has been reported that international visitor figures to Georgia increased from 2.8 million to over 6 million. International visitor statistics have been one of the major deal drivers in the Alliance Privilege Club/RCI partnership which, for its part, could further boost those visitor numbers by attracting more holiday-makers to Georgia from around the world with the promotion of RCI-affiliated resorts in the country to the vacation exchange company's 3.8 million members, plus through other Wyndham marketing channels. Songulia happened to be the man with the vision to present Georgia's potential as a tourism market to RCI and Wyndham Hotel Group. His consistent efforts in marketing Georgia paid off, and the



world's largest vacation exchange services provider saw the commercial benefits of Georgia as a destination for international holidaymakers. "Our business association started as a result of the Alliance Group's leadership's continuous quest for new opportunities: new business models to implement throughout their business, and to identify opportunities to open up new distribution channels for its residential and tourism-related projects," says Manikis.

The shared-holiday ownership model is a great complement to the Alliance Group's expansion into the wider leisure real estate field. To be prepared to accommodate the rise in the number of foreign visitors, Alliance Group plans to add several new resorts to its portfolio: the Alliance Palace in Batumi-

a multifunctional complex with the Courtyard by Marriott hotel on the first six floors, Alliance Resort—the all-year mountain resort of Goderdzi, featuring a Ramada hotel and Premium Complex in Tbilisi. The latter is the first project which the Alliance Group is implementing in the capital city. "The first two resorts that are being built in Adjara will be available by 2018, while the capital project will catch up later in 2019," says Songulia. What will the new-generation developer change in Tbilisi? The Alliance Group CEO has the answer: "pretty much everything." With his smart, but casual style of dress, Songulia gives the impression of a business person who is open to new ideas. "Premium Complex will become the landmark of the capital," says Akaki. The three-building, multfunc-



tional complex will feature premium class residential apartments in the tallest tower, whereas the other two buildings will house a combined concept of Wyndham Hotel Group full-service luxury hotel and apartments. "This development will bring a great new international brand into the Georgian market for the first time. This is big. It will turn Vake into the new tourism hub of Tbilisi," he explains. "The location of our resort in Tbilisi is of great value to the project." The developer has found a perfect combination of what sells best - a prestigious location in an ecologically sustainable environment. "People from the cities need to be able to breathe clean air, and Premium Com-

plex, located near the Tskneti forests, is certainly a healthy place to live," says Songulia. The integration of innovative technologies is another aspect of the development that gives the developer confidence that the properties will achieve their sales targets. Among many of the accommodation features are the use of cards instead of keys to access rooms, privilege cards will enable residents to access exclusive benefits, and lobby services will be available to residents free of charge. Innovative and customized products and services lie at the heart of the project's business model. "While working on our plans for the Premium Complex property development, our goal was to make life easier and more pleasant for our residents and guests," explains Akaki.

So far, Alliance Group has constructed most of its projects in Georgia's Adjara region. Since 2005, in Batumi, the developer has built more than 20 large-scale residential complexes and aparthotels, as well as 5,000 apartments, covering more than 1,200,000 m² of construction area. Through the years the company managed to open seven international offices that operate in Israel, Ukraine, Russia, Azerbaijan, England, Germany and the Benelux. Alliance Group is set to open two more overseas offices in the US and the UAE. For a man who has succeeded in moving business mountains, Songulia, at 40, is relatively young. The story started in 2011, when his company was auditing a local developer, the quick-witted financier used the case to study the business thoroughly and set himself to a new challenge. "I saw the untouched opportunities in the sectors of residential real estate and resort development. It was a sure business," he says. Though Songulia was new to property management, it did not take him long to learn the ropes. By that time, for the first time in Georgia, his Alliance Group had started building aparthotels and attracting overseas visitors to whom this internationally experienced and tested business model was familiar and had savings they were looking to invest. "No project was too big to sell," he says. The aparthotel concept turned the Black Sea region city of Batumi into a top tourism destination for foreigners.

After watching the success of Alliance Group, other developers soon began to build aparthotels and, by 2015, the property market in Adjara was

saturated with identical apartment hotel buildings. Times were challenging. To move forward, Alliance Group had to offer something different to potential foreign investors. Keeping in mind that consumers will always choose a product that's familiar, and known to them as being a trusted and reputable product, which has been the case with aparthotels, to bring new customers into a new market, Akaki started looking for a renowned international hotel brand. In under a year from making that strategic decision, Alliance Group signed a franchise agreement with Courtyard by Marriott hotel and started building a multifunctional complex, the Alliance Palace, which the developer based on a three-part business model. First, the investment and gain profit aparthotel concept. Second, investment in high-class properties with values increasing year on year by 15%. Third, Courtyard by Marriott brought into the concept and development. "At Alliance Group, we only develop projects that we would buy ourselves," says Songulia.

Alliance Group is now set to take its innovative ideas and models up into the highlands of Georgia's fabulous all-year resort of Goderdzi where the developer is building another multifunctional complex with yet another leading international hotel brand. Alliance Resort in Goderdzi Pass will feature a Ramada hotel. Alliance Group is the first company to have started development activities there. At an altitude of 2000 m, the mountains are snow-covered from November to April and the pristine forested mountains of the resort create a fantastic setting across all four seasons. To make the mountain resort more easily accessible, Georgian and Adjarian governments are implementing a major highway improvement program. "It is going to be one of the top destinations for RCI members, since this really unique Four Season mountain resort offers a new experience for foreign holidaymakers," says Akaki. Alliance Resort will have the capacity to host 250 visitors at any one time.

Songulia came into the private sector with a good understanding of Georgia's development opportunities from the point of view of a public servant. There were significant reforms taking place in the country when he was heading the Revenue Service in Western Georgia in 2010. This was the time when Georgia had its first Customs Clearance Zones opened, including the one in Poti - the area under Songulia's supervision.

"The country needed a change, and the right choice was to make it attractive as a regional hub, so all the reforms at that time were being aimed at this grand mission," he recalls. Akaki, a self-made manager, rose up the career ladder, from a tax inspector to an executive position in Revenue Service. "I must make a difference," Songulia says. "This is what I repeat to myself every day and it works when you work hard," he adds.

Timeshare is the next business model the Alliance Group CEO is looking to use to make a difference. "The proposed RCI deal is the continuation of the innovation drive our company has been known for over the past decade," he says. Songulia speaks with assurance. He speaks slowly, and with a great deal of deliberation and thought before speaking. Every word matters. Little wonder for a former chess player, Georgia's several-time champion, whose life has been, literally, about planning each move ahead. "There's a massive amount of uncertainty and almost boundless variety in terms of the moves that you can make in both chess and business. Think about it: after just three opening moves by a chess player, more than 9 million positions are possible" - these are the words of chess Grand Master and a former world champion, Gary Kasparov, and they are as true of life and business, as for the game.

As for RCI, the pioneer of the vacation exchange concept since 1974, the company must have made all the right moves so far, as it has maintained its position as the global market leader for 42 years. The company's next move is Georgia. RCI is confident it can market the country successfully to its international member base. "We see resorts in Georgia as benefiting from its location at the cross-roads of Western Asia and Eastern Europe, attracting visitors from many neighboring countries, such as Armenia, Azerbaijan, Turkey, Russia and Ukraine, all having relatively wealthy middle classes with the aspiration to travel," says Manikis.

There are now six months left before the first family member of the Alliance Privilege Club leaves for their dream holiday, and several more months before RCI's international member families will get the opportunity to experience staying at an Alliance resort in Georgia. Songulia has set his mind on making Georgia a successful chapter in the story of the global vacation industry, and with the careful strategic planning of a chess champion, he believes he has put the right products and business partners together to help him do just that.

How RCI Will Make a Difference in Georgia

“Georgia is a relatively undiscovered gem of a tourist destination.”

AUTHOR: KATE TABATADZE

With approximately 4,300 affiliated resorts in over 100 countries, and 3.8 million member families worldwide, RCI, the largest timeshare vacation exchange service provider in the world, has added Georgia to its destination map.

The shared vacation ownership model will transform Georgia's vacation industry. RCI and the Alliance Group are currently in negotiations to formalize an agreement which will give Georgians the opportunity to try the timeshare experience in summer 2017, while Georgian resorts will become available for foreign holidaymakers from 2018.

RCI has been operating a vacation exchange business since 1974, and is a pioneer of the vacation swap concept. It is popular with large family groups because it makes financial sense for those taking regular vacations, offering space, home comforts and a safe resort environment. By purchasing a specific block of time, usually a week or more, on a resort property, holidays in spacious quality accommodation offering privacy and many amenities become affordable for larger families.

A timeshare-owning family from Georgia will have the option to holiday in the resort they have bought their timeshare at - their home resort - or they can place their week at that resort into the RCI exchange pool and take out a week's stay at another resort somewhere else in the world. Using this vacation exchange program, a timeshare owner can access family-sized accommodation for far less cost than they would by staying in several hotel rooms or a private rental property of equivalent size. Upon payment of a small RCI membership fee, Georgian member families can return to their home resorts to vacation at no further cost. Should they choose to exchange their home stay period for a vacation outside of Georgia, there would only be a small exchange fee payable. Likewise, foreign timeshare-owning families choosing Georgia can exchange their timeshare to enjoy their vacations at high-class Alliance resorts which are affiliated to RCI, for a small exchange fee. Because RCI members have paid for their timeshare vacation periods up front - buying one of more weeks' use, to use every year for a contracted number of years, usually 5, 10 or 15 years' use - they have no accommodation rental or hotel room fees to pay when taking their families away on holiday.

With RCI being part of Wyndham Destination Network, the worldwide leader in vacation exchange and the European leader in vacation rentals, Georgia truly is in experienced international marketing hands, as the resorts offered by the Alliance Group will be promoted worldwide through Wyndham's global property distribution platforms. The numbers speak for themselves - tourism has the potential to create tens of thousands of jobs within Georgia, as well as bringing in the tourist dollar to boost the country's revenues. Little surprise that the Georgian Government is supportive of developing its tourism infrastructure, as it recognizes Georgia, as a vacation brand, will become a valuable export. To share more on this, Forbes Georgia prepared an exclusive interview with Dimitris Manikis, RCI Vice President of Business Development for Europe, the Middle East, and Africa.



Dimitris Manikis, RCI Vice President of Business Development for Europe, the Middle East, and Africa

It's the first time a Georgian company has joined the RCI global vacation exchange program. What are the main reasons your company became interested in our country?

In the five years between 2011 and 2016 it has been reported that international visitor figures to Georgia increased from 2.8 million up to over 6 million. These figures clearly demonstrate growth in the tourism sector, which represents an opportunity for the hospitality industry, and for its shared-vacation ownership sector, in which RCI is the global leader - as far as the holiday exchange component of the industry is concerned.

The country's Department of Tourism and Resorts is committed to developing tourism, as it has the potential to contribute significantly to the nation's gross domestic product (GDP). As a member of the United Nations, the Council of Europe and the World Trade Organisation, among other bodies, Georgia is part of a European and international community. It enjoys political and economic stability and has an established legal structure, all of which offer resort developers the security and ease of operation they are looking for.

The hospitality industry has been established in the country, with more than 100 resorts already in operation. We see resorts in Georgia as benefiting from its location at the cross-roads of Western Asia and Eastern Europe, attracting visitors from many neighboring countries, such as Armenia, Azerbaijan, Turkey, Russia and Ukraine, all having relatively wealthy middle classes with the aspiration to travel.

Georgia's varied climate, ranging between sub-tropical in some areas to continental, together with a rich culture borne out of its antiquity, many tourist attractions, and some spectacular mountain-

ous landscapes, have succeeded in attracting significant numbers of visitors from as far away as the US, Germany and Poland.

We believe Georgia is a relatively undiscovered gem as a tourist destination. It has many of the elements and attractions RCI vacationing members are looking for – a good summer climate, rich culture and iconic attractions. It is a safe and stable country offering a variety of authentic experiences that are just waiting to be discovered, and we at RCI are confident we can market Georgia successfully to our international member base.

Why Alliance Group?

The Alliance Group has longevity in its operation, being founded in 2005 and having invested more than \$200 million in a range of ventures over the past 11 years. This speaks to its reliability and tells us that this is a company we can trust. The Alliance Group also has much experience in property valuation and asset management – it knows a good real estate opportunity when it comes along – and its local market knowledge and expertise in Georgia is what shared-vacation ownership operators need in a business partner.

We feel that the shared ownership model is a great complement to the Alliance Group's expansion into the wider leisure real estate field, providing a very profitable and practical alternative to local consumers, who are looking to holiday at an Alliance property, as well as for tourists who are looking to return to Georgia for many years of vacationing while, at the same time, taking advantage of the global vacation exchange platform that RCI provides.

What will RCI affiliation bring Alliance Group?

The business teams of the Wyndham Hotel Group (WHG) and RCI work very closely together to offer a unique suite of benefits, bringing the advantages of an unrivalled international reach to resort developments of all scale and size.

We want to bring these advantages, as well as our expertise and experience in the hospitality sector to the Alliance Group. We are currently in negotiation and are discussing the many different business models we could work with, and these range from a franchise and resort management agreement whereby they would benefit from the association with the Wyndham and RCI brands, to providing the back office mechanisms which will deliver a world-class vacation exchange service to the owners of their leisure properties – be they residential leisure real estate in the form of second home villas and rental properties, or standard timeshare ownerships.

Once we have agreed on the services we will provide, using the collaboration with both WHG and RCI, we will support Alliance and its resorts in marketing and sales: optimizing brand promotion and maximizing the distribution of accommodation through the multi-faceted, multi-channel program, Wyndham and RCI, together, are uniquely positioned to deliver.

Our services will be tailored to the needs of the Alliance Group, and could be extended to working with them in feasibility studies,

strategic demand planning, operational support in resort, and sales analysis and reporting.

How did your partnership with the Alliance Group start and what are your expectations?

Our business association started as a result of the Alliance Group's leadership's continuous quest for new opportunities: new business models to implement throughout their business, and to identify opportunities to open up new distribution channels for its residential and tourism-related projects.

Our expectation is for both parties to grow together, to create a new revenue and client stream for the Alliance Group, as well as supporting the introduction of the Georgian tourism product to a wider audience around the world through our international vacation exchange platform.

How supportive have you found the Georgian and Adjarian Governments during the course of your negotiations with local resort developers?

Since Wyndham and RCI started exploring business opportunities for their resort developer associates, as well as their own businesses, we have found the Georgian and Adjarian Governments to have been most supportive of our initiative to develop and implement a club vacation scheme in Georgia.

We have met with Georgian Government representatives to discuss several resort development projects. We were greatly encouraged by the engagement and interest the government showed in our projects. The Adjarian Government has since expressed its appreciation to the Alliance Group for attracting overseas interest in new tourism projects to its country. Tourism has always been a big revenue generator for countries which actively encourage its development and so the Georgian and Adjarian Governments are clearly very pleased to learn that Wyndham Hotel Group, together with RCI, plans to jointly implement international hospitality projects with the Alliance Group. This level of government support is crucial in making our plans viable. Of particular importance is the governments' help and direction in understanding the regulatory and legislative requirements of the country, so that our projects operate in accordance with the best international practice and local structural and legal

Could you please name the top resorts in RCI's portfolio?

There isn't a simple answer to this question, as each member nationality has different vacation destination preferences. Spain and the Canary Islands are generally very popular with all nationalities, including our Russian members, who also show a preference for Finland and Hungary. While our members in the Middle East like to travel to India, Turkey, Malaysia and the US. One thing we do know is that our members want us to open up new, unique and exciting destinations to them which means one of the key business objectives of RCI and my business development team is to expand the geography of our vacation options, which is why Georgia and the CIS is of interest to us.

Brokerage Beyond Insurance

2016 marked the biggest merger on the global insurance brokerage market. Willis Towers Watson, the company with combined revenue of 8.2 billion dollars, began a rebranding wave in over 120 countries, including Georgia.

AUTHOR: KATE TABATADZE
PHOTOS: KHATUNA KHUTSISHVILI





This historic merger will change the global insurance brokering market," said James Battersby, the Chief Broking Officer for Central & Eastern Europe, Middle East & Africa (CEEMEA) at Willis Towers Watson. The company has both a long name, and a long story. In fact it all began in 1828, when British merchant Henry Willis began selling imported goods on commission in the United Kingdom at the Baltic Exchange in London. Remember the Titanic? Willis Towers Watson, known back then as Willis Faber & Co., was the broker of the ill-fated ship, and fully paid the £1 million (around £95million in today's terms) claim that resulted within thirty days. To make a long story short, in 2016, Willis and Towers Watson successfully completed their merger. Willis had also just acquired the remaining two-thirds shares of Gras Savoye, the leading French insurance broker, which has been operating in Georgia since 2011.

"The merger is an absolute game-changer, and very exciting. It will have a big impact in the United States, the United Kingdom and parts of Western Europe, because those are areas where all three companies have strong bases and large staffs, and where we also have a large corporate client base," noted Battersby. "But it's also a huge step forward in terms of our operations and network across the world, including Central and Eastern Europe, where we can now bring far more solutions in people and risk to our clients and prospects," he added.

"Since the three companies were brought together, there has been an ongoing process of integration and rebranding. Georgia enjoyed a lot of success under the widely-respected Gras Savoye brand, but is now moving forward under the Willis Towers Watson brand, and it's a really important step. Our global clients will now recognize our services in Georgia more easily, and Georgian clients will see that our work here is part of a truly global operation," Battersby continued.

For Willis Towers Watson, Georgia is a small country where the company sees a potential for developing all aspects of its business that relate to people and risk. That includes the insurance and reinsurance brokering businesses, the human capital/health and benefits business, actuarial services

and HR consulting.

"The role and value of an insurance broker is less understood in this country. But whatever your country, everyone understands client service and we aim to ensure that our clients receive the best terms and conditions that the market has to offer. When you have your own 'Titanic' moment, we aim to ensure that your claim is paid in full. Whether that's your physical assets, buildings, or your human assets - we can help. That's your traditional insurance broker, but we are looking to be able to provide a far broader service to those clients that want it," said Battersby.

Encouraged by the successful operations of Gras Savoye in Georgia, the company is determined to stay here and grow.

"The local team has done a fantastic job in overcoming challenges. Not only do I hope are we able to continue to demonstrate the value that we bring to our clients, but we also have the strength and knowledge and reputation to lead the local market," Battersby noted, pointing out that one of the issues with Georgia is that "seemingly anyone can register as a broker and start a business. That creates a reputational risk for a renowned brand like Willis Towers Watson."

Willis Towers Watson has always been at the forefront of everything, including technology, which is what made it the leading broker in both developing and developed markets. In 1953, the company was among the first actuarial consulting firms to make use of computers. Today, actuarial and financial modeling software play a major role in the work of Willis Towers Watson. In addition to standard insurance services, the company also offers risk management and tailor-made solutions for its clients. Another advantage of Willis Towers Watson is its consultancy work, as Towers Watson has been the leading global company in offering HR advisory services, as well as actuarial advice to pension funds, asset management companies and insurance companies.

"The 21st century poses new threats, and Willis Towers Watson helps clients remain resilient as they face them," says Battersby, whose confidence never wavers while talking about Willis Towers Watson. It is little wonder he's so certain about





the worldwide success of the firm, as Battersby is one of the company's 39,000 employees creating a history of shared values. In small Georgia, this grand mission is granted to Keta Pavlenishvili, the youngest country manager Willis Towers Watson has in over 120 countries in which it operates in. Pavlenishvili was only 23 when she became the managing director at Gras Savoye Georgia two and a half years ago. In an interview with Pavlenishvili, Forbes Georgia found out a little bit more.

What difference will the Willis Towers Watson merger make for Georgia?

The big news is that Georgia now has Willis Towers Watson, a company with 188 years of global experience. Willis was a risk management and insurance intermediary company while Towers Watson was a leading human resources consultancy that helped organizations improve performance through effective people, risk and financial management. Gras Savoye has always been more focused on local risks. So the merger of these three big companies, making now one big family of Willis Towers Watson, will offer our existing and potential clients a full complement of services no matter what the demand. We are becoming stronger with more support from our group, giving us the opportunity to use their whole expertise, and letting us develop any product that we already have globally or access any field that might be interesting for our clients. This offers great advantages to our local clients, while on the other hand, with our local representation, big foreign brands now have a friend in Georgia. When a large company signs a deal with Willis Towers Watson's head office, it still needs to work within the Georgian framework and that is what we are here for.

As the managing director of Willis Towers Watson in Georgia, you have supported name rebranding. Why did you say no to continuing operations under the Gras Savoye brand name?

We are very proud of our five-year history of operating in Georgia as Gras Savoye, and we achieved a great deal during that time. However, the range and scale of our business has now changed. We

have a lot to offer in the spheres of people and risk, and we felt that changing the brand would better reflect that. With more than 400 offices in over 120 countries, Willis Towers Watson has big development plans globally, and we are part of this. Moreover, we think that having such a big name on the Georgian market is also beneficial for the economy of our country. Foreign investors are always interested in which global names are already represented in our country. That is why we have decided to rebrand as soon as we could. But I would like to emphasize that we are only where we are today because of the strength of Gras Savoye Georgia and its five years of successful operations.

Why should a company hire a broker?

This is a question we often get asked as the brokerage market is not so developed in Georgia. Everyone is interested as to why they should hire a broker when they could talk to insurance companies directly. In developed countries, it is hard to find a company that works without a broker. The reason for that is that a true broker brings a number of advantages. First of all, a broker is an expert in the insurance field, as they deal only with insurance, so the broker will receive all possible coverage and comparisons for the client. Based on products offered at various insurance companies, we compose the best options for our clients by creating customer-tailored products. The main idea is that a broker asks the client about their personal circumstances, makes a risk assessment and finds the right policy for their specific needs. One of the biggest advantages is our easy procedures - Willis Towers Watson offers its clients procedures that make it easier to follow-up and to communicate with insurers. The clients do not struggle with thinking about how to deal with insurance companies. They just communicate their issue to the broker and the broker communicates it as it is required. The greatest advantage of hiring a broker is having a third party defending clients' interests during the insurance period. However, the relationship does not end with the broker once the policy is purchased. On the contrary, the relationship grows from there, as the broker provides services after the sale. Moreover, it's not only the clients -

insurers also like to work with brokers. General they receive refined information and the exact request, which provides insurers an opportunity to provide better terms and better prices.

As for Willis Towers Watson in Georgia, as the leading global insurance broking group, we have a unique advantage: extensive international experience, a large network of international reinsurers, and devoted employees who care about their clients and support them on all occasions. All of this combines to make us unique.

How would you assess the company's development over the last five years under the Gras Savoye brand, and how ambitious are the future plans of Willis Towers Watson?

Taking into consideration the early development phase that Georgia's insurance market is currently in, I say that we've done a good job as a broker. The company turned profitable the very first year and grew by 20-30% annually. At first we had around 30 corporate clients. We have since managed to increase that number to about 80. In the second year of operation, the company launched an international health insurance product through which we've gained 100 individual clients. Through the years, Gras Savoye has positioned itself on the local market as the company that is always there for the client. Thus, the main target for us has always been to keep our existing clients satisfied and to take good care of them. So our renewal rate is quite high, which is satisfying.

Under the Willis Towers Watson brand, I am sure our office will continue the success story started by Gras Savoye.

Brokerage and consultation is actually a relationship of trust, so it is very important to always meet the clients' needs, and this is why we favor responsiveness and flexibility. In order to facilitate our clients' opportunities, the company is continually adjusting its services. For us, our main mission is providing a strong and reliable partnership with both the client and insurer, which will be strengthened by being part of the Willis Towers Watson family. Our main values as a group include client focus, team work, integrity, respect and excellence. These are our top priorities.



Full of Dreams

Guka Tavberidze, who moved from Georgia to Britain at the age of 7, left a high-paying job for the sake of his dreams and independence. In five years, his juice-producing company aims to reach \$200 million in turnover.

AUTHOR: ELENE KVANCHILASHVILI



Even though the juice market is fully saturated in the UK, the founder of 'Savse' juices - Guka Tavberidze, believes that there is still some room for him on the market. It seems that other retailers agree with Tavberidze. Savse juices are already available at Selfridges and Harrods, and in a short while his products will appear on the shelves of Tesco and Sainsbury, which will make Savse juices accessible to a larger segment of the population. But even before that, preliminary estimates show that Savse's annual turnover will reach £2 million this year. Back in 2014, Forbes magazine listed Savse among seven most promising startups on the UK market.

Today, this time on behalf of the Forbes Georgia, I have the honor of introducing you to Guka Tavberidze, who is here in Georgia on a short visit. By his own account, running the company takes up all his time. Therefore, at this point he has not thought about bringing his business to Georgia. However, he

believes that the business climate in Georgia is good for this kind of business.

He is a little nervous during the interview. He starts telling his story over and over again. He fully acknowledges the fact that his story might be an example that will inspire new startups. He is obviously well prepared and seems to have very specific messages for those, who like him, are ready to put a lot on the line in order to start their own business.

"At some point I realized that I did not want to be part of someone else's (employer's) plan. I wanted to pursue my own plans and dreams. That is why I left a high-paying job. I wanted to take some time off in order to realize what would give me pleasure and independence," Tavberidze recalls.

He tends to get very emotional when he tells his story. He is trying to show me that the results he achieved did not come easy and required a lot of patience and persistent effort. He had to overcome a lot of frustrations along the way, and he would not have succeeded without great determination and



Savse teamed up with celebrity nutritional health coach Madeleine Shaw to create their new range of juices, 'Get the Glow'.

faith in his ultimate success. He understands that establishing your name on the UK market is viewed by most in Georgian society as a great success, but he has even greater ambitions. He wants to show the scale of growth he has achieved in a very short time. He also realizes that the experience and story of a young boy from Georgia might be so attractive, that the Savse brand might get lost along the way. Savse's turnover has increased year after year. Today, the company's turnover is \$11.5 million. Over the next five years, Tavberidze plans to increase that number to \$200 million. According to current estimates, the company's revenue in 2017 are expected to reach approximately \$2 million, and by 2018 it will increase to \$5.5 million.

We are pressed for time. He has to rush for another interview after this. That is why I did not ask him the questions that had already been answered for the Guardian. He left Georgia at the age of 7. However, the story pertaining to the juices started in Georgia 30 years earlier, when his mother Nina was pregnant. The doctors found out that she was suffering from a severe iron deficiency and recommended that she increase her intake of apples and spinach.

"My mother brought a blender and started experimenting with fruit and vegetables. She let her children taste the final product of her experiments. Guka, Sofia and Sali were happy with the results, even though they never knew what the juice was made of," he notes.

His experimentation with fruits and vegetables continued even after moving to Great Britain. Tavberidze remembers coming home one day after he had quit his job and was in search of his own thing. After watching his mom's usual routine, he asked a question that changed the life of his entire family. What if we share the thing that we like so much with others too? He still laughs when he remembers his mother's reaction: "Are you out of your mind, Guka? What do you know about doing business?"

Guka found the answers to all these questions. However, it wasn't an easy process.

"As it turned out, having an idea was hardly enough to persuade an experienced partner to invest in a promising idea. The first time I got rejected it was a real blow for me. But now I understand that everything happens for a reason. At the time, I had

neither experience nor any knowledge, but I refused to give up," Tavberidze recalls.

He says that as long as you don't compromise on the quality and the idea, the rest can be solved.

"Cold pasteurization" was the main method that would make my product different from everything else on the market. Using this method preserves the taste, vitamins and minerals that are, as a rule, lost in the boiling pasteurization process," explains Tavberidze, as he recalls an incident when the entire batch was spoiled because workmen used an old method for making juices. After that, Tavberidze became a more attentive manager.

"I got rid of the so-called counselors, and I tried to poke my nose in everything. I wanted to know everything that was happening in the company," he says.

However, it's one thing to produce a high-quality product and another thing to sell it. Especially on the UK market, which is exceedingly saturated and strictly regulated. Tavberidze would not have been able to pull this off independently. He needed to identify the right retail chain that would carry out exclusive distribution of Savse. Tavberidze set his sights on Selfridges.

"I came upon the Selfridges's retailer on LinkedIn. I stormed him with my messages, but he did not reply. Finally, I took a few cans of my juice and went straight to his office. The office manager asked me if I had an appointment with him, and when I told her that I didn't, I was told to leave. What was I supposed to do? I left the office and got into the car. I was about to start the engine, when it suddenly dawned on me: I came this far and now I was ready to give up? It was then that I realized that I could not give up so easily. I waited in the car for more than two hours. I met him as he was leaving the office for lunch and acquainted him with my product. He was watching me and listening. I could tell that he was more impressed by my perseverance and determination, than the product itself. It worked. Savse is now sold at Selfridges, and not only there," he said, with noticeable pride in his voice.

Our interview is coming to an end. He asks me how it went and apologizes for not being able to do the interview in Georgian, since he understands the language, but is not fluent enough to do a half-hour interview. I shook hands with him and caught myself thinking that it would be great to have more success stories like that, after all, success is contagious...



Direct Mineral Resources Manager

George Devadze believes that the success that Gulf Georgia achieved in such a competitive environment after being in operation for only six years is one of biggest achievements of his team. Devadze has been the CEO of Georgia's leading oil company for four years now.

AUTHOR: NINI LONGURASHVILI
PHOTOS: KHATUNA KHUTSISHVILI

“I think I stayed long enough with Gulf Georgia. If you look over my past, you will see that I have never worked at any company for that long. In the case of Gulf Georgia, it's due to the fact that we have the best team a company could ask for. The key to our success is our team, the relationships we build, and our long-term development strategy,” notes Devadze, who has worked as the company's CEO for 19 years now, and is without a doubt one of the best managers in Georgia.

Devadze has always been ambitious and worked on top management positions. In 1997 he became one of the company's financial directors, and since then he is either a Director, Deputy Director or a vice President. The job title is always impressive, the only difference is the size of the company he is working for. The successful career of General Director of Gulf Georgia started 19 years ago.

Previously, Devadze worked as the financial director in the mineral industry area. From 1999 to 2000, he was acting on behalf of Bitol, one of the largest companies in Central Asia that specializes in the purchase and transportation of oil. From 2005, he was the vice president of the state company Saknavtobi. After which, he continued working as the COO Senior Operations Officer at upstream oil Lolisveli company. Afterwards, Devadze shifted to Armenia, where he reached the peak of the career, leading the country's largest oil company. In 2009 he returned to Georgia, where he became the general director of Magneulis Kvarciti. In 2012 he joined - “Gulf Georgia” as a member of supervisory board, only after that he became the head of the company.

George Devadze's entire career has been in the oil, copper and gold sectors. This is the only field where he sees himself even in the distant future; Currently the mineral resources manager, who has led some of the region's largest companies, spoke with Forbes Georgia about Gulf Georgia.





What is the main thing that distinguishes the Gulf Georgia team and the company from its competitors?

I think manager has two obligations: One - to make the decision and second - to make the right decision. This is the general rule that helped me to succeed is still helps in keeping this position.

The manager's professionalism is determined by whether or not he/she can form a team using the existing staff and continues working with this team. First of all, the driving and guiding force of our company starts with our competent staff.

We can respond quickly to any external challenge, which led us to being able to become such a successful company in such a short time. Gulf Georgia distinguishes itself from the others by

its innovative projects, and how it takes care of its employees' professional development. Highly qualified team is important for the company, therefore, we are always looking to attract skilled staff members. Our aim is to formulate a strong, well-trained team of people who represent the company. This is one of our main priorities that we are always trying to develop.

How many people are employed in the company?

Approximately 1,350 people are working for Gulf Georgia. We are a fast-growing company and a major employer in Georgia. This leads to a need for human resources - not only in Tbilisi, but also in the regions - so the company is in



are all fitted with modern equipment. Gulf is an innovative company, and we have introduced premium fuel, automatization, discount cards, bonus system, and other perks. Our company is oriented on constant growth and development. Quality is vital but customer proximity is no less a priority for Gulf, so we are always researching our client's interests and make sure they are satisfied.

Where do you see Gulf Georgia over the next five to ten years?

I see Gulf as one of the major companies with renewed infrastructure and a leader in the development and provision of European level standards of service, which means the transition to self-service gas stations. I also see Gulf as a regional development company, which will have branches in various countries throughout our region. Whether we like it or not, Georgia is still a limited market, so I think that the company will have an eye towards regional development.

What are Gulf Georgia's future plans, and as the company's general director, what ambitions do you have?

Our ambitions are quite large. First of all, we want to increase our market share in the future. But of course we also have the desire to develop the company in the various regional markets too. We also want to continue our cooperation under the existing logo, as well as in retail sales and in wholesale sales. We plan to establish a control center in Tbilisi and go forward with our regional development using the staff we current have.

How do you see the oil importers' market and the major players, and how do they respond to the demands of modern business?

The players are quite strong in Georgia. The five largest brands operating in this field are pretty solid companies. Our goal is to make client oriented, fast and most importantly, the right decisions. That's because to maintain ourselves in such a competitive environment is not an easy thing to do, and our task is- to maintain high quality, keep pace with innovations in the industry and continuously advance position in the market.

constant search of new people. Despite the great fluctuations caused on the market, there were no structural changes. On the contrary, we delegated the responsibility to our employees internally. For me as for the leader, knowing that all of our employees are working in a stable company with a stable income is very important and gratifying.

Where does Gulf Georgia rank on the Georgian oil market, and what is the company's competitive advantage in this field?

Gulf Georgia is one the major payer companies, with the high market-share . The company unites around 145 petrol stations throughout Georgia. We import our fuel from the top oil refineries in Europe and in terms of quality control, we satisfy the highest standards. In addition, Gulf petrol stations



FM

93.5

თბილისი



TECHNICOLOR GEORGIA ON HIS MIND



EXCLUSIVE INTERVIEW

*with his Excellency Mr. Ian C.
Kelly, U.S Ambassador to Georgia*

AUTHOR: KATE TABATADZE
PHOTOS: KHATUNA KHUTSISHVILI

"One of the major advantages for Georgia is its location, it can be a regional platform for a lot of American businesses."

The United States of America is waking up to a new reality. With President-elect Donald Trump, Americans now have a long journey of Republican-promised policy changes ahead of them. "If you can dream it, you can do it." This famous quote from Walt Disney also rang true for the President-elect. This comes as sad news for millions of unauthorized immigrants because their 'American dream' just got 'Trumped'. Meanwhile, thousands of kilometers away, the Georgian Dream was re-elected to serve a second term in office. What will and will not change in the diplomatic relations between the US and Georgia with newly-elected governments in both countries? His Excellency Mr. Ian C. Kelly, the U.S Ambassador to Georgia, has a firm answer to this: "The strong support for Georgia will continue." In an exclusive interview with Forbes Georgia, Ambassador Kelly discusses everything from bilateral relations in terms of security and defense, to the economy and cultural advantages of the Technicolor country (so he recalls his first impression of Georgia) to Georgia's incredible investment opportunities – he covers it all.

You are the eighth U.S Ambassador to Georgia. What was your primary motivation for continuing your diplomatic career in Georgia and did the country meet your expectations?

I first came to Georgia forty years ago. The country blew up my image of the Soviet Union as being monolithic because Georgia was extraordinary. There's one American movie *The Wizard of Oz*, the first part of which is black and white, and then it changes to Technicolor. That's what it was like for me to come to Georgia - it was like landing in a Technicolor land. People here seemed much more independent-minded, and open to foreigners. I was hooked. Since then, I have come back a few times. In the 1990s I had a visit to Georgia as a diplomat together with the delegation of the United States Agency for International Development (USAID), and it was not a very happy time for the country. There were power cuts and the needs of Georgia were very fundamental as the country had many IDPs.

The environment for Georgia is still challenging. Besides the economic issues, Georgia still faces security challenges, as twenty percent of its territory is under occupation. In addition, if you go to the south, Georgia is very close to probably the most unstable

region in the world right now. Nevertheless, the country manages to overcome these challenges. Leaders of other countries in the region have drawn different conclusions from dealing with instability and have developed more of a vertical autocratic system, while Georgia has continued its way on a democratic path. Americans are very impressed by that, and that is why we have made such a large investment in this country, we have a very big program here to help Georgia.

We're talking about the finances allocated by the U.S government for Georgia. What about the private sector? What are the challenges Georgia has to address in order to gain more interest from American investors?

Public awareness is the biggest problem. To know Georgia is to love Georgia. It holds true for tourists, for students like myself forty years ago, and it also holds true for businessmen. I encourage the Georgian government to try and highlight that Georgia is open for business. When the doing business and corruption ranking of Georgia's neighboring countries go down, Georgia's indicators go up. Sadly, chances are that the Americans who do know about Georgia,







know about the country because of war, and they associate occupation with instability. There is a real need for more public awareness. Georgia's biggest advantage is the country itself. What's holding Georgia back is infrastructure. The Prime Minister is right, the country really needs to concentrate on developing its roads, airports, and the environment for tourism. Another competitive advantage of Georgia is bio food, and trade missions to the United States could probably help highlight Georgian products. I know that PM Kvirikashvili really wants Georgia to get the word out; he had a very interesting 'Investment Roadshow' to the United States recently.

As far as getting the word out, how helpful

would you say the job done by the American Chamber of Commerce in Georgia (AmCham) is in this regard?

AmCham has done a great job in promoting Georgia's competitive advantages. Besides attracting investors, AmCham is constantly providing them with useful information, for example, how to set up a business in Georgia. It's a matter of raising Georgia's profile. That is the main tool for increasing American direct investment here.

Georgia is a small country and U.S. businesses may be partially right saying they're too big for us. Would you say promoting Georgia's regional advantages would be a better approach to bringing American investors here?

One of the major advantages for Georgia is its location, it can be a regional platform for a lot of American businesses. That's where we would like to see Georgia go. I think an important part to that would be human capital -in terms of an educated and trained workforce, which is the reason why we've invested USD 140 million into a science, technology, engineering and math (STEM) program. In this information age you need to have a really educated workforce.

Foreigners often use to say that Georgia looks better close-up, and maybe this is why we have the so called 'emotional investors'. What can you say about institutional investors? Should we expect them anytime soon from the United States?

There are a lot of people like me who fall in love with this country and make emotional decisions, but there are objective reasons for foreign investors, including institutional investors, to put money into Georgia. It's a mutual challenge to try and promote this country as the right place where you can do business.

Talks about a possible Free Trade Agreement between the U.S and Georgia have been ongoing. How actively is the political and economic section of the embassy involved in this issue?

That's something I have to admit has been a kind of a personal frustration for me. I don't know what the next administration's policy is going to be regarding bilateral FTAs, but this administration has tended to take a multilateral approach to free trade agreements with the Transatlantic Trade Investment Partnership (TTIP). The point is that we're going to do an agreement with the EU, and then other countries that have an association agreement with the EU can piggyback.

What about the newly-elected Georgian government?

I have a lot of respect for the Prime Minister. I think his priorities are our priorities. It's important to ensure that the government governs inclusively and it does not use its power to further

consolidate power. In other words, does not use its constitutional majority unilaterally. Because of the character of Giorgi Kvirikashvili, I don't see this as a realistic risk. He's a very gifted manager, he listens very well, and Georgia's very lucky to have him.

What I love about the United States is how we empower people to pursue their dreams. One of the most important things any government can do is give people the opportunity to make dreams come true, and this is made possible by giving them access to education, and letting people live in an environment where justice prevails and the labor market is developed.

Last, but not least, what are the major tasks the US Embassy in Georgia will be implementing in the country over the upcoming years with you being the ambassador?

Our priority is to maintain the level of engagement that we have right now. I think the stakes for the US national interest have gone up in terms of what's happening here in Georgia. This country is the regional leader in a number of areas. It will be really very important for us to support Georgia and its ability to maintain its sovereignty. Secretary Kerry has signed a memorandum of understanding for defense cooperation with Georgia, and we are going to pursue it by putting some programs in place to help the country with its self-defense. It's also very important to have an educated workforce, as I've already mentioned, and the United States has robust exchange programs, and we would like to extend those.

It seems you've learned all the languages of the countries you've established job-related relations with. How are your Georgian skills?

One of the great perquisites of being a Foreign Service officer is that the State Department will pay you to learn a language when you are at the junior and mid-level ranges. Unfortunately, as you reach senior levels they don't pay you. I have to admit Georgian is a very difficult language, and this is the actual reason why I don't speak it. But it's also true that learning new languages gets harder with time. I like to think of myself as a linguist, but I've really met my match with Georgian.

Nebula Forms Stars

A new Georgian educational internet startup with its individually tailored programs, affordable rates and hooligan-like image, threatens to revolutionize the market for preparing students for admission to universities. Every year there are approximately 40,000 entrants to universities in Georgia. However, Nebula sells more than just knowledge...

AUTHOR: ANITA MUSKARIA
PHOTOS: JABA CHITIDZE

I got the wrong door on the first try and found myself in an awkward situation: there were three boys and a girl standing by a whiteboard engaged in a heated discussion. Since no one seemed to be bothered by my intrusion, I decided to stand nearby and listen.

I wanted to ask where the Nebula office was, but I did not get a chance to throw in a word. After a little while, their interest turned to me. In the meantime, I got the hang of brainstorming:

There was a tic-tac-toe chart with 16 squares on the board. The young people were looking for a win-win algorithm for toe.

Nebula is a digital startup comprised of gifted people from various backgrounds. It was picked-up on the education industry's radar in April of 2016. It was the deplorable state of public education that prompted the idea of creating Nebula. The founders of Nebula believe that modern approaches and big data could be the solution to the problems in public schools.

The movement is already in process: 12 young people and one artificial intelligence are preparing high school graduates for admission exams in a rather impressive way: the site analyzes a student's weak spots and based on that, pieces together an individually tailored and very effective video learning course. Nebula is the first Georgian company that aims to engage in the global trend of digital education.

"When the weight of a school bag gets heavier and at the same time the level of education gets lower, we must realize that we are doing something wrong," say the founders of Nebula.

At the present time, the scope of their operation is strictly limited to Georgia. But they fully realize the advantages and risks of such a decision: on the one hand, their product is adapted to the context - they create a product, which is customized for Georgia's exam model. On the other hand, they face the threat of consumer behavior. It's no secret that Georgians are still rather reluctant to spend their money on digital products. According to Geostat, only 19.7% of the population purchases goods and services via internet.

Ordering and buying goods and services via internet is three times more frequent in the city compared to villages. According to a recent study, 24.7% of the urban population purchased goods and services online, while only 8.1% of the rural population uses this option.

A familiar face greeted me from the midst of the brainstorming session. Giorgi Chilaia, a 22 year-old entrepreneur, and according to his Facebook profile, the founder and 'Chief Cosmo Cowboy' of Nebula. While he was trying to clear his desk of Rubik's Cubes, cones, chess panels and other stationary paraphernalia, Sandro Dolidze, the CEO of the company entered the office.





"We are arms dealers," Dolidze says. "Knowledge is a weapon isn't it?" Chilaia adds.

These two engines of the company come from radically different backgrounds. Prior to the project, Chilaia was busy studying Arabic language and literature. He worked as a volunteer and taught prose and poetry at a number of schools before graduating from the faculty of Asia and Africa at Free University. Dolidze's academic path also started at the Free University. However, it was cut short quickly. When it came to choosing between his beloved occupation and a university career, the classic dropout chose the first.

In its early stages Nebula resembled an underground organization. The landlord used to let the duo use his Soviet-style office at night. A venturesome plan and an entirely new vision of

education were crafted in a room surrounded by walls adorned with Ferrari posters and portraits of the Russian military.

This was followed by victories in several competitions, as well as obtaining grants and sponsors. In December 2015, the underground organization turned into a real company, and before long their ideas saw the light of day. In just three months, Nebula managed to register 14,000 out of 40,000 entrants to universities. After the test launch, their accumulated startup capital exceeded ₺100,000 without the alienation of shares. In view of the market's eagerness for digital products, and more so for digital education, this kind of a beginning is quite impressive.

Currently, there are 11 people employed at the company and the process is becoming more



stable. However, this has not affected much the working schedule of the partners. “Can you imagine a parent, who cares about their child only from 12 to 6 and only on weekdays?” Dolidze asked me in rhetorical fashion.

Every evening Nebula used to go live on its Facebook page to discuss the tactics of solving challenging exercises and tests. As a result of the close interaction with students, Nebula became sort of a ‘love mark’ in its own segment. For students, the Nebula team represented a bunch of people that were successful and happy simply because they genuinely loved to study. At the end of the season,

student who had just taken general ability tests asked Nebula for the right answers instead of waiting for the official test results.

“After the admission exams were over, we called our students on the phone to find out their results. They were all excited to discuss the exams with us. However, there was one exceptional phone call. One of the students that we called told us that after watching Nebula, he had realized that it was quite possible to become a rock star by simply studying hard. That is exactly what Nebula is about - it is a smithy for stars and super heroes, whose super power is knowledge,” explains Dolidze.

Perhaps that's when the company came up with a new slogan 'Nebula is Forming Stars'? This slogan has two explanations. The first explanation is what you already thought it was, and the second explanation is the actual meaning of the phrase itself: Nebula is a cosmic body that really forms stars.

Many conservative marketing experts would criticize Nebula's communication strategy, which is focused on students, while the buyer of their product is obviously the parent of the student. Their first response to my question as to why was as follows: "Because, otherwise it would be boring. We do our business as we want to and people like us for that."

In fact, this approach is obvious if you take a look at their study course. They showed me their favorite lessons and I can assure you that never before have I seen someone talk with such enthusiasm about triangle area formulas. There is no doubt about their enthusiasm and sincerity and that is probably what makes Nebula different from other 'teachers'. Nebula is placing its bet on love. That is if you love what you are studying, and are able to fully take in the topics that you were never interested in before.

Nebula makes an even louder statement on the market, where the most popular promise given is to make the process of studying painless and quick. Nebula manages to turn a seemingly boring issue, like the sum formula of arithmetic progression, into an exciting topic you can discuss with friends.

In an effort to justify and support their communication strategy, Dolidze and Chilaia put forward a fictional situation: they argue that it is unheard of for parents to refuse a child that is eager to learn.

The company is not for sale and that is a principled decision. The exit column of their business plan includes six words: "We're a family business. Like Mafia."

At times they call themselves a mafia and other times they are Cosmo pirates. This somewhat insolent communication can be viewed as a mistake. However, on the other hand, one can discern an interesting strategy in this. This is a very risky attitude for a casino, a bank or an insurance company. In most cases, even beer brewing companies avoid

discussing inebriation, since this type of narrative is risky and even off-putting from a PR standpoint.

Fully realizing the noble cause they serve, the Nebula team tries to enrich its brand with space adventure elements. Their noble product is wrapped in a romantic Robin Hood like criminal image, which we so much love. Although the branding was invented to disguise shameful activities and to make them appear as noble.

While Nebula charges for its services, it regularly offers various grants and social projects. Nebula's short-term goal is expansion. It is very important for the company to introduce itself to as many students as possible, without any monetization. The team believes that this is the only strategy that can turn digital learning into a consumer habit.

Money comes from another source as well - B2B. There is no shortage of those who want to be associated with them. It seems that scrupulous marketers have not missed the emergence of a promising player in this industry.

Nebula plans to become a talent magnet, which scouts and prepares young talented people. In this case, the company represents an object of strategic importance - a gold mine for university and intellectual business headhunters.

And this is only part of Nebula's cosmic plans. The company plans to triple its courses and publish hard cover and digital books. In winter, the students will be able to stay at a rockstar camp called 'Nebula Supernova'. Chilaia and Dolidze, along with other teachers, plan to hold a steroid training course. On evenings when there are no lectures on artificial intelligence and the supernatural delivered by the invited guests from various world corporations, the students will be able to listen to their favorite Georgian bands. The company also plans to launch an open space this year, which will be called Nebulab. Those, who wish to study, will enjoy 24/7 access to the Nebulab with its books, gadgets, telescopes and most importantly - people - who are more than happy to answer any questions you might have.

The guys at Nebula want to fill the niche of preparing students for admission to universities. Without a doubt, we are dealing with an enormous accumulated energy. We might as well expect a big bang in the education industry.

Optio-Ai

Georgian Finance Chatbot

Irrational planning and the management of personal finances is a universal challenge around the world. Optio-AI, the winner of 'Startup Georgia' high-tech projects, offers Georgian consumers (and later consumers abroad), alternative ways of spending their money in a reasonable manner. The founders of the startup – Shota Giorgobiani and Giorgi Mirzikashvili – estimate that their startup, which is the first of its kind in the region and one of the first finance chatbots on the world market, may eventually become an innovation of international scale and will establish a new standard of managing personal finances.

AUTHOR: MAKHA TSKHVEDIANI
PHOTOS: KHATUNA KHUTSISHVILI





If you ask the rebel founders of Optio-AI, they'll tell you that they too played a role in making Donald Trump rich. Well, maybe not these two particular people, but their American colleagues definitely contributed to the enrichment of Donald Trump. Nobody argues about the importance of a financial adviser. When asked as to when their capital would come anywhere close to Donald Trump's riches, their answer is that Optio-Ai will say what needs to be said in the near future.

OptioAI is the first Georgian finance chatbot. A chatbot or a chatter robot is a type of conversational agent, a computer program designed to simulate an intelligent conversation with one or more human users via voice or text. Communication via chatbot is no different than interacting with a friend or a real financial adviser: you can write the chatbot about your financial plans and wishes and the chatbot will assist you in organizing your plans and achieving them. However, chatbot is only an external form. The main 'brain' of OptioAI is an artificial intelligence based core, which works 24/7 to improve the financial life of the consumer.

In order to provide consumers with effective and personalized advice, Optio-AI connects with their bank account through secure channels and analyzes the history of a given consumer's financial data. Obviously, the program has access to bank accounts in a read-only format, so there is no risk of an unwanted transaction.

The authors of Optio-AI Shota Giorgobiani and Giorgi Mirzikashvili explain that managing one's finances begins with budget preparation and then acting based on this budget. However, this is just the beginning of the multi-component process of efficient finance management. This is something that a consumer can manage to do alone or through the help of the products currently available on the market. The engagement of a financial adviser plays a crucial role in the success of the entire process. Along with analyzing the collected data, the financial adviser can offer consumers recommendations that only professionals that are competent in finance can provide. In view of the fact that hiring a personal financial adviser is quite expensive, technology offers us a cheaper alternative. That is

exactly where the idea behind Optio-AI lies. The founders of the startup claim that lowering the price for the services of a personal financial adviser is quite realistic, and can be done by making this service more accessible via chatbot and artificial intelligence.

Maintaining healthy finances depends on the correct management of income and spending. With the help of a financial adviser, the highly important task of making the right financial decisions can become a simple, efficient and fun process.

Experience around the world shows that the ability to manage finances efficiently is not directly linked to the level of development of a country. In this regard, it is important to mention the results of a survey conducted by the US Federal Reserve: 46% of middle-income Americans cannot afford to pay \$400 for unforeseen expenses without taking a loan. Moreover, inefficient management of finances is not in direct correlation with the amount of one's income: a habit of rationally managing one's finances and not the amount of money plays a decisive role for middle and high income Americans.

A survey was conducted with the purpose of assessing the Georgian market's readiness for the new product. On the question of whether a person should have savings, 100% of the surveyed answered affirmatively. However, the same survey revealed that 45% of those surveyed don't have any savings, and 29% have GEL 500 or less.

According to the same survey, those who keep a record of their expenses in some form manage to save 25% more than those with equal income who don't control their income and spend freely.

"You often meet two people with same income but have completely different financial situations. Along with lifestyle, character and impetuosity, the efficient management of finances is a crucial factor that determines a person's financial status. We believe that every person deserves a healthy financial life and less stress. Therefore, we intend to create a product that will allow our customers - despite their geographic location, education, income and social stratum - to achieve the maximum with the funds that are available to them," says Mirzikashvili.

The founders of Optio-AI believe that as much





as it is important to make a habit of controlling our income and turning it into a daily routine, it is also crucial to make sure that this does not take a lot of our valuable time. However, the question remains: how can we make this process automated and simple as much as possible? In other words, how can a financial adviser with artificial intelligence replace a real adviser - a technological 'type' that can see your finances and have the ability to identify certain trends for managing them, and one that will analyze your behavior, and based on your spending priorities, identify a certain pattern?

Shota Giorgobiani and Giorgi Mirzikashvili's business and friendly relations started long before 'Startup Georgia'. Mirzikashvili has an MBA and Giorgobiani a master's degree in Information Tech-

nology. Their first joint technological project was a web design and software studio called GMDesign. Mirzikashvili was in charge of marketing and sales, whereas Giorgobiani was responsible for all technical issues and most of the software. The company was founded in 2006, and for four years the business was going 'not so bad', by their own account.

The idea of the first Georgian financial chatbot came from personal experience.

"I never controlled my spending and had no idea what portion of my income was spent on unforeseen or repeat expenses. Hence, in the middle of the month, just like most of my friends, I always found myself penniless," noted Giorgobiani. "Software that would help people manage their personal finances sounded very innovative for the Georgian

market. Particularly in view of the fact that the majority of similar western companies only addressed the local markets, and some internationally-accessible solutions were technically inconvenient and time-consuming for the Georgian consumer. The accounting of expenses using Excel did not prove efficient either," he added.

So, Giorgobiani decided to use his technical competence and 10 years of practical experience to create an unprecedented Georgian product for the local consumer. He started working on the Optio-AI project. However, the study showed that the market was not ready for this innovation, and the product seemed like an exact replica of what already existed on the foreign market.

A few years later, Giorgobiani and Mirzikashvili started thinking about the problems in the sphere of personal finance management. Only this time it was a joint endeavor. By that time, Giorgobiani's professional resume included a few major IT projects for the banking sector and the Ministry of Finance. At this point, Mirzikashvili had extensive experience working in financial institutions and managing various projects. The assumption that Georgia would be more ready for the new product was based on the development of new technologies, like the overwhelming number of smart phones and the fact that internet banking had evolved into a simple consumer tool.

In view of the massive financial technological boom on the world market, a smart financial adviser is an ultimate innovation for Georgia. The authors intend to test the practical exploitation of the project first in Georgia, and later they will try to win the US and European markets. The European companies that exist now are only operating on the local markets, and are only oriented on budgeting problems. For example, the large American company called mint.com that was founded in 2007. Over 12 million people trust this company to do the accounting of their finances.

2017 will be entirely dedicated to winning the Georgian market. The first three to four months of the startup will be spent on developing a prototype for the financial adviser. However, the prize money from 'Startup Georgia' (GEL 100,000) is not enough for the completion of the project. So, the authors

of Optio-AI will once again present their idea to investors, only this time in California. Giorgobiani and Mirzikashvili will have to finish working on the prototype before the trip. In the meantime, the work is progressing based on the weekly recommendations of the 'Startup Georgia' experts from Silicon Valley.

"The prototype will allow us to check and improve this concept in working, and make it more comprehensible for potential investors. Products are more reliable when they are finished. It's like handing someone a cell phone and telling them to start talking," says Giorgobiani.

Before the trip to California, there was Germany. Optio-AI successfully completed the qualifying contest for 'Fincluders', the startup challenge organized by the East and South Europe Development Fund. They were chosen among 15 selected teams. Their team had to fight for a place in the top three in Berlin.

They speak very emotionally, but at the same time convincingly: Optio-AI will say everything! But before Optio-AI says anything about itself and the financial prospects of its founders, both Giorgobiani and Mirzikashvili need to answer the following question: what was so special about their seven minute presentation at 'Startup Georgia' that prompted the investor to make a capital investment in the high-tech venture? Both Giorgobiani and Mirzikashvili believe that 'the idea sounded bold and maybe a bit too daring'. They also believe that the timing was very good.

"The presentation itself was very important. The success of the presentation was based on our years of hard work and experience. Lastly, they liked us as a team - in terms of our potential," explained Giorgobiani.

This is a self-assessment. The audience has its own version: the notion of creating the first Georgian financial chatbot already sounds intriguing. At the same time, Giorgobiani and Mirzikashvili found themselves in a leadership position thanks to their adventurous, cheerful and broad-minded personalities. Their credibility and daring approach to the idea doesn't leave any room for skepticism. Your only choice is to follow these two and befriend a smart financial adviser Optio-AI on your messenger.

from Kazakhstan



to Batumi

The history of Batumi Seaport dates back to 1878, when it was granted the status of Porto Franco (free port). At the time, there were some very prominent entrepreneurs operating in Batumi, including the Rothschilds, the Nobels and Mantashevs.



The Nobel brothers owned oil deposits, dozens of oil refineries, oil tankers, barges, railways and hotels. In 1878, the 'Nobel Brothers Oil Industry Fellowship' was founded in Baku, which transported oil from Baku to Europe via Batumi Seaport. In 1883, the Nobel brothers built an oil terminal in Batumi. Construction of the Baku-Tbilisi-Batumi railway line was completed in the same year. In 1892, 'Murex', the first British tanker dropped its anchor in Batumi seaport. The tanker was designed especially for transporting Caspian oil from Batumi Seaport.

During the Soviet period, Batumi Seaport was granted the first category, and starting in 1967, it had the capacity to receive cargo ships. The contemporary history of Batumi Seaport starts in 2008 - after Batumi Seaport was transferred to the JSC KazTransOil-owned Batumi Oil Terminal Ltd. for long-term exploitation.

At present, the city of Batumi is one of the most important logistics hubs in the Caucasus, and because of it, the cargo turnover at Batumi Seaport has increased significantly, and is one of the largest transit points for general, dry, liquid and bulk cargo.

Batumi Seaport is not only the main sea gate of Georgia, but its stable operations determine the economic development of the Autonomous Region of Adjara, as well as the entire country. Thanks to its strategically important location and diverse infrastructure, Batumi Seaport has become a major transportation destination, making huge contributions to the geo-economic development of the country.

It is also important to mention the fiscal effect of Batumi Seaport, since it makes a significant contribution to the state budget. At the same time, Batumi Seaport is a major employer in the Adjara region. The seaport specializes in the transshipment of a wide range of cargo consignments. The seaport is the deepest along the east coastline of the Black Sea and it represents a transportation hub that can accommodate seaborne, railway and land transportation means. Today, the total area occupied by Batumi Seaport spans 22 hectares, and this area accommodate five terminals: oil, dry cargo, container, passenger and railway ferry terminals. The oil terminal is run by the Batumi Oil Terminal Ltd, the container and railway ferry terminals are managed by the Batumi International Container Terminal Ltd, and the dry cargo and railway



From right to left: Bakhitzhan Namaev - General Director of Batumi Oil Terminal LTD
 Zhanat Kussainov - General Director of Batumi Sea Port LTD
 Zurab Shurgaiia - Deputy Director of Petrotrans LTD
 Ramaz Giorgadze - First Deputy Director of Batumi Sea Port LTD

ferry terminals come under administration of Batumi Sea Port Ltd.

Commercial oil production at the giant Kashagan field in Kazakhstan was launched on November 21. It is estimated that the Kashagan's output this year will be 1.1 million tons and approximately 4-8 million next year. You are probably wondering why this is such important news for Georgia? That's because Batumi Oil Terminal is run by a Kazakh company, which wants Kashagan oil to pass through Batumi on its transit route.

Batumi Oil Terminal is the first oil transport asset of strategic importance owned by Kazakhstan.

At present, Batumi Terminal provides transshipment services for crude oil and oil products from Kazakhstan, Azerbaijan, Turkmenistan, Russia, Romania and other countries.

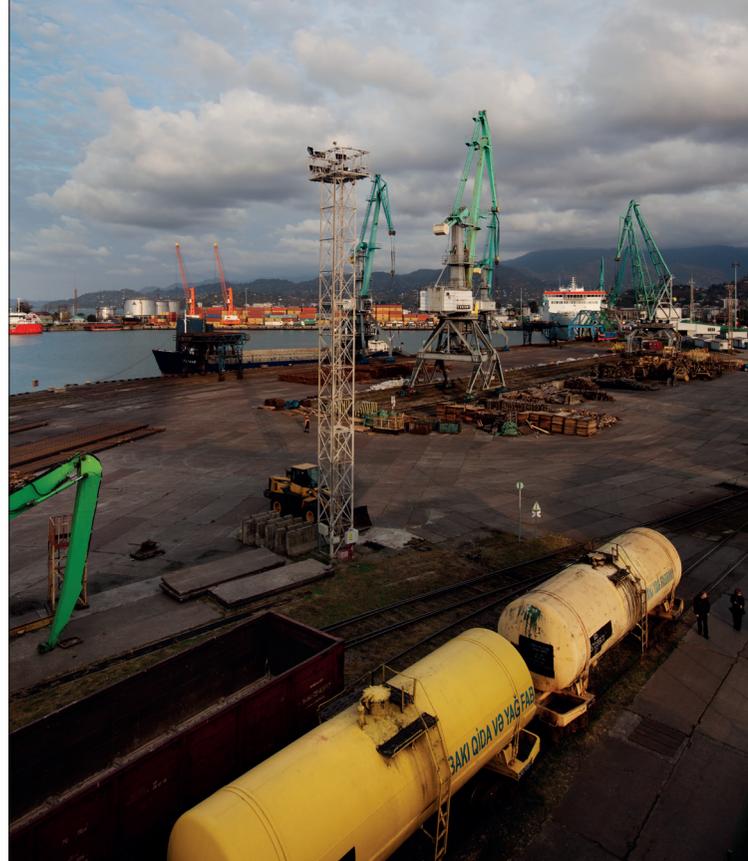
The Coordination Committee of the Trans-Caspian International Transport Route was set up with the purpose of attracting transit and foreign cargo to the Trans International Transport Route, implementing a coordinated policy for determining tariffs for cargo transportation, and increasing the efficiency of transport links. The main advantage of the transportation corridor is the ability to ship cargo from China to Europe in only 10-12 days.

According to the Director General of Batumi Oil Terminal Zhanat Kusianov, the Kazakh side has invested over \$135 million in Batumi Oil Terminal and port since 2008. This investment has made a significance improvement in the technical and operational capabilities of unloading dry, general, liquid and bulk cargo.

Specifically:

- **The open storage** area for bulk cargo discharge has increased by 5,000 square meters.
- **Capital repair work** on the No. 10 passenger terminal has been carried out.
- **Capital repair work** of the dry cargo and passenger terminals No. 9 and No. 11 are underway.
- **Replacing the old** power system of the port, which was built in 1974, with modern equipment.
- **Owing to the purchase** of new portal cranes with the capacity of 18-20-32(36) tons and the capital repairs of the dry cargo terminal, the time required for serving large-capacity ships with 40-50 tons of dead weight has decreased from 8-9 days to 5-6 days. At the same time the throughput efficiency of No. 7 berth has increased from 700, 000 to 1,100 000 tons (57%).
- **Reconstruction of the port railway** lines and installation of the new cargo weighing scales has significantly decreased the time required for serving trains. The purchase of two large-capacity frontal forklifts has increased the speed of cargo discharge by 20% and the speed of cargo operations in storage areas by 10%.

Thanks to the annual capital investments, the throughput capability of Batumi Port has increased to 1.5-2 million tons of cargo per year. Risks related to emergency stops and throughput capabilities has been brought to a minimum.



THE ADVANTAGES OF THE BATUMI SEAPORT COMPARED TO OTHER SEAPORTS:

BATUMI SEAPORT:

- Batumi Seaport is the largest in Georgia in terms of cargo discharge.
- The design capacity of Batumi Seaport totals 15 million tons per year.

BATUMI OIL TERMINAL LTD.

- The Batumi Oil Terminal is the largest in Georgia in terms of its design capacity and quantity of berth constructions;
- The capacity of the Oil Terminal totals 12 million tons per year;
- In 2006, the total capacity of crude oil and oil products discharge was 11,575 000.

BATUMI INTERNATIONAL CONTAINER TERMINAL LLC.

- The container terminal has the highest wall (283 meters) and the deepest waters (12 meter depth) in Georgia.
- At the present moment, this is the only container terminal in Georgia that has storing areas and possesses transshipment equipment.

RAILWAY FERRY TERMINAL

- The busiest terminal in Batumi.
- During a six month period from 2015 to 2016, the ferry terminal has shown a record high number of entering ships for the past decade.

DRY CARGO TERMINAL

The largest deep-water dry cargo terminal in Georgia (No. 7 berth depth: 11, 7 meters). Berth No.7 serves large-capacity vessels, such as Handymax (DWT – 43,000 -50,000 tons).

MARINE PASSENGER TERMINAL

- The only passenger terminal in Georgia.

King David:

A New Standard of Living in Georgia

Two related yet independent towers skillfully merge multiple spaces. While the alignment of towers is a spectacle in its own right, the thing that instantly captivates you upon entering the building is the view. The most valuable advantage of this multifunctional complex is its panoramic view of the entire city-scape from every floor of both buildings. The concept of the project, which gives one the impression of living in a small multifunctional city, is very innovative in today's Georgia. Infrastructure comprises 40% of the total area at the King David complex, which includes two 31-story and 19-story towers. The first six floors of the towers are shared. The high tower will accommodate the King David Residence, which offers a variety of residential apartments. A restaurant 31 floors up will offer guests captivating views of Tbilisi and its surroundings. King David Business Center will be located inside the second 19-story tower. This will be an A-class business center that will feature what are called 'apart-hotels' on several floors of the building.

The first six floors of the King David complex will combine several zones that are designated for both adults and children. The first two floors will serve as parking zones, the third and fourth floors will be entirely designated for relaxation and fitness amenities, such as a swimming pool, beauty shop, spa, fitness center, an event hall, and a kid's zone. A 1,400 square meter garden will be arranged alongside the pool's open terrace. Both buildings will have a total of five restaurants, including a healthy meals café on the pool terrace.

This complex is unique for many reasons, and one of them is the lobby, which is designated specially for the residents of the building, so they can host guests or simply spend time in the bar that adjoins the lobby. There will be a separate lobby for the business center. An additional innovation that the complex will offer its residents is a child development center, which is an internationally approved concept.

One of the most important advantages of the complex is its high-quality construction, as well as its fire security system. In addition, the foundation of the complex was methodically inspected by Georgian and international experts several times. The last inspection of complex was carried out in October 2015 and received a seismic rating of 9B.

Another interesting feature of the complex is that it boasts an additional source of power. In the event of a power outage in the city, both towers will have uninterrupted power supply. The complex will also have a water reservoir in the case of a water supply disruption. It should also be noted that the project meets one of the greatest challenges of the 21st century - the complex is exceptionally energy-efficient. The façade is composed of triplex glass-packets of Guardian glass, produced by the famed American company 'Guardian'. The glass-packets are ideal all-year-round for preserving heat and cold.

With Christmas and New Year approaching, we have a special offer for our customers. The prices for 1 sq. meter of the residential apartments will range from \$1,350 to \$3,000 depending on the view.

This multi-functional complex, which is still under construction, was recently nominated as the best multi-functional complex at the International Property Awards Georgia 2016-2017.

King David is a hotel-type complex that provides the best panoramic views of Tbilisi and a diverse set of services and amenities that offer residents a lifestyle that is comfortable, healthy and fulfilling. Residents of the complex can work, entertain and relax without leaving the building. A bellboy, concierge, cleaning service and security personnel are only a few of the amenities that the residents of this luxury complex will enjoy.

An investment of \$70 million was spent on the construction of the complex. Located in the heart of Tbilisi, the King David is the first condominium-style multifunctional complex of its kind in Georgia. The King David expects to open its doors in July of 2017.



EUROPEAN
PROPERTY
AWARDS
DEVELOPMENT

in association with

The Telegraph



BEST MIXED-USE
DEVELOPMENT GEORGIA

King David
by Rezid Holding GmbH

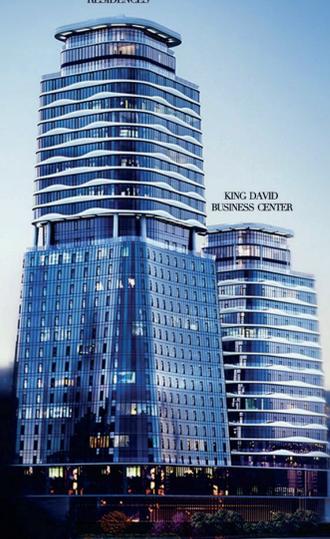
2016-2017

KING DAVID
RESIDENCES

KING DAVID
BUSINESS CENTER

MULTIFUNCTIONAL COMPLEX
KING DAVID

NEW YEAR OFFER
from 1350\$



EUROPEAN PROPERTY AWARD WINNER
BEST MIXED - USE DEVELOPMENT IN GEORGIA



12 MERAB ALEKSIDZE STR. 0171 TBILISI. GEORGIA
SALES@KDR.GE · 200 18 18 · WWW.KDR.GE



ECONOMICS

VAKHTANG ASATASHVILI - OVERVIEW

Tourism Over the Past Twelve Years

The development of tourism is one of the top priorities for Georgia's economy. In 2015, tourism accounted for 6.7% of total GDP, and the National Bank of Georgia estimates that tourism-related income reached USD 1.9 billion in the same year.



THE TOURISM SECTOR in Georgia has been growing annually for past 12 years. In consecutive years (2010, 2011 and 2012) the country set record-high growth rates in the number of visitors, posting double-digit increases of 35%, 39% and 57% respectively.

It is hard to say precisely how many people are employed in the tourism sector. However, one thing is certain: the money spent in Georgia by visitors qualifies as Direct Foreign Investment, which is then allocated between small and medium businesses, ensuring the seasonal employment of a large segment of Georgia's self-employed population.

Since 2013, the state's tourism policy has changed radically. From today's perspective, it's been four years since the changes occurred, so we can discuss the pace of development in a long-term perspective in order to evaluate its effects and dynamics. For instance, if we compare the strategic approach, up until now, the main focus of previous governments was on international media campaigns. For the purposes of raising the awareness of Georgia as a tourist destination, the government built resorts and rehabilitated cultural heritage monuments and arranged tourist infrastructure around these sites. However, it has been the position of the current government since the end of 2012 that international media campaigns are unpurposeful expenses, and that such costly campaigns should no longer be funded by the state. It was decided that not only has the Eastern European market been largely ignored, but Russia and the CIS countries represent a promising market for

Georgia in terms of tourism, and at this moment, there is a growing demand in the Asian segment, which consists of South Korea, China and Japan.

The state has always played a central role in the development of tourism. The private sector only functions as the operator, as its role and resources are limited. That is exactly why all major components of tourism in developing countries are managed by the state. For Georgia, it is very important to have a long-term development plan in place, according to which the country can position itself on the international market. After the markets have been identified, the state needs to develop the appropriate tourist products in order of priority, and based on these products, the government should launch key infrastructural projects in specific regions and resort zones. Developed infrastructure makes the private sector more active, resulting in the creation of new jobs, and more people benefitting from the development of tourism.

Since the end of 2012, a new economic team has begun to revise the existing values and lay out new strategies for the development of tourism. The Ministry of Economy and Sustainable Development worked on an official tourism strategy document for several years and finally presented it in December of 2015.

Before we proceed with the strategy, it is important to note that Georgia as a tourist destination is losing its position on the European market. Chinese and Iranian visitors have been subject to restrictions as a result of tightened visa regulations that were imposed over the



last few years. However, the state is active on the Russian and the CIS markets. As it turns out, these marketing strategies were not effective, as the government failed to achieve significant improvement in the results even in these markets. If we view this from a twelve-year perspective, we can clearly see that indicators of growth in the number of visitors from Russia and the CIS states remain unchanged.

Unfortunately, there has not been much success achieved in the line of cooperation with international organizations. In spite of active communication with the UN World Tourism Organization, Georgia has failed to establish a regional representative organization. Also, despite the recommendations of numerous international organizations, the country has also failed to keep useful statistics or introduce an effective system for analyzing statistical data. Here we are talking about reforms that will enable Georgia to transition over to the Tourism Satellite Account (TSA) system. This is a standard statistical framework and the main tool for the economic measurement of tourism.

In addition to improperly positioning the country on the international market, the development of tourist infrastructure has also been impeded. In fact, in the wake of refurbished cities, new resorts and tourist centers, not a single major project has been implemented since 2013. Even though some progress can be observed in the skiing infrastructure, Georgia is still lagging behind in this regard as well. The initial phases of the projects are implemented with a three-year delay. Cableways to the new resorts are being built, but the roads to Tetneuldi and Goderdzi skiing centers still require more rehabilitation - the public infrastructure in these zones is completely unprepared.

Over the past few years, there has been a notable decrease in investor activity in the tourism sphere. And while there are a number of new hotels under construction in Tbilisi, there is almost no progress in the regions. The slowdown in the development of tourism affects the attitude of the private sector. During a series of concerts funded within the framework of the 'Check-in Georgia' project, the Batumi service sector was woefully unprepared to receive the num-

ber of guests that arrived, which resulted in a lot of negative feedback aimed at Georgia. Inconsistent policy and the cancellation of concerts in previous years led to the disruption of progress in this specific business.

With regard to the strategy, despite the fact that this is a ten-year development plan, the next economic team will inevitably have to change it. According to this document, Georgia's target for annual visitor growth is only 7%, which is a very poor result for a developing country like Georgia.

Georgia simply does not have the time to be content with single digit growth. If we want to become a compatible tourist destination, at least in Eastern Europe, we need double-digit growth rates. Only these results can bring us closer to the other countries in the region.

The next economic team will face even more challenges than its predecessor did at the end of 2012. The main goal for the next economic team will be to increase the tourism growth rate and return the country to the average indicator that was in place before 2012. The next team will also have to resume infrastructural projects that have been suspended, increase the capacity of the private sector and generate new initiatives that will promote the creation of employment opportunities.

It is enough to look at the country's tourism dynamics over the last twelve years to see that sharp changes in the management style cannot and will not bring fast results.

Any activities in this sphere have long-term effects. Obviously the tourism industry has been developing by the force of inertia for the past four years. Despite the growth in budgetary funding, the role of the state has become ineffective and the entire burden has been moved to the private sector. So, it is absolutely necessary for the strategic vector of development to turn back to the West. The growth rate must reach a two-digit indicator and the development of infrastructure needs to be resumed. There is lots of work to be done. However, Georgia can still become a developed tourist country if it embraces a gradual, targeted policy.

WINTER TUNE

AUTHOR: NIKO NERGADZE



Radara

WINTER MUSIC can be placed in its own unique category. Sometimes you need something cheerful (snow, fireplace and love), but other times you feel more melancholic (snow, fireplace and no love), and then of course there are times when you want some melancholic joyfulness (snow, fireplace and unrequited love) ... You want rock, pop, electronic music or simply a strange mixture of them all.

Only a handful of Georgian musicians can meet the stringent requirements of the winter music playlist, and Dato Svanidze is on top of that list. However, for the Georgian listener, and even his family members, he is known as 'Radara'. He is also contemplating the name 'Rodrigues'. But I digress.

Radara was fresh out of his teens when he and his friend Nika Kocharov formed a band called the 'Young Georgian Lolitaz', which is deservedly considered one of the best Georgian rock groups of all time, and Radara has made a significant contribution to the success of this group. He wrote several popular songs for the band, such as 'Again' and 'Enjoy your freedom'. In 2016, the Young Georgian Lolitaz represented Georgia in the Eurovision Song Contest and managed to win over the audience and the judges – after all it's no joke to have the backing of Joan Rowling.

Radara is one of the first Georgian musicians whose work was actively shared by local internet users. That was before Facebook and YouTube gained popularity, when everyone visited Myspace to

listen to their favorite music. If someone had made online-charts some 10 years ago, 'Track for the Ladies' would have been on the top of that chart. The song was written by 'Rodriguez', which was the name of Radara's project launched in 2006, and the music could be described as a synthesis of electronic and pop.

As for the charts, while Georgia may not have regular hit parades, there are still occasional attempts to determine the goodness or popularity of some Georgian musicians. Almost none of such attempts have passed without the inclusion of Radara – he was twice nominated for the Georgian Electronic Music Awards – Electronauts, and was on the list of the 'Best 100 Georgian Songs' several times, both as 'Rodriguez' and as a member of the 'Lolitaz'.

Today Radara is a member of the duo 'Project Tinatin'. His songs are often aired on the Georgian TV and radio. His songs are also very popular on YouTube and have hundreds of thousands of views.

That's exactly why we recommend that you spend this winter together with Radara. 'Lolitaz', 'Rodriguez' or 'Tinatin' are suitable for any weather, mood and environment. The music is guaranteed – the rest is on you.

Suggested list of songs by order of priority:

Young Georgian Lolitaz - Again
Rodriguez - Connected
Project TINATIN - AM Cravings

dEUS

BELGIAN ROCK music does not rate very high in the world rock pantheon, despite the fact that just like with fried potatoes, beer and chocolate, Belgians are also very good in making rock music. The Belgian rockband dEUS, which was formed in 1991, is a veteran band that creates unusual, experimental music to this day. Unlike many other experiments, dEUS is good to listen to. It is particularly suitable for the farm house porch, a game of cards and a fireplace.

Suggested list of songs by order of priority:

The Ideal Crash
Nothing Really Ends



Ninja Tunes

NINJA TUNES is not a band, it's an independent record label, which catalogues an unusual mixture of hip-hop, jazz and electronic music. Ninja Tunes is good when you don't know what to listen to and are too lazy to select songs for the playlist. You can put on any compilation by Ninja Tunes and relax – all the tracks will be good. It is particularly good when you have guests and want some quality music in the background that will not attract too much attention.

Suggested list of songs by order of priority:

Keep It Solid Steel
XenCuts

LCD Soundsystem

LCD SOUNDSYSTEM is an American rock band fronted by musician James Murphy. Critics often call him the reincarnation of the legendary David Byrne, spiritually of course, since Byrne is alive and kicking. LCD Soundsystem is ideal– you can dance, run, study, think, and drink to this music ... it is good for a sunny day and a rainy night.

Suggested list of songs by order of priority:

Dance Yrself Clean
All My Friends



INVESTMENT IN PASSION

Starting her business from scratch 27 years ago, Khatuna Melikishvili became one of the first gallerists in Georgia. Today she owns three galleries of her own - Gamrekeli Gallery on Ingorokva Street, Gamrekeli Bagebi and Design Gallery Gamrekeli. The artwork she has collected over the years is now worth over five million dollars.

AUTHOR: NINI LONGURASHVILI
PHOTOS: NIKA PANIASHVILI





met with Khatuna Melikishvili in the Irakli Gamrekeli House Museum. Irakli Gamrekeli is a famous Georgian painter, as well as a theater and cinema artist. He is also one of the founders of Georgian avant-garde scenography. Signs of expressionism and art nouveau make him look more distinguished from the others. The walls of his house are dotted with the artwork of various painters, and the atmosphere is comfortable to have a conversation. Ingorokva Street 14 is where Irakli Gamrekeli lived in the 1930s. Today, the space has been transformed into a gallery. The place is loaded with theatrical paintings, decorations, and the painter's private library. The gallery is divided into two parts: a museum and an exhibition area, which is mostly devoted to modern art. We sat in the museum for our interview, as on this day they were preparing for an exhibition, as young artists were busy arranging their artwork and adjusting the lighting inside the exhibition space.

Aside from the paintings in the room, some old theatrical costumes were also displayed throughout. However, my attention was immediately drawn to the ancient chairs and tables in the room, which I wanted to ask more about, but we didn't have much time, so we got straight down to business. When I asked Melikishvili how she got into the field she is in, Melikishvili said that she had little control over that.

"That was determined before my birth. I was born into a family of scientists and artists. The National Museum of Fine Arts is named after my grandfather - academician Shalva Amiranashvili. I grew up with my grandfather and was surrounded by his books and belongings, and I loved them. These books, pictures and other works of art have different meanings for me and I've been around them since my childhood. In fact, if you ask me what color the walls of my home were as a child, I can't give you an answer. That's because all the walls of every room - from floor to ceiling - were filled with books and paintings," noted Melikishvili.

Melikishvili graduated from two different faculties: the faculty of Art and the faculty of History. After university, she began working at the

Institute of History. In 1988 together with her friend Nino Metreveli, she opened the Gallery of Modern Art - or 'N Gallery' as it was called. It was at that point that she became a gallerist.

"During this period, we were working with young painters who are now the leading artists in within Georgia's modern fine art community. Artists like Oleg Timchenko, Ushangi Khumarashvili, Mamuka Tsetskhladze, Koka Ramishvili, Koka Tskhvediani, Niko Tsetskhladze and others," she says.

Although Melikishvili avoids divulging her age, she proudly notes that she has been working in this field for 30 years. During this time she managed to become the owner of artwork that is now valued at several million dollars. Her husband David Shaishmelashvili, also helps her, but most of the art she obtained before marriage. A large share of her collection consists of paintings by Parajanov and Gamrekeli. There are also several pieces of art in her collection that were created by modern artists.

"The right investment in art is always profitable. When you know the artist's abilities, such an investment is very profitable and enjoyable by itself. Of course, in most cases you take risks, you don't know whether or not the particular work will gain value over the years or not. Take for example Pirosmiani, when he was a young contemporary, his works had no value. However, those who liked his work and bought them, eventually saw a return investment of several million. The wealth of the collector depends on time, you can call it a hobby or a passion, but the fact is, years later it can make you rich. For example, someone might have collected comic books, while others were reading them and throwing them away. The one who saved them eventually established a collection, now this "funny magazine" has a pretty high price because their number decreases over time, and they become relics. Accordingly, their price rises, and the item becomes an antique. In different countries, there are items of varying age, value and importance that are considered antiques. To some extent it depends on the life expectancy of the population. For example, in China, items could be considered antiques 100 years from now. Here in





Georgia, any item older than 70 years is considered an antique.”

Melikishvili and her husband are not only collectors who buy artwork for their own pleasure, but they are investors who know that any amount invested in the world of art increases daily. Doing this job is easy for Melikishvili. She has contacts, knows a lot of people, and is well known herself. It’s not hard for her to see the difference between good and bad. She provides advice to people who are thinking about investing in what she calls the “wealth of the future”. According to Melikishvili, if you are interested in this field, you need to hire an art dealer. She compares her field of work with the stock exchange, and just as you need to have a broker on the stock exchange, in this business, you need an art dealer. Just like the stock market, the art market is focused on the sale, it’s just a different product. Here too, the marketing aspect of the business is the most important. For hours, curators and wealthy collectors deliberate over whether it is worth investing in piece of artwork or an artist or not.

“If a buyer decides to do it on his own, and he’s doing it via the internet, he has to review the history of the artist whose artwork he wants to buy. There is a book of ratings that indicate which place the particular artist is in - a ranking in other words. After this, we check the price of a similar piece of art that was sold on auction, and only after this can we buy the item.”

PRICE TIED TO NAMES

“Novice painters are the students of an academy or self-taught artists who organize exhibitions on their own initiative, using their own resources. In such cases you need to use intuition when deciding to buy a piece of art. It’s kind of like the casino: you never know when you will hit the jackpot. So, intuition is part of it, the advice of the professional is simply not enough,” Melikishvili explains.

“There are two main criteria when buying a piece of art. The first is that you like it and are fascinated by it of course. Secondly, you need to think about the future. So, if you can afford to purchase the art, buy it for your child or grandchild. I remember that at one time, a painting by Pirosmanni was worth 2,000 Rubles. Now

the piece sells for between 3-5 million dollars. The works of Gudiashvili were sold for a paltry 100-500 rubles, now his art sells for as much as one million dollars - some for even more. Georgians have always loved art, always respected artists. That’s why so many good pieces of art are collected here. In fact, Georgia can boast of a lot of famous artists - Pirosmanni, Gudiashvili, Kakabadze, Gabashvili, Zdanevich, Akhvediani, Kobuladze, and Kikodze...The early works by these artists are estimated to be worth six-digit amounts. It is remarkable and pleasant that contemporary Georgian artists are developing very quickly and are relevant on the global art market. The artwork of modern artist Oleg Timchenko was sold at Bonham’s Auction for \$15,000. With regard to Pirosmanni, his last painting sold for €3.5 million.”

All of this begs the question: Can a novice artist put his work up for auction? What should he do? Does he need a counselor or someone to help him?

An auction is a live business, one that depends on relationships, contacts and even trust. Everyone has a connection to each other. Excitement, personal relationships and interests are involved here. So, to satisfy my interest, I asked Melikishvili to tell me everything about this.

“An auction needs a result. So, only artwork that is guaranteed to be sold is accepted. The art’s prestige comes from this. This is how the leading auctions work today - auctions like Christie’s, Sotheby’s, Bonham’s and so on. However, when world is in a crisis, this is when collectors purchase expensive artwork at the auctions. They know that during a crisis, the price of the painting rises,” says Melikishvili.

COMMERCIAL ASSESSMENT

“I remember about ten years ago, a banker came to me and expressed a desire to start an art collection. Obviously, the banker started with a small amount. My recommendation was to buy one painting. At the time, the painting was worth €1,000. Several years later, the painting was worth €50,000. Today, it’s not even on the market. So in terms of business, artwork can give us 300, 400, 500% profit. No other sector offers such a profit margin.”



THE NEW SILK ROAD

Artist Gela Tsuladze left his mark not just on Tbilisi and Batumi. His latest project ‘Exhibition of the Maeght Silk Scarves’ lead to the visit of Cedric Brochier- the director of the Lyon silk factory “BROCHIER SOIERIES” . This is not an ordinary visit. The project that originated from the art landscape may grow into business. Cedric Brochier has expressed interest to produce silk in Georgia.

AUTHOR: MARITA CHANISHVILI
PHOTOS: ANDRO ERADZE

As I approached the seashore, I could clearly discern the black silhouette of a steel figure. I think it was a couple. They were holding a glossy red heart in their hands. Gradually, my steps were becoming faster. I wanted to see from up-close what it was, beyond which there was only sea.

“Oh, what is this? What is this? When did they put it here? Who made it?” I kept asking my friend who was walking by my side and was too hot to be interested in a steel statue of a couple with a heart in their hands. In short, I did not find out anything about the steel statue on that day. Just like everyone else, I leaned on the sculpture and settled on a rather trivial photograph.

That was about it.

At that time, I could not imagine that years later I would be doing an interview with the very author of that steel statue and many other unusual



"Kiramala"
Silk scarf 90/90 cm.
Maison Brochier, Lyon, 2015



Galerie Maeght
Scarf exhibition at National
Gallery, Tbilisi, 2016



Liberté skulpture progé. (50m).
RFR Géorgie
Anaklia, 2012



Jean Dupuy's "Where"
Paris Louvre, 2013
Fiac

sculptures that dot the central boulevard of Batumi and elsewhere. I say 'unusual' because for us - those that were born and raised under the shadows of Soviet architecture - it was truly unusual to see a statue in the form of a huge egg topped with a pair of 'beach slippers', or even a gigantic steel bike in the center of the capital. For those of us who've been accustomed to various aesthetics and classical monumental forms, it was difficult to accept steel statues created by various foreign artists that

are simple at first glance and 'offensive' to others. For example, a few years ago, social networks and various forums were flooded by comments regarding the egg and slippers statue created by French artist Lily Fantozzi.

Even if we don't delve too far into the past, there are still a lot of discussions around the gigantic bicycle statue with two sets of handle bars and saddles stationed on Rose Revolution Square in Tbilisi. The statue belongs to French sculptor Jean Duppe. And artist Gela Tsuladze put a lot of effort to have these statues erected in Georgia.

After a nearly two-hour conversation with Tsuladze, I realized that he could easily be called a generator of ideas, because his unusual and very colorful ideas are designed not only for gallery walls, but also for the remote and gray walls that line the city streets. However, that's not all ...

A BLACK DOT ON A WHITE WALL

Gela Tsuladze was born in Tbilisi in 1959 to a family that had returned to Georgia from exile. Tsuladze's mother is French; she is 94 and lives in Paris.

Despite a successful career as a psychoanalyst, Tsuladze's father always dreamed of returning to his homeland. In 1958, his dream came true and he returned to Tbilisi with his wife. Within a year they had a child. Tsuladze recalls that his relationship with his father helped him discover the secret of art and find freedom.

"Dad noticed from the very beginning that I liked to draw. He often took me to work and one day he asked me to help him draw a black dot on the wall. He moved a ladder close to the wall and I started drawing a black dot on a white wall with a great sense of responsibility. As it turned out, he needed the black dot to hypnotize patients. This moment remains engrained in my memory like a framed

image. Later, I realized that when my father asked me to draw a black dot on the wall, he actually helped me open the window to my subconscious and gave me the keys to the mystery. That is what our life is about; we are all trying to solve some mystery, and in fact, the key to this mystery may be in our hands. That is how this black dot helped me open up my art," Tsuladze tells me in our interview.

KUWAITI NEWSPAPER ARTIST

After finishing school, Gela Tsuladze was admitted to the Academy of Art. However, in 1980 he moved to Paris and continued his studies at the Paris Academy of Art. At the same time, he began to work as an assistant to the French conceptualist Christian Boltanski.

"We used to go everywhere together - to galleries, exhibitions ... we used to talk a lot, and he kept telling me that it was time for me to do something new."

As a 21-year-old, Tsuladze's adventure at the Paris Academy of Arts started in a very strange manner. It turned out that there were no vacant seats in the group that he had been assigned to. So he found himself in the hallway. As if that wasn't enough, at the suggestion of a French artist, Tsuladze gave up canvas and paper, and instead began painting on newspapers.

"One of the guards at the academy was a Kuwaiti national, he used to supply me with Kuwaiti newspapers every day. I used to sit in the hallway and draw all the time. This happened on a daily basis. I was working on myself. When you are young, you shouldn't wait for a muse, because time flies really fast. Besides, I think that waiting for muses is a fictional story and nonsense," the artist tells me.

So Tsuladze continued to draw abstract paintings on Kuwaiti newspapers.

"I used to put my culture, my taste and my homeland into these drawings," he told me. "Sometimes I even placed a Georgian letter into the drawing, and at other times it was a pattern. I saved a few drawings from that time," Tsuladze notes, recalling the time when he sold his first painting.

"A young woman paid 3,000 francs for my painting. I only knew her name - Florence. The next day, when I delivered my painting to her house, I discovered that her grandparents were founders of the famous Maeght ArtGallery. This gallery has all my favorite artists, the ones that inspire me most, including Kandinsky, Alexander Calder, and Braque. The fact that Aimé Maeght's granddaughter was interested in my art gave me courage to carry on with my work with even more enthusiasm," he says proudly.

"FREE FIGURATION" (FIGURATION LIBRE)

Soon Tsuladze joined a French Art movement called 'Free Figuration'. His paintings moved from gallery to gallery. "What gallerists liked most about us, was our freedom," says Tsuladze.

Their goal and dream was to move out of the galleries and take their art to the streets. Such was their dream. One day their dream came true.

"We were hired by a French advertising company tasked with painting advertising panels in the center of Paris. This was the first time that drawings were replaced by advertisements on large panels in Paris. We painted approximately 15 panels overnight and realized that the time for 'street art' had come.

Years later, Gela Tsuladze brought the idea of 'street art' to Georgia ... but before that, he lived and worked in Spain and then in New York. I asked him where Georgia had been all that time.

“On my mind,” he said as he continued telling his story.

GEORGIA “ON MY MIND”

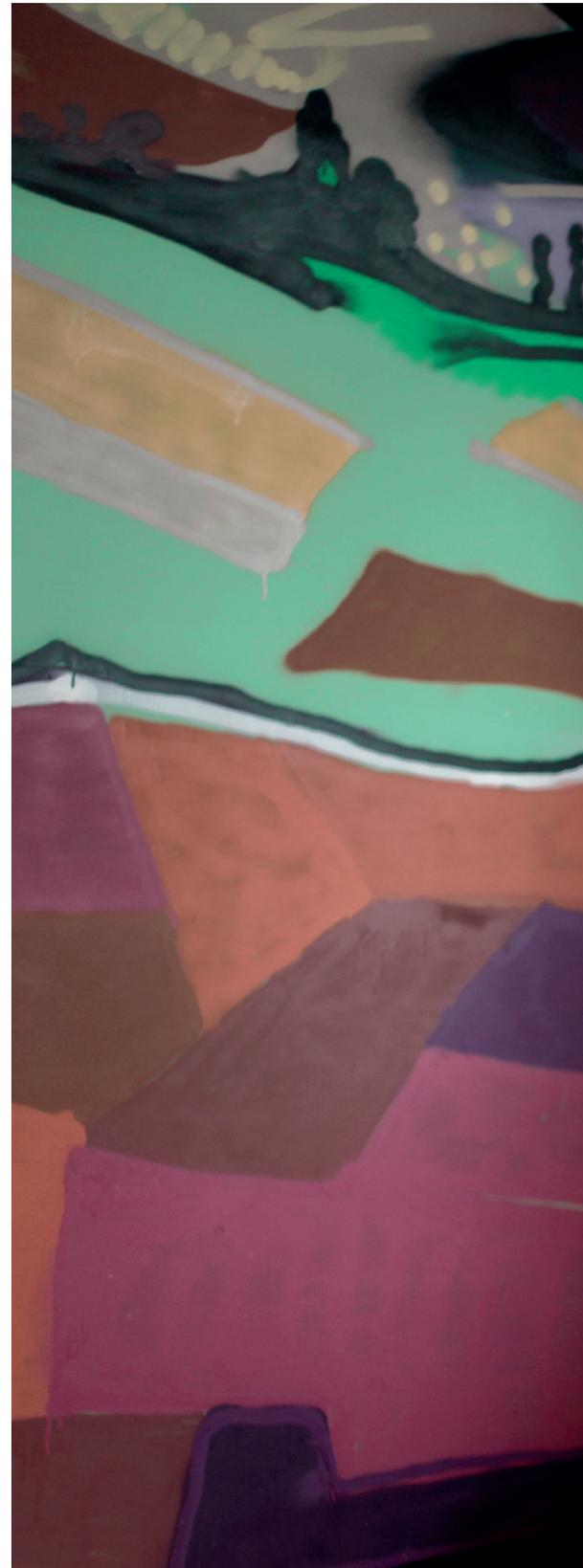
“My father’s parents lived out of a suitcase their entire life. They hoped that one day they would return to their homeland. They never came back, but their son lived their dream and returned to Georgia, despite the fact that he could have stayed in Paris and had a successful career there. His friends are still wondering why he made the decision to return to Georgia. However, the love for his homeland and desire to return was so great that nothing could stand in his way. It was the same in my case. I went to Paris in the 1980s, but I never cut ties with Georgia,” says Tsuladze, who arrived in Georgia in 1998 after being away for 18 years.

He returned to Georgia with one very concrete idea.

HEART INSTEAD OF THE CONSTITUTION. DOVE INSTEAD OF A TORCH.

A statue of freedom in the Black Sea. After 18 years separated from his homeland, Gela Tsuladze returned to Georgia with an ambitious project in mind.

“I realized that Georgia and the Caucasus in general needed a statue of liberty. In 1995, I pitched this idea to the company founded by the famous Irish structural engineer Peter Rice, author of the Louvre Pyramid, Sydney Opera House, Paris Stadium, and the Centre Pompidou. They became interested in this idea straightaway. When I arrived to Georgia, I discussed this project with every single decision-maker. However, I realized that at that time the government of Georgia was not prepared to implement the project. In 2010, I proposed the same idea to then President Mikhail Saakashvili, and he became immediately interested. We prepared a concrete project with Peter Rice’s company. Anaklia and Batumi were identified as possible sites for the statue. According to the project, the statue was to be made of stainless steel, as it was supposed to stand in the water, with a heart instead of the constitution as a symbol of love, and a dove instead of a torch as a symbol of peace. This is the main concept behind the statue. How-







ever, the project was shelved after the change of government in 2012. I keep hoping that the statue of liberty will be erected in Georgia. The budget of the statue is € 3 million. However, it should be noted that we came up with a very interesting way to fund this project through donations from all around the world. Everyone needs to make a contribution in the creation of such a symbol. This project would also promote the development of tourism in Georgia," says Tsuladze.

SEA HORIZON – CANVAS OF CONTEMPORARY CULTURE

There are several projects that have already been implemented and are associated with Gela Tsuladze, including the steel statues mentioned at

the beginning of this interview. These include the statues with names like 'Variations of Love' and 'Snail'. The artist speaks with particular excitement about the statues that have added a special charm to Batumi's Black Sea horizon, including Jean Dupe's steel construction called 'WHERE', the analogue of which was erected in the Louvre Garden in 2013.

The graffiti on the concrete walls in the streets of Batumi is also associated with Gela Tsuladze's name. In 2013, at Gela Tsuladze's initiative, Georgian and foreign artists united to paint the walls in the streets of Batumi. It represented the fulfillment of the dream he shared with his French colleagues 30 years ago - to add color to dull walls. The grey and gloomy walls of Batumi's houses were painted

with the support of Batumi City Hall and the Ministry of Culture of Adjara.

However, these are not the only projects in Batumi that are linked with Gela Tsuladze's name. It was Tsuladze's initiative to open the 41/41 Contemporary Art Gallery, which is located at the Silk Road Building in Batumi. The gallery takes its name after the first avant-garde group called 41 Degree that was founded by Ilya and Kirill Zdanevich.

THE SILK ROAD

Another special project by Tsuladze, which was first implemented in Batumi and later in Tbilisi is linked to silk scarves - the Maeght Scarves. The Marguerite and Aimé Maeght Foundation was founded in the 1950s to present modern and contemporary art in all its forms. The Maeght Foundation owns one of the largest collections of paintings, sculptures and graphic works by contemporary artists of the twentieth century in Europe. Silk scarves from the Maeght Collection were created based on the sketches of prominent artists like Georges Braque, Marc Chagall, Alberto Giacometti, Fernand Léger, Eric Dietman and Anton Tàpies, which makes them extremely unique. Last summer, the exhibition showcased up to fifty silk scarves from the Maeght - first in Batumi and later in Tbilisi. The exhibition was attended by a representative of the Maeght family and the Director of the Lyon-based Brochier Soieries Silk Factory- Cedric Brochier.

According to Tsuladze, the exhibition held in Batumi and Tbilisi emphasized the importance of the Silk Road and represented its artistic interpretation. Tsuladze assigns special importance to the visit of the president of the Brochier Soieries Silk Factory, Cedric Brochier.

"As it turns out, there is a short supply of high-quality silk in Europe. The main supplier is China. However, in a few years, Europe will be facing a severe shortage of high-quality silk. Cedric Brochier's factory works with Chanel, Hermes and other famous fashion houses. Therefore, they have started looking for alternative ways of producing high-quality silk. Bulgaria and Romania have been discussed as possible alternative countries

for the production of silk. I told Brochier about Georgia's long history of silk production and asked him to consider our country as one of the possible alternatives. I also told him about the Silk Museum in Tbilisi, which had a connection with the Lyon Silk Museum. Cedric Brochier expressed his desire to come to Georgia and examine its prospects. We met with representatives of the Ministry of Economy and visited the Silk Museum. Brochier came upon his grandfather's address in the archives of the museum. Both the Ministry of Economy and Cedric Brochier expressed their interest in implementing a joint project, which would promote the production of silk in Georgia and also introduce new silk-producing technologies. We expect that intensive work on the implementation of this project will launch in the near future. Most importantly, before his departure from Georgia, Cedric Brochier told me that he had probably found what he had been looking for and would come back to Georgia in July."

DOT COMMA

Currently, Tsuladze lives in Batumi, but he often travels to Paris to visit his 94-year-old mother and his children. Tsuladze's future plans are linked once again to Batumi, only this time it's the Botanical Gardens of Batumi. Tsuladze plans to build a 'Mediterranean Sea Alley' together with artist from all over the world. The representatives of the participating countries will each arrange a chair in the alley.

Gela Tsuladze is rarely seen with a molbert or canvas these days. He mainly uses an iPad for making and keeping his sketches. However, he told me that when the time is right he will go back to paints and brushes and transfer his sketches from iPad to canvass.

But before that, no one can tell how many interesting, unusual or ambitious projects will come from his mind. None of his projects has remained beyond the attention of the public. His projects are still widely discussed, appreciated or criticized. Some still think that this is not art. Others believe that this is true contemporary art...

"It is my job to put a dot, or at least a comma, which will give me a chance to continue my work..."

FORBES LIFE

THE ENTERTAINMENT INDUSTRY

My Helmet Couldn't Care Less

AUTHOR : ALEXANDER DAVITASHVILI
PHOTOS: NICK PANIASHVILI





“Behind the iron helmet, you must see an angry person, who won’t back down in his fight for freedom and new ideas” - reads the motto.

BASSIANI is a startup - a startup that has managed to create a world-class clubbing product in a very short period of time. The founders of BASSIANI are convinced that this culture even has the potential to attract a significant number of tourists.



ave you seen Kipiani?

- No, I was born in 1988.

- In that case, you haven't seen anything.

The cab driver turned off Kurdiani Street and then on to Tsereteli Avenue. The board at the bus stop showed 3 a.m. We were approaching Dynamo Stadium. At the entrance to the 9th sector, several young beautiful people dressed in black stood on the pavement outside, just like in large European cities, where people stand in a queue at the entrance to night clubs awaiting their turn.

- What's going on here? Is there some game?

- Have you seen Ben Klock on Rike?

- No.

In response, I gave him a Rowan Atkinson gesture, indicating that he hadn't seen anything and handed him a new five lari note.

"What's wrong with this old guy?" The cab driver inquired, as he pointed to my friend Beka 'Shpingle-Shpongole' Molashvili, who is undeniably one of the most colorful residents of Tbilisi. With his gray beard reaching his chest, Beka was playing to some unknown tune with three tickets in his right hand.

The queue area at BASSIANI is a bit chaotic. People are bundled-up in warm clothing, and are feeling the crisp chill of Tbilisi's early morning air. One line is for club-goers who booked tickets online, and the other line is for those who bought tickets on arrival. Despite the cold weather, one can still feel the festive vibe among the crowd, which tonight is rather diverse. That's because Tbilisi is too small to miss such events. The event has drawn people from different segments of society. Needless to say, this custom was established a long time ago and no one seems to complain about it. One could even say that people even enjoy being together - 'party animals', a guy in a white office shirt, pretty girls wearing flat shoes and of course, the energetic representatives of the wildest young masculine movement - the 'Babuliks'.

Everyone wants to get into BASSIANI.

"How do you filter the crowd coming into the club?" I asked Niko, one of the members of the BASSIANI team.

"Tickets are only sold to those who have

registered online and have been verified. Those who follow this process receive our discount policy and can enter the club through a different door. A person needs to meet three main criteria in order to pass our verification process. Basically, we need to know who the person is, or our acquaintances must know who they are. However, there are people that none of us know, but still pass the online verification. In such cases, we maintain a record of their data. If they cause any kind of conflict inside the club, they are immediately placed on our black list, and will never be allowed to enter BASSIANI again. As for those who buy tickets on the spot, we use face control measures to filter them," he says.

Being banned from BASSIANI might be the worst possible fate imaginable to someone from Tbilisi who has a love for electronic music. To put it into context for the older generation, this punishment is akin to forbidding a young boy from Tbilisi's Didube District from entering the football stadium and watching Kipiani play football in the 1970s. Energy can change forms but is never lost. If this energy inhabited the football stadium benches in past years, it has now moved underneath the tribuna and slightly changed its face.

After passing several barriers, I reached the Dynamo pool entrance where a crowd of young people were congregating. Amongst a sea of people clad in black, Naja Orashvili's yellow jacket caught my eye. She never stops. She controls the crowd and greets acquaintances, as I watch her take one dissatisfied patron aside, holding him by the arm, explaining to him that either he complies with BASSIANI's rules or forgets the club's existence altogether. You could tell by the expression on his face that it was the first time he was given such an ultimatum, and he seemed genuinely terrified because of it. Orashvili is the only girl on the BASSIANI team. She may politely deny it, but she is one of the chief catalysts behind BASSIANI. She is the author of the BASSIANI concept, and the one who helped put the team together.

After a few unavoidable hugs and kisses, I approached the pool area. A sharp increase in temperature helps me feel the concentration of energy inside the building. I make my way through the hall, pass by the first bar and a few drunken people,



AS SOME SPORTS COMMENTATORS WOULD SAY, THE RESULTS OF THE REORGANIZATION PROCESS EXCEEDED ALL EXPECTATIONS. YOU DON'T HAVE TO LOOK FAR FOR PROOF OF THIS:



Freddy K: "BASSIANI, you have created a culture, which will become exemplary for the world scene. You are on a mission, please, don't stop!"



Nihad Tule: "It would be hard for me to describe what is happening now in Tbilisi and at the club BASSIANI. A new venue, vibe, sound, and lighting - it's all cosmic. It's a great honor for me to be part of this, and I can't wait to come back."



Antigone: "Honestly, one of the best clubs I have ever played at. I will never forget this night."



Oliver Hafenbauer: "One of the best clubs in the hemisphere of the world."



Cio D'Or: "Tbilisi and BASSIANI are becoming one of my most favorite places in the world."



Tripeo: "BASSIANI is the best in the world. BASSIANI made a huge leap forward. I could feel unity, energy and love all night long. That's what music is about."

and then approach the edge of the pool. Amid the clouds of smoke, five or six pairs of legs jut-out from the couches. From there I manage to push my way through the flow of people and enter the rectangular section of the pool where I find a crowd of people (also dressed in black) - the red lighting adding a stronger tone to their dark attire.

Today it's MaxM Tribute Night at BASSIANI. Max M was a great artist that died way too young - and an artist that was very much loved by the BASSIANI audience. Unfortunately, Max M did not make a second trip to Georgia, and so his friends stand below the glowing BASSIANI triangle without him.

The very first surge of bass hits my sober mind with incredible emotion. It was the kind of emotion I had never experienced in a Georgian club before. It was at that moment that I realized several fundamental things I hadn't thought much about before:

- 1) BASSIANI has** the best sound system on the Georgian club circuit.
- 2) It's the most** appropriate venue for a club I have seen so far
- 3) The Georgian** crowd is different, but it's not bad at all
- 4) It's the highest** quality club we have ever had

in Georgia

5) BASSIANI is a startup that managed to create a world-class clubbing product in a very short period of time - in a very small and strange country, where users of club drugs are handed down a harsher prison sentence than child molesters if they are caught.

Despite the glaring absence of one of the scene's main ingredients (drugs), Tbilisi's electronic music scene, party/club culture have developed immensely over the last few years. While there are good and bad electronic music festivals held in Georgia each year, the Georgian electronic music scene is still easily one of the best in the region, and maybe in all of Eastern Europe. This business is already worth millions of Georgian laris, and with the proper approach, it has the potential to expand even more.

I met with the BASSIANI team on a non-working day underneath Dynamo Stadium to discuss the Georgian electronic music industry. I was pleasantly surprised to see only one light box ad, and a few stands with energy drinks and mobile gadget chargers. The stand is placed away from the dance floor and is not distracting.

"We took a risk and refused to accept the ugly forms of sponsorship that have been established in

Georgia - things such as a branded dancefloor, bar, DJ table, promo girls and logos," says Naja Orashvili, one of the founders of BASSIANI Club. "We took a major financial blow because of that, but we survived it. Now we are not financially dependent on anyone. We believe that when a person comes to the club, their attention should not be distracted by cigarette or drink ads," she notes.

For BASSIANI, the most important thing is to feature good artists, good music, and provide a comfortable environment for the club's guests.

"People come to listen and feel the music, so their attention should not be distracted by corporate banners," says Orashvili.

Before BASSIANI, I would not have believed that it was possible to eschew sponsorship in a country where buying club tickets is still an uncomfortable experience, and where everyone strives to get on the list. Sponsors play a very important role. Money provided by sponsors allows you to invite artists that will in turn help attract hundreds of additional guests, who will readily pay 20-30 lari for a ticket. Earnings from the ticket sales will cover the costs of the venue and sound system, as well as staff wages, and leaves a small profit for the promoter.

In Georgia, our sponsors are mainly companies that manufacture cigarettes, beer and other alcoholic beverages. Their demands are simple: branding the place to the maximum. The marketing services of sponsor companies always come into conflict with promoters, since they want to overload the venue with their brand. The marketer always comes out the winner in these battles and the venue ends-up looking like a marketplace: lots of light boxes, logos, slogan projections, banners, beautiful girls with iPads offering guests silly games, shots of alcohol and flash cards. On top of all that, then there's the photographer (in most cases, it's my humble self), who captures the unique moment of contact between promo and the listener with a blinding blitz. I wonder how many sponsors have ever thought about the English term 'over branding?'

BASSIANI refuses to take part in any of that. However, just like everyone else, they learned from their own mistakes. At one of their parties,

where Ben Klock, the resident of the club Berghain was playing his music, the sponsor put one local DJ at the entrance who was teaching guests how to do the 'mix'. This was the most inappropriate sponsor activity I had seen in my entire life. Maybe those of you who are not familiar with this topic don't quite understand why it was so strange. Therefore, I offer you a small experiment: search the artist Ben Klock on YouTube, and then find the most recent event with DJ Qasara (that's the one that was teaching guests how to 'mix'). Listen to both and compare. As Orashvili says, that's when she realized that her team would never tolerate anything like that.

BASSIANI has a very good team. The team came together as a result of a conscious, well-thought-out decision. It is my opinion that they were all united by a shared feeling of general disdain for the kind of commercial dance music that seems to predominate the Georgian club circuit, which none of them like.

"We all had a well-defined, clear vision of how we wanted to develop the electronic music scene and club culture in Georgia. It turned out that we shared the same vision," says Tato.

Everything started with a dream - with Orashvili's dream. She wanted to have a club that was exactly as she wanted it to be. Her idea had the support of Niko, Guram and her partner Milky Way recording studio. They decided to organize a series of events with their own savings. They were joined by Erol Gelbakhiani and Tatia Getia (INPUT) - promoters that both have very interesting ideas and backgrounds.

"We wanted to have our own project that corresponded with our vision and desires. This wasn't about money. First of all we wanted to materialize our idea. We did not hire anyone to draft a business plan for us, or count the project costs. We did everything ourselves," explained Tato.

Gurami believes that the party business does not require a lot of money and almost anyone can get 30-40 thousand laris to bring an artist and assemble several hundred people. However, he believes that what matters here is the content (substance), which is so scarce among Georgian party-makers.

At BASSIANI tickets generally cost between 20



and 30 laris. Those who buy tickets in advance are given a discount. The club also has some special offers for tourists, since attracting techno-lovers from abroad is one of their top priorities.

Their main strength lies in their outstanding organizational skills and certain metaphysical aspects, such as faith in their own ideas and strength. The BASSIANI team believes in its own strength. The members of the team are in perfect agreement and have a clear understanding of the road ahead. It is a pleasure to talk to them.

The initial idea was that BASSIANI would be a series of events without one specific location, and would travel from place to place. In fact, the BASSIANI project started at the Rike Vera House.

It was a cold and efficient venue, where the BASSIANI project camped-out for a year. People still remember the black poster that featured a white helmet posted in the center of Tbilisi, which announced the visit of Kassem Mosse, Vril, Alien Rain and Kobosil on October 4, 2014.

"It took a lot of money to build the brand. We wanted our logo to be spectacular and memorable - the style, font, the website... everything had to be in unison. I think we managed to do that. When a person visits our website or sees our posters, they realize that we pay a lot of attention to detail," notes Orashvili.

Within eight months of existence, BASSIANI became a leader in the local electronic music



industry. The list of artists they invite has become steadily more impressive. During this period, BASSIANI managed to invite some of the best electronic music artists around, including the likes of Ben Clock, Legowelt, Konstantin, Recondite, Nihad Tule, Ben Ufo and others of this caliber. BASSIANI rejects the Georgian line-up, and continues to surprise its listeners. Before BASSIANI, it was hard to believe that a club could afford such large-scale events without sponsors.

“We had a very rough financial start. It was particularly hard to adjust our values to the Georgian scene. However, the five of us believed that we could do it, and it turned out that we were right,” explains Naja Orashvili.

“Within eight months, we realized that it would be better to turn our project into a club, and by doing so, save money on the one-time rental of venues, lighting, sound and personnel.

As such, BASSIANI took a well-timed break and started the reorganization process. They found what might be considered a dream-come-true location for any techno club - beneath the old swimming pool at Dynamo Stadium. They began cleaning-up the place immediately. The team managed to mobilize its financial resources and did another incredible thing: they purchased top of the line lighting and the latest version of the Function One DS4 sound system (Function One is a state-of-the-art series of sonically and visually imposing

loudspeaker systems designed specifically for the club world). In total, they paid over £100,000 for the sound and lighting system.

"We would not be a premium-class venue if we tried to save money on the sound system. Maybe some don't know much about the standards of sound systems, but we believe that we must offer our guests the best. This entire business is built on the listener, his ears and eyes. If you try to save money on that, there would be no sense in bringing in a top-end artist. If an artist does not have the proper equipment to deliver his music to the listener, then you have wasted your money."

"We have often heard complaints that BASSIANI does not promote local artists. This opinion is based on total unawareness. The inappropriate and erroneous policy taken by some clubs and promoters in recent years has caused great damage - to both the local club scene, and the artists as well. Supporting artists does not necessarily mean that a club must let everyone perform their music there. We all know that it is important to support local artists, but our vision is different. We believe in conceptual approaches, the experience of the resident DJs of our club. Based on the results so far, we are convinced that we are making the correct choices. The fee for an artist ranges from €150 - 9,000, plus expenses for agency services, accommodation, flights and so on. That is what determines the pricing policy of the club. The high cost for air tickets is one of the greatest problems in our business. There are no cheap options: no direct flights and poor flight schedules, all of which create a lot of inconveniences," notes Tato Getia.

Admittedly, BASSIANI's communication with the audience is a bit cold, but at the same time very diligent. BASSIANI always informs its listeners of the upcoming artist in great detail. They do this by sharing the artist's music and preparing the audience for the next night. BASSIANI cares about its listeners and never enters a discussion with the audience. It completely bans TV and selfies taken with artists. 'Don't walk' - says the BASSIANI stamp under its beautiful helmet logo. BASSIANI loves offline media and frequently allocates funds for printing posters and tickets. The team refuses

to hire a security service. Instead they handpick people who protect their guests from any troubles. This ensures that the guests feel comfortable at all times.

"The state should never interfere in the field of electronic music. This is not the wine business, which needs subsidies," says Zviad Gelbakhiani. In fact, the government should stop funding certain privileged groups and festivals, because unhealthy competition ruins everything," he adds.

Gelbakhiani believes that the electronic music business is profitable and can already support itself independently without outside help.

"If the state is willing to do something good, it can reduce taxes, wage a good advertising campaign for the country, and bring in some cheap airlines, so that more tourists can travel to Georgia. In a city with a population of just over one million, the local audience is hardly enough," he points out.

The BASSIANI club also acts as a human rights activist, and criticizes the state's policy in this regard.

"We have to wrestle with the police every weekend. They want to get into the club and 'examine' the crowd inside. We are forced to pull some strings and call our acquaintances, who then instruct the police to leave us alone," says Getia.

He notes that one of the most important values that BASSIANI espouses is freedom.

"We believe in the freedom of choice. If a person chooses to take drugs, it's their choice, and we have to respect this choice even if it's harmful to them. No one should be persecuted or punished for the personal choices they make if it doesn't negatively affect others. BASSIANI supports the right to freedom," Getia emphasizes.

The BASSIANI team set a goal that aims to put Georgia on the world's musical map and gain international recognition. The team believes that Tbilisi clubs have the potential to become a prerequisite for the development of tourism in the country.

At the end of the conversation, I asked Gelbakhiani if he thought that BASSIANI had reached its zenith.

"We are reaching the zenith. BASSIANI is developing every week. It exists for people, for Tbilisi and for all of Georgia..."

US National Christmas Tree

93 Years Before and After



◀ In 1923, 30th President of the United States Calvin Coolidge lit the first “National Christmas Tree. The 48-foot fir tree was decorated with 2,500 electric bulbs in red, white and green, as a local choir and a “quartet” from the U.S. Marine Band performed. More than 6,000 people came to view the lighting on the Ellipse on Christmas Eve and then participate in the singing of Christmas carols on the South Grounds of the White House. President Coolidge and his family helped make Christmas a truly public White House tradition. Not only did the lighting of the National Christmas Tree in time become an annual event, but the advance of mass communications in the early twentieth century largely through the radio, illustrated magazines, and newsreel coverage, ensured that the First Family’s celebration of Christmas became a vital part of our national yuletide festivities.

93 years later, this American holiday tradition continues to bring citizens together to share in a message of hope and peace. ▶ On December 1, 2016 the Obamas lit up the start of the holiday season for their last time as the first family of the United States and they did it with the help of a few sparkling friends. Some of the country’s most celebrated musical artists from nearly every genre came to celebrate with the Obamas, with performances by Kelly Clarkson, Chance the Rapper, Marc Anthony, Garth Brooks and Trisha Yearwood, and The Lumineers. The traditional ceremony was as wholesome as it was glamorous, with a reading of “A Visit From St. Nicholas” by the first lady and Simone Manuel, the first female African-American swimmer to win an Olympic gold medal. Next year’s presidential tree lighting will be hosted by the Trump family.

