

# The development of independent tourism entrepreneurship in Uzbekistan and Accelerated model of implementation of practical startup projects based on innovative solutions: in the case of EATEN.UZ startup project

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**Abstract:** *This article provides models for the application of corporate start-up accelerators in tourism which are used in the leading countries of the world. The analyses of article play utmost substantial role in the development of tourism business, which allows you to use a fast, affordable and highly efficient model that is suitable for the Uzbek market. The materials are highly recommended to be used by relevant officials and investment organizations.*

**Keywords:** Tourism, corporate acceleration, incubation, mentoring, tracking, startup, innovative solution

## Introduction

In Uzbekistan tourism sector has been developed as one of the most potentially perspective industries. Take the latest reforms have been doing in the country as evidence. The president of country initiated millions of new reforms in the field. Positive results can be proven by the latest touristic statistics. Both the tourists have been visiting and the profitability of the field is making great contributions to make vacancies for a local population. In addition to that, tourism is a prominent industry among most developing fields. United Nations World Tourism Organization states that the numbers of tourists have been accelerated by 4%, total 1, 5 billion people. (UNWTO 2020) The influence of tourism to the world GDP is also positive and constitutes the total amount of 10, 4%, which is 319 millions of people were employed in the field. When it comes to Uzbekistan, the amounts of 6 million tourists were being expected. These results are taken by analyzing the latest changes. The growth of these statistics is being expected to rise even after the pandemic situation. Therefore, countries have actively been preparing to the potential perspectives of tourism. In the countries where the tourism or the economics developed rely on the simple models of private entrepreneurship and supporting startup projects maximally in developing their economy. Startups basically based on new technologies and own the market with its high profitability. Of course, the startup should experience the different stages and phases along the way to achieve its accomplishment. During this period, diversity of marketing strategies and methods are applied. All of the abovementioned phases can be literally called as startup acceleration in an international industry. There are wide ranges of startups in abroad, and they get profit through developing small business. This function resembles to investing, in other words methodical support. Unlike banks and investors, startup accelerators and incubators provide the startups not only with financially, but also morally. The necessity for the startups are being grown the last decades, owing to the different preferences of employers as people no longer want to obey the rules of employee. They rather prefer to run their own business. Accelerating programs make this process much easier and more convenient. Most of the accelerators are free of charge and it is substantial for startups. In addition to that, creating completely new services and productivities, particularly in the field of tourism will be much higher with using startup projects. Probably, not anyone heard about Travel Tech Hub. Through this platform, startups that have got technological solutions are being funded in many parts of the world. Certainly accelerating helps to financial, mentoring, study, pitching and partnership matters efficiently. One of the features of tourism accelerations is that they rely on the support of the state government.

Recent years, innovative activity has been supported substantially in Uzbekistan. Particularly, on July 24, 2020 the decree of “Innovative functioning” has been signed in the Republic of Uzbekistan. According to the decree, all the standards, directions, functions related to innovative activity has been set. What it means that if the startups and innovations are used in the tourism sector, highly taken into consideration by the state government, it would be a necessary factor to the development of economy politically.

The startup is a company which has been organized not more than 5-10 years ago (depending on the industry), providing innovative and technological projects, existing products, services, and business models, or rather, capable of entering to the scale market in a short period, have their own title (50% of company portions are owned by the company runners). Particularly, in the context of tourism we can add one more notion that they should have an innovative solution. As it is been told unless startup does not suggest new technologies, it cannot attain its aim.

Below you can see the table which shows the differences between the types of other businesses and startups.



Photo-1: The differences of startups from the rest of other entrepreneurship types (Zufarov, 2020)

As it is shown on the photo (photo-1) startups are considered as the capable of widening in a high rate and have not found its adequate place at the marketplace. In short, the potential of risk is extremely high with startups. Ecosystem of startup is being made in Uzbekistan. Even only, basically, with the initiatives of government, the atmosphere which supports the startups is being created. 80% of majority of startups are being run by the young owners till the age of 30. (Zufarov, 2020) It proves that young people are enthusiastic about startups and news. On the contrary, startup projects mostly belong to average aged people although they basically provide opportunities to younger generation. This paper also provides some analyses about the importance of startups' technological, methodical existence process in the field of tourism.

**Literature review**

There are vast amount of works have been doing on finding ways to realization of startups at a reasonable price effectively, as well as developing the creative and innovative businesses. Methodical approaches are being applied on learning the entrepreneurship distributing into the stages and phases. However, any of them does not come from the sky without making any efforts. We finally realized that startups are the models which rely on above mentioned news and lead to purpose in a short time. Not all the time, realization of news is successful. In fact, innovative startups undoubtedly face different challenges till the certain stages. S.S.Malagihal conducts some analyses about threats can be faced by startups in his scientific paper called «The problems in startup ecosystem». According to that, these are most frequent problems arise in startup companies (Malagihal, et al., 2018):

- 1) Most companies face challenges on arranging partnerships with the government to participate in incubator or accelerating programs;
- 2) Too much paper are required to startup acceleration;
- 3) At the same time with digital registration, paper based registration still exists;
- 4) Not using innovative ideas. Most of the time, businesses are set up based on existing prototype;
- 5) Inadequate number of working staff;
- 6) Bad business ethics;
- 7) Inappropriate mentoring or accelerating programs;
- 8) Inexperienced leader etc.

Malagihal also analyzed the reasons why existing startups drop into the Death Valley. We have learnt the startups in the field of tourism and put it in the table- 1:

Table- 1. The case of unsuccessful startups (Malagihal, et al., 2018)

Startup company	Set up date	What the idea consist of	The reason of failure
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Hotels Around You	2013	Booking the reservation in the last moments	Wrong strategy and distribution of the finance inappropriately
Yumist	2015	The service of delivering the food which is made at home to the other flats	Not availability of proper business model
Rooms Tonight	2014	Booking system of hotels	Financial problems
Stayzilla	2005	The aggregator of hotel	Inadequacy of local connections, and the low chances of widening

These startups are a drop from the ocean. There is an admitted axiom, this says “99 for 1”. That is, 1 out of 99 startups reaches to success.

In Uzbekistan, the researches called “Startup indikator” have been started by D.Zufarov since 2019. The papers learnt the cycle of startups based on several concepts. We are going to use the results from that paper which are appropriate for this research work. The table- 2 shows the growing stages of startups in the case of Uzbekistan:

Table 2: life circles of startups in Uzbekistan with their stages (Zufarov, 2020)



We can see from the chart that there are around 100 startup companies in Uzbekistan but not more than 100. Most of them are in the phase which is so-called Death Valley. The Death Valley is a stage in which startups and pre-startups have not achieved to financial or investing support yet and most of the factors depend on themselves. Scale-up is the stage of widening where the companies come to the existence after startup stage. There are around 20 scale-ups in Uzbekistan whereas Israel is home for more than 1000scale-ups. Most strikingly, only Click.uz achieved to the title of international online payment platform among other startups. In our country the amount of pre-startups is almost not so much large (around 1200). Majority of them just consist of bare ideas. All abovementioned statements can urge us to come up with this conclusion: our population has got some interests in startups and they are creating some innovative business ideas. However, there are some problems with financing and modeling them. Eventually, proper accelerating platforms should come into the plate not only in tourism field but also in any other fields. As it is mentioned beforehand, international experiences have already proven this phenomenon. Let me highlight the cases separately.

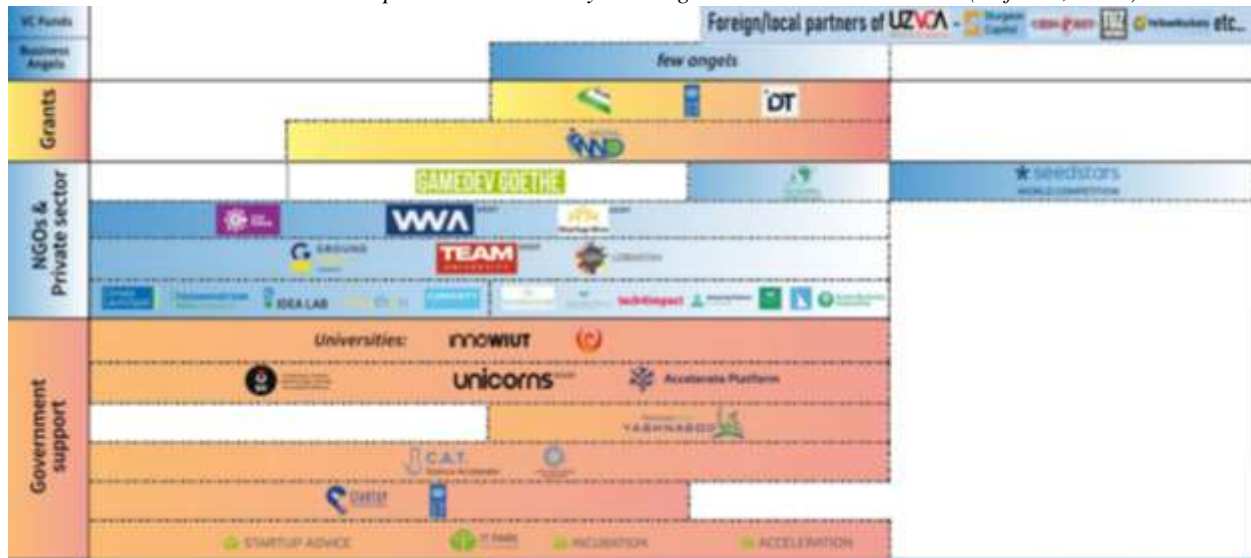
There are many different models for creating startups. A.Jurov differentiates the below models:

- 1) Business accelerators is a program which is the early preparing stage of product for the market as well as mentoring and modeling the startups;
- 2) Business incubator is a program which prepares the startups to the stage of getting profit after creating an entire condition ;

3) Techno parks are the programs which prepare the startups for the scale-up stage.

All of the above mentioned programs and models are applied according to the startups' condition and stage. These are stages of from the idea to product, from the product to trade and the stages after the early trade to the widening of the scope. In the context of business, complex condition made through such models are called "Startup ecosystem". Startup ecosystem has been created in Uzbekistan since 2019, and has been supporting the startups of our country since then. Startup ecosystem includes the different state and non-governmental organizations, banks, entrepreneurship subjects, higher education institutions and scientific research institutes.

Table-3: Startup and venture ecosystem organizations in Uzbekistan (Zufarov, 2020)



From the table 3, we can see that startups in our country are mostly supported by the foreign countries while basic venture funds require the international grants. It should also be particularly highlighted that there is an only techno park in our country which is IT Park; there are programs to widen the startups. However, this organization also does not support all kinds of startups but just the startups relate to information technologies and robotic techs are being supported there. Financing is being processed based on the grants which are allocated to the non-governmental organizations. However, above mentioned 100 startups have been realized by the ecosystem. Indeed, these should be proud for us.

The role of "Business accelerators" in developing the most important aspects of startups is substantial. The prime reason for this is that those support the startups from idea to marketplace. Majority of startups may not require the process of incubation. However, turning the ideas into production and preparing to the market is always crucially important. The main aim of our research is also preparing appropriate programs for tourism field.

The notion of business acceleration has almost the same definitions in different references. For instance, we found the definitions given by Jurov, Nikitchenko, (Jurov & Nikitchenko, 2016) as well as Russian "RVK" AJ ("RVK" AJ, 2017), M.Jacob (Jacob, 2017) more scientifically and practically appropriate. Consequently, generally we can provide the following definition:

"Business acceleration leads particular projects to the development and this is an organization which realizes the program governmental or non-governmentally. Furthermore, they create the prototyp of the project, and patent, or check the pace of trade."

Likewise, acceleration is an organization. It has its own management, mechanism, and regulation. Furthermore, accelerator has its own methodical supporting concepts which depends on its target and function. Most frequently financing the accelerations with converted credits are used at the early stage. Accelerators offers the same strategy for startups most of the time. In other words, they sign a contract with the given investments as the share portion of startup company. This method is convenient for both startups and accelerations. On top of that successful accelerators use innovative programmes. Innovative programmes define the increasing creative and innovative ability of staff of company when actively working with startups. The innovative programs of acceleration basically learns the methods of applying the seminars, and trainings in entrepreneurship. Furthermore, making the prototyp of startup project as soon as possible is one of the other responsibilities of acceleration ("RVK" AJ, 2017).

It would not be exaggeration if we say startup accelerators play substantially important role in setting up and developing a business. I would like to provide the following table based on leading analyses. This table demonstrates the existing cooperative

accelerations and the number of field, that is their scope. It should be mentioned that in a field of acceleration thousands of startups can functionate.

Table 4. The list of cooperative accelerations which has its own fields in foreign countries. (Jurov & Nikitchenko, 2016)

Corporate accelerator	The number of fields
Wayra	10
Microsoft Ventures Accelerator	7
Barclays Accelerator	4
Airbus Bizlab	3
Cisco Entrepreneurs in Residence	3
Citrix Startup Accelerator	3
Muru-D	2
WHLabs	2
CHALLENGE UP!	2
ProSiebenSat.1 Accelerator	2

Above accelerations are not just platforms, but they are also complexes which have employers who can support theoretical and practical businesses and infrastructures. Their profitability relies on the converted credits. They prioritize the innovative technologies in their functionality. Especially these factors highlights the importance of startup accelerations for the future.

The most highly potential problem which can be faced by the futuristic **Corporate** accelerations is realizing the startup team which has the capability of earning high profits in a short period of time. The prime reason for this is that these day all s tartup sare using necessary acceleration programs and companies are including the acceleration medel into their own organization. Indeed, they can get vast profit by doing this in the future.

Corporate Accelerators DB analyses provide a clear tendency of growing number of acceleration companies all around the world. The below diagram presents those trends:

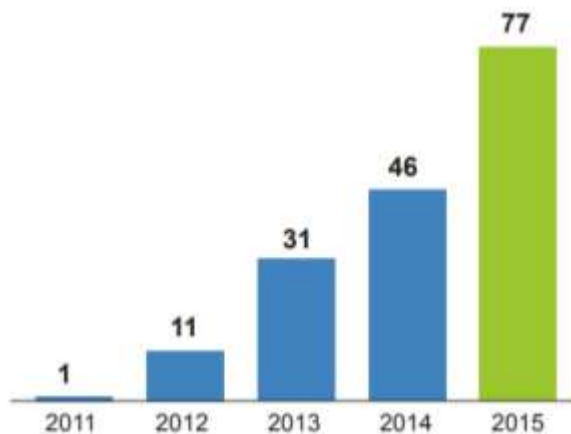


Diagram 1. The growing tendency of world accelerations in 2011 and 2015 (The author has created this based on the information taken from *Corporate Accelerators DB*)

It is obvious from the diagram 1, the number of accelerations 7 folded in 4 years. It proves that this model is genuinely use ful and efficient. It has benefits not just for business but also acceleration and the government. This paper provides the accelera tor model which addresses the requirements of international standards and the analyses of startup project Eaten.uz created with the help of this model.

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**Research methodology**

This article uses the research analyses done by Russia federation, world scientific research institutes and references. Their analyses basically consist of analyzing the function of world accelerators and suggesting the most effective models to the market. Prominent methods, instructions, stages have been learnt and suggested most efficient projects for the tourism in Uzbekistan. Furthermore, as the case of research, the business plan and startup stage of startup project Eaten.uz which is in the “Lean startup model” is presented.

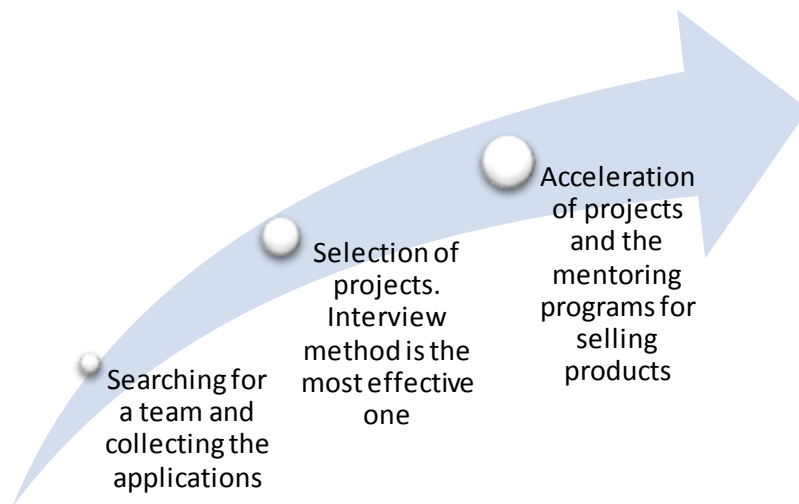
**Main body**

*The characteristics and process factors of effective accelerator model which supports the startups*

We suggest admitted accelerator corporative models as accelerator model which support the modern business. Because this program does not require creating any extra organizations or any unnecessary expenses. Accelerator can also be activated under the guardianship of another organization. We can set up a temporary activation based on traditional state grants. As long as the accelerator does not go out from its path, that accelerator can reach its goals. Corporative acceleration has got the following functions which are defined in the same way for any kind of business models:

“Technologic radar” is a fastest way to find new ideas, which chooses the most effective ones among given many solutions.

“Motivator of developing technologies” defines the fastening the process of making prototypes of selected ideas. In this process, product will be brought into the trade as a ready product.

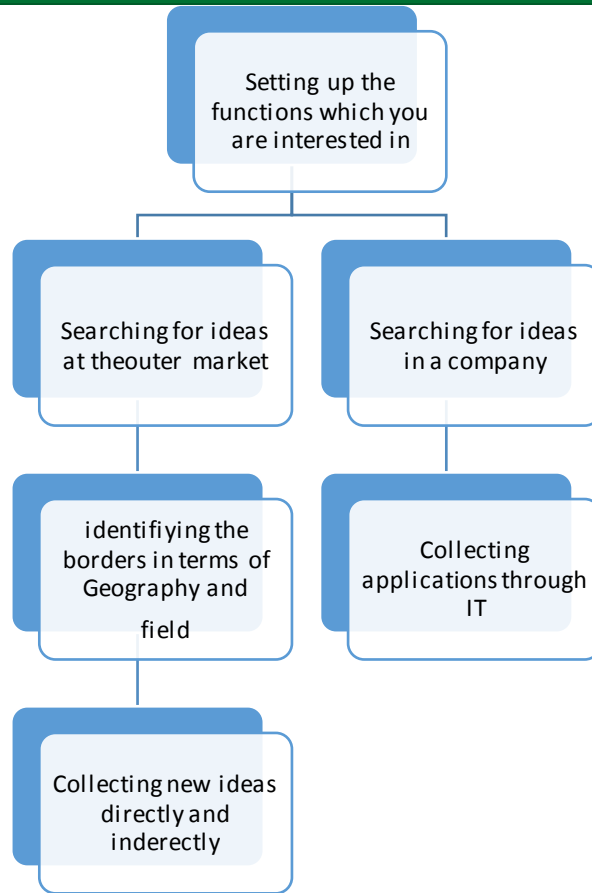


Above mentioned two functions should be in charge of corporative accelerators. The most complicated and important thing for acceleration is a team. We should not forget that accelerator can choose a startup or an existing product which has the capability of developing. Because a team factor does not depend on the acceleration. Below diagram shows a simple process of business acceleration:

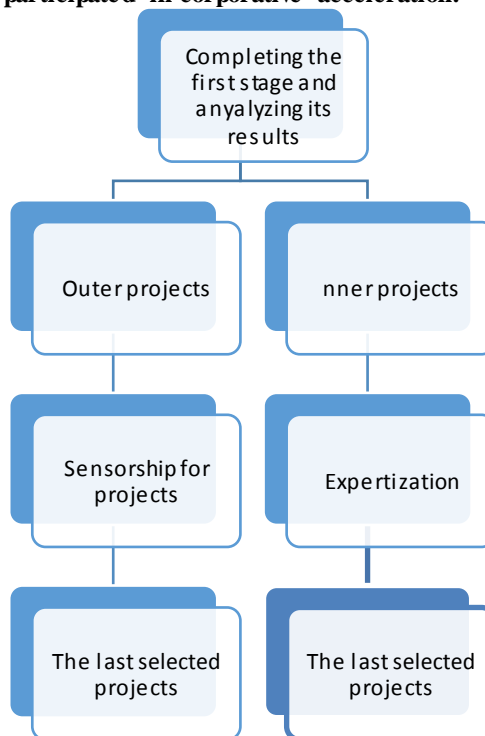
*Diagram 2. The process of corporative acceleration process; The stages of functioning of acceleration*

As above mentioned, acceleration process will be applied in three different stages:

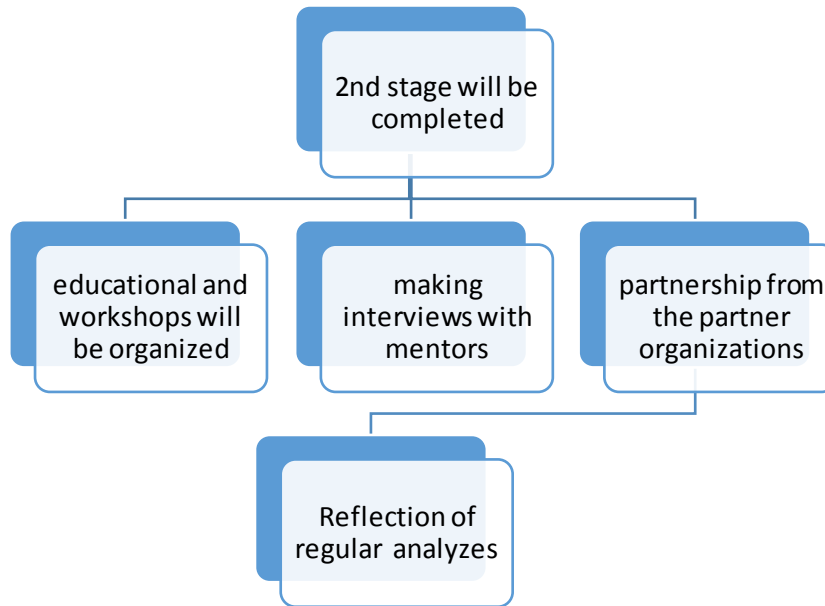
- 1) it is the stage of collecting applications and proper team to participate in the corporative acceleration;



**2) Selecting the projects which can be participated in corporative acceleration:**



3) Accelerating stage:



**Organizing experts team for acceleration and the features of their responsibilities**

Accelerators are made of the people who are highly qualified, and well-aware of business management, economy, and law. They are not as universal as entrepreneurs, while they are supposed to be masters of their fields. there are some departments for corporative accelerations for doing particular functions and they can be distributed as the following:

- Strategic staff. They organize the strategies of accelerations and tactics, and they search for partners and the sources for financing; they make the KPI for an organization and have it realized. KPI: organizing the financial instructions and reaffirming the plan of mission;
- Manager of accelerating programs. Producing the acceleration methods, and finding the lectors, experts, and mentors, and organizing the events, highlighting the problematic points etc. KPI will be measured by the number of successful residents, and the level of satisfaction.
- Account-manager (“Trekker”). They should have relations with residents, helping to produce long and short-term goals, providing the teams with consultations in terms of developing their business etc. KPI: reaching to the accelerating purpose of a team and reaching communications with residents;
- Marketolog. Grabbing the attention of target audience, activating the residential process, and making a strong competitiveness. KPI: The number and quality of received applications.
- Media-manager (PR). Generating the analyze information about accelerations and their residents, and relations with mass media. KPI: Demonstrations in information programs, and owning the target audience.
- Administrator. Regulating the official and business matters. KPI: the level of satisfaction and abeyance to the regulations among residents.

A sample for an acceleration program

Acceleration should be based on the strong methodological, leading and purposeful sources. The main target of an accelerator is holding trainings, master-classes and educational programs. Selecting the topics which lead to the purpose faster is substantially important. Below we suggest the acceleration programming samples which are chosen according to analyzes:

Topic	Hours	Self-study topics	General hours	Results
<i>The the life cycle of a project and the method of acceleration</i>	1,5	1	2,5	Determining the life cycle of the project. Understand the basics of the accelerator method



<i>Team of the project</i>	1,5	5	6,5	Develop the ability to compile a competency card. Motivate the team.
<i>Business model of the projet</i>	4	7	11	Creating an initial model of a project using the Business Model Canvas
<i>Consumer research and target audience</i>	2,5	27	29,5	Ability to organize marketing strategies to identify and engage your target audience. Market segmentation and categorization.
<i>Valuable offer</i>	1	4	5	Har bir maqsadli segment uchun qimmatli taklif ishlab chiqish
Market evaluation	2	9,5	11,5	Analyze the market and determine its size. Identify competitors and determine superiority.
<i>Product and company economics</i>	3	6	9	The concept of forming the basic economy of the product, the basics of product pricing.
<i>Creating MVP</i>	3	24	27	Knowledge of product development steps
<i>Trade: B2B and B2C</i>	6	20	26	Create a sales funnel and create documentation for initial sales.
<i>Consumer engagement channels</i>	2	12	14	Identify customer engagement channels and costs
<i>Expand sales</i>	3	20	23	Ways to expand product sales and economics
<i>Legal basis for project implementation</i>	3	6	9	Awareness of intellectual, property rights, legal concepts.

<i>Venture market and company support</i>	2	2	4	Sufficient capital account to start the project
<i>Project design and presentation</i>	4	16	20	Create a promising presentation for investors to demonstrate

Mechanism crowd funding model of using startups

The use of crowd funding to finance startups is a much more viable solution. Ye, Gavrilin the founder of the largest and most popular crowd funding (Boomstarter) platform in the Russian Federation. According to Gavrilin, “crowd funding is a process of public funding in which people pay money and receive something in return. That is, people invest in authors of ideas that interest them. The author of the idea, in turn, offers them a product or service ”(Pasulov, 2019 (3)). In short, people buy products or services that don't exist. There are three major types of fundraising:

1. Paid. In this case, the investor finances high-yield projects;
2. Non-financial (non-financial). It is based on financial incentives.
3. Charitable donations. There is a moral incentive to invest in such a platform

Kikstarter is known as the largest crowd funding platform in the world. The main target motto of this site (crowd funding platform) is “all or nothing”. They are mainly involved in the promotion and public funding of movies, technology, games, food, music, software and other projects. Kikstarter differs from other platforms in that it has some restrictions on the placement of projects submitted by the authors on the crowd funding platform. For example, if a project published on the site fails to raise enough funds within 60 days (excluding holidays), the author is obliged to return the funds raised (if any) in full. Another distinctive feature of the crowd funding platform is that the site retains 5% of the funds raised for each project in the form of a service fee.

**Conclusion and suggestions (In the case of Eaten.uz)**

As a proposal, we would like to cite the case of the startup project Eaten.uz, which is based on an innovative solution and created using the above corporate accelerator model. Through this case, various problems in the creation of tourism start-ups in our country can be eliminated.



**EATEN.UZ STARTAP PROJECT BUSINESS MODEL (DEVELOPED BY THE AUTHOR)**

**1. Project name and logo**

Eaten.uz - Eat and enjoy with local people!

## 2. Information about the project manager:

Suyarov Abdulaziz, CEO

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## 3. Summary of the project:

Eaten.Uz is a platform that offers a unique catering service to tourists and operates online as an intermediary.

## 4. Startup problem to solve:

There is no interactive communication area between tourists and locals;

The needs of individual tourists for exclusive services are not met;

Cheap and complex solution in nutrition;

Creation of infrastructure at insignificant costs;

Intensive formation of tourist culture among the population.

## 5. Solution:

We would like to offer an online platform that performs the following functions:

- Live communication with the population of the region;
- Opportunity to present not only food, but also interactive in various district forms;
- Opportunity to save money for each party (the concept of individual services for tourists, infrastructure for the municipality, income for the local population);
- Opportunity to PR local and remote areas.

## 6. How the business works:

- The client visits [www.eaten.uz](http://www.eaten.uz).
- The client registers on the platform as a "Guest" or "Host".
- The "guest" orders food in the area where he is located.
- The "host" registers on the platform and is issued an electronic certificate.
- Services are provided between the guest and the host based on the platform concept.
- The "host" receives interest on the total sale on a contractual basis.

## 7. Market size:

In the local market:

TOTAL - 6.7 million tourists

SAM - 804,000 tourists

SOM - 576,200 tourists

The total market size is \$ 14 million

## 8. Target audience:

The interested organizations in the project are the Ministry of Innovative Development and the State Committee for Tourism Development, and the following users are our target audience:

- Travel companies, agencies and organizations working with foreign tourists;
- Individual tourists

### 9. Competitors and similar solutions:

Our advantage over all competitors is to provide customers with convenient, affordable and interactive service. We have the following competitors in this market:

Fast Foods and Budget Restaurants, Kitchens - Cheap but interactive and sometimes inconvenient;

Standard and luxurious restaurants - comfortable but not expensive and interactive;

EatWith is a platform to provide catering services in local homes, interactive, convenient, but expensive.

### 10. Product development plan:

The problematic interview was examined among 52 people (in 2 client segments);

MVP was created and analyzed in 5 real clients;

2-month service contracts were signed with 6 organizations in 14 apartments;

The service concept is based on SMM promotion;

The Tushlik.uz service platform (for locals) is being tested on the Telegram channel;

Create and test a platform called eaten.uz in 3 months.

### Signing PR contracts with travel agencies and other organizations.

CAC = 3 USD, LTV = 6, LTV: CAC = 2 (Current rate)

### 11. What is required for further development:

*Cooperation:*

Ministry of Innovative Development of Uzbekistan, IT PARK, State Committee for Tourism Development of Uzbekistan

*Material resources:*

\$ 14,795 will be spent to create and launch the launch platform.

In general, the use of corporate accelerators in tourism development in the development of start-up business models is very effective and can allow you to target several start-ups that give high results in up to 6 months. To do this, the relevant authorities should consider the possibility of applying the appropriate model on the basis of recommendations and other international experience. It is the demand for innovation in recent years that has shown that the tourism infrastructure needs corporate accelerators.

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