

PIRACY IMPACT STUDY: ECONOMIC BENEFITS OF REDUCING SOFTWARE PIRACY

BRAZIL

PROFILE

Reducing software piracy stimulates the economy as a whole — and the faster software theft is controlled, the greater the benefits.

Fifty-six percent of software installed on personal computers (PCs) in Brazil last year was pirated, representing a commercial value of US\$2.25 billion. Yet the ripple effects of this theft goes beyond the software publishing industry, depriving local distributors and service providers of spending that creates jobs and generates new tax revenues.

Reducing software piracy has the reverse effect, sending ripples of stimulus through the information technology (IT) sector and broader economy. The study "The Economic Benefits of Reducing Software Piracy," produced by IDC and sponsored by BSA, documents the economic impact of reducing PC software piracy in Brazil:

Reducing the PC software piracy rate in Brazil by 10 percentage points in four years would deliver: **US\$3.9 billion in new economic activity; 12,300 new IT jobs; and US\$888 million in additional tax revenues** by 2013.

- Front-loading the gains by reducing software piracy 10 points in the first two years of the same four-year period compounds the economic benefits by 34% percent, delivering: **US\$ 5.2 billion in new economic activity and US\$1.1 billion in new tax revenues** to support essential local services.

The findings show that concerted action to reduce software piracy in Brazil should be a priority, and the sooner it is taken, the greater the benefits.

Economic impact of reducing Software Piracy in Brazil (2010-2013)

	New Jobs	Added GDP	New Tax Revenues
10 point drop in 4 years	12,333	US\$ 3.9 billion	US\$ 888 million
10 point drop in the first 2 of 4 years		US\$ 5.2 billion	US\$1.1 billion
Rapid-reduction dividend		34%	34%

The Big Picture: Software & and the Brazilian Economy

The IT sector is already a major contributor to the Brazilian economy. In 2009:

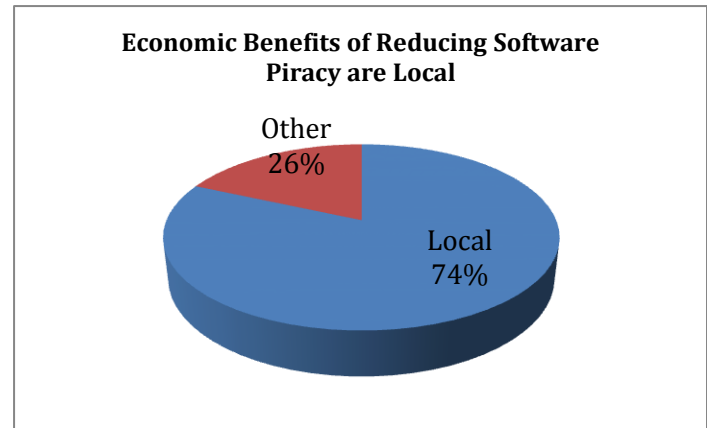
- The IT industry generated economic activity worth US\$23 billion.
- The IT industry directly employs close to 600 thousand people.

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Just as IT helps drive the economy, software drives IT. Spending on software has a ripple effect on the broader IT industry because selling, servicing and supporting software creates economic activity across the entire business chain.

Because of software's unique role as a revenue generator for local service and distribution companies, most of the benefits of reducing software piracy remain in the country. **In Brazil, IDC finds that 74 percent of the added GDP from a four-year, 10-point drop in piracy would remain in the Brazilian market.**



74% of added GDP from a 10 point drop in piracy accrues to the local market

BSA Blueprint for Reducing Software Piracy

Reducing software piracy is a proven way to stimulate the economy. BSA's blueprint for reducing software piracy involves five steps:

- Increase public education about the value of intellectual property and the business practice of managing and optimizing software assets through software asset management (SAM).
- Implement the World Intellectual Property Organization's Copyright Treaty to create an effective legislative environment for copyright protection, online and offline.
- Create strong and workable IP enforcement mechanisms, as required by the World Trade Organization's Trade-Related Aspects of Intellectual Property Rights Agreement, and provide for vigorous enforcement against misappropriation and infringement of new software innovations, such as cloud computing technologies. Brazil already has these mechanisms, but the time that it takes to have the proceedings adjudged, makes it difficult to apply them.
- Strengthen enforcement with dedicated resources, including a higher number of specialized IP enforcement units, and improve cross-border cooperation among law enforcement agencies.
- Lead by example, demonstrating commitment to the use of legal software through active SAM policies and promoting the use of legal software by government agencies, state-owned enterprises, contractors and suppliers.

2010

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"The Economic Benefits of Reducing Software Piracy" quantifies the economic impact of reducing PC software piracy in 42 countries representing 93 percent of the packaged software market. For more information and a full description of the study methodology, see the full report at www.bsa.org/piracyimpact.