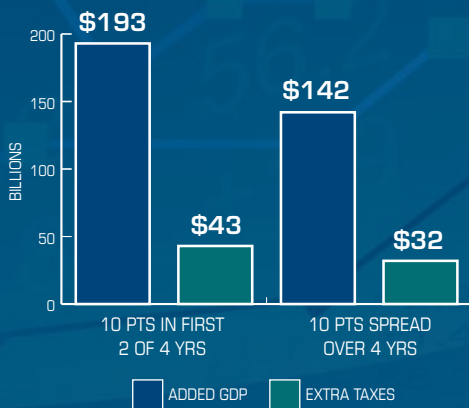


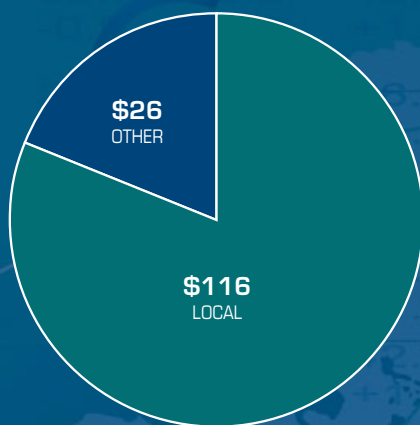
# PIRACY IMPACT STUDY IN BRIEF: THE ECONOMIC BENEFITS OF REDUCING SOFTWARE PIRACY

WWW.BSA.ORG/PIRACYIMPACT

**Economic Benefits of Reducing Global Software Piracy Sooner vs. Later**



**Local Benefits of Reducing Software Piracy (\$Billions)**



Reducing global software piracy 10 points in four years would create \$142 billion in new economic activity. More than 80 percent would accrue to local markets.

In 2009, more than four out of 10 software programs installed on personal computers around the world were stolen, with a commercial value of more than \$51 billion.<sup>1</sup> Unauthorized software can manifest in otherwise legal businesses that buy too few software licenses, or overt criminal enterprises that sell counterfeit copies of software programs at cut-rate prices, online or offline.

However, the impact of software piracy goes beyond revenues lost to the software industry, starving local software distributors and service providers of spending that creates jobs and generates much-needed tax revenues for governments around the world.

Curbing piracy has the reverse effect, sending ripples of stimulus through the whole information technology (IT) economy. And lowering piracy faster compounds the benefits. "The Economic Benefits of Reducing Software Piracy" documents these gains in 42 countries, which represent 93 percent of the global market for PC software.



**Below are the key findings:**









- Reducing the piracy rate for PC software by 10 percentage points — 2.5 points per year for four years — would create \$142 billion in new economic activity while adding nearly 500,000 new high-tech jobs and generating roughly \$32 billion in new tax revenues by 2013.
- On average, more than 80 percent of the benefits of reducing PC software piracy accrue to local economies — and in some cases it is more than 90 percent.
- Front-loading the gain by lowering piracy 10 points in the first two years of a four-year period would compound the economic benefits by 36 percent, producing \$193 billion in new economic activity by 2013 and generating \$43 billion in new tax revenues.
- Software has a ripple effect on the broader IT industry because selling, servicing and supporting software creates downstream economic activity. In the 42 countries covered in the study, the commercial value of unlicensed PC software put into the market amounted to \$45 billion in 2009, resulting in total losses of revenue, employment and taxes from related sectors in excess of \$110 billion.







Clearly, concerted action to ensure strong protection for intellectual property (IP) and to reduce software piracy should be a priority for governments — sooner rather than later.








<sup>1</sup> BSA/IDC GLOBAL SOFTWARE PIRACY STUDY, MAY 2010, WWW.BSA.ORG/GLOBALSTUDY







## Economic impact of reducing PC software piracy by 10 percentage points














		10-pt Reduction	10 pts in First 2 of 4 yrs (\$M)		10 pts Spread Over 4 yrs (\$M)		Rapid-Reduction Dividend, 2 yrs v 4 yrs		
		2009 Piracy Rate	New Jobs	Added GDP	Extra Taxes	Added GDP	Extra Taxes	Added GDP	Extra Taxes
<b>North America</b>									
 <b>Canada</b>		29%	6,445	\$4,770	\$2,014	\$3,481	\$1,473	37%	37%
 <b>US</b>		20%	25,431	\$52,084	\$8,425	\$37,810	\$6,094	38%	38%
<b>Subtotal</b>		<b>21%</b>	<b>31,876</b>	<b>\$56,854</b>	<b>\$10,439</b>	<b>\$41,291</b>	<b>\$7,567</b>	<b>38%</b>	<b>38%</b>

<b>Western Europe</b>									
 <b>Belgium</b>		25%	1,125	\$1,207	\$391	\$879	\$284	37%	38%
 <b>France</b>		40%	14,599	\$12,697	\$4,721	\$9,289	\$3,442	37%	37%
 <b>Germany</b>		28%	12,136	\$12,471	\$3,352	\$9,080	\$2,427	37%	38%
 <b>Italy</b>		49%	7,538	\$7,130	\$2,450	\$5,213	\$1,785	37%	37%
 <b>Netherlands</b>		28%	3,815	\$4,456	\$1,095	\$3,260	\$799	37%	37%
 <b>Spain</b>		42%	2,244	\$3,994	\$739	\$2,923	\$538	37%	37%
 <b>Sweden</b>		25%	1,962	\$1,603	\$690	\$1,170	\$502	37%	37%
 <b>UK</b>		27%	13,011	\$11,870	\$3,258	\$8,669	\$2,373	37%	37%
<b>Subtotal</b>		<b>34%</b>	<b>56,430</b>	<b>\$55,428</b>	<b>\$16,696</b>	<b>\$40,483</b>	<b>\$12,150</b>	<b>37%</b>	<b>37%</b>

<b>Central/Eastern Europe</b>									
 <b>Czech Republic</b>		37%	1,085	\$650	\$157	\$478	\$116	36%	36%
 <b>Greece</b>		58%	1,313	\$690	\$213	\$512	\$157	35%	36%
 <b>Hungary</b>		41%	885	\$326	\$83	\$239	\$61	36%	36%
 <b>Poland</b>		54%	1,812	\$1,433	\$209	\$1,062	\$155	35%	35%
 <b>Russia</b>		67%	5,708	\$5,456	\$412	\$4,199	\$317	30%	30%
 <b>Ukraine</b>		85%	1,957	\$755	\$116	\$586	\$88	29%	31%
<b>Subtotal</b>		<b>63%</b>	<b>12,760</b>	<b>\$9,310</b>	<b>\$1,190</b>	<b>\$7,076</b>	<b>\$894</b>	<b>32%</b>	<b>33%</b>

	2009 Piracy Rate	10-pt Reduction	10 pts in First 2 of 4 yrs (\$M)		10 pts Spread Over 4 yrs (\$M)		Rapid-Reduction Dividend, 2 yrs v 4 yrs		
		New Jobs	Added GDP	Extra Taxes	Added GDP	Extra Taxes	Added GDP	Extra Taxes	
<b>Middle East/Africa</b>									
 <b>Egypt</b>	59%	1,978	\$338	\$44	\$254	\$33	33%	34%	
 <b>Israel</b>	33%	3,207	\$1,079	\$582	\$799	\$430	35%	35%	
 <b>Jordan</b>	57%	375	\$71	\$19	\$52	\$14	35%	34%	
 <b>Saudi Arabia</b>	51%	1,420	\$1,041	\$25	\$786	\$19	32%	33%	
 <b>South Africa</b>	35%	1,650	\$1,670	\$178	\$1,244	\$132	34%	34%	
 <b>Turkey</b>	63%	2,180	\$1,041	\$205	\$783	\$154	33%	33%	
 <b>UAE</b>	36%	841	\$566	\$23	\$425	\$17	33%	31%	
<b>Subtotal</b>	<b>46%</b>	<b>11,651</b>	<b>\$5,806</b>	<b>\$1,076</b>	<b>\$4,343</b>	<b>\$799</b>	<b>34%</b>	<b>34%</b>	

<b>Latin America</b>									
 <b>Argentina</b>	71%	4,420	\$1,280	\$271	\$949	\$202	35%	34%	
 <b>Brazil</b>	56%	12,333	\$5,223	\$1,189	\$3,900	\$888	34%	34%	
 <b>Chile</b>	64%	762	\$434	\$67	\$320	\$50	35%	35%	
 <b>Colombia</b>	55%	1,449	\$608	\$100	\$452	\$74	34%	34%	
 <b>Mexico</b>	60%	6,189	\$3,124	\$513	\$2,337	\$383	34%	34%	
 <b>Peru</b>	70%	3,593	\$284	\$35	\$214	\$26	33%	33%	
<b>Subtotal</b>	<b>59%</b>	<b>28,746</b>	<b>\$10,953</b>	<b>\$2,175</b>	<b>\$8,172</b>	<b>\$1,623</b>	<b>34%</b>	<b>34%</b>	

<b>Asia Pacific</b>									
 <b>Australia</b>	25%	3,786	\$3,062	\$768	\$2,253	\$564	36%	36%	
 <b>China</b>	79%	250,102	\$21,053	\$5,774	\$15,966	\$4,397	32%	31%	
 <b>Hong Kong</b>	47%	2,222	\$511	\$213	\$378	\$158	35%	35%	
 <b>India</b>	65%	59,728	\$6,132	\$676	\$4,662	\$512	32%	32%	
 <b>Indonesia</b>	86%	1,884	\$3,175	\$162	\$2,433	\$124	31%	30%	
 <b>Japan</b>	21%	9,576	\$12,286	\$2,518	\$8,907	\$1,829	38%	38%	
 <b>Malaysia</b>	58%	3,452	\$1,360	\$306	\$1,017	\$229	34%	34%	
 <b>Philippines</b>	69%	1,097	\$436	\$39	\$329	\$30	33%	33%	
 <b>Singapore</b>	35%	1,978	\$701	\$173	\$520	\$128	35%	35%	
 <b>South Korea</b>	41%	10,229	\$2,028	\$934	\$1,497	\$692	35%	35%	
 <b>Taiwan</b>	38%	1,734	\$718	\$103	\$531	\$77	35%	35%	
 <b>Thailand</b>	75%	2,175	\$1,711	\$96	\$1,297	\$73	32%	32%	
 <b>Vietnam</b>	85%	2,100	\$1,490	\$77	\$1,173	\$60	27%	27%	
<b>Subtotal</b>	<b>59%</b>	<b>350,063</b>	<b>\$54,663</b>	<b>\$11,839</b>	<b>\$40,963</b>	<b>\$8,873</b>	<b>33%</b>	<b>33%</b>	
<b>TOTAL</b>	<b>42%</b>	<b>491,526</b>	<b>\$193,014</b>	<b>\$43,415</b>	<b>\$142,328</b>	<b>\$31,906</b>	<b>36%</b>	<b>36%</b>	

## The BSA Blueprint for Reducing Software Piracy

Reducing software piracy is a proven way for governments to create economic stimulus. BSA's blueprint for reducing software piracy includes five key steps:

1. Increase public education about the value of IP and the business practice of managing and optimizing software assets through software asset management (SAM).
2. Implement the World Intellectual Property Organization's Copyright Treaty to create an effective legislative environment for copyright protection, online and offline.
3. 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 of misappropriation and infringement of new software innovations, such as cloud computing technologies.
4. Strengthen enforcement of IP laws with dedicated resources, including specialized IP enforcement units, and improve cross border cooperation among law enforcement agencies.
5. Lead by example by demonstrating a commitment to legal software use through active SAM policies, and promote the use of legal software by all government agencies, state-owned enterprises, contractors and suppliers.

## About the Study

"The Economic Benefits of Reducing Software Piracy," produced by the Business Software Alliance and IDC, the IT industry's leading market research and forecasting firm, quantifies the impact of reducing PC software piracy in 42 countries.

IDC's model for estimating the economic impact of reducing software piracy involves five steps:

1. Understanding the local IT economy — IT-related revenues, employment and taxes.
2. Determining the ratios between spending on legal software and spending on related IT services and distribution in each market.
3. Calculating the difference between revenues lost to software publishers, IT services firms and distributors at the current software piracy rate and a piracy rate that is 10 points lower.
4. Analyzing the impact of increased spending on legal software in terms of software-related job creation.
5. Computing the IT-related tax revenues that would be generated by that increased economic activity and job creation.

For more information about "The Economic Benefits of Reducing Software Piracy" and a full description of the methodology, see the full report at [www.bsa.org/piracyimpact](http://www.bsa.org/piracyimpact).

## BUSINESS SOFTWARE ALLIANCE GLOBAL OFFICES

[WWW.BSA.ORG](http://WWW.BSA.ORG)

### BSA WORLDWIDE HEADQUARTERS

1150 18th Street, NW  
Suite 700  
Washington, DC 20036  
T: +1.202.872.5500  
F: +1.202.872.5501

### BSA ASIA-PACIFIC

300 Beach Road  
#25-08 The Concourse  
Singapore 199555  
T: +65.6292.2072  
F: +65.6292.6369

### BSA EUROPE, MIDDLE EAST & AFRICA

2 Queen Anne's Gate Buildings  
Dartmouth Street  
London, SW1H 9BP  
United Kingdom  
T: +44.207.340.6080  
F: +44.207.340.6090

Bangkok, Thailand   Beijing, China   Brussels, Belgium   Hanoi, Vietnam   Jakarta, Indonesia   Kuala Lumpur, Malaysia  
München, Germany   New Delhi, India   São Paulo, Brazil   Taipei, Taiwan   Tokyo, Japan