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**TEN-POINT DROP IN PC SOFTWARE PIRACY RATE IN RP WOULD
GENERATE P19.2B INTO ECONOMY**

*Philippine government encouraged to fight software piracy more aggressively to increase gains
in economic benefits*

Manila, 28 September 2010: A new study conducted by the Business Software Alliance (BSA) and International Data Corporation (IDC) revealed that reducing the country's software piracy rate by 10-percentage points would inject \$436 million or P19.2 billion into the economy, generate \$39 million or P1.7 billion in additional taxes for the government, and create over 1,000 new jobs for Filipinos by 2013.

Currently, the software piracy rate or installations of unlicensed software in personal computers (PC) in the country is at 69%, which means that almost 7 out of 10 software programs installed on personal computers in the country are pirated. This software piracy rate has been steady for three years now since it dropped from 71% to 69% in 2007 but losses in the information technology (IT) industry has increased from \$147 to \$217 million.

According to the BSA-IDC study, the economic benefits can be **compounded** by reducing software theft at a faster rate. Thus, if the Philippines were to reduce piracy by 10 points over the next two years instead of four, it would boost the economic activity and tax gains by a further 33 percent. The Philippines would then produce \$580 million or P25.5 billion in new economic activity by 2013 instead of \$436 million and generate \$52 million or P2.3 billion in new tax revenues instead of \$39 million.

"This study clearly shows that aggressively fighting software piracy today means greater economic benefits tomorrow and not just for the software industry but for the entire nation," said Roland Chan, BSA Senior Director of Marketing, Asia-Pacific. "Reducing software piracy is an opportunity to boost the economy and we are optimistic that this can be achieved in the Philippines given the unwavering support of the Philippine government, particularly the Intellectual Property Office of the Philippines (IP Philippines) and the Pilipinas Anti-Piracy Team (PAPT) composed of the National Bureau of Investigation, Optical Media Board and the

Philippine National Police in helping to bring down the software piracy rate in the country,” Chan added.

IP Philippines Director General Ricardo Blancaflor has expressed his agency’s commitment to improving the Philippine IP environment including protection of software copyright. Blancaflor said, “IP Philippines is taking on innovative programs that will strengthen the IP framework of the country and also help local software developers, who are a source of pride to our nation, in reaping the fruits of their labor.”

The BSA-IDC study looked at 13 economies across Asia Pacific: Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

In the Asia Pacific Region, reducing software piracy by 10 percentage points in four years would inject almost US\$41 billion into the Asia Pacific economy, create 350,000 new jobs and generate close to US\$9 billion in new tax revenues for governments.

Victor Lim, Vice President, Asia/Pacific Consulting Operations, IDC, said, “Because IT distribution and services are local and specific to each economy, much of the revenue generated through reductions in software piracy would be captured at the local level. In fact, the study has found that 76 percent of the added GDP in the Asia-Pacific from a four-year, 10-point drop in piracy would remain in the region.”

BSA recommends the following actions to effectively reduce software theft around the world:

- Promote education about the value of intellectual property (IP) 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, including providing for vigorous enforcement of misappropriation and infringement of new software innovations such as cloud computing technologies.
- Dedicate resources for enforcement of IP laws, including specialized IP enforcement units, and improved cross-border cooperation among law enforcement agencies.
- Commit government to legal software use through active SAM policies and promote legal software use by all government agencies, state-owned enterprises, contractors and suppliers.

“The Economic Benefits of Reducing Software Piracy” is based on IDC’s Piracy Impact Model, which incorporates market research on IT spending and software piracy around the world, along with information on IT employment and IT-related taxes. The 42 countries studied represent 93 percent of the total packaged software market. The 13 Asia Pacific economies surveyed represent 98 percent of the total packaged software market in the region. For more

information and a full description of the methodology, view the full report at www.bsa.org/piracyimpact.

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About BSA

The Business Software Alliance (www.bsa.org) is the foremost organization dedicated to promoting a safe and legal digital world. BSA is the voice of the world's commercial software industry and its hardware partners before governments and in the international marketplace. Its members represent one of the fastest growing industries in the world. BSA programs foster technology innovation through education and policy initiatives that promote copyright protection, cyber security, trade and e-commerce. BSA members include Adobe, Agilent Technologies, Altium, Apple, Aquafold, ARM, Arphic Technology, Autodesk, Autoform, AVEVA, Bentley Systems, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Embarcadero, Frontline PCB Solutions - An Orbotech Valor Company, Microsoft, Minitab, NedGraphics, Parametric Technology Corporation, Progress, Quest Software, Scalable Software, Siemens, Sybase, Symantec, Tekla, and The MathWorks.

About IDC

IDC is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,000 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries. For more than 46 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. You can learn more about IDC by visiting www.idc.com.

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