NEW STUDY FROM THE BUSINESS SOFTWARE ALLIANCE REVEALS £5.4 BILLION ECONOMIC IMPACT OF SOFTWARE PIRACY

The UK could lose out on £1.5bn in tax revenues and 13,011 new jobs if action to reduce software piracy is not taken

London, 15 September 2010: Reducing the 27 percent personal computer (PC) software piracy rate in the UK by 10 percentage points over four years would create 13,011 high-tech jobs, £5.4bn in new economic activity and £1.5bn in new taxes by 2013, with 87 percent of those benefits expected to remain in the local economy. These are among the findings of a new study produced by the Business Software Alliance (BSA) and IDC, the leading global IT market research and forecasting firm, which documents the impact of reducing PC software piracy rates by 10 percentage points in 42 countries.

In addition, the “Economic Benefits of Reducing Software Piracy” study finds that the benefits are compounded by reducing software theft at a faster rate: If the UK were to reduce piracy by 10 points over the next two years instead of four, it would boost the economic activity and tax revenue gains by 37 percent.

Reducing software piracy creates a ripple effect throughout the economy, generating new spending on related information technology (IT) services and distribution. That spending, in turn, creates jobs and delivers new tax revenues.

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1This figure has been rounded-down from £5,442million. The original figure was calculated by IDC as $8,669million and converted into GBP using the Interbank rate on 31st December 2009, according to the OANDA currency converter: http://www.oanda.com/currency/converter/.
“Reducing software piracy is an opportunity to inject much-needed stimulus into the economy,” said Chair of the BSA UK Committee, Michala Wardell. “Because selling, servicing and supporting software creates demand for related distribution and services, the impact of software piracy reaches beyond software publishers, starving local distributors and service providers of spending that creates jobs and generates more tax revenues, boosting the local economy.

“This study shows that the entire economy can benefit from lowering software piracy in the UK as aggressively and as quickly as possible,” Wardell added.

Globally, the data shows that reducing software piracy by 10 percentage points in the four years 2010 through to 2013 would produce £90 billion in new economic activity in the 42 countries studied, with more than 80 percent accruing to local industries. The reduction would also create nearly 500,000 high-tech jobs and generate roughly £20 billion in new tax revenues worldwide. Frontloading the gain by reducing piracy 10 percentage points in two years compounds the economic benefits by 36 percent, producing £120 billion in new economic activity and generating £27 billion in new tax revenues by 2013.

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 optimising software assets through software asset management (SAM).
- Implement the World Intellectual Property Organisation’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 Organisation’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 specialised 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. For more information and a full description of the methodology, view the full report at www.bsa.org/piracyimpact.
About BSA

The Business Software Alliance (www.bsa.org) is the world’s foremost advocate for the software industry, working in 80 countries to expand software markets and create conditions for innovation and growth. Governments and industry partners look to BSA for thoughtful approaches to key policy and legal issues, recognizing that software plays a critical role in driving economic and social progress in all nations. BSA members include: Adobe, Altium, Apple, Asseco Poland S.A., Autodata Limited, Autodesk, AVEVA, Bentley Systems, CNC, Corel, Dassault Systèmes SolidWorks Corporation, Microsoft, Monotype Imaging, Progress Software, Siemens, 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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