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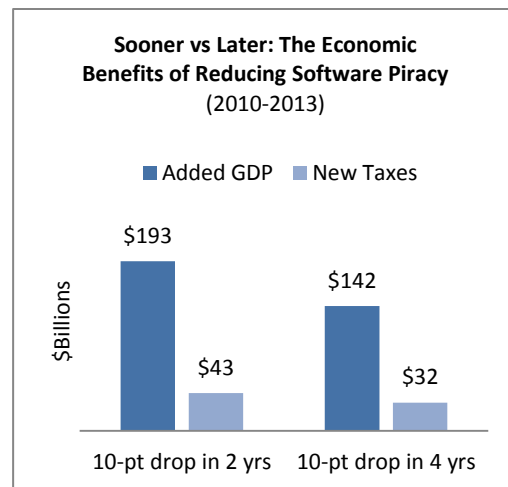
REDUCING SOFTWARE PIRACY WOULD INJECT \$142 BILLION INTO THE GLOBAL ECONOMY AND CREATE NEARLY 500,000 NEW JOBS

New study details the impact of cutting piracy by 10 points in four years — and finds that faster action by governments would compound the economic benefits

WASHINGTON, D.C., 15 September 2010: Reducing software piracy by 10 percentage points in four years would inject more than \$142 billion into the global economy, create nearly 500,000 new jobs and generate close to \$32 billion in new tax revenues for governments, according to a new study from the Business Software Alliance (BSA) and the leading market research firm IDC. Moreover, achieving the 10-point reduction in piracy in the first two years of the same four-year period could boost the economic benefits another 36 percent.

Currently, more than four out of ten software programs installed on personal computers around the world are pirated. Most of this unauthorized software use occurs in otherwise legal businesses that buy too few software licenses for their employees' computers. In other cases, criminal enterprises sell counterfeit copies of software programs at cut-rate prices.

Cutting the prevalence of this theft sends ripples of stimulus through the economy, the new study shows, by generating new spending on related information technology (IT) services and distribution. That spending, in turn, creates jobs and delivers new tax revenues — and the faster the reduction, the greater these returns.



“Now more than ever, governments must act quickly to address PC software theft within their borders,” said BSA President and CEO Robert Holleyman. “At a time when economies around the world are emerging from one of the worst recessions in decades, this study clearly shows that aggressively fighting software piracy today means greater economic benefits tomorrow — for the entire global economy, not just the software industry.”

The new study, “[The Economic Benefits of Reducing Software Piracy](#),” documents the economic impact of reducing PC software piracy rates in 42 countries. It finds that more than 80 percent of the benefits associated with lowering software piracy accrue to local economies around the world.

The study also finds that the economic benefits are compounded by reducing software theft at a faster rate. For example:

- European Union countries stand to add more than 61,000 new jobs, nearly \$43 billion in new consumer and business spending, and close to \$13 billion in new tax revenues by reducing piracy 10 points in four years. And they could boost the new spending and extra tax revenues another 37 percent if they achieve the piracy reduction in two years.
- The “BRIC” markets (Brazil, Russia, India and China) could add nearly 328,000 new jobs, almost \$29 billion in new spending and more than \$6 billion in new taxes by reducing piracy 10 points in four years. They could boost the spending and taxes another 32 percent if they achieve the reduction in two years.
- The United States, the world’s largest software market, could add more than 25,000 jobs, nearly \$38 billion in new economic activity and \$6.1 billion in tax revenues by reducing piracy 10 points in four years. And it could boost the new spending and tax revenues another 38 percent by achieving the piracy reduction in half the time.

Bringing down a country’s piracy rate 10 points in two years is ambitious, but achievable in many markets. Russia did it between 2005 and 2007, for example. And Iceland and Ukraine have both scored 5-point drops in a single year. But no matter what the piracy reduction or the time period over which it’s achieved, front-loading the gain compounds the economic benefits, providing incentive to address software piracy sooner rather than later.

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. 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's member companies invest billions of dollars a year in local economies, good jobs, and next-generation solutions that will help people around the world be more productive, connected, and secure. BSA members include Adobe, Altium, Apple, Autodesk, AVEVA, AVG, Bentley Systems, CA Technologies, Cadence, Cisco Systems, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Dell, HP, IBM, Intel, Intuit, Kaspersky Lab, McAfee, Microsoft, Minitab, PTC, Progress Software, Quark, Quest Software, Rosetta Stone, Siemens, Sybase, Symantec, Synopsys, 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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