

ARIZONA'S SOFTWARE PIRACY CRIMPS BUDGETS; LOST REVENUES COULD HAVE FUNDED THOUSANDS OF HIGH TECH WORKERS AND POLICE OFFICERS

Study Shows Software Theft is Significant Problem in Eight US States

Washington, DC (July 16, 2008) – The theft and use of unlicensed personal computer software in Arizona is slightly above the national average, causing serious economic and social impacts. This is among the findings of the [2007 State Piracy Study](#), released today by the Business Software Alliance (BSA), an international association representing the software industry and its hardware partners.

The national average for software piracy in 2007 was 20%, meaning that one in five pieces of PC software installed in the United States was unlicensed. Arizona's rate is slightly above the national average at 21%. Of the seven other states studied, piracy rates ranged from a high of 27% in Ohio to 18% in New York. The study was conducted by IDC, the information technology industry's leading global market research and forecasting firm.

Software piracy in Arizona cost software vendors an estimated \$157 million, which is higher than the *national* figure for sixty-seven countries. Lost revenues to a wider group of software distributors and service providers cost an additional \$410 million, enough to hire more than 1,800 high tech workers. The lost state and local tax revenues in Arizona—\$51 million—would have been enough to hire more than 790 experienced police officers.

"If one out of every five cars on Arizona's roads were stolen property, it would be a major scandal," said BSA Vice President of Anti-Piracy and General Counsel Neil MacBride. "Not only is software piracy a problem for the industry, but it really creates headaches for the companies involved.

"The most tragic aspect is that the lost revenues to tech companies and local governments could be supporting hundreds of new jobs and much-needed social services in Arizona," he added.

The report describes several factors that affect each state's piracy scene. For example, Arizona has a higher-than-average use of non-brand-name sources for PCs and software; such sources are more likely than brand-name sources to deal in unlicensed software. Also, the state has a high number of individual consumers within the installed base of older computers; individuals and small businesses are more likely than big businesses to use unlicensed software due to a general lack of resources. These factors pushed the state's piracy rate above the national average.

Revenue Shortfalls Cost Jobs and Local Services

The following table shows the piracy rates of the eight states studied, as well as some of the economic and social impacts of the revenue shortfalls:

	2007 Piracy Rate	Lost State & Local Taxes in 2007 (\$M)	New Middle Schools (1)	Affordable Housing Units (2)	Police Positions (Sergeant) (3)	Propane Powered Transit Buses (4)
Arizona	21%	\$51	4	362	791	193
California	25%	\$556	28	2,884	7,524	2,098
Florida	19%	\$154	11	1,199	2,503	582
Illinois	22%	\$158	11	1,229	2,566	596
Nevada	25%	\$27	2	209	436	101
New York	18%	\$344	25	1,786	3,727	1,299
Ohio	27%	\$165	8	1,430	2,829	624
Texas	20%	\$223	11	1,732	4,018	840
Total	20%	\$1,679	100	10,831	24,395	6,335

1. Using data from National Clearinghouse for Educational Facilities
2. Based on data from www.nationalpriorities.org
3. Based on data from www.salary.com
4. Based on purchases by Brownsville, TX, 30 foot coaches

How Informants Can Report It, and Employers Can Avoid It

Each year BSA receives more than 2,500 tips concerning software piracy on its website, www.bsa.org, and telephone hotline, 1-888-NO PIRACY. The majority of BSA's leads come from current or former employees who are concerned about the operational and security risks associated with illegal software.

Under BSA's "Know it, Report it, Reward it" program, individuals who provide qualified reports of software piracy are eligible to receive up to a \$1 million cash reward.

"For companies of all sizes, not only can the use of unlicensed software potentially trigger an external audit or even a lawsuit, it can also create security vulnerabilities, productivity breakdowns and hidden internal support costs," MacBride added. "To avoid such risks, businesses must create, communicate, and enforce an effective software asset management (SAM) program," MacBride said. Organizations can download a variety of free SAM tools from BSA's website at www.bsaaudit.com.

The BSA-IDC State Piracy Study covers piracy of all packaged software that runs on personal computers, including desktops, laptops, and ultra-portables. The study does not include other types of software such as server- or mainframe-based software. IDC used proprietary statistics for software and hardware shipments and enlisted IDC analysts in more than sixty countries to confirm software piracy trends.

For more details or a copy of the complete study, visit www.bsa.org/statestudy.

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, Apple, Autodesk, Avid, Bentley Systems, Borland, CNC Software/Mastercam, Corel, CyberLink, McAfee, Microsoft, Monotype Imaging, PTC, Quark, Quest Software, Siemens PLM Software, SolidWorks, Sybase, Symantec, and The MathWorks.

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