

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

*L.I. Company Settles with BSA, Agrees to Pay \$192,669*

**Washington, DC (July 16, 2008)** – The theft and use of unlicensed personal computer software in New York State is below the national average, but the economic and social impacts are still serious and wide-ranging. 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 were unlicensed. New York's rate was 18%—ten percent below the national average and the lowest of the eight states studied. Ohio's piracy rate was the highest at 27%. The study was conducted by IDC, the information technology industry's leading global market research and forecasting firm.

Even with a relatively low piracy rate, software theft in New York cost software vendors an estimated \$673 million, which is the second-highest of any state after California and higher than the *national* figure for ninety-five countries. Lost revenues to a wider group of New York software distributors and service providers cost an additional \$1.7 billion, enough to hire more than 8,500 tech workers. The lost state and local tax revenues in New York—\$344 million—would have been enough to hire more than 3,700 experienced police officers.

"If one out of every five cars on New York's streets 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 more than 8,500 new jobs and much-needed social services in New York," he added.

The report describes several factors that affect each state's piracy scene. For example, in New York, the large number of financial firms and corporate headquarters helps prevent the inadvertent misuse of volume licenses for software, because such companies are more likely to keep close track of the number of software copies deployed.

### Revenue Shortfalls Cost Jobs and Local Services

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

2007 Piracy Rate	Lost State & Local Taxes in	New Middle Schools (1)	Affordable Housing Units (2)	Police Positions (Sergeant) (3)	Propane Powered Transit Buses (4)

		2007 (\$M)				
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
<b>Total</b>	<b>20%</b>	<b>\$1,679</b>	<b>100</b>	<b>10,831</b>	<b>24,395</b>	<b>6,335</b>

1. Using data from National Clearinghouse for Educational Facilities
2. Based on data from [www.nationalpriorities.org](http://www.nationalpriorities.org)
3. Based on data from [www.salary.com](http://www.salary.com)
4. Based on purchases by Brownsville, TX, 30-foot coaches

### Legal Settlement with Tactronics

Many companies continue to use illegal software in their day-to-day business, and thus BSA continues to focus on stopping such unauthorized software use. For example, BSA is today announcing the conclusion of a settlement agreement resulting from claims of software piracy involving Tactronics LLC of Westhampton Beach, which paid \$192,669 and agreed to delete all unauthorized software and purchase any necessary licenses to become compliant.

According to a representative of Tactronics: "The problem with our software licenses came to light shortly after we took control of the company. As the new owners, we addressed the issues raised by BSA in a timely and expeditious manner and cooperated with BSA to achieve a settlement acceptable to both parties. It is the policy of the company to respect intellectual property and to be in compliance with licensing requirements at all times."

BSA was alerted to the unauthorized software use through a call to its telephone hotline 1-888-NO-PIRACY. Reports can also be made through its online reporting form at [www.bsa.org](http://www.bsa.org). Each year, BSA receives nearly 3,000 reports of software piracy from the general public. The majority of BSA's leads come from current or former employees who have information relating to the unlicensed software activity.

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. However, fewer than half of the sources opt for the reward, and informal studies conducted by BSA suggest that a key driver for reporting software piracy is the motivation to simply "do the right thing."

"For companies such as Tactronics, 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," he said. Organizations can download a variety of free SAM tools from BSA's website at [www.bsaaudit.com](http://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](http://www.bsa.org/statestudy).

**Business Software Alliance** ([www.bsa.org](http://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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