

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

San Antonio Company Settles Claims of Unlicensed Software,
Agrees to Pay \$90,000

Washington, DC (July 16, 2008) – One in five pieces of PC software installed in Texas in 2007 were unlicensed, illegal copies, causing serious economic and social impacts, a new study finds.

The state's software piracy rate in 2007 was 20%, matching the national rate for the entire United States. Of the seven other states included in the study, piracy rates ranged from a high of 27% in Ohio to 18% in New York.

Software piracy in Texas cost software vendors an estimated \$627 million, which is the third-highest figure of the states studied and higher than the *national* figure for ninety-five countries. Lost revenues to a wider group of Texas software distributors and service providers cost an additional \$1.7 billion, enough to hire more than 9,200 tech workers. The lost state and local tax revenues—\$223 million—would have been enough to hire more than 4,000 experienced police officers.

These are 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 study was conducted by IDC, the information technology industry's leading global market research and forecasting firm.

"If one out of every five cars on Texas' 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 more than 9,200 new jobs and much-needed social services in Texas," he said.

The report describes several factors that affect each state's piracy scene. For example, after California, Texas has the highest proportion (40%) of new PC shipments to individual consumers, who are more likely than big businesses to install unlicensed software. However, Texas has a relatively low rate of installing new software on older computers. These factors balanced each other and left a state piracy rate of 20%.

Revenue Shortfalls Cost Thousands of 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:

	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

BSA Settles Claim of Software Piracy with San Antonio Company

Many companies continue to use illegal software in their day-to-day business, and thus BSA continues to focus on stopping such unauthorized practices. For example, BSA is today announcing the conclusion of a settlement agreement resulting from claims of software piracy involving a company based in San Antonio. As part of the settlement agreement, Diamondback Management Services, Ltd. paid a total of \$90,000 and agreed to delete all unauthorized software and purchase any necessary licenses to become compliant.

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. 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 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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