

PIRACY IMPACT STUDY: ECONOMIC BENEFITS OF REDUCING SOFTWARE PIRACY



United States

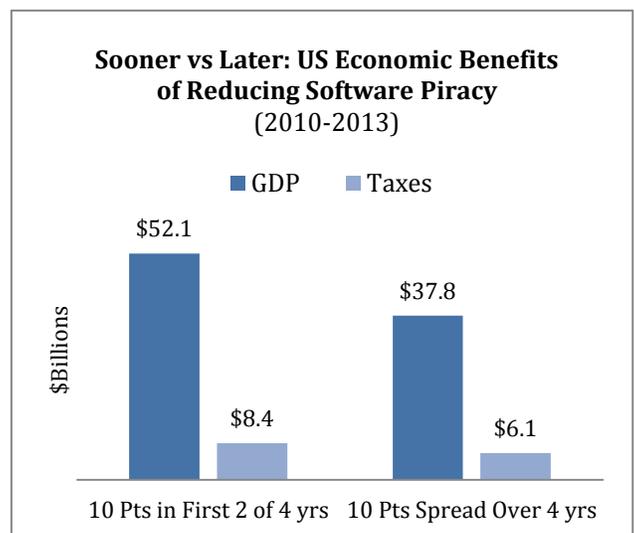
PROFILE

Reducing software piracy stimulates spending throughout the economy — and the faster software theft is addressed, the greater the benefit.

One out of five software programs installed on personal computers (PC) in the United States last year was pirated, representing a commercial value of \$8.4 billion. The ripple effects of this theft go beyond the software publishing industry, depriving local distributors and service providers of spending that creates jobs and generates new tax revenues.

Reducing software piracy has the reverse effect, sending ripples of stimulus through the information technology (IT) sector and broader economy. This study, "The Economic Benefits of Reducing Software Piracy," produced by IDC and BSA, documents the economic impact of reducing PC software piracy in the United States:

- Reducing the PC software piracy rate in the US by 10 percentage points in four years would deliver: **nearly \$38 billion in new economic activity; more than 25,000 new IT jobs; and more than \$6 billion in additional tax revenues** by 2013.
- Front-loading the benefits by reducing software piracy 10 points in the first two years of the same four-year period compounds the economic benefits by 38 percent, delivering: **more than \$52 billion in new economic activity and more than \$8 billion in new tax revenues** to support essential public services.



The findings show that concerted action to reduce software piracy in the United States should be a priority — sooner rather than later.

Economic Impact of Reducing PC Software Piracy in the United States (2010–2013)

| | New Jobs | Added GDP (\$M) | Extra Taxes (\$M) |
|---|----------|-----------------|-------------------|
| 10-pt drop spread over 4 yrs | 25,431 | \$37,810 | \$6,094 |
| 10-pt drop in the first 2 of 4 yrs | 25,431 | \$52,084 | \$8,425 |
| Rapid-reduction dividend, 2 yrs v 4 yrs | -- | 38% | 38% |

The Big Picture: Software & the United States Economy

The IT sector already is a major contributor to the US economy. In 2009:

- The IT industry supported more than 2.8 million highly skilled, high-paying jobs in the US.
- IT companies and their employees paid \$528 billion in taxes.

Just as IT helps drive the economy, software drives IT. Spending on software has a ripple effect on the broader IT industry because selling, servicing and supporting software creates downstream economic activity.

Because of software's unique role as a revenue generator for local service and distribution companies, most of the benefits of reducing software piracy remain in the country. **In the United States, IDC finds that 93 percent of the added GDP from a four-year, 10-point drop in piracy would remain in the US market.**

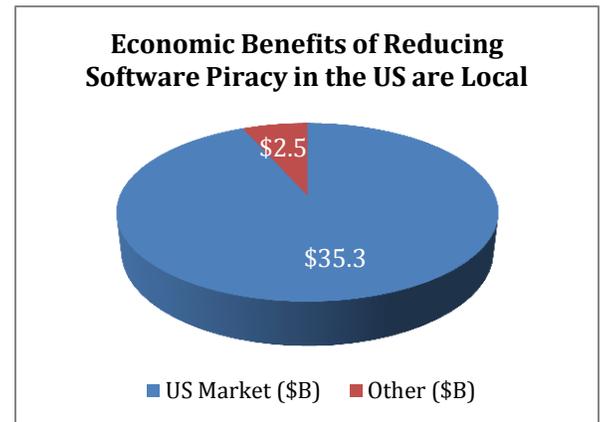
BSA Blueprint for Reducing Software Piracy

Reducing software piracy is a proven way for governments to stimulate the economy. BSA's blueprint for reducing software piracy involves five key steps:

- Increase public education about the value of intellectual property (IP) and the business value of software asset management (SAM) to manage software licenses.
- 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, and provide for vigorous enforcement of misappropriation and infringement of new software innovations, such as cloud computing technologies.
- Strengthen enforcement with dedicated resources, including specialized IP enforcement units, and improve cross-border cooperation among law enforcement agencies.
- Lead by example through active SAM policies, and promote the use of legal software by government agencies, state-owned enterprises, contractors and suppliers.

About the Study

"The Economic Benefits of Reducing Software Piracy" quantifies the economic impact of reducing PC software piracy in 42 countries representing 93 percent of the packaged software market. For more information and a description of the study methodology, see the full report at www.bsa.org/piracyimpact.



93 percent of added GDP from a 10-point drop in piracy accrues to the US market