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NEW STUDY PROJECTS SIGNIFICANT ECONOMIC BENEFITS FROM REDUCING SOFTWARE PIRACY

*US would gain thousands of IT jobs and related benefits;
Positive impacts even greater in emerging economies with high piracy losses*

Washington, DC (Tuesday, Jan. 22, 2008) – Reducing software piracy in the United States by just 10 percentage points over the next four years could generate more than 32,000 new jobs, \$41 billion in economic growth, and \$7 billion in tax revenues above current projections, according to a new study released today by the Business Software Alliance (BSA).

While the United States has much to gain from reducing illegal software, high-piracy emerging economies like China, Russia and India could experience even more dramatic, positive impacts, the IDC study suggests.

The study, commissioned by BSA and conducted independently by International Data Corporation (IDC), notes that the information technology (IT) industry is already a major contributor to the American economy. In 2007, the United States spent nearly \$458 billion on IT goods and services including computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 3.4 percent of gross domestic product (GDP), supported more than 314,000 IT companies with 2.9 million IT industry employees, and helped generate \$485 billion in IT-related taxes.

Yet the IT sector's contribution to the US economy would be even greater if America's 21 percent PC software piracy rate could be lowered to 11 percent by 2011, the study said. Such an improvement would add highly skilled jobs to the labor force, support the creation of new companies, lower business risks, and fund government services without a tax increase.

Moreover, reducing software piracy has a "multiplier effect." According to IDC, for every \$1 spent on legitimate packaged software, an additional \$1.25 is spent on related services from local vendors such as installing the software, training personnel, and providing maintenance services.

"When countries take steps to reduce software piracy, everyone benefits," said Robert Holleyman, president and CEO of BSA. "With more and better job opportunities, a stronger, more secure business environment, and greater economic contributions from the already robust IT sector, reducing software piracy would deliver tangible benefits for governments and local economies."

Positive Impact Greater in Countries with High Piracy Losses, Such as China and Russia

The study also reveals some surprising changes in the global IT landscape that could result from piracy reductions in emerging economies.

For example, a 10 percent reduction in China's 82 percent PC software piracy rate could make that nation's IT workforce the largest in the world within four years, surpassing the number of IT workers in the United States. The number of IT jobs in China would grow by an additional 355,000 beyond those already projected, bringing the total number of IT jobs in China to almost 3.5 million by 2011. The improvement could increase IT spending growth from 10.3 percent a year to 13.7 percent between 2008 and 2011.

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Likewise, a 10 percent cut in Russia's 80 percent PC software piracy rate could help make the Russian IT sector larger than India's within four years, putting it among the top three fastest-growing IT markets in the world. By 2011, with reduced software piracy, Russia's IT sector would be a \$33.9 billion industry, compared to \$32.2 billion in India without a cut in piracy and \$33.7 billion with a cut in piracy. Russia's IT sector would see annual growth in spending rise from 14.6 percent to 18.2 percent between 2008 and 2011 with a 10 point cut in piracy, with 20.2 percent growth for India and 21.4 percent for Kazakhstan (both with a 10 point piracy reduction).

"The IDC data offer convincing evidence that countries with moderate and high piracy rates stand to gain the most from reducing piracy in terms of creating stronger local IT sectors — and stronger economies and societies overall," Holleyman said.

"With this report, we are able to further quantify the many benefits that nations can obtain through stronger protection of intellectual property and greater education and awareness of IP rights in the software marketplace," said John Gantz, Chief Research Officer, IDC. "It's clear that reducing software piracy delivers real results that help real people with real challenges."

Steps Governments Can Take to Reduce Software Piracy

BSA encourages all governments to reduce software piracy and reap the economic benefits by taking the following steps:

- Update national copyright laws to implement World Intellectual Property Organization (WIPO) obligations;
- Create strong enforcement mechanisms, as required by the World Trade Organization (WTO), including tough anti-piracy laws;
- Dedicate significant government resources to the problem, including national IP enforcement units, cross-border cooperation, and more training for local officers;
- Improve public education and awareness; and
- Lead by example by requiring the public sector to use only legitimate software.

The BSA-IDC study, which is available online at <http://www.bsa.org/idcstudy>, looks at the bottom-line economic benefits of reducing piracy in 42 countries that together account for more than 90 percent of global IT spending in 2007. The cornerstone of the research is IDC's Piracy Impact Model (PIM) which takes inputs from IDC's market research around the globe on IT spending and software piracy, along with other information on IT employment levels and IT-related taxes.

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About BSA

The 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, CA, Cadence Design Systems, Cisco Systems, CNC Software/Mastercam, Corel, Dell, EMC, HP, IBM, Intel, McAfee, Microsoft, Monotype Imaging, PTC, Quark, Quest Software, SAP, Siemens PLM Software, SolidWorks, 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 900 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 90 countries worldwide. For more than 43 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.