



**NEWS
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Reducing software piracy by 10% would increase IT spending to R6 billion

“Knock-on” benefits of reducing software piracy translate into jobs, economic output and a stronger IT sector

Reducing software piracy over the next four years in South Africa could create a stronger local information technology (IT) sector, generate new high paying jobs and contribute to the country's economy, according to a new study released today by the Business Software Alliance (BSA).

The study, commissioned by BSA and conducted independently by International Data Corporation (IDC), notes that the IT industry already is a major contributor to jobs, tax revenues and South Africa's gross domestic product (GDP). The South African IT industry is projected to deliver 99 000 jobs, R84 billion in economic growth and over R30 billion in tax revenues by 2011.

Reducing South Africa's 35% software piracy rate by 10 percentage points would have a “multiplier effect” and increase those economic benefits, generating 1200 additional jobs, R480 million in tax revenues and R6 billion in spending in the local IT sector over the next four years.

“When countries take steps to reduce software piracy, everyone stands to benefit,” said Alastair de Wet, chairperson of the BSA in South Africa. “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 delivers tangible benefits for governments and local economies.”

IDC finds that for every R1 spent on legitimate packaged software, an additional R1.25 is spent on related services such as installing the software, training personnel, and providing maintenance services. Most of these benefits accrue to locally-based software services and channel firms – meaning the greatest proportion of the economic benefits from lowering software piracy stay within the country.

IDC research released by BSA in May 2007 estimates that 35% of PC software installed on personal computers (PC) in South Africa in 2006 was unlicensed. BSA spends much of its efforts building awareness among small and medium-sized enterprises (SMEs) about the risks and legal consequences of using unlicensed PC software.

“Reducing PC software piracy is important for business owners and SMEs in order to reduce the legal and business risks of using unlicensed software,” said John Gantz, Chief Research Officer at IDC. “But software is unique in its ability to drive value throughout other sectors. Thus, policy makers should find a compelling case for taking steps to reduce software piracy in order to reap the economic benefits of a strong national software and IT sector. It’s clear that reducing software piracy delivers real results that help real people with real challenges.”

BSA encourages governments that want to enjoy the economic benefits of reducing software piracy to take the following steps:

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

The new BSA-IDC study is available online at www.bsa.org/idcstudy and examines the bottom-line economic benefits of reducing PC software piracy in 42 countries. 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, Altium, Apple, Autodesk, Avid, Bentley Systems, Centennial Software, CNC, Corel, Mathworks, Microsoft, O&O, Quark, Siemens PLM Software, Softline, Solid Works, Symantec, and Tekla.

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.

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