

PROFILE

THE ECONOMIC BENEFITS OF LOWERING PC SOFTWARE PIRACY

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JORDAN

January 2008

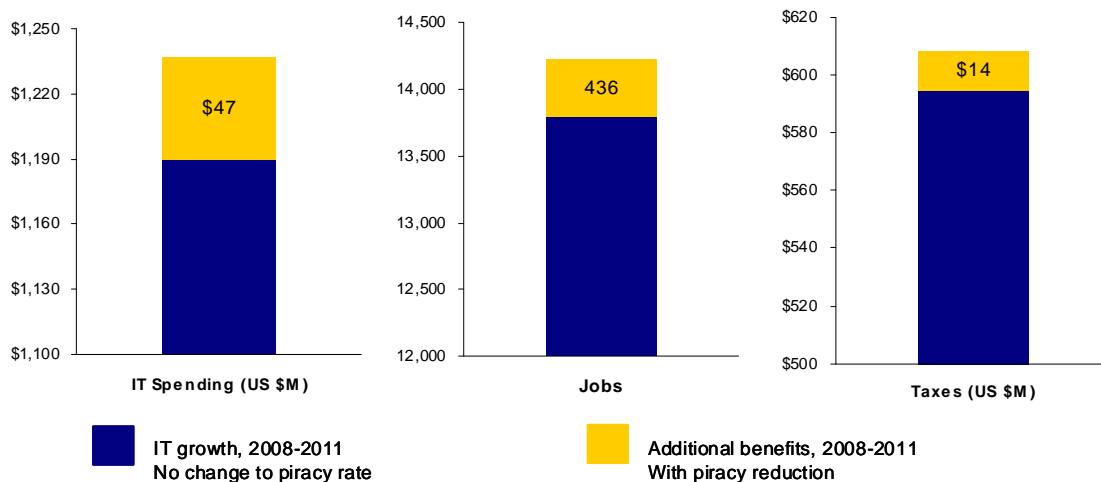
Ten point reduction in PC software piracy would deliver an additional 436 new jobs, \$14 million in tax revenues, and \$47 million in economic growth in Jordan

In 2007, Jordan, a country of 6 million people, spent \$250 million on information technology (IT) – computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 1.7% of gross domestic product (GDP), supported 1,250 IT companies with 11,150 IT industry employees, and helped generate \$98 million in IT-related taxes.

Yet the IT sector's contribution to the Jordan economy could be even bigger if Jordan's PC software piracy rate were to be lowered 10 percentage points over the next four years, creating an additional 436 jobs, \$47 million in local industry revenues and \$14 million in additional tax revenues for federal, regional, and local governments.

Benefits from Lowering PC Software Piracy In Jordan

Benefits of lowering software piracy
from 61%* to 51% from 2008-2011



* 2006 PC Software Piracy Rate, IDC Global Software Piracy Study

Lowering piracy in other software categories as well could double the economic benefits.

This incremental boost to the economy would add highly skilled jobs to the labor force, support the creation of new companies, and fund public services. Because most of the benefits accrue to services and channel firms, most of the benefits from lowering piracy stay within the country. For an economy the size of Jordan's, even this small increment of IT-related employment would have an impact.

Lowering PC software piracy delivers such benefits because other sectors derive revenue from working with, installing, servicing, and reselling software.

Therefore, a 10 percentage point drop in PC piracy not only impacts the performance and economic contributions of the overall software industry, but also ripples outward into the IT services and distribution sectors, each of which is larger than the software industry itself.

Study Background

The cornerstone of this 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. IDC has been conducting economic analysis on the impact of IT and software on local economies since 2002. Key inputs to the study include:

- ☒ IDC forecasts of IT spending by hardware, software, and services.
- ☒ IDC estimates of imports and exports of hardware, software, services.
- ☒ Macroeconomic data on GDP, workforce, population, tax rates, and total government tax receipts.
- ☒ IDC estimates of services and distribution channel activity that revolves around software.
- ☒ The annual BSA-IDC Global Software Piracy Study which estimates rates of packaged PC software piracy around the globe. The most recent version can be found at www.bsa.org/globalstudy.

For more information on the study methodology see, *The Economic Benefits of Lowering PC Software Piracy: Methodology and Definitions*, published in January 2008.

The Economic Benefits of Lowering PC Software Piracy

	2006	2007	2008	2009	2010	2011	2007-2011 CAGR	2008-2011 Cumulative
PC Software Piracy (BSA Rate)*								
Current Level	61%	61%	61%	61%	61%	61%		
Proposed Lower Rate			58.9%	56.4%	53.9%	51.4%		
IT Spending (US\$M)	\$232	\$250	\$267	\$289	\$309	\$324	6.8%	
Without Piracy Reduction		\$250	\$271	\$297	\$323	\$344	8.4%	
With Piracy Reduction			\$4	\$9	\$14	\$20		\$47
Difference								
IT Industry Employment	10,614	11,150	11,758	12,488	13,202	13,791	5.5%	
Without Piracy Reduction		11,150	11,851	12,683	13,510	14,227	6.3%	
With Piracy Reduction			93	195	308	436		
Difference								
IT Related Tax Revenues (US\$M)	\$86	\$98	\$113	\$134	\$159	\$189	17.8%	
Without Piracy Reduction		\$98	\$114	\$136	\$163	\$195	18.7%	
With Piracy Reduction			\$1	\$2	\$4	\$6		\$14
Difference								

Source: IDC Piracy Impact Study, 2008; *IDC Global Software Piracy Study, May 2007

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