

## PROFILE

# THE ECONOMIC BENEFITS OF LOWERING PC SOFTWARE PIRACY

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## KENYA

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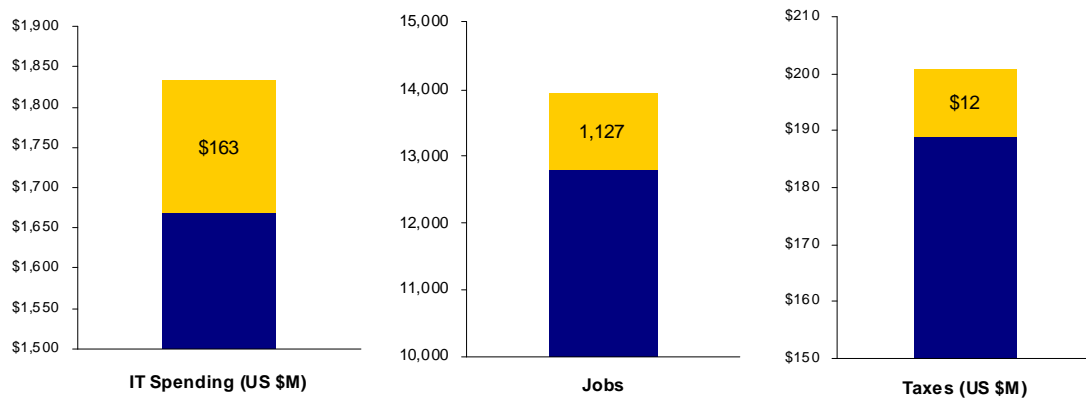
**Ten point reduction in PC software piracy would deliver an additional 1,100 new jobs, \$12 million in tax revenues, and \$160 million in economic growth in Kenya**


In 2007, Kenya, a country of more than 36 million people, spent \$300 million on information technology (IT) – computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 1.2% of gross domestic product (GDP), supported more than 340 IT companies with more than 10,000 IT industry employees, and helped generate \$38 million in IT-related taxes.


Yet the IT sector's contribution to the Kenyan economy could be even larger if Kenya's PC software piracy rate were to be lowered 10 percentage points over the next four years, creating more than 1,100 jobs, \$163 million in local industry revenues, and \$12 million in additional taxes revenues for federal, regional, and local governments.

## Benefits from Lowering PC Software Piracy In Kenya

Benefits of lowering software piracy  
from 80%\* to 70% from 2008-2011



 IT growth, 2008-2011  
No change to piracy rate

 Additional benefits, 2008-2011  
With piracy reduction

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

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.

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](http://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	80%	80%	80%	80%	80%	80%		
Proposed Lower Rate			77.8%	75.3%	72.8%	70.3%		
IT Spending (US\$M)	\$256	\$302	\$342	\$388	\$441	\$498	13.3%	
Without Piracy Reduction		\$302	\$355	\$418	\$490	\$570	17.2%	
With Piracy Reduction			\$13	\$29	\$49	\$71		\$163
Difference								
IT Industry Employment	9,844	10,396	10,938	11,488	12,055	12,805	5.3%	
Without Piracy Reduction		10,396	11,202	12,024	12,869	13,932	7.6%	
With Piracy Reduction			264	536	814	1,127		
Difference								
IT Related Tax Revenues (US\$M)	\$35	\$38	\$42	\$45	\$49	\$53	8.6%	
Without Piracy Reduction		\$38	\$43	\$48	\$53	\$58	11.1%	
With Piracy Reduction			\$1	\$2	\$3	\$5		\$12
Difference								

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

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