

## PROFILE

# THE ECONOMIC BENEFITS OF LOWERING PC SOFTWARE PIRACY

Sponsored by Business Software Alliance



## MALAYSIA

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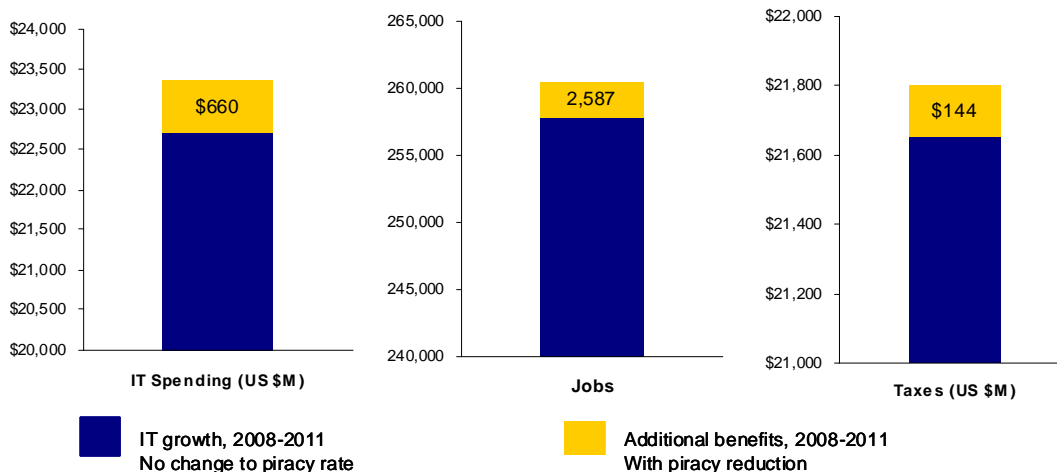
**Ten point reduction in PC software piracy would deliver an additional 2,600 new jobs, \$140 million tax revenues, and \$660 million in economic growth in Malaysia**

In 2007, Malaysia, a country of 28 million people, spent nearly \$4.6 billion on information technology (IT) – computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 2.9% of gross domestic product (GDP), supported more than 6,900 IT companies with 222,100 IT industry employees, and helped generate \$4.4 billion in IT-related taxes.

Yet the IT sector's contribution to the Malaysian economy could be even bigger if Malaysia's PC software piracy rate were to be lowered 10 percentage points over the next four years, creating an additional 2,600 jobs, \$660 million in local industry revenues and \$144 million in additional tax revenues for federal, regional, and local governments.

## Benefits from Lowering PC Software Piracy In Malaysia

Benefits of lowering software piracy from 60%\* to 50% from 2008-2011



\* 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	60%	60%	60%	60%	60%	60%		
Proposed Lower Rate			57.8%	55.3%	52.8%	50.3%		
IT Spending (US\$M)								
Without Piracy Reduction	\$4,135	\$4,553	\$4,959	\$5,423	\$5,904	\$6,406	8.9%	
With Piracy Reduction		\$4,553	\$5,016	\$5,545	\$6,102	\$6,689	10.1%	
Difference			\$57	\$122	\$197	\$284		\$660
IT Industry Employment								
Without Piracy Reduction	212,783	222,097	229,843	238,613	248,333	257,888	3.8%	
With Piracy Reduction		222,097	230,385	239,769	250,162	260,475	4.1%	
Difference			542	1,156	1,829	2,587		
IT Related Tax Revenues (US\$M)								
Without Piracy Reduction	\$4,022	\$4,389	\$4,761	\$5,207	\$5,639	\$6,049	8.3%	
With Piracy Reduction		\$4,389	\$4,774	\$5,233	\$5,682	\$6,111	8.6%	
Difference			\$12	\$27	\$43	\$62		\$144

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

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