

PROFILE

THE ECONOMIC BENEFITS OF LOWERING PC SOFTWARE PIRACY

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UNITED ARAB EMIRATES

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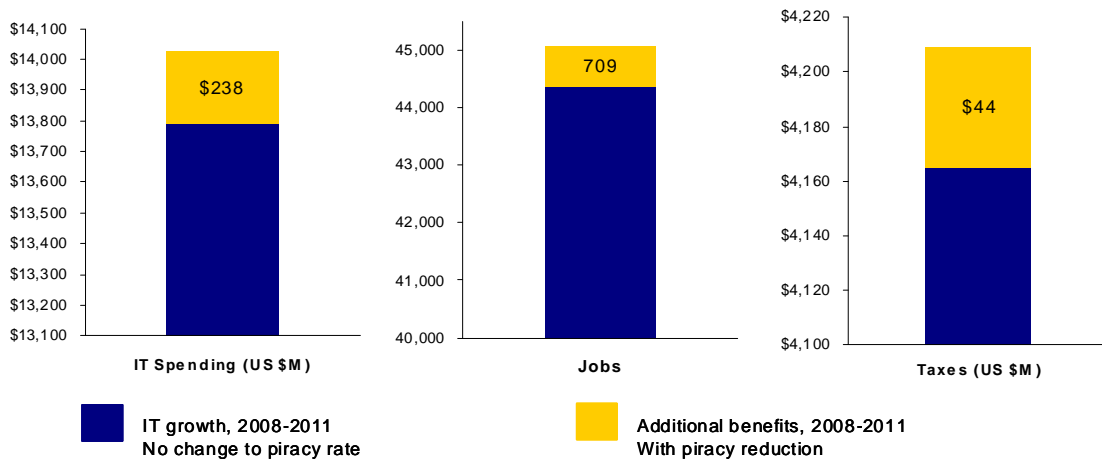
Ten point reduction in PC software piracy would deliver an additional 710 new jobs, \$40 million tax revenues, and \$240 million in economic growth in United Arab Emirates

In 2007, United Arab Emirates, a country of more than 4 million people, spent nearly \$2.7 billion on information technology (IT) – computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 1.5% of gross domestic product (GDP), supported more than 4,400 IT companies with nearly 33,400 IT industry employees, and helped generate \$670 million in IT-related taxes.

Yet the IT sector's contribution to the could be even bigger if UAE's PC software piracy rate were to be lowered 10 percentage points over the next four years, creating an additional 710 jobs, \$238 million in local industry revenues, and \$44 million in additional taxes revenues for federal, regional, and local governments. Lowering piracy in other software categories could double the economic benefits.

**Benefits from Lowering PC Software Piracy
In United Arab Emirates**

Benefits of lowering software piracy
from 35%* to 25% 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. For an economy the size of United Arab Emirates', 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	35%	35%	35%	35%	35%	35%		
Proposed Lower Rate			32.1%	29.6%	27.1%	24.6%		
IT Spending (US\$M)	\$2,383	\$2,663	\$2,989	\$3,334	\$3,585	\$3,878	9.8%	
Without Piracy Reduction		\$2,663	\$3,008	\$3,376	\$3,657	\$3,983	10.6%	
With Piracy Reduction			\$19	\$43	\$72	\$105		\$238
Difference								
IT Industry Employment	30,714	33,389	36,249	39,223	41,672	44,379	7.4%	
Without Piracy Reduction		33,389	36,385	39,521	42,164	45,088	7.8%	
With Piracy Reduction			136	298	492	709		
Difference								
IT Related Tax Revenues (US\$M)	\$534	\$670	\$809	\$943	\$1,099	\$1,314	18.3%	
Without Piracy Reduction		\$670	\$813	\$950	\$1,112	\$1,335	18.8%	
With Piracy Reduction			\$3	\$7	\$13	\$21		\$44
Difference								

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

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