

## PROFILE

# THE ECONOMIC BENEFITS OF LOWERING PC SOFTWARE PIRACY

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## URUGUAY

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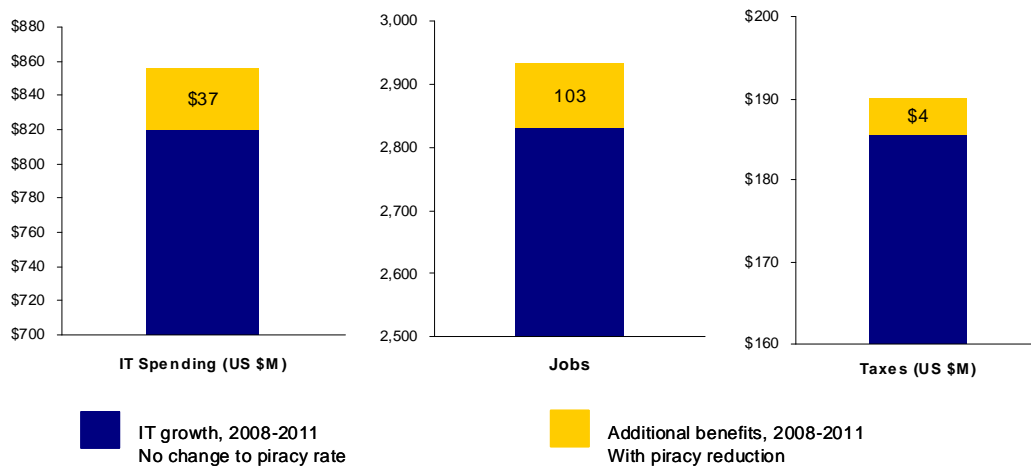
**Ten point reduction in PC software piracy would deliver new jobs, tax revenues, and economic growth in Uruguay**

In 2007, Uruguay, a country of 3.5 million people, spent \$190 million on information technology (IT) – computers, peripherals, network equipment, packaged software and IT services. That spending accounted for 1.0% of gross domestic product (GDP), supported more than 240 IT companies with nearly 2,600 IT industry employees, and generated \$42 million in IT-related taxes.

Yet the IT sector's contribution to the Uruguayan economy could be even larger if Uruguay's PC software piracy rate were to be lowered 10 percentage points over the next four years, creating more than 103 new jobs, \$37 million in local industry revenue and \$4 million in additional tax revenues for federal, regional, and local governments. Lowering piracy in other software categories as well could double the economic benefits.

## Benefits from Lowering PC Software Piracy In Uruguay

Benefits of lowering software piracy  
from 70%\* to 60% 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 Uruguay'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 point drop in PC software piracy would have an impact not only on the performance and economic contributions of the overall software industry, but also ripple outward into the IT services and IT distribution sectors, each of which is larger than the software sector 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	70%	70%	70%	70%	70%	70%		
Proposed Lower Rate			67.3%	64.8%	62.3%	59.8%		
IT Spending (US\$M)								
Without Piracy Reduction	\$185	\$190	\$196	\$202	\$208	\$214	3.0%	
With Piracy Reduction		\$190	\$200	\$209	\$219	\$229	4.7%	
Difference			\$4	\$7	\$11	\$15		\$37
IT Industry Employment								
Without Piracy Reduction	2,535	2,589	2,647	2,707	2,768	2,830	2.3%	
With Piracy Reduction		2,589	2,674	2,760	2,846	2,933	3.2%	
Difference			27	53	78	103		
IT Related Tax Revenues (US\$M)								
Without Piracy Reduction	\$40	\$42	\$44	\$45	\$47	\$49	3.9%	
With Piracy Reduction		\$42	\$44	\$46	\$49	\$51	4.8%	
Difference			\$0	\$1	\$1	\$2		\$4

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

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