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ILLEGAL PC SOFTWARE USE DOWN ONE POINT TO 28 PERCENT IN AUSTRALIA

WA identified as next 'boom' centre for software piracy, taking mantle from Victoria

[AUSTRALIA] – Piracy of software on personal computers (PC) in Australia fell one percentage point from 29 percent in 2006 to 28 percent in 2007, amid a global trend in which piracy rates dropped in most countries. Industry losses due to software piracy in Australia also fell to AU \$525.4 million in 2007.

These are among the findings of the fifth annual global PC software piracy study released today by the Business Software Alliance (BSA), an international association representing the global software industry. The study covers 108 countries and was conducted independently by IDC, the information technology (IT) industry's leading global market research and forecasting firm.

Illegal PC software use has reduced over the last four years in Australia from 31 percent in 2003, thanks to the continued efforts of BSA Australia to raise awareness of the importance of software asset management.

The research comes as the BSA investigations in Australia have found a dramatic rise in the use of illegal software among WA companies struggling to keep up with the pace of expansion due to the booming mining sector. The most recent case is Australian Health Pty Ltd trading as Risk Management Technologies, which recently reached an \$80,000 settlement with the BSA for the use of illegal software from a number of leading software companies.

In 2007, more than 50 percent of all software piracy investigations in Australia involved Victorian companies. One of the high profile Victorian cases was against Barrett Property Group Pty Ltd, trading as Porter Davis Homes which paid a \$50,000 settlement of claim made by the Business Software Alliance (BSA) for use of unlicensed software.

"The Global Piracy Study shows that we are making progress in Australia in the battle against software piracy," said Clare Wharrier, BSA Australia spokesperson. "Reducing piracy further would deliver significant benefits for local consumers, local software and services firms, small businesses, and the society at large."

Wharrier continues, "Despite the overall reduction, it is amazing the efforts organisations will go to in order to protect their own copyrights and intellectual property, yet think

nothing of running pirated software. All too often we see ignorance claimed as defence for unlicensed software use. There is no excuse for any company to not be aware of the software it is using. If they are unaware of what they have running on their networks then they are in danger not only of prosecution for the use of illegal software, but also of having malware sitting on their systems."

Software piracy affects much more than just industry revenues. A BSA study released in January found that reducing software piracy could generate hundreds of thousands of new jobs, and billions of dollars in economic growth, while increasing tax revenues to support local programs and services.

In Australia, reducing software piracy by ten percentage points over the same period could generate an additional 3,900 jobs, AUS\$2.1 billion in economic growth, and AU\$485 million in tax revenues for Federal, regional and local Governments. There is further good news for local vendors, where the study also predicts an additional AU\$1.55 billion in revenues to local vendors alone. According to IDC, reducing software piracy has a "multiplier effect. For every \$1 spent on legitimate packaged software, an additional \$1.25 is spent on related services from local vendors such as installing the software, training personnel and providing maintenance services.

Other key findings from the Global Piracy Study released today include:

- Among the 108 countries studied, PC software piracy dropped in sixty-seven countries, and increased in only eight. However, because the worldwide PC market grew fastest in high-piracy countries, the worldwide piracy rate increased by three percentage points to 38% in 2007.
- In the Asia Pacific region, the highest-piracy countries were Bangladesh (92%), Sri Lanka (90%), Vietnam (85%) and China (82%). Among the lowest-piracy countries in the region were New Zealand (22%), Japan (23%) and Australia (28%).

"This study shows that government and industry anti-piracy efforts are delivering software piracy reductions in many countries; however, rapid PC growth in higher-piracy emerging markets translates into an overall increase in global piracy," said John Gantz, chief research officer at IDC. "We expect this trend to continue, meaning industry and government must increasingly focus their efforts on combating piracy in these emerging economies."

BSA advocates a five-point "blueprint" for reducing software piracy and reaping the economic benefits:

- Increase public education and awareness of the value of intellectual property and the risks of using unlicensed software;
- Update national copyright laws to implement World Intellectual Property Organization (WIPO) obligations in order to enable better and more effective enforcement against digital and online piracy;
- Create strong enforcement mechanisms as required by the World Trade Organization (WTO) Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS), including tough anti-piracy laws;
- Dedicate significant government resources to the problem, including national IP enforcement units, cross-border cooperation, and training for local officers and judiciary officials; and
- Lead by example by implementing software management policies and requiring the public sector to use only legitimate software.

The BSA-IDC Global Software Piracy Study covers piracy of all packaged software that runs on personal computers, including desktops, laptops, and ultra-portables. The study does not include other types of software such as server- or mainframe-based software. IDC used proprietary statistics for software and hardware shipments and enlisted IDC analysts in more than sixty countries to confirm software piracy trends.

For more details or a copy of the complete study, visit www.bsa.org/globalstudy.

Ends

BSA (www.bsa.org) members develop the software, hardware and the technologies building electronic commerce. Principal issues include copyright protection, cyber security, trade, e-commerce and public policy initiatives that impact the Internet. BSA members include Adobe, Agilent Technologies, Altium, Apple, Autodesk, Avid, Bentley Systems, Borland, CA, Cadence Design Systems, Cisco Systems, CNC Software/Mastercam, Corel, Dell, EMC, Frontline PCB Solutions - An Orbotech Valor Company, HP, IBM, Intel, INUS Technology, McAfee, Microsoft, Mindjet, Minitab, Monotype Imaging, PTC, Quark, Quest Software, SAP, SAS Institute, Siemens PLM Software, SolidWorks, SPSS, Sybase, Symantec, Synopsys, Tekla, The MathWorks and Trend Micro.

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