

Software piracy drains R1, 9 billion from the South African economy

Johannesburg: 14 May 2008 – Despite the drop by a single percentage point locally in the piracy of software on personal computers (PCs) from 2006 to 2007, industry losses rose to R1, 9 billion in 2007. This increase in economic losses is largely due to exchange rates and the overall growth in the software market over the past year.

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, which covers 108 countries, was conducted independently by the IDC, a leading global market research and forecasting firm in the information technology (IT) industry.

“This report shows that South Africa is making progress in the battle against software piracy,” says Alastair de Wet, chairman of the local BSA committee. “Reducing piracy further would deliver significant benefits for local consumers, local software and services firms, small businesses, and the society at large.”

The software piracy rate in South Africa has been dropping consistently every year since 2004 where it peaked at 37% to the current rate of 34% in 2007.

Software piracy affects much more than just industry revenues. The BSA released an economic impact study in January this year which found that reducing software piracy by 10% would create more employment and increase IT spend to R6 billion.

Other key findings from the study:

- 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 Middle East and Africa region, the highest-piracy countries were Zimbabwe (91%), Yemen (89%) and Iraq (85%). South Africa (34%) was the second lowest-piracy country in the region and Israel (32%) showed the least rate of software piracy.

“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 Organisation (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.

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About BSA

The Business Software Alliance (www.bsa.org) is the foremost organisation dedicated to promoting a safe and legal digital world. BSA is the voice of the world's commercial software

industry and its hardware partners before governments and in the international marketplace. Its members represent one of the fastest growing industries in the world. BSA programs foster technology innovation through education and policy initiatives that promote copyright protection, cyber security, trade and e-commerce.

Members include: Adobe, Altium, Apple, Attachmate, Autodesk, Avid, Bentley Systems, Centennial, Software, Corel, CNC, Enteo Software, Famatech, Inus Technology, LINKService, Materialise Software, Microsoft, Mindjet, Monotype Imaging, O&O Software, Quark, Quest Software, Ringler Informatik, Rosetta Stone, Scalable Software, Siemens PLM, SolidWorks, Staff & Line, Symantec, Synopsys, Tekla, Tele Atlas, The MathWorks and Softline

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