

Embargoed for Release

14 May 2008

Contacts:**APAC – Roland Chan, +65 6262 2072, rolandc@bsa.org****EMEA – Lisa Randles, +44 (0)20 7340 6088, lisar@bsa.org****LATAM – Rodger Correa, +1 202 530 5140****US – Amos Snead, +1 202 715 1531, media@bsa.org****STUDY FINDS SOFTWARE PIRACY FALLING IN MANY COUNTRIES,
BUT CHALLENGE SHIFTING TO EMERGING, HIGH-GROWTH MARKETS***Software Piracy Rates Fall in Sixty-Seven Countries;
Worldwide Piracy Rate Rises Three Points to 38%*

Washington, D.C. (Wednesday, May 14) – Although piracy of software on personal computers (PC) declined in many countries in 2007, fast growing PC markets in some of the world's highest piracy nations caused overall numbers to worsen—a trend that is expected to continue. Moreover, dollar losses from piracy rose by \$8 billion to nearly \$48 billion.

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 software industry and its hardware partners. The study was conducted by IDC, the information technology industry's leading global market research and forecasting firm.

Of the 108 countries included in the report, the use of pirated software dropped in sixty-seven, and rose in only eight. However, because the worldwide PC market grew fastest in high-piracy countries, the worldwide PC software piracy rate increased by three percentage points to 38% in 2007.

"We are making much-needed progress in the battle against PC software piracy, and that's good news for governments, end users, businesses, and the industry," said BSA President and CEO Robert Holleyman. "The battleground is now shifting, however, to emerging markets where many of our collective challenges remain."

Software piracy negatively affects much more than just the industry. It also puts a strain on technology companies' ability to invest in new jobs and new technologies; harms local resellers and services firms; lowers government tax revenues; and increases the risk of cyber crime and security problems. A recent IDC study conducted for BSA found that reducing software piracy by ten percentage points over four years could deliver billions in economic growth and hundreds of thousands of new jobs.

- more -

"By the end of 2007, there were more than 1 billion PCs installed around the world, and close to half had pirated, unlicensed software on them," said John Gantz, chief research officer at IDC. "This study shows that government and industry anti-piracy efforts are working in many countries, however, their attention will increasingly turn to combating piracy in emerging economies."

Among the study's key findings:

- Among the nations studied, Russia led the way with a one-year drop of seven points to 73%, and a five-year drop of 14 points. Russia's piracy rate is still high, but it is decreasing at a fast pace as a result of legalization programs, government engagement and enforcement, user education, and an improved economy.
- The three lowest-piracy countries were the United States (20%), Luxembourg (21%), and New Zealand (22%). The three highest-piracy countries were Armenia (93%), Bangladesh (92%), and Azerbaijan (92%).
- Piracy rates dropped slightly in many low-piracy markets where rates have been stagnant for several years, including the United States (-1%), United Kingdom (-1%), and Austria (-1%). Many other developed economies experienced a continuing gradual decline, including Australia, Belgium, Ireland, Japan, Singapore, South Africa, Sweden, and Taiwan.
- Market factors contributing to increasing piracy rates include: (1) dynamics in the PC market where the fastest growth is in the consumer and small business sectors; these are the hardest sectors in which to lower piracy; and (2) expanded Internet and broadband access. With approximately 700 million people expected to go online for the first time between 2008-2012, 76% of them will be in emerging markets. Access to pirated software will continue to shift from the streets to the Internet.
- Market factors contributing to decreasing piracy rates include: (1) increasing globalization among countries in emerging markets; (2) technologies such as technical protection measures like digital rights management (DRM) which software developers are building directly into their products; (3) new software distribution models such as software-as-a-service.

"Experience has shown that the 'blueprint' for reducing software piracy includes education, smart government policies, effective enforcement, and legalization programs," Holleyman said. "In short, we know what works, and we're going in the right direction through collaboration with governments. That said, it is important for BSA and its members to expand our campaigns and outreach, and government support and involvement is critical."

BSA's five-point "blueprint" for reducing software piracy and reaping the economic benefits includes:

- Increasing public education and awareness of the value of intellectual property and the risks of using unlicensed software;
- Updating 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;
- Creating 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;
- Dedicating significant government resources to the problem, including national IP enforcement units, cross-border cooperation, and training for local officers and judiciary officials; and
- Leading 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.

#

Business Software Alliance (www.bsa.org) is the foremost organization dedicated to promoting a safe and legal digital world. BSA is the voice of the world's 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. BSA members include Adobe, Apple, Autodesk, Avid, Bentley Systems, Borland, CA, Cadence Design Systems, Cisco Systems, CNC Software/Mastercam, Corel, Dell, EMC, HP, IBM, Intel, McAfee, Microsoft, Monotype Imaging, PTC, Quark, Quest Software, SAP, Siemens PLM Software, SolidWorks, Sybase, Symantec, Synopsys, and The MathWorks.

IDC is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,000 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For more than 44 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company. You can learn more about IDC by visiting www.idc.com.