

NEWS RELEASE

CANADA'S SOFTWARE PIRACY RATE DROPS marginally

BSA Urges Stronger Copyright Legislation to Reduce Impact of Piracy on Canadian Economy

TORONTO (May 12, 2009) – Canada's PC software piracy rate dropped slightly from 33 per cent to 32 per cent in 2008, while losses to the Canadian economy due to software piracy increased from US\$1.071 billion to \$1.222 billion. While Canada ranks seventeenth among the top 25 countries with the lowest software piracy rates worldwide, it continues to lag behind the United States and Japan, which have the lowest software piracy rates in the world at 20 and 21 per cent, respectively.

These are among the findings of the Sixth Annual BSA-IDC Global Software Piracy Study released today by the Business Software Alliance (BSA). The study was conducted by IDC, the information technology (IT) industry's leading global market research and forecasting firm.

"Despite the slight decline, Canada's software piracy rate is nowhere near where it should be compared to other advanced economy countries. We stand a better chance of reducing it significantly with stronger copyright legislation that strikes the appropriate balance between the rights of consumers and copyright holders," said Michael Murphy, Chairman of the BSA Canada Committee. "The progress seen in other countries like China and Russia is proof that software piracy can indeed be reduced through a combination of strong intellectual property policies, consumer education, effective law enforcement, and legalization programs by software companies and government agencies."

A 2008 study conducted by the Economist Intelligence Unit* found Canada ranks sixth in the world in IT industry competitiveness. Despite high scores in the areas of IT infrastructure and development of human capital, the study also found Canada falls behind other countries including Australia, Germany and the U.K. when it comes to fostering a legal environment for stronger intellectual property protection. Falling behind in this factor prevents Canada from achieving an even higher level of industry competitiveness.

Worldwide, the software piracy rate rose for the second year in a row, from 38 percent to 41 percent because PC shipments grew fastest in high-piracy countries, overwhelming progress elsewhere. The monetary value of unlicensed software – "losses" to software vendors – broke the \$50 billion level for the first time. Worldwide losses grew by 11 percent to \$53 billion in non-adjusted dollars, although half of that growth was the result of the falling U.S. dollar. Excluding the effect of exchange rates, losses grew by 5 percent to \$50 billion.

Other findings from the global study include:

- Software piracy rates dropped in about half (57) of the 110 countries studied, remained the same about in a third (40), and rose in just 13.



- Worldwide, Russia has made the most progress, with a one-year drop of four points to 69 percent and a five-year drop of 19 points.
- The countries with the highest levels of piracy include Armenia, Bangladesh, Georgia, and Zimbabwe, all over 90 percent.
- Spreading Internet access will increase the supply of pirated software. Over the next five years, 460 million people in emerging countries will come online. The growth will be highest among consumers and small businesses, which tend to have higher rates of piracy than businesses and government agencies.

The global economic recession is having a mixed impact on software piracy, according to the study. John Gantz, chief research officer at IDC, notes that consumers with reduced spending power may hold on to computers longer, which would tend to increase piracy because older computers are more likely to have unlicensed software loaded on them. However, pocketbook pressures are spurring sales of inexpensive "netbooks," which tend to come with legitimate pre-loaded software, and business use of software asset management (SAM) programs to lower IT costs.

"In any case, the cost of software is only one factor driving software piracy," Gantz says. "The economic crisis will have an impact – part of it negative, part of it positive – but it will be one of many factors, and it may not become fully apparent until the 2009 figures come in."

Software piracy affects much more than just the global software industry. For example, for every \$1 of software sold in a country, there is another \$3 to \$4 of revenues for local IT service and distribution firms. A 2008 IDC economic impact study** found that in Canada, a 10 point decrease in software piracy could create a stronger local information technology sector, generate more than 5,200 new high paying jobs, and contribute \$2.7 billion to Canada's economy and \$875 million in additional tax revenues for federal, regional and local governments by 2011.

Study methodology overview

IDC's basic study methodology involves determining how much PC packaged software was deployed in 2008 and how much was legally acquired. The amount of pirated software is equal to the difference between the two figures, with the final piracy rate determined as the percentage of total software installed that was not legally acquired. For complete details on IDC's methodology and to obtain a copy of the study, please visit www.bsa.org/globalstudy.

About BSA

The 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 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. BSA members include Adobe, Apple, Autodesk, Bentley Systems, CNC Software/Mastercam, Corel, CyberLink, Dassault Systèmes SolidWorks Corporation, Embarcadero, McAfee, Microsoft, Minitab, PTC, Quark, Quest Software, Rosetta Stone, Siemens, Sybase, Symantec, and The MathWorks.

About IDC

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. For more than 45 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.

**2008 IT Competitiveness Index, conducted by the Economist Intelligence Unit and sponsored by BSA*

***2008 IDC-BSA PC Software Piracy Economic Impact Study.*

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