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India PC software piracy rate falls by three percent to 65%

Piracy rate shows strong decline in one year; still higher that Asia Pacific average

New Delhi, 11 May, 2010 – The fight against software piracy remains a critical issue in Asia Pacific, with the region accounting for the highest dollar losses in the world from the use of unlicensed software. While the PC software piracy rate or installations of unlicensed software on personal computers (PC) in India encouragingly fell from 68 percent in 2008 to 65 percent in 2009, the dollar losses caused by software piracy continued to remain in the $2 billion range and the piracy rate still remained higher than the overall Asia Pacific averages. Moreover, rapidly growing PC markets in emerging geographies such as India, Brazil and China further led to a spike in the overall global piracy rates.

These are among the findings from the Seventh Annual Global Software Piracy Study, launched today by the Business Software Alliance (BSA), an international association representing the global software industry, in partnership with market research firm, IDC. The study tracks PC software piracy rates in more than 100 economies worldwide.

The IDC study found that, while Asia Pacific remains the region with the highest dollar losses from use of unlicensed software, anti-piracy education and enforcement campaigns spearheaded in recent years by the software industry, national and local governments, and law enforcement agencies have made commendable progress in bringing down piracy rates.

"In India, we have made significant progress in further bringing down the piracy rates as compared to 2008. However, our annual commercial value of unlicensed software still stands at a whopping $2.03 billion. India which has a robust and leading IT industry , needs to continue to work towards concrete educational, legislative and administrative initiatives at a pan-India level to effectively lower software piracy year on year, which would help the domestic IT industry grow faster and create more jobs.   BSA over the past 2-3 years has undertaken many policy and public outreach initiatives to work closely with all stakeholders towards improving education and awareness levels on IPR, threats and risks from piracy and Software Asset Management (SAM) practices for companies. BSA's Software Asset Management initiatives with state governments of Karnataka and Maharashtra for the benefit of the local industry and at a central government level with FICCI and Dept of Industrial Policy and Promotion, Ministry of Industry and Commerce and Ministry of Small and Micro Enterprises are a significant step forward in increasing awareness about benefits of using licensed software and protect the indigenous IT innovation opportunity. The encouraging response to this initiative has further strengthened our resolve of take our stakeholder engagement outreach IP and SAM programs to other state governments as well,

while we deepen our interaction with the Central Government on the issues of piracy," said Mr. Keshav S Dhakad, Chair of the India BSA Committee.

Piracy rates in India have been on a gradual decline since the last three years. The Government of India, industry bodies and software companies have been taking initiatives and making strong efforts to curb the menace of piracy, although challenges at various fronts still remain. Among the courts of the Nation, the Delhi High Court has been pro-active in attacking software piracy quite effectively. The need of the hour is for Government to make consistent efforts and develop a national anti-piracy task force to develop awareness among end-users, strengthen enforcement mechanisms and incentivize the use of genuine software to protect the security and safety of IT environments, generate greater employment, increase legitimate economic activity and boost innovation.

"We are happy to observe a good drop in the piracy rate for the year 2009, after almost 6 years of a very slow decline. As a leading provider of IT services and application development, it is imperative that India strengthens its national eco-system to boost innovation and IT product development. Software piracy erodes the software industry's ability to incubate new ideas, imbibe the culture of innovation and develop cutting edge IT products which not only fuels growth in the global market, but also take India's IT competitiveness to a high level. Usage of genuine software improves data security, creates a safer e-commerce environment and results in overall increased IT system stability in any organization. Therefore, government and industry must continue to join hands and work together to fight piracy and develop a safe and secure IT environment for Indian enterprises and consumers and generate respect for IP in software products "said Mr. Som Mittal, President of NASSCOM

Additional key findings from the study include:

- Global PC software piracy dropped in 54 of the 111 countries studied; however the worldwide piracy rate rose from 41 percent in 2008 to 43 percent in 2009, due to exponential growth in PC software deployments in emerging economies.
- The United States, Japan, and Luxembourg continue to hold the lowest piracy rates of economies surveyed (20, 21, and 21 percent, respectively).
- In Asia Pacific, economies with the highest piracy rates include Sri Lanka, Indonesia, Vietnam and Pakistan.
- China's piracy rate dropped 12 percentage points during the six years from 2003 to 2008, but slowed last year. This was, to some degree, a result of growth of activity in the consumer sector, but there was also less focus on anti-piracy enforcement by the government and by some vendors during the recession.
- Factors driving piracy rates up included rapid growth of the consumer PC market (India, China and Brazil), and greater activity in the installed base of older computers where unlicensed software is more prevalent, and the increasing sophistication of software pirates and cyber criminals.
- Forces driving piracy down included vendor legalization programs, government and industry education campaigns, enforcement actions, and technology shifts, such as the increased deployment of digital rights management (DRM) and greater use of software asset management (SAM) to address under-licensing issues in the work place.

The apex Chamber of Commerce & Industry in India, FICCI has undertaken several initiatives to fight the menace of piracy. "FICCI acknowledges that piracy is a matter of concern and

would continue to lead the effort in curtailing this menace", said Sheetal Chopra, Head, FICCI-IPR Division.

"This study makes clear that, while efforts to bring down piracy levels in Asia Pacific are enjoying some success, dollar losses are enormous and rising. This is deeply concerning to the health of the industry and its ability to add jobs and invest in innovation. Clearly there is still much to be done to engage governments, businesses and consumers on the risks and impact of software piracy and the need to respect software copyrights," said Jeffrey Hardee, Vice President and Regional Director, Asia Pacific, BSA. Local software entrepreneurs, distributors and resellers help create new jobs, contribute to economic growth, generate tax revenue for governments, and are a source of pride for their own nations. In particular, local software companies can be crippled by competition from unlicensed and stolen software in the market, not to mention piracy of their own products," he said.

Speaking on behalf of IDC, Victor Lim, Vice President, Asia/Pacific Consulting Operations, said, "Under-licensing represents a fertile area for lowering piracy, mainly because some – but not all – under-licensing is inadvertent. Under-licensing continues to be the biggest contributor to organizational end-user piracy. Companies could have the misconception that using software on more computers than they have licensed for could help raise productivity without adding to their base cost. Hence, governments and the industry should continue to promulgate SAM programs, with the prospect of delivering user savings even as they spend money to legalize previously unlicensed software."

The 2009 BSA/IDC Global PC Software Piracy Study covers piracy of all software that runs on PCs, including desktops, laptops, and ultra-portables, including netbooks. This includes operating systems, systems software, such as databases and security packages, and applications software, with legitimate free software and open source software covered by the scope of the study. It does not include software that runs on servers or mainframes. IDC used proprietary statistics for software and hardware shipments and enlisted IDC analysts in more than 60 countries to review local market conditions and estimate the rate of PC software piracy around the world.

For more details on the methodology and a copy of the complete study, 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, Agilent Technologies, Altium, Apple, Aquafold, ARM, Arphic Technology, Astro-Vision Futuretech, Autodesk, Autoform, AVEVA, Bentley Systems, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Embarcadero, Frontline PCB Solutions - An Orbotech Valor Company, Microsoft, Minitab, NedGraphics, Parametric Technology Corporation, Pitney Bowes Software India, Progress, Quest Software, Scalable Software, Siemens, Sybase, Symantec, Tekla, and The MathWorks.

About IDC
International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology

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