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Media Contact: Ching Yee Sing

WYSE Communications Sdn Bhd

(t) 012-3401816

(e) chingyeesing@wysecomm.com

**MALAYSIA PC SOFTWARE PIRACY DOWN TO 58%,
BUT VALUE OF LOSSES INCREASE TO US\$453 MILLION**

Asia Pacific piracy down to 59% but is offset by the rising value of pirated software

Kuala Lumpur, 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 Asia Pacific fell from 61 percent in 2008 to 59 percent in 2009, the commercial value of illegal software rose to over US\$16.5 billion. Of the top 25 economies with the highest commercial value of pirated software in 2009, 10 economies came from the Asia Pacific region.

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.

The PC software piracy level in Malaysia fell one percentage point to 58 percent in 2009. This is however, overshadowed by an increase in the commercial value of pirated software in the country to US\$453 million in 2009 compared to US\$368 million in 2008.

In a statement to the media YB Dato' Sri Ismail bin Yaakob, Minister of Domestic Trade, Cooperative and Consumerism said, "I am pleased to learn that the hard work of my enforcement officers, over the course of 2009, is duly rewarded as reflected by the 1 percentage drop in the country's software piracy rate to 58%. This certainly augurs well for their past year's efforts and a boost for their future endeavor as they battle the piracy menace in light of the Ministry's new piracy initiative launch yesterday – Gerak Gempur Cetak Rompak (GGCR)."

"I would like to re-assure the BSA of the Ministry's continued commitment in protecting the BSA's intellectual property."

“With the GGCR initiative now in place, software pirates who continue to ignore the Ministry’s repeated warnings will have to face the force of not only the MDTCC’s Enforcement Division, but also that of the united front of nationwide enforcement agencies breathing down on them. Software pirates should take immediate note that their days are numbered,” Dato’ Sri warned.

According to the study, PC software piracy in the region declined in fourteen markets, stayed the same in four economies and increased in only one; this favorably compared to eight economies showing a decline in piracy rates, no change in seven and an increase in three in 2008. However, the study found that due to fast growing, higher piracy markets such as China, India, and Brazil increasing their share of the overall software market, the overall global software piracy rate increased from 41 to 43 percent in 2009.

“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.

Added Hardee, “As we emerge from the most severe global economic recession in 20 years, it is important to note that reducing PC software piracy affects more than industry revenues. Lowering PC software piracy can have significant economic benefits to economies in the Asia Pacific.”

IDC estimates that for every dollar of software sold in a market, another US\$3-\$4 of revenue is generated for local service and distribution firms. A 2008 BSA/IDC study looking at the economic impact of reducing software piracy¹ found that lowering the software piracy rate in Asia Pacific by 10 points over four years could create 435,000 new jobs, generate over US\$40 billion in economic growth, and over US\$5 billion in tax revenues.

“Now, more than ever, our global economy depends on a robust IT sector. Policies that promote innovation today – including robust protection for intellectual property such as software – will drive economic growth and prosperity in the future,” said Hardee. “While we are glad BSA’s efforts to combat software theft have continued to make some progress, the study results reinforce the need for stronger and continued action moving forward.”

“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.

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.

¹ The Economic Benefits of Reducing PC Software Piracy, January 2008, www.bsa.org/idcstudy

- 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, 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.

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.

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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, Autodesk, Autoform, AVEVA, AVG, Bentley Systems, CA, Cadence, Cisco Systems, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Dell, Embarcadero, Esteem Innovation, Frontline PCB Solutions - An Orbotech Valor Company, HP, IBM, Intel, Intuit, Kaspersky Lab, McAfee, Microsoft, Minitab, Parametric Technology Corporation, Progress, Quark, Quest Software, Rosetta Stone, SAP, Siemens, Sybase, Symantec, Synopsys, The MathWorks, and UBS Corporation.

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 markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1000 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For more than 46 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.