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## **RP PC Software Piracy Rate Remains at 69% for Three Consecutive Years**

*Asia Pacific software piracy rate decreases by 2% but dollar losses highest in the world*

**Manila, 11 May, 2010** – The fight against software piracy in the Philippines remains crucial as the software piracy rate or installations of unlicensed software in personal computers (PC) in the country remained unchanged at 69% from 2007 to 2009. However, dollar losses caused by software piracy increased from \$202 million in 2008 to \$217 million in 2009.

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.

In Asia Pacific, the PC software piracy rate fell from 61 percent in 2008 to 59 percent in 2009 but the dollar losses from illegal software rose to over US\$16.5 billion. The region reportedly accounts for the highest dollar losses in the world from the use of unlicensed software. 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.

Speaking on behalf of the local software industry, Atty. Bien Marquez III, BSA Consultant for the Philippines, said that the results of the study makes it clear that there is still much to be done to bring the software piracy rate down further in the country.,

“Despite a stagnation in the software piracy rate, the BSA remains optimistic that the rate will be reduced as the Pilipinas Anti-Piracy Team (PAPT) and the support of the Intellectual Property Office of the Philippines (IP Philippines), have been unwavering in terms of enforcement actions, as well as awareness creation. What we need now are amongst others, amendments to the existing Philippine IP laws, an expeditious judicial process, increased convictions and stiff penalties being handed down, all these will give the “teeth” it needs to help bring down the software piracy rate in the country, reduce losses for the industry and keep up with the digital age where Internet piracy is also getting to be a serious problem,” Atty. Marquez said.

Speaking on behalf of IP Philippines, Director General Ricardo Blancaflor expressed his agency’s commitment to improving the Philippine IP environment including protection of software copyright. “The intellectual properties of software developers drive innovation in the country, which can help spur economic growth by creating new jobs in the local IT eco-system and generating tax revenues for the government,” Blancaflor noted.

“IP Philippines is taking on innovative programs that will strengthen the IP framework of the country and help local software developers, who are a source of pride to our nation, in reaping the fruits of their labor,” the IPO chief added.

Jeffrey Hardee, BSA Vice President and Regional Director, Asia Pacific supports the IPO Chief’s initiative to improving the country’s IP environment. “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.”

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 piracy<sup>1</sup> 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.

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, 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

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<sup>1</sup> The Economic Benefits of Reducing PC Software Piracy, January 2008, [www.bsa.org/idcstudy](http://www.bsa.org/idcstudy)

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](http://www.bsa.org/globalstudy).

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#### **About BSA**

The Business Software Alliance ([www.bsa.org](http://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, Bentley Systems, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Embarcadero, Frontline PCB Solutions - An Orbotech Valor Company, Microsoft, Minitab, NedGraphics, Parametric Technology Corporation, Progress, Quest Software, Scalable Software, Siemens, Sybase, Symantec, Tekla, and The MathWorks.

#### **About IDC**

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