UNDER EMBARGO UNTIL 00.01am on 11.05.10

Media Contacts:
FOR ADDITIONAL INFORMATION
James Ellerington/Sara Downey
bsa@brands2life.com
020 7592 1200

£1billion in pirated software used in the UK
UK has sixth lowest piracy rate in global BSA and IDC study

LONDON: 11 May, 2010 – Unlicensed software with a commercial value of £1 billion[1] was installed in the UK last year according to a global software piracy study, released today. The Business Software Alliance (BSA), an international association representing the global software industry, in partnership with market research firm IDC, announced its seventh annual global software piracy study, tracking PC software piracy rates in more than 100 economies. It found that from 2008 to 2009, installations of unlicensed software on personal computers (PC) in the UK remained at 27 percent, giving the UK the sixth lowest piracy rate in the world. The US had the lowest rate at 20 percent and Georgia the highest at 95 percent.

"Although the UK has one of the lowest piracy rates in the world, 27 percent is nothing to be proud of. £1billion is an awful lot of money to lose in a recession, and ultimately this will have an impact on the software industry and the UK economy. This study makes it clear that industry and government's efforts to reduce software theft in the UK are of vital importance," said Michala Wardell, chair of the BSA UK Committee. "As we emerge from the most severe global economic recession in twenty years, we will continue to engage with government, businesses and consumers about the risks of stealing software – and the true impact that software piracy has on the UK's economy," she continued.

Gareth Elliott, Senior Policy Adviser at the British Chambers of Commerce added: "As businesses face the legacy of the deepest recession in decades, the next government needs to ensure that revenue to the economy is not lost and that job losses are minimised. Tackling the current levels of software piracy is an important issue in this regard and needs to be addressed sooner, rather than later".

According to IDC, what differentiates the 2009 piracy rate is the impact of the recession on business investment in IT. The recession slowed the overall deployment of software, with fewer units deployed worldwide in 2009 than 2008. However, consumers continued to spend

---

[1] £1billion represents the commercial value of illegal software. This figure has been rounded-up from £992,592,000. The original figure was calculated by IDC as $1,581m and converted into GBP using the Interbank rate on 31st December 2009, according to the OANDA currency converter: http://www.oanda.com/currency/converter/.

on PCs. In the UK, consumer shipments grew by 14 percent, to approximately 1.25 million, (accounting for 55 percent of the PC installed base), while shipments to businesses, governments and schools dropped by 22 percent.

This consumer influence would have raised the piracy rate had it not been sustained momentum from years of anti-piracy programmes and for the jump in netbook shipments to nearly 20 percent of the market. According to IDC, this change to the dynamics of the hardware market is significant as netbook and laptop computers tend to ship with more bundled legitimate software pre-installed.

Global software piracy
While the piracy rate remained static in the UK, it declined in many other markets. Despite the global economic recession when you would expect more users to resort to illegal software use, the PC software piracy rate dropped in 54 economies and only increased in 19.

However, the global piracy rate increased from 41 to 43 percent, largely due to the fast growing, higher piracy markets in China, India, and Brazil as they increased their share of the overall software market. For every $100 worth of legitimate software sold in 2009, an additional $75 was stolen.

Economic impact of software piracy
But this is an issue that affects more than industry revenues, as lowering PC software piracy can have significant economic benefits. A 2008 BSA/IDC study on the economic impact of reducing software piracy[2] found that lowering the software piracy rate by ten percentage points over four years could generate over 13,600 new jobs, £1.08 billion in tax revenues and contribute £4.46 billion to the UK economy. Piracy also puts consumers and businesses at risk by compromising their computer security, since pirated software often contains malware and is unsupported by manufacturer warranty.

The fight against software piracy remains an urgent one and BSA takes a no-nonsense approach to those companies found using unlicensed software. In 2009, it conducted 2,256 legal actions across Europe.

"The BSA/IDC Global Piracy Study shows there was some progress in the global fight against software piracy in 2009 – but incremental change is not enough," said Robert Holleyman, BSA president and CEO. "Piracy is limiting IT innovation, job creation, local economic growth and is robbing governments of vital tax revenues. Our report makes it very clear that governments around the world must redouble their efforts to combat software theft."

Additional key findings from the study include:

- PC software piracy dropped in 54 of the 111 countries studied; however the worldwide piracy rate rose from 41% in 2008 to 43% in 2009, due to exponential growth in PC software deployments in emerging economies.
- The commercial value of pirated software in 2009 was $51.4 billion.
- The United States, Japan, and Luxembourg continue to hold the lowest piracy rates of countries surveyed (20, 21, and 21 percent, respectively).

---

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

- Countries with the highest piracy rates include Georgia, Zimbabwe, and Moldova (all higher than 90 percent)
- 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).
- 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.

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 world's foremost advocate for the software industry, working in 80 countries to expand software markets and create conditions for innovation and growth. Governments and industry partners look to BSA for thoughtful approaches to key policy and legal issues, recognizing that software plays a critical role in driving economic and social progress in all nations. BSA's member companies invest billions of dollars a year in local economies, good jobs, and next-generation solutions that will help people around the world be more productive, connected, and secure. BSA members include: Adobe, Altium, Apple, Asseco Poland S.A., Attachmate, Autodata Limited, Autodesk, AVEVA, Bentley Systems, CNC, Corel, Dassault Systèmes SolidWorks Corporation, DBA Lab S.p.A., Mamut, Microsoft, Monotype Imaging, NedGraphics, Progress Software, O&O Software, Scalable Software, Siemens, 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 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.