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**Vietnam government commended for controlling piracy despite tough economic climate**

**Hanoi, 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.

“Despite the PC software piracy rate remaining at 85 percent in Vietnam, we should also note that there has been a 5 percentage point drop in piracy rates in the past 5 years. We believe that the rates itself do not tell a whole picture,” said Dao Anh Tuan, Spokesperson of BSA Vietnam. “Whilst great strides have been made in combating corporate end-user piracy, the enormous growth of PC sales to the consumer sector shows that we have to turn our attention to addressing consumer piracy in order to bring down piracy rates. However, one cannot deny the underlying trend of the progress made, and the advancements achieved in software anti-piracy when compared to other economies.”

Vu Xuan Thanh, Chief Inspector of the Ministry of Culture, Sports and Tourism, noticed through his experience in practical inspection work, said “Obvious progress has been made in the reduction of software piracy in the corporate sector, especially in large corporations. No pirated software was found in several regular inspection raids of large corporations. Great concern, however, remains with small and medium enterprises like internet cafes and consumers.”

On the government’s efforts in combating software piracy and other positive developments, Dao added, “Starting with the leadership of the Prime Minister, who has demonstrated clear visions of the need to enhance copyright protection in advancing the country’s economy, the government has also announced a decree that raises administrative fines by up to VND500 million, and the National Assembly has revised the penal code to criminalize intellectual property infringement on a commercial scale. Coupled with the diligent enforcement work of the inspectorates of the Ministry of Culture, Sports and Tourism (MOCST), Ministry of Science and Technology (MOST), Ministry of Information and Communication (MIC) and other enforcement authorities in enforcing the copyright laws, BSA is optimistic that the country will realize its full potential in scaling the heights of economic success through the embrace of the IT industry in years to come.”

Nguyen Tu Quang, President of BKIS, said, “We strongly believe that the growth of the local software industry has been severely affected by software piracy. Local companies such as ourselves, not only have to compete against the global software houses today, we are also forced to compete against pirated copies of globally renown brands that cost a fraction of the actual price of the product. We appeal to the government to continue their

strong stand to fight software piracy because this can only ensure fair competition for the local players.”

Bach Khoa Network Security Center, otherwise known as BKIS, is a home grown information security company, whose flagship anti-virus product was the brainchild of student-turned-lecturer Nguyen Tu Quang of Hanoi University of Technology. BKIS’s anti-virus product was once touted by CNET, a globally renown premier destination for tech product reviews, as “... in many ways just about the best security software you can find.”

Jeffrey Hardee, Vice President and Regional Director, Asia Pacific, BSA added , “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 finds that for every \$100 worth of legitimate software sold in 2009, an additional \$75 was pirated. But this is an issue that affects more than industry revenues. Lowering PC software piracy can have significant economic benefits. A 2008 BSA/IDC study looking at the economic impacts of reducing software piracy<sup>1</sup> found that lowering the software piracy rate by ten points over four years will increase government revenues by US\$24 billion, without raising taxes. In fact, IDC estimates that for every dollar of legitimate software sold in a country, there are another \$3-\$4 of revenue for local service and distribution firms. Piracy also puts consumers at risk by compromising their computer security, since pirated software often contains malware.

“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.

Speaking on behalf of IDC, Victor Lim, Vice President, Asia/Pacific Consulting Operations, said “Vietnam was one of those countries that were victimized by the global recession, only consumer share of PC shipments in Vietnam grew and this increase in consumer share of PCs and software had significant impacts on the country’s overall piracy rate.”

“IDC’s estimate is that were nothing to have changed in the inputs from 2008 to 2009 (e.g. consumer piracy rate and business piracy rate) other than this increase in consumer share of PCs and software, piracy would have gone up 1%. Keeping the rate flat means piracy is lowered somewhere, possibly in the government and/or corporate sectors.” Victor concluded.

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.

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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)

- 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.

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](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, BKIS, CNC/Mastercam, Corel, Dassault Systèmes SolidWorks Corporation, Embarcadero, Frontline PCB Solutions - An Orbotech Valor Company, Lac Viet, Microsoft, Minitab, NedGraphics, Parametric Technology Corporation, Progress, Quest Software, Scalable Software, Siemens, Sybase, Symantec, Tekla, and The MathWorks.

#### **About IDC**

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