

# IP protection could boost Australia's economy by \$4.7 billion

A reduction in unlicensed software use could boost Australia's economy by creating new jobs and business opportunities that would generate billions of dollars in new spending and tax revenues, according to an economic impact study released today by the global research firm IDC.

The study, conducted for the Business Software Alliance, assesses the impact of the information technology industry in 70 countries around the world, including Australia and the economic benefits that those countries would experience by protecting and developing intellectual property.

Globally, 35 per cent of all business software is pirated. Reducing that rate by 10 points over four years would create 2.4 million new jobs, increase economic growth by US\$400 billion and generate US\$67 billion in new taxes to help governments fund public programs like education, health care and law enforcement, the IDC study shows.

In Australia, reducing the rate of business software piracy by 10 points to 22 per cent by 2009 could increase the local IT sector to nearly A\$33.7 billion, boost local industry revenues by A\$4.7 billion, create 10,000 new jobs and generate another A\$1.3 billion in additional tax revenues.

According to Jim Macnamara, Chairman of the BSAA, the economic impact study shows that growth and profits in the IT sector flow on to the whole economy through employment, tax revenues and profits to local distributors, retailers and developers.

The IT sector is a proven engine for global and Australian economic growth, but relatively high rates of theft of intellectual property mean that the sector has yet to achieve its full economic potential, he said. No other sector of the economy has to operate with product theft rates of 32 per cent as the software sector has to in Australia, he added.

The BSAA says the research destroys the myths that software piracy is a victimless crime and that it benefits some by reducing the cost of software. While some organizations and individuals avoid the cost of purchasing software, other businesses bear the cost through reduced sales and ultimately the whole economy loses through reduced employment and tax revenues, Mr Macnamara said in releasing the study locally.

Furthermore, if Australian companies are to successfully produce software and compete internationally in the vital IT sector, then protection of their intellectual property from widespread theft is vital, he said.

In very simple terms, software piracy robs consumers to pay the pirates, said Mr Macnamara.

Apart from the economic benefits of reducing software piracy, businesses should also note the serious legal imperatives, as earlier this year Australian Copyright Law was amended to make unlicensed software use in businesses a criminal offence for the first time, carrying major penalties and potentially gaol terms, the BSAA has warned.

## Regional Impact

Cutting the Asia Pacific piracy rate of 53 percent by 10 percentage points could add US\$135 billion to its economies, increase local industry revenues by more than \$106 billion and directly create more than 3.5 million new jobs more than every other region in the world combined.

The independent study, conducted by International Data Corporation (IDC), also found that for governments in the Asia Pacific region, the cumulative effect of this growth could mean an additional US\$14 billion in new tax revenues that can help pay for public benefits and services.

Jeffrey Hardee, Vice President and Regional Director, Asia, BSA, said: Growth in the Asia Pacifics IT sector has already translated into significant benefits for the regions economies. It is a US\$195 billion industry that employs 4.7 million workers and contributes US\$120 billion in taxes each year, but the region could do better. With a 10-point drop in the regions average software piracy rate, the software sector could grow three times faster over the next four years than it did in the last four years and spur expansion of the IT sector.

## Study Methodology

The IDC study is based on IDCs Worldwide IT Spending Trends Report which provides widely accepted data on IT spending and internationally published rates of software piracy which have been validated in a number of independent studies.

The study includes only direct benefits in its calculations. Indirect flow-on benefits to businesses servicing the IT sector, such as logistics, transport, travel, design, printing and other companies, are not included.

The study did not make any adjustments for the impacts (costs) of businesses moving from unlicensed to licensed software as it not normal in research to count the benefits of illegal activities as savings and also, while there are cost reductions to those who avoid the cost of purchasing legal software, these are inequitably applied and are more than offset by economic benefits both direct and indirect.

The full study is available online at <http://www.bsa.org/idcstudy>.

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More information:

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About BSAA

The Business Software Association of Australia (BSAA) is affiliated with the Business Software Alliance (BSA), which operates globally in 65 countries. BSAA members include Adobe, Apple, Autodesk, Microsoft and Symantec.

BSA ([www.bsa.org](http://www.bsa.org)) members develop the software, hardware and the technologies building electronic commerce. Principal issues include copyright protection, cyber security, trade, e-commerce and public policy initiatives that impact the Internet. BSA members include Adobe, Apple, Autodesk, Avid, Bentley Systems, Borland, Cadence Design Systems, Cisco Systems, CNC Software/Mastercam, Dell, Entrust, HP, IBM, Intel, Internet Security Systems, Macromedia, McAfee, Microsoft, Minitab, PTC, RSA Security, SAP, SolidWorks, Sybase, Symantec, Synopsys, The MathWorks, Trend Micro and UGS.

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