

Much of the World Hooked on Piracy

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The percentage of software installed on computers worldwide that is pirated is 36%, but in many regions the rate is much higher, according to the Business Software Alliance (BSA) and the International Data Corporation (IDC).

IDC conducted the BSA's annual study of software piracy, looking at the software market in 84 countries all over the world. The results indicate that regions with many developing countries tend to have higher piracy rates, but, due to smaller software markets, lower losses due to piracy. Eastern Europe has the highest piracy rate, but ranks fourth in terms of monetary loss from piracy. Although Asia-Pacific has a great number of developing countries with high piracy rates, it's balanced by the low rates of Japan and Australia, so it comes in around the middle of the pack. The US and Western Europe have low piracy rates but high losses due to their vast software markets.

The study attributes differences in piracy rates to the availability of pirated software, the price of non-pirated software, the strength of laws pertaining to piracy, and cultural differences. Changes in this equation can result in lower piracy rates -- for instance, the UAE has a much lower rate than most other nations in the Middle East because of strong intellectual property protections.

Software Piracy Worldwide, by Region, 2003

	Piracy rate*	Losses due to piracy (in billions)
Eastern Europe	71%	\$2.1
Latin America	63%	\$1.3
Middle East/Africa	56%	\$1.0
Asia/Pacific	53%	\$7.5
Western Europe	36%	\$9.6
North America	23%	\$7.2
Worldwide	36%	\$29.0

*Note: numbers may not add up to worldwide total due to rounding;
*percent of software installed on computers that has been pirated
Source: Business Software Alliance (BSA); International Data Corporation (IDC), July 2004*

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The top 10 countries with the highest piracy rates are fairly evenly spread throughout Asia-Pacific, Eastern Europe, Africa and Latin America. Amazingly, in countries like Vietnam, China and the Ukraine, pirated software accounts for over nine-tenths of the software found on computers. Compare this to the US, Japan, New Zealand and many Western European countries, where the piracy rate is a substantially lower 20% to 30%. Of the 85 countries included in the study, more than one-half have piracy rates above 60%.

Top 10 Countries Worldwide, Ranked by Software Piracy Rate*, 2003

Vietnam	92%
China	92%
Ukraine	91%
Indonesia	88%
Russia	87%
Zimbabwe	87%
Algeria	84%
Nigeria	84%
Pakistan	83%
Paraguay	83%

*Note: *percent of software installed on computers that has been pirated
Source: Business Software Alliance (BSA); International Data Corporation (IDC), July 2004*

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As with the larger regional picture, higher piracy rates don't necessarily translate into large monetary losses. For example, while the US has

the lowest piracy rate, the amount of software used in the country translates to a loss of almost \$6.5 billion, by far the highest single country total. China is second with about \$3.8 billion, despite having a piracy rate of 92%. Interestingly, more than one-half of the top 10 countries with the highest software piracy losses are also among those with lower rates.

The consequences of software piracy are many: large software companies lose revenue, local software industries are hurt by pirated software from abroad, jobs and tax revenues are lost, while money must be spent on enforcement of piracy laws. In fact, the study found that a 10% worldwide reduction in software piracy would result in 1 million new jobs and \$400 billion in economic growth worldwide. Meanwhile, if an effort is not made to curb it, the cost of piracy will rise as regions with high piracy rates develop their software markets.

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