

Piracy: Scope and consequences

An analysis by IDC

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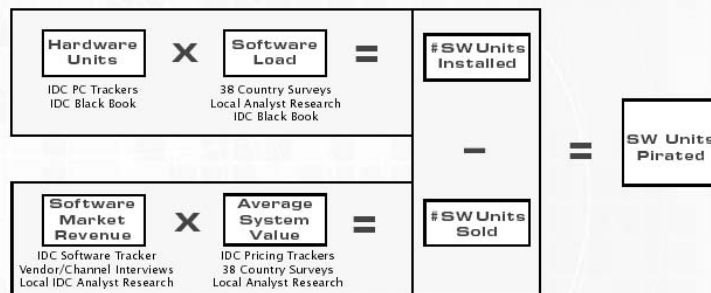
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IDC Piracy Methodology

Methodology at a Glance Figure 4



Note: All inputs and outputs reflect CY 2004 software (SW) activity.



Basics in the IDC methodology

- **The basic market-based methodology generated the 2004 piracy rates**
- **IDC conducted 7,000 surveys in 23 countries as an additional quality control input to gain insight into consumer and business perceptions about the direction of software piracy.**
- **Additional input helped corroborate the findings generated by the piracy models.**



How IDC measures...

PC shipments

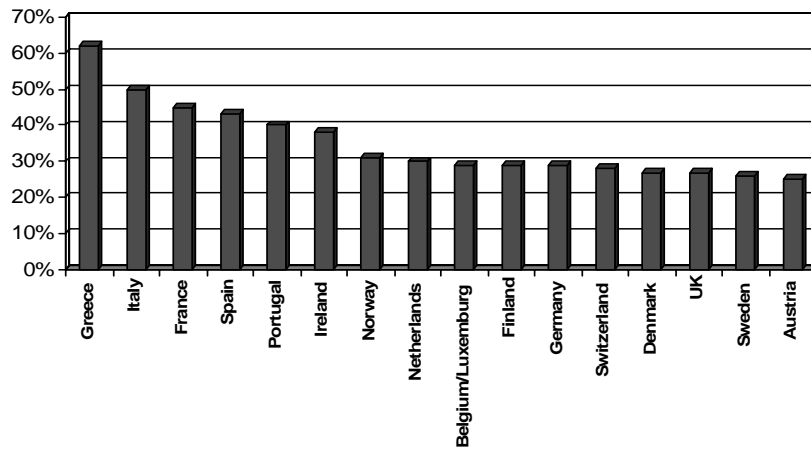
Quarterly, IDC collects detailed PC shipment tracking data on more than 65 countries. For the additional 20-plus countries and markets, the data were either collected in-country or modeled regionally based on IDC's rest-of-region estimates.

Software load

Consumers and businesses in 15 countries surveyed to obtain the number of software units for each type of hardware platform. The results of these surveys were used to populate IDC's input models for the other countries. For 2004, IDC updated its models based on local country research and interviews with users and the channels.



Software piracy rate in Westeuropa 2004: 34%



Key findings

- **Losses due to piracy climbed to nearly \$33 billion worldwide**
- **For every two dollar's worth of software purchased legitimately, one dollar's worth was obtained illegally.**
- **Globally, businesses and consumers will spend more than \$300 billion on software in the next five years. \$200 billion worth of software will be pirated.**
- **Worldwide, 35% of all software put into use on PCs was pirated.**
- **In more than half the countries studied, piracy was over 60 percent.**



General trends

- Piracy generally at its highest in small business market sectors
- Rates highest in emerging markets, low in mature IT-industries
- As Internet usage spreads, so does the potential for software piracy
- Development and growth of e-business threatened by illegal activities?
- Without strong measures to protect IP, Internet expansion has the potential to cause further damage to the creative industries.



Software piracy in the EU

- Central Europe standing out as well as Nordics
- Ascension states' rates rise (against global the trend)
- France, Italy even higher rates than Hungary, Czechia
- „Problem child“ Greece (62%)

Software Piracy Levels in the EU

■ 51 – 65%
■ 36 – 50%
■ 20 – 35%



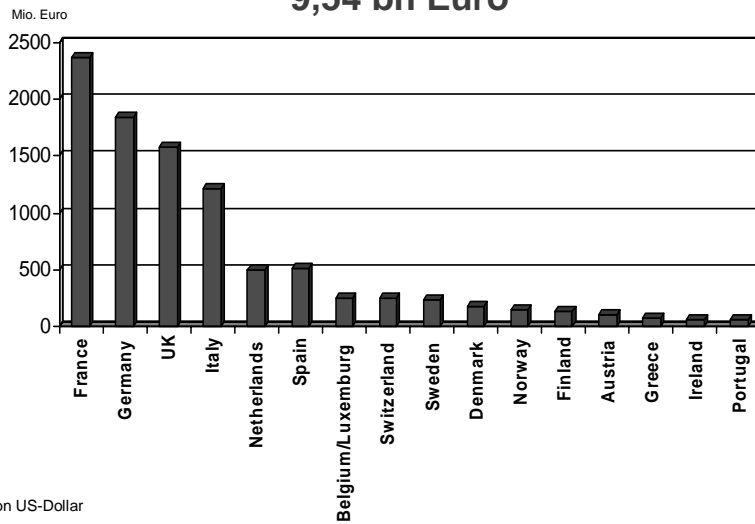
Source: IDC Global Piracy Study 2004



Global software piracy



Revenue lost in Western Europe 2004: 9,54 bn Euro*

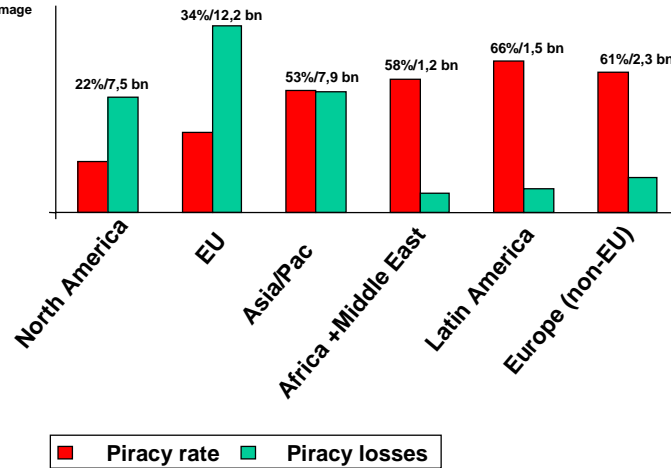


* 11,9 bn US-Dollar



Piracy rates by region

Piracy rate
/piracy damage
by region



Highlights and lowlights

- Globally: rate 35%, losses: 32,7 bn US-Dollar
- Lowest rate: US (21%), New Zealand (23%)
- Highest rates Vietnam (92%), Ukraine (91%), China (90%)
- Highest loss: USA (6,6 bn US-Dollar), China (3,6 bn), France (2,9 bn), Germany (2,3 bn)
- Overall trend: rising loss through growing market volume, slight reduction of piracy rate
- low piracy rates in established software markets
- legitimate market volume of 300 bn dollars, pirated copies worth 200 bn expected by 2010



Economic Impact: Western Europe to gain from piracy reduction

- **202.000 additional jobs in the IT industries**
- **22,4 bn Euro additional tax revenue**
- **Growth of the IT sector by 53% to 375,8 bn Euro volume**
- **Regions with highest piracy rates to profit most from piracy reduction**
- **Study from year 2003, new edition scheduled for December**



Thank you

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