

# The continuing story of software piracy

Here's a statistic worth noting. Software piracy in India in 2004, according to a BSA IDC study, stood at 73 percent. Compare this with the figure in the financial year of 2003-2004 which was 64 percent as against 70 percent during 2002 according to the same study.

India's software piracy rate of 73 percent may seem high, particularly considering the fact that it is a biggie in exporting custom-developed software. This translates the in use of software tools and thereby hangs a tale.

Ironically, instead of piracy decreasing, the trend seems to be reversing.

## On the rise

Consider the Asia-Pacific region as a whole. In 2003, the global spending on commercial packaged PC software was in the region of \$50 billion. However, according to BSA, \$80 billion worth was installed. BSA states that for every 2 dollars spent on genuine software, 1 dollar is spent on pirated software.

Vendors such as Microsoft, Adobe, Autodesk, Macromedia and Oracle have been hit by piracy.

Recent reports indicate that piracy has increased marginally. India Inc needs to find a remedy that can address this concern soon, says **Venkatesh Ganesh**

cy. Says Shriram Krishnamachari, Country Manager, Macromedia, "We see piracy levels for Macromedia Flash and Dreamweaver to the extent of 80-85 percent in India."

A similar view is shared by other vendors like Autodesk. Avers Raman Madan, Regional Manager, Southeast Asia & India, Media & Entertainment Division, Autodesk, "We would put our piracy numbers in the range of 85 percent and that is more than the BSA IDC figures."

The factors that are driving piracy in India are multi-fold. Explains Tarun Sawhney, Director of Anti-Piracy, BSA, "A number of factors boost piracy, the most important being software prices. Others include intellectual property protection to

the availability of pirated software and cultural differences."

Sawhney points out that prices of software have always been an issue.

End users complain that software is always priced higher than they can afford and hence they resort to piracy. The



problem is compounded when 'licencing' issues kick in and a medium-sized organisation probably cannot afford to pay such high costs.

Vendors justify that costs are not an issue. Says Sandeep Mehrotra, Channel Account Manager, Adobe Systems India, "The greatest piracy problem faced by software vendors is one of corporate end-user piracy. The increase in piracy rates in India seems to indicate an increase in acts of illegal copying in the workplace. We have versions for different enterprises and also have flexible payment mechanisms that take care of all the issues mentioned above." However, the most common

form of piracy where the end-user does not even realise that he is engaging in software piracy is when the dealer engages in hard disk loading, whereby he pre-loads illegal software

onto a PC prior to sale. Rakesh Bakshi, Director, Law & Corporate Affairs, Microsoft India, says that it has been found that the cheapest and most readily-available software programmes are pirated as much as the most expensive programmes. He cites the example of gaming software being the most pirated ones as compared to others.

States Krishnamachari, "It happens at the channel level wherein the nexus is between hardware vendors and people who create duplicate CDs. In end-user piracy, there is a lot of under-licencing where a company does not buy enough licences to cover the number of PCs. For example a company may buy one or two copies of original software, and then use it on more computers than it has purchased licences for."

According to Kiran Kamik, President, Nasscom, "One of the most important factors that encourage piracy in India is the high cost of commercial software. The street price of software forms one-sixth of the price of acquiring the computer, which encourages consumers to use pirated software."