Piracy stifling Asian software industry, say experts

May 30 2010, by Martin Abbugao

A shopper looks at counterfeit computer programmes in Dhaka on May 13. While global giants such as Microsoft and computer security firm McAfee are prominent targets of copyright thieves, what is less known is that start-up Asian software companies are notable victims, industry players said.

Entrepreneur Binod Hariharan has big plans for his southern Indian firm, which develops astrology-based computer software to help users find a suitable spouse or plot their career paths.

Similarly ambitious is Somporn Maneeratanakul, managing director of Thai Software Enterprises, and Nguyen Minh Duc, director of BKIS Security, a Vietnamese company that makes anti-virus programmes.

But their dreams of making it big overseas are in danger of being hijacked in the dangerous waters of the global software industry by

pirates who make and sell illegal copies of their products right in their home markets.

While global giants such as Microsoft and computer security firm McAfee are prominent targets of copyright thieves, what is less known is that start-up Asian software companies are notable victims, industry players said.

And unlike the cash-rich industry big boys, these fledgling Asian companies are finding it harder to cope with losses resulting from copyright violations.

Industry group Business Software Alliance (BSA) said in a report released in May that software piracy losses reached 51.4 billion dollars in 2009, of which 16.5 billion dollars was incurred in the Asia-Pacific region.

On average, 59 percent of the 900 million pieces of software installed in the Asia-Pacific region were unlicensed, said the study carried out with industry research firm IDC.

Bangladesh had the highest software piracy rate in Asia, followed by Sri Lanka, Indonesia and Vietnam, with China and India also among the top culprits.

Beyond the revenue losses, the bigger impact is that piracy prevents Asia from producing software giants such as Microsoft's Bill Gates, analysts said.

"Piracy certainly stifles innovation," said Tarun Sawney, Asia-Pacific senior director for anti-piracy operations at BSA.

"Why is it that we don't have any sort of global software company that

originated from our part of the world?" he said during an interview with AFP at BSA's regional office in Singapore.

"Yet in the United States, where the laws are very strong and the piracy rate is very low, we have idea, after idea, after idea taking over the whole world -- be it Yahoo, be it Facebook, be it a Microsoft operating system."

Hariharan, chairman and director of astrology software developer Astro-Vision Futuretech Ltd, knows this only too well.

"If we need to survive in the market we need to ensure that the piracy level of our software is kept down," he told AFP by telephone from his office in Cochin, a city in India's Kerala state.

Fighting piracy means diverting precious funds to build protection mechanisms into the firm's software, Hariharan said.

"We have found it very difficult to generate additional income to propel our growth, whether it is domestic or foreign," he said.

Installing security mechanisms also complicates the use of the software, requiring more technical support and ultimately making the product more expensive, Hariharan said.

In operation since 1984, Astro-Vision Futuretech's main product is software that generates an individual's horoscope report, running up to 50 pages, after the date, time and place of birth, and gender, are keyed in.

Indian parents often prepare horoscope reports for their children one year after birth. The document is kept for use in various stages of a person's life such as when seeking a compatible marriage partner,

Hariharan said.

The software, which combines ancient wisdom with the latest technology, is also sold to Indian communities overseas as well as places where astrology has a large following.

Somporn, of Thai Software Enterprises in Bangkok, says one big misconception is that "piracy only impacts large, international software developers."

Large companies can cope with the revenue losses arising from illegal copying, but for firms that cater to domestic markets, opportunities are limited by piracy, he said in an email to AFP.

Another "big myth" is that the piracy rate would fall if software prices were low, said Somporn, whose company employs 30 professionals and claims an annual turnover of around one million US dollars.

He noted that a product made by his company that sells for as little as six dollars is among the most pirated in Thailand.

Nguyen Minh Duc, director of BKIS Security in Vietnam, tells a similar story.

Piracy has forced his company to invest additional resources to protect its products.

"This is a drain on our resources, which could otherwise have been used on research and development to develop better products for our customers," he said.

BSA said the greatest damage to the industry is inflicted by companies -- from small and medium enterprises to multinational corporations --

using bootleg computer software, rather than by individuals.

"Surprisingly, quite a few listed companies are caught using pirated software. They just have unsophisticated or no [software](#) management policies in place," said Jeffrey Hardee, BSA's vice president and regional director.

"It's quite shocking."

(c) 2010 AFP