On the Reliability of Software Piracy Statistics

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Abstract:

Despite tremendous debate and policy interest in software piracy, piracy statistics compiled by the Business Software Alliance (BSA) have generally been accepted at face value by policy makers and scholars. However, the accuracy of BSA statistics has not been independently verified.

Based on a review of the BSA methodology and empirical analysis, I conclude the following. First, a change in the BSA consultant and methodology around 2002-03 had a systematic effect on published piracy rates. In particular, the trend rate of decrease of piracy rates fell from 2.0% points per year to 1.1% points per year.

Second, from 2003 onward, the BSA estimates of piracy rates likely depended on projections of software usage based on per capita incomes in the respective countries. The effect of the projection was to lower the published piracy rates for low-income countries and raise the published piracy rates for high-income countries. In 2006, for Panama, which had the median income in the sample, the piracy rate without projection was 67.9%, while the published piracy rate was 74%.