



STOLEN IS A STRONG WORD

Copyrighted Content that Hasn't Been Paid For.....

"Stolen is a strong Word – they are viewing copyrighted content that hasn't been paid for", is a paraphrased recent statement by Bill Gates of Microsoft Corporation.

- We understand that what he said was printed in the Wall Street Journal as **"Stolen's a strong word. It's copyrighted content that the owner wasn't paid for. So yes."** If you have a WSJ subscription you can view the story at this link. <http://online.wsj.com/search#SB115047983595282559> Source: [Bill Gates on ...the Competition](#), Wall Street Journal, 19th June 2006 and at
- Stolen's a strong word http://en.wikiquote.org/wiki/Bill_Gates

We imagine by now that Bill Gates regrets having the interview with the journalist who managed to extract a rather simplistic (and opportunistic) reply to a question about the viewing of video content at a web site with the assertion he was using the WWW to watch pirated video clips, etc. It's not everyday you get the chance to see a senior Microsoft executive admit to watching pirated movies on the Internet, even though the response may have arisen by "a form of entrapment or leading" by the interviewer. The "admission" came when Bill Gates was being interviewed about "the competition" by a WSJ journalist about on-line content that Bill Gates had "viewed" on YouTube.

At the very least Bill probably wishes he had made his statement better constructed without betraying the stance that Microsoft is taking with its own current anti-piracy techniques with Windows Genuine Advantage (WGA) and its report piracy campaigns.

In addition, the Business Software Alliance (BSA) in USA (which includes a number of software vendors, one of them is Microsoft), is currently running an aggressive reward campaign where you can pick up a reward of up to \$US 200,000 for reporting organization using pirated software etc. The reward scheme started out at \$US 50,000 earlier this year and then within a month or two was stepped up to \$US 200,000 after they had a large number of responses that are now under investigation.

What Bill Gates had to say, about viewing suspected or known pirated on-line content, albeit only a small part of his overall interview, is certainly getting lots of air play at all the news sites, pirate sites (aboveground and underground) RSS feeds and blogs on the web with many references to what Bill Gates said on the WWW. The software hackers and crackers and pirates are now jumping on the bandwagon, claiming that it justifies their position on the basis of "if its OK for him, then it's OK for us.....!"

Google the link at: http://www.google.com/search?hl=en&lr=&rls=GGLR%2CGGLR%3A2006-25%2CGGLR%3Aen&q=%22strong+word%22+&as_q=gates&btnG=Search%C2%A0within%C2%A0results to see what they are saying. When we wrote this article the page count was around the 60,000 mark and growing daily!

Do not forget that the BSA has been offering education for many, many years, but they now believe that to aggressively offer large cash rewards (up to \$US 200,000) to "dob in the organization or squeal on the boss" is the method that is going to slow down or stop piracy. We believe they are wrong and that the reward scheme only serves to satisfy those individuals who want to get even and in some cases will encourage persons to set-up the situation to suit their own game plan.

Piracy it seems, is Socially Acceptable!

The off handed comment **"Stolen's a strong word. It's copyrighted content that the owner wasn't paid for. So yes"** really illustrates what we have known for the last 15 years, since the advent of the PC industry is that piracy is socially acceptable, and it runs in varying forms at all levels in an organization!

This has been reinforced with the advent of CDROMs, DVDs and now has spread into the movie theatre as well with pirated versions of films being taken with mobile phone and other portable devices smuggled in.

The piracy mindset - **"it's soft. therefore it's free"** starts very early on with young children sharing disks/CDs/DVDs and games at home and school, spreads through the teen years when they encounter Bit Torrent and P2P sharing systems, and then continues on through university and colleges and then straight on into the workplace environment.



If you are a manager in an organization, and your staff been overseas on holidays or business recently, then a common scenario is they will come back with a pile of low cost (ie; around the \$2 mark DVDs and CDs for distribution over the coffee / lunch break to work colleagues. Many "take orders" for latest release items and then bring them back in-country for local duplication and distribution, and the border security doesn't pick up all the imports via this method.

Think it doesn't happen at your work site? Then check again.

By the time that your newly employed college graduate starts work for you they are likely to have the "it's soft therefore it's free mindset" well entrenched within them, that is OK to copy and you might have policies and procedures in place but unless they are effectively monitored and enforced they will find ways to sneak under your guard, placing you at risk.

Rewards On Offer

In USA the rewards scheme introduced in 2006 (was \$US 50K initially in Feb 06) is now up to \$US 200K - in UK its GBP 20,000 and in Sweden 500,000 Kronor.

The current reward scheme is listed at <http://www.bsa.org/usa/> and <http://reporting.bsa.org/usa/>

This reward scheme does nothing for employer employee relationships and many organizations are "going down" because of this approach by the BSA.

We know of problems that this reward scheme presents and have been for the last 15 years advising management all over the world on ways and means they can very simply protect themselves at <http://www.pcprofile.com>

The reward scheme may seem to be well meaning and having good intentions but it just isn't getting the lower piracy rate results that are needed. In our view the reward scheme is going about it the wrong way!

No Significant Change In Piracy Rates Over The Last 7 Years

The reality is, even with what many are claiming as bullying tactics, there hasn't been any appreciable change downwards in the anti-piracy rates in the last 6 to 7 years. The figures touted each year are not accurate anyway and misleading as they are gathered subjectively according to some industry leaders.

Our webcast for the Australian Computer Society in March 2006 illustrated from publicly available data that shows the trend line is as good as "flat lined and bottomed out" at 32% to 33% in Australia every year since 1999. Overseas many countries show similar "flat line" trends over the same periods of time.

The statistics being used to deliver these threats are the minor part of the issue and in fact we feel the annual bleating (it's been the same news story for the last 15 years) about the losses in the software industry are focusing attention on the wrong set of losses and costs being incurred.

Many managers don't realize that the BSA is offering very large rewards for employees and ex-employees to "snitch" on the boss and the "statistics" are what is driving this reward campaign!

The Real Issue Overlooked

The real issue for business and government is not how much the software industry is losing or how much it will grow (jobs) and benefit the economy, but how much money and effort is being wasted on the whole topic at all levels by businesses and government everywhere.

In fact we don't really care how much the software industry loses, but **we do care how much the general business and government sector is losing due to wasted efforts and sloppy business practices around software asset management.**

See "We Don't Care" at http://www.pcprofile.com/We_Dont_Care_How_Much_They_Lose_Due_to_Piracy!.pdf



A Management Perspective

What might alarm you (most don't even think twice about doing this) is that in many cases your own assets (PCs and DVD/CD burners) end up copying these DVDs/CDs again and again whilst your color laser printer prints the dust jackets and labels, for workmates, on your premises, often after hours.

When did you check your usage rates of consumables in this area and the use of your assets? It's worth a look!

Failure to manage this effectively, places your organization at risk unless you have strict policies preventing this from occurring.

If you are a manager or an owner you may well feel powerless and threatened by this situation.

However, there are some managers who just turn a blind eye and continue on regardless ignoring the issues as it "won't affect them, or their organization".

Maybe you need to read the list of organizations so far who have appeared on the BSA **Name and Shame** file at http://www.pcprofile.com/Name_and_Shame.pdf

Looking For A Career Move?

There are some managers that are just plain dumb and stupid when it comes to software in an organization. We wrote about this many years ago at No Budget For Software http://www.pcprofile.com/No_Budget_For_Audit_Software.htm and yet we are continually asked many times a month about how an employee can protect themselves from upper level stupidity by managers who just don't get the message.

Consider the following scenario after a confirmed tip-off to the anti-piracy police;

In terms of how do "they" get in the front door to check your system? The anti-piracy police use the Anton Pillar order see <http://www.pcprofile.com/anton.htm> for more details.

Microsoft and other vendors will rely on your organization verifying through "proof of purchase records" that what you have installed has been legally acquired, paid for and installed in accordance with license conditions. If you can't do this (and very few can), then you will be faced with no other option than to pay the fines that are applied. Your defense will be very shaky as it is likely to be non-existent!

When you are caught with illegal software each vendor will attempt to seek (collectively or individually) restitution via fines and legal fees that satisfy the number of licenses not paid for. In raw terms if the shortfall is say \$US100,000 then the fines will be of that order of magnitude PLUS a set of fees (usually at hourly rates) for sheriff/lawyers costs on their side.

Added to that will be sums of money that your own organization will need to pay (usually at hourly rates) to defend itself. During the course of investigation you may have all the offending computers seized and this can have a detrimental impact on your business. Can they do this? Sure can - see <http://www.pcprofile.com/anton.htm>

If the population of PCs is large that are non-compliant (have software installed not licensed correctly) you will need to make arrangements for customer files and data to be accessed on new PCs running legal software, as the PCs in question will be seized and taken away from your premises for forensic examination.

Chances are these have been backed up illegally using pirated backup software so you will be in deep water if you don't have a legal backup mechanism and you may face backward compatibility (version) problems should you try and undertake a restore!

A rule of thumb estimate that we have seen applied of total costs for this sort of scenario is around 3 to 5 times any publicly listed values that are settled in a legal action such as this.



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So for instance, if the fees paid as settlement are \$US 150,000 then you can expect the total costs that you are facing all up, will be of the order of \$US 450,000 to \$US750,000 all up by the time you get the business back to normal!

Why so high an amount? The settlement sums usually only cover the fines – the cost of buying the correct licenses is usually separate to the fine amount published, and your own legal cost and re-construction costs are your problem!

We suspect, for the managers who embark on this sort of narrow sighted approach, that it will end up being a career limiting move to have your business named in the “Name and Shame file” due to being “caught” with illegal software and being forced to pay a 5 to 6 figure fine!

Weigh this up against the cost of going out and buying licenses for legal versions of software from the outset!

The BSA and other anti-piracy vendors will also use a “name and shame” tactic to blast your organization all over the press pages. This is NOT good for business or customer relations!

Based on the above, it could follow that the key stakeholder/shareholder in the organization would be looking at firing any employee engaged in this practise from the top down!

In terms of “looking for a career move, just make sure it’s not a career limiting experience you face!”

Don’t Part With Money Without A Good Reason!

There are a significant number of organizations who have "paid the pipers tune" and coughed up large sums from being "named and shamed" by the BSA.

Many pay up rather than cost effectively defend or set in place simple effective measures to enable them to manage and assess and control their own position! What a waste of \$!

Ignoring the issue over software license management whilst not even recognizing the emerging threats from the music and the movie industry etc will put further pressure on management, if your organization applies the same sloppy management practices to music and movie distribution/copying and pirating within your organization in the same manner as applies to software.

There are very simple and pragmatic steps you can take that will minimize your risk, won’t cost “an arm and a leg:” and will allow you to focus on core business activities that are more profitable and beneficial to your goals and objectives.

How do we know? PCProfile has been advising businesses all over the world for the last 15 years about simple steps they can take “in-house” that will save you money in the short, medium and longer term and will ensure that you afford yourself the right to charge staff members who are caught infringing your house rules.

So that you are not caught red-handed with software, music and movie piracy our aim is to help you put in place very simple and pragmatic steps you can put in place that will afford you the levels of protection you need without costing an arm and a leg!

The idea is that if you have the systems in place that set the policies and procedures, and you monitor effectively, then should you be caught with infringements, you can legitimately share the pain and legal fees with the staff that caused the issue in the 1st place!

“I’ll wait for a Technology Solution”.

If you are looking for a technology solution to a human based problem then you should forget it.

Do not underestimate the power of the human mind to seek and devise a means to circumvent whatever technology system that is developed. There are numerous examples of systems that have been thwarted and breached already in terms of copyright protection.

You need a human-based solution to a human problem and PCProfile can help you achieve this!



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The most common observation in press releases about Anti-Piracy actions taken, is that the organization "..... **had inadequate procedures in place to prevent the use and installation of unlicensed software.....and ".....should have had preventative measures in place....."** "

It's time to FACE THE FACTS! Your software compliance policy isn't going to look after itself.

You need to understand that your employees will use, (are already using), every opportunity to "beat the system" to copy software applications, files, movies, music and sound files using your systems.

As managers you need to manage the situation better and this involves checking "the state of play" on a regular basis to assess what level of compliance exists!

Failing to do so, could end up being a costly exercise for both you, as the manager in charge, and your organization!

Industry statistics for Westernized countries are claiming that somewhere between "1 in 4" to "1 in 3" software applications "in use" is pirated and that this costs Billions of \$ in lost sales and lost jobs for the software industry.

Whilst we understand their concern about how much "they" are losing, we think the losses you are facing (and the risks) might well be significantly higher!

Can your business or organization consistently sustain a loss ratio of 1 in 3, or 1 in 4, for every product you made? We think not!

Don't forget the rule of thumb estimate of 3 to 5 times the settlement sums being offered as the amounts sites are losing due to lax management practices and stupidity through non-existence of software asset management and licensing guidelines as well as budgets for software etc.

FREE Articles on Software Compliance Issues

- So you think you are OK at an 80 percent compliance level?
- Risks of being caught with illegal software
- Who is liable for software piracy?
- Court orders and injunctions
- What is an ANTON PILLAR ORDER?
- Why Do Staff Install Software To Your Systems Without Authorization?
- Why not share the penalties with your employees?
- We share the penalties with you!
- OUTLOOK TASK RTF version.doc
- Software Compliance Audit.oft (Outlook Task Template)
- License Infringement Cost Model – How much pain can you take!

To receive the above free articles e-mail pcprofile@internode.on.net SUBJECT- FREE White Papers

Other Articles

- http://www.pcprofile.com/who_is_responsible_for_software_piracy_1.htm
- http://www.pcprofile.com/who_is_responsible_for_software_piracy_2.htm
- http://www.pcprofile.com/No_Budget_For_Audit_Software.htm
- http://www.pcprofile.com/frequently_asked_questions.htm
- <http://www.pcprofile.com/features.htm>

WANT TO KNOW MORE ABOUT HOW TO REDUCE YOUR RISK?

PCProfile can help you enforce a shift in attitude to your PEOPLE based problem!

PCProfile's goals and funding comes from assisting organizations to undertake simple strategies to protect themselves against getting hit with massive fines and legal expenses.

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