

Putting a true value on genuine software

With research showing a high level of apathy among resellers on the question of counterfeit software, Microsoft is heading a campaign to educate the channel on the real cost of piracy

When Microsoft started out on its awareness campaign to help resellers to understand the costs of piracy to the UK channel and also the benefits of selling genuine product, the vendor commissioned research to measure the attitude of the channel to these issues.

The results came back and have been cause for concern for Machala Wardell, UK head of anti-piracy at Microsoft, because they seem to show a dangerous indifference to the problem.

Unhealthy numbers of resellers said that not only did they not think piracy was an issue that affected them but also even if they knew that someone was supplying illegal product they would not report them.

But those resellers that fail to acknowledge there is an issue with piracy or show concern enough to report it have clearly failed to understand the economic consequences of a problem that currently has levels of counterfeit software at around 27 per cent in the UK, with one in three businesses using illegal products according to the Business Software Alliance (BSA).

Wardell stresses that it has been able to show that for every £1 Microsoft makes from a sale, channel partners can make £7.50, based

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Machala Wardell, Microsoft

on software, service and support revenues. Obviously with counterfeit software that money disappears from channel coffers.

“People felt that they had never seen a problem or had customers complain about counterfeit. But we see high volumes of high quality counterfeit and there are probably people out there who have been linked with it but have no idea,” she warns.

“There are hundreds and hundreds who have dealt with counterfeit products and there is a lack of awareness in the marketplace about what actually constitutes ‘counterfeit software.’”



Wardell: Concern over resellers' indifference

Add to that also the dangerous consequences that customers leave themselves open to by buying software that could be littered with bugs and malicious spyware, and it is far from being a matter that can be ignored by responsible resellers.

After mulling over the results Wardell believes that: “We need to do a better job of helping people understand what counterfeit looks like and the dangers involved in buying, selling and using it.

“As a result of people completing this survey and our assessment of the findings, it is apparent to us that we still need to do more. A first step in this direction will kick off in early 2008, when we will be broadcasting a series of webcasts aimed at helping resellers understand what they need to avoid,” she adds.

Momentum has definitely been gained across the country recently: the BSA has led a counterfeit crackdown in Glasgow; the Federation Against Software Theft (FAST) has announced its intention to work with Trading Standards to impound software that breaks the laws on intellectual property; and Microsoft’s ‘Feet on the Street’ campaign has continued its successes. As such, resellers are going to find it harder to show indifference.

The consequences of maintaining an attitude of denial and indifference could be a court appearance, a fine and ultimately being publicly named and shamed not just by magazines like



MicroScope but also by the local press in the location of a reseller.

In the last few weeks there have been cases where counterfeit offenders have been named as a result of actions taken by FAST and the BSA and already this year substantial fines have been handed out as a result of out of court settlements. Also, Microsoft has smashed a multi-million dollar Chinese counterfeiting ring.

Wardell and her team are going to respond to the findings of the channel research carried out by *MicroScope* with a willingness to place even more emphasis on the efforts to educate resellers on the dangers of unlawful software, but there is muscle behind the efforts that dealers would be unwise to ignore.

“If resellers report [suspected cases of counterfeit selling] then we will follow up on it and we want to make changes to make sure we are driving the market revenue to our channel in the UK, which is one of the reasons why we are trying to tackle this through the small claims court”, she says. ■

Disturbing results

When *MicroScope* went out to gauge the opinion of its readership on the issue of counterfeit software the results showed a dangerous level of apathy in the channel with the main findings showing there is a continuing need for education.

- 37 per cent of resellers said that there was no impact at all of counterfeit software on their business
- 15 per cent of respondents said that they would not report a counterfeit problem
- Some of the reasons given by those not wanting to report a problem included feeling that it was not their problem (21 per cent) and that they would educate/point out it is illegal to sell counterfeit (21 per cent).