

Why channel resellers cannot ignore piracy

With counterfeit software at an all-time high, the cost to both the UK economy as a whole and the channel is so significant no-one should be in any doubt that piracy affects everyone

There have been numerous occasions over the course of this year when the subject of piracy has bled loudly on the channel radar.

Court cases, fines and public apologies have all resulted for those that have failed to stick to the right side of the genuine product line but even with these high profile consequences, there is still a tendency for resellers to view piracy as a problem that impacts other people.

But with the Business Software Alliance figures putting the level of counterfeit software in the UK at 27 per cent, the costs to both the UK economy and the channel are so significant that no-one should be in any doubt that piracy is an issue that affects everyone.

The effects on the channel

"Almost one in three computers are running on some sort of counterfeit software. If you think about the number of people using illegal products, the channel would be a lot bigger without that number of pirated copies," says Michala Wardell, UK head of anti-piracy at Microsoft.



Wardell: The channel would be a lot bigger without counterfeit software in use

"When we carry out reviews we find counterfeit software is running, on average, in one in four businesses," she adds.

Such companies run the risk of buying products that have had code tampered with, and could find that the support they expect is thin on the ground from a reseller that has sold on price and not its technical ability.

Competing against piracy

For the legitimate channel, the results of having to compete against piracy include losing deals to cheaper, unlawful competition, and suffering the frustration of watching customers that could have purchased other products and services missing out on a potential relationship with a channel expert.

To fight against the problem, Microsoft is operating on several fronts including getting out in front of resellers that could be selling counterfeit to educate them and then crack down to ensure that the legitimate channel is protected.

Despite the fact there are plenty of legitimate distributors in the UK resellers purchase software from other sources that might well pose as authorised Microsoft partners.

"If you are a reseller that buys through authorised distribution then you will be safe," promises Wardell.

Resellers that choose to take chances by selling illegal product face a visit from Microsoft's Feet on the Street Team, which aims to educate those that are suspected of piracy, as well as a range of measures including being taken to Court.

Zero tolerance

"We will adopt zero tolerance once we are sure that people are ignoring our advice. We will go anywhere in the UK, even to the smallest of shops," warns Wardell.

Those resellers that might think that some sort of blind eye might be turned will find themselves mistaken.

"There is a need to instil confidence in the channel that Microsoft is dealing with the fight against piracy. Microsoft does follow up on its actions and it's important we get that message to the good as well as the bad guys," says Wardell.

There is no resting on laurels either because the problem of piracy continues to evolve and there is a real battle to crack down on the counterfeit products populating several



What to look for

Counterfeit software – these illegal copies of the software are sophisticated and are distributed in packaging that often looks very like the genuine product.

Hard disc loading – those resellers who use a single copy of software and hard load it on to repeat machines will not be in a position to provide manuals and 'certificate of authenticity' stickers.

More tips can be found at www.howtotell.com

online auction sites.

Some resellers are establishing auction shops and exploiting the relative anonymity that web trading provides. But even here Microsoft is tracking them down and talking to the auction sites about getting counterfeit products removed.

"We are seeing a new breed of resellers that abuse auction sites — many are utilising online actions and setting up shops. It takes business away from the traditional channel," says Wardell.

Those resellers that think piracy is an issue that does not have any relevance for them need to be aware not only of the lost revenue to the channel and the dangers that customers are exposed to as a result of buying non-legitimate products, but also recognise that Microsoft is doing a tremendous amount to fight the problem.

Just a ten per cent reduction in the level of piracy in the UK would generate 34,000 jobs and add a potential £11bn in growth to the economy. Those are numbers that nobody can ignore. ■