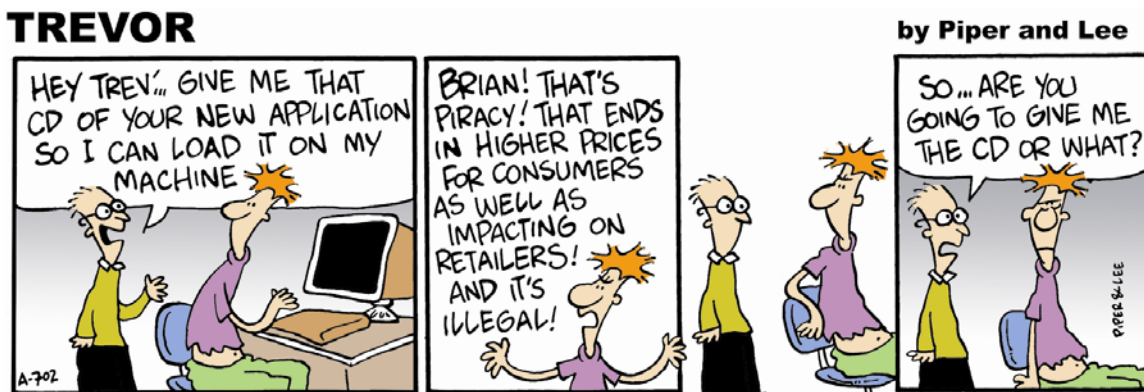


".....It's soft, therefore, its' free"

Overview

Ever since the introduction of personal computers (PCs), which can be traced back as far as the 1970s and 1980s, the issue of software piracy has resulted in a growth industry with thousands of auditors and consultants (like us) that have spent countless years, months and hours on auditing, advising, and designing and offering solutions to tackle the problem of piracy.



Over the last 10 to 15 years software vendors (and music and movie industry) have tried all sorts of activation codes, validation codes, unlocking codes and Digital Rights Management (DRM) solutions only to find that within hours of release, the software (music and movie) is unlocked, hacked or cracked and then readily shared around on the Internet for those that want to get their hands on the latest release, for free.

In parallel, over the period from around the late 1980's onwards, there has been a number of antipiracy bodies (software industry funded by key OEMs) who regularly conduct education programs, punishment programs, amnesty and whistleblower/reward programs. These antipiracy bodies then commission annual surveys which routinely and with regular monotony, claim how much the software industry is losing and how many more jobs and value would be contributed to the economy, "if a 10 point reduction in piracy could be achieved."

In 2009, nothing has changed, piracy is still a big issue and many just don't understand the driving forces behind what has now become in many places accepted as a "socially acceptable pastime".

"..... if I can get it for free, why should I pay for it?"

There are web sites, blogs and chat rooms too numerous to list that debate the arguments for and against software, music and movie piracy and countless press interviews given by industry pundits and specialists every time a series of "busts" are announced in the press about someone being caught, often referred to as the Pirates On Parade!

There is a fundamental issue that is being overlooked by most of the arguments, for and against, and it is encapsulated in the comment - *".....if I can get it for free, why should I pay for it?"*

Culture Shift

The real issue the software industry just cannot get a grip on, when it comes to how to solve piracy seems to have risen from a culture shift in peoples mindsets about the concept of "it's soft, therefore, it's free" that has evolved over many years due to varying reasons.

File sharing, p2p and Bit Torrent, and now YouTube, MySpace, Blogs and other social networking sites, have been around long enough now that a large proportion of the population of all age ranges knows intimately how to download;

- that file,
- that song,
- that game,
- that movie,
- the latest TV show or
- that piece of software

*"..... you can download, what you want, when you want from almost any site.....
.....it's as easy as....."*

they wanted for free, even though they realise in most cases it is illegal and in contravention of licensing regulations and copyright laws. They have been accustomed to being able to download what you want, when you want it, for free, and the justification often used is that software is too expensive and should be cheaper, or "they are rich enough anyway" so its irrelevant to them that what they are doing is breaking the laws commonly accepted in most jurisdictions.



Downloading what you want, when you want for free, is "as easy as".

Go on tell me you haven't tried it for yourself. If you haven't, you would have to be very a rare species. Everyone knows someone else who is copying and downloading files both at work and at home, and its often the topic at social events when a comment can be heard, "hey last night I downloaded a copy of" with the reply "can I have copy too?" It's dead easy to do!

Excuse me, but did I hear correctly?



Even Bill Gates has "admitted" he has accessed files via downloading methods on YouTube and is reputedly quoted as saying "Stolen is a strong word for piracy, it's copyrighted content that the owner wasn't paid for" June 2006 see <http://blogs.computerworld.com/node/2803> Pardon me, but that hasn't helped the "cause", as the blogs and software pirates have had a ground hog day with this punch line! Well done, Bill.

If you go to YouTube or MySpace (and other social networking sites) you can find any number of video links to where to download xyz software, how to crack open or activate software or how to hack into wireless systems, irrespective of whether they are Open, or secured with WEP or WPA.

Take your pick, it's all there ready for you to grab and run! If the site is down you can always find a cached version somewhere. Digital content is now so easy to access via the Internet very few don't even think about it as an issue any more.

Web 2 has given rise to the rapid spread of Blogging and Social networking and there are numerous sites now devoted to how to get hold of files of all types, albeit covertly done in many cases to try and escape notice, and transmission of where to find the links is often via word of mouth amongst user groups and communities, hoping to avoid detection.

Most of the end users have now grown up with a culture of Open Source and "if it's soft, it's free", so they have no qualms installing what they like when they like on systems unless you have them locked down. For larger organizations you have this under control, or you should.

Look at the spread and rise of "free" software for the iPhone as an example, free versions (be careful - many are sheer rubbish) are offered as "freemium", as a means to entice others to buy the base or premium version. Apple now claims over 15,000 applications for the iPhone most of which are for free, some for a fee. (A security tip, be very careful with some of these as they are trash and may cause security violations if connected to larger systems and haven't gone through rigorous testing in the manner of more conventional software development). It is well known in the iPhone community that the applications are being swapped and shared around once downloaded and software developers are powerless to stop the spread.

Economic model ground shift

Our observation after being advisers to industry for the last 18 years in terms of protecting against software, music and movie piracy within the business is that the economic model for software development and sales has shifted due to the groundswell of the user community being well versed in the techniques (using Web 2 and Torrent technologies) on how, where and when to grab "that file, for free"!

Some software developers entering the market, as well as some who have been in the market a long time are noticing increasing demands for the supply of free fully unlocked versions "for trial" by end users, before they buy.

".....it's soft, it's free and that's not our problem"!

In this case what software developers are experiencing is a "damned if they do", and "damned if they don't" outcome as they won't generate a sale on one hand and if they refuse, the software developer suffers a tirade of bagging and negative comments, some very damaging about the software on user forums and communities.

We have been hearing increasing stories of software developers locked into an expensive helpdesk/support team arrangement who are finding they need to support pirated versions for similar reasons. This is now reaching a ridiculous situation. Don't the end users realise that it costs money to run a support desk? Again, if you do it costs, if you don't you are dragged through forums again and again as being a lousy software vendor and this can affect credibility and viability.

From a user perspective, "it's soft, it's free and that's not our problem"!

Digital Rights Management (DRM)

Digital Rights Management entered the scene in around 1996 and by 1999 migrated into the computer sector area as a means to control digital distribution of software, music, movies and videos.

If you are a small software developer you can forget using DRM as the pockets need to be very deep to set up DRM in a manner that gives you a reasonable level of protection. By reasonable level, we mean a level that allows you to at least generate some sales (to pay the bills and your wages) from those honest enough to pay on activation, however this seems to be a shrinking market as the numbers of customers willing to pay up front appears to be shrinking. If you use an Open Source DRM, think again, if it's Open Source then the user community already knows how to hack in and peel back anything you might try, so that's not a smart move. Re-contribution means the locking code can easily be slipped backwards onto the community forums and then your secret is out!

At the 800 lb gorilla end of town, Microsoft and other large OEMs have invested HUGE sums in DRM and it doesn't seem to be working effectively for them, even though they have large bank accounts to fund this sort of activity.

Using DRM doesn't seem to be the answer, as we have seen over and over again, the best laid plans of DRM/WGA and other protective measures are broken and cracked with both speed and ease, thus thwarting attempts to control digital distribution. In many areas it's become an art form where the rush is on to be the 1st to release the latest titles, hacked and cracked and uploaded to the web so we can all access the pirated version of software, music or movies. It's a technology challenge that many find a compelling activity. Some do it for free, others do it for monetary gain!

Microsoft so far, has no idea how to fix the piracy problem using DRM and their regular attempts at piracy control mechanisms keep being introduced and then withdrawn or watered down due to user backlash. DRM is only part of the answer as it offers a one way solution to benefit of the software vendor and very little benefit (many would say sheer pain and suffering) to the end user business, due to complexities in methods of deployment.

“.....DRM is only part of the answer.....”

Take WAU, Windows Anytime Upgrade for Vista. That was loaded as a digital download and then withdrawn in Feb 2008 due to “complications”. Microsoft last year went back to DVDROM distribution of upgrades from Vista basic to Vista Ultimate and the DVDs are made in Mexico or Sth America! So much for their DRM approach to achieving lower distribution costs through controlling software downloads using DRM. See

http://www.infoworld.com/article/08/02/07/Microsoft-to-end-digital-downloads-for-Vista-upgrades_1.html

Legislation and legal avenues

Legislation and court attempts to overcome the piracy problem don't seem to be working either and neither is education and punishment programs of the Business Software Alliance who keep sprouting off every year about “if we get a 10 point reduction in piracy it will generate this many jobs”. This is really a case of “the BSA drinking their own bathwater” as they haven't yet achieved a 10 point reduction anywhere in the last 10 year or more, see

http://www.pcprofile.com/How_is_the_BSA_Going_To_Achieve_a_10_point_reduction_in_Piracy_Rates.pdf

It's time for a change

It's time for a change in strategy over software distribution methods, software licensing that is far too complicated and factored in favour of the OEM (have you read an End User License Agreement lately) and EULA's that keep being altered “on the fly” with patches and fixes as they are applied to your systems!

What is needed by industry involved in digital distribution at all levels covering software, music movies and fonts, is a “back to the drawing board rethink” of licensing strategies, EULA's and economic models that allow software developers to derive a revenue stream out of software/downloads etc in a manner that both the end user customer is happy with and the developer gets a suitable reward for their efforts.

Otherwise developers will start shifting to more traditional physical assets they can sell rather than "soft" digital items as the culture and mindset will continue to limit sales.

From our perspective we think the issue is now shaping up into two polar views;

USER - “.....why should I pay for it?”

If I am an end user and I can get it for free, why should I pay for it?
Result - end user customer happy, developer not happy!

If I am a software development house and I can't derive sufficient revenue as reward for my efforts, do I want to be in this game any more?
Result – developer happy, end user customer not happy!

DEVELOPER - “.....why should I stay in this game?”

This is the real issue that we see that no one is challenging and this has significant knock-on effects in a wide range of areas.

Managers of businesses have a core business set of goals and objectives to meet and with changing fortunes due to decline in economic recession, managers are facing increasing cost pressures. In 2009 it will become painfully clear that they can ill afford the costs of expensive software compliance programmes, software audits, software asset management programmes, auditors and consultants. The impact will be the resultant fines and penalties that apply if and when they are “caught out”.

This has been caused by an “attitude” of “It’s soft, therefore, it’s free” and is not an easy mindset to overcome.

Software Piracy is an “attitude” problem!

Attitudes of “it’s soft therefore it’s free” are now so well entrenched across all age ranges from director level to student, we don’t believe that the software industry has an easy solution to this dilemma, yet.

The software, music and movie industry need to join up, commit resources and effort and solve the problem by simplifying the licensing arrangements, and come up with a simple effective solution that eases the burden on industry, provides simpler EULA’s in plain English, that are easily understood and easy to manage.

Is there a solution in sight?

PCProfile developed a prototype “management system” for standalone PCs in 2004 that can be adapted if the software key vendors would sit-up and take notice, but our fear is they will continue blundering around and making a real mess of the issue and software, music, movie and font piracy rates will remain unaltered and maybe even rise higher!

Our solution put the power to manage software piracy into the hands of managers in business and government accounts in a manner that enabled them to focus in a fundamental element and freeing them up to concentrate on core business activities that enabled them to generate profit and revenue streams that was the focus of their business.

The aim of our solution was to reduce the effort spent (and wasted) on software audits and software compliance and made it easy to demonstrate compliance.

Technology solutions that don’t address the “attitude” issue will never solve the problem of piracy!

In 2009 our rationale remains the same, and we firmly believe that a solution is possible, it just needs some fast footwork by the big vendors to understand that it can be done, and commit to making it happen. The solution is simple, is not rocket science and is what senior management is looking for in terms of managing their business better, for lower cost and greater compliance.

The current anti piracy “solutions” only focus on providing benefits one-way, to the software vendor.

A two-way benefit solution is what is needed to make it become acceptable across the board and 2009’s economic circumstances will see that this sort of solution would be widely welcomed as a means to focus cost and expenditures into areas that actually provide tangible benefits to profit and cash flow at the same time as reducing risk for the business, and the upside for software vendors is the details are well managed, accountable and traceable, leading to increased sales for the vendor. Without adopting a win-win approach, piracy will never be solved.

TREVOR

by Piper and Lee



It's time to stamp out piracy!

Over the last 15 to 20 years, education, rewards, punishment and whistleblower schemes have so far not solved the problem, so it's time to make a change!



If you are a large software, music or movie industry vendor and want to help solve the problem, contact Rob Harmer direct and we might fill you in on how you can solve the problem!

Industry Heroes can apply here by mailing pcprofile@pcprofile.com

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