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Media Contact:
Gerard Chong
Radiant Communications
Tel: +65 9818-3975
Email: gerardchong@radiantcomms.com

Asia Pacific Making Progress in Cloud Computing Policies, BSA Study Finds

Japan, Australia lead global market with Singapore showing greatest gains, but others in region still stalling

Singapore — March 7, 2013 — Among Asia Pacific economies, Japan and Australia continue to lead the world in cloud computing policies, with Singapore and Malaysia making substantial progress in creating a conducive environment for cloud computing. However, patchy progress in other economies in the region threatens to undermine not just their own cloud computing markets, but the global market as a whole.

These are some of the findings from the 2013 BSA Global Cloud Computing Scorecard, the first report ever to track changes in the global policy landscape for cloud computing. Launched globally today by BSA | The Software Alliance, the findings build on an inaugural study published last year.

The sharp divide between advanced economies and the developing world that was revealed in last year's BSA Global Cloud Computing Scorecard has narrowed somewhat in 2013 as significant progress has been made by some developing countries. Many of these are in the Asia Pacific, while at the same time progress has plateaued in major developed countries like the US and in the EU.

Overall, the future looks bright for many Asia Pacific economies. Although some have substantial work ahead to address the issues raised in the scorecard and to enhance their cloud preparedness, many of them have already started to recognize the vast potential gains in fully embracing the cloud and have put in place improved policy frameworks that are reflected in improved 2013 standings. In the global market for cloud computing services — soon to drive more than $1 trillion in new business revenues around the world, according to research firm IDC — the improved policy frameworks we are seeing in some parts of the Asia Pacific should have a significant and positive impact on economic growth, job creation, and development of Small and Medium Enterprises (SMEs) in those markets.

The Scorecard's biggest mover is fifth-ranked Singapore, which vaults up five places after adopting a new privacy law that builds user trust while also promoting business innovation. The study finds that Japan continues to lead the global rankings with a comprehensive

suite of laws supporting digital commerce. Australia remains in second place, and the US edged into third this year, pushing Germany into fourth place in the rankings.

The study finds that cloud policy improvements in many of the world's biggest IT markets have stalled. Notably, all six European Union countries covered in the study have lost ground in the rankings. Others are effectively unplugging themselves from the global market — with especially counterproductive policies in Indonesia and Vietnam, and the risk of such in Korea.

"We're seeing patchy progress in the policy landscape for cloud computing," said BSA President and CEO Robert Holleyman. "Mismatched privacy and security rules are making it hard for data to flow across borders, and too many countries are chopping off pieces of the cloud for themselves. This undercuts economies of scale that would benefit everyone. To have a cohesive global marketplace, we need more bridges and fewer barriers."

The BSA study evaluates 24 economies across the globe in seven policy areas critical to the market for cloud computing services — data privacy, cybersecurity, cybercrime, intellectual property, technology interoperability and legal harmonization, free trade, and ICT infrastructure.

Among the study's findings:

- Singapore has moved up the rankings with a new privacy law that recognizes people's right to protect their personal information and companies' need to use data for reasonable purposes.

- Malaysia crossed the divide between mature and developing economies by bolstering cybercrime and IP laws and opening itself for increased digital trade.

- India moved up the rankings by implementing international IP agreements.

- Japan, Korea, Singapore, and the United States score highest in infrastructure, with China and Singapore among the economies showing the most improvement in their infrastructure score for 2013. Singapore stands out as having both the highest score in the infrastructure section and maintaining leading growth rates in a number of areas, such as International Internet Bandwidth.

- Europe and the US have stalled against the backdrop of ongoing debates over privacy laws. Privacy reform in some countries has been delayed, with proposals in India and Thailand failing to gain parliamentary attention or support.

- Indonesia, Thailand, and Vietnam failed to fare well in security. Korea, and Vietnam also registered low scores in cybercrime.

- Indonesia and Vietnam are among the countries tying up foreign cloud providers in red tape, such as imposing data-location requirements, or restricting the flow of data across borders.

"In the global economy, companies should be able to do business wherever they find a market — and customers should have access to the best the world has to offer," said Holleyman. "Everyone's policies affect the global cloud marketplace. We don't need

identical laws across every economy, but they all should promote good data stewardship while enabling business innovation in a fast-moving marketplace."

To capture maximum benefit from cloud computing, BSA advocates a policy blueprint covering each of the seven areas in the study — data privacy, cybersecurity, cybercrime, intellectual property, technology interoperability and legal harmonization, free trade, and ICT infrastructure.

Specifically, BSA recommends policymakers take the following actions:

1. *Ensure privacy:* Users must have faith their information will be treated carefully, and providers must have freedom to move data efficiently in the cloud.

2. *Promote security:* Effective risk management requires flexibility to implement cutting-edge security solutions.

3. *Battle cybercrime:* Law enforcement and cloud providers alike need effective legal mechanisms to combat illicit access to data.

4. *Protect Intellectual Property:* Laws should provide clear protection and enforcement against infringement of underlying cloud innovations.

5. *Ensure data portability and harmonizing global rules:* Governments should work with industry to develop standards that facilitate data flows while minimizing conflicting legal obligations.

6. *Promote free trade:* Eliminate barriers such as preferences for particular products or service providers.

7. *Bolster IT infrastructure:* Provide incentives for investment in broadband and promote universal access.

The full, 24-country rankings, detailed findings, and policy blueprint are available at www.bsa.org/cloudscorecard

About BSA

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