The Software Alliance BSA

News Release

Progress on Cloud Computing Policy Is Hit and Miss Around the World, BSA Study Finds
Singapore leaps forward in global policy rankings; Japan, Australia, and US lead global market; Europe stalls

Washington, DC — March 7, 2013 — Countries around the world are improving the legal environment for cloud computing — though at an uneven pace that risks undermining the full economic potential of cloud technologies, according to a new report from BSA | The Software Alliance.

The 2013 BSA Global Cloud Computing Scorecard — the first report ever to track changes in the global policy landscape for cloud computing — finds that while many of the world's biggest IT markets have stalled or slid backwards, others are embracing laws and regulations conducive to cloud innovation. The Scorecard also finds that policy fragmentation persists, as some countries, aiming to promote local cloud markets, adopt laws and regulations that inhibit cross-border data flows or skew international competition.

"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. Too many countries are chopping off pieces of the cloud for themselves. This undercuts economies of scale that can benefit everyone. To have a cohesive global marketplace, we need more bridges and fewer barriers."

The new 2013 BSA Cloud Scorecard builds on an inaugural edition of the report released last year. The biggest mover in the rankings is Singapore, which vaulted to fifth from 10th place a year ago by adopting a new privacy law that builds user trust while also promoting business innovation. The 2013 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 has edged into third, pushing Germany down to fourth.

The study finds that 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 Korea, Indonesia and Vietnam.

The study evaluates countries 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.

- Canada, Russia, and India all moved up the rankings by implementing international IP agreements.

- Europe and the US have stalled against the backdrop of ongoing debates over privacy laws.

- Indonesia and Vietnam are among the countries tying up foreign cloud providers in red tape, 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 country, but they all should promote good data stewardship while enabling business innovation in a fast-moving marketplace."

BSA proposes an updated, seven-point policy blueprint for governments around the world to create an environment conducive to cloud growth and innovation:

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

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

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

4. *Protecting IP:* Laws should provide clear protection and enforcement against infringement of underlying cloud innovations.

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

6. *Promoting 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

The Business Software Alliance (www.bsa.org) is the leading global advocate for the software industry. It is an association of world-class companies that invest billions of dollars annually to create software solutions that spark the economy and improve modern life. Through international government relations, intellectual property enforcement and educational activities, BSA expands the horizons of the digital world and builds trust and confidence in the new technologies driving it forward.