South Africa Country Ranks 18th among 24 Countries on Laws and Regulations Affecting the Growth of Cloud Computing

International patchwork of conflicting laws and regulations threatens fast-growing cloud computing market, BSA study finds

 Johannesburg, South Africa — February 22 — South Africa ranks 18 out of 24 countries in a new ranking of government policies that influence the growth of cloud computing, the Business Software Alliance (BSA) reported today. Although South Africa’s weak ranking is concerning, even more worrisome is that the current country-by-country patchwork of conflicting laws and regulations threatens to undercut the full promise of the global cloud computing market, a new BSA study finds. To capture the full economic potential of the cloud, BSA urges governments to better harmonize their policies to smooth the flow of data across borders.

The BSA Global Cloud Scorecard establishes a first-of-its-kind ranking of countries’ readiness to drive the growth of a globally integrated cloud marketplace. The ranking evaluates laws and regulations in countries that together account for 80 percent of the world’s information and communications technology, and it assesses those countries’ policies in seven areas: data privacy, cybersecurity, cybercrime, intellectual property, technology interoperability and legal harmonization, free trade, and IT infrastructure.

The top five rankings for markets with the most robust cloud policies went to Japan, Australia, Germany, the United States, and France.

“The true benefits of cloud computing come with scale,” said BSA President and CEO Robert Holleyman. “In a global economy, you should be able to get the technology you need for personal or business use from servers located anywhere in the world. But that requires laws and regulations that let data flow easily across borders. Right now, too many countries have too many different rules standing in the way of the kind of trade in digital services we really need.”

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Among the study’s key findings:

- South Africa does not have specific regulations in place for cloud computing. Some limited Internet filtering and censorship is in place which may inhibit the development of the digital economy.

- The country does not yet have privacy legislation in place. Draft legislation presently being considered is expected to be enacted during the course of 2012, which would alter South Africa’s scorecard in this regard.

- South Africa does have useful cybercrime laws but they are not up-to-date, and it lacks strong intellectual property protections. South Africa has only very basic copyright laws, which are not aligned with current US and EU copyright legislation and the country has not signed the WIPO Copyright Treaty. This is an area where significant work is required in order to align with international standards.

- Another potential barrier in South Africa is the existence of a complex system of domestic preferences in government procurement opportunities. South Africa has low levels of ICT use and broadband penetration, and there is no comprehensive plan or funding in place for expanding broadband infrastructure at this stage.

- However, South Africa is currently served by two submarine cables: SAT-2 and the SAT-3/WASC/Safe system. Three further cables are in the pipeline which address the infrastructure and provide a high speed access in the near future.

- There is a sharp divide in cloud readiness between advanced economies and the developing world. Japan, the United States, and EU all have established solid legal and regulatory bases to support the growth of cloud computing, while developing countries, such as China, India, and Brazil, have the most work to do to integrate themselves into the global cloud market.

- The study’s most surprising finding is that some of the countries that are doing well are also walling themselves in with laws and regulations that conflict with other countries. For example, the European Union’s proposed Data Protection Regulation could undermine the potential scale and economic impact of the cloud.

“In recent years, South Africa has fallen behind in developing the policies we need to encourage the full potential of cloud computing,” said Drummond Simpson, Chairperson BSA South African Committee. “Now is the time to build the right policy foundation here at home, while also participating in the development of a healthy global cloud computing system.”

BSA proposes a seven-point policy blueprint for governments around the world to expand economic opportunity in the cloud:

1. Protect users’ privacy while enabling the free flow of data and commerce.
2. Promote cutting-edge cybersecurity practices without requiring the use of specific technologies.

3. Battle cybercrime with meaningful deterrence and clear causes of action against criminals.

4. Provide robust protection and vigorous enforcement against misappropriation and infringement of cloud technologies.

5. Encourage openness and interoperability between cloud providers and solutions.

6. Promote free trade by lowering barriers and eliminating preferences for particular products or companies.

7. Provide incentives for the private sector to invest in broadband infrastructure, and promote universal access to it among citizens.

The full, 24-country rankings, including detailed findings for South Africa and BSA’s 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 nearly 100 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.