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Global patchwork of conflicting laws and regulations threatens fast-growing cloud computing market says new Business Software Alliance study

UK ranks seventh among 24 countries on laws and regulations affecting the growth of cloud computing; BSA calls on governments to harmonise policies

LONDON — 22 February 2012 — In a first-of-its-kind study that ranks countries’ readiness to drive the growth of an integrated cloud marketplace, the Business Software Alliance (BSA) has found that a global patchwork of conflicting laws and regulations is threatening the fast-growing cloud computing market. It warns that to capture the full economic potential of the cloud, governments must better harmonise their policies to smooth the flow of data across borders.

The UK ranks seventh out of 24 countries in the new BSA Global Cloud Scorecard, behind Japan, Australia, Germany, the United States, France and Italy. The Scorecard evaluates laws and regulations in countries that together account for 80 percent of the world’s information and communications technology, and assesses their policies in seven areas: data privacy, cybersecurity, cybercrime, intellectual property, technology interoperability and legal harmonisation, free trade, and IT infrastructure.

But despite these countries’ strong rankings, the current country-by-country patchwork of conflicting laws and regulations threatens to undercut the full promise of the global cloud computing market.

“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.”

Among the study’s key findings:

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• The UK has a fairly comprehensive set of cyberlaws in place, and data protection laws are particularly strong. However, businesses are required to register their data sets with the regulator, which seems to be an unnecessary burden on business and may act as a barrier to some cloud services.

• The UK is a signatory to the Convention on Cybercrime but has been criticised for not yet implementing one of the key provisions of the Convention.

• For public sector use of Information and Communications Technology (ICT), the UK’s G-Cloud Strategy is the most fully elaborated cloud policy in Europe and adopts a “public cloud first” approach for public procurement.

• 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 warring 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.

“The UK has made great progress in developing a solid policy environment to promote the full potential of cloud computing,” said Thomas Boué, Director, Government Affairs, EMEA, BSA. “However, a healthy national market for cloud computing does not necessarily translate into a market that is attuned to the laws of other countries in a way that lets data flow smoothly across borders. We must do more to ensure 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 the UK 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.