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Global Patchwork of Conflicting Laws and Regulations Threatens Fast-Growing Cloud Computing Market, BSA Reports

Washington, DC — February 22 — A patchwork of conflicting laws and regulations threatens to undercut the full promise of the global cloud computing market, the Business Software Alliance reported today in a study of 24 countries that together account for 80 percent of the world's information and communications technology. To capture the full economic potential of the cloud, governments need to better harmonize their policies to smooth the flow of data across borders, the study warns.

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. It assesses laws and regulations 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 cloud providers 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:

- 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.

- Japan ranks first overall because it has comprehensive privacy protections that don’t inhibit commerce, a full range of criminal and IP protections, and robust IT infrastructure. It also is a leader in developing international technology standards.
• 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.

“To have a global cloud market, we don’t need every country’s laws to be identical. But we do need them to be compatible,” said Holleyman. “Privacy and security rules are especially important. They should promote good data stewardship while also encouraging international commerce.”

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, 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 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.