Managing Your Software Licences

Businesses of all sizes face legal risks

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Software isn't like most assets you acquire. A software license grants a person (or a company) the legal right to use a software program. The software itself is the intellectual property of the copyright owner, however, the license accompanying the software provides the terms and conditions for use of that software program. Businesses of all sizes face legal risks because of software piracy. Under the law, a company can be held liable for its employees' actions. For example, if an employee installs unauthorized software on a company's computers or downloads illegal software via the Internet, the company can be sued for copyright infringement —even if management was unaware of the employee's actions. Remember ignorance cannot be used as a defense.
For each software program that your company uses, you need a license. Using the software outside the terms of the license is an infringement of copyright typically referred to as software piracy.

SOFTWARE PIRACY CAN INCLUDE:

- Installing your software on more PCs than the license allows. Usually the software license only allows one installation of the program. Special volume licenses are available but can only be used on the number of computers specified by the license.
- Allowing employees or friends to make counterfeit copies of your business software for their own personal or business use.
- Using illegal copies of software, even unknowingly. To be liable for copyright infringement it is not necessary that you know that your activity is illegal. The mere act of using an illegal copy of the software can make you liable.
- Allowing or asking an employee or an IT technician to install software on your PCs when you do not have a license for it.
- Internet piracy. Virtually every software product can be found on a pirate Web site. These include Web sites that make software available as a free download, Internet auction sites that offer counterfeit software, and peer-to-peer networks that enable the unauthorized transfer of copyrighted programs. According to the Software and Information Industry Association, over 90 percent of software sold through online auctions is pirated.
- Hard-disk loading. This takes place when unauthorized copies of software are installed on a computer's hard drive before sale in order to make the machine more attractive.

- Client/server overuse. This occurs when too many employees on a company network are using a central copy of a program at the same time. If you have installed programs on your local area network for several employees to use, you must be sure that your licenses entitle you to do so.

THE RISKS OF PIRACY.

Using unlicensed software, even if it's not knowingly, can leave an organisation liable to legal action that could result in large fines (of thousands of euros), or company executives being held individually liable for any copyright infringement (punishment can include imprisonment!). Other reasons for not using piracy software include:

- If the software is copied or purchased illegally from the Internet your company is in greater danger from being infected by a virus, receiving corrupt disks or defective software that simply wouldn't install or continues to crash.
- No manuals available meaning the software is more difficult to install and use than a legitimate version.
- Lack of technical support and warranty that properly licensed customers would receive.
- Ineligibility for software upgrades of bug patches and enhancement features offered to licensed users.

Staying within the legal boundaries of your license agreement doesn't have to be a hassle.

Here are some things you should do to ensure you and your business steers clear of trouble:

- Take stock. Conduct an inventory of all your computers and what applications they are running. Then, gather your licenses and be sure each machine is covered.
- Confirm authenticity. If you want to be sure your license agreements are in proper working order, check the applications you are using for a certificate of authenticity. This seal will appear on the CD-ROM, or as a stand-alone certificate or on the computer itself. Certificates of authenticity are usually complex documents using multicoloured graphics, text, and holograms.
- Spread the word. This cannot be overemphasized: train your employees in the importance of abiding by copyright regulations. Be sure everyone is familiar with your software license agreements and knows how to observe them.
- Report it. If you have observed software piracy that you'd like to report, there are many organizations you can contact such as BSA – Business Software Alliance and FAST – Federation Against Software Theft. These companies offer rewards to individuals who report software piracy where there is a successful conviction.

MAKE IT AN ONGOING EFFORT

The steps outlined above are essential to any software management plan. But remember: effective software management is an ongoing process. It is essential that you monitor employee adherence and protect against the introduction of illegal software. A growing number of companies conduct spot checks on individual computers to make sure illegal software hasn't been inadvertently or deliberately installed.
Software piracy is not a victimless crime. Piracy denies software developers rightful revenue – money that could be fruitfully channeled back into research and development of new products. When you put your company's software licenses in good order, you're going a long way toward steering clear of the dangers associated with illegal software.

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