Software piracy is risky business

By Australian Institute of Steel Detailers (AISD) chair, Clayton Roxborough

The commercial impacts of software piracy remain topical around the world and will surely become more prevalent as the global credit crunch takes effect.

Australian steel detailing businesses rely on clients and contractors to support those firms with legitimate software licenses.

The *Manila Bulletin* reported in 2008 that a detailing company in the Philippines was closed down with 130 computers confiscated by authorities from a tipoff on the use of pirated 3D detailing software. The company lost all its hardware, software and project files.

Whilst that gives Australian detailing business owners some hope that piracy doesn't pay, it also raises an important question that local builders and fabricators should seriously assess when contemplating sourcing detailing services offshore.

If the newspaper report is any indication, schedule delays can occur from events that would not generally be considered in any cost or risk analysis. Whilst it may be possible to consider potential site rectification time and therefore forecast potential cost at a base labour charge, the 'knock on' effect of liquidated damages resulting from the fallout of events such as the one reported above would seem to be a much more complex item to assess.

Just imagine you are a builder or fabricator and have a project being detailed by a company like the one identified in the above report. You are expecting your first issue of shop drawings in a few days time, the delivery of which is highly critical for you to meet the aggressive schedule you are commercially committed to. It should be intuitively obvious that you will have a significant problem on your hands.

In recent years, the level of overseas-based competition for Australian steel detailing contracts has grown enormously. Certainly, the skills shortage was one factor driving this growth but the predominant cause is low pricing.

One of the reasons that some overseas detailing firms are so competitively priced is their low overhead costs. Some costs, such as wages and tax compliance, are low due to lower cost of living standards. But a cost which should not be lower is that of software licensing and compliance.

In Australia, establishing costs for high-end 3D detailing software with appropriate hardware and detailer training can cost up to A$45,000 per seat. This is a huge cost for Australian firms to recover and makes competing on a global scale even more difficult. By contrast, the culture of many Asian businesses continues to see this as an unnecessary expense. In fact, the Business Software Alliance estimates that in 2006, 82 percent of the PC software used in China was pirated.

After joining the World Trade Organisation (WTO), China adjusted its Intellectual Property (IP) laws to comply with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Officially, the laws are in place now, but in practice they are mostly ignored.

Reputable building firms do not outsource work to an overseas company without first doing some sort of due diligence on their work quality, experience, reference checks, etc. It's then reasonable to expect directors of Australian businesses would ensure all their sub-contractors are suitably licensed for steel detailing software on Australian projects.

With tough times ahead, it is important to insist that you and your contractors are abiding by Government and Federal laws regarding the illegal use of software. Not only is it illegal, but it is unfair on companies that do purchase the software as they are likely to have higher operating costs than those that don't.

The Australian Institute of Steel Detailers (AISD) is keenly interested in this issue and plans to establish policies to ensure their members are appropriately licensed and their practices comply with Australian law.

This will provide the Australian steel construction industry with confidence that the steel detailer contracted to their project is suitably licensed.

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New tertiary qualification ticked

The formal qualification in Structural Steel Detailing has now been approved by the National Quality Council of the Department of Education, Employment and Workplace Relations. The qualification will be offered as a specialist stream within the Diploma of Manufacturing Technology.

The courses are a result of efforts made by the AISD, Manufacturing Skills Australia (MSA) and the ASI. This course is aimed at existing tertiary students and draftspersons wishing to add steel detailing to their skill set or change their discipline.

The AISD is hoping the course will accept its first student intake in 2010, however work continues on this project to determine the delivery direction and how best to reach potential students. This process may vary between states.

For some states, TAFE may be the best option, while registered training bodies or web-based delivery may suit others.

For more information about the course content and updates on delivery developments please visit **www.aisd.com.au.**