



Subject: Submission on engineering business software.
Date: Tuesday, 19 February 2013 4:20:37 PM

Dear Committee,

The following late submission is provided on the assumption that these issues have not been covered by other submissions, but are an important issue affecting competitiveness of Australian business.

This submission is regarding engineering and scientific software that is sold at dramatically higher prices in Australia than in the United States in particular. Although there are many companies that manage to sell at a uniform, or similar price, internationally, there are several large software suppliers who charge dramatically higher prices in Australia than the U.S. in particular. Although some arguments may exist for slightly higher prices, the differences that are often encountered can clearly not be justified.

The main supplier of concern in my submission is ESRI, who supply Geographic Information System (GIS) software to engineering, environmental, spatial planning and various other businesses and institutions. In April 2012 I was quoted \$4000 for a package (ArcView) that is sold for \$1500 in the U.S. When I queried the sales person on the matter he was clear that it was a matter of regional pricing and that their license conditions do not permit me to buy the software in the United States, which compelled me to pay the asking price. Although I declined to buy the software under the circumstances I believe this issue is relevant to the enquiry. ESRI also sells more expensive packages that presumably also have an excessive mark-up on them. It is now necessary to request a quote for these packages so that the cost differences are not as easy to discover.

Aside from ESRI, I support the submission regarding Autodesk (AutoCAD software) and similar issues are also apparent for other software companies who supply software for geological and mining applications.

Considering the cost of purchasing and maintaining software, these price differences may very well be a significant contributor to lower productivity in Australian resources and technology services businesses compared with North American businesses. The significant additional costs associated with purchasing and maintaining software have to be offset somehow. This is in addition to the pressures caused by the strong Australian Dollar. In an open market, overseas products should become cheaper with a stronger currency to offset other productivity issues associated with a strong currency. North American businesses who operate in Australia in competition to local businesses thus have an unfair advantage, as they are able to operate at lower costs using overseas resources. These issues are also relevant for several other software, knowledge and technology dependent professions.

Considering the scale of the problem and the number of businesses involved, the only apparent way to circumvent this problem is to allow legal circumvention of regional pricing, regardless of vendor license terms. If it is not legally possible to override vendor license terms, perhaps consideration could be given to barring companies who do not agree to such a policy from selling their products in Australia altogether.

Yours Sincerely.

PIERRE ROUSSEAU