



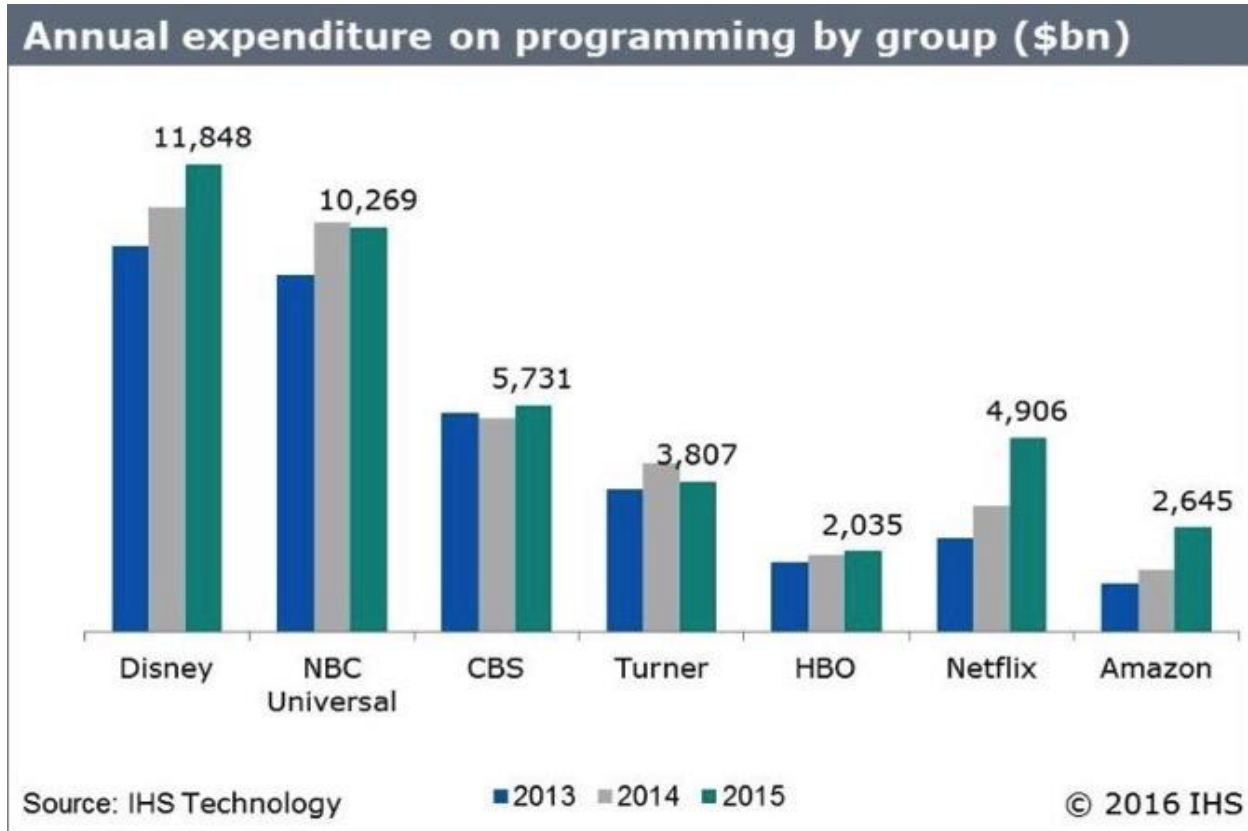
CONNECTING PEOPLE TO  
THE CONTENT THEY LOVE



## Winning the Piracy Wars: Strategies for Protecting your OTT Content

December 2017

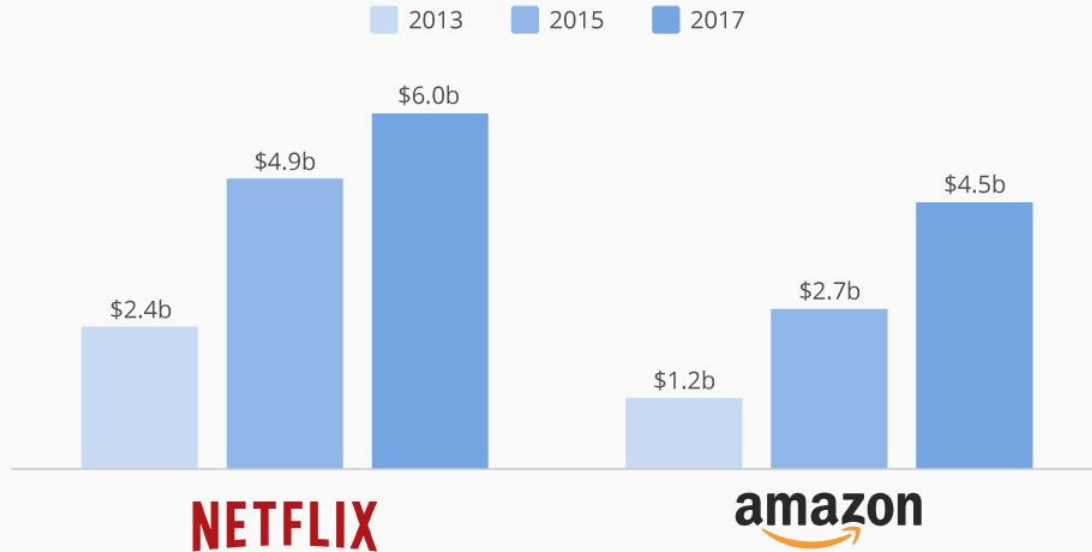
# Content is getting better, costing more to produce...



# OTT Streaming Vendors are also investing more...

## The Billion-Dollar Race for Streaming Supremacy

Estimated annual video content budgets of Netflix and Amazon (original and licensed content)



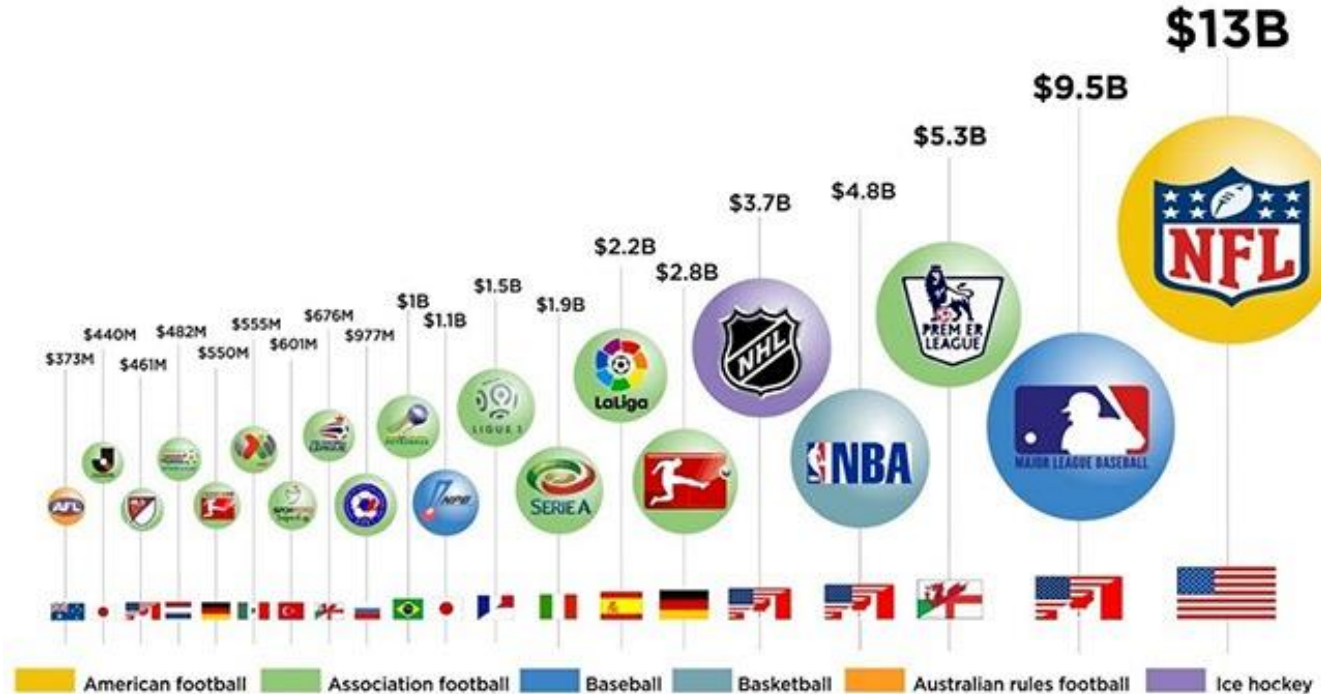
@StatistaCharts

2013 and 2015 estimates by IHS Markit;  
2017 estimates given by Netflix and JPMorgan (for Amazon)  
Sources: IHS Markit, Netflix, JPMorgan

statista

# So are the top sports leagues...

## Top Professional Sports Leagues by Revenue



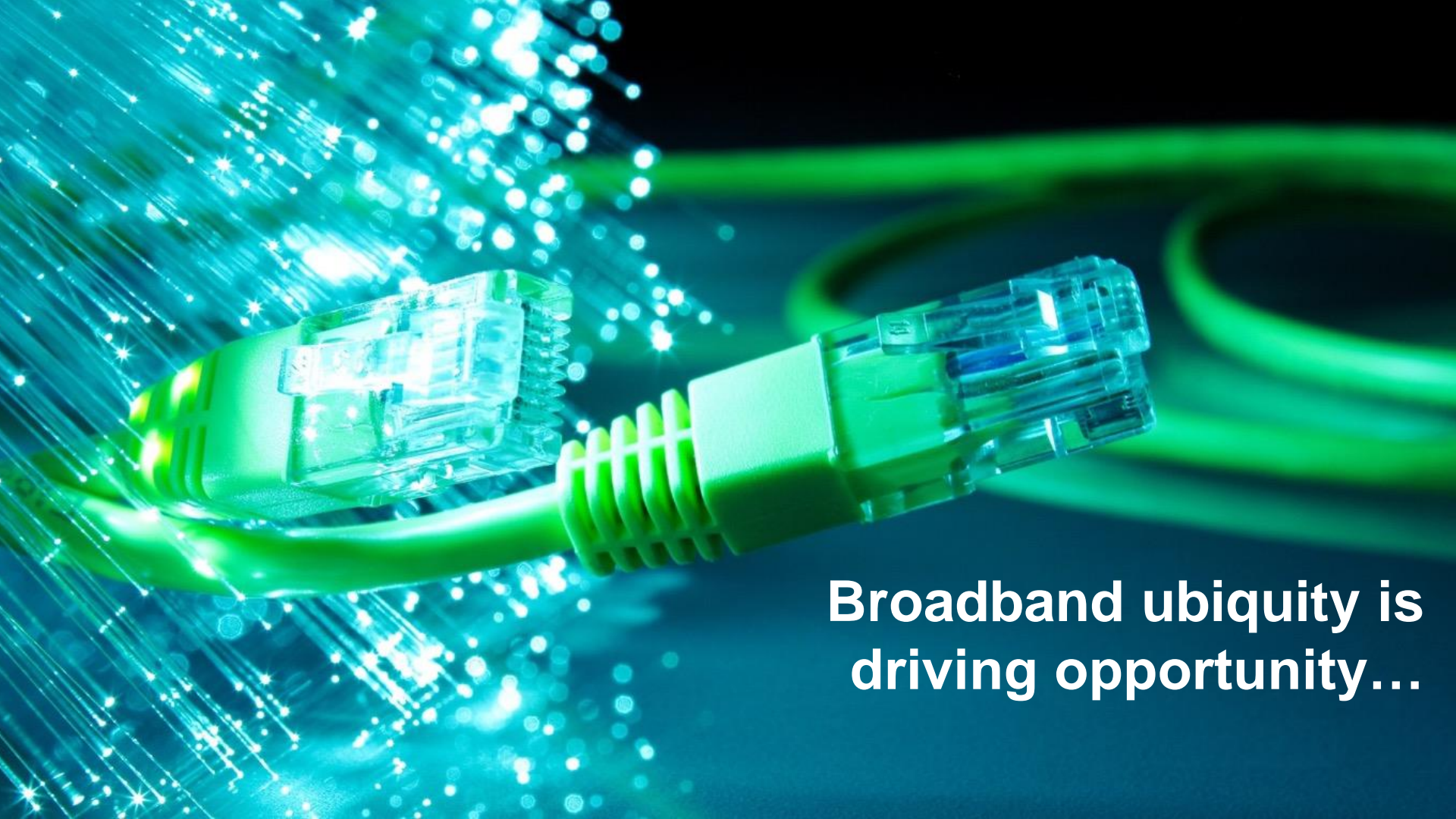
Total revenues (TV + Others) – Source: howmuch.net <http://www.marketwatch.com/story/the-nfl-made-13-billion-last-season-see-how-it-stacks-up-against-other-leagues-2016-07-01>

# BATTLE for the Consumer's Heart is RAGING ON...



*Everyone along the value chain has to be obsessed with the end consumer  
SEDUCTION is the game*





**Broadband ubiquity is  
driving opportunity...**

# 5G

Even more so in a  
5G mobile world...



## The pay-TV industry is experiencing a period of change and disruption

# 82%

of executives agree that “**competition in the pay-TV industry is set to increase dramatically**, as pay-TV companies, telcos and OTT service providers compete for subscribers.”<sup>(1)</sup>

# 71%

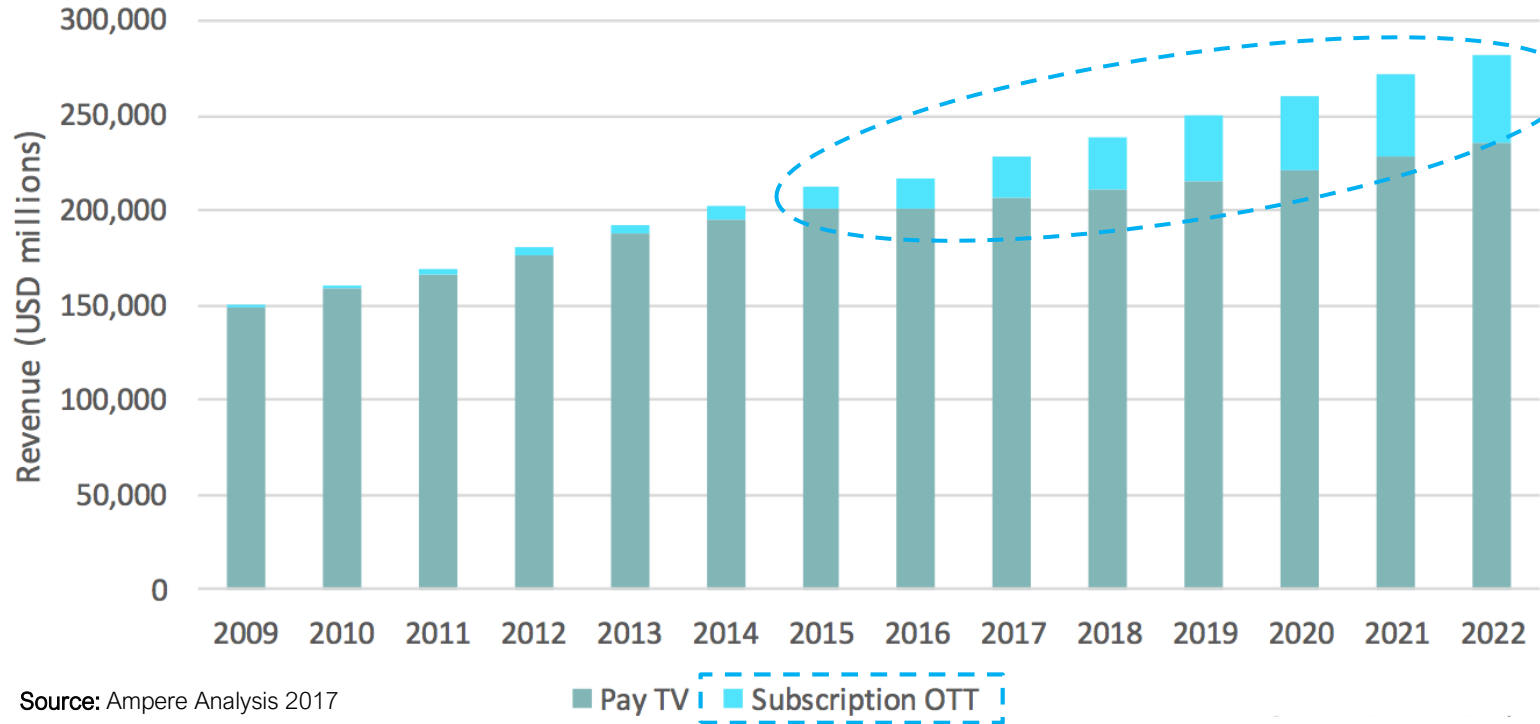
of executives agree that “pay-TV service providers in their country will **struggle to grow their businesses** over the next five years”, up from **57%** in 2016<sup>(1)</sup>.

**Question:** (1) Thinking about developments affecting pay-TV industry revenues in your country through to 2022, how much do you agree or disagree with the following statements? (% of respondents indicating “strongly agree” or “agree”; n = 125)



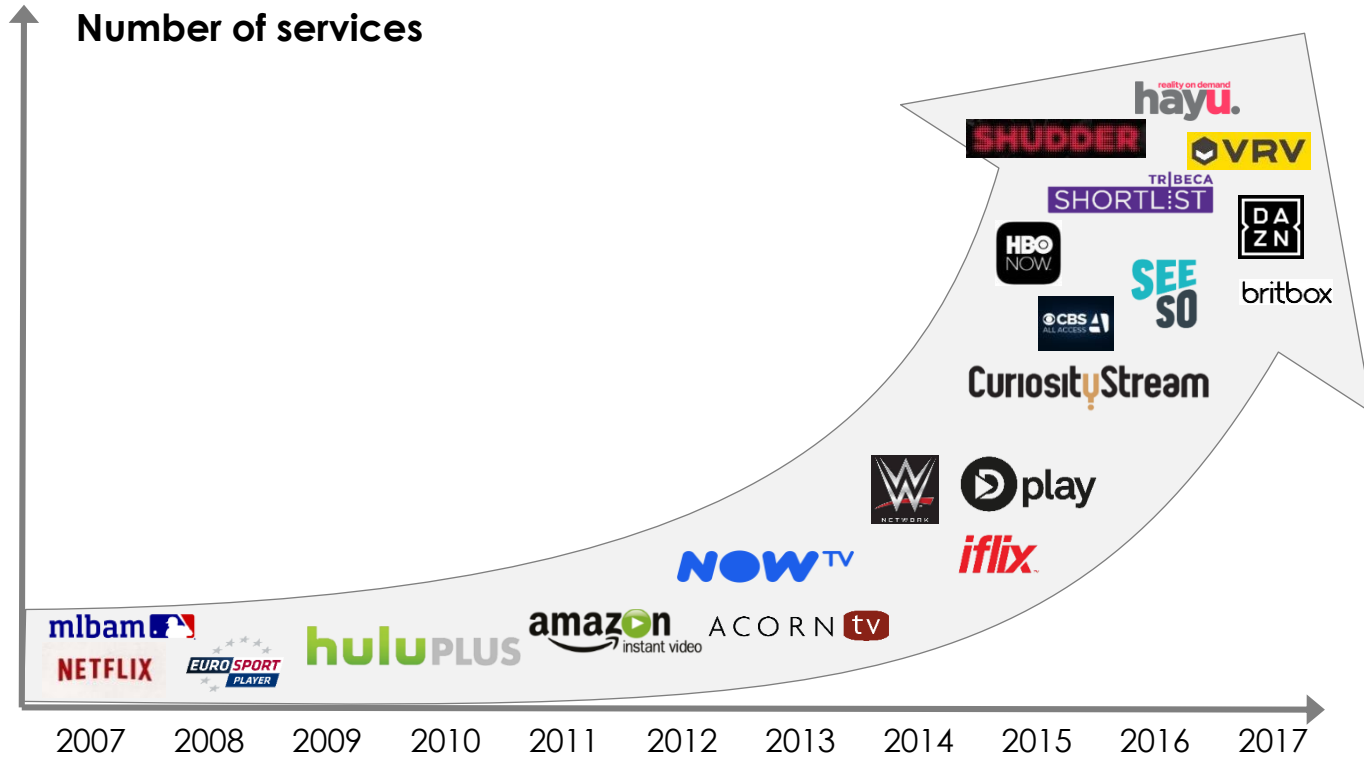
# Subscription OTT is Driving Paid Content Growth

## Total global pay TV and SVoD revenue



Source: Ampere Analysis 2017

# Content owners are increasingly launching Direct-to-Consumer offerings





**Key challenges facing the  
pay-TV industry**

Although there are many trends impacting the pay-TV industry, executives highlight three major challenges

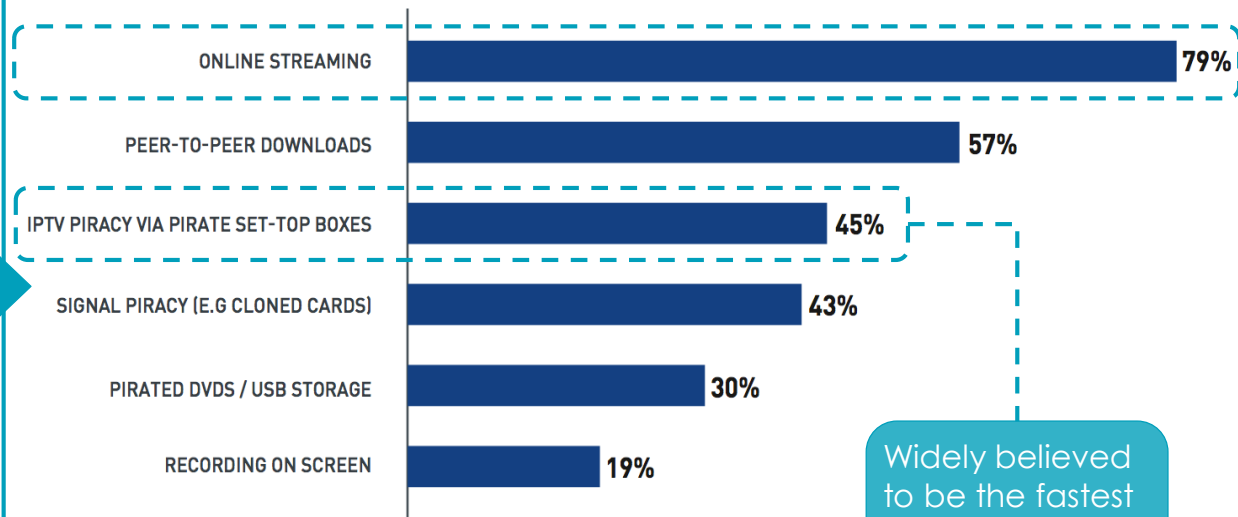
- 1 The proliferation of OTT services**
- 2 Changing consumer behavior and demand**
- 3 Content piracy, fuelled by illicit streaming devices**

### 3 Content piracy is seen as a significant, and growing, problem for the industry, fuelled by rapid take up of illicit streaming devices

# 50%

of executives think that content piracy will lead to greater pressures on the pay-TV industry over the next five years, up from **41%** in 2016 (1)

% of respondents saying “a challenge” or “major challenge” (2)



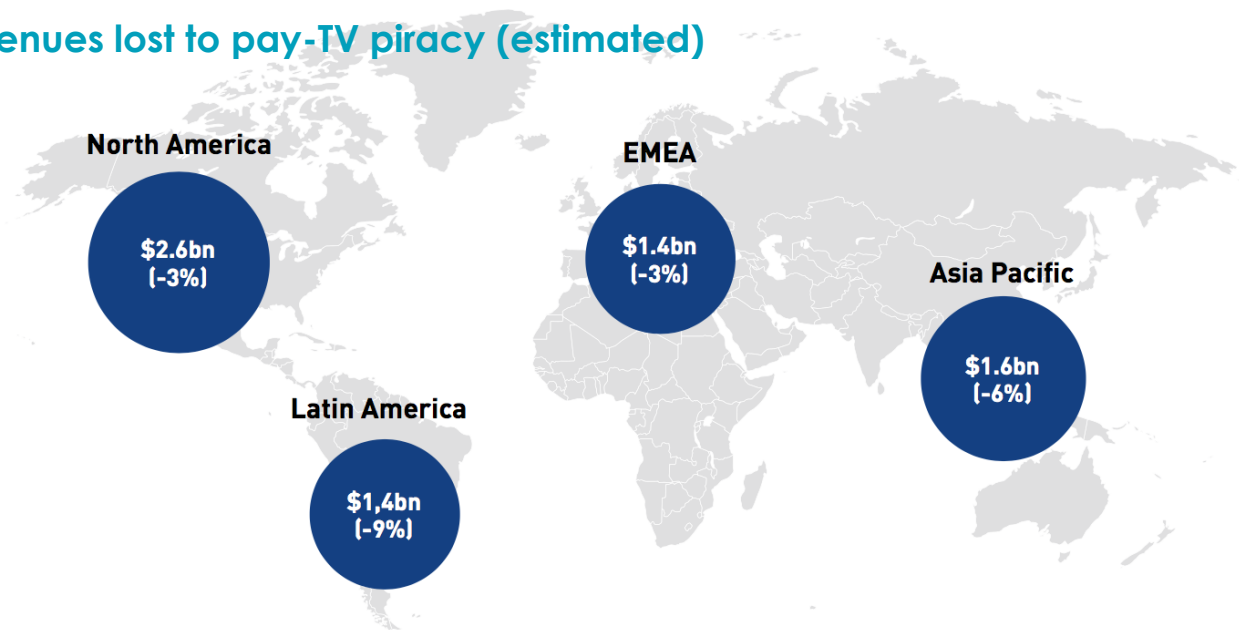
Widely believed to be the fastest growing form of piracy

**Questions:** (1) How much do you agree or disagree with the following statements? (% of respondents indicating “strongly agree” or “agree”; n = 125)  
 (2) In your opinion, how big a challenge are the following types of content piracy to pay-TV businesses in your country? n = 125)



### 3 The global pay-TV industry could gain additional \$7 billion if one in four users of pirated pay-TV services switched to a legitimate option

#### Industry revenues lost to pay-TV piracy (estimated)



**Global = \$7 billion**

**Notes:** The analysis includes the 42 major pay-TV markets (excl. China) covered in the programme and is based on survey findings and 2016 industry data provided by Nagra

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FullHD Video

## PAY PIRACY

Pirate business models

Selling hardware  
or subscriptions



Premium  
Content  
is under  
Attack !

## FREE PIRACY

Pirate business models

Advertising  
or malware spread



51:16 / 1:28:37





## IPTV Streaming Devices

*“There are a lot of people who buy set-top boxes for illegal streaming in retail stores, who are simply not aware that this is piracy.*

*It appears to be a legitimate thing, for which, in some cases, they even pay a subscription fee.” (1)*



Source: The Pay-TV Innovation Forum 2017 Report (p. 12)



Solo Man ✓

498,934 subscribers

SUBSCRIBE 498K

YouTube

kodi iptv

HOME VIDEOS PLAYLISTS CHANNELS DISCUSSION ABOUT

**LIVE TV WITHOUT BOUNDARIES** 5:36  
WHO NEEDS KODI WHEN YOU HAVE THIS  
146K views • 3 months ago

**ENHANCE YOUR STREAMING EXPERIENCE** 4:39  
ENHANCE YOUR STREAMING EXPERIENCE  
70K views • 3 months ago

**NEW EXCITING STUFF FOR KODI ARE EMERGING** 7:58  
NEW KODI ERA HAS BEGUN !!!!  
305K views • 3 months ago

**100% WORKING KODI ADD-ONS** 6:35  
WHAT WORKS IN KODI NOW?  
155K views • 3 months ago

**EXODUS LIVE TV CONCEPT FOR KODI** 7:55  
EXODUS LIVE TV CONCEPT FOR KODI  
96K views • 3 months ago

**ENJOY LIVE TV AS IT WAS MEANT TO BE** 5:22  
THIS IPTV WILL GIVE YOU GOOSE BUMPS  
99K views • 4 months ago

**KODI IS SAFE AGAIN WITH THIS** 7:32  
KODI IS SAFE AGAIN WITH THIS  
475K views • 4 months ago

**FINALLY SOMETHING THAT WORKS** 6:56  
FINALLY SOMETHING THAT WORKS  
235K views • 4 months ago

**Where is Kodi Going?** 5:11  
KODI USERS MUST WATCH  
215K views • 4 months ago

**THE HULLU LIVE TV EXPERIENCE** 6:05  
THE HULLU LIVE TV EXPERIENCE  
146K views • 4 months ago

**100% RELIABLE LIVE TV YOU CAN COUNT ON** 6:13  
THIS IPTV WILL CHANGE EVERYTHING  
160K views • 5 months ago

**4K LIBRARY NOW AVAILABLE** 5:38  
4K LIBRARY NOW AVAILABLE ON TERRARIUM  
61K views • 5 months ago

**OVER 500 LIVE TV CHANNELS WORLDWIDE** 5:27  
WORLDWIDE IPTV WITHOUT BOUNDARIES  
101K views • 5 months ago

**FREE OFFICIAL HD LIVE TV** 7:42  
THIS IPTV APP WILL WARM YOUR HEART  
168K views • 5 months ago

**IT'S SUPER MEGA APK TIME!** 5:45  
IT'S SUPER MEGA APK TIME!  
108K views • 5 months ago



**Content is under  
serious threat  
from piracy and  
cyber-attacks  
like never before**



↑ Shift





**Longevity of the entire creative value chain is at stake**

**Can your business model survive?**



**Content Value Protection is  
critical to the success of  
your business**

**No one can afford  
to fight this battle alone**

**72%**

**see value in  
anti-piracy  
efforts<sup>(1)</sup>**

**Source:** (1) The Pay-TV Innovation Forum 2017 Report (p. 13)

# Technology

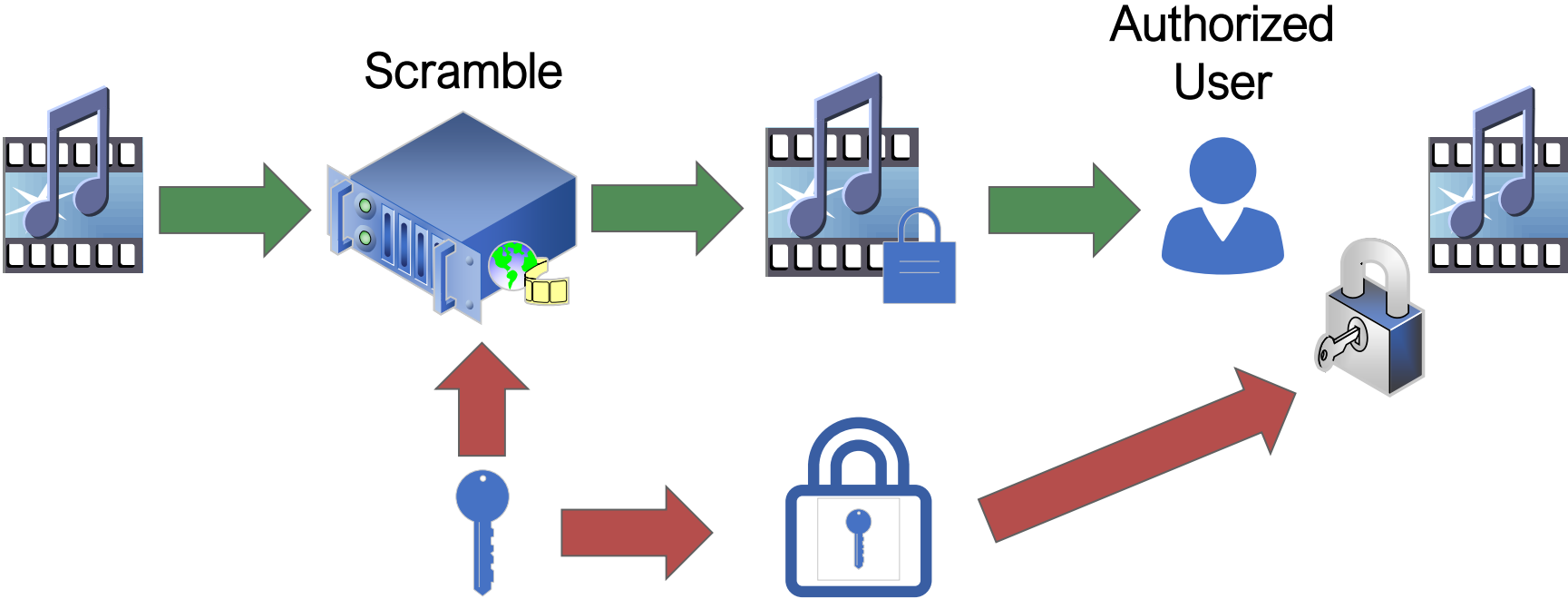
Content Marking and Protection  
Security Operations Center



**Enforcement**  
Worldwide Reach

**Legal**  
Best Practices

# Digital Rights Management (DRM)





# Content Sharing Protection Service

## Monitoring Platform

Find Infringing Streams



## Takedown Program

Disrupt Pirate Service



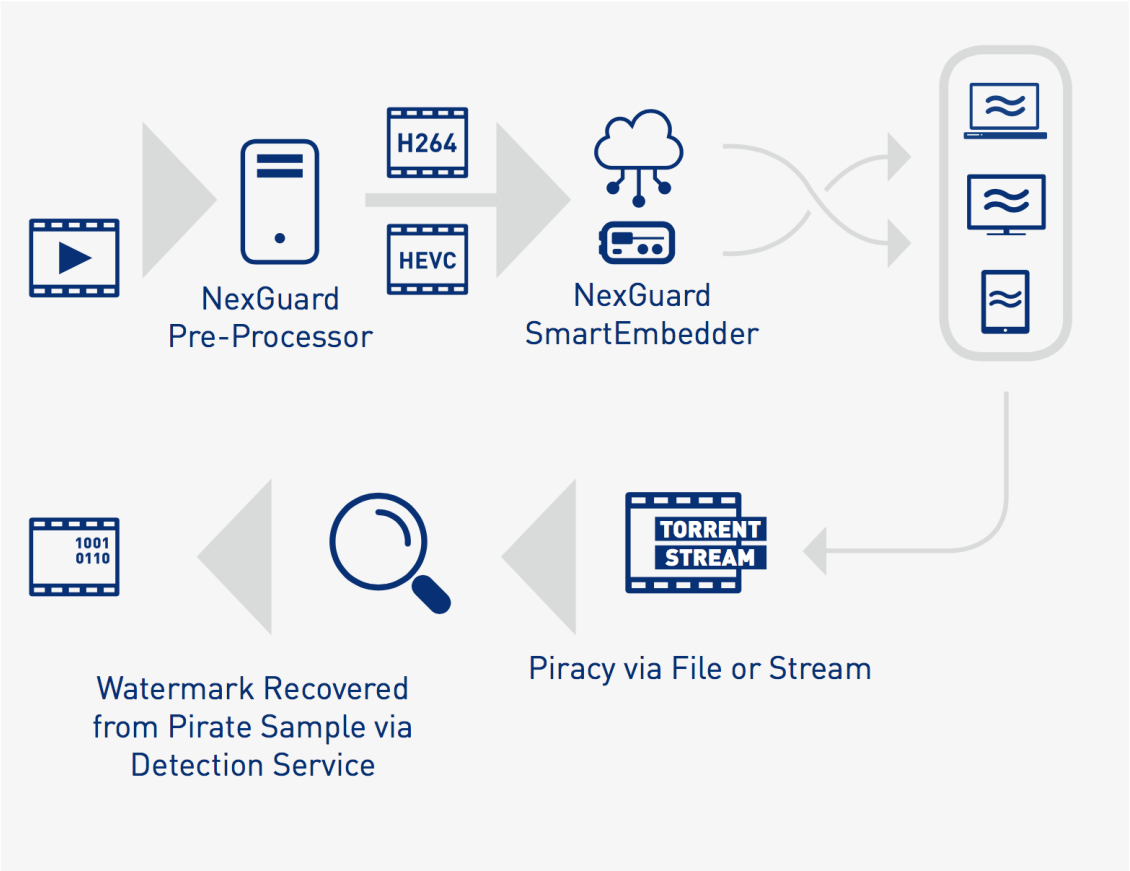
Partnerships

Litigation

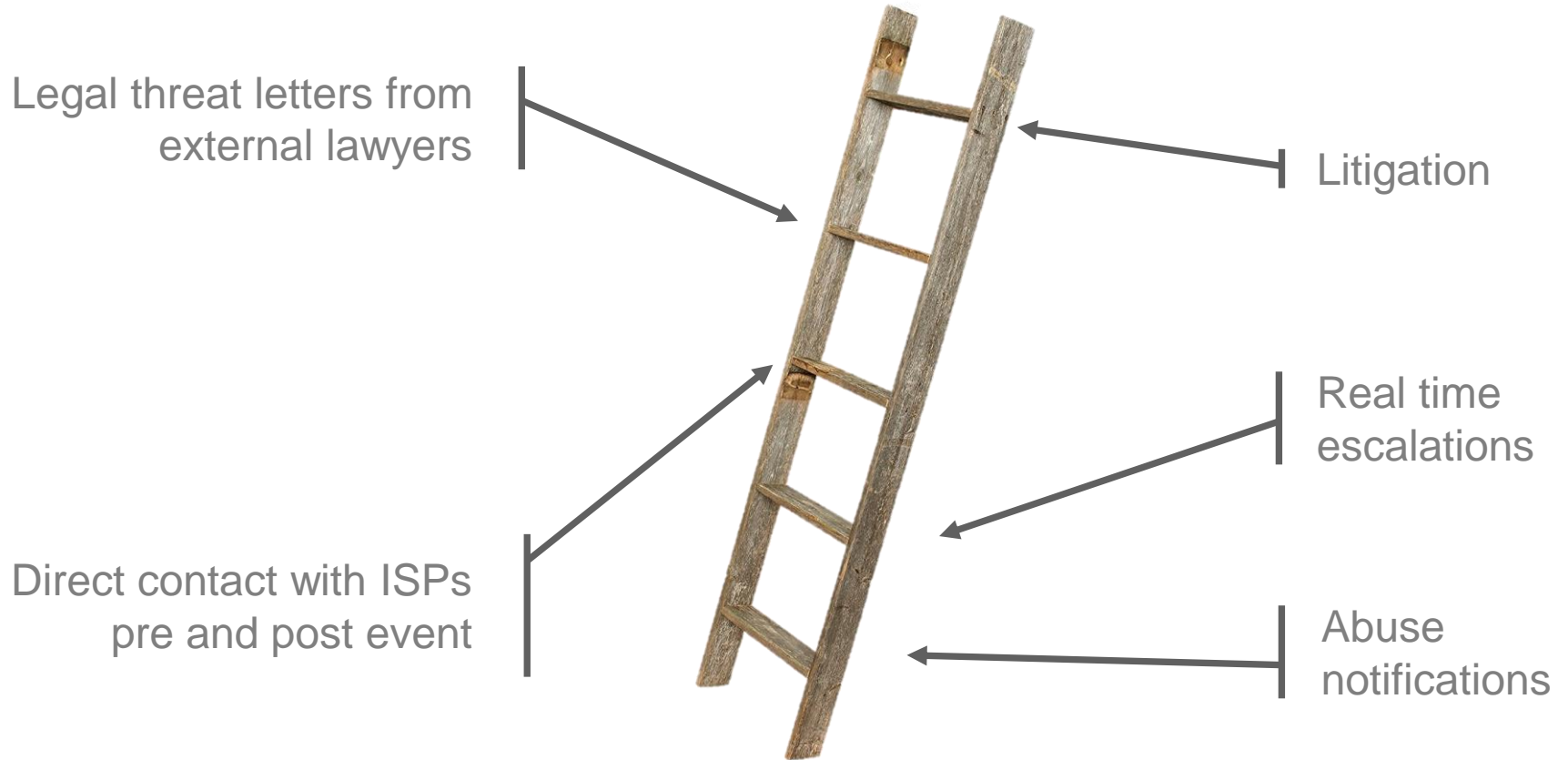




# Watermarking



# Success is achieved with continuous communication



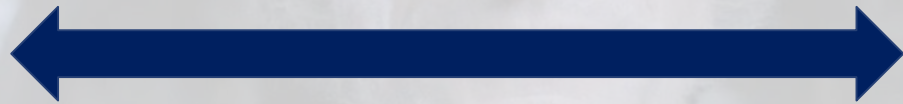


**NexGuard**  
KUDELSKI GROUP

**dvnor**

**conax**  
KUDELSKI GROUP

**NAGRA**  
KUDELSKI



Watermarking

**NAGRA**  
KUDELSKI

CAS / DRM

Anti-Piracy Services

NETFLIX

YouTube<sup>CH</sup>

kodi

**iCareSometimes** 10 months ago

Thanks for the setup, I just did this for my family. Just making sure, no weird ads will pop up when they're watching a movie or a tv show on Exodus will it? The last thing I want is some messed up porn advertisement playing on Christmas morning haha.



# Successful Media Business Models: Compelling Flexible Secured

**NAGRA**  
KUDELSKI





[dtv.nagra.com](http://dtv.nagra.com)