



Your Money for Nothing and Your Streams for Free

The P&L of Anti-Piracy

19 October 2020



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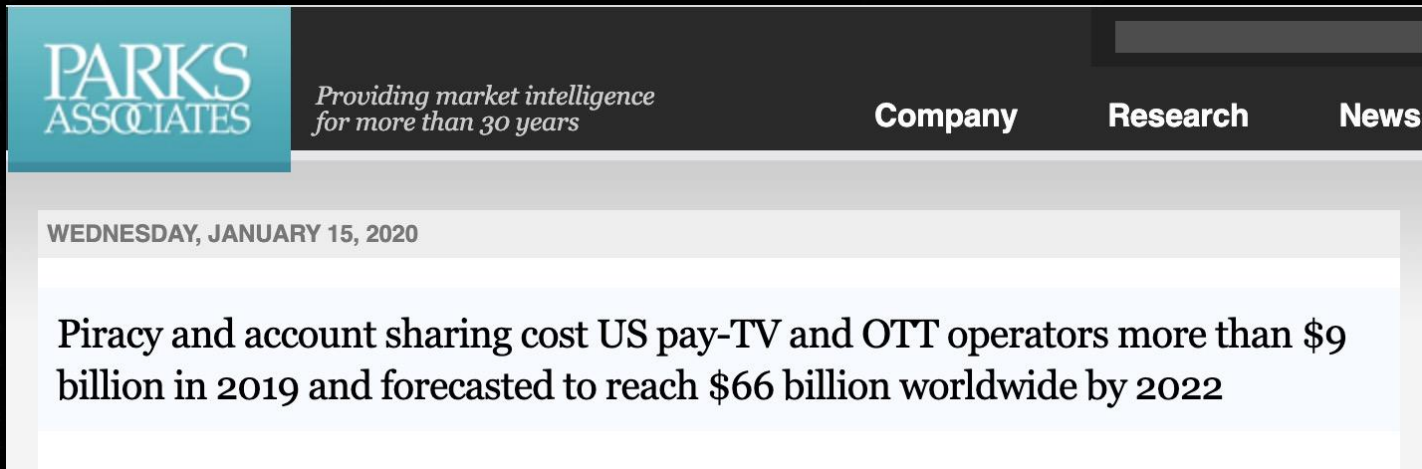
324 Canal St.

OFF OFF

PERFECT FIT

OFF OFF

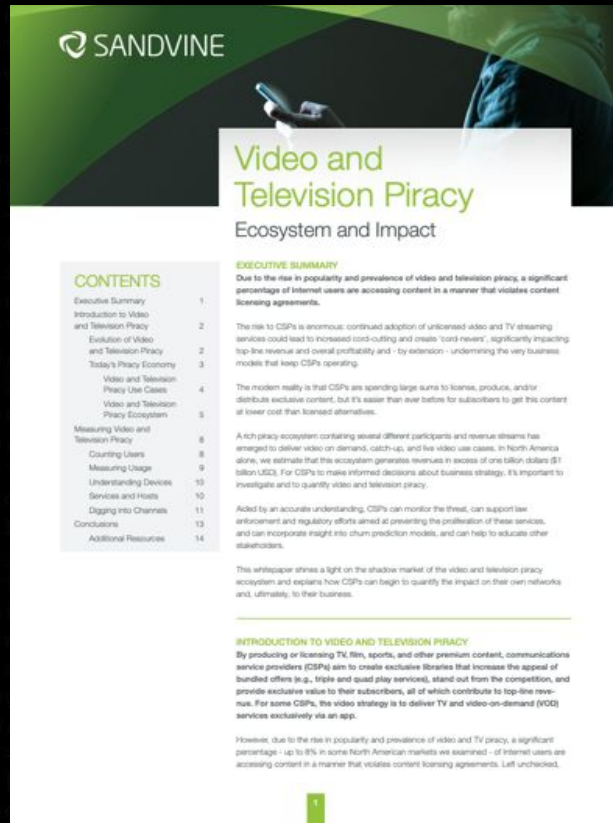
(c) ROBERT K. CHIN
WWW.NYCHINATOWN.ORG



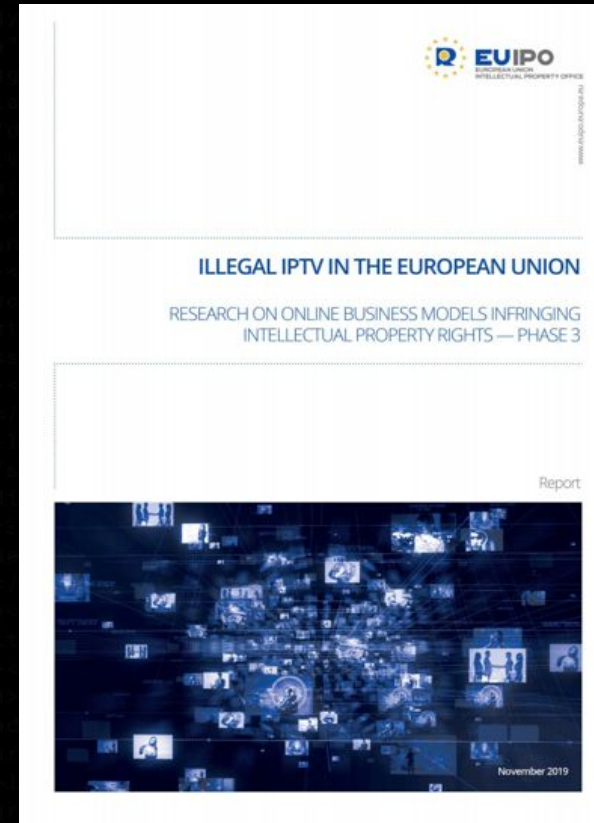
The study estimates that global online piracy costs the U.S. economy at least **\$29.2 billion** in lost revenue each year.



€5.73, per user, per month



Sandvine Report
\$1B in US piracy



EUIPO Report
€942M in EU piracy

ADVANCED TELEVISION

HOME SHOP ADVERTISE EVENTS LIBRARY PRES

AI BROADBAND BROADCAST BUSINESS CONTENT IN HOME

Malaysia: Huge decrease in streaming piracy

By Colin Mann

September 17, 2020

<https://advanced-television.com/2020/09/17/malaysia-huge-decrease-in-streaming-piracy/>

Results of Gov't Crackdown

August '19: 61% view pirated content

August '20: 22% view pirated content

Viewers who say they...

49% No longer access

40% Rarely access

11% Makes no difference

YouGov survey, commissioned by Asia Video
Industry Association



The Anti-Piracy P & L

Will investments I make
in fighting piracy *result*
in more revenue?

Will investments I make
in fighting piracy *result*
in lower costs?

Displacement Rate = Lost Revenue

Displacement Rate	
0.1	for every 10 pirate views, 1 legitimate view is lost
1.0	for every 1 pirate view, 1 legitimate view is lost

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Research	Displacement Rate	Cohort Studied
Rob and Waldfogel (2007)	0.80 1st viewing 0.20 2nd viewing	University of Pennsylvania students
Ipsos and Oxford Economics (2011)	0.45	3,500 adults in Australia
Poort et al. (2018)	0.46 for “blockbuster” films	Online survey of 35,000 people in Europe (7,000 were minors)
Herz and Kiljanski (2018)	0.37 1st viewing	Online survey with 30,000 respondents
Bai and Waldfogel (2012)	0.14	Chinese college students

Building your business case

D-Rate (High Medium Low cases)

- * Pirate Viewership

- * ARPU

- Cost of Solution

Profit

Building your business case

D-Rate (High Medium Low)

- * Pirate Viewership

- * ARPU

- Cost of Solution

Profit

Content

First Run or Library?

A-List... or Straight to VHS?

Your Viewers

Younger or older?

Richer or poorer?

Substitutes

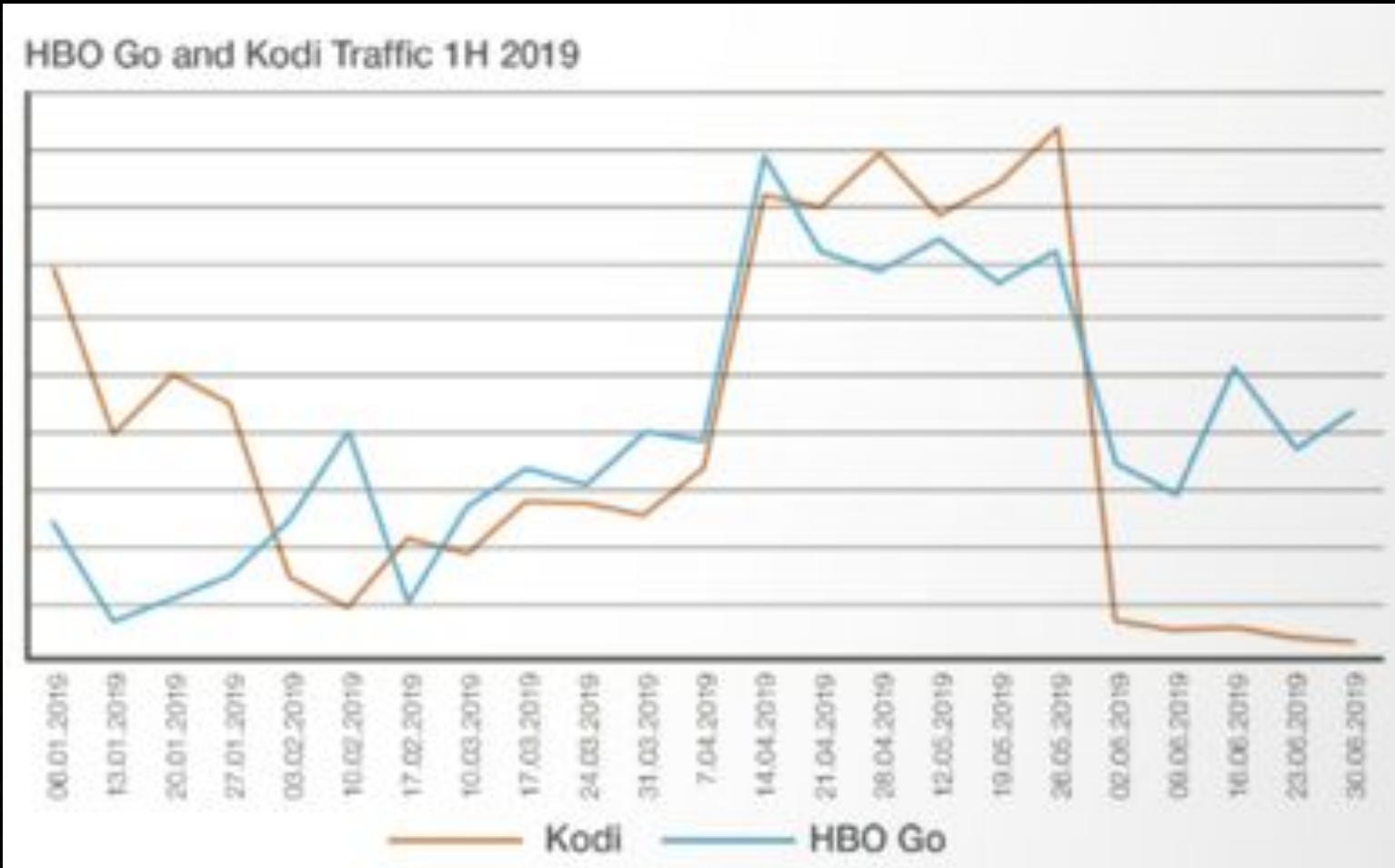
More or less expensive?

Annualized Cost Estimates for a Large Video Programmer



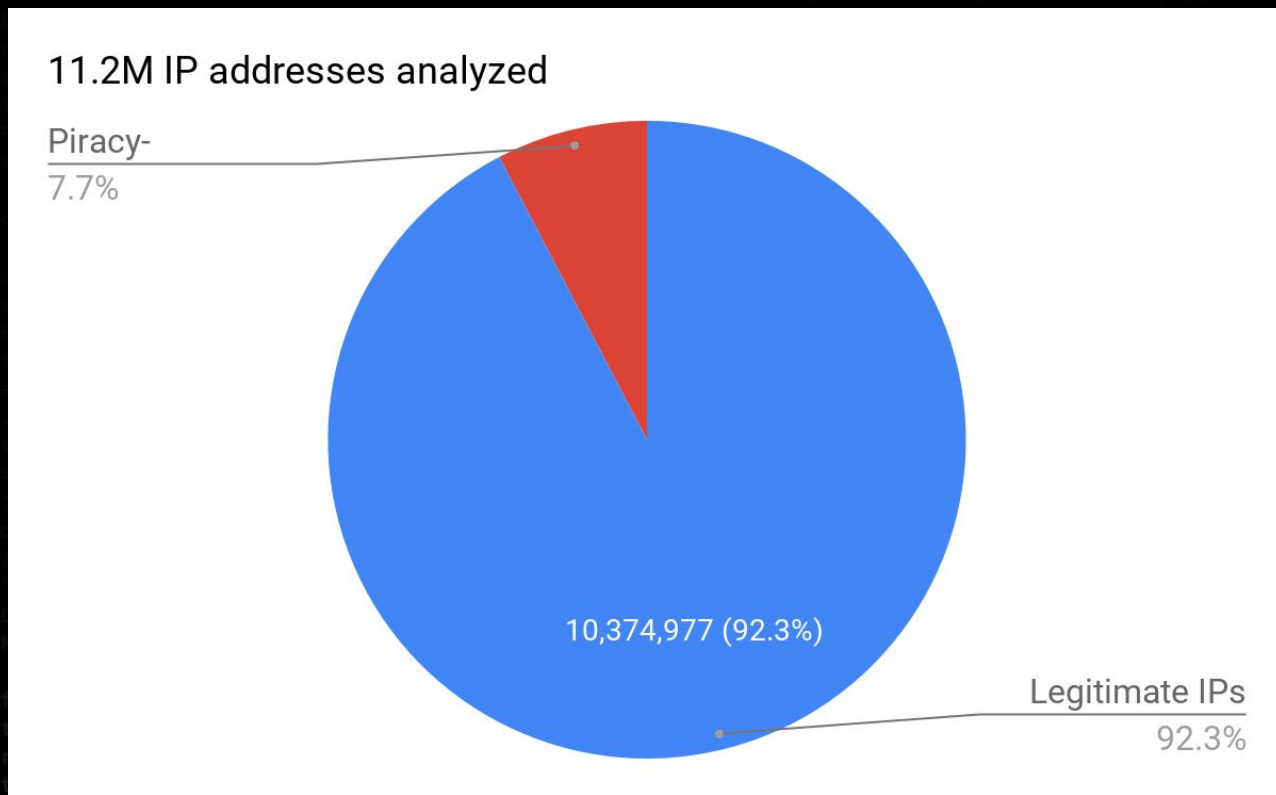
COST OF CUSTOMER CHURN	CALCULUS
A= Average value of customer	\$1,494
B= Percentage of customers who churn as a result of a credential stuffing attack	7.56%
C= Average number of user accounts that are typically targeted	1,252
D= Percentage of successful credential stuffing attacks	12.40%
E= Average number of credential stuffing attacks per month	12.72
F= (A x B x C x D x E)	\$222,804
G= F x 12	\$2,673,648

How big is your problem?



Sandvine, 2019 Global Internet Phenomena Report
<https://ac.akamai.com/docs/DOC-80009?ru=11687&sr=stream>

7.7% of IPs associated w/ Piracy



Dataset

12 US-based OTT providers
65 Configs

Viewers from 168 countries
561,784 Hours of streaming

Findings

- 860,693 (7.66%) IPs fraudulent
- 392 Unique piracy providers
 - 184 different piracy tools
 - 35 different VPNs

Source: Akamai Broadcast Operations Center, Nov. 2019-May 2020

The Benefits of Investing in Anti-Piracy

- + Increased subscriber count
- + Longer session lengths
- + More Rentals, EST, PPV

More Recurring Revenue

Higher CPMs, and more Ms

Better LCV

The Anti-Piracy P & L

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 - + Longer session lengths
 - + More Rentals, EST, PPV
-

More Recurring Revenue
Higher CPMs, and more Ms
Better LCV

- Reduced account resets
 - Fewer credit card chargebacks
 - Less brand damage
-

Reduced customer service cost
More accurate rev rec
Better economics

Gone in 60 Seconds: The Impact of the Megaupload Shutdown on Movie Sales

Brett Danaher^a  , Michael D. Smith^b 

Digital revenues for these studios increased by 6.5–8.5%

Website Blocking Revisited: The Effect of the UK November 2014 Blocks on Consumer Behavior

23 Pages • Posted: 19 Apr 2016

Brett Danaher

Chapman University - The George L. Argyros School of Business & Economics

“...caused +6% visits to... sites like Netflix and +10% to... ad-supported sites like BBC and Channel 5.”

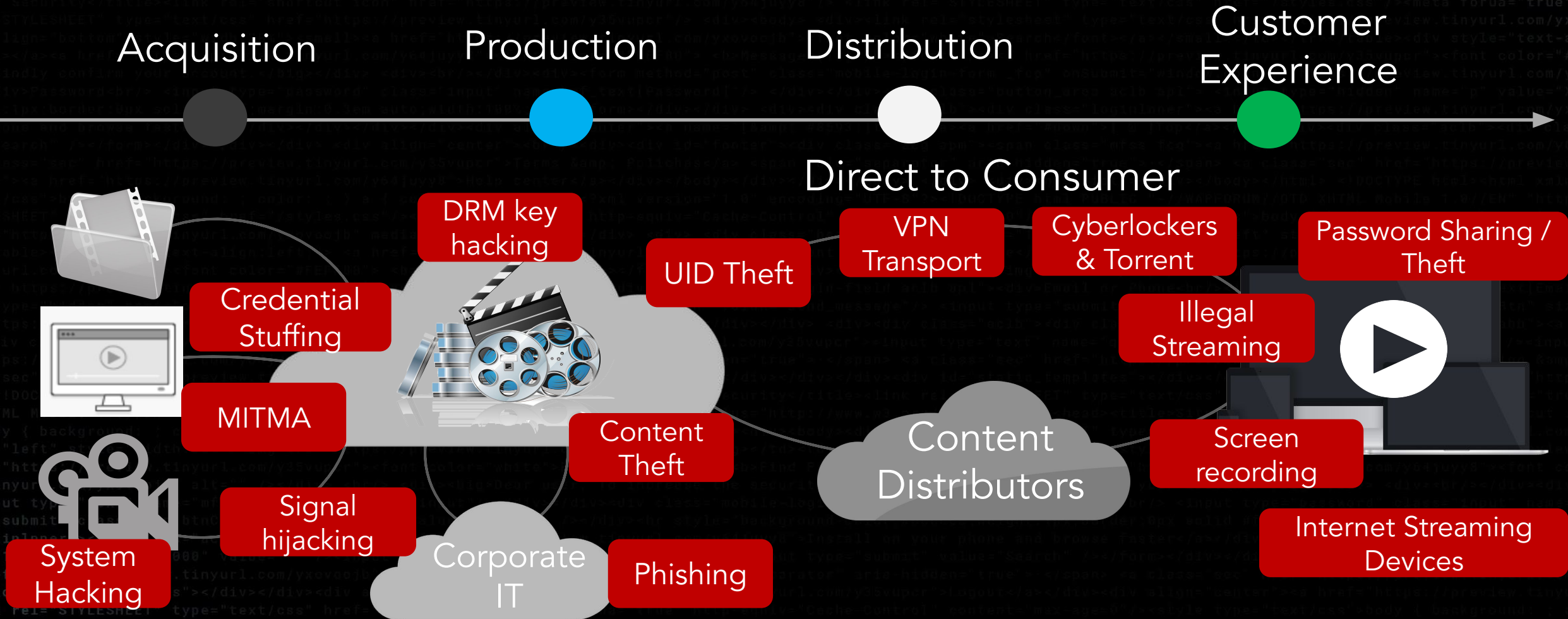
DOI: 10.2139/ssrn.2612063 • Corpus ID: 16958090

The Effect of Piracy Website Blocking on Consumer Behavior

Brett Danaher, Jonathan Samuel Hersh, +1 author R. Telang • Published 2020 • Engineering, Computer Science • Innovation & Management Science eJournal

Once a consumer finds out how to pirate, he or she is less likely to make purchases in the future

Pirates have many ways to target video content



Search

Bloomberg



Technology

German Bundesliga Loses Mideast Broadcaster in Piracy Fight

By David Hellier

September 18, 2020, 8:35 AM EDT Updated on September 18, 2020, 10:41 AM EDT

Inside the World of Video Pirates

How Do We Stop Them?



<https://www.akamai.com/us/en/multimedia/documents/white-paper/inside-the-world-of-video-pirates.pdf>

I hope this was helpful!!

Shane Keats

Director

Global Video Industry Analysis

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