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IT TAKES AN INDUSTRY: THE BATTLE AGAINST VIDEO PIRACY



Look inside the world of video pirates for ideas
on how to stop them

ABSTRACT: As legitimate digital video technology has developed to deliver better viewing experiences over the internet, so too have pirates who now use a range of attack vectors to retrieve and distribute content. Here we'll examine the profound impact of IP video piracy and how the industry can collectively combat the problem.

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Video piracy is not a new issue. Since the dawn of professional movie production, there have been people willing to make a fast buck by exploiting “private property in the form of copyright infringement.”

As legitimate digital video technology has developed to deliver better experiences to viewers over the internet, so too have the pirates, ushering in a new era of IP-based piracy. The pirates of today now use a range of attack vectors to retrieve and distribute content. Re-streaming of linear channels is capable of providing an experience indistinguishable from TV. Cyberlockers make use of cloud storage hosted at locations that aim to be out of reach of copyright enforcement. The means of distribution are varied and robust, such as streaming devices or websites. Pirate businesses offer their customers easy user experience, customer service, and a range of flexible business models.

The initial question isn't a matter of “can,” but rather “if the piracy problem should be stopped.” To do so, we must understand the true extent of piracy globally and across different regions, along with the subsequent business impacts. Gaining that understanding, however, is far easier said than done. That's because there has

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traditionally been no consistent method to track the problem.

It's only recently that several studies have used repeatable methodologies to quantify the extent of piracy. For example, the European Intellectual Property Office (EUIPO) conducted a study into the impact of piracy across member states, estimating that 13.7 million people across EU countries are accessing illegal pirate services of differing flavors. They identified that the Netherlands, Sweden, and Spain have the highest percentages of offending viewers within their populations, with 8.9 percent, 8.5 percent, and 6.9 percent respectively (the EU average is 3.6 percent). The United Kingdom (2.4 million), France (2.3 million), and Spain (2.2 million) have the largest populations using illegal services regularly.

In North America, the picture is less clear. Sandvine analyzed the use of multiple fixed line "tier 1" networks and estimated that 6.5 percent of households were regularly communicating with pirate sites. In contrast, a Park Associates report identified that more than 14.1 million U.S. households accessed pirate video in 2019, putting the figure at approximately 16 percent of the total pay TV market.

The picture in Asia Pacific is much more complex. Being a diverse region with no unifying regulatory body, most studies are conducted within specific countries, and typically through commercial or industry bodies. The available research, however, shows that the region has some of the most voracious viewers of pirated material.

PIRACY'S IMPACTS

Identifying the impact of piracy is as important as it is challenging, particularly given that organizations must weigh the relative value of investing in anti-piracy initiatives versus other business demands. While there are numerous factors that can be considered when examining the impact of piracy, three key areas are: financial, jobs, and licensing.

Studies have estimated financial losses to the industry as high as \$52 billion by 2022 globally (Digital TV Research 2017), with GDP loss estimates due to a reduction in taxes at even higher levels. In the United States alone, GDP losses due to piracy have been estimated to be between \$47 billion and \$115 billion

(Blackburn et al, 2019).

The advent of more-considered studies are beginning to show the wider impact of piracy as it relates to jobs, for example. In their report on the impact of digital piracy on the U.S. economy, Blackburn, Eisenach, and Harrison estimated that between 230,000 and 560,000 jobs were lost in the United States in 2017 as a direct result of pirating activity. The employment losses were attributed across all areas of the industry, including both direct and indirect roles, creative and non-creative.

Fewer equivalent studies outside of the United States have been conducted into the impact on job losses due to unequal distribution of roles across different countries — unlike the United States, which is a homogenous market. Despite the ongoing debate regarding the levels of piracy displacement, it's clear that copyright infringement has a dampening effect on employment, or certainly employment opportunity. Any industry that experiences product theft at such prodigious levels would struggle to maintain full employment.

Video piracy over IP is a complex, nuanced subject, but one that has the potential to threaten the long-term viability of the media industry as we know it. There is overwhelming evidence that points toward significant financial damage, but more importantly that piracy has the potential to fundamentally undermine or impact global licensing models. However, without some form of operational ubiquity and coordination across the industry — coupled with support from governments, regulators, and legislators — this will be a tough fight. Like any battle, one weak link and the effort put in by others is lost. ■



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