

**M+E**

**JOURNAL**

Today's localization challenges are enormous. The opportunities are unprecedented. Is the industry ready for the mayhem?

# GIVING VOICE TO CHAOS

## **SECURITY SOLUTIONS**

The threats to our most valuable assets are many. M+E vendors are on top of it.

## **WORKFLOWS AND THE CLOUD**

Much has changed in the way we track, access, move and store everything we deal with.

## **SMART CONTENT**

The many ways the industry adopts new technologies to make content smarter.

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# IS SHARING REALLY CARING?

The true cost of password sharing and what you can do



**ABSTRACT:** Netflix isn't the only streamer losing revenues to password sharing. In fact, the problem has intensified with nearly one in three users sharing passwords, a drastic increase in the last two years, according to Synamedia. This article will outline simple steps that can be taken to address the challenge.

**By Simon James,  
Senior Director,  
Product Marketing,  
Synamedia**

While Netflix continues to make headlines with its attempts to cut password sharing, it is certainly not the only streaming service feeling the heat from revenues that are lost because of credentials sharing. In fact, the problem is intensifying as users are tempted by the ease of sharing passwords to explore new streaming services and catch up with must-see content, whilst driven by financial pressures as steep rises in the cost-of-living force them to tighten their belts.

Recent research conducted by our piracy intelligence team found that each shared account serves approximately 2.75 households and can consume as much as 177 percent more content compared to honest viewers. This means shared accounts disproportionately weigh down on an operator's infrastructure costs as well as constraining their ability to invest in new content and remain competitive.

Over the last couple of years, the problem has intensified, with

**IF VIEWERS CAN'T FIND A FRIEND OF FAMILY MEMBER willing to casually share their credentials, then they turn to purchasing stolen credentials from fraudsters through social media or online forums at a price that's well below the market rate.**

password sharing increasing from a previous average of 12 percent of viewers up to 30 percent now, according to our own monitoring of the situation.

For Netflix this translates into 100 million viewers piggybacking for free on paid subscribers. To turn these free riders into paying customers, in August 2022, Netflix started testing a new concept in five central America markets where it charges subscribers around \$2.99 a month if their account is being used outside their primary home for more than two weeks. It detects sharing using a combination of IP addresses, device IDs and account activity on mobile devices not through a VPN. After two weeks of sharing without payment, it restricts service access.

#### WHAT DOES THIS MEAN FOR THE BOTTOM LINE?

Variety has quoted analysts saying that Netflix could add \$1.6 billion in revenue per year by charging all password sharers additional fees, even considering the many illegal users who would instead choose an alternative free, ad-based service.

At Synamedia, we have built a calculator to help service operators quantify the positive impact of tackling credentials sharing on the bottom line, even assuming that not all sharers are willing to take out a subscription. For example, a provider with 1.7 million subscribers paying \$8 a month could increase revenue by \$1.6 million annually by blocking unauthorized users.

#### SO, WHY NOW?

The impetus for change is in part that shareholders expect streaming providers to continue to generate subscriber and revenue growth each quarter, but the

reality is that subscriber numbers are now flattening — or worse declining — in some markets. We're witnessing a saturated market in the grip of post-pandemic subscriber fatigue, where users are considering alternatives to paying for streaming services.

Ultimately, this is resulting in an increase in all forms of video piracy. Credentials sharing is easy and has not always been perceived as illegal since Netflix and others used it for years as a form of marketing. If viewers can't find a friend of family member willing to casually share their credentials, then they turn to purchasing stolen credentials from fraudsters through social media or online forums at a price that's well below the market rate.

#### WHAT CAN YOU DO?

While Netflix's approach has garnered headlines around the world, there are other actions that service operators and content owners can take...even simple ones to help save revenue and convert sharers to paying subscribers.

It's important to start by understanding the impact sharing is having on your bottom line. By figuring out the volume of illegal sharers on your service, you can measure the burden on infrastructure, the negative impact on reputation, and the number of lost paying subscribers.

One simple action that can immediately reduce sharing is resetting subscribers' passwords. One operator we work with proactively reset subscriber passwords and notified each subscriber of their new password. This action resulted in an immediate reduction in sharing of nearly 40 percent.



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## **DETECT AND DISRUPT**

Our Credentials Sharing and Fraud Insights product (CSFEye) is a predictive analytics solution and a popular choice for service operators looking to identify credentials sharing activity and trigger and measure a response at scale. It does this without disrupting the viewing experience for honest users.

Combining behavioral analytics with cyber, network and human intelligence, CSFEye not only quantifies but also pinpoints the immediate threats resulting from sharing activity across your user base. It then helps operators deliver the right marketing and security response to the right users.

The response to casual sharers can often be a soft marketing response such as targeted promotions, higher concurrency limits, or discounted packages. In contrast, the response to fraudulent sharers would be to set device restrictions to limit or discontinue usage, or initiate password reset requests that force illicitly shared accounts to log out and reset their credentials.

## **TIME FOR ACTION**

When you're ready to start building your own plan of action, we are happy to share our experience to help you build a future-proof, anti-piracy strategy that has the maximum impact. Building on our 30-year heritage in security, our forensic-based, intelligence-led approach combines human insight with AI to deter, detect and disrupt piracy. 

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