

MYTH #2

Pirates are Freedom Fighters

The Myth

Many video users view pirates as modern-day versions of Robin Hood.

They believe that pirates are righting a moral wrong by stealing content from rich operators and content owners and providing it for free to poor consumers. In fact, according to a recent [Ampere report](#), some 25% of viewers feel that using sports pirate services is quite justified.

Let's see how pirates truly operate. You may be surprised.



The Truth

It's all about business

Pirates are driven by only one thing – financial gain. As we saw in [myth #1](#), they often leverage free ad-supported open web sites and social media groups to lure people into subscribing to illicit IPTV services for a relatively small monthly fee. Pirates operate these networks like any legitimate business, with one slight caveat: the content they offer is stolen, aka free.

And it's profitable

The average user would struggle to differentiate between a pirate service and a legitimate service based on look and feel. That same person, however, wouldn't find it hard to differentiate between the two based on their profit and loss statements. That's because pirates don't spend a cent on a legitimate service's greatest expense – content. Take a look at this realistic pirate P&L, for example. It's clear that without the high cost of content, the profits can be significant.

Annual Profit and Loss of Illicit IPTV Subscription Service ² (in USD)	
Number of users	10,000
Average subscription price	10
Revenues	
Direct subscribers	600,000
Subscribers through resellers	420,000
Channel/stream sales to other pirates	14,400
Total revenues	1,034,400
Cost of goods sold	0
Gross profit	1,034,400
Operational expenses	
Servers	44,000
Advertising and marketing	30,000
Technical and customer support	30,000
Billing system	300
EPG system	300
rProxy and DDoS protection	2,000
Channels/streams	7,200
Total operational expenses	113,800
Operating profit	920,600
Interest expense	0
Income before taxes	920,600
Taxes	0³
Net income	920,600

Piracy chain of command

The public facade of piracy is resellers – middlemen who publish ads or links to content on open sites and social media often with the intention of getting people to subscribe to illicit IPTV services.

But resellers don't always own and operate these networks. Hidden from the public eye, the "wholesaler" is the godfather of the piracy chain. Each wholesaler deploys dozens, if not hundreds, of resellers who sell subscriptions to networks that run on pirated infrastructure, or piggyback on a legitimate provider's system. Some resellers even sell subscriptions on behalf of more than one wholesaler.



² Modelled after a medium-sized pirate network of 10k subscribers (5k direct subscribers, 5k via resellers)

³ Many pirates pay taxes to stay under the radar of the authorities, while benefiting from any tax benefits to which they may be entitled. At the same time, the penalties for tax evasion in most countries are usually higher than that for piracy.

The Response

What can you do to stop wholesalers and resellers from distributing your content?

One way to neutralize the players in a piracy chain is by turning to a law enforcement service. The service sends out takedown notifications to online service providers (OSPs), such as hosting providers, social media entities, CDNs, streaming platforms, and search engines, to make them aware of infringements of their assets. Upon receiving a notice, the OSP is required to take down the content either by blocking access or removing it altogether.

When you choose an enforcement service, make sure it addresses **all types of content**, including live and premium events, and **all pirate services**, including open sites, social media channels, and illegal networks. In the case of live events, some OSPs, even those that handle notices manually, will occasionally expedite notifications that impact the pirate service.

The takedown request is based on legislation in the OSP's jurisdiction. In areas where enforcement is possible, once the OSP is informed of the takedown, it is not protected by safe harbor provisions, and therefore, is liable for infringement.

Utilize an investigative service

While enforcement is a good first step, some OSPs don't respond to takedown notices, especially if they are located outside a jurisdiction with enforceable laws. Add to that the fact that pirates are notorious for finding ways to sidestep takedowns, and it's clear you need more in your arsenal – an investigative service.

Complementing enforcement services, an investigative service uses proactive intelligence to follow pirates and collect evidence for presenting at court. The service will closely collaborate with law enforcement agencies to fulfill your ultimate goal – bringing down wholesaler pirate operations.

Taking down a pirate is no easy task. However, an investigative service that combines advanced technology with human intelligence to track and pursue pirates relentlessly will drastically improve your success.

Always stay one step ahead

As we mentioned, pirates are known for recovering quickly and bypassing takedown notices. But that doesn't mean you shouldn't make the effort.

When pirates receive takedown notifications, many of them respond by quickly counteracting. For example, they may rapidly move their content around, rearrange their illicit streams in their OSP servers, or shift the streams to other servers. They may also change domains, stream IDs, and stream names. These moves not only adversely impact their users' experience – a key factor for subscribing – but also increase operational costs, eventually cutting into their profitability.

And if you weren't convinced, disrupting pirate services makes a difference. According to another [Ampere report](#), 65% of sports fans would be dissuaded from using a pay or free pirate service if there was a threat of it being taken down.



Specific issues which would dissuade users of pay and free services (%):

- Service being taken down 65%
- Poor quality video 65%
- Malware 64%
- Lags/delays in stream 64%

In other words, disruption does the job.