

The logo features the text "CreativeFuture" in a bold, sans-serif font. The word "Creative" is in dark blue, and "Future" is in a lighter blue. The letter "i" in "Creative" has a yellow-to-orange gradient. The background consists of a central sunburst with thin lines radiating outwards. Faint, light blue icons are scattered around the center, including musical notes, film reels, a hand holding a pen, and a gear. The overall aesthetic is clean and modern, representing various creative industries.

CreativeFuture

Creativity. Innovation. Tomorrow.

The Facts

Creators are embracing new models to expand audience access to creative works

More and more content is being made available online legally through a variety of distribution platforms – offering audiences content when, where, and how they want it.

- Content companies are working with popular, freestanding websites like Hulu, Netflix, Amazon Prime, and iTunes.
 - HBO and CBS have recently announced the creation of stand-alone streaming services that will not require consumers to have a cable subscription.¹
 - Over 50 million subscribers² streamed an estimated seven billion hours³ of movies and television shows on Netflix in the second quarter of 2014 alone.
 - More than one million movies and television shows are purchased every day on iTunes.⁴
 - Hulu offers approximately 100,000 full TV episodes and 5,400 full movies.⁵ The service reaches more than 400 million internet-connected devices in the U.S.⁶
 - Over 20 million subscribers use Amazon Prime to access thousands of titles for paid streaming or download.⁷ Amazon Prime will begin streaming in ultra-high definition 4K by January 2015.⁸
- Cable and satellite providers increasingly offer expansive online, anytime access to programming through their own websites (such as Xfinity.com and TWCTV.com) and through apps such as HBO GO and Showtime Anytime.
 - Currently, subscribers have access to more than 285,000 on-demand titles on Comcast⁹ and more than 45,000 titles on Verizon.¹⁰
 - Entertainment companies are also collaborating with distributors on TV Everywhere – an initiative that allows subscribers to access all their video programming online outside the home on any device, providing anytime, anywhere access to live and on-demand content.
 - Viewership on TV Everywhere apps has more than doubled over the past year alone, with over one in five households in the US using them to watch content.¹¹
- Digital retailers are also expanding access to legitimate content.
 - Target Ticket offers more than 30,000 titles on its website, including new movie releases and television shows the day after they air.¹²
 - Walmart’s partnership with VUDU allows customers to access digital versions of Blu-ray and DVD films they purchase through the retailer.¹³

¹ [With HBO and CBS Cutting the Cord, Which Networks Will Follow Suit?](#), 10/22/14

² [Netflix 2014 Q3 Earnings Letter to Shareholders](#)

³ [Netflix Subs Now Watch 1.5 Hours of Video Daily, Up 350% Since 2011](#), 9/25/14

⁴ [As the world churns: The young and restless world of online video](#), 9/19/13

⁵ [With HBO and CBS Cutting the Cord, Which Networks Will Follow Suit?](#), 10/22/14

⁶ [2014 Digital Upfront: Hulu Wants To Be Your Primary TV Destination](#), 5/2/14

⁷ [Business Insider: Amazon Says it Has at Least 20 Million Prime Members](#), 1/6/2014

⁸ [Time: Amazon Will Stream in Ultra-High Def 4K by January](#), 11/12/14

⁹ [Xfinity TV: Working Toward A Seamless TV Everywhere Experience](#), 7/2/13

¹⁰ [TV Everywhere App for FIOS Customers](#), 9/23/13

¹¹ [TV Apps Are Soaring in Popularity, Report Says](#), 6/4/14

¹² [TECH NOW: Best gadgets and services for cord-cutters](#), 11/2/13

¹³ [TECHSPOT: Walmart announces disc-to-digital service for DVD and Blu-ray discs](#), 3/14/12

- Best Buy's CinemaNow program allows users to convert purchased Blu-rays and DVDs to digital content through the UltraViolet software program.¹⁴
- Streaming media players (Amazon Prime, AppleTV, Google Chromecast, and Roku), game consoles (Playstation and Xbox), and other devices are expanding access to easy, affordable, and legal streaming. Sony recently announced a web-based TV service called PlayStation Vue.¹⁵
- Searching for legitimate film and television content is easier than ever before.
 - WhereToWatch.com, launched in November, offers a simple, streamlined, comprehensive search of digital download and streaming sites, stores, and kiosks. It searches Amazon, iTunes, Netflix, and Hulu, as well as Fandor, VUDU, Target Ticket, Redbox, and many more.
 - Other services that help audiences find legitimate content include CanIStream.it, GoWatchit.com, fan.TV, and FindAnyFilm.com.
- In a recent study,¹⁶ KPMG selected 808 film titles and 724 television titles – a sample representing the most popular and most critically acclaimed works – and analyzed the availability of these titles across 34 legitimate online video on demand services.
 - 94% of the most popular and critically acclaimed films are legally available online in the US.
 - 77% of the top 100 box office films for 2013 (the year the study was conducted) are available legally on at least one online video service.
 - Of the top 20 domestic box office hits from 2000-2010, 98% are legally available online in the US.
 - 87% of the top 100 TV shows from 2013 are available on at least one online video distribution service.
 - 96% of the “AFI Top 100 Films” are legally available online in the US.
 - Of the 60 top indie film hits from 2011-2013, 100% are legally available online in the US.
- KPMG conducted a similar study in the U.K.,¹⁷ analyzing the availability of the most popular and critically acclaimed film and TV titles across 27 legal streaming and download services, including Netflix, Amazon Prime, and iTunes, among others.
 - 86% of the most popular and highest quality film titles are available on at least one of the online video on demand services.
 - 100% of the 2012 top U.K. all time box office hits are offered on at least one of the services.
 - 90% of independent films were available on at least one service.
 - 75% of top U.K. 100 TV programs were available on at least one service.

The creative industries contribute substantially to the U.S. economy

- Creative industries – including books, music, movies, television, software, videogames, and newspapers – add \$1.1 trillion in value to the U.S. economy and employ 5.5 million people.¹⁸
- The average salary of creative professionals is nearly \$84,000, which is 69% higher than the national average.¹⁹

¹⁴ [CNET: BestBuy will now convert your discs to digital files from your PC](http://cnet.com), 12/21/12

¹⁵ [NY Times: Sony to Introduce Web-Based TV Service, PlayStation Vue](http://nytimes.com), 11/13/14

¹⁶ [KPMG Report: Film and TV Title Availability in the Digital Age](http://kpmg.com), 9/25/2014

¹⁷ [KPMG Report: U.K. Availability of Film and TV Titles in the Digital Age](http://kpmg.com), December 2014

¹⁸ [International Intellectual Property Alliance: Copyright Industries in the U.S. Economy: The 2014 Report](http://internationalintellectualpropertyalliance.org)

¹⁹ [2015 MPAA Fact Sheet](http://mpaa.org), derived from U.S. Bureau of Labor Statistics (BLS)

- The positive impact of movie and television production reaches every state.²⁰
 - Arizona: film and television supports 8,838 jobs and \$340.4 million in wages per year.
 - California: 188,404 jobs and \$18.1 billion in wages per year
 - Florida: 28,029 jobs and \$1.61 billion in wages per year
 - Georgia: 24,161 jobs and \$1.68 billion in wages per year
 - Illinois: 20,346 jobs and \$1.05 billion in wages per year
 - New York: more than 200 productions, 94,957 jobs, and \$9.95 billion in wages per year
 - North Carolina: 11,600 jobs and more than \$576.1 million in wages per year
- Film and television productions significantly impact local economies.
 - Each episode of *Breaking Bad* added \$1 million to the Albuquerque economy.²¹
 - In 2012, *House of Cards* had a \$140 million economic impact on the State of Maryland.²²
 - In its first two seasons, the Showtime series *Homeland* generated \$65 million for the economy of Charlotte, North Carolina.²³
 - Each season of *Modern Family* contributes an estimated \$20 million to the LA economy.²⁴
 - The first season of HBO's *Veep* had a \$30 million economic impact on the State of Maryland.²⁵
- Film and television generated over \$16.1 billion in public revenues in 2013.²⁶
- In 2013, the film and television sector generated \$15.8 billion dollars in exports worldwide and a trade surplus of \$13.4 billion – larger than that of the telecommunications, legal, health related, or computer sectors.²⁷
- The average television series employs between 100 and 175 cast and crew.²⁸
- A scripted series can use more than 750 local suppliers and vendors in one season.²⁹

Piracy and its costs

- The volume of online piracy is enormous.
 - Piracy consumes nearly 24% of internet bandwidth in North America/Asia/Europe.³⁰
 - Worldwide, 432 million unique internet users sought infringing content in a single month in January 2013.³¹
 - Google processed over one million piracy removal requests per day in August 2014 — every eight milliseconds.³²
 - The Recording Industry Association of America has reported 50 million infringing links to Google.³³

²⁰ [2015 MPAA Fact Sheet](#), derived from U.S. Bureau of Labor Statistics (BLS)

²¹ [Breaking Bad has been good to Albuquerque, New Mexico](#), 8/7/13

²² [House of Cards economic impact put at \\$140 million for Maryland](#), 4/29/2013

²³ [Showtime's Homeland Wraps Filming in Charlotte](#), 10/15/13

²⁴ [The "Modern Writers" Behind L.A.'s Modern Family](#)

²⁵ [Visit Maryland.org](#), 11/27/13

²⁶ [MPAA Fact Sheet, "The Economic Contribution of the Motion Picture & Television Industry to the United States"](#)

²⁷ [MPAA Fact Sheet, "The Economic Contribution of the Motion Picture & Television Industry to the United States"](#)

²⁸ Warner Brothers, 8/7/14

²⁹ Warner Brothers, 8/7/14

³⁰ [NetNames: Sizing the Piracy Universe](#), 9/17/13

³¹ [NetNames: Sizing the Piracy Universe](#), 9/17/13

³² [Google Asked to Remove 1 Million Pirate Links Per Day](#), 8/20/14

³³ [RIAA Reported 50 Million Pirate Links to Google](#), 6/20/14

- Piracy is theft that is orchestrated by for-profit criminal enterprises.
 - A recent RAND Corporation study found that “[t]here is compelling evidence of a broad and continuing connection between film piracy and organized crime.”³⁴
 - A 2010 Congressional Research Service study found that “organized criminals are becoming increasingly involved” in piracy and counterfeiting crimes.³⁵
- Pirate websites earn millions of dollars every year.
 - The indictment of Kim Dotcom’s Megaupload reported total revenues of \$175 million during its six years of operation.³⁶
 - KickassTorrents collects \$8.5 million a year.³⁷
 - isoHunt collected over \$3 million a year in 2010.³⁸
 - The top 30 cyberlockers make nearly \$100 million per year from stolen creative works.³⁹
- The economic harm from piracy is large and demonstrable.
 - An academic review of the empirical literature on piracy’s impact by professors at Carnegie Mellon University concluded: “The vast majority of the literature (particularly the literature published in top peer reviewed journals) finds evidence that piracy harms media sales.”⁴⁰
 - A joint study by professors at Carnegie Mellon and Wellesley College found that legitimate digital sales of major films increased by up to 10% in the four months after the illegal website Megaupload was shut down.⁴¹

Specific examples:

- Over 10 million people worldwide have pirated *Expendables 3*, which was leaked online weeks before its release, causing a revenue loss of up to \$250 million.⁴²
- *The Hurt Locker* won the Academy Award for Best Picture in 2010, grossing \$49 million in worldwide box office. 8 million people paid to see it in the theater, but it was illegally downloaded 10 million times on BitTorrent as of May 2010.⁴³
- *Dallas Buyers Club* grossed over \$50 million worldwide theatrically, which translates to approximately 7 million tickets sold. Since its release, there have been roughly 22 million piracy transactions – 300% higher than paid ticket sales. If just 10% of the pirated transactions had been paid ticket sales, the film would have earned an additional \$17 million, a 30% increase in revenue for the creative community.⁴⁴
- The week after *Breaking Bad* won the 2014 Emmy for Best Drama Series, the number of users illegally downloading the show grew fivefold, despite the fact that the entire series is legally available to stream on Netflix.⁴⁵
- Half a million people downloaded the *Breaking Bad* finale within 12 hours of its original airing, mainly in countries where it was available on TV or other legal means the next day.⁴⁶

³⁴ [Film Piracy and Its Connection to Organized Crime and Terrorism](#), 2009

³⁵ [Organized Crime in the United States: Trends and Issues for Congress](#), 12/22/10

³⁶ [Megaupload Indictment](#), 1/5/12

³⁷ [Italian Court Orders All ISPs To Block KickAssTorrents](#), 5/24/12

³⁸ [Financial Post Magazine: ‘I’m doing this for the future’](#), 7/13/09

³⁹ [Behind the Cyberlocker Door: A Report on the Cyberlocker Business and how Cyberlockers use Credit Card Companies to Make Millions](#), 9/18/2014

⁴⁰ [Yes, Piracy Does Cause Economic Harm](#), 1/27/13

⁴¹ [Gone in 60 Seconds](#), March 2013

⁴² [Expendables 3 Producer: We Want to Go After 10 Million Who Illegally Downloaded Movie](#), 9/18/14

⁴³ Based on data from [TorrentFreak.com](#), Rentrak Corporation, and [Box Office Mojo](#)

⁴⁴ [Box Office Mojo: Dallas Buyers Club](#)

⁴⁵ [Breaking Bad Piracy Rates Soar Five Fold After 2014 Emmy Wins](#), 9/2/14

⁴⁶ [Breaking Bad Final Episode Illegally Downloaded 500,000 Times in 12 Hours](#), 9/30/12

- In August 2014, *Orange is the New Black* was the second-most pirated show in the world, despite the entire series being legally available to stream on Netflix at a subscription cost of \$8-12 a month. It was downloaded 60 million times over the first six months of the year.⁴⁷
- The season 5 premiere of *The Walking Dead* was illegally downloaded 1.27 million times – over four times more than the two previous season premieres.⁴⁸
- Other recent industry challenges may also be caused in part by piracy.
 - Since 2006, the number of films released each year by the major film companies has dropped by 37%, from 204 movies released in 2006 to just 128 released in 2012.⁴⁹
 - Development budgets have decreased and studios are increasingly turning to sequels and remakes with built-in audiences, rather than taking risks on new projects.⁵⁰
 - Independent films are often a gateway for new and young talent to launch their careers. A decrease in independent film production limits these opportunities.
 - According to the Nashville Songwriters Association International, the number of full-time songwriters in Nashville has dropped 80% since 2000. This was a new low point since data tracking began in 1991.⁵¹
 - According to the WGA West, screenwriters' earnings were down nearly 25 percent in 2013 from 2009.⁵²
 - According to the Bureau of Labor Statistics, there were 32,260 people in the United States classified as “Musicians and Singers” in 2013. This is down 27% from 53,940 in 2002.⁵³
- Pirate websites spread malware, spyware, and viruses.
 - A study by the online security company McAfee concluded, “with unauthorized, illegal content, movie fans are exposing themselves to a host of risks, including malvertising, identify theft, and malicious code downloaded with a streamed movie.”⁵⁴

The role of advertisers, ad agencies, and online ad networks in supporting and enabling online piracy

- A recent study found that in 2014 nearly 600 pirate sites generated an estimated \$209 million in revenue from advertising alone – a significant portion coming from major brands.⁵⁵
- Advertising provides about 86% of the revenues for file-sharing sites featuring illegally distributed content.⁵⁶
- A recent report from Incopro analyzed the revenue sources for the 250 most popular pirate sites in the European Union and found that advertising is a key source of funding for 88% of them.⁵⁷
- Advertising funds two-thirds of television live-streaming pirate sites.⁵⁸
- Megaupload earned over \$25 million from online advertising during its operation.⁵⁹

⁴⁷ [Orange Is the New Black is now the second-most pirated show in the world](#), 8/24/14

⁴⁸ [The Walking Dead Season 5 Premiere Piracy Hits All-Time High](#), 10/13/14

⁴⁹ [2012 Theatrical Market Statistics report](#), MPAA

⁵⁰ [Development Slates Shrinking As Film Remakes, Sequels Dominate](#), 6/27/13

⁵¹ [Nashville's Musical Middle Class Collapses](#), 1/28/2015

⁵² [Hollywood Salaries Revealed, From Movie Stars to Agents \(and Event Their Assistants\)](#), 10/2/2014

⁵³ U.S. Bureau of Labor Statistics (BLS): Occupational Employment and Wages [2002](#) & [2014](#)

⁵⁴ [The True Cost of Free Entertainment](#)

⁵⁵ [Good Money Still Going Bad: Digital Thieves and the Hijacking of the Online Ad Business](#), May 2015

⁵⁶ [Report links Google, Yahoo to internet piracy sites](#), 1/2/13

⁵⁷ [Revenue Sources for Websites Making Available Copyright Content Without Consent in the EU](#), March 2015

⁵⁸ [The Six Business Models of Copyright Infringement](#), 6/27/12

⁵⁹ [Megaupload Indictment](#), 1/5/12

- A NetNames report that examined the top 30 cyberlocker sites found that all but one profited from advertising, in addition to subscription payments processed by major credit card companies.⁶⁰
- Seventeen cyberlocker sites profited from advertising facilitated by just one advertising network – Propeller Ads Media.⁶¹
- Leading advertisers and agencies have acknowledged that they have a role to play in stopping piracy and have undertaken initial first steps.
 - The CEO of the Association of National Advertisers wrote in *Ad Age* magazine that “marketers must become more involved in the piracy issue [and] cannot allow our businesses and brands to supply financial life-blood or lend an air of legitimacy to illicit business models that threaten the well-being of creative industries worldwide.”⁶²
 - In May 2012, the Association of National Advertisers and the American Association of Advertising Agencies called for industry action to reduce advertiser support for piracy.⁶³
 - In July 2013, the eight large digital ad networks agreed to take down individual ads after being notified they have appeared on verified pirate sites.⁶⁴
 - The Internet Advertising Bureau has also called upon advertisers to address the matter in their Quality Assurance Guidelines, although the Bureau does not punish piracy violations as it does those involving child pornography or illegal pharmaceuticals.⁶⁵
 - These are good signs. However, there are limits to these actions and more needs to be done. The advertising community should adopt a set of enhanced best practices in the same cooperative spirit.

The role of credit card companies in supporting and enabling online piracy

- Cyberlockers set up incentives for users to upload unauthorized content files and then encourage others to download them, making money by selling advertisements around the content or premium access subscriptions. A recent NetNames study found:
 - Cyberlocker sites made \$96.2 million in total annual revenue across 30 sites, or \$3.2 million per site. One site made \$17.6 million.
 - Profit margins for cyberlockers can reach as high as 86%, since there is a high demand for stolen content and little to no overhead since their content is stolen.
 - The overwhelming use of cyberlockers is for content theft. Analysis of a sample of the files from the cyberlocker sites found that at least 78.6 percent of files on direct download sites and 83.7 percent of files on streaming sites were unauthorized copies of books, films, television shows, and games.
 - In several instances, cyberlockers generate more internet traffic than the most popular sites. For example, the most popular cyberlocker, 4Shared, received more than 55 million views a month – more than websites like NYTimes.com, CNN.com, and WSJ.com.
 - Of the top 30 cyberlockers, all but one offered paid premium account subscriptions, which could be paid for using Visa or Mastercard.⁶⁶

⁶⁰ [Behind the Cyberlocker Door: A Report on the Cyberlocker Business and how Cyberlockers use Credit Card Companies to Make Millions](#), 9/18/2014

⁶¹ [Behind the Cyberlocker Door: A Report on the Cyberlocker Business and how Cyberlockers use Credit Card Companies to Make Millions](#), 9/18/2014

⁶² [Are You Protecting Your Marketing Investments From The Threat of Online Piracy](#), 8/6/13

⁶³ [Statement of Best Practices to Address Online Piracy and Counterfeiting](#), May 2012

⁶⁴ [MPAA Scoffs at New Anti Piracy Plan](#)

⁶⁵ [IAB Quality Assurance Guidelines](#)

- Payment companies have taken a few modest steps to reduce their support for piracy.
 - In June 2011, American Express, Discover, MasterCard, PayPal, and Visa developed voluntary practices to withdraw payment services from sites selling counterfeit and pirated goods.⁶⁷ A web portal has been established through the International Anti-Counterfeiting Coalition to simplify submitting complaints to these payment companies.⁶⁸
 - PayPal has instituted a pre-approval requirement for merchants accepting payments for file sharing.⁶⁹ The same NetNames cyberlocker study revealed that PayPal's actions have been largely effective.
 - Payment processors cut off service to WikiLeaks in 2010,⁷⁰ which demonstrates the capability to prevent the flow of money to specific websites.

The role of search engines in supporting and enabling online piracy

- Search engines are the main gateway to pirate websites.
 - 74% of consumers surveyed said they had used a search engine the first time they arrived at a piracy website.⁷¹
 - 58% of individuals who found pirated movies and television shows online did so through apparently innocent searches, such as entering a film or television show title or a generic phrase like "watch TV."⁷²
- Search engines contribute to the problem and should play a constructive role in solutions.
 - Search engines have admitted that for-profit pirate websites are a problem. However, so far they have not acknowledged the crucial role that search plays in driving millions of users and billions of page views to these pirate sites. That unchecked traffic generates more advertising revenue and more subscriptions, which allow pirate sites to profit and thrive.

⁶⁶ [Behind the Cyberlocker Door: A Report on the Cyberlocker Business and how Cyberlockers use Credit Card Companies to Make Millions](#), 9/18/2014

⁶⁷ [White House Joint Strategic Plan on IP Enforcement](#), June 2013

⁶⁸ [The International AntiCounterfeiting Coalition Developing New Online Tools to Choke Off Money to Rogue Websites](#), 9/27/11

⁶⁹ [PayPal Terms of Acceptable Use](#)

⁷⁰ [Visa, MasterCard Move To Choke WikiLeaks](#), 12/7/10

⁷¹ [Understanding the Role of Search in Online Piracy](#), 9/18/13

⁷² [Understanding the Role of Search in Online Piracy](#), 9/18/13