

Just As Valve Shows That You Can Compete With Piracy In Russia, Russia Starts Cracking Down On Piracy

from the *so-that's-how-it-works* dept

Mike Masnick Thu, Oct 27th 2011 2:01pm

Bill Bliss was the first of a whole bunch of you to write in with a version on the story of how Valve has continued to show how to compete with free. This alone, isn't new. We've been covering these kinds of stories concerning Valve and its CEO, Gabe Newell, for years. There's a lot in this latest talk by Newell that repeats what he's said for years, but there are also some new experiments in there as well. Such as the following:

Newell: The easiest way to stop piracy is not by putting antipiracy technology to work. It's by giving those people a service that's better than what they're receiving from the pirates. For example, Russia. You say, oh, we're going to enter Russia, people say, you're doomed, they'll pirate everything in Russia. Russia now outside of Germany is our largest continental European market.

Ed Fries: That's incredible. That's in dollars?

Newell: That's in dollars, yes. Whenever I talk about how much money we make it's always dollar-denominated. All of our products are sold in local currency. But the point was, the people who are telling you that Russians pirate everything are the people who wait six months to localize their product into Russia. ... So that, as far as we're concerned, is asked and answered. It doesn't take much in terms of providing a better service to make pirates a non-issue.

Now that's doubly interesting, because at the same time as we got this story, we also got another submission (anonymously) about how Russia has finally started cracking down on infringement by arresting a Russian couple who was caught distributing movies online. Assuming they're guilty, they certainly don't deserve any sympathy, but it does seem intriguing to see these two stories juxtaposed.

The entertainment industry has been pushing hard for Russia to crack down on infringement, insisting that there's no way they can make money in the Russian market. And yet, Valve is proving that's false. It's just that these other companies are incompetent, don't know how to

adapt, and don't know how to provide a good service. If you do that, you can make a ton of money *even if* the products are available in unauthorized ways.