



HBO to Launch Stand-Alone Over-the-Top Service in U.S. Next Year



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In a bold surprise, [HBO](#) said it will launch a stand-alone over-the-top service in the U.S. next year, HBO chief [Richard Plepler](#) confirmed Wednesday.

“This will be transformative for our company,” Plepler said during his presentation at [Time Warner](#)’s Investor Day confab. Noting that there are now about 10 million households in the U.S. that are broadband-only, he declared: “It is time to remove all barriers to those who want HBO.”

Plepler didn’t offer many details and warned the crowd of Wall Street analysts that they wouldn’t be able to answer too many questions because of proprietary concerns. He said the plan was to “work with current partners and explore models with new partners.”

Plepler emphasized that the company’s experience with the HBO Go authenticated service and its fast uptake among millennial viewers has encouraged them to take the groundbreaking step of offering the HBO/Cinemax cluster as a stand-alone service.

“We will go beyond the wall and launch a stand-alone over-the-top service with the potential to produce hundreds of millions of dollars in revenue,” Plepler said. “The international revenue possibilities could be just as large if not larger (with OTT). We have a huge opportunity in front of us. We will use all means at our disposal to go after it.”

Plepler’s bombshell comes on the same day that Netflix reports its third-quarter earnings. There’s no doubt that the SVOD giant’s subscriber gains in the U.S. and key international territories is spurring HBO to break with tradition of offering its service only as part of MVPD channel packages.

HBO’s move also comes at a time when there are numerous startup ventures aimed at offering cable-like channel packages via the Internet. Sony Corp. is in talks with major

programmers for such a service — it already has cut a deal with Viacom for a clutch of channels. Satcaster Dish Network is assembling an OTT offering, as is Verizon.

Moreover, the HBO declaration is clearly part of Time Warner's [corporate](#) strategy to convince investors that it was right to rebuff 21st Century Fox's \$80 billion takeover offer this past summer.

Time Warner chairman-CEO Jeff Bewkes stressed at the start of Wednesday's investor presentation that the conglom is better off in its streamlined state focusing on three core businesses — HBO, Turner Broadcasting and Warner Bros. — with strong growth potential. Taking the plunge into OTT distribution with HBO is the kind of daring move designed to prove that Time Warner is looking for any and all avenues to grow its earnings.

For sure, the HBO news also goes a long way toward reinforcing Bewkes' assertion at the start of the investor confab that Time Warner's earnings will more than double in the next few years.

HBO's move will undoubtedly be looked on with scorn by existing MVPDs, particularly the biggest cable operators and DirecTV. But HBO is one of a handful of cable brands that is likely to be impervious to blowback from traditional distribs as it's hard to imagine any cable or satellite service pitching itself to subscribers without HBO in the mix.

The prospect of HBO, Showtime and other blue-chip channels going OTT has been much discussed at Wall Street and media-biz confabs in the past few years, particularly as Netflix gained steam. But HBO's unambiguous announcement of its intention to embrace the opportunity still caught the biz by surprise. Reps for many major players affected by HBO's decision had no immediate comment on Wednesday morning.