Peacock? HBO Max? The New Streaming Giants Explained.

July 15, 2020 14 min read

This story originally appeared on PCMag

The video-streaming industry is crowded; it can be hard to wrap your head around the scope of the entertainment giants that make up this market.

Each service has its own origin story, business interests, and shifting content pile of exclusive originals and licensed content. There's also a wide assortment of packages, plans, and technology under the surface. HBO Max and Peacock just made their debuts to take on Netflix, Prime Video, and all the rest, so a running market breakdown is certainly in order.

Here are the most important streaming services to watch in the next hyper-competitive phase of this industry.

Netflix

[embedded content]

The modern streaming industry begins and ends with what many have dubbed the "Netflix Effect." Its digital subscription model and massive investment in originals have set the bar for the market. Netflix reported 182.8 million paid global subscribers in Q1 2020, thanks in part to a boost in quarantine-related sign-ups.

Competitors are ready to pounce. Instead of fighting off startups, Netflix is up against tech juggernauts like Apple

and Amazon, and century-old media giants. The latter have not only unveiled competing services, but moved to reclaim shows like *The Office* and *Friends* for their own services.

Netflix saw all of this coming. The one-time DVD rental company-turned-streaming goliath keeps burning cash and raising debt financing to fund its original-content creation, which spans everything from *Stranger Things* and Martin Scorsese's *The Irishman* to a vast trove of cheaper films and series to pad its increasingly originals-reliant library. To stem the losses of other classic sitcoms, the service reportedly spent more than $500 million for the rights to stream *Seinfeld* beginning in 2021.

For now, the strategy is still working. Though Netflix saw its first-ever subscriber drop in the US in Q2 2019, that came after adding a record 9.6 million subscribers in Q1 2019 and a price hike. COVID-19 has shut down production across all streaming services, but subscribers have plenty to watch while stuck inside.

And despite spending more than $1 billion a year on technology, CEO Reed Hastings still positions Netflix as more of a media company akin to Disney than a tech company like Apple or Amazon. Netflix is "mostly a content company powered by tech," he told Recode last year, in response to a question about industry regulation.

That posturing is largely semantic; in reality, modern streaming players are all media, entertainment, and tech companies rolled into one.

Amazon Prime Video

[embedded content]

Unlike Netflix, Amazon has no discernible caps on how much it can spend, and its business model isn't dependent on video

subscribers. Amazon has more than 150 million Prime members as of January 2020, all of whom have access to Prime Video.

Prime Video's core value is to drive more Prime subscriptions at $119 a pop per year, which went up from $99 in 2018, the first price hike since 2014. So Amazon has no qualms about shelling out billions for original series and films on the indie festival circuit through Amazon Studios. Standalone Prime Video costs $8.99 per month.

Amazon also owns Prime Video's underlying infrastructure. Streaming high-quality live and on-demand video requires a complicated content-delivery pipeline, from data hosting and storage to encoding and packaging files, all the way down to content delivery networks (CDNs) and playback. Amazon controls the pipes, and Prime Video can enjoy seemingly infinite scale thanks to Amazon Web Services (AWS).

Other streaming platforms need Amazon's cloud, too. Netflix, for instance, spent years and untold millions building out its own global CDN network (the only streaming provider to do so) but relies entirely on AWS for cloud computing and storage.

"We package up and have built our technology infrastructure on top of AWS," Girish Bajaj, VP of Software Engineering for Amazon Prime Video, told PCMag in 2019. "Because we serve millions of customers and operate this massive amount of scale, it gives both Prime Video and AWS expertise in how to actually operate these systems, and with that level of scale comes cost savings that we then are able to offer back to customers on the consumer side as well as the enterprise side."

Amazon also owns IMDb, which launched a free, ad-supported streaming service in January 2019. Originally known as IMDb Freedrive, it was later rebranded to IMDb TV.

Apple TV+

[embedded content]

Apple launched Apple TV+ in November for $4.99 a month. Its content library is small, so Apple is giving one year of free Apple TV+ to those who buy a new iPhone, iPad, Mac, or Apple TV.

Launch titles included: cable news drama *The Morning Show* starring Jennifer Aniston, Steve Carell, and Reese Witherspoon; future post-apocalyptic series *See* starring Jason Momoa and Alfre Woodard; an Emily Dickinson biopic series starring Hailee Steinfeld; and sci-fi space race series *For All Mankind.* Most of the shows received tepid reviews, but Apple has billions of dollars worth of original content investments in its development pipeline to populate the fledgling streaming service in the next year or two. This month, for example, Tom Hanks' war drama *Greyhound* skipped theaters due to the coronavirus and debuted on Apple TV+.

The redesigned Apple TV app is available across media-streaming devices, including Roku and Amazon Fire TV devices, and smart TVs from Samsung, Sony, LG, and Vizio. It offers original content through Apple TV+, as well as streaming app and network subscriptions through TV Channels, which is similar to the add-ons offered by Prime Video and Hulu.

TV Channels launched in May with some big partners, including Amazon Prime Video, HBO, Hulu, Showtime, Starz, CBS All Access, and many others (but not Netflix); Apple showcased Prime Video originals such as *The Marvelous Mrs. Maisel* in demos during its launch event. TV Channels also let users choose traditional cable bundles from providers such as Optimum and Spectrum, as well as over-the-top (OTT) cable replacement services including AT&T TV Now.

This strategy is part of Apple's broader push into software

and services: It has grand designs to expand to industries beyond the steadily growing chunk of recurring revenue it currently makes from iCloud, Apple Music, and Apple Pay. Amid stagnating iPhone sales, Apple's glossy 2019 launch event for its new slate of services—including Apple News+ and Apple Arcade—highlighted how it sees its future growth.

Hulu

[embedded content]

Hulu, which had 30.4 million subscribers as of Q1 2020, is a particularly intriguing player given its new mouse-shaped overlord. With Disney's acquisition of 21st Century Fox, the entertainment powerhouse also picked up Fox's 30 percent stake in Hulu and later acquired AT&T and Comcast's remaining stakes to take full control of Hulu.

Hulu, which long represented the network TV industry's collective streaming interests, is now another arm of Disney's entertainment empire, and Disney hasn't wasted time adding the jewel to its infinity gauntlet.

Beatrice Springborn, VP of Content Development at Hulu, said last year that the service doesn't measure success by nightly ratings or individual show performance. It's about getting new subscribers to sign up for Hulu, watch a lot of content on the platform, and remain subscribers for the long haul.

At the time, Springborn said her team was laser-focused on "making Hulu the number-one choice for TV." Following Netflix's price increase, Hulu took the opposite route and cut the price of its entry-level ad-supported plan from $7.99 to $5.99 per month. But it did raise the price of its live TV plan from $39.99 to $54.99 per month.

HBO Max

[embedded content]

WarnerMedia is one of the more recent examples of high-profile corporate consolidation fueling the next wave of streaming services, and the result is HBO Max, which launched in May 2020 for $14.99 per month. An ad-supported pricing tier and live TV is planned for 2021.

The pool of media brands and TV channels centralizes AT&T's Time Warner assets under one streaming roof, with HBO as its centerpiece. HBO Max is pricier than its rivals, but it costs the same as HBO Now/GO, which only includes the HBO library. And all HBO Now/GO users get upgraded to HBO Max for no extra charge.

WarnerMedia is betting that streaming viewers will be enticed to subscribe through a combination of high-quality HBO content, 50 new original series by 2021, new and existing shows and movies from brands under its banner like CNN, Cartoon Network, and Warner Bros, the Studio Ghibli animated film collection, and a selection of TV shows including *Friends*, *Sesame Street*, *The Big Bang Theory, Dr. Who, The Fresh Prince of Bel Air, South Park*, and *Rick & Morty* (for which WarnerMedia paid handsomely to license).

Peacock

[embedded content]

Comcast-owned NBCUniversal's streaming service, Peacock, launched for Comcast customers in April and for everyone else on July 15. It offers a free, ad-supported tier with 7,500 hours of programming, including next-day access to current NBC series, as well as live news and sports television coverage. Peacock Premium is $5 a month ($49.99 a year) for 15,000 hours of live and on-demand content and 4K/HDR streaming. Peacock

Premium Plus gets rid of ads for $10 per month ($99.99 per year).

Toplining Peacock's originals is a sci-fi adaptation of Aldous Huxley's classic novel *Brave New World* starring Alden Ehrenreich and Demi Moore. Upcoming series include a *Battlestar Galactica* reboot from Mr. Robot and *Homecoming* creator Sam Esmail, and revivals of *Saved By the Bell* and *Punky Brewster* featuring original cast members.

NBC is also dipping back into the well for a streaming-only season of *A.P. Bio* and a second spin-off movie of one-time USA series *Psych,* along with a number of other scripted and unscripted originals, including an adaptation of the Dr. Death true crime podcast starring Alec Baldwin and Christian Slater.

On the unscripted front there'll be a *Saturday Night Live* docuseries from Lorne Michaels, a Real Housewives spin-off, a new talk show series starring Jimmy Fallon, and a new weekly late night show starring *Late Night with Seth Meyers'* Amber Ruffin. As with Disney+, NBCUniversal is also stocking Peacock with a vast library of shows and movies to which it already has the rights: *Brooklyn Nine-Nine, Cheers, Everybody Loves Raymond, Frasier, Friday Night Lights*, and *Will & Grace*, among many others. Users will also be able to stream movies from the Universal archive.

NBCUniversal's bet is that plucking *The Office* from Netflix in 2021, along with some nostalgia-inducing originals, will be enough content to hold its own in the crowded market.

CBS All Access / Showtime

[embedded content]

One media giant that often flies under the radar in the streaming wars is CBS, which owns Showtime and CBS All Access. The latter has spent a modest original-content budget on a few

big franchises, headlined by *Star Trek: Discovery* and *Star Trek: Picard*; *The Good Wife* spin-off, *The Good Fight*; a reimagining of *The Twilight Zone* from Jordan Peele; and a coming adaptation of Stephen King's *The Stand*.

CBS All Access is $5.99 a month with limited commercials or $9.99 a month without ads. Showtime is $10.99 for the standalone service, but you can buy or add the network to existing subscriptions through Prime Video, Amazon Fire TV, Hulu, Roku, Android, or iOS, or through a long list of cable and OTT streaming providers for varying prices. It's also available to existing cable subscribers as Showtime Anytime.

Now that CBS has re-merged with Viacom, the company can draw upon a host of properties including MTV, Comedy Central, and Nickelodeon to bolster its streaming offerings.

CBS has been in the digital media and streaming games longer than most, going back to its 2004 deal to buy SportsLine (before CBS and Viacom split up in 2006) and CBS' subsequent acquisition of CNET for $1.8 billion in 2008. CBS has built its own streaming infrastructure atop that stack and now has its business firmly planted in all the big buckets: traditional cable and news, live sports, premium cable with Showtime, and a standalone streaming app in CBS All Access. CBS wants to top 16 million subscribers for Showtime and CBS All Access by year's end.

Disney+

[embedded content]

To get a sense of where the broader entertainment and streaming industry is going for the long term, Disney's strategy may be the model to watch. Its much-hyped $6.99/month Disney+ streaming service, launched in November and has already topped 54.5 million subscribers.

Disney’s foray into streaming market dates back to 2016, when it invested $1 billion for a 33 percent stake in BAMTech. The video-streaming company—which was initially spun out of Major League Baseball’s Advanced Media (MLBAM) arm—at one time powered streaming apps including MLB.TV, HBO Now, the NHL and PGA Tour apps, PlayStation Vue, and even the WWE Network streaming app before Disney took full control and rebranded BAMTech as Disney Streaming Services.

BAMTech’s outside-consulting focus came to a halt when Disney bought another 42 percent stake to take majority control of it in 2017, and announced its direct-to-consumer streaming services, which would become ESPN+ and Disney+, in the same press release. ESPN+, which costs $4.99 a month or $49.99 per year, has more than 7.6 million subscribers.

Disney’s advantages outweigh its challenges. Armed with original Marvel and Star Wars series, the Disney and Pixar film vault, Disney Channel kids programming, and the 21st Century Fox catalog—including National Geographic—Disney+ looms large.

Big-budget franchises like Marvel and Star Wars are key to Disney’s business strategy in all their forms: from Disney book series and toys, to blockbuster films and TV shows, to cruise lines and theme parks such as the massive Star Wars: Galaxy’s Edge parks. Disney’s end-to-end pipeline is the most fully realized version of a true content-industrial complex, and the one piece missing until now was a streaming subscription service.

As the new players have found, building a streaming platform from scratch takes time. Streaming expert Dan Rayburn described BAMTech as “the special forces of our industry. They’re the best at what they do, and they’ve been doing OTT streaming longer than anyone. And by the time Disney+ rolls out, it will still have taken them 18 months to build it.”

The man who built it is Joe Inzerillo, the CTO of Disney Streaming Services. Inzerillo is the former CTO of BAMTech and one of the founders of MLBAM. He oversees all Disney's video-streaming tech, including Disney+ and ESPN+.

Inzerillio told PCMag last year that Disney built its streaming interface to highlight its moneymakers—it's sprawling, interconnected Marvel and Star Wars cinematic universes.

"The thing I find so incredibly compelling about [Marvel and Star Wars] is that it's they're one enormous narrative with a bunch of stories around it," said Inzerillo. "So the user interface of a company's streaming service that makes epic sagas like that needs to be user-connected and one narrative designed to showcase the content for you and put it in front of the fans that love it, not get in the way. But it also needs to be personalized. It needs to be able to do all sorts of things. So it's the fusion of all those components to create this vision of a constant narrative."

https://www.entrepreneur.com/article/353341