

Foxtel has previously been coy about confirming [speculation](#) it is planning to launch a service that will compete with Telstra TV and Apple TV.

But new chief executive Peter Tonagh has now told [reporters](#) that it would 'maximise' all its distribution platforms, leading to speculation it would launch against part-owner Telstra's own device.

His comments come amid reports Telstra is considering a A\$4.5 billion initial public offering or sale of its 50% Foxtel stake.

Tonagh, who in a surprise move recently replaced Richard Freudenstein after four-and-a-half years at the helm, must usher Foxtel through a fast-changing media landscape which continues to be disrupted by subscription video-on-demand (SVoD) operators such as Netflix.

The SVoD phenomenon

Last year saw a massive change in the way in which Australians access and view video media. SVoD services launched included Stan, Presto (of which Foxtel is a joint partner with Seven West Media) and Netflix, along with Telstra [introducing](#) its Telstra TV service.

This came at a time when the [Australian Multi-screen report](#) continued to show a declining trend in the hours Australians spend watching live broadcast television, along side a rise in online video viewing hours.

Media analysts have forecast that last year's decline would continue throughout 2016. UBS noted that there would be [no growth](#) by the Australian television networks in 2016. Commonwealth Bank analysts also [valued](#) Foxtel's equity at A\$3.6 billion, or 7.5 times the broker's 2016 forecast for earnings, which [fuelled rumours](#) that Telstra may look to sell off its 50% stake.

Bed fellows no more? It's Foxtel versus Telstra in battle for online subscribers

Written by The Conversation USA

While the SVoD market is still in its infancy within Australia, uptake has been immense, with Netflix the main beneficiary. Foxtel's venture, Presto, has struggled to [reach](#) a 1% uptake in Australian homes, far from the currently [reported](#) 11% uptake of Netflix.

In the last few days another SVoD, Hayu, has launched in Australia, with a special focus on reality TV. It is offering a number of programs that are currently available on Foxtel.

The continuing changes will place further pressure on Foxtel's desire to maintain its current 30% subscription rate in Australia, particularly with the very limited success of Presto.

Foxtel TV?

The recent speculation is that Foxtel will release a service similar to Telstra TV. The [Telstra TV](#) service gives you [access](#) to all free-to-air catch-up services, three SVoD services, Netflix, Presto and Stan (although does not include subscription fees) and the Roku App Store.

While Telstra has a stake in Foxtel, its Telstra TV service does not include access to Foxtel content, despite T-Box, the service replaced by Telstra TV, which did have access to Foxtel channels.

A Foxtel TV service would directly compete with Telstra TV, and could add to speculation that Telstra wishes to distance itself from Foxtel.

It has been reported that Foxtel is considering including Netflix as part of its streaming service. In addition, Foxtel has made attempts to secure [rights deals](#) with the BBC, Viacom and Discovery.

This could see Foxtel become more of a media aggregator, but there still needs to be a differing

factor for a Foxtel TV service to succeed. That could lie within the one key area that Foxtel prides itself on - sport.

Lured back by sports

Foxtel has secured the [media rights](#) to many Australian sports, including the AFL and NRL.

Foxtel has also set its sights on Wimbledon, the US Open and The Masters golf tournament, although these are currently restricted and on the legislated anti-siphoning list. This is a list that Foxtel is arguing should be [abolished](#) with the media ownership laws currently under debate.

Focusing on its dominance in sport and integrating other services like Netflix, could be enough to help Foxtel entice new subscribers or win Australians back to the service.

Netflix has stated previously it is [not interested in sport](#) . With the company [launching globally](#) it would appear its focus for this year will be on building its global market and with this "Netflix Original Content".

Telstra group managing director for media and marketing, Joe Pollard, stated late last year that "bandwidth is the [new oxygen](#) ". While Telstra is a key in this supply. Foxtel now is supplying this oxygen to Australia with its new broadband packages, further establishing it as a major competitor to Telstra in more ways than just Telstra TV.

We could see Foxtel supply Australians with an internet service that includes Netflix and the possibility of streaming sport. Foxtel could also use its 13.84% stake in Ten Network as a way to get it involved in the SVoD. Ten the last of the three commercial FTA stations to be involved in a VoD service.

What is very evident by Foxtel's recent moves, is that sport is the key to obtaining and growing subscriptions. For this reason Foxtel must use its strength in sport to differentiate itself in an Australian SVoD market that is already beginning to feel a little flooded for a population of 24 million.

Bed fellows no more? It's Foxtel versus Telstra in battle for online subscribers

Written by The Conversation USA

[Read more on this page: Conversation of C31 Melbourne \(Community Television Station\) in-battle-f](#)