

Reed Hastings: Netflix Doesn't Need New Starz Deal

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Dec 8, 2010 3:49 PM ET



Netflix ([NSDQ: NFLX](#)) founder Reed Hastings told an investors conference Wednesday that he “can live without” renewing a deal for streaming rights from Starz, which deliver movies from Disney ([NYSE: DIS](#)) and Sony ([NYSE: SNE](#)). Talking up the growth of TV on his service, Hastings is essentially

signaling Netflix is now just as much a TV service as it for movies—if not more so.

“It is not essential to our success,” Hastings said at the Barclay Global Technology conference in San Francisco (audio [here](#)).

As Netflix transitions its business from snail mail to streaming, the Starz deal has been seen as a crucial piece of the puzzle. BTIG Research analyst Richard Greenfield has written a few times about the “must have” Starz deal, which is scheduled to expire in October 2011, because it was responsible for “50% of its freshest movies.”

Given speculation that Netflix would have to pay nearly 10 times the \$30 million it paid, taking the negotiations public may be Hastings way of getting the price down.

“The Starz deal turned out to be a great deal for us,” said Hastings. “We’ll try to renew it. But there’s no one piece of content that’s central for us.”

He drew a parallel to Showtime Networks moving on without its core movie supplier Paramount Pictures a few years ago—

though Showtime has since built up a robust roster of original programming, a direction Netflix has indicated it has no interest of going.

Ironically, he noted that without a new deal with Netflix, Starz CEO Chris Albrecht could find himself without the funding that would help him invest in original programming for the brand.

But Hastings described TV as a “big expansion for us,” noting that in the broader media universe, TV consumption dwarfs that of movies. “We’re just catching up,” he quipped, suggesting that movies are just a base on which Netflix is building.

Netflix has also been aggressive about adding to its TV content library, signing a slew of new deals. Just today Netflix [signed a broad deal](#) with Disney-ABC Television Group, and already has [a deal of similar scale](#) with NBC ([NYSE: GE](#)) Universal’s broadcast and cable channels.

Netflix spent \$1.2 billion on securing streaming rights this year, according to the company’s filings.

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