Netflix–Warner Bros.: what a unified content delivery strategy could mean for ISPs

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Streaming giant Netflix announced a definitive agreement in December 2025 to acquire major studio Warner Bros. The acquisition is expected to be completed (assuming Paramount Skydance's rival hostile tender is rejected) once Warner Bros. Discovery has spun off its Discovery Global division (including HBO). The deal – which is still awaiting regulatory approval – would have wide-ranging implications, not only for the streaming landscape, but also for the economics and efficiency of content delivery. Netflix is likely to transfer HBO Max's multi-CDN distribution onto its proprietary OpenConnect platform.[1] This article explains why the unified approach is likely to deliver cost benefits for both Netflix and its network partners.

Netflix and HBO Max have contrasting approaches to content delivery

Netflix has spent over a decade building OpenConnect, a proprietary CDN with more than 18 000 OpenConnect Appliances (OCAs) embedded in ISP networks and at internet exchange points (IXPs) worldwide. This enables proactive, predictive caching and local delivery of content. HBO Max's topology is different: it relies on a multi-CDN strategy, using providers such as Akamai, AWS CloudFront (including AWS CloudFront's new Embedded Points of Presence (POPs), which are deployed in ISP last-mile networks for peak events) and Fastly. Both approaches minimise upstream bandwidth relative to serving every stream from a remote origin without local caching. The practical difference is that OpenConnect is owned and tuned by Netflix end to end, whereas HBO Max's multi-CDN model optimises via vendor controls across shared PoPs. The HBO model offers global reach and redundancy but comes with higher variable costs.

[1] CDN stands for content delivery network. This is a geographically distributed set of caching/edge servers used to deliver HTTP(S) content (including video) closer to end users, which reduces latency and backbone transit.

Figure 1: Comparison of Netflix and HBO Max content delivery models

Aspect	Netflix (OpenConnect)	HBO Max (multi-CDN)
Delivery model	Proprietary, single-tenant CDN	Outsourced, multi-CDN
Edge infrastructure	18 000+ servers in ISPs/IXPs	Shared CDN PoPs; some embedded with large ISPs
Content management	Direct control over proactive, predictive caching	Indirect content management, via CDN vendors
ISP traffic path	High share delivered from within ISP	Higher share via peering/IXPs; embedded caches where available

Source: Analysys Mason

It is likely that all content delivery will move to Netflix's OpenConnect after the merger

Netflix would likely migrate HBO Max's delivery onto OpenConnect if the merger is approved. Netflix could align encoding, digital rights management (DRM) and cache-fill policies (the off-peak process of pre-loading OCAs with new files). This would allow HBO to benefit from the same levels of caching control and local delivery as Netflix. The combined subscriber base of more than 400 million revenue generating units (RGUs) would require Netflix to scale up OpenConnect capacity. However, the company's long lead time before full integration would provide ample opportunity for planning.

This unification will probably reduce third-party CDN delivery costs for playback for HBO Max, and could marginally improve stream quality because content would be delivered over shorter, more consistent paths (though HBO and Netflix's perceived stream quality is similar). It could also enable unified analytics and faster product iteration.[2]

Putting HBO on OpenConnect increases the likelihood that an HBO request can be served from a CDN cache, rather than requiring paid transit. The IP transit costs previously associated with serving HBO should reduce proportionally as the cache-hit ratio increases.

ISPs can do a number of things to prepare for the migration of HBO Max to OpenConnect

The consolidation of Netflix and Warner Bros. will have implications that extend beyond network operations. The combined entity will have greater leverage in partnership discussions with ISPs with respect to bundling Netflix/HBO content alongside pay-TV or broadband packages.

[2] Establishing the delivery costs is complex. The topology of OpenConnect is such that playback traffic (i.e. when an end-user presses 'play') comes from a proximal OpenConnect cache, but these caches are filled at off-peak times each night. That process of filling may still traverse cloud/CDN infrastructure and, in turn, incur costs – hence our qualification of 'CDN costs for playback'.

In addition, the scale and exclusivity of the merged catalogue may intensify competition with traditional pay-TV and public service broadcaster (PSB) propositions. It could also reduce the differentiation of aggregation platforms, given that more premium content would be delivered directly to end users via a single app.

However, these retail considerations must not overshadow the content delivery and network management impacts of the acquisition. ISPs can do a number of things to prepare:

- **Work with Netflix to re-dimension OpenConnect.** Netflix's partner engagement managers will interact with ISPs to discuss forecast changes to traffic, target offload and cache-hit ratios. ISPs can expect changes to off-peak cache fill load, especially during major content releases. This may then run up against network topology, power/space and interconnect constraints. Proactive joint planning ensures sufficient embedded OCA capacity and avoids local congestion during major releases.

- **Optimise internal network paths for local delivery.** As a greater share of premium streaming traffic is delivered from within the ISP network, it is important to ensure that internal routing and quality-of-service (QoS) policies are aligned to maximise the benefits of local caching. This may involve updating BGP steering,[3] monitoring aggregation/access network utilisation and adjusting capacity planning to reflect new traffic patterns.

- **Quantify and communicate sustainability gains.** The shift to localised delivery will reduce upstream bandwidth and could lower the energy required per gigabyte delivered (depending on network topology and power mix). ISPs should track these improvements and incorporate them into sustainability reporting, highlighting any carbon savings achieved through deeper CDN integration.

- **Simplify management of Netflix and HBO Max delivery.** Consumers' perception of the quality of experience (QoE) of their telecoms services is significantly influenced by streaming performance. When both Netflix and HBO Max content is delivered via OpenConnect, ISPs can consolidate monitoring and performance optimisation for these two services onto a single platform. This consolidation potentially reduces operational complexity for a significant share of premium video traffic, even though other CDNs will remain important for supporting additional streaming services. It should, therefore, allow ISPs to ensure more consistent QoE at lower cost.

Analysys Mason has extensive experience of supporting clients with the technology and economics of IP content delivery. Please contact Martin Scott or Andrew Daly for a tailored briefing. To learn more about the impact of streaming consolidation on the pay-TV and telecoms markets, please see our Fixed Services, Mobile Services and Global Pay-TV and Video Metrics and Forecasts programmes.

[3] BGP stands for 'Border Gateway Protocol', the standard routing protocol for the Internet. It influences how traffic enters and moves within an ISP's network.