



MSFT Cinema Ventures

David Rasmussen
Blake Tolman

Contents

1

Assumptions and Data

We will discuss the assumptions underlying our analysis and the data

2

Recommendations and Insights

We will explore our findings as we explored the available data

3

Further Analysis Required

Our proposed next steps

1. Assumptions and Data

Assumptions and Data



Assumptions:

- Microsoft will pursue a budget of at least \$30 million
- Microsoft is interested in maximizing profit the company's possible movie business as a standalone entity

Box Office Mojo

Despite being red, Mars is a cold place, not hot. It's full of iron oxide dust, which gives the planet its reddish cast



Rotten Tomatoes

It's a gas giant and the biggest planet in our Solar System. Jupiter is the fourth-brightest object in the sky



The Numbers

Venus has a beautiful name and is the second planet from the Sun. It's terribly hot—even hotter than Mercury

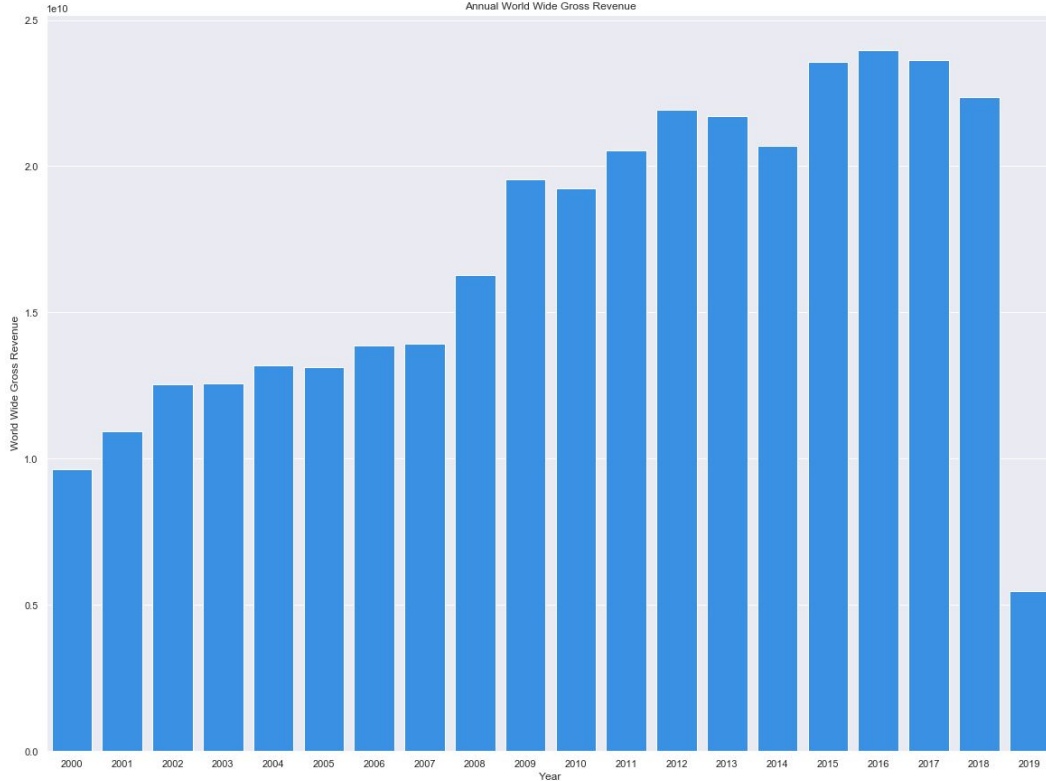




2. Insights and Recommendations

What are our findings?

The Opportunity



Gross Revenue is in \$10 billions



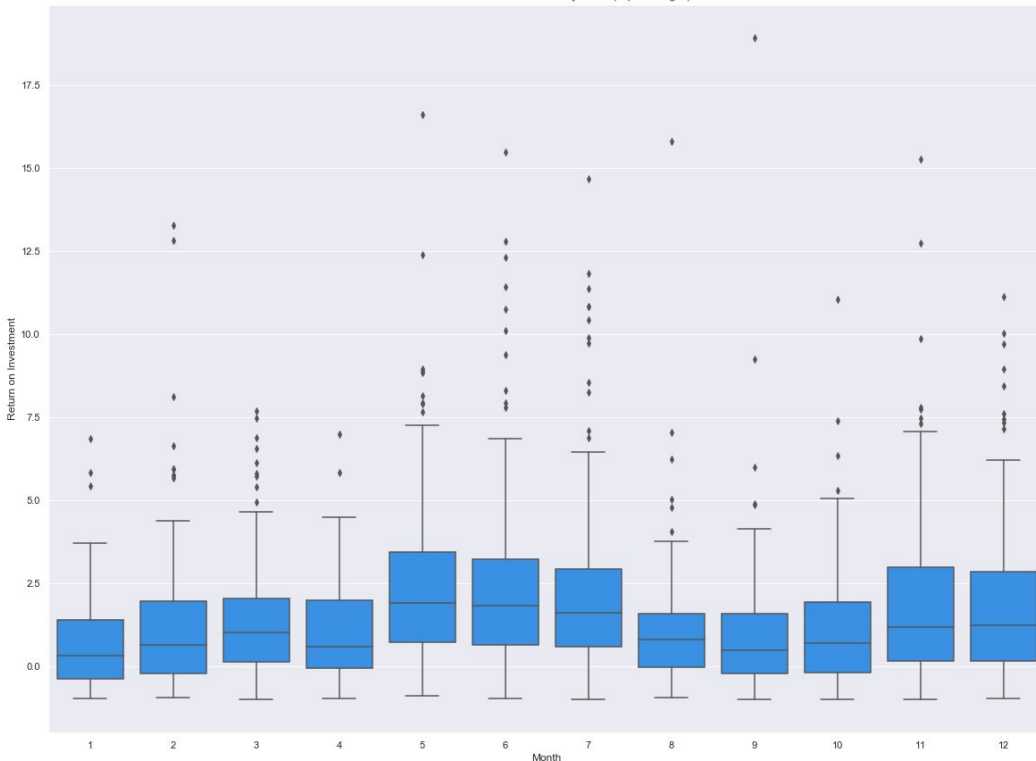
Annual global revenue has a compound annual growth rate of 4.8% between 2000 and 2018.

Notes:

- Data is not complete for 2019
- Removed movie projects with budgets below \$30 million

Seasonality

Return on Investment Distribution by Month (in percentages)



Return on investment is in percentages (ie 2 = 200% or 2x investment)

Graph depicts the seasonal nature of return on investment in the movie business

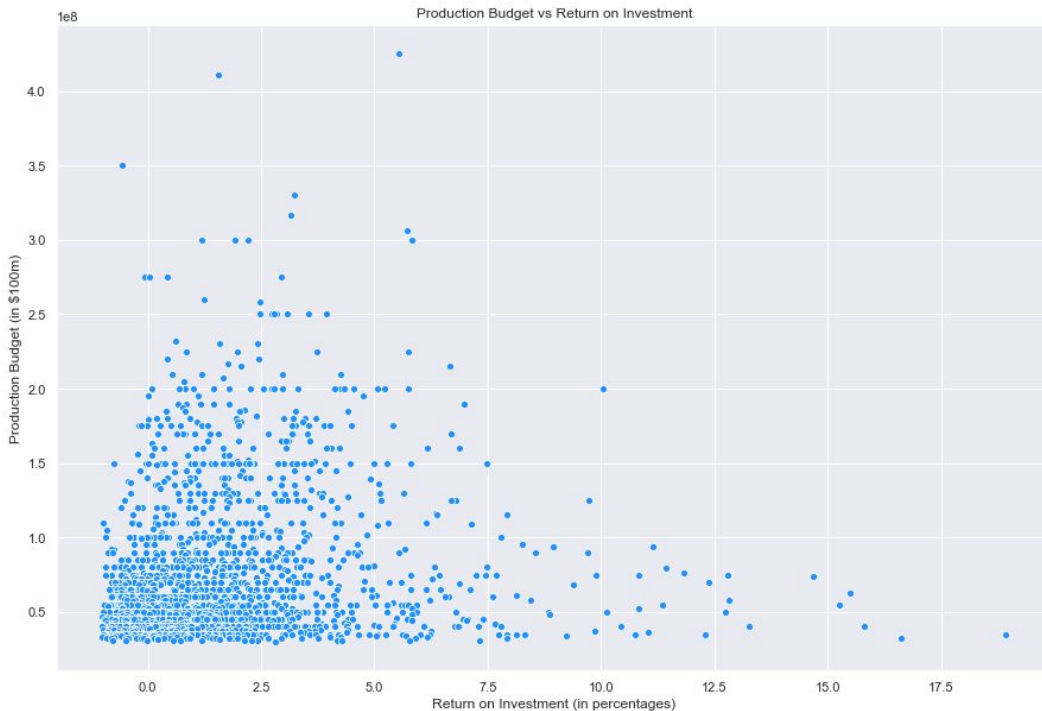
Insights/Recommendations

- The second and fourth quarter appear to have the highest median return on investments
- The first quarter is not an optimal time to release a movie historically

Notes:

- Removed outliers to include 95% of the data
- Assumed MSFT will pursue project with budget above \$30 million

Is There an Optimal Budget?



Production Budget in \$100 millions

Return on investment is in percentages (ie 2 = 200% or 2x investment)

Graph depicts the relationship between the project budget and return on investment (ROI).

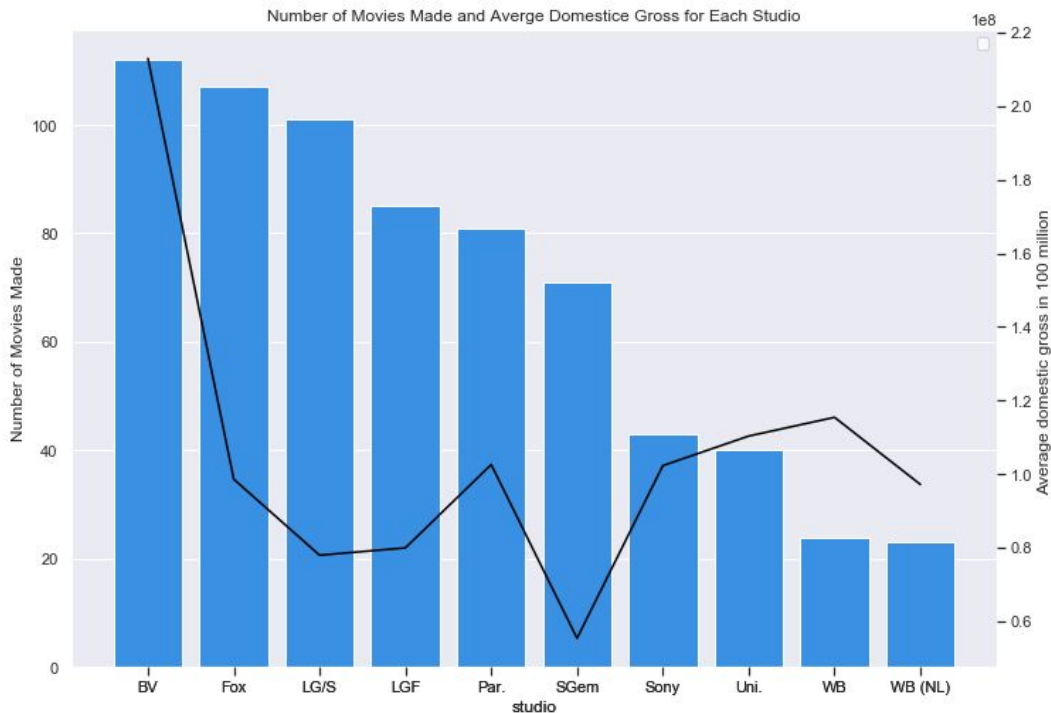
Insights/Recommendations

- There does not appear to be a discernible relationship between production budget and ROI
- The correlation between the two variables is 0.12. Slightly positive yet too small to draw any conclusions

Notes:

- Removed outliers to include 95% of the data (Two standard deviations from the median)
- Assumed MSFT will pursue project with budget above \$30 million

Studio Performance



Bars = Numbers of movies made

Line graph = Average domestic gross

Average domestic gross is to the power of 8

(ie 1 = 100,000,000)

Graph depicts the relationship between the amount of movies a studio makes and there average gross per movie.

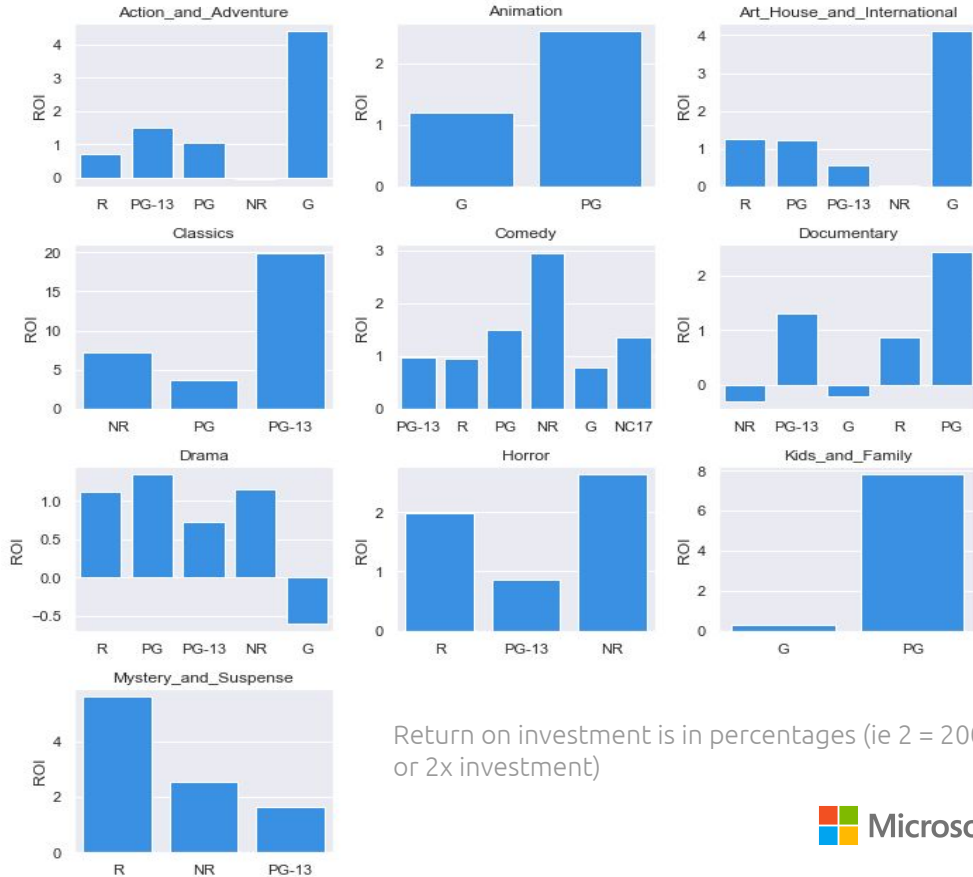
Insights/Recommendations

- Despite the highest indexing studio number of movies made is not a depiction of studio performance
- Central limit theorem implies the more movies a studio makes the more likely their average gross will approach the mean average (~100 million)

Notes:

- Data was cut off to only show the top 10 companies based on number of movies made
- Assumed MSFT will opt to contract their movies to a studio with an established brand

ROI per Movie Rating in Each Genre



Return on investment is in percentages (ie 2 = 200% or 2x investment)

Graph depicts the relationship of the movies rating and return of investment for each movie genre

Insights/Recommendations

- Movie genres typically have a targeted audience for optimal revenue
- The comedy genre had the highest number of movies present while PG-13 had the highest average ROI

Notes:

- Data was calculated using median ROI to compensate for outliers
- Movies were reduced to only one genre category to avoid permutation of data



3. Further Analysis Required

We list a few topics which should be explored.

Further Analysis Required

ROI per Producer/Director

Producers and Directors control the purse strings, which ones are most efficient

Predictive Analysis

Determine factors that lead to success using more advanced data science techniques

Competitive Analysis

Assess the film industry strategy of Amazon, Apple and Netflix using SWAT analysis

ROI per Actor

Which actors provide the best return on investment

Franchises

Should Microsoft pursue a big budget Halo movie franchise. Assess franchise ROI .

Stock Price Impact

How did the market react when Amazon announced it was to produce movies?

Thanks!

Does anyone have any questions?

Credits

Presentation template by [Slidesgo](#)

Icons by [Flaticon](#)

Images & infographics by [Freepik](#)

Author introduction slide photo created by **katemangostar** - Freepik.com

Big image slide photo created by **jcomp** - Freepik.com

Text & Image slide photo created by **rawpixel.com** - Freepik.com

Text & Image slide photo created by **Freepik**