

New Studio Insights

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Overview

- Business objective / measurement of success
- Business recommendations
- Conclusion

Business Objective

- Microsoft wants to develop a new studio to create original film content
- Should look at ROI (return on investment) to drive business decisions
 - Indicates success relative to the size of original investments
 - Can be used to determine both entry hurdle (does the division make money right away) and success over time

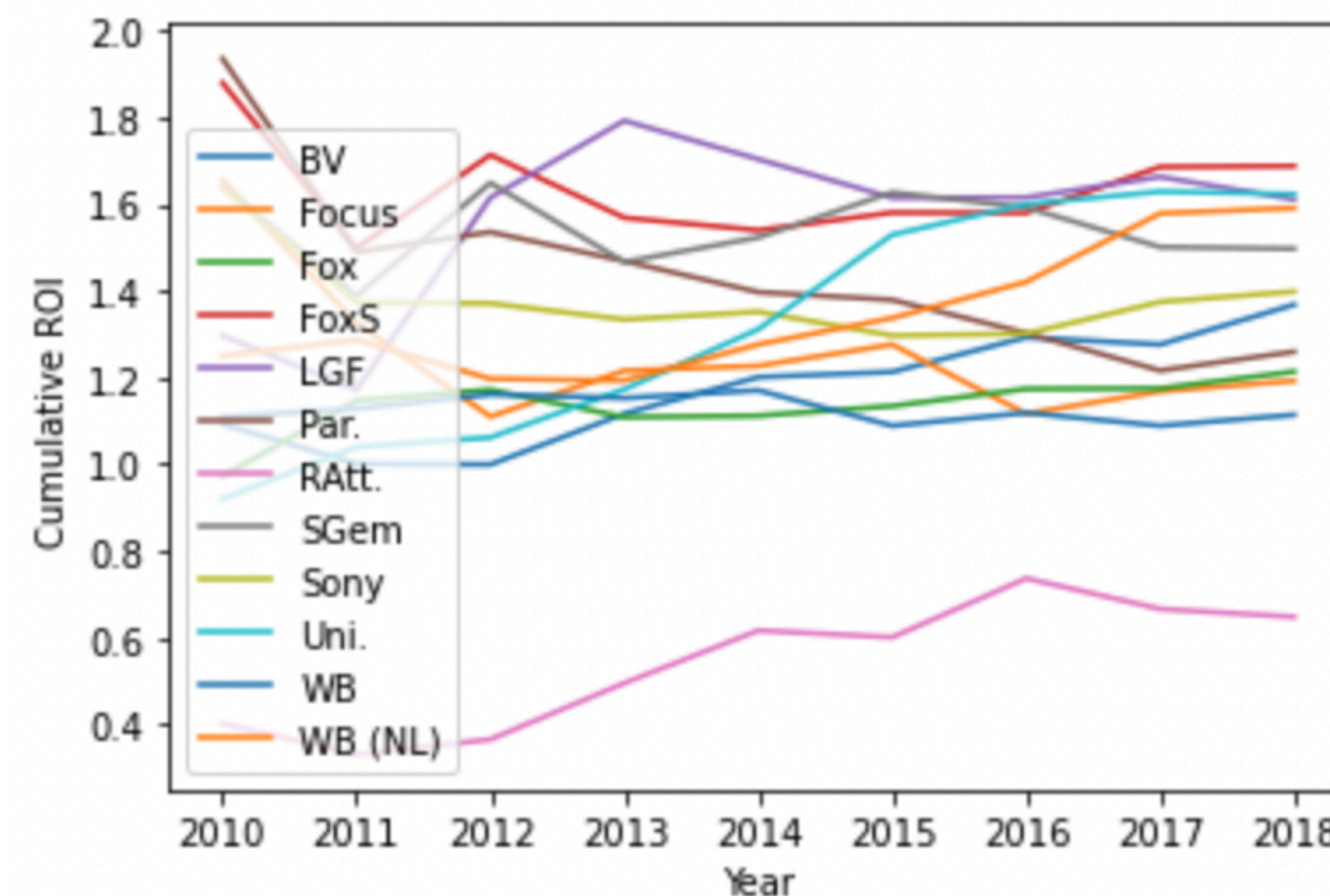
Data

- Box office results by studio
- Production data and box office results
- Movie ratings and popularity metrics
- Key persons and genre information by movie

Recommendation 1

Look to emulate successful studios, e.g. FoxS

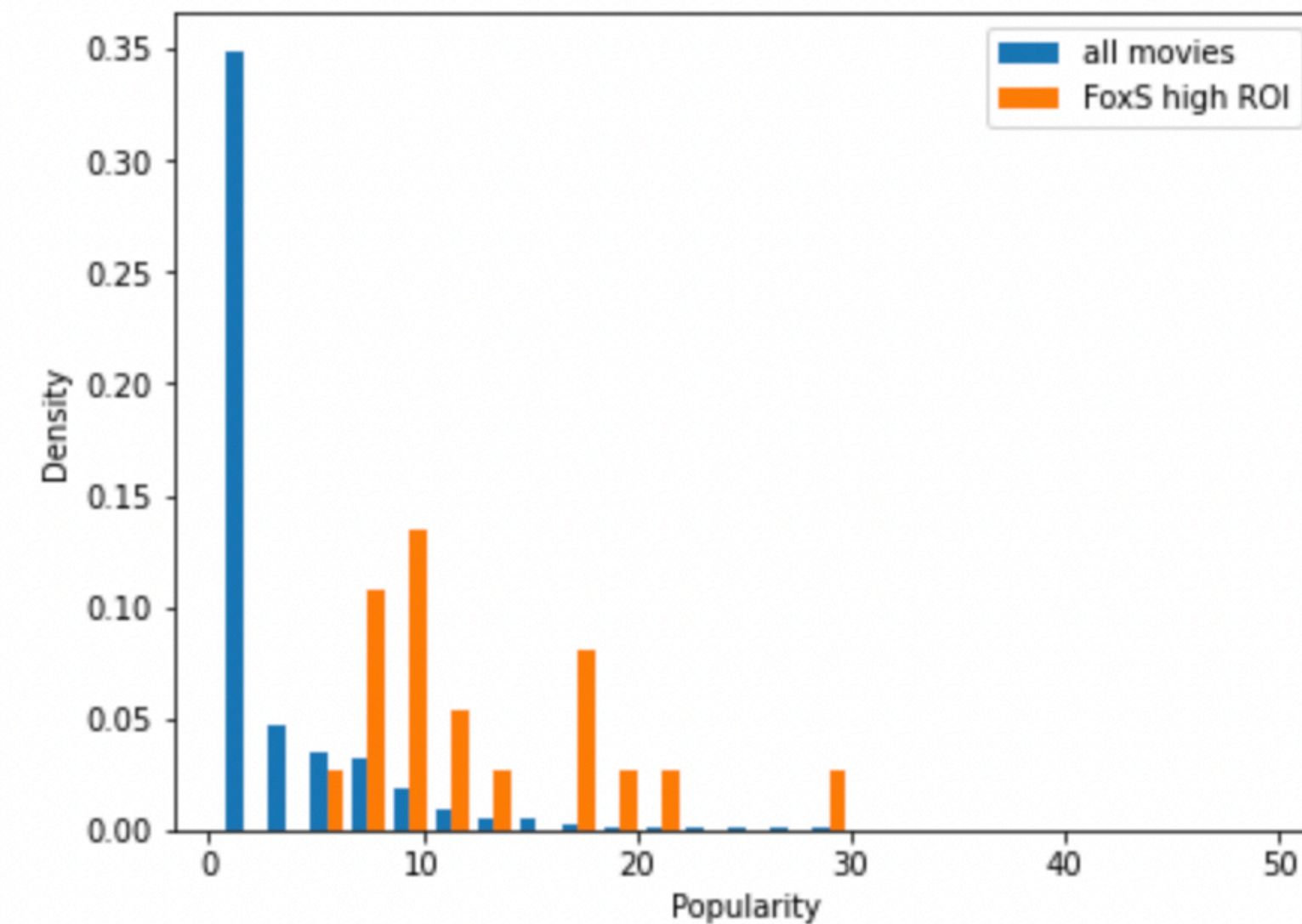
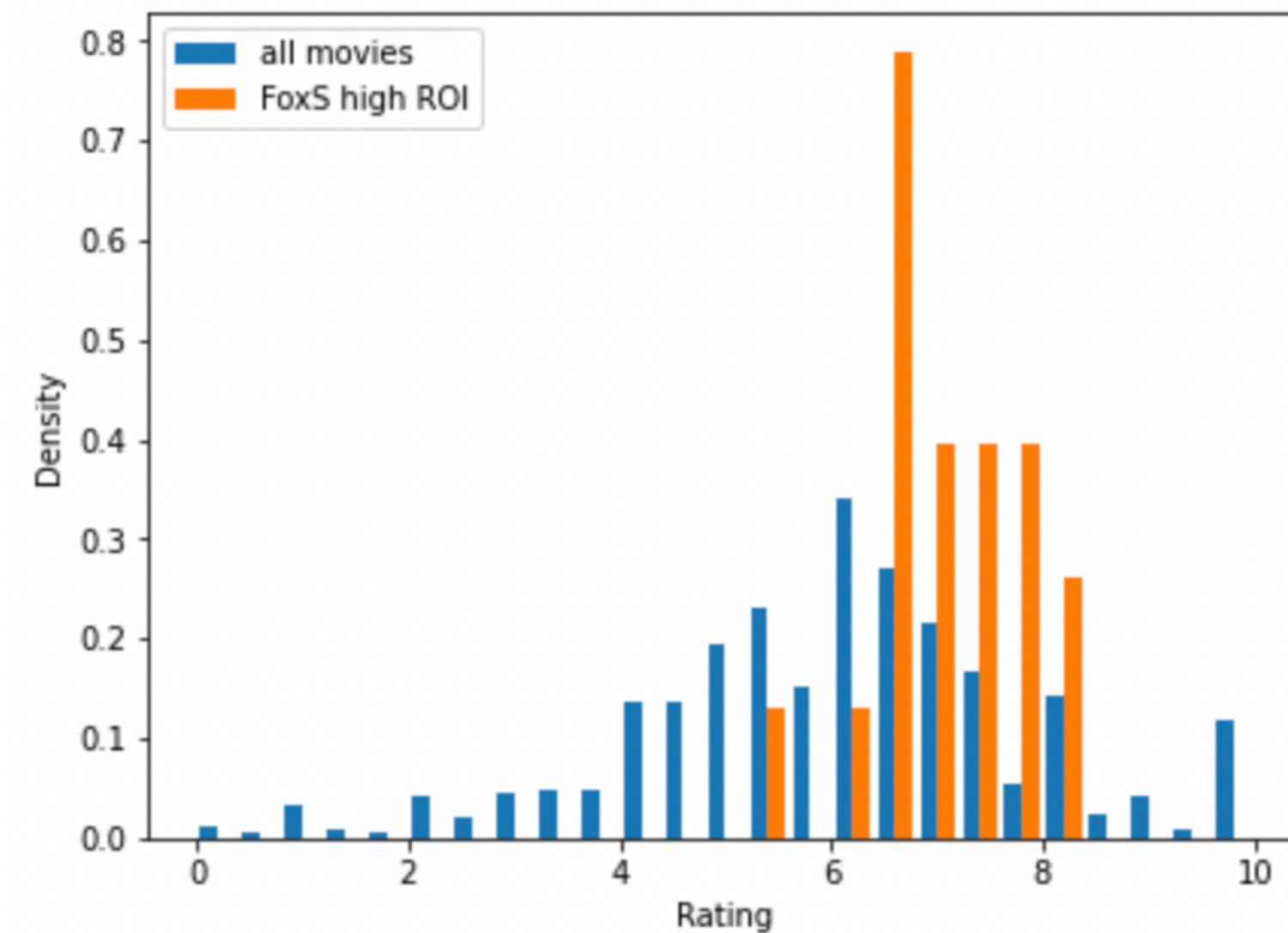
- Microsoft should look to emulate the efforts of studios that have consistently high ROIs
- FoxS studio has both the highest ROI in the initial year examined and consistently high cumulative returns on films over similar periods



Recommendation 2

Target ratings and popularity as indicators of successful films

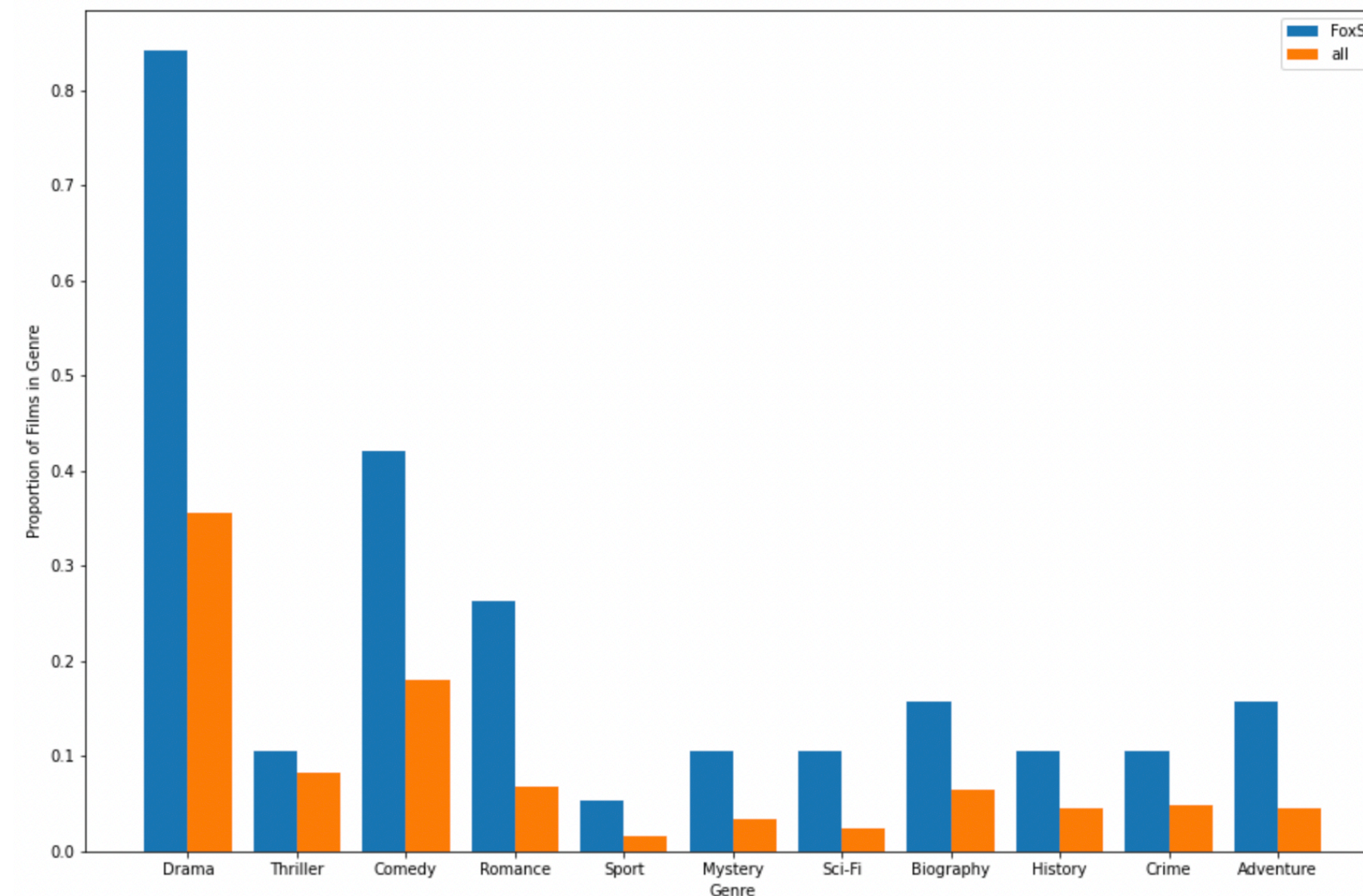
- The subset of FoxS films have more concentrated high ratings and popularity than the entire universe of films
- This suggests film ratings and popularity are indeed related to a studio's success



Recommendation 3

Target genres, not individuals

- Looking at the individuals involved in FoxS films, there is very little overlap in involvement between the films
- However, over 80% of the FoxS films had the genre 'drama' attached, compared to merely ~35% in the broader movie universe for the same period



Future Improvements to Analysis

- Break down box office results into smaller segments, such as domestic vs worldwide
- Look at interactive effects, e.g. key persons within genres

Conclusion

- Microsoft should look to emulate the production patterns of successful studios, such as FoxS, as determined by ROI
- Though the studio may seek to vary the kinds of films it produces, at least half should be considered 'dramas'
- Cumulative ROI of the studio should be monitored to evaluate going concern

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