



Microsoft Film Strategy

Recommended Approach to Entering the Film Industry

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June 2022

Agenda



- Objective
- Assumptions
- Method of Analysis
- Findings & Recommendations
- Questions & Next Steps

Project Objective



*Identify the most **successful movie types** based on box office returns, and recommend a **feasible plan** for Microsoft to enter the filmmaking industry*

Current Environment



*Recent changes to the
film industry:*

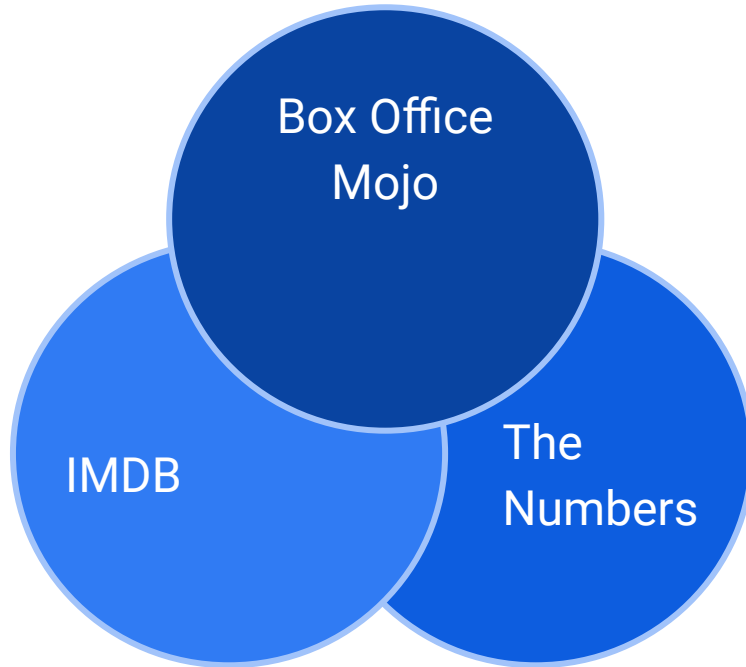
- Technology
- Distribution Channels
- Stakeholders
- Pandemic

Assumptions



- Flexible budget and timeline requirements
- Theatrical and non-theatrical releases in scope
- All genres are in scope

Method of Analysis



Merged Data File
(*df_tmdb_imdb*)
N=3,818

- Film Title, Genre, & Studio
- Release Date
- Gross Revenue
- Production Budget
- Profit/Loss*
- Ratings

**Calculated field*

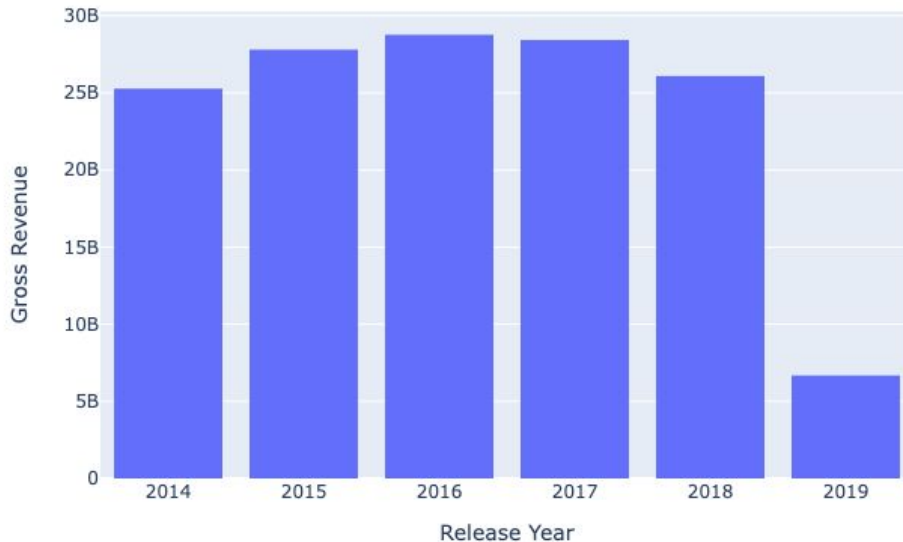
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Findings

Film Industry Trends - *Gross Revenue*



Worldwide Gross Revenue by Year



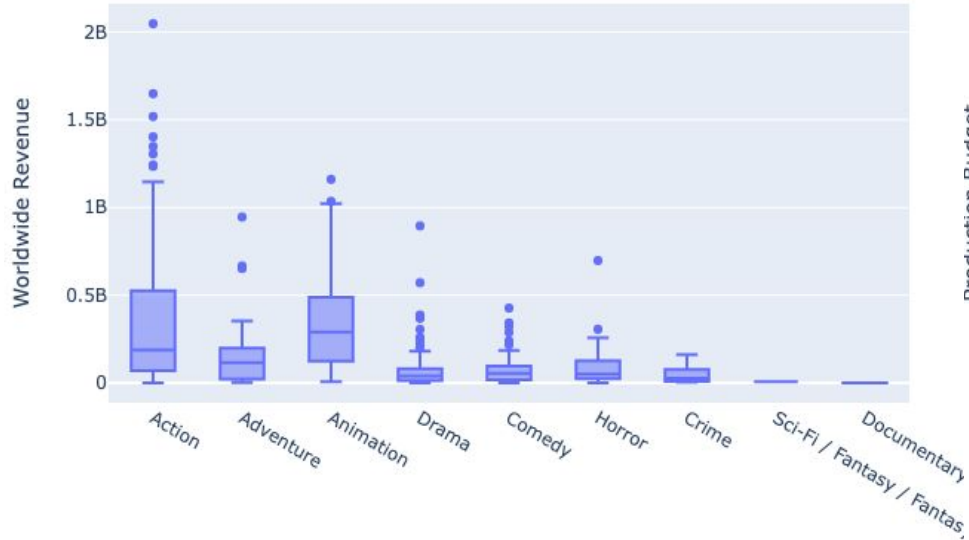
Findings

- Downward trend since 2016
- Pandemic impact (not seen) - 2020, 2021
- [Box office comeback predicted in 2022*](https://www.cnn.com/2022/04/24/movie-theater-owners-optimistic-about-2022-box-office-before-cinemacon.html)

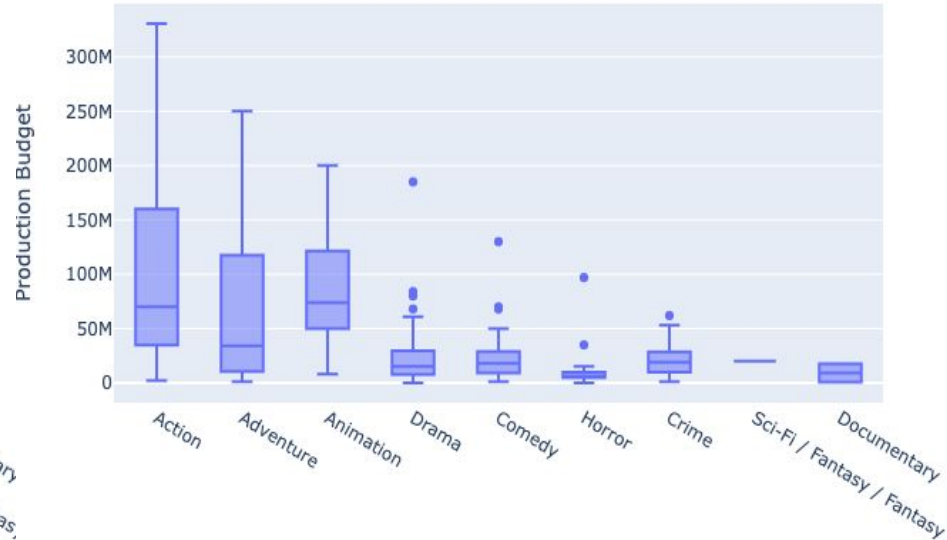
*<https://www.cnn.com/2022/04/24/movie-theater-owners-optimistic-about-2022-box-office-before-cinemacon.html>

Film Industry Trends - *Revenue and Cost by Genre*

Variability of Worldwide Revenue by Genre



Variability of Cost (Production Budget) by Genre



Findings

High earners: Action and Animation

Low earners: Documentaries

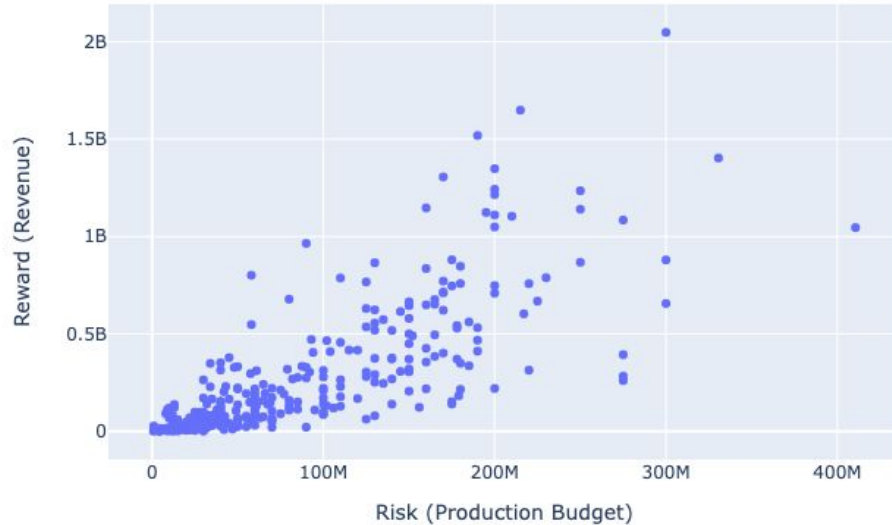
High cost: Action and Animation

Low cost: Documentaries

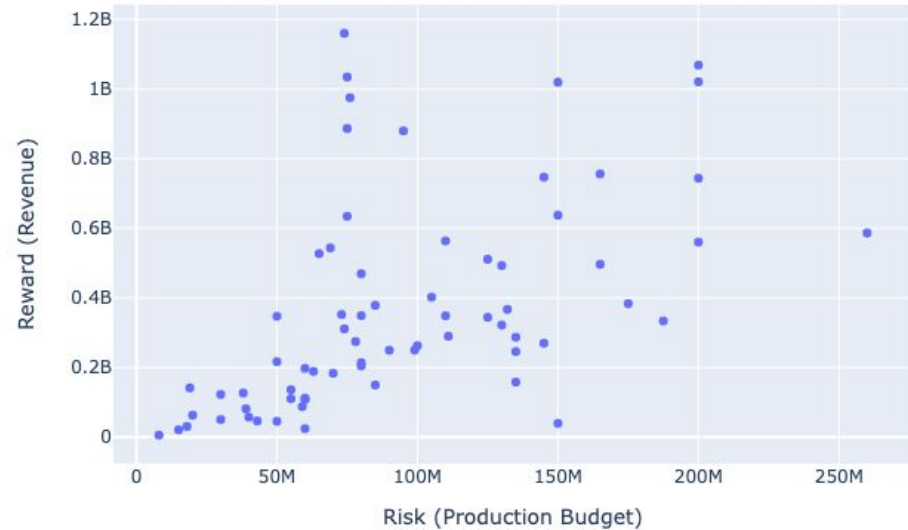
Film Industry Trends - *Risk and Reward*



Risk and Reward - Action Movies



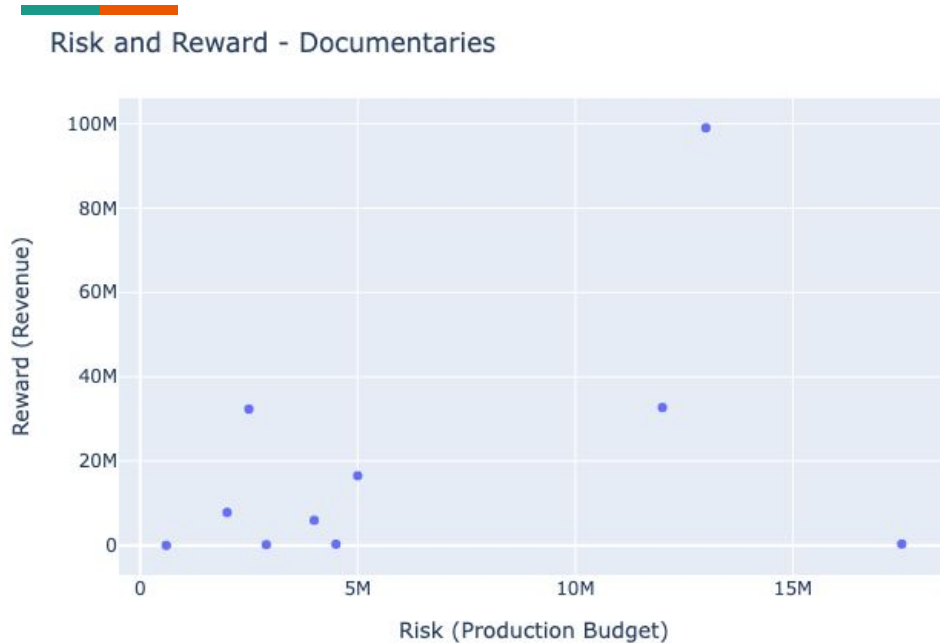
Risk and Reward - Animation Movies



Findings

High Risk and Reward: Action and Animation

Film Industry Trends - *Risk and Reward*



Considerations

- Smaller sample size
- Theatrical vs. Non-theatrical - impact on Revenue

Findings

Low Risk and Low to Moderate Reward: Documentaries

Recommendations



Option	Risk/Reward	Considerations
1. Action	High/High	<ul style="list-style-type: none">• Large cash outlay: actors, on location team• Lead-time to acquire top talent (Action)• Long-term ROI vs. Current Business Model
2. Animation	High/High	<ul style="list-style-type: none">• Build upon internal work in animation• Lead-time to acquire additional talent• Competition
3. Documentaries	Low/Moderate*	<ul style="list-style-type: none">• Relatively low investment• Less focus on acquiring talent• *Revenue understated in this analysis

Next Steps



1. Obtain most recent cost and revenue data for Action, Animation, and Documentary genres
2. Identify proportion of revenue attributed to non-theatrical releases (Documentary)
3. Microsoft to determine risk tolerance
4. Identify top studio competitors for Action, Animation, and Documentary genres
5. Time to realize ROI (*production start* → *release_date* → *breakeven*)



Questions



Thank you!

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