



MICROSOFT ON THE BIG SCREEN

Emmi Galfo
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Question:

Why are some movies better than others?

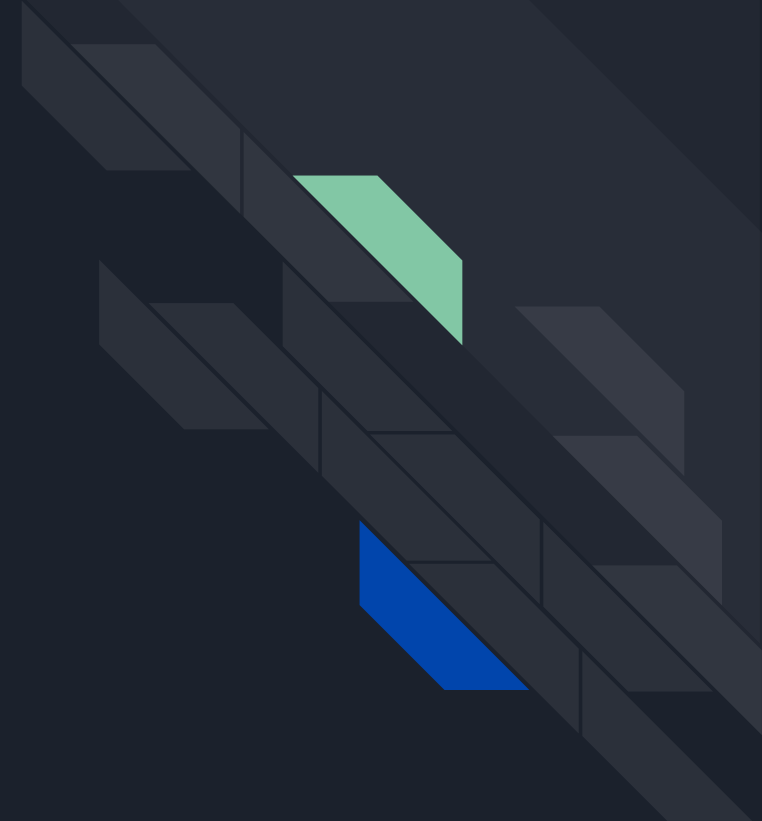
OVERVIEW

MEASURE SUCCESS BY NET PROFIT OR ROI?

- What is needed for a higher return on investment is different than what is needed for a higher net profit.
- Higher budget films in the animation, kids & family, and fiction & fantasy genres on average make more net profit
- Lower budget films in the horror, special interest, and documentary genres on average have higher returns on investment.
- Who directs and length of movie also make a difference

OUTLINE

- Business Problem
- Data Sources
- Industry Stats
- Results
- Conclusion



BUSINESS PROBLEM

Microsoft has decided to get into the movie industry! What do they need to do in order to be successful?



DATA SOURCES



Rotten Tomatoes:
Genre, Director, Runtime



The Numbers:
World wide gross, Production budget

WHAT IS “NORMAL” IN THE INDUSTRY?

NET PROFIT:

- Average net profit: \$59 Million
- **Median net profit: \$8.5 Million**
- Min net profit: \$-200 Million
- Max net profit: \$2.351 Billion
- Net profit range: \$2551 Million

RETURN ON INVESTMENT:

- Average ROI: 3.8
- **Median ROI: 0.7**
- Min ROI: -1.0
- Max ROI: 1799.0
- ROI range: 1800.0



Does it take money to
make money?



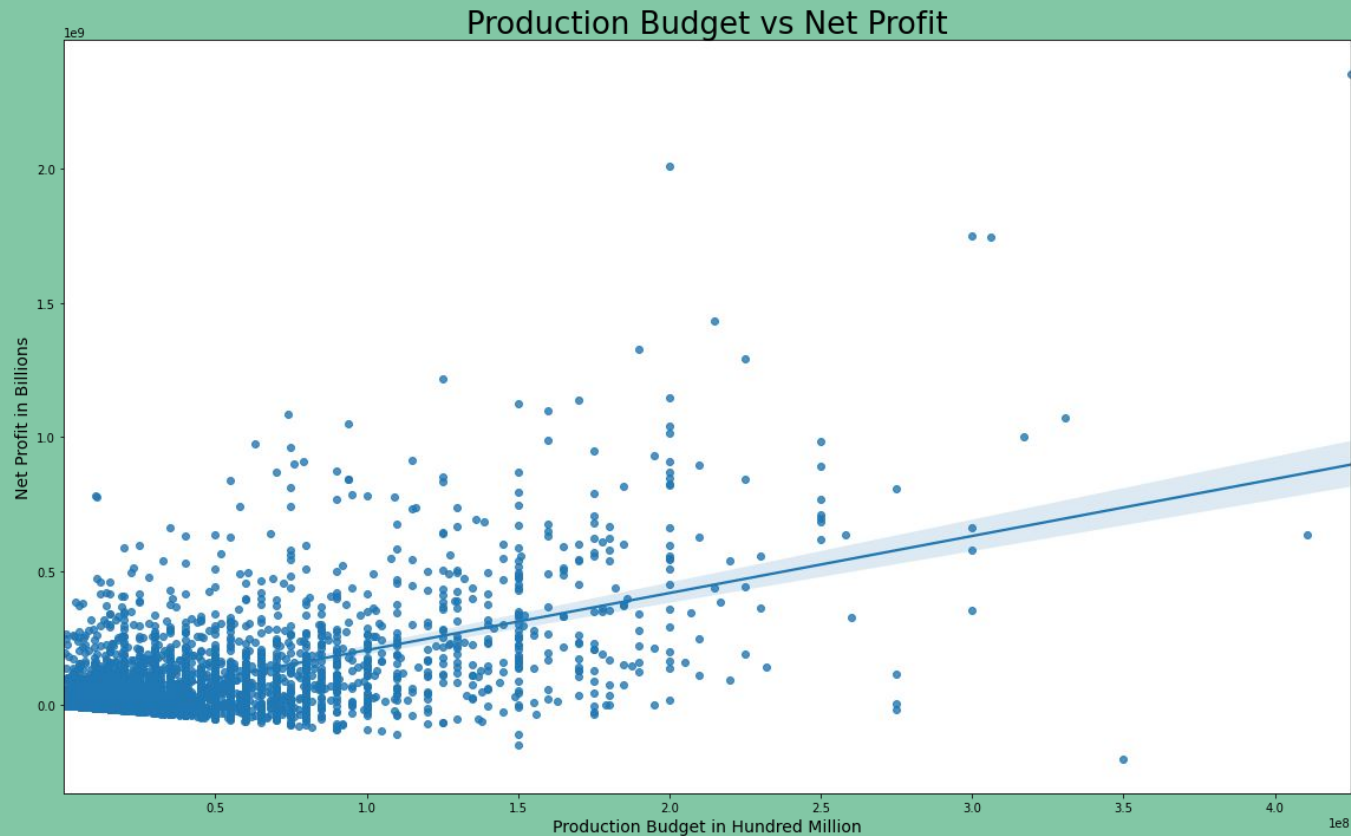


Figure 1. Higher production budgets yield higher net profits

Microsoft can expect to spend around 160 Million to produce a movie that earns someplace in the ball park of 780 Million USD!

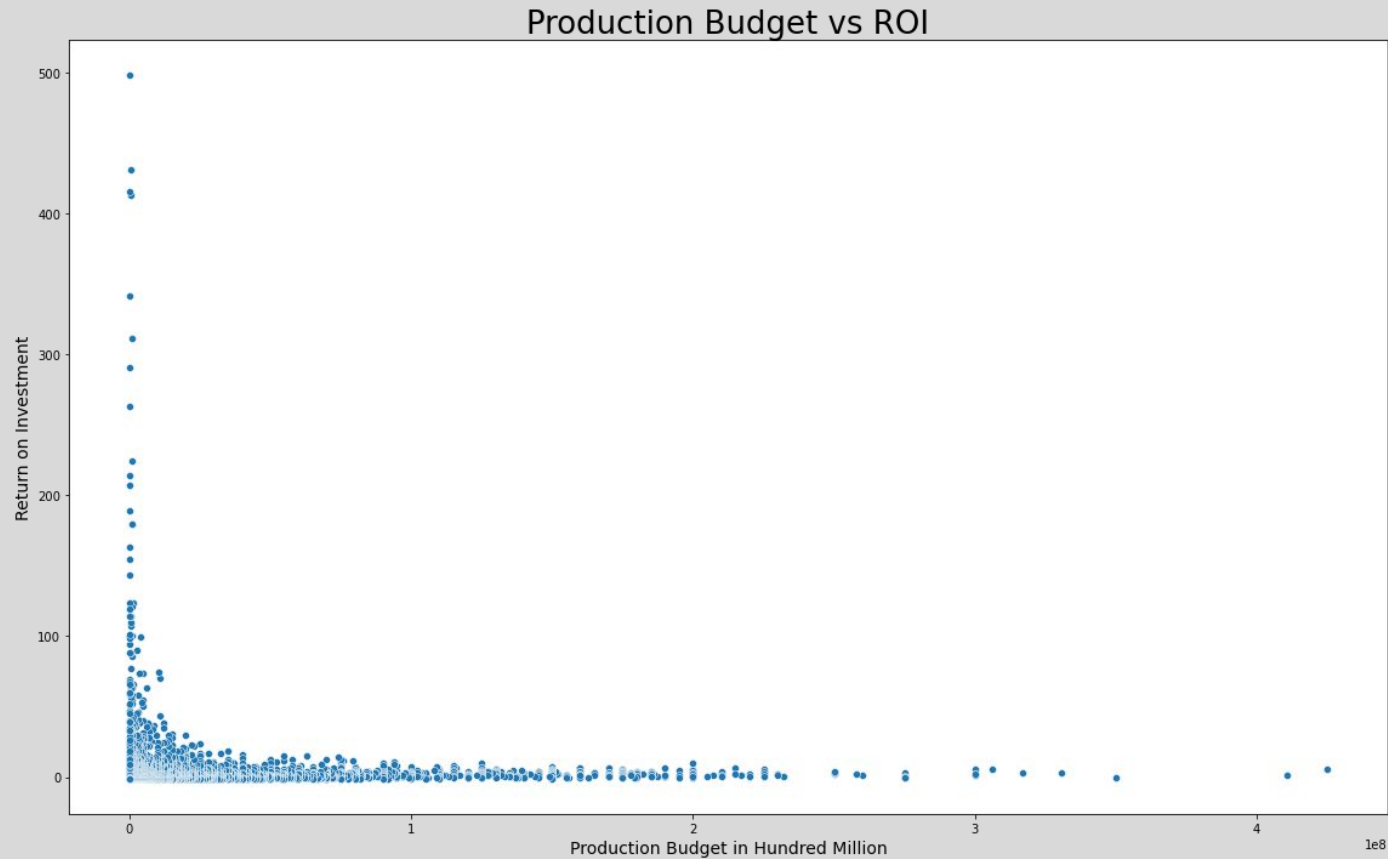


Figure 2. Lower budgets yield higher returns

For a high return on investment, Microsoft can expect to spend around 7 Million for a return on investment that is close to 5900%!

How long should a
movie be?



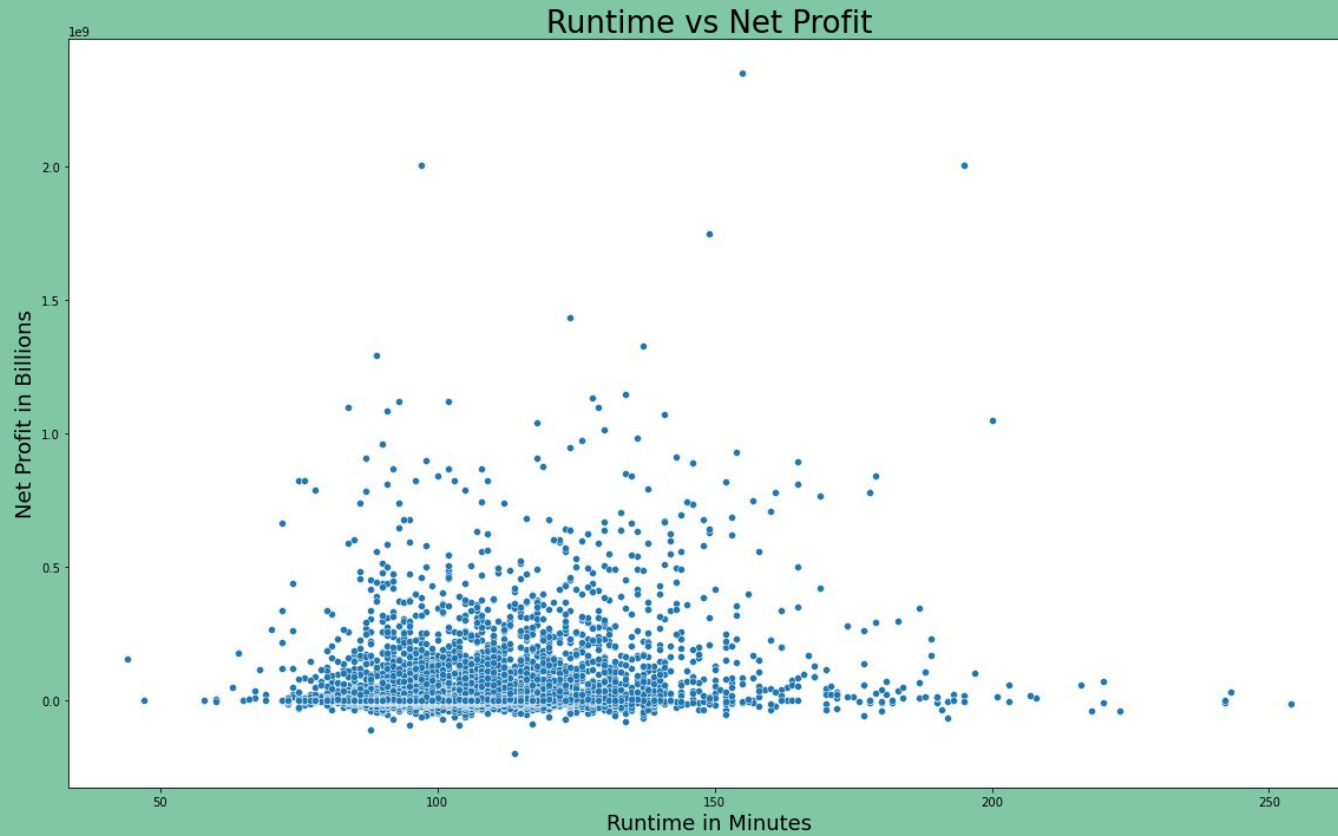


Figure 3. Scatter plot shows runtimes around 80 to 140 minutes have highest net profit.

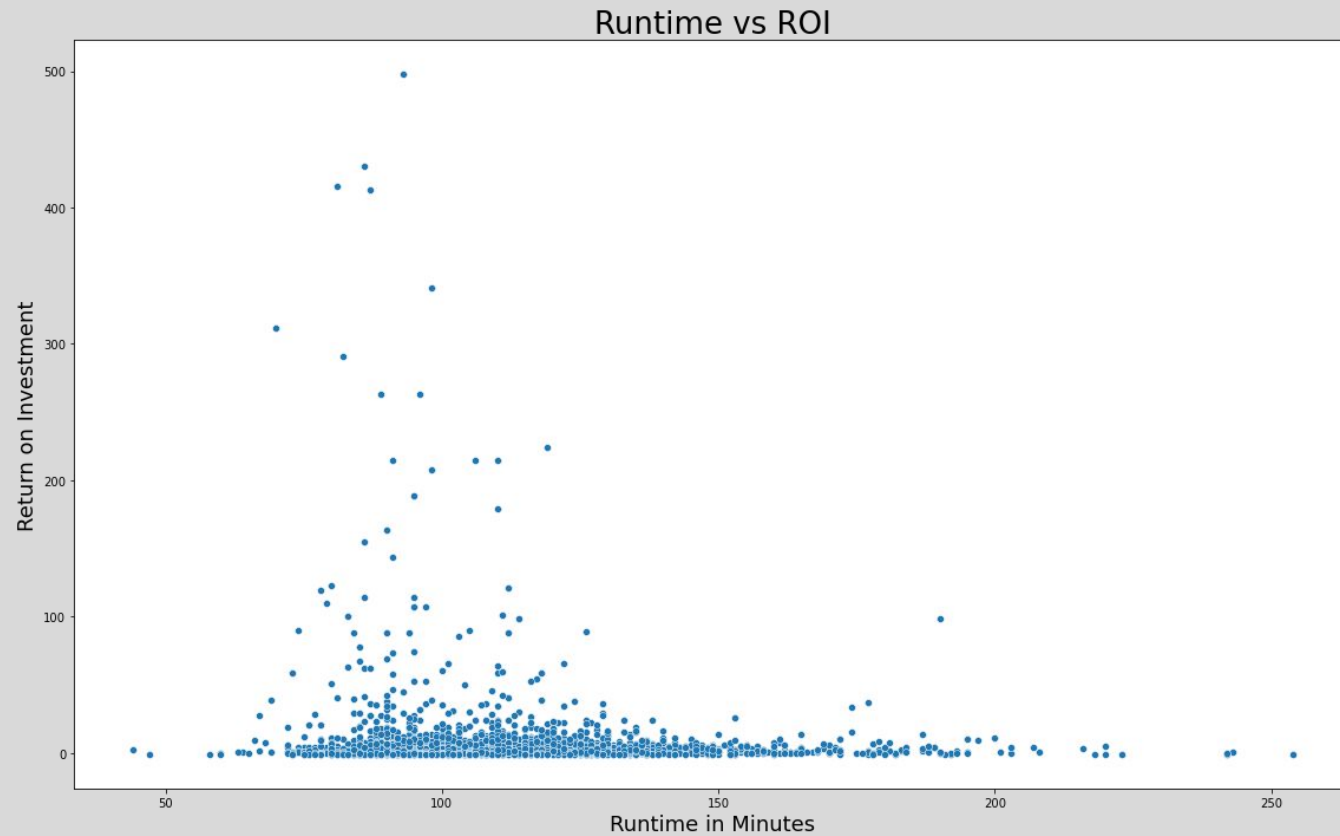


Figure 4. Runtimes clustered around 100 minutes have highest ROIs

Which directors produce
successful movies?



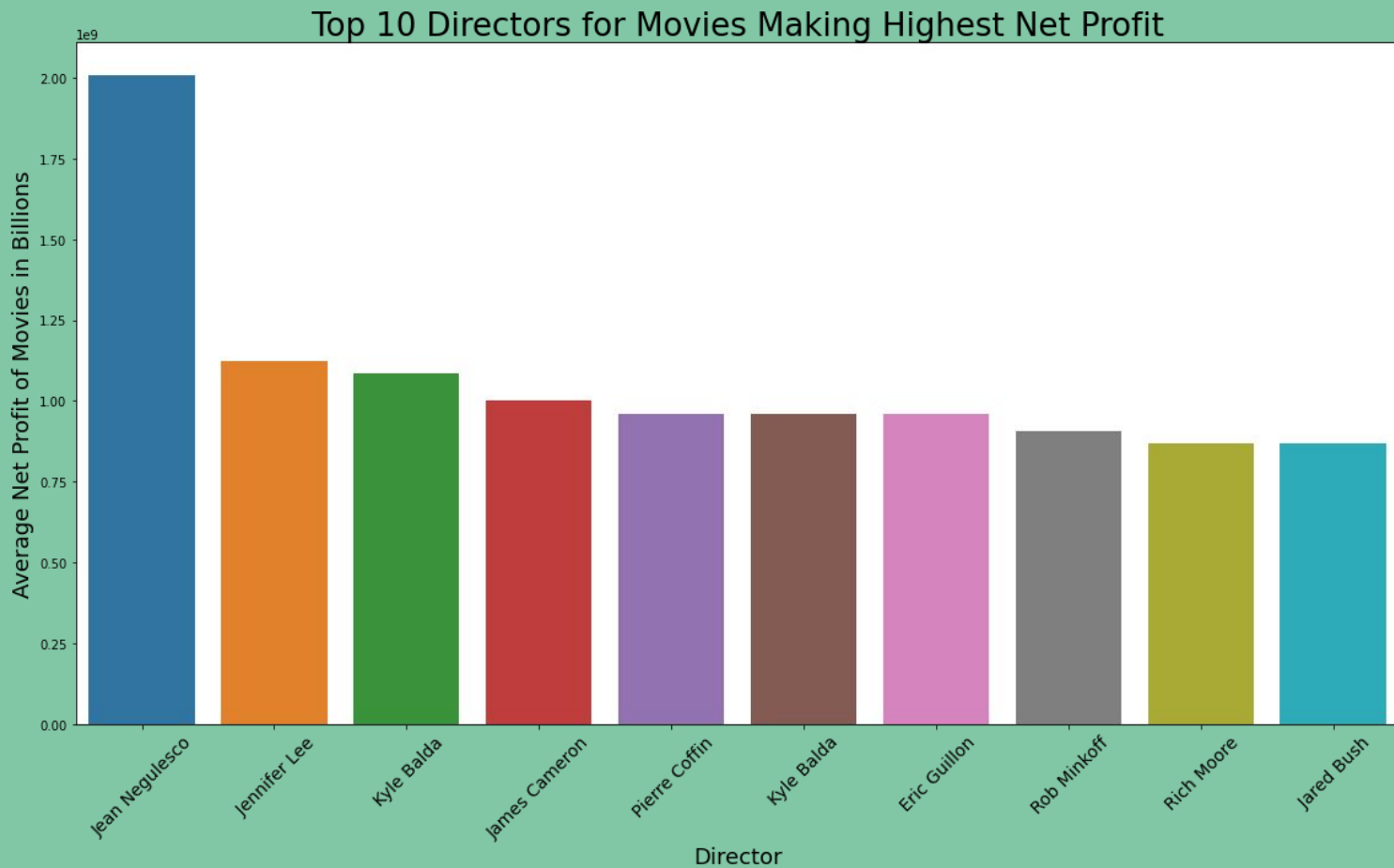


Figure 5. Movie directors whose movies made the highest average net profit.
Average production budget for the top ten directors: 117 million USD

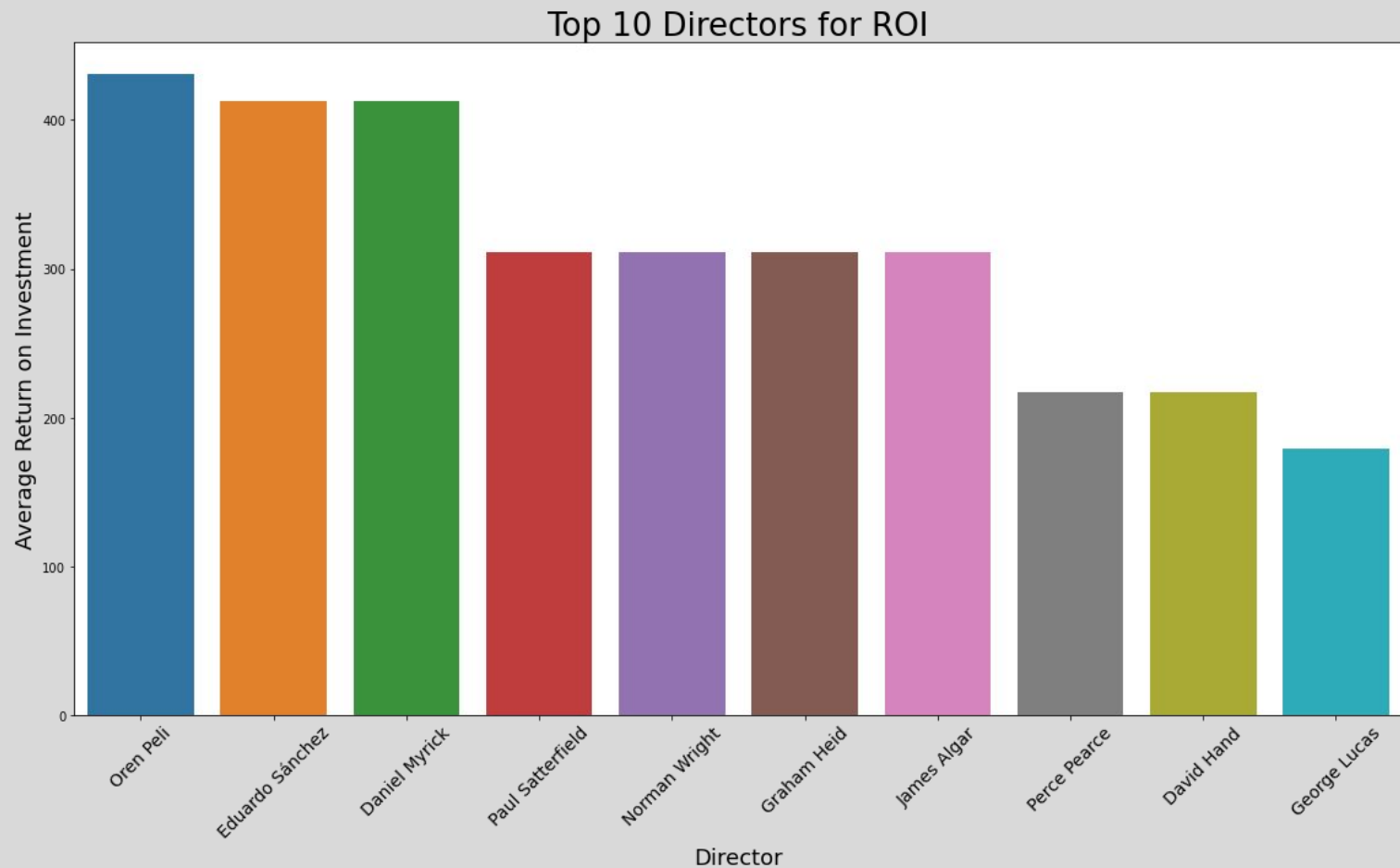


Figure 6. Movie directors whose movies made the highest return on investments.
Average production budget for the top ten directors: 820 thousand USD

What are the most profitable genres?



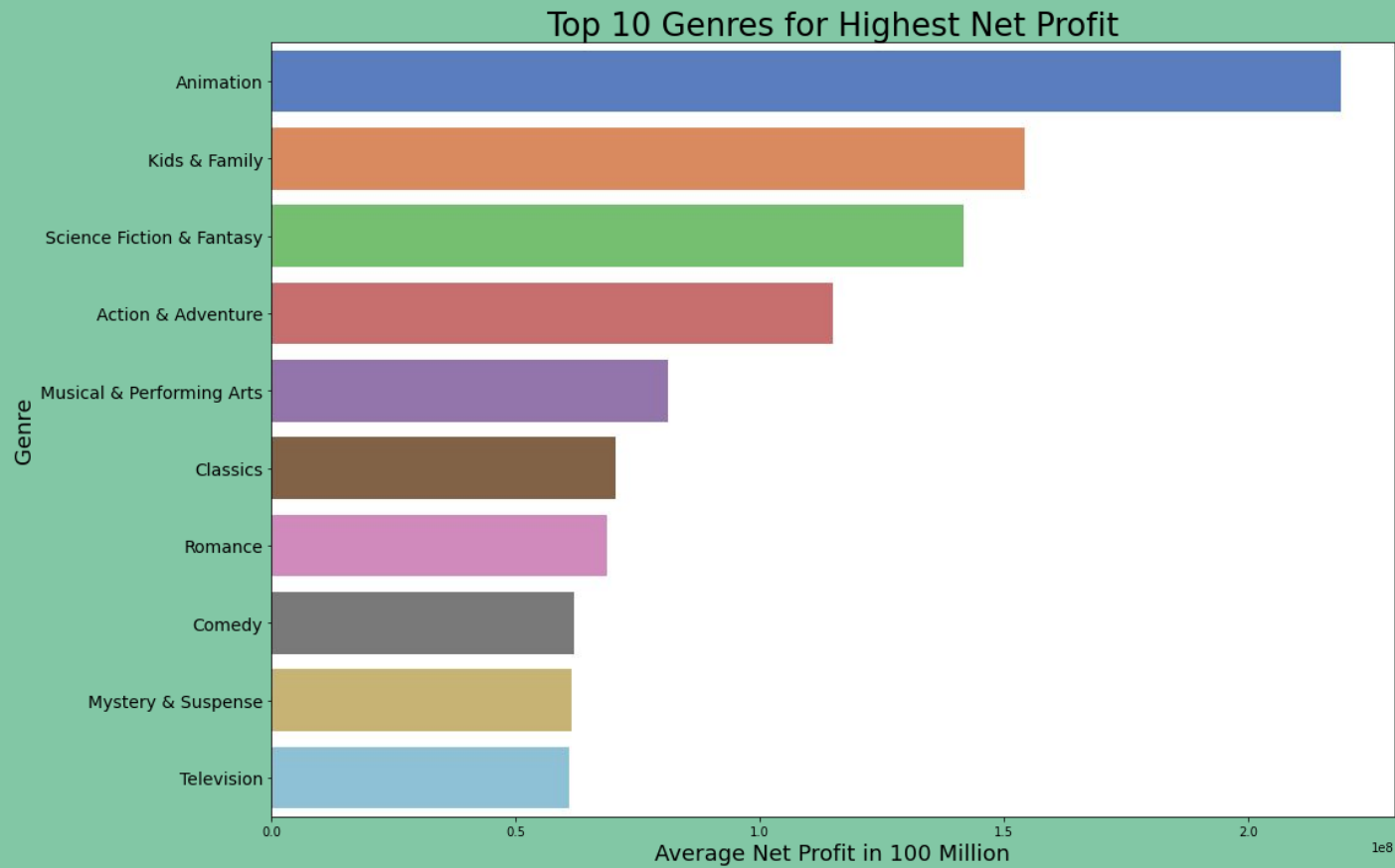


Figure 7. Movie genres that averaged the highest net profit.

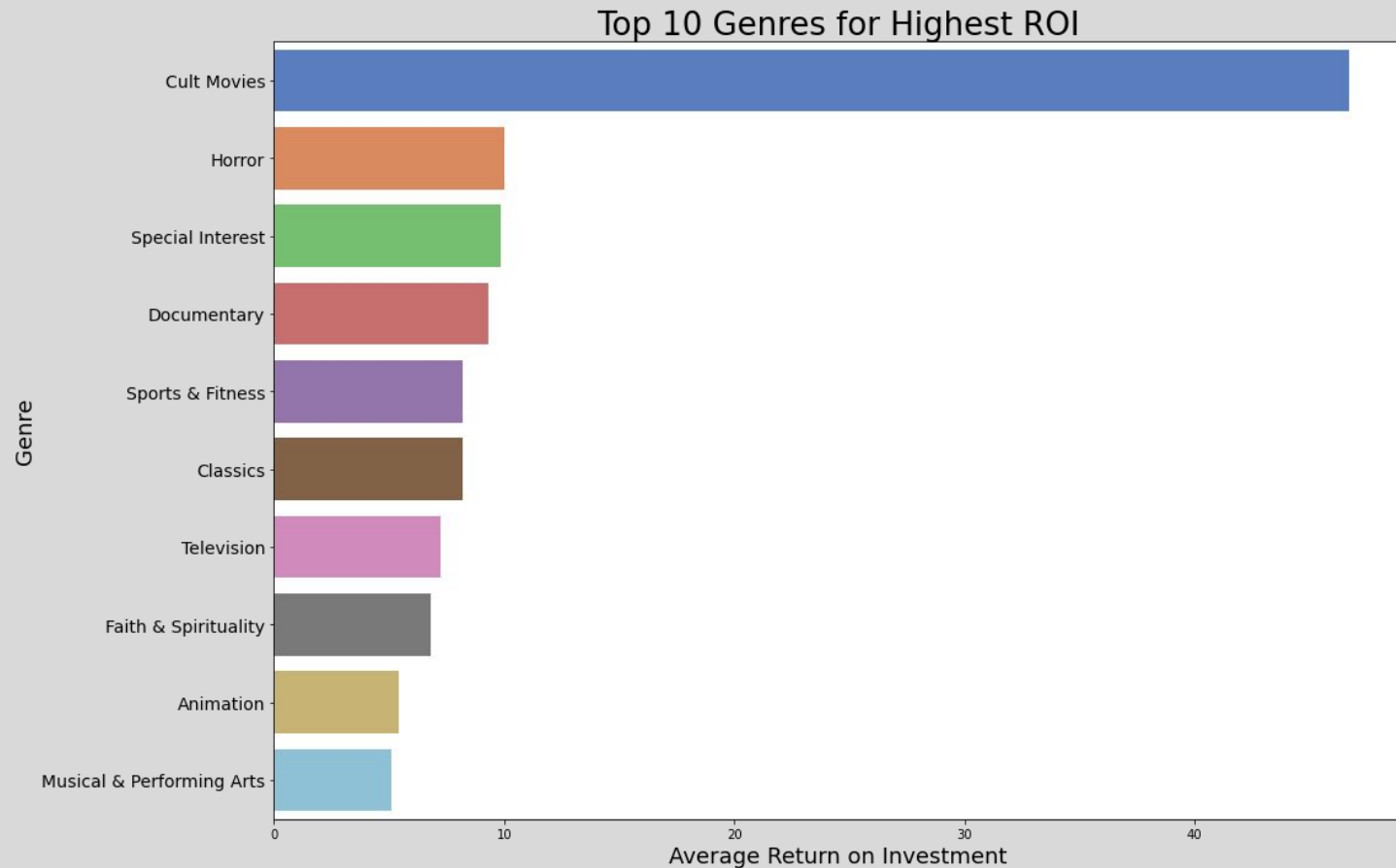


Figure 8. Movie genres that averaged the highest return on investment.

CONCLUSIONS

Guidelines to bring in more *net profit*:

- Higher production budgets (117-160 million USD)
- Directors Jennifer Lee, Kyle Balda, and James Cameron
- Genres animation, kids & family, and fiction & fantasy
- Runtimes between 80 to 140 minutes

Guidelines to bring in more *return on investment*:

- Lower production budgets (820,000-7 million USD)
- Directors Oren Peli, Eduardo Sánchez, and Daniel Myrick
- Genres Horror, Special Interest, and Documentary
- Runtimes around 100 minutes

LIMITATIONS

Due to time constraints, there are more factors that I would take into consideration before feeling confident about my recommendations.

Future projects should take into account standard deviation and inflation. Error bars should also be placed on bar graphs to help analyse data more effectively.

Thank you!

Email: emmi.galfo@gmail.com

Github: @emmigalfo

Linkedin: [linkedin.com/in/emmi-galfo](https://www.linkedin.com/in/emmi-galfo)

