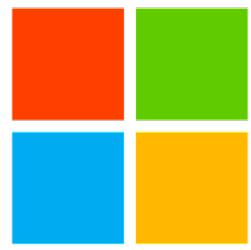


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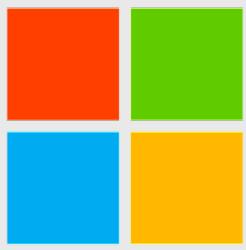
Entering the film industry. With a plan.

May 2020 | DMO + Joey + Tom © ph[θ]ton



Agenda:

- 1. Who we are**
- 2. Case study**
- 3. Approach**
- 4. Visualizations**
- 5. Conclusion**
- 6. Next steps**

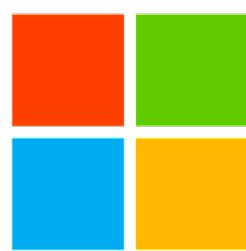


Who we are:

- ph[θ]ton is a data driven consulting firm
- Our specializations include:
 - Data cleaning
 - API calls
 - Data visualizations
 - Actionable insights
- Project leads:
 - Daniel Mocombe
 - Joey Billet
 - Tom Hill

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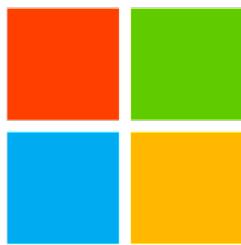
KEY FACTS

- Netflix, unsurprisingly, will dole out the most for new content in 2020, with a budget of \$16 billion, according to Bloomberg. The company, which has had past success with original series like *Stranger Things* and *Orange is the New Black*, reported a **record 16 million** new subscribers in the first quarter, bringing its total number of subscriptions worldwide to 183 million.
- Amazon, whose Prime Video service has emerged as another big player in the streaming wars, plans to spend \$7 billion on content this year. CEO Jeff Bezos, announced earlier this year that Amazon Prime (which includes Prime Video) now boasts **over 150 million subscribers** worldwide, up from 100 million a year ago.
- Netflix's stock is up over 31% so far this year while Amazon shares are up 29% and hit a **new record high** on Wednesday.
- One key streaming service was left out of Bloomberg's analysis on content spending: Apple TV+. Originally launched in November 2019 with a **content budget of \$6 billion**, it is the cheapest of any streaming platform, at just \$4.99 per month.

Case study:

- Getting into the content business costs billions of dollars.
- Many platforms have an incredible head start.
- Microsoft's "Cloud First, Mobile first" strategy indicates that creating content to sell to major streaming platforms could prove more efficient than building a competing platform.
- Building a production studio will generate content and remove the overhead of platform development.
- Compelling and targeted content will serve the Microsoft brand in visibility post theatrical release, and carry through to different channels.

source: <https://tinyurl.com/y8c62f9c>



Approach:

Question:

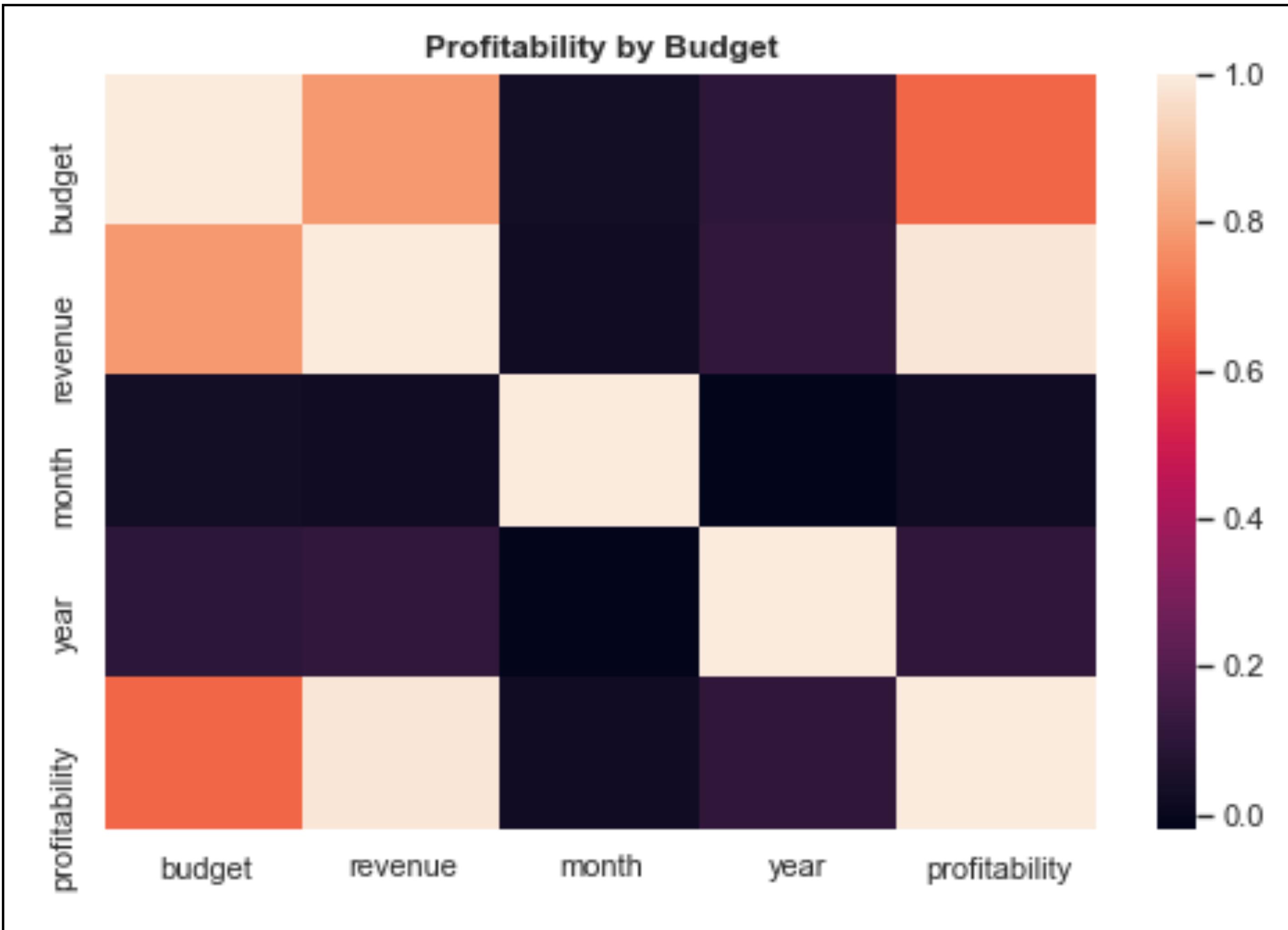
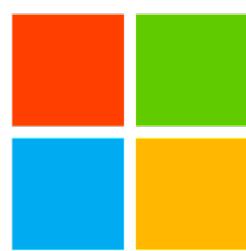
- How should Microsoft approach entering the film industry?

Methodology:

- Acquire relevant top performing movie data
- Clean and combine datasets to produce a single master database
- Produce key visualizations based on relevant metrics
- Obtain insights that can be turned into action

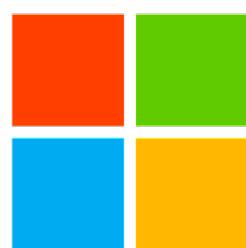
Desired Result:

- Rubric for Microsoft to follow in order to build out the most effective content roadmap



Our sample data:

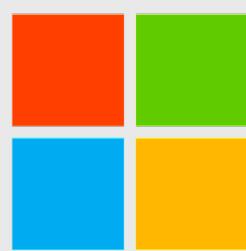
- The data used during the initial phase of exploration consists of 1800 films created between 2010-2020
- The heat map displayed here represents the correlation between budget, revenue, and profitability
- This initial finding serves as the baseline for the series of visualizations that will follow



A (mostly) upward trend:

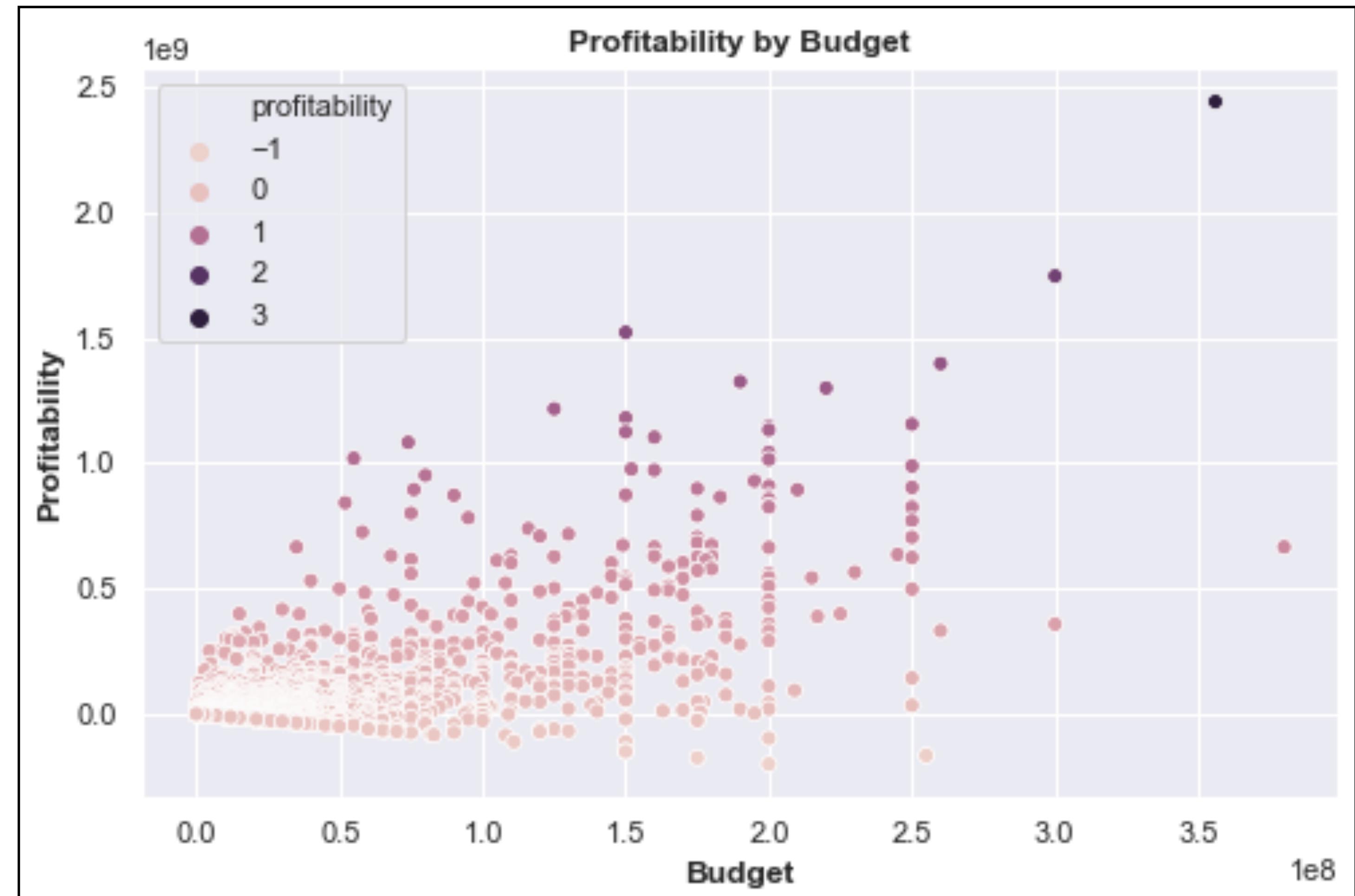
- Removing the significant drop due to the global pandemic, the film market is on a fairly consistent trend upward in terms of generating revenue
- While we do believe that it will take some time for the market to recover, there is opportunity for gearing up to enter the space as a content creator
- This means that a solid plan now can pay off later as the market resumes an upward trajectory

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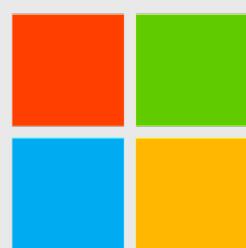


Spend vs Reward:

- The following scatter plot of budget and profitability helps to solidify the initial heatmap correlation between budget and profitability
- This means that while budget goes up, profitability should as well!
- However, this metric alone does not tell the full story; there are other factors to consider

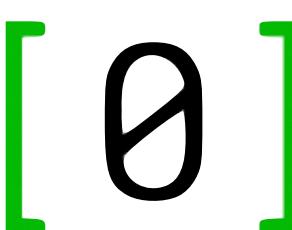
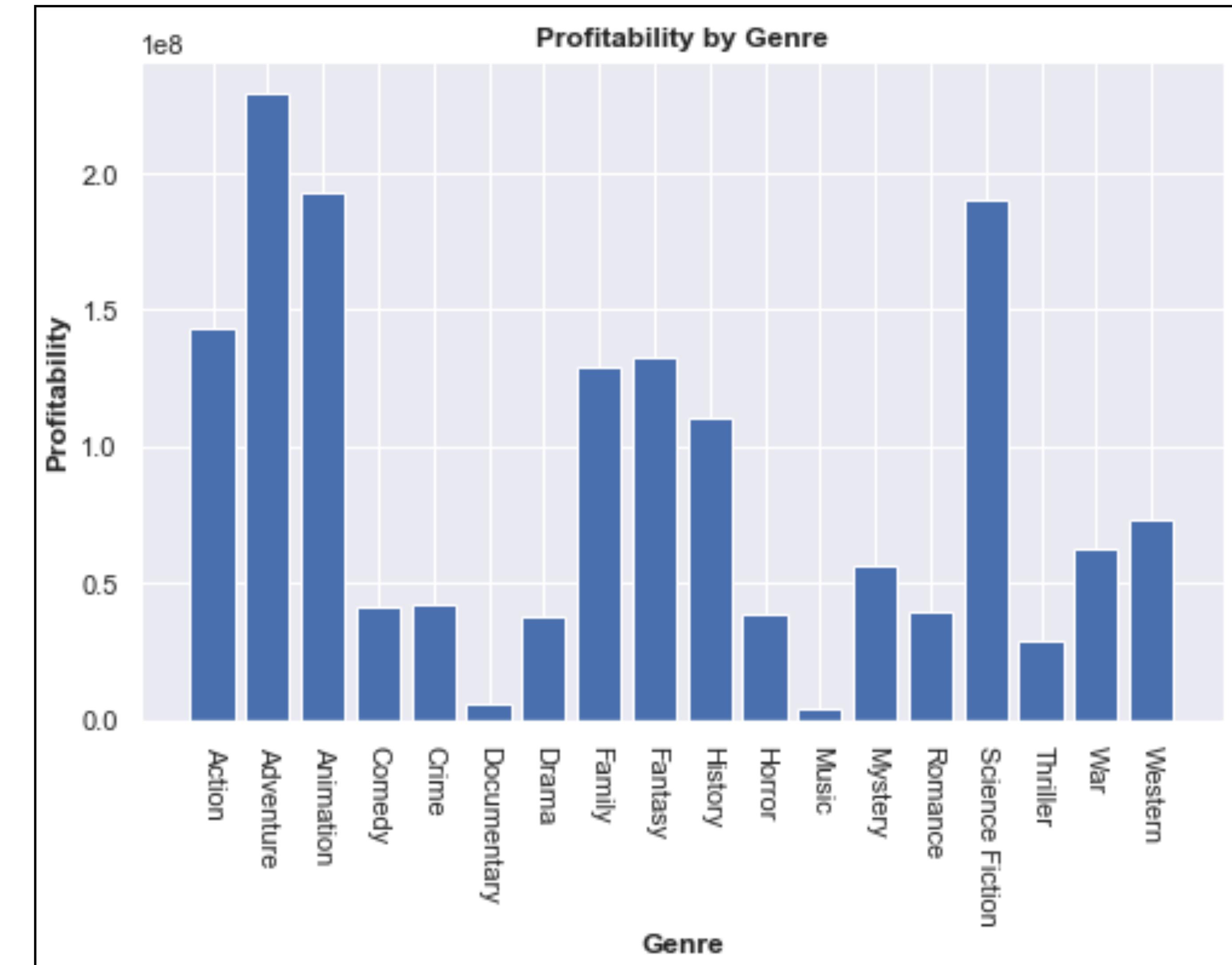


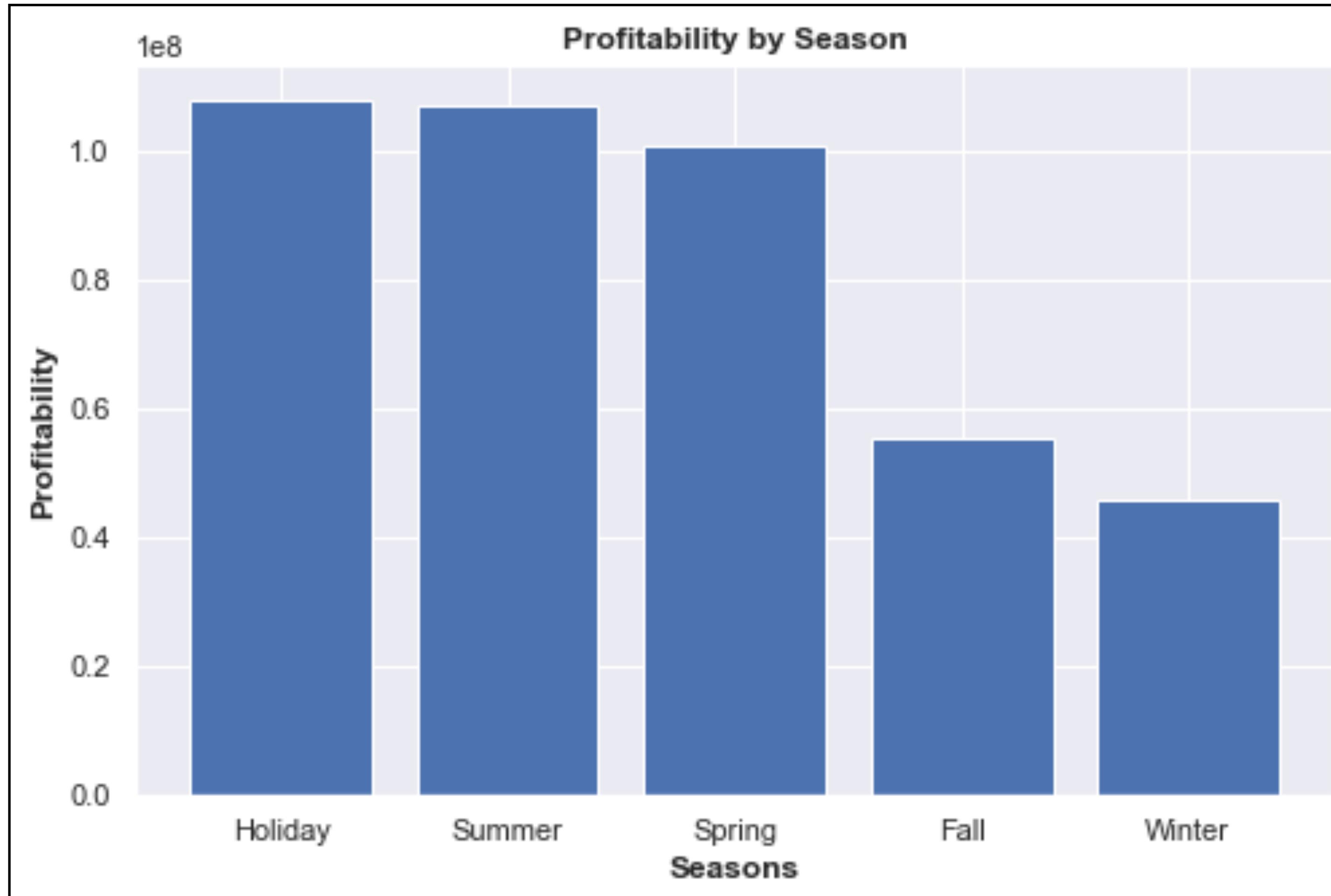
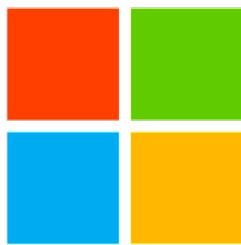
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Genre matters:

- Choosing the right genre with your content is what will attract brand evangelists
- The market based on our data shows that Adventure, Science Fiction, and Animation represent the biggest revenue producers over the last ten years
- Other genres absolutely produce returns, however, when starting a new content strategy, it's important to have a strong sense of brand identity and genre

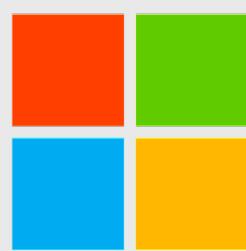




Timing is everything:

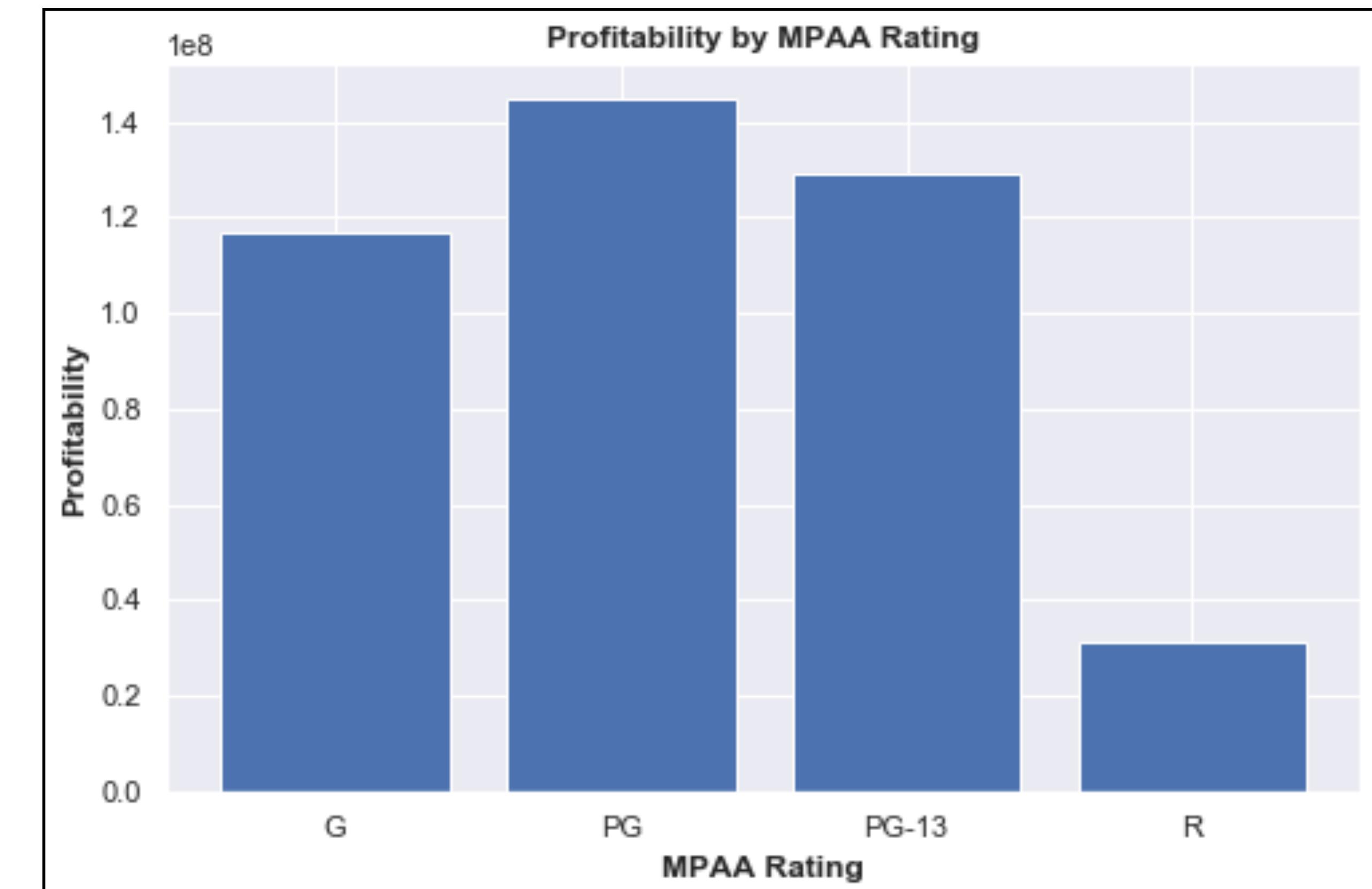
- When looking to release content in theaters, we found that a Holiday (Nov-Dec), and Summer (May-Aug) release produce the biggest returns
- Spring (Mar-Apr) is also a good placement if the Holiday and Summer slate is too packed with competing films of a similar genre
- Seasons defined according to Box Office Mojo

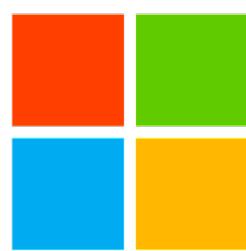
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MPAA rating as a guide:

- PG rated content produces more revenue than other ratings, however, G and PG-13 are close
- An R rating does not mean that the film will not produce a lot of revenue, however, it would be advised to compare the budget of your film against returns of R-rated movies to ensure you are not over spending on a smaller return
- The MPAA should be used as a starting point when considering the budget to attach to a project





A movie that is:

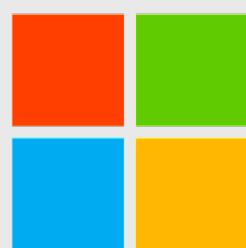
- budgeted appropriately
- rated PG
- in the Adventure genre
- released during the Holiday Season

will:

- return a profit

Conclusion:

- Getting into the content business costs billions of dollars
- So maybe not a streaming platform
- But definitely a production studio
- Using a winning formula matters
- High performing content can then be sold to all existing streaming platforms post theatrical release to maximize the value of the initial investment



Next steps:

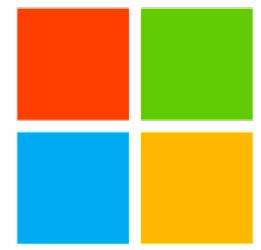
- Approve proposal
- Obtain more data
- Develop predictive models based on the variables presented here
- Create formula that can take in a budget, rating, genre, and season to produce a revenue prediction
- Make great content!

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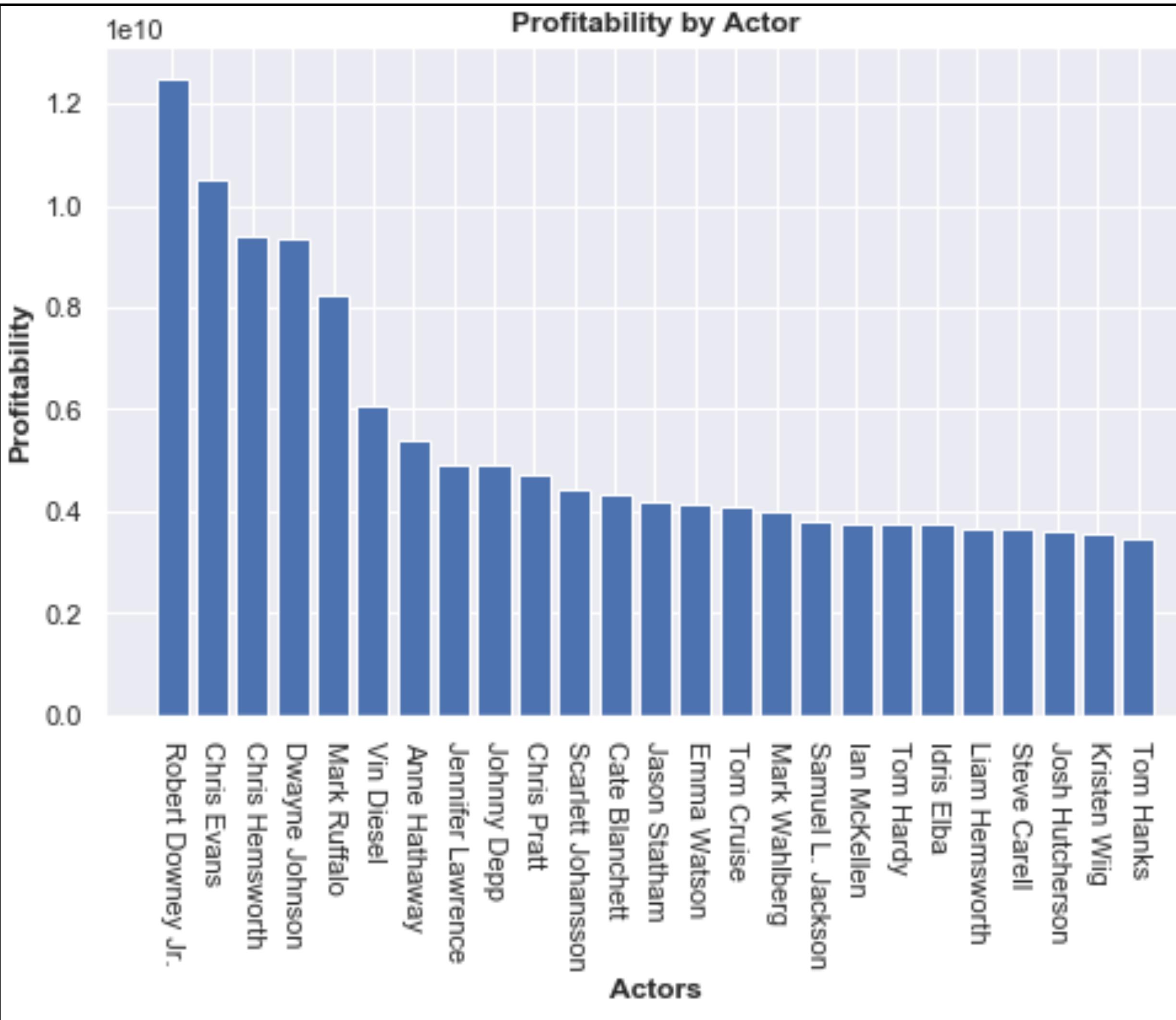
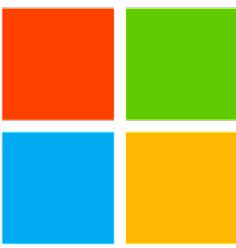


Thank you!



APPENDIX

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Start with a lead:

- Since budget is such an important consideration for this approach, we wanted to leave you with a thought starter
- Actors are a significant budget line item for any project, so knowing which actors produce the most revenue helps provide a starting point

