



Technology Fundamentals for Analytics

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Agenda

1. Overview of the Data Mining Process
2. Focused introduction to data understanding.
3. Introduction to R

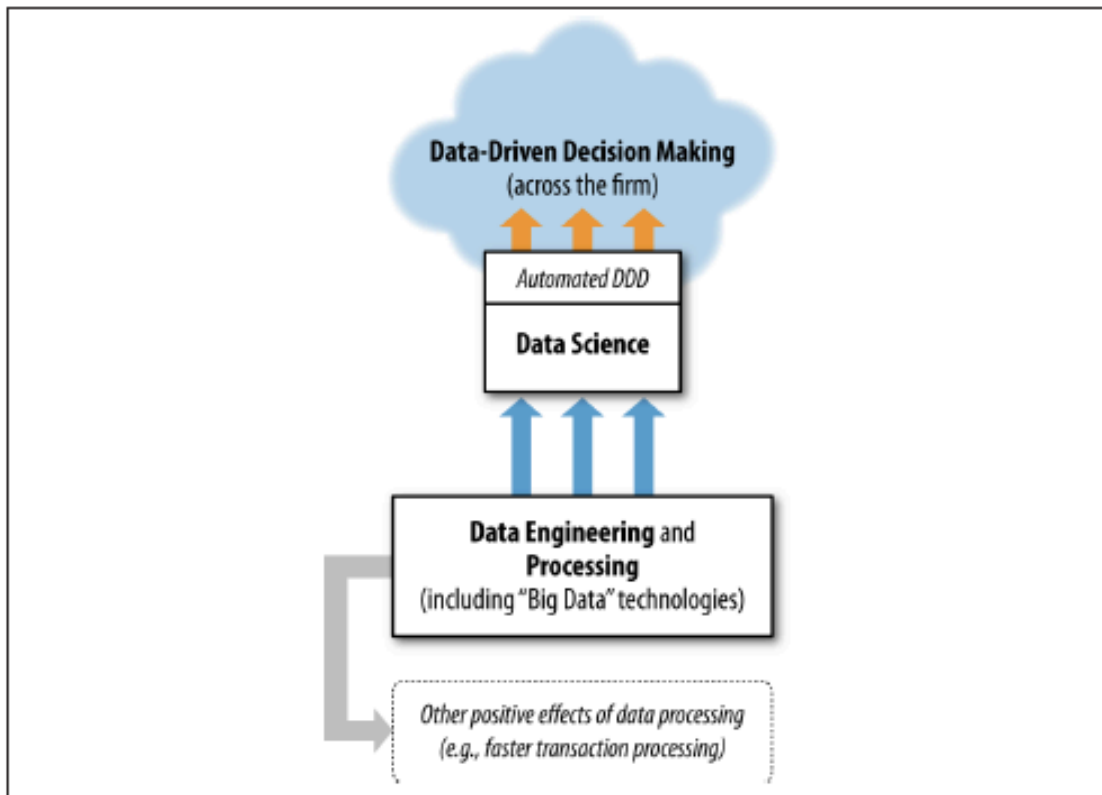


Figure 1-1. Data science in the context of various data-related processes in the organization

Data science relies heavily on data engineering and processing.

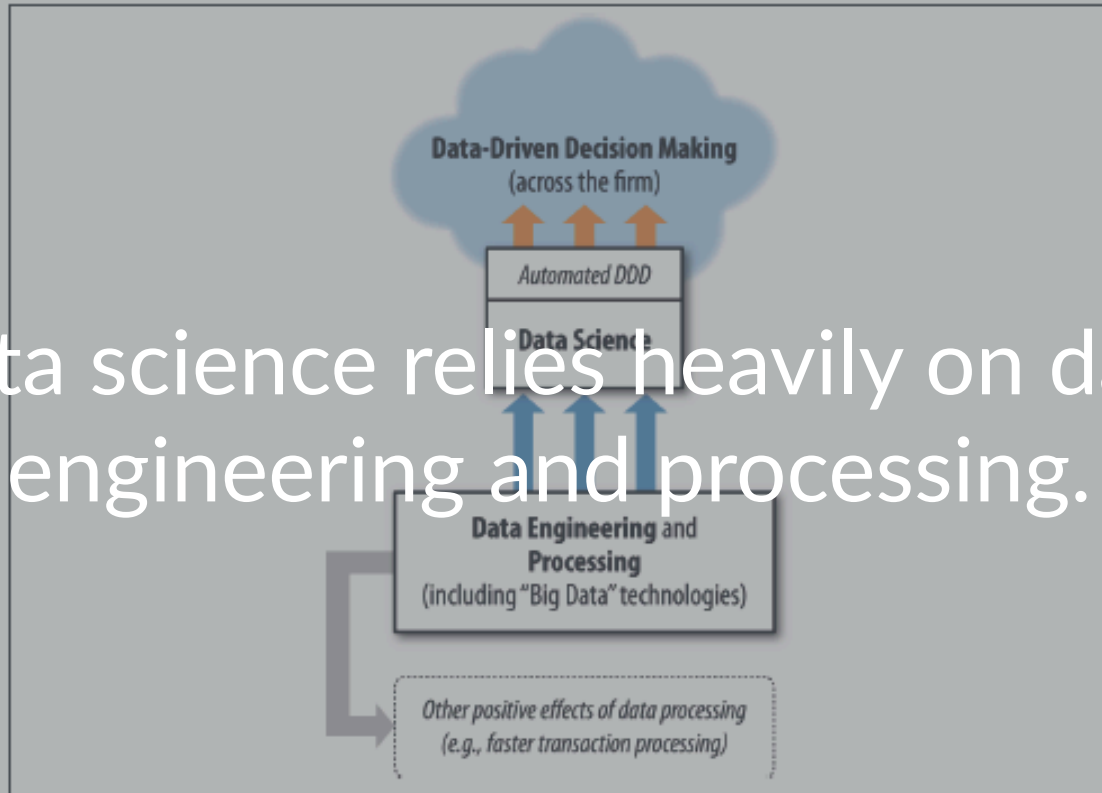


Figure 1-1. Data science in the context of various data-related processes in the organization

? What Data Available.

How does a data scientist approach
a business problem?

Data scientists decompose problems into subtasks that can be composted to solve the business problem.

Data + Meta-Data. / Collection
Format Data for Use.

What are some of the relevant
subtasks?

Analyze Data.

Present. → Change,

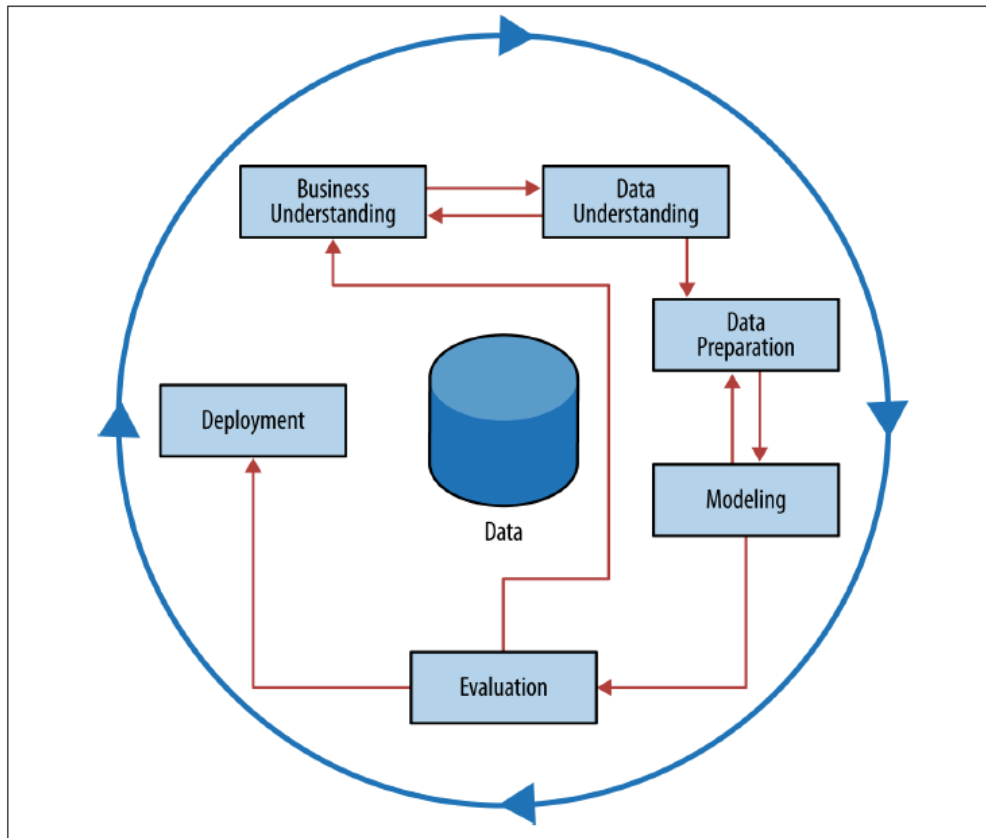


Figure 2-2. The CRISP data mining process.

Cross Industry Standard Process for Data Mining (CRISP-DM; Shearer, 2000),

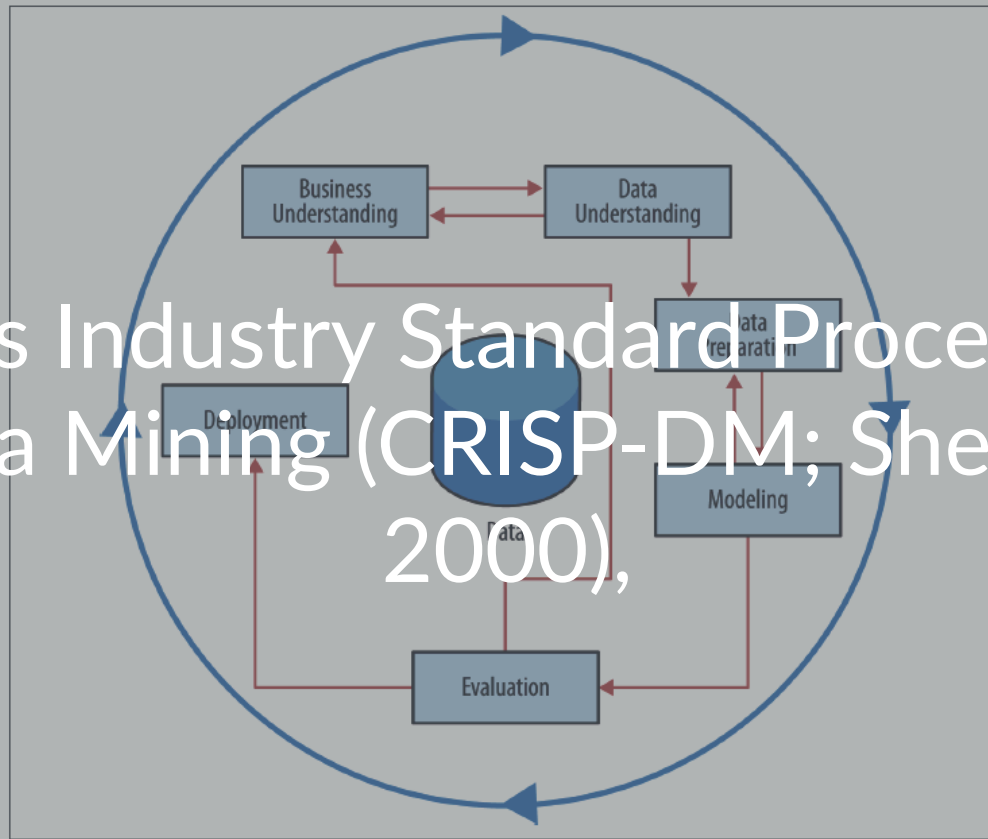


Figure 2-2. The CRISP data mining process.

Stages of Model Development

Pay attention we will use this as a framework

1. Data understanding
2. Data preparation
3. Modeling
4. Evaluation
5. Deployment (DDD)
5. Business Understanding

Data understanding

Format.	Missing	Look.
Type	Source.	

What do we need to *understand*
about the *data*?

Relevant? Accuracy?

SD.
Visualize. Correlat. Man.

What do we need to understand about the data?

- Meaning: What is the definition of the data? How can we understand what it means?
- Data types: What is the data structure?
- Provenance: What has the history of the data been?
- Distribution: Mean, Standard Deviation, Correlations, Skewness, Entropy

Data Types - Variables

- Binary: Of two different categories.
- Nominal: Specific categories of data that don't have a natural ordering. Model of vehicle.
- Ordinal: Categories of data that have a natural ordering. Education (high school, Undergrad, Masters, PhD)
- Interval: Natural split between the levels Satisfaction (Rate on a scale of 1-10 how satisfied you are.)
- Ratio: Intervale data with a natural 0 point.

Correlations

"Entropy is a measure of disorder that can be applied to a set, such as one of our individual segments. Consider that we have a set of properties of members of the set, and each member has one and only one of the properties. ... Disorder corresponds to how mixed (impure) the segment is with respect to these properties of interest. So, for example, a mixed up segment with lots of write-offs and lots of non-write-offs would have high entropy."

$$\text{entropy} = - p_1 \log (p_1) - p_2 \log (p_2) - \dots$$

A close-up, low-angle shot of a man's head and shoulders. He is looking upwards with an open mouth, as if in awe or speaking. Above him, a dark, textured mask with a wide, jagged, toothy grin is visible. The lighting is dramatic, with strong highlights on the man's forehead and the mask's teeth, and deep shadows elsewhere. The background is dark and out of focus.

How do we understand the entropy among
the *intelligent species* in the room?

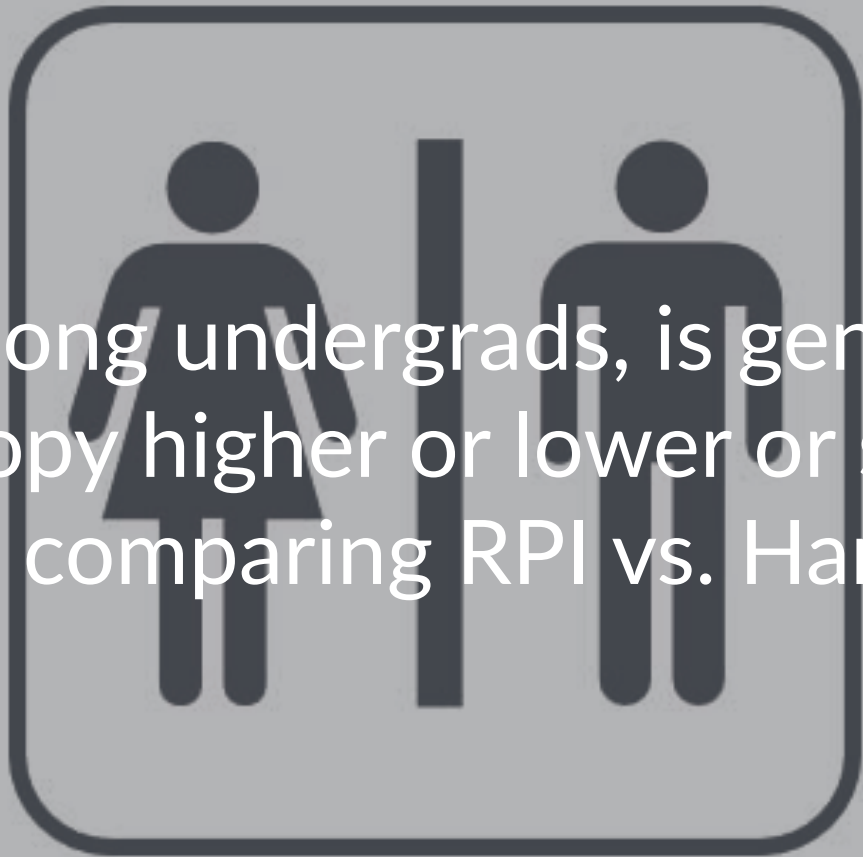
What would happen to any model predicting whether someone in the room is an alien.

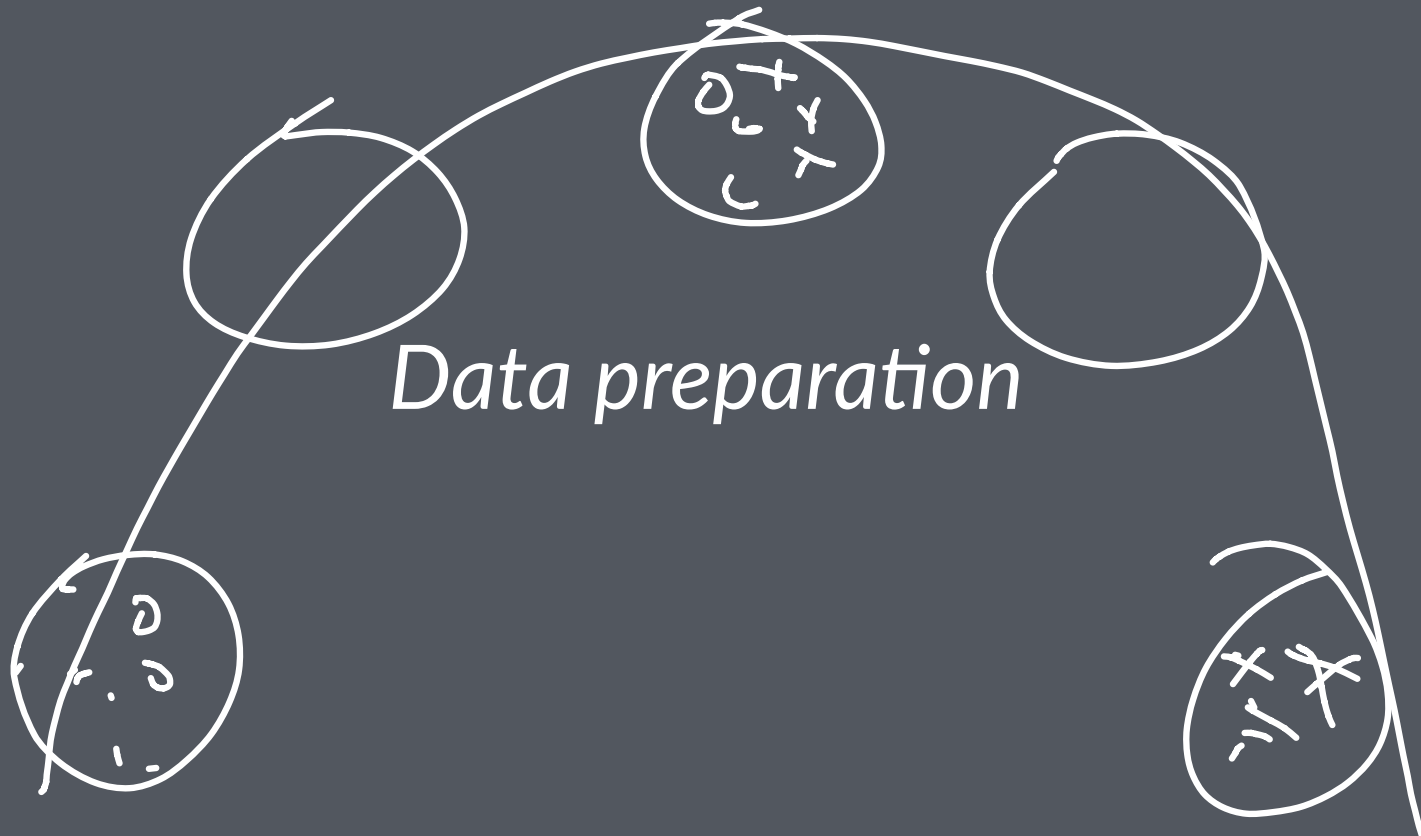
Why is this relevant to creating a model?

How would predicting a man vs. a woman be different?



Among undergrads, is gender entropy higher or lower or same when comparing RPI vs. Harvard?





What do we need to *prepare* the data?

Organize.

- Missing Record.
- Normalize/Transf.

Data preparation

- Cleaning: Are there incomplete records that should be removed or data inferred?
- Feature Creation: Are there ways that data can be coded or processed to get more value?
- Merging Datasets: Often it is necessary to merge datasets based on a key.
- ~~Provenance: What has the history of the data been?~~
- Leakage: Beware of data "leaks"

Feature Creation is when data is combined or process in such a way to provide it with alternative meaning.

$$SLG = \frac{TB}{AB}$$

and home runs,
 tage but a scale of

prising 73 singles,
 His total number of
 46, and these
 to .863, unmatched



Babe Ruth holds the MLB career **slugging percentage** record (.690).^[1]

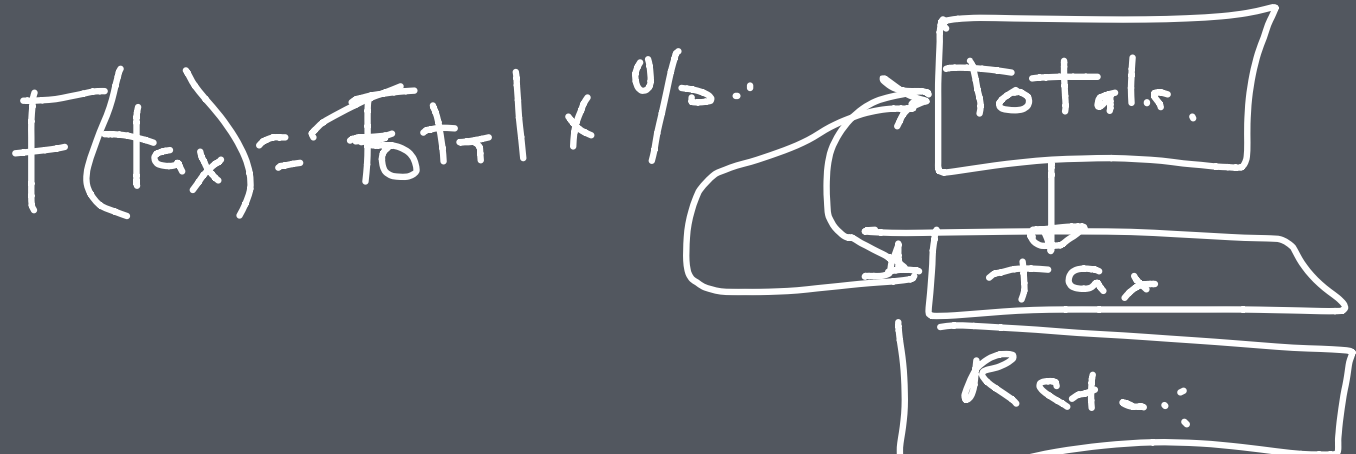
Slugging percentage is a feature
created from the raw data

Data Leakage is when data collected
in the historical data gives
information on the target variable.

Data Leakage Example.

We want to predict total spend for an online shopper and find that the amount of tax paid is a great predictor of total spend.

Is this a problem? If so why?



Data Modeling

Data

Selected Variable.

What do we need to *model* the data?

Software Algorithm . .

Data Modeling

- Data: Selected and valid dataset.
- Objective: Clear business insight into what we are trying to do.
- Model Type: Understanding of type of model.
- Algorithm: Specific method of modeling data

Types of Models

1. Classification
2. Regression
3. Similarity
4. Clustering
5. Co-occurrence grouping
6. Profiling
7. Link prediction

Evaluation

Evaluation

- Training set outcome: How well does the model predict for the training set.
- Testing prediction: How well does the model predict for a dataset "not" trained.
- Insights: Can I gain specific insights from the data

Evaluation

- Comparison: How does prediction compare to other models? To a random prediction?
- Effect Size: In metrics that really matter (not p values) have can we understand identified relationships.

Note two different potential outcomes *Deployment* and *Business Understanding*. What do we mean by each?

What is *Deployment* likely to mean in this case?

Deployment

- Employing mechanisms associated with DDD to implement algorithms in business process.
- Provide tools/training for repeated use of models by analysts

Data Driven Decision making.

What is *Business Understanding* likely to mean in this case?

Business Understanding

- Associations of variables.
- Types of customers and associated behaviors

Intro to R