BCG

Lead Data Scientist Team

RE: Business Understanding and Problem Framing

Power Co is a major gas supply and electricity utility which is currently facing decline in customer numbers/subscribers for their gas and electricity supplies across its markets;

* Corporate
* SME
* Residential Customers

Power Co claims the increase in drop rate in customer numbers is due to Power liberalization of the energy market across Europe with Problem heavily felt at the SME segment. Power Co Not sure and with lack of facts suggests giving 20% discounts to those customers at high propensity to churn as a way of curbing the problem. Therefore, it seeks out BCG for advice.

From this its clear Power Co intends to get detailed findings leading to the declines and seeks to find ultimate mitigations to this in order to avoid further declines and improve its sales

My team will be investigating the reasons to this with the help of the underlying data, this includes all business information such as transactions, price lists, number of sales and all information related to the business’s operation for the period before and after power liberalization of energy markets across Europe.

This going to be undertaken in three major steps;

* Data Exploration

Here our team will be trying to understand the structures and patterns across the existing data sets. Data quality in terms of accuracy, completeness, reliability, consistency etc. will be assessed and right data selected for our training sets. With the help of visualizations, the data structures and patterns will be presented in a more understandable manner.

* Model Development

Here several hypotheses will be formulated and tested using the given data. Hypothesis such as more churn in SME segment and the churn being as a result of price sensitivity will be put onto tests and conclusions provided with the help of the data.

* Interpretation,

Here final conclusions will be made on the basis of the data, Data driven recommendations will be provided in order to mitigate the fall in business supplies. We will countercheck the proposed solutions provided by power Co such as offering price discounts if it is a proper way to mitigate or not. At this stage our main aim will be to provide accurate final solutions for Power Co

Regards,

Bramuel Aswani