



<u>Course</u> > <u>Introduction to the Course</u> > <u>Homework #1</u> > Homework 1.2

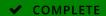
Homework 1.2

ALIBABA PEER ASSESSMENT

Status

This assignment is in progress. You still need to complete the <u>peer assessment</u> step.

Your Response due Jan 1, 2029 08:00 +08 (in 9 years, 7 months)



Status

Your response has been submitted. You will receive your grade after all steps are complete and your response is fully assessed. You still need to complete the <u>peer assessment</u> step.

The question for this section

The Alibaba Group of companies consists of many innovative companies in the retail and technology space, including the ecommerce company Alibaba.com, the financial services company Ant Financial, and many others. These companies are known to be particularly innovative users of data in their business, from the operational to the strategic levels.

Write a brief essay of approximately 300 words describing one use of data by an Alibaba Group company that you think is particularly innovative. Describe the sources of data, discuss the potential business value of their use of the data, and discuss briefly whether, and how, their use of data fits in our Analytic Value Escalator.

You will need to do web research to gather information to write your essay. Please document all your sources of information in your essay (these references do not count towards the word limit).

Your response

Alibaba Group has 12 groups of businesses worldwide. They are mostly well known for e-commerce business.

The main 3 sectors namely <u>Taobao.com</u>, <u>Tmall.com</u> and <u>AliExpress.com</u> where customers can shop online and purchase directly from businesses and shipped to their homes.

Because of high volume of transactional activities in these three sectors, customer purchase data collected over time is very valuable to the company. With the advent of artificial intelligence; data mining, data extraction and data analysis can be done on customer's purchases to find out what kind and quantities each customer is purchasing online. Alibaba can build a unique profile for each customer after analysing the data.

I would suggest a recommender system to be implemented to recommend items which the customer would like to buy based on purchase history. The idea is based on user's rating plus other user's rating to determine what sort of product can be recommended to customer during their time online.

Recommender system has two types: User Based Collaborative Filtering and Item based collaborative filtering. User Based Collaborative Filtering is using similar user's ratings while item based collaborative filtering using similar items ratings. The system uses similarity measure between users or actually just can use correlation method to derive a recommendation.

The company can use Azure Machine Learning Studio to do a recommender system as a proof of concept.

The system is valuable in bringing in more sales in revenue because the more accurate the system is the customer will tend to purchase more stuff from the company. The end goal is more profitability and value add in service for customer. Customer gets to know about new products which is similar or highly rated by other users.

The use of data fits in Predictive Analytics within the Analytics Value Escalator chart.

Resources used:

- 1. https://www.alibabagroup.com/en/about/businesses
- 2. https://courses.edx.org/courses/course-v1:Microsoft+DAT203.2x+1T2018a /course/

PROGRESS (1 OF 2)

Read and assess the following response from one of your peers.

The question for this section

The Alibaba Group of companies consists of many innovative companies in the retail and technology space, including the ecommerce company Alibaba.com, the financial services company Ant Financial, and many others. These companies are known to be particularly innovative users of data in their business, from the operational to the strategic levels.

Write a brief essay of approximately 300 words describing one use of data by an Alibaba Group company that you think is particularly innovative. Describe the sources of data, discuss the potential business value of their use of the data, and discuss briefly whether, and how, their use of data fits in our Analytic Value Escalator.

You will need to do web research to gather information to write your essay. Please document all your sources of information in your essay (these references do not count towards the word limit).

Your peer's response to the prompt above

Ant Financial, is the financial services arm of Alibaba founded in 2014. Which is innovative and a model to follow is how Ant Financial uses "nontraditional" data instead of the traditional credit records or documentary files in order to give or denied a loan and even more to predict the probability of default, to define the amount of the credit and to choose the correct price in order to be profitable. Ant uses all the data available in Ali Baba's ecommerce platform, just after the approval of their clients to use it. In order to choose good borrowers Ali Group, analyze the behavior of their clients by their transactions, communications and every action to decide who is going to be willing to pay his credit. This strategy gave them a competitive advantage over traditional banks in China which were unable to offer short credits (less money) with competitive price (because the lack of information and then the riskier profile of borrowers). I think they started with an experiment and they choose a group of SMEs to lend them a credit. So, the strategy fits in our Analytic Value Scalator in this way: first, descriptive analytics, explained them who paid his credit on time or not. Second, diagnostic analytics say them what indicators (constructed by the same data of the first step) and variables defined one group and another,

that means that for example the SME which have more transactions per year, better buyers (with better ratings), better locations, better contacts channels than the others are more willing to pay their credits on date. Third, predictive analytics, allowed them to build a score credit model to decide to lend a credit or not to their clients and, fourth, prescriptive analytics allowed Alibaba to define the exact amount of credit and interest rate to maximize its return. Last but not least, they are using Machine Learning and Artificial Intelligence to recalibrate theirs models and decisions in real time.

Sources:

https://www.alibabagroup.com/en/about/businesses

https://www.antfin.com/brand.htm

https://hbr.org/2018/09/alibaba-and-the-future-of-business

https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/what-singles-day-can-tell-us-about-how-retail-is-changing-in-china

▼ Did the learner submit a comprehensive essay satisfying all listed criteria?

O D - Minimal effort

Although the student has submitted an essay, the argument is not coherent AND it contains one or zero of the following: (i) description of data use, (ii) sources of data, (iii) discussion of whether or not it fits in Analytic Value Escalator, (iv) reference(s).

2 POINTS

C - Incoherent essay.

Essay is not coherent---in other words, the reader is unable to see how the data is actually used to generate value. However, essay shows effort by including at least 2 of the following: (i) description of data use, (ii) sources of data, (iii) discussion of whether or not it fits in Analytic Value Escalator, (iv) reference(s).

4 POINTS

B - Reasonable essay, but missing some pieces.

Coherent argument explaining business value, including at least 2 of the following: (i) description of data use, (ii) sources of data, (iii) discussion of whether or not it fits in Analytic Value Escalator, (iv) reference(s).

6 POINTS

8 POIN	TS
Comme	
ntional\	What aspects of this response stood out to you? What did it do well?
-	What aspects of this response stood out to you? What did it do well?
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