Mr. Dewan,

Please find in the attached presentation an evaluation of churn data regarding our customers.

Using insights from survey data including metrics such as Education level, Income, Level of

service usage, Home value, Hardware cost and several self-reported indicators, we were able to

predict the likelihood of a customer staying or switching to our competitors.

Using this prediction we have devised a strategy to incentivize customers to stay with our company longer.

It is generally believed that out of 1 million customers only 490,000 will remain with us in the next year. Each customer has an expected value to us of $1,000. We were authorized to offer them a discount of $400 on the purchase of a new phone in an attempt to retain them. Customers who were thinking of switching will stay with us after receiving the discount with a probability of 50%.

By sending discount vouchers to every customer in an attempt to retain those who were considering leaving, we will decrease our projected profits from $490 Million to $345 Million.

In order to properly target the specific customers who were planning to leave, we have devised a prediction model based on the data mentioned above. With the help of the prediction model we can, with an accuracy rate of 69.2% target the desired clients. By offering discounts based on this predictive model, we can expect a profit of $536,200,000, a net improvement over the strategies enumerated above. This is due, in part to not wasting discounts on clients whose intention was to stay with us. We can use a similar strategy on them in the future, if socio-economic changes will make them reconsider their choice of carrier.