Write a proposal for the technically savvy IT professional leadership of your client. This will

contain industry appropriate jargon and sufficient technical details to describe the proposed

project and resulting application. Remember, you’re establishing the technical context for your

project and what it will accomplish for the client. This should be around 8 – 10 pages. The

proposal should include each of the following and be **written in future tense:**

**Problem Statement** –

Lack of a predictive, flexible, and description solution inhibits Growing Investment Company (GIC) from optimizing adaptive trading strategies and being able to communicate the results to clients. Adopting a tool that can provide better throughput and potential improved accuracy in trading strategies. The proposed Stock Prediction Application (SPA) will provide the following opportunities for GIC’s lacking framework:

**Customer Summary** – *Provide a description of the customers or users of the application and how this product will fulfill their needs.*

* Flexibility to evaluate a stock prediction by itself or against other stocks loaded into the dataset.

The SPA will grant users the option to either predict a stock based on itself (labeled, data only), or make a prediction based on other stock datasets. Additional datasets beyond the target stock will be considered independent or descriptive features. By including these capabilities within the SPA, the application sets itself apart by allowing the user to easily see how either positive or negative correlations effect the prediction of the stock. Each feature will also be provided its own scaler within the source code allowing the descriptive features to come from datasets with completely different range (I.E. predicting a penny stock based on Nasdaq).

* Visualization of predictions, correlated data, and hierarchical clustering.

The SPA will provide visualizations of the training data set predictions as well at the actual future predictions. The training and future prediction visualizations will be in the forms of active response linear graphs. These graphs, leveraged from the Plotly package, contain their own tools bars and scroll-over data display to allow for a richer and more dynamic user experience.

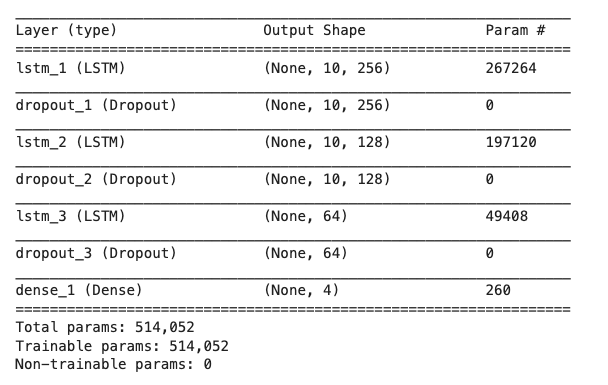
When two or more stock datasets are loaded into the SPA, the application will provide two additional graphs of processed correlated data:

* + Heatmap – this will display a graph in blocks of color, legend provided, that will represent the correlations between the datasets. This graph is also leveraged from the Plotly package and has an interactive toolbar and scroll-over displays of the data.
  + Dendrogram – this graph will chart the hierarchical clustering in a bottom-up approach. This means that the closest correlations will display as connected together and closest to the bottom. From there, every connection up the graph will indicate a weaker correlation. This graph is also a part of the Plotly package.

These visualization tools will set the SPA apart as a user-friendly and viable predictive tool and will allow also GIC to better communicate strategies to clients.

* Ease of model refinement

Leveraging a long short-term memory (LSTM) recurrent neural network (RNN), the source code behind the application will easily be configurable to add or subtract different types of layers to the model. Beyond this, parameters such as: batch size, sample size, number of epochs, step size, and number of days to predict will be able to be extracted to a front panel with little additional work required. For the initial development release of the software the RNN model with solely be located within the source code with the following architecture:



*What is the environment where the application will be used? and what special skill sets might be necessary?*

The SPA will be developed as a web application. Initially it will be released on <https://mybinder.org>, pending the approval and interested of GIC, the application would eventually be migrated to their website as a tool for employees and clients.

The application will provide the user a file upload to load the data from the desired datasets. Beyond that, the rest of the interactions with the user will be button clicks to: process data, train the model, and run the model predictions. The application will initially be designed to keep the RNN configuration parameters hidden from users. Keeping the parameters hidden will allow for consistency across datasets. The configuration parameters that will be implemented in the source code are shown in the table below:

|  |  |
| --- | --- |
| Parameter | Value |
| Input (look-back) | 10 |
| Features | Number of dataset columns |
| Epochs | 20 |
| Batch size | 50 |
| Days to predict | 5 |

**Existing System Analysis** – *Summarize the technology environment prior to project*

*initiation and the desired state of the environment upon project completion. This is a*

*systems analysis for the project deliverables. This might also include a review of the*

*existing functional gaps in the data products you are replacing.*

GIC has been implementing a stock tool that is based on the current correlation of stocks based around linear regression. This tool can be used to make trend predictions; however, it is based mainly on correlation only. This measurement ultimately boils down to the equation of a straight line (y = mx+b) as the correlation slope. This kind of stock prediction can be seen as more ineffective because it tries to measure the non-linearity of the stock market within a linear measurement. The current tool is not optimized for creating stock trend prediction based on large datasets.

Implementing the SPA in place of GIC’s current software would provide the functionality of a LSTM RNN. RNNs can be much more effective at learning trends based on datasets because of the ability to remember past values and apply those values to the current measurement. Based on the output of the RNN compared against the validation data, the RNN will then adjust the weights of each neuron within the architecture before processing the next batch of data.

GIC’s present software is a license-based desktop application. This configuration prevents users from accessing the tool on different systems without downloading the application and purchasing another license file. The tool is also not available to clients who would like to self-invest and leverage GIC’s tool framework. Migrating this part of GIC’s toolset to the SPA will allow for employees to access the prediction application from anywhere with internet connectivity. The SPA web-based solution will also make it available for client use.

**Data** – *Expand on the nature of the data you’re using including: how it is to be collected,*

*what techniques will be required to make the data usable, how you’ll deal with*

*undesirable exceptions or data anomalies (outliers, incomplete data). If appropriate,*

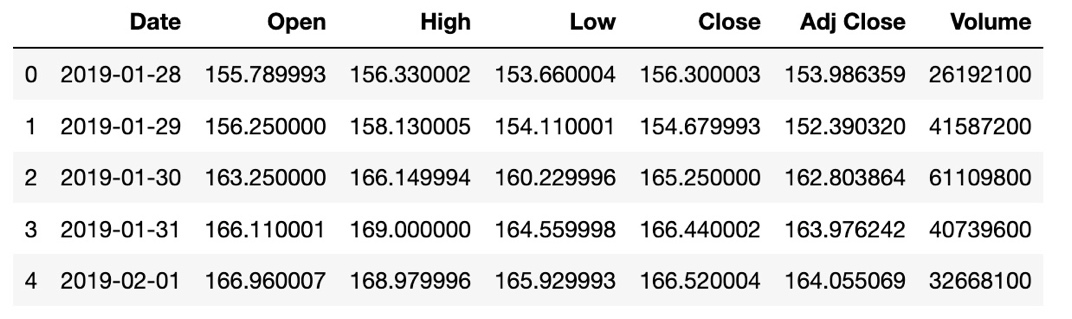
*identify the additional data that are required for the stages of the data product lifecycle*

*(design, development, maintenance, or others).*

The data processed by the application will be based around the .csv structure of historic stock data downloaded from <https://finance.yahoo.com>. Thus, all datasets to be processed by the application must have a file type of .csv. Example datasets will be provided in the “Data\_Samples” folder of the proposal package. Leveraging the Pandas Python package, the application will be able to read the .csv and load it into a Pandas DataFrame. The DataFrame will be the base object of all data manipulation for the application. An example of how this will be performed is shown in the code snippet below:



The previous code will output the following:



The function “.head()” will out the first 5 rows of the DataFrame as displayed above.

The SPA will assume that the user if the user is providing multiple datasets that each dataset is in the same format and contains the same number of rows. For consistency it will be recommended to pull stock data from Yahoo! Finance with the same timeline for each stock. This will ensure that the datasets are formatted in the same way. Since the application will make a 5-day prediction the “Date” column of the dataset will need to be in timesteps of days formatted as: YYYY-MM-DD.

The DataFrame that will be passed into the RNN will contain an indexed Date for each timestep and the “Close” column from each of the datasets passed in the SPA.

Project Methodology – *Elaborate on your industry standard methodology by providing*

*specific details about what aspects your project will be managed by each of the*

*methodology phases. How will the methodology guide and support the data product*

*design and development? Include levels of testing (e.g. unit, integration, system, and*

*acceptance) as part of the methodology.*

**The application will be developed using Jupyter Notebooks. The development (customer prototype) release of the software will run using a stripped-down interface built on https://mybinder.org and the Voila package to render the Jupyter Notebook as an application.**

Project Outcomes – *Describe the deliverables associated with the design and*

*development of the application. List and describe those deliverables. Also, include*

*examples to help clarify what specific type of artifacts will qualify. Use categories to such*

*as Project Deliverables (In-process such as schedule, test plans, wireframes, or*

*mockups) and Product Deliverables (Final outcomes such as functional GUI,*

*maintenance tools, custom access, or specialized database.) to help clarify the logical*

*distinction of the items you identify.*

Implementation Plan -- *Explain how the project will be implemented. This has to do with*

*how the software application will be put into the production environment, not how it will be*

*created. So, consider the following:*

• Strategy for implementation

• Phases of rollout

• Details for levels of testing and final distribution

• Dependencies and milestones

• Deliverables – both tangible and intangible

• User testing -- if applicable

Evaluation Plan – *Describe the methods for validating and verifying that the developed*

*application meets the requirements and subsequently the needs of the client. Discuss*

*your approach to quality assurance and what criteria that is based on. Consider industry*

*standards, regulatory requirements, and organizational policies. What metrics will be*

*used, how measured, and what measurement indicates success. What are the plans for*

*the testing cycles and closures?*

Resources and Costs – *Elaborate/itemize the costs required to test and complete the*

*project in a production environment. Be sure to include the following:*

*Programming Environment -- Provide a clear picture of what hardware and*

*software are required to complete the project.*

Environment Costs -- *Provide an explanation of the costs associated with the*

*application. Some might be startup, first-time costs while others might be a*

*percentage of licensing costs. Environment costs are relatively minimal. The*

*environment where the system resides in a shared environment where costs are*

*shared by the organizations.*

Human Resource Requirements -- *What is the time and cost for the labor to*

*complete the application?*

Timeline and Milestones– *Generate a projected timeline, including milestones, start*

*and end dates, duration for each milestone, dependencies, and resources assigned*

*to each task. Use a table to display your timeline material.*