

Respected Sir,

This is the report for PowerCo regarding the steps needed to test the hypothesis, the churn is driven by the customers' price sensitivities.

First of all, the data needed for the hypothesis will be:

- Customer data
- Price data

Also, the major steps essential to test the hypothesis include the following details:

1. Making assumptions (we assume that the SME's churn is based on price sensitivities.)
2. Taking an initial proposal (Loss of SME customers is as a result of price sensitivities)
3. Determine the alternate proposal (Loss of SME customers is not affected by price sensitivities.)
4. Setting acceptance criteria(95% confidence interval)
5. Conducting fact based tests.
6. Evaluating the results- Does the evaluation support that the churn is driven by the customers price sensitivities or not?
7. Reaching one of the following conclusion: Rejecting the original position that, the churn is driven by the customers' price sensitivities and being in favor of alternate position or failing to reject the initial position.

From the results, we will be able to understand the factors churning level with respect to price changes. Also, the model will allow us to know the business impact of the client's proposed discounting strategy.

Regards,
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