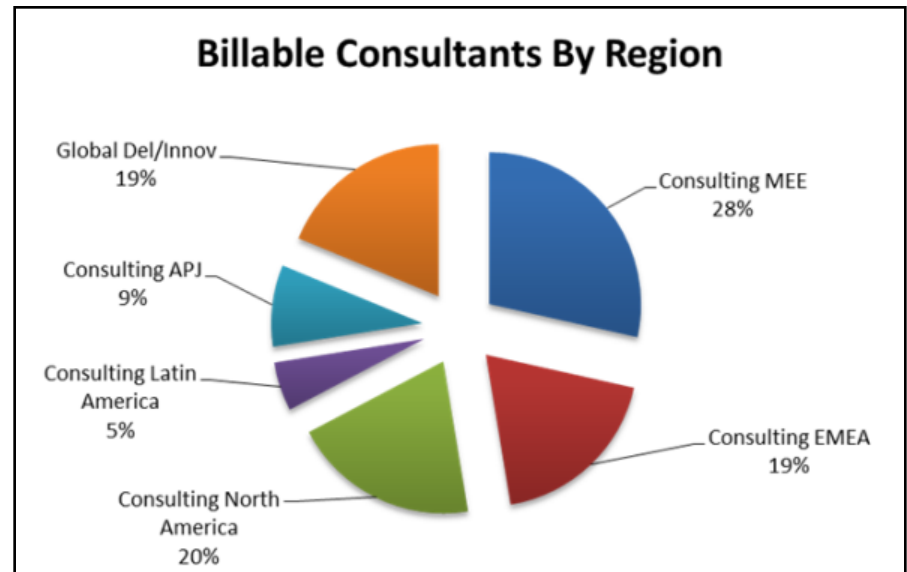


SAP Propensity

SAP Propensity Modeling: SAP Global Lead Platform/MEE Leads

- Project in 2013 for SAP Global Lead Platform—MEE Region—to better focus consultants on solutions w/in accounts
- Focus on “market categories” including applications, analytics, database and technology, cloud etc. plus core ERP and education and likelihood to buy
- Piloted on 64 top accounts and rating each account by **propensity and likelihood to buy** specific SAP solutions

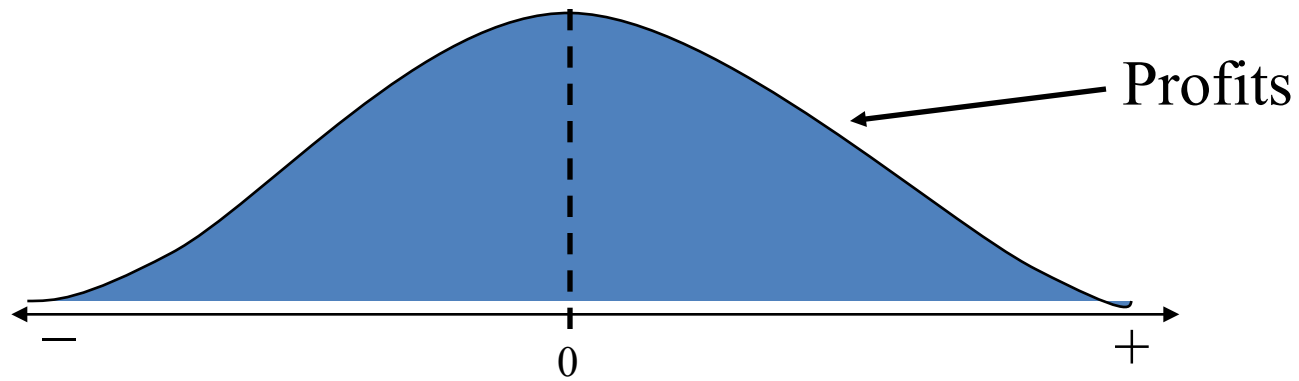
Applying propensity models to the sales funnel



Scoring	Explanation
●	high probability to buy
●	medium probability to buy
●	low probability to buy
●	has the solution already
*)	no information about solutions

Linear Regression Assumption

- Linear regression assumes the dependent variable (DV) to be continuous (and normally distributed)



- Often we have variables where there are only two different values
 - Buy (1) vs. no buy (0)
 - Retain (1) vs. lose customer (0)

Customer Retention: Logistic Regression

- With categorical (1/0) dependent variables, linear regression can result in nonsensical estimated probabilities (e.g., probability of retention $> 100\%$)
- A model that allows us to do this is the so-called logistic regression

