



Wypasek Data Science, Inc.

# WDS Model Specification Definition

Documentation

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## **Abstract**

This article is for the technical documentation for the model specification style of Wypasek Data Science, Inc. (WDataSci, WDS). The spec includes schemas for data and function signatures and model development and implementation. The design presented here is based on over 20 years of best practices while also emphasizing interoperability with other standards. For a technical documentation with verbose commentary, see WDS Model Specification Definition, Extended Documentation, History and Examples.

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## 1 Purpose

The **WDS Model Spec** format comes from over 20 years of best practices for the development and implementation of models used primarily for loan level asset based finance. These best practices covered the complete life cycle of a data science projects. Therefore, it also includes details and tools for data handling and function signatures. As these practices have evolved, so have external standards such as **PMML** or **PFA**.<sup>1</sup> A redesign or refresh event is

<sup>1</sup>The official site for PMML and PFA is <https://www.dmg.org>.

always the opportunity to also review what is common in the industry. Even though WDS uses this spec internally, the spec needs to easily and robustly communicate what is used externally.

## 1.1 Use cases?

Before diving into motivating discussion, when is the WDS Model Spec useful? Whenever part of a model building and implementation process can be run without point-and-click. For example, if one can run a model building script or code block in **batch mode**, for lack of a better term, then that script or code block can likely be automated. Automation might not be in the sense of automated model development, although it could be.

If a model building process involves excessive user point-and-click in some interface, the process described below is likely not helpful. But then again, users of extensive point-and-click likely have too much free time to worry about things like operational risk.

## 1.2 Context

The models and examples discussed herein start with a few basic types, but one of the benefits of having a flexible specification is that a data scientist should be able to rapidly configure and include a new approach. For example, one should be able to replace an older component, maybe a logistic regression, with some other model type, such as decision trees, neural networks, ensembles, etc. As long as the models take inputs from a common space and the outputs are returned to another common space with the same intended purpose, the models should be functionally interchangeable. This does not imply the models must be equally useful, but interchangeability is necessary for rapid and robust comparison.

The motivating models from loan level asset based finance often involve multiple linear components (sometimes referred to as scores). For some projects, WDS uses a specialized form of competing risk proportional hazards model that has four different components, where two are generally multinomial, at least two are time-varying, and one special use. A single project, such as auto life of loan risk and prepayment, often creates an entire suite of models for different segmentations and purposes, such as New-Auto vs Used-Auto, New-Loan vs Seasoned-Loan, Seasoned-Loan with vs without adverse payment history, etc. The competing risk models are also just one part of a larger cash flow model that can include at least two other model types for different events and behaviors during the life of a loan.

A fundamental premise of the spec is a **coffee-cup-and-doughnut** topological approach<sup>2</sup>, in the following sense: If the information being encapsulated is well-defined and fully encompasses the details required, then translation into another well-defined standard ought to be fairly straight forward. For example, if the information required to implement a linear score is correctly encapsulated (marked-up), then writing the implementation in a code format or into another information encapsulation, such as PMML, should be formulaic.

After a motivation discussion and practical discussion of the Project/Model/Variable structure, Variable handling details will include naming conventions and standardized individual variable treatments. The article wraps up locations for open-sourced examples and tools.

## 2 Motivation And Past Efforts Towards Model Specification

Even in today's modeling world of artificial intelligence, machine learning, big data, or any other latest catch phrase, models for loan level asset based finance, in particular, often need to be reviewed by management, regulators, implementers, and other vested parties. Not only must a modeler prove they developed a model well without over fitting, they must communicate the model in a way so that the implementation treats new subjects in a way similar to how the development process handled the input data.

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<sup>2</sup>In topology, the *coffee cup and the doughnut* is a classic example of the topological equivalence between two surfaces (for a gif animation example, see [https://en.wikipedia.org/wiki/File:Mug\\_and\\_Torus\\_morph.gif](https://en.wikipedia.org/wiki/File:Mug_and_Torus_morph.gif)). At a high level, two surfaces are topologically equivalent if one surface can be morphed into the other by stretching, contracting, or deformation, but without introducing any breaks or holes and without closing any holes or joining regions. Or, more precisely, there exists a 1-1 and onto mapping from the points of one surface to the points of another which preserves neighborhoods. Therefore, if two surfaces are topologically similar, then given some degree of closeness, points close on one surface are mapped to points close on the other and any two points far apart on one are not mapped to points arbitrarily close on the other.

This is not to say that one technique is the best or another *provincial* or outdated, but consider one modeler who can be able to build an impressive neural network for some aspect of loan level behavior. Compare that modeler to another who might use those same techniques to identify critical effects but then provides a nearly equivalent model that can be implemented in any platform, language, in database, in excel, on server, but also review-able and without a black box. For these reasons, a well designed linear score component model specification will remain critical in a modeler's toolkit.

## 2.1 A Basic Model Component

At the core of many statistical models is a linear *score* or the sum of the products of coefficients and independent variables. Model types with a basic score construct include not only general linear models, but also generalized linear models such as logistic, Poisson, and other parametric distributions. Furthermore, semi-non-parametric models such as proportional hazards can include several score components.

Consider the ubiquitous case of linear regression where the model form is:

$$Y = \beta_0 + \sum_{i=1}^n \beta_i X_i + \epsilon$$

here, in the usual way,  $Y$  is the dependent random variable,  $\{X_i : i = 1, \dots, n\}$  are the independent random variables,  $\{\beta_i : i = 1, \dots, n\}$  are the coefficients with  $\beta_0$  as the intercept term, and  $\epsilon$  is a noise term with the usual assumptions (independent and identically distributed, normal, etc.). Without any loss of generality and taking the artificial variable  $X_0 = 1$ , the score is

$$\beta X = \sum_{i=0}^n \beta_i X_i$$

and is the dot-product between the vector of coefficients,  $\beta$ , and the vector of independents,  $X$ .<sup>3</sup>

In practice, when building a component score, it is common to either add transformations of variables to be considered or replace a single variable,  $X_i$ , with a collection of *artificial* variables, say  $\{X_{ij} : j = m_i, \dots, n_i, m_i \in \{0, 1\}, n_i \geq 1\}$ . Again, without any loss of generality, one can consider each variable,  $X_i$ , as vector-valued and associated with a vector-valued coefficient vector,  $\beta_i$ . (To be clear, if  $X_i$  is not replaced with a vector, notionally,  $m_i = 1$ ,  $n_i = 1$ , and  $X_{i1} = X_i$ .) A total score can then be decomposed into component or marginal scores:

$$\beta X = \sum_{i=0}^n \beta_i X_i = \sum_{i=0}^n \left( \sum_{j=m_i}^{n_i} \beta_{ij} X_{ij} \right)$$

Here, the component scores are arranged by variable, but individual scores,  $\beta_i X_i$ , might be derived through different techniques such as with controlling factors or segmentations.

For an individual variable, the use of artificials can serve multiple purposes including:

- To code missings: for example,  $X_{i0} = 1$  if  $X_i$  is missing, and 0 otherwise. If no other artificials are used,  $X_{i1} = X$  if  $X$  is not missing and 0 otherwise.

*Note: by convention, the 0 subscript will always be used for a coded missing indicator.*

- To handle segmented versions of the data
- To handle extreme value treatments
- To handle simple discretization treatments and categorical variables
- To handle neighborhood or localized feature effects or non-linearities

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<sup>3</sup>Yes, technically if  $X$  is row vector valued random variable and  $\beta$  a row vector of coefficients, it should be written  $X\beta^T$ . Or, if column vector valued for both,  $\beta^T X$ . Here, the abuse of notation  $\beta X$  will be used.

In general terms, only a small number of special treatments are commonly used and so it makes sense to have a set of *recipes* to handle the usual suspects. The model specification documented here creates a standardized, extensible, and relatively efficient framework that can be used to build up marginal scores into larger component models which in turn are used in larger systems and suites of models.

## 2.2 Motivating Example and Early Versions of the Specification

### 2.2.1 SAS Example

The example below represents a simple discretization of a variable. This may seem extremely trivial, but in 1997, SAS<sup>4</sup> statistical software was the most commonly used language for extremely large datasets on mainframes and this was the state of the art in credit scoring.<sup>5</sup> It involves the replacement of a variable  $X$  with a set of mutually exclusive range indicator artificials. In a simple logistic model, the coefficients of each indicator (scaled) gives one a value (points) to be added or subtracted from the base score.

For this illustration, suppose one has a data set with one row per subject. For each subject, one has a FICO variable and some response  $Y$ . SAS code for creating discretized artificials based on cut points of 620, 660, and 720 in SAS could look like:

```
/*SAS creates a table looping over the rows of
   an input table. The body of the data step
   is evaluated for each row and can add new
   columns or variables drop unnecessary ones.*/

data modeldata;
  set inputdata;

  X=FICO;
  array XV X0 X1 X2 X3 X4;
  if X eq . then do;
    X0=1; X1=0; X2=0; X3=0; X4=0;
  end;
  else if X lt 620 then do;
    X0=0; X1=1; X2=0; X3=0; X4=0;
  end;
  else if X lt 660 then do;
    X0=0; X1=0; X2=1; X3=0; X4=0;
  end;
  else if X lt 720 then do;
    X0=0; X1=0; X2=0; X3=1; X4=0;
  end;
  else /*if X ge 720 then*/ do;
    X0=0; X1=0; X2=0; X3=0; X4=1;
  end;

run; /* end of datastep instructions */

/*SAS procedures implement the model fitting process.*/

proc reg data=modeldata;
  model Y=X0 X1 /* X2 */ X3 X4;
run;
```

Basic SAS macros (like  $\text{\LaTeX}$  macros) emit code and their use objective is to eliminate redundant robotic code writing. One could then end up with something short and sweet like:

```
data modeldata;
  set inputdata;

  %VariableBundles;
```

---

<sup>4</sup><https://www.sas.com>

<sup>5</sup>In traditional logistic credit score models, one can easily create a paper scorecard or score sheet like a judge in an athletic competition might use. An individual could then review the attributes of a applicant and create a final score by hand. This is the origin of the term *credit score* and the credit rating agencies still use the term **scorecard**. *Scorecard* is often used in reference to a model segmentation, for example, someone with little credit history will be scored with a different model or scorecard than someone with 40 years of credit usage. Any internet search on the terms FICO and scorecards should bring a significant number of articles for reference.

<https://nortonsafe.search.ask.com/web?q=FICO%20scorecards>

FICO stands for Fair Isaacs Corporation and was one of the first credit scoring firms.

```
run;

proc reg data=modeldata;
    model Y= &ModelVariables;
run;
```

Here, `%VariableBundles` is a user defined SAS *macro function* (potentially with arguments) which writes the if-then-else blocks (for clarity here, we will not go into the SAS macro mechanics required). The macro function is also used to add to the user defined SAS *macro variable*, `ModelVariable`, which the `&` operator expands to the code `X0 X1 X3 X4`.

Encapsulating the artificial set construction could be written using the SAS macro language as a sequential finite state parser as in the simple example:

```
/* declare the macro variable in a way which
   can be handled inside macro functions*/

%global ModelVariables;
%let ModelVariables=;

%macro VariableBundles; /* start of macro function def */

    %global ModelVariables;

    /* a bundle of instructions for the variable FICO */
    %let Name=FICO;
    %let Handle=x;
    %let Treatment=Discretize;
    %let Cuts=620 660 760;
    %let DropArtificials=2;
    %let Coefficients=; /* place holder */

    /* another macro function defined externally */
    %ProcessVariable(&Name
                    ,&Handle
                    ,&Treatment
                    ,&Cuts
                    ,&DropArtificials
                    ,&Coefficients
                    ,ModelVariables
                    );

    /* add a new bundle for each subsequent variable

    %let Name=NextVariable;
    Stuff.....

    %ProcessVariable(&Name,&Handle,&Treatment,&Cuts
                    ,&DropArtificials,&Coefficients,ModelVariables);

    */
%mend; /* end of macro function def */
```

Notice that `X2` was dropped, which is necessary for non-collinearity in the regression model unless a `noint` option is used. The SAS macro function, `%ProcessVariable`, is generalized to handle any variable.

Two things should be immediately recognizable:

- First, adding a new variable is easy, just add a bundle of instructions. (Or, just as easily, comment out a bundle or its subsequent `%ProcessVariable` to not use a variable.)
- Second, `%ProcessVariable` could be used for other tasks.

In the base SAS language, the macro `%VariableBundles` would not be expanded or evaluated until called and `%ProcessVariable` could be redefined between calls. With the same `%VariableBundles`, but with `ProcessVariable` redefined, one could:

- Prepare variables for a model as above.

- Loop through the variables to create summary tables, graphs, distributions, etc., of the associated artificials.  
*Note: This would enable not just a point imputation for missing data, but one could impute a distribution across artificials.*
- Process the coefficients after the model was fit and create an updated bundle set with the estimated coefficient line for each variable.  
*Note: This involves not just emitting SAS code evaluated immediately, but also reusable code into an external .sas file.*
- With meaningful coefficients, %ProcessVariable could produce efficient hard written scoring code.

Suppose the regression generated coefficients of 1.5, 3, -1, -2 for X0, X1, X3, and X4, respectively. The bundle could be updated with:

```
/* a bundle of instructions for the variable FICO */
%let Name=FICO;
%let Handle=x;
%let Treatment=Discretize;
%let Cuts=620 660 760;
%let DropArtificial=2;
%let Coefficients=1.5 3 0 -1 -2; /* with a 0 inserted for the dropped variable x2 */
```

To create efficient scoring code, the %ProcessVariable could be redefined to produce something like in an external .sas file:

```
MarginalScoreForFICO=0.0;
if ( FICO eq . ) then MarginalScoreForFICO=1.5;
else if ( FICO lt 620 ) then MarginalScoreForFICO=3;
else if ( FICO lt 660 ) then MarginalScoreForFICO=0;
else if ( FICO lt 720 ) then MarginalScoreForFICO=-1;
else MarginalScoreForFICO=-2;
FinalScore=FinalScore+MarginalScoreForFICO;
```

At this point, one could ask oneself, since SAS macros are just writing code, why not have it write out other types of code such as C/C++ (and, yes, written as suspiciously similar as possible to the code above):

```
double MarginalScoreForFICO=0.0;
if ( isnan(FICO) ) MarginalScoreForFICO=1.5;
else if ( FICO < 620 ) MarginalScoreForFICO=3;
else if ( FICO < 660 ) MarginalScoreForFICO=0;
else if ( FICO < 720 ) MarginalScoreForFICO=-1;
else MarginalScoreForFICO=-2;
FinalScore+=MarginalScoreForFICO;
```

Or Python:

```
MarginalScoreForFICO=0.0
if ( FICO is None
    or numpy.isnan(FICO) ) : MarginalScoreForFICO=1.5
elif ( FICO < 620 ) : MarginalScoreForFICO=3
elif ( FICO < 660 ) : MarginalScoreForFICO=0
elif ( FICO < 720 ) : MarginalScoreForFICO=-1
else : MarginalScoreForFICO=-2
FinalScore+=MarginalScoreForFICO
```

Or R, C#, Java, JavaScript, VBA, Lua, Matlab/Octave, etc. The only effective differences in hard written code are small syntax details.<sup>6</sup> Certainly, in many languages a function provider could also be used, but for rapid distribution of compiled code across compute nodes, pedantic code is not unreasonable. Of course, the master source is the code containing %VariableBundles, all other code is derived and it is a matter of operational integrity that emitted code blocks are never edited individually.<sup>7</sup>

### 2.2.2 Variable Packets

The variable recipes, as used pedantically in SAS as described above, was standardized into a style referred to as **Variable Packets**. An example of the bundled layout is below, but any one familiar with simple markup or markdown, such as yaml (<https://yaml.org>), will recognize the similarities which will be discussed further below. The bundled information and consisted of configuration files with instructions of the pattern:

<sup>6</sup>Python is, oddly enough, one of the more difficult because of the indent critical format requirements and the lack of {} groupings.

<sup>7</sup>In C/C++, the use of include directives makes this simple with minimal wrapping code. Other languages, like Java, would require top matter and bottom matter, but individual code files can provide just class method implementation.

```

Name: X
<Keyword1> for <Previously Declared Name> [case <CaseKeywordN>]: <Data>
<Keyword2> for <Previously Declared Name> [case <CaseKeyword2>]: <Data>
<Keyword3> for <Previously Declared Name> [case <CaseKeyword3>]: Begin
<Data>
<Keyword3> for <Previously Declared Name> [case <CaseKeyword3>]: End

```

Examples of Keywords and information included: Source Variables, Treatments, Critical Values, Coefficients, Use Lists, etc. This type of parameter file effectively requires a customized parser, but still easy enough to write, even in plain old C, Python, Lua, etc. Once a parser has digested the instructions and holds the organized data into an accessible form, it can be used to generate code like the `%VariableBundle` above.

A more verbose example:

```

Name: FICO
Treatment for FICO: Hats
ZeroC for FICO: 0 1

Name: CLTV
Treatment for CLTV: Hats
ZeroC for CLTV: 0 1

Name: Intercept
Treatment for Intercept: Constant
Documentation for Intercept: Begin
    Obviously, a constant value of 1 as a variable.
Documentation for Intercept: End
PrepCode for Intercept case SAS: Begin
    *Any code that is used in a special way for just SAS;
    Intercept=1.0;
PrepCode for Intercept case SAS: End
PrepCode for Intercept case VBA: Begin
    'Any code that is used in a special way for just VBA
    Intercept=1
PrepCode for Intercept case VBA: End

CriticalValues for FICO: 550 650 750
CriticalValues for CLTV: 70 80 90

```

In this more verbose example, unusual language specific details could be handled if required through **Begin-End** blocks. Complex blocks wrapped in precisely paired **Begin-End** lines are treated as multi-line strings reserved for later processing. This permits embedded sub-models.

One useful feature was the required **for <Previously Declared Name>** qualifier. This allowed the format to break the required sequential nature of the effective finite state machine parser. Additional information such as the coefficients generated during the fitting process could be tagged with the appropriate variable and either appended or included later. Very simple parsers were written in C which could also pretty-print the format, realigned by variable and possibly combining other flat files with additional information, such as the coefficients that were generated in the statistical software. When starting a particular data project, a summary process could also be used to generate the initial bullpen or create additional variables.

For purposes of model development, the format also becomes a bullpen of variables that could be turned on and off easily. The parser tokenizes the data into a node-like structure for each variable and then the model building or implementation code could be emitted. However, breaking the **Name: X** declaration with commenting character such as **#Name: X** would effectively cause the parser to ignore lines or **Begin-End** blocks associated with it. Compare that with a yaml approach where commenting a variable out is more difficult or might take additional instructions:

```

Variables:
- FICO:
  - Treatment: Hats
  - CriticalValues: [550, 650, 750]
  - ZeroC: [0, 1]
- CLTV:
  - Treatment: Hats
  - CriticalValues: [70, 80, 90]
  - ZeroC: [0, 1]
- Intercept:
  - Treatment: Constant
  - Value: 1

```



Yaml might be style focused on human readability, but a small amount of additional markup for a structured set of information does not necessarily destroy readability. Indent-based formats effectively require other software (maybe the parser) or style nuance to combine files from multiple sources while ensuring the proper integrity of the map from variable to the incremental metadata.

## 2.3 Generalizing the Specification

*Author's Note: CJW: For the general XML-based specification, those familiar with PMML might recognize several key similarities. There are two reasons for this. The first is just coincidence. The overall structure including directives (header or extension), dictionary, and component models (model-elements) are natural constructs and things I have had in use for some time. However, the variable handling, especially for regression or score models, is substantially different. This primarily comes the use of this specification in both model construction and implementation. This will be clear later in the handling of artificial variable treatments, such as Hats below. I had evaluated PMML in the past, but it was and still is inadequate for my purposes. The second reason for similarity is the objective to generate PMML as an output for external communication. If a transformation such as XSL is used to create PMML from the WDS Model Spec XML, the encapsulated information in the XML must be a superset of the required information for the PMML.*

This model specification will be used for data handling, model creation, model documentation, and model implementation. Since all required information is encapsulated, spec files can either be consumed directly in a model delivery engine or by a code writing engine to produce compilable implementation code. A detail that might not be immediately apparent is that hard-written compilable implementation can be produced in minimal time with minimal cost. The only requirement is the appropriate algorithmic code writers based on the model markup. At this point, as long as the required information is encapsulated, one should also recognize that PMML or PFA are just two other implementation styles. This methodology has already used for to implement in SAS, C/C++, C#/Java, R, Python, and VBA and others will be used. Why so many? The right tool at the right time, the underlying encapsulated mathematical models are the same.

Stepping back for a moment, suppose one has a simple model, say  $Y = 3X + 1$ , and this is to be evaluated over some set  $\{x_i, i = 1, \dots, N\}$ . The conceptual basis of the specification is the following:

- Each value,  $x$ , of  $\{x_i\}$  is an single instance of the  $X$  data element.
- Information about  $X$  (and any one value  $x \in \{x_i\}$ ) is called its **Meta Data**, or data about data. Let us refer to the meta data as  $X^{MD}$ .
- For  $Y$  and the resulting values,  $\{y_i = 3x_i + 1, \forall i = 1, \dots, N\}$ , let  $Y^{MD}$  represent its meta data.
- For the model evaluation process,  $(X^{MD}, Y^{MD})$ , the input and output meta data represent the model data **Signature**.

Use of the term, **Model**, has become so common that it is easy to loose the association that a model is just an abstraction of a process that wrangles data and applies weights or structures (parts of the mechanics) that were determined during what is referred to as **Model Fitting**. In this context, a model is the meta data about a particular mapping from an input space to an output space. A concept that also is generally lost is that Model Fitting essentially performs all of the identical data wrangling (and more). Model Fitting itself represents a *Model*, an abstraction of a process, one whose output space spans those undetermined mechanics for the final Model.

Canned statistical packages also make it easy to loose this association. The internal process of certain regressions is iterative, which implies that many poor or not-quite good enough models of the same structure were evaluated on a significant part of the input space. It follows that the most robust way to build and ensure a consistent implementation integrity is to use the same data wrangling spec for each.

As motivated in Section 2.1, a basic linear component model can be decomposed into marginal scores (each a mini-model). Going further, even the simples serving up of a variable value can have model-like properties, just consider the model  $Y = X$ . Therefore, as much upward concept inheritance as possible makes sense.

Each level of a specification is metadata for an object which generally includes data about how it is built from simpler objects. Often, this can be strictly hierarchical. However, during development, configuration details of a child element might depend information from the parent. A simple example is a multinomial model where the pre-normalized outcome propensities might depend of different sets of variables. In competing risks in particular, modelling all outcomes on the same set of variables can lead to confounding and the inclusion of many extraneous insignificant coefficients. In a strictly hierarchical structure, a lower level variable element would not indicate its

outcome association. This would require a parent model to indicate the associations with multiple lists of variables. A general premise or goal is that the number of times an individual variable's specification and scope is required is as limited as possible. As in the simple examples presented above, if a variable is removed or added during development, it should ideally only have to be changed in one location, often using a simple On/Off attribute.

A model spec defines how to parse marked up data about how a process wrangles data. A parsed valid model does not have ambiguities and so therefore can direct implementation in whatever way is most expedient. One of the benefits of using an XML/XSD/XSL approach is that information can be parsed through common XPATH patterns. In validity checks or transformations, this can be used both up and down the tree. In the multinomial example, outcome association at the variable level can be checked against the possible outcomes in the parent model, and vis-versa. Hence, there are extensions which are contextual which as a programming idioms might be addressed through class inheritance.

Each of the main elements will have a discussion section in what follows, and Figure 2.3 visually depicts an implied recursive structure. There are several conventions and general goals:

- There should be a natural way to include model structures within larger collections, projects, or suites. Conversely, a model structure should have a natural handling of its own component models.
- Models should be able to tell the model delivery engine if they are being used appropriately. Almost any time a block of code of the form **if case A and case B and case C but not case D ... then use Model X** is required for switching, one can create a small scorecard for *applicability*. The model delivery engine can ping models, scoring the applicabilities, until an appropriate or best model is found. The applicability scorecards are (likely) deterministic and minimalistic, but model selection becomes simple and less prone to coding errors.
- Component models do not necessarily have to be limited in structure. For example, the internal structure of a component may be a full PMML, PFA, compilable into byte-code, or other model. It follows that the *Dictionary* element, defining the core field names, data types, and project-specific aliases, be inheritable to component models. For example, a sub-model might add a field as a construction that subsequent child models can use, but the fields in higher levels should also be available. In XML/XSL/XPATH, extracting the master dictionary at the start of file processing is a basic request. Unnecessary redundant dictionary entries down-tree can be difficult to maintain.
- As in the basic model component discussion of section 2.1, there has to be a natural linear score definition.
- A basic linear score model must be able to be expressed as the sum of (possibly scaled) components.
  - The simplest component is a marginal score contribution associated with the grouped artificial treatment of a single variable.
  - However, a single variable might be used in several marginal score recipes, such as might be the case with interactions and control through segmentation variables.
  - Some components may be used for fitting, but not for implementation, such as might be the case when controlling factors are used for a sub-model.
  - A marginal score contribution may also be pulled from another model directly without being re-scaled in the fitting process. So, there must be a systematic way to query other models and select variables within a suite or project.
- Where necessary, a meta data element is labeled *QName / MD* to separate the meta data concept from the value of an instance, such as Field vs FieldMD. Model-like metadata will not have a redundant trailing *MD* since it is implied.
- A plural form (ending in either *s* or *Set*) of any element represents a collection of the singular type. For example, a Models element has 0 or more Model child elements. Following the three-part naming convention (See Section 3.1), the term *RecordSetMD* is for a *Record* object, a *Set* qualifier, and a *MD* meta-data representation.
- The common set of attributes for all meta data elements:
  - Name or ID (if required for unique identification)
  - Documentation (optional, but encouraged)
  - SignatureMD (required)
    - Dictionary (Synonyms: Input, Sources) (not required for a FieldMD)
    - Data type (Synonyms: Output, Representation) (required only if not directly inferred from Sources)
  - Global attributes (optional/as needed)
    - Object facets
    - Aliases
  - Contextual attributes (optional/as needed)

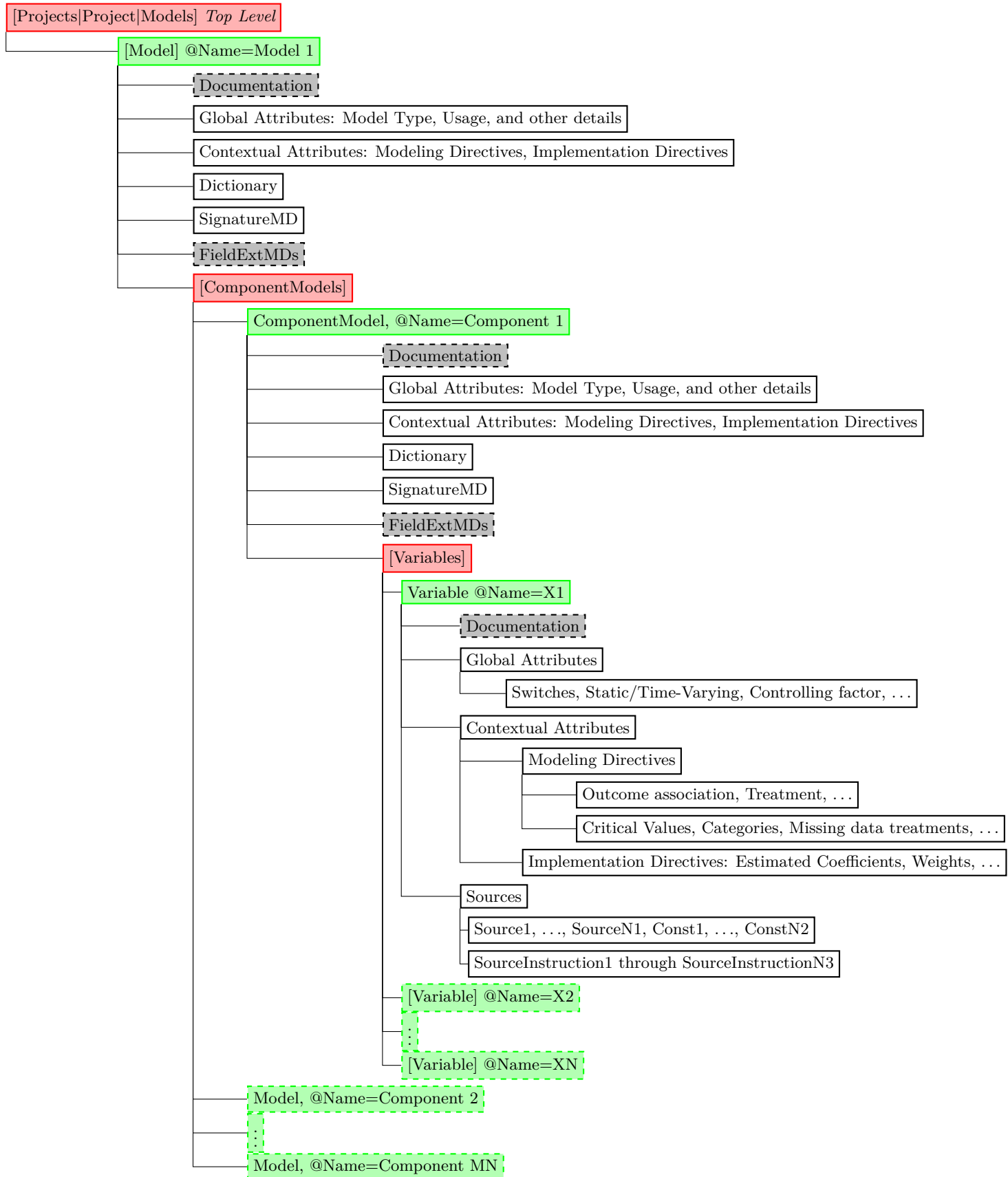


Figure 1: General illustration (not exhaustive) for Section 2.3.

- Applicability
- Use

## 2.4 Field and FieldMD

The simplest data elements, **Field** (Value) and **FieldMD** (Meta Data), provide primitives(++).

There is a direct relationship between a FieldMD and an SQL column specification since the returned table from a query is one likely data source. For this reason, the synonymous term **Column**, might also be used in UDTF specification, see <https://github.com/wdatasci/WDS-ModelSpec/blob/master/WDS-Vertica/UDTF-Cpp/TSTest> for an example.

FieldMD data includes:

- Name (See Section 3.1)
- Data type (Synonyms: DTyp, Signature, Representation) (See Section 3.3)
- Global attributes
  - Object facets
  - Aliases
- Contextual attributes
  - Use
  - Project scoped aliases and import details

The most basic uses of FieldMD include the specification of SQL table, UDTF, and UDF signature columns, where the minimal set of information required is {Name, DTyp}. Object facets and aliases are useful for meta data organization. Contextual attributes examples include:

- Use in a SignatureMD can be I[nput], O[utput], or IO (both). For large data cleaning UDTFs, a simple markup of the required signature facilitates the programming environment and there may be significant overlap between the input and output records.
- Project scoped aliases arise from large projects which join many disparate tables. The process sounds like a mess and it is. It is very common to receive multiple data files, many with missed truly horrid inconsistent naming conventions, or even different miss-spellings from one table to the next. In these projects, mapping through an alias (and documenting the import details) can be used to standardize the data at the input stage.

## 2.5 Dictionary

A **Dictionary** (Synonyms: Namespace, DB Field Metadata) is an unordered collection of FieldMDs. As a child element of an object, a dictionary defines the scoped field namespace available to the object and siblings. The collection might be reduced to represent a minimal set or could be used as a bullpen of fields available for use during modeling. A dictionary is a meta data object that include:

- Name (If the dictionary is not standalone, there should be at most one per object.)
- **FieldMDs** (a collection of FieldMD)
 

The FieldMDs can either be explicitly listed at the top level or include (without duplicates) all dictionaries, records, and signatures of sibling elements and their children.

## 2.6 Record, RecordSet, RecordMD, RecordSetMD, SignatureMD

An ordered collection of Fields (Values) is a **Record** (Synonyms: Row, Observation, Tuple) and a collection of Records is a **RecordSet** (Synonyms: Table value, Matrix, DataFrame data). These object correspond to meta data objects **RecordMD** and **RecordSetMD**, but RecordSetMD will be used as an obvious superset. A **SignatureMD** (Synonyms: Function Signature, Input/Output Maps) is a RecordMD with contextual FieldMD attributes as described in Section 2.4. Meta data objects include:

- Name (optional)
- **FieldMDs** (a collection of FieldMD)
 

Either full FieldMD objects enumerated explicitly or the Names from the parent dictionary.

- ~~Signature~~ (Directly inferable from Fields)

## 2.7 FieldExt, Variable

Model-like objects that operate on fields and are scoped by their pair objects include **FieldExt** (Value) corresponding to **FieldExtMD** (Meta Data) (Synonyms: DerivedField, Transformation ) and **Variable** (Meta Data).

A FieldExtMD is a Variable without contextual attributes that could be used across siblings in a Model or Project. It returns a single input space value for some later calculation, but may depend on several Fields.

Since a Variable is Model-Like meta data, it is consistent to refer a Variable's result or output. A Variable's result is used contextually. In a scored model implementation, the result is a single value in the model output space (which might be multinomial). Otherwise, a Variable usually returns a vector of size  $N \geq 1$ , where  $N$  is dependent on the treatment (See Section 3.4). The model development process can use this process to generate the coefficients for a marginal score. Unlike a FieldExtMD object that might be shared among siblings, the Variable object can contain contextual information shared back to the parent model.

This treatment does illustrate a significant difference with PMML which primarily represents an implementation. DerivedFields and Transformations in PMML may or may not be used and an artificial treatment such as Hats (See Section 3.4) can create an explosion of additional required DerivedFields needing to be defined (See Section 3.9). The PMML's Scorecard model represents a somewhat different scoring approach, is more compact, and could be a translation of Hats-based coefficients. Here, one objective is that the meta data for the artificials (including their coefficients) associated with a Variable should generally be retained with the variable.<sup>8</sup>

Meta data objects include:

- Name (required)
- **Sources** (Synonym: Fields)  
A collection of **Source** FieldMD, FieldExtMD, or Variable (See note below) references (at least one) and necessary Constants combined through specified treatments (See Section 3.6). These sources could evaluate other model types, in which case the Sources must include all model inputs and the embedded model must properly present its return signature.  
*Note: Variables are scoped to the Model level. However, an individual Variable might be scoped to a particular segment (See Section 3.7), or might represent the interaction between other Variables (effectively, the cross product of the artificials of the other variables). For computational consistency, Segmentation Variables must be processed before any dependent Variables and Sourced Variables before their interaction.*
- ~~Signature~~ (Directly inferable from Sources)
- Global attributes (For Variables) (examples)
  - On/Off switches
  - Static or Time-Varying
  - Controlling factor information. For example, a Variable may be used in model building, but not used in implementation.
- Contextual attributes (For Variables)
  - Modelling Directives (examples)
    - Outcome association (for multinomial models)
    - Treatment (See Section 3.4)
    - Critical Values, Categories  
*Note: Including instructions to eliminate collinearities.*
    - Missing data treatments (imputation)
  - Implementation Directives
    - Estimated Coefficients

## 2.8 Models and Projects

As discussed above, a **Model**, is the meta data associated with mapping an input space to an output space. A **Models** object is just a collection of models, and analogously, **Project** and **Projects** objects are synonymous super containers for Models.

<sup>8</sup>One obvious exception is Model level data, such as the estimated coefficient variance matrix. However, in a valid Model, there is no ambiguity between the artificial meta data and the associated columns/rows.

A simple model might just contain Variables and directives, but a model in a suite often contains several component models, including one for applicability. The Model meta data includes:

- Name and/or ID
- Documentation and links
- Global attributes
  - Model type and other details
- Contextual attributes
  - Modeling directives
  - Implementation directives
- Dictionary (Accessible FieldMDs scoped to Model)
- SignatureMD (External visibility)
- FieldExts (Accessible FieldExtMDs scoped to Model)
- Either Variables Or Models or Projects

A standalone Model will only have Variables. A Project or Composite Model will only have Models. A Composite Model must always have an Applicability scorecard component to be queried by the delivery engine. A Projects object will only have Projects.

### 3 Fields and Variables

Whether preparing data for modeling or evaluating loan level models in final delivery system, the **covariate picture** per loan is a bundle of attributes (Fields or data elements) that are presented together. Some Fields are *static* in that they never change over the life of the loan, such as origination date, original balance, original term, origination credit score, etc. Some variables are *time varying* as the name implies, such as outstanding unpaid principal balance, current interest rate, remaining term, etc.

#### 3.1 Naming Convention

A **naming convention** is difficult to enforce in a specification schema and therefore generally represents an objective. Ideally, everyone would use a well informed metadata structure, such as ISO/IEC 11179.<sup>9</sup> The basic premise is a **three-part naming convention**.<sup>10</sup>

**Object [Qualifier] Property Representation**

In general, although it might be acceptable to use CamelCase/StudyCaps or dot/\_ separated values, for this spec the objective will be CamelCase with underscores reserved for a possible trailing modifier:

**Object [Qualifier] Property Representation [\_Modifier]**

The use case of trailing modifiers becomes clear when handling time varying attributes, such as PrinBal, PrinBal\_Lag1, PrinBal\_Lag2, etc.

Implicit in the standards are that abbreviations are allowed if well understood, but switching between whole words and abbreviations is not allowed. For example, OriginationDate might be a Loan property, but either Origination is spelled out everywhere or it is abbreviated as Orig everywhere.

The only time a word can be dropped is when it is repeating. For example, LoanOrigDateDate use a Loan object or class, OrigDate as the property, but since Date is a common representation, LoanOrigDate is the final.

Examples of Objects or classes of fields commonly used: Loan, Borr[ower], CoBorr[ower], Prin[cipal], Pmt [Payment], Int[erest]Rate, Collat[eral], Prop[erty].

Examples of Property(ies) of fields commonly used: Orig[ination], Cur[rent], Prin[cipal], Int[erest]

*Note, Prin might be an object or a property, as in the case of PrinOrigBal for an original principal balance and PmtPrinAmt for the payment amount applied to principal.*

<sup>9</sup>[https://en.wikipedia.org/wiki/ISO/IEC\\_11179](https://en.wikipedia.org/wiki/ISO/IEC_11179)

<sup>10</sup>[https://en.wikipedia.org/wiki/Data\\_element\\_name](https://en.wikipedia.org/wiki/Data_element_name)

Examples of **Representation** terms commonly used: **Name**, **Number/Nbr**, **Rate**, **Pct**, **Date**, **DateTime**, **Status**, **Code**, **Ind[icator]**

*Note, as a part of the convention, **Rate** will be used for values directly interpreted, **Pct** will be used for values expressed “per 100”. Therefore, a loan with an 8.25% coupon, would have an **IntRate** field value of 0.0825, but an **IntRatePct** field value of 8.25.*

Examples of trailing modifiers commonly used: **\_Lag[#]**, **\_First**, **\_Last**, **\_Adj[usted]**

*Note:* One might ask why a modifier such as **\_Lag[#]** is required since it could be queried within a panel, but that assumes a panel is always provided. A query sampling incomplete panels would have to provide such data.

## 3.2 Aliases

A flexible data import and scrubbing system should be able to handle to input fields which have identical meanings but may have had different source field names or aliases. There is no reason to believe the source field names follow the same or any naming convention. Source field names may also vary from project to project, but, within a particular project scope, field names should be unique and there may be one-to-many mapping from field names to aliases. Therefore, this spec advocates a dictionary repository from which projects can inherit a core set of field names and a project-scope cross table between sources and source field names.

## 3.3 Data Types

The specification is based on XSD and XSD data types should be accepted, but for practical purposes, only the subset below is generally used. Implementation internals should map to their nearest counterpart. A critical attribute is *nillable* for handling both missing and invalid data. Common implementations will involve languages such as Java or C# which have built-in types that can nillable or null-valued standard data types ( **double** vs **Double** ).

With the Github publishing of the project **WDS\_JniPMML\_XLL**<sup>11</sup>, internal representation will use a **DTyp** abbreviation, which generally has 3 characters with the exceptions described below. This is solely to distinguish the types from the standard names which may treated differently in each language.

Core Concept	<b>DTyp</b>	Database(SQL)	XSD Type	Java
String (fixed length)	<b>Str</b>	char	xsd:string	String
String (variable length)	<b>VLS</b>	char/varchar	xsd:string	String
Double	<b>Dbl</b>	real(64), float(64), double	xsd:double (nillable)	Double
Int	<b>Int</b>	integer	xsd:int (nillable)	Integer
Long	<b>Lng</b>	integer, long	xsd:long (nillable)	Long
Boolean	<b>Bln</b>	boolean	xsd:boolean (nillable)	Boolean
Date	<b>Dte</b>	date	xsd:date (nillable)	Date
DateTime	<b>DTm</b>	datetime	xsd:dateTime	java.util.Calendar
Byte	<b>Byt</b>	blob	xsd:base64binary	byte

Additional details:

- TODO - Byte, **Byt**, is not fully implemented as of version 0.5.3.
- TODO - Date/DateTime values, when represented by strings, are ISO format only (i.e., YYYY-MM-DD based). The numeric value passing from C#/Excel to and from Java is not fully implemented yet as of version 0.5.3, but are passed as doubles.
- Strings are normalized, that is, without leadinging and trailing spaces, whitened controls, and with multiple spaces collapsed.

<sup>11</sup>See <https://github.com/wdatasci/WDS-JniPMML-XLL>.



- Fixed length strings, `Str`, when used in a function signature via attribute `DType="Str"`, will have an optional attribute `Length="#"` for the fixed length. In an XSD, there are also simple types `Str#` with node `<maxLength value="#"/>`. Pre-defined types in the xml schema are `Str1-Str16`, `Str32`, `Str64`, `Str128`, `Str256`, `Str512`, and `Str1024`. `Str\` is the union of the size specific types.
- Variable length strings, `VLS`, when used in a function signature via attribute `DType="VLS"`, will have an optional attribute `Length="#"` for the maximum length length.
- The term *Numeric* (`DType=Nbr\`) may be used for Double, Int, Long, or other XSD numeric types such as short, decimal, unsignedInt, unsignedShort, etc.
- List-Of objects (space delimited objects in XML node values) will be allowed with a `_List` modifier, such as `Dbl_List` for a List-Of-Doubles. This is to adhere to the three part

*+trailing\_modifier*

naming convention where `Dbl` is the name and representation.

### 3.4 Variable Treatments

*Note: Code and workbook example implementating these treatments is available on the WDataSci's github, <https://github.com/wdatasci>.*

There are some variables with obvious treatments, such as categorical variables or segmentation indicators. For the immediately following notes, let us just consider an effectively continuous variable  $X$ .

Back in 1997, simple discretization was still the standard treatment in credit scoring. Discretization is mathematically *pure* in the sense of measure theoretic concepts like integration or expectation.<sup>12</sup> However, in practice, a credit scoring model based on discretized variables has the undesirable effect of a small change in an input variable can create an unexpectedly large change in the score. An example graph is in Figure 3.4. The heights of the indicator functions are varied just for illustration. A scored linear combination is also included. Even though the graph is drawn continuous, the vertical jumps are discontinuities.

To discretize any variable,  $X$ , the cut-off points,  $c_1, \dots, c_m$ , need to be chosen somehow. These points are sometimes referred to as *cuts*, *knots*, *CriticalValues*, etc. In Figure 3.4, these are just 0, 1, 2, and 3. Notice that 3 cuts yields 4 intervals of the range and 5 artificials since  $X_0$  is by convention a missing indicator. Historically, cut selection used to be done by visual inspection of cross tabulations with the targeted response. If the space of  $X$  is coarse enough, it can also be done with a recursive algorithm to minimize SSE and target concepts like no interval too small and a reasonable number of cuts.

Author's Note, CJW: At GE Capital, I was asked, how do we create a linearly interpolated score?<sup>13</sup> The answer was easy. From a PDE class in graduate school, I knew them as *Hat* functions. A simple replacement for discretized artificials, hat functions (**Hats**), were used in the next version of GE Capital Mortgage Insurance's OmniScore, built by Matt Palmgren.<sup>14</sup>

One of the realities in academia is that if you think you come up with something new or at least call it something new in a different area, you can publish it. *Hats* are also:

- Finite element basis functions
- Order 1 B-splines (Bucketized or discretized variables as in Figure 3.4 are also Order 0 B-splines)
- Special cases of fuzzy logic neighborhood functions
- Integrated Haar wavelets

<sup>12</sup>The traditional Riemann integration was motivated by segmenting the range, using a discretized estimate of the target function, adding the areas of each rectangle, and then take the limit under refinement. Probabilistic expectation follows a similar concept, but where segmentation is the over measurable event sets in the probably measure space.

<sup>13</sup>With a scorecard using discretized variables, loan brokers could decipher the scorecard by pinging it and had figured out how to game the system.

<sup>14</sup>Palmgren, M. A., Wypasek, C. J., June 24, 2008, *Methods and apparatus for utilizing a proportional hazards model to evaluate loan risk*, US Patent 7392216



Discretizing a variable  $X$  with  $n - 1$  knots yields  $n + 1$  indicators  $X_0, \dots, X_n$ , that cover the range of a variable  $X$ , have the following properties:

$$\begin{aligned} X_i(t) &\in \{0, 1\} \quad \forall t, i = 0, \dots, n \\ X_i(t) &\text{ is right continuous between knots } \forall i \\ X_i(t)X_j(t) &= 0 \quad \forall t, i \neq j \\ \sum_{i=0}^n X_i(t) &= 1 \quad \forall t \end{aligned}$$

Hats extends that slightly, except  $n$  knots are used to create  $n + 1$  artificials with:

$$\begin{aligned} X_i(t) &\in [0, 1] \quad \forall t, i = 0, \dots, n \\ X_i(t) &\text{ is continuous and piece-wise-linear everywhere } \forall i \\ X_iX_jX_k &= 0 \quad \forall t, i \neq j, i \neq k, j \neq k \\ \sum_{i=0}^n X_i(t) &= 1 \quad \forall t \end{aligned}$$

The second property in each group translates to: no two discretized artificials are non-zero at the same time and no more than two hat functions are non-zero at the same time.

Obviously, discretized indicators have discontinuities and hat functions are continuous, but with discontinuities at knot points in its derivative. Higher order B-splines can also be used and will be discussed later. An easy form of artificials which yields second order smooth effects is *iHats* or integrated hat functions with an example in Figure 3.4. As with hats,  $n$  knots will imply  $n + 1$  artificials. For a given set of  $n$  knots,  $c_1, \dots, c_n$ , if  $\hat{X}_i$  is one of the corresponding hat artificials, then

$$X_i(t) = \int_{c_1}^t \hat{X}_i(s) ds.$$

This does loose some of corresponding properties above, however, for linear components, it has the effect of fitting hats in the derivative space.

Since discretized variables and Hats are cases of B-splines with orders 0 or 1, why not just use B-splines? Outside of historical reasons for usage and naming, the usual recursive definition of B-splines<sup>15</sup> needs handling for values outside the knot sets and some notational standardization to fit into the framework presented here. We will use the acronym, *BZ#*, for our treatment using B-Splines of order  $\#$ . So, starting discussion with  $m$  knots or critical values,  $c_1, \dots, c_m$ ,

- All treatments will have a missing indicator,  $X_0$ , which here is also includes any invalid data. Extreme values taken as outliers can always be handled by specifying *Clean Limits*, or boundary values, outside of which, the variable value integrity is considered questionable. For example, a FICO credit score of 100 or 8000. Some systems will extreme values as system coded flags.
- A B-Spline Order 0 (Discretized) treatment would have  $m - 1$  basis functions and a total of  $(m - 1) + 2 + 1$  artificials, adding 2 end cap indicators for  $(-\infty, c_1)$  and  $[c_m, \infty)$ , and a missing indicator. A B-spline order 0 basis functions would require at least  $m = 2$ , but this coding of variables allows  $m = 1$ .
- A B-Spline Order 1 (Hats) treatment would have  $m - 2$  basis functions. In the recursive treatment, each basis function for each order requires 2 basis functions from the next lower order. There will be  $(m - 2) + 2 + 1$  artificials, but the left and right end caps will complement  $B_{1,1}(x)$  left of  $c_2$  and  $B_{m-2,1}(x)$  right of  $c_{m-1}$  respectively.
- A B-Spline Order  $N$  (BZN) treatment would have  $m - (N + 1)$  basis functions. As with Hats, the end-caps will be complementary, and there will be  $(m - (N + 1)) + 2 + 1$  artificials.

The theoretical recursive construction B-Splines is easy enough when evaluating an entire space, such as in Figure 3.4, however, it is not necessarily conducive to rapid scoring. For low orders, the formula can still be expressed in a fairly straight forward manner. This can be tricky, since instead of finding all of the lower order basis functions and building up, when given a value, one finds which basis functions have support. For a pseudo-code example of the comparative complexity, consider:

<sup>15</sup>We will use the notation from <https://en.wikipedia.org/wiki/B-spline> where expedient.

```

let CV[1 to m] be the vector of critical values
let CLLeft and CLRight be the left and right clean limits
let x be the variable instance
let A[0 to last] be the vector of artificials to be generated
let last be the number of artificials (not counting the missing indicator since A starts at 0)
let T="Discretized|Hats|iHats|BZ2" be the treatment

if ismissing(x) or x<CLLeft or x>CLRight then A[0]=1
else if x<CV[1] then A[1]=1
else if x>CV[m] then A[last]=1
else {

  find i so that x>=CV[i] and x<CV[i+1]

  if T="Discretized" then
    A[i+1]=1
  else if T="Hats" then
    tmp=(x-CV[i])/(CV[i+1]-CV[i])
    A[i]=1-tmp
    A[i+1]=tmp
  else if T="iHats" then
    tmp=(x-CV[i])^2/(CV[i+1]-CV[i])/2
    A[i+1]=tmp
    A[i]=(x-CV[i]-tmp)
    (all iHats with support left of x need the simple area of the triangle added)
    for j=1 to i-1
      A[j+1]=A[j+1]+(CV[j+1]-CV[j])/2
      A[j]=A[j]+(CV[j+1]-CV[j])/2

  else if T="BZ2" then

    (temporary values...)
    let ia be the artifical index associated with i, here shifted because of the left-cap
    ia=i+1

    xMci = (x - CV[i])
    xMciM1 = 0
    if i>1 then (two basis functions have support)
      xMciM1 = (x - CV[i-1])

    let fo0 be the basis function value associated with found interval i (offset 0)
    let fo1 be the basis function value associated with found interval i (offset -1)
    let fo2 be the basis function value associated with found interval i (offset -2)

    fo0=0
    fo1=0
    fo2=0

    if i< m-1 then (there are no new basis functions after CV[m-2], only the catch all A[last])
      fo0= xMci / (CV[i+2]-CV[i]) * xMci / (CV[i+1]-CV[i])

    if i=1 then (the only left functions is the catch all A[1])
      fo1=1-fo0
    else if i< m-1 then (if i=m-1, then fo1 should be the catch all)
      fo1= xMciM1 / ( CV[(i-1)+2] - CV[(i-1)]) * ( 1 - xMci / ( CV[i+1] - CV[i] ) )
        + ( 1 - xMci / ( CV[i+2] - CV[i] ) ) * xMci / (CV[i+1] - CV[i])

    if i=2 then (the left-most catch all should be)
      fo2=1-fo0-fo1
    else if x>2 then
      fo2=(1-xMciM1)/(CV[(i-1)+2]-CV[i])*(1-xMci/(CV[i+1]-CV[i]))

    if i=m-1 then (there is no value in fo0 and fo1 should catch all)
      fo1=1-fo2

    if ia<last then
      A[ia]=fo0
    else
      A[last]=fo0

    if ia-1<last then
      A[ia-1]=fo1
    else
      A[last]+=fo1

    if i>1 then
      A[ia-2]=fo2
  }
}

```

Figure 2: Simple Discretized Example (With Varying Heights To Illustrate), knots at 0, 1, 2, 3

Figure 3: Simple *Hats* Example, knots at 0, 1, 2, 3

With a few pre-calculated caches of values such as  $CV[i + 1] - CV[i]$ , the artificial values can all be determined quickly and efficiently once the inter-knot interval is found. From the pseudo-code example, it is also clear that if a vector of coefficients,  $COEF[.]$ , corresponding to the artificials,  $A[.]$ , is available, the marginal score can be calculated easily.

### 3.5 The Usual Individual Variable Treatments

The usual variable treatments must have equivalent implementations in each coding language. For this version of the specification, the treatments will be:

Formal Treatment Name	Variable Type	Treatment Aliases	Critical Values	Artificials Produced
None	Numeric	Straight	n.a.	1
Constant	Numeric		n.a.	1
CodedMissings	Numeric		n.a.	2
Categorical	String		$N \geq 1$	$N + 1$
NCategorical	Numeric	CategoricalNumeric	$N \geq 1$	$N + 1$
Segmentation	String		1	2
NSegmentation	Numeric	Indicator	1	2
Discrete	Numeric	Discretize, Levels, Buckets, BZ0	$N \geq 1$	$N + 2$
Hats	Numeric	BZ1	$N \geq 2$	$N + 1$
iHats	Numeric		$N \geq 2$	$N + 1$
BZ2	Numeric		$N \geq 3$	$N$
BZ3	Numeric		$N \geq 4$	$N - 1$

Critical notes:

- There is no reason this core set cannot be extended, but all consumers would be required to implement the extensions..
- The *None* and *Constant* treatments are the only ones which do not have implicit missing handling and implementation results may be undefined. Therefore, *None* is rarely used. A *CodedMissings* treatment would be used instead, dropping the missing code from the model building process, and assuming the handling logic is provided elsewhere. *Constant* will be used for a term such as an intercept, where a default value may be given or implied.
- The number of artificials produced is also the number of coefficients required to score (per outcome in a multinomial score). Any one or more artificials not used in the model should have a 0-valued place-holder coefficient.
- Here, *Discretize* is strictly an input space partitioning into adjacent mutually exclusive intervals which must cover the entire input space. Uses of the term in other specifications are often equivalent to *CategoricalNumeric* which can be unordered and with a generally small collection of specific values. Ordinal values, either treated individually or as members of contiguous intervals, can be handled with this understanding of *Discretize* without confusion.

Figure 4: Simple *iHats* Example, knots at 0, 1, 2, 3

Figure 5: Simple *BZ2* Example, knots at 0, 1, 2, 3, 4

- *[N]Segmentation* is a special case of *[N]Categorical* with a single critical value or set used for an indicator of a population segment and subsequent variable instructions, see Section 3.7.

### 3.6 The Usual Variable Source Transformations

There are times when a particular data variable construction may have a limited scope in a model or suite, for example, `amortization_factor = (PrinCurBal)/(PrinOrigBal)`. The `amortization_factor` may not be available in the input space where Fields `PrinCurBal` and `PrinOrigBal` exist. Continuing along the theme that each variable treatment is its own component model, it follows that each variable can have its own dictionary of source fields and transformations. Each can be understood as formula based on a sequence of core sources, say  $s_1, s_2, \dots, s_N$ , and possibly a sequence of constants,  $c_1, c_2, \dots, c_M$ . More than one transformation can be applied and they will be applied in order to the previous result, denoted below as  $X$ . In the case that more than one temporary result is required,  $X[\#]$ , will refer the the calculation  $\#$  prior on the stack. For the first transformation to be applied or the case where no transformations are applied,  $X = s_1$ . For a naming and style convention, we will use RPN, with the understanding that all zero divisors result in a *null* value to be treated as missing or invalid data.

Transformation	# Inc Srcs	# Inc Const	Formula
None (X)	1	0	$s_1$
$X[\#].S[\#].add$	1	0	$(X[\#] + s_{[\#]})$
$X[\#].C[\#].add$	0	1	$(X[\#] + c_{[\#]})$
$X[\#].S[\#].sub$	1	0	$(X[\#] - s_{[\#]})$
$X[\#].C[\#].sub$	0	1	$(X[\#] - c_{[\#]})$
$X[\#].S[\#].div$	1	0	$(s_{[\#]} > \epsilon) ? (X[\#]/s_{[\#]}) : null$
$X[\#].S[\#].S[?].sub.div$	1	0	$(s_{[\#]} - s_{[?]} > \epsilon) ? (X[\#]/(s_{[\#]} - s_{[?]})) : null$
$X[\#].C[\#].sub.C[?].div$	1	0	$(X[\#] - c_{[\#]})/c_{[?]}$
$X[\#].C[\#].mul$	0	1	$(X[\#] * c_{[\#]})$
$X[\#].C[\#].min$	0	1	$min(X[\#], c_{[\#]})$
$X[\#].C[\#].max$	0	1	$max(X[\#], c_{[\#]})$
$X[\#].C[\#].pow$	0	1	$power(X[\#], c_{[\#]})$
$X[\#].S[\#].C[?].[eq le lt ge gt].nullif$	1	1	$(s_{[\#]} [=   \leq   <   \geq   >] c_{[?]}) ? X[\#] : null$

In order for any transformation to be added to the usual collection, model specification consumers and/or code writers would need to be updated to have that functionality.

### 3.7 Segmentation Variables

The term, *segmented*, in modeling can carry several connotations. Some modelers will use the term *segmented linear regression* to refer to piece-wise linear continuous regression, which happens to be an immediate and simple outcome of using the Hats artificial variable treatment described above. Others might use *segmentation* in reference to a population segmentation over which different models are appropriate. In this specification, population segmentation is used to create separate models to be included in a larger suite. The Applicability scorecards help the specify the correct model to use and deliver. A **Segmentation Variable**, in this context of this specification, will be used for the following:

- A binary or low-order multi-nomial indicator that for some population segmentation that calls for possible differing sets of other variable treatments across segments to be fit while other sets of variable treatments may be fit in common across segments. For example, suppose one has population segments *A*, *B*, and *C*, and variables, *X* and *Y*, to be fit across segments, variables, *S* and *T*, only on segment *A*, and variables, *U* and *V*, only on segment *B*. Simplistically, one might have something like:

$$\beta_X X + \beta_Y Y + 1_A(\beta_S S + \beta_T T) + 1_B(\beta_U U + \beta_V V)$$

- Suppose  $W$  is to be used as a segmentation variable. Then itself has a treatment which gives artificials  $W_0, W_1, \dots, W_N$ , in the regular manner and often,  $N = 1$ . These indicators over the input space of  $W$  can also be viewed as segmenting the Intercept variable, or analogously, the coefficients associated with  $W_0, W_1, \dots, W_N$  are the intercepts associated with the possible  $N+1$  segments of the population. In the usual way of eliminating co-linearities, if an intercept variable is used, at least one of  $W_i$  will need to be dropped from fitting. However, the dropped indicators still exist (in spirit at least) in the modeling input data set.
- Any other variable might have a *Segmented By* designation for  $W$ , in which case, the corresponding artificial,  $W_i$ , will also need to be noted. Extending the example above, suppose one as the variable:

$$W = 0 * 1_C + 1 * 1_A + 2 * 1_B$$

Then,  $W$  could have a simple CategoricalNumeric treatment with critical values 1 and 2. The 0 value not listed as a critical value would be treated as un-mapped or missing and  $W_0 = 1$ . Therefore, the net effect of  $1_A(\beta_S S + \beta_T T)$  can be given to variables  $S$  and  $T$  if they include the tagged information *SegmentedBy W, artificial index 1*. Variables  $U$  and  $V$  would be correspondingly tagged with *SegmentedBy W, artificial index 2*.

Why not just tag a variable with *SegmentedBy W=<some value>*? Variables are often added, updated, and/or subtracted later. Furthermore, simple binaries are usually used, with an effective treatment of *CategoricalNumeric with Critical Value 1*, which can make the segmentation pattern *artificial index 1* the default.

- Generally speaking, variables do not need to be specified in any given order, but during model development and implementation, segmentation variables should be processed first, but possibly following their own SegmentedBy variables. There are XSLT/XPATH ways to pull out these variables first when processing.
- Once a variable, say  $S$ , has been tagged with something like *SegmentedBy W, artificial index 1*, then all artificials for  $S$ , including its missing indicator, must be 0 unless  $W_1 = 1$ . So, if  $W$  has itself been tagged with something like *SegmentedBy Z, artificial index 3*, then  $S_i = 0 \forall i$  at least whenever  $W_1 \neq 1$  which happens at least whenever  $Z_3 \neq 1$ .

### 3.8 A Detailed Example

[Under construction] Consider a simple *made-up* two variable model for competing risks. One Example could be:

```
<?xml version="1.0"?>
<!-- Copyright 2019, 2020, 2021, 2022, Wypasek Data Science, Inc.
      Author: Christian Wypasek (CJW)
-->
<Projects xmlns:xi="http://www.w3.org/2001/XInclude">
  <Project Name="Example1">
    <Documentation>
      <Version>
        <Major>1</Major>
        <Minor>0</Minor>
        <Patch>2</Patch>
      </Version>
      <Date>2020-02-02</Date>
      <Text><par>Simple example model of WDS-ModelSpec.</par>
      </Text>
    </Documentation>
    <Dictionary><xi:include parse="xml" href="[Path to projecct space global source reference]"
      xpointer="FieldMDs"/></Dictionary>
    <Models>
      <Model Name="ExampleModel1"
        Handle="CRM1"
        >
        <SignatureMDs>
          <SignatureMD Name="Input">
          </SignatureMD>
          <SignatureMD Name="Output">
          </SignatureMD>
        </SignatureMDs>
      </Model>
    </Models>
    <ModelDirectives>
      <!--CompRiskSurv models always include:
        an applicability score, one value per subject
        a static score, one value per subject and each response
        a time varying conal ordering score which provides robust scoers across age
        and calendar effects, one value per subject, each response,
```

```

        and each (age, time) in requested time frame
        a time varying score which provides a robust score across just age effects,
        one value per subject, each response, and each (age, time) in
        requested time frame
        a baseline score, one value per
        subject, and age in requested time frame
-->
<Type>CompRiskSurv</Type>
<Responses>
  <Response>EC1</Response>
  <Response>EC2</Response>
</Responses>
</ModelDirectives>
<ComponentModels>
  <!--All models have an applicability score, used to determine at run time which
        model is appropriate. The return value of an applicability score is
        0 (applicable) or negative.
  -->
  <ComponentModel Name="Applicability" Handle="App">
    </ComponentModel>
  <ComponentModel Response="Static">
    <Variables>
      <Variable Name="FICO" Handle="X">
        <Treatment>Hats</Treatment>
        <CleanLimits>
          <LeftLimit>150</LeftLimit>
          <RightLimit>950</RightLimit>
        </CleanLimits>
        <CriticalValues>
          <CriticalValue> 600 </CriticalValue>
          <CriticalValue> 650 </CriticalValue>
          <CriticalValue> 700 </CriticalValue>
        </CriticalValues>
        <CoefficientSets>
          <CoefficientSet Response="EC1">
            <Coefficient Position="0"> 0 </Coefficient>
            <Coefficient Position="1"> 0 </Coefficient>
            <Coefficient Position="2"> 0 </Coefficient>
            <Coefficient Position="3"> 0 </Coefficient>
          </CoefficientSet>
          <CoefficientSet Response="EC2">
            <Coefficient Position="0"> 0 </Coefficient>
            <Coefficient Position="1"> 0 </Coefficient>
            <Coefficient Position="2"> 0 </Coefficient>
            <Coefficient Position="3"> 0 </Coefficient>
          </CoefficientSet>
        </CoefficientSets>
      </Variable>
    </Variables>
  </ComponentModel>
  <ComponentModel Response="TVC">
    </ComponentModel>
  <ComponentModel Response="TV">
    </ComponentModel>
  <ComponentModel Response="Baseline">
    </ComponentModel>
</ComponentModels>
</Model>
</Models>
</Project>
</Projects>

```

### 3.9 Comparison of a simple variable's treatment between WDS Model Spec and PMML

The following example includes subset of what would be required to specify a simple Hats treatment for a variable in the spec under discussion and PMML's Regression model. Note: this could be handled differently in the PMML Scorecard model.

There is a minimal set of information required to perform this process as in VariablePackets:

```

Name: X
Treatment for X: Hats
CriticalValues for X: 0 1 3
Coefficients for X: 0.0 1.25 1.75 2.0

```

More verbose with markup is the XML version of the WDS Model Spec:

```
<Variable Name="X">
  <Treatment>Hats</Treatment>
  <CriticalValues> 0 1 3 </CriticalValues>
  <Coefficients> 0.0 1.25 1.75 2.0 <Coefficients>
</Variable>
```

Note: A more susinct form XML form for a list of critical values would be:

```
<CriticalValues><CriticalValue>0</CriticalValue><CriticalValue>1</CriticalValue><CriticalValue>3</CriticalValue></CriticalValues>
</Variable>
```

This does permit easier and cleaner handling in XSLT.

There are several ways to score the model in PMML. The closest to the model fitting process would be to create the Hat functions as variables, as with PMML-4.3 Transformations:

```
<LocalTransformations>
  <DerivedField name="X_1" dataType="double" optype="continuous">
    <NormContinuous field="X">
      <LinearNorm orig="0" norm="-1">
        <LinearNorm orig="1" norm="0">
      </NormContinuous>
    </DerivedField>
    <DerivedField name="X_2" dataType="double" optype="continuous">
      <NormContinuous field="X">
        <LinearNorm orig="1" norm="-1">
          <LinearNorm orig="3" norm="-0.5">
        </NormContinuous>
      </DerivedField>
      <DerivedField name="X_3" dataType="double" optype="continuous">
        <NormContinuous field="X">
          <LinearNorm orig="0" norm="1">
            <LinearNorm orig="1" norm="-.5">
          </NormContinuous>
        </DerivedField>
      </DerivedField>
    </LocalTransformations>
```

Each of the DerivedFields then receives a separate location in the regression coefficient table. To match the scoring output, the combined final effect could be created as one transformation which would receive only one location in the regression table:

TODO: This is part of the problem, the PMML transformation spec is really poor and not easy to figure out.

## 4 Implementation and Details

### 4.1 WDS Github

As draft portions of the spec and tools are open-sourced, they will be made available at <https://github.com/wdatasci>.

#### 4.1.1 WDS-ModelSpec

At <https://github.com/wdatasci/WDS-ModelSpec>, a collection of utilities is available. Many items have parallel implementations in C/C++, Lua, Python, SAS, and others.

#### 4.1.2 WDS-JniPMML-XLL

As a project to test PMML implementations in Excel, WDS has open-sourced a JNI-based caller to jpmml-evaluator, available at: <https://github.com/wdatasci/WDS-JniPMML-XLL>. There are several utilities to wrangle data and PMML models in and out of Excel.

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