
Contents

Preface xiii

Part 1 Data Preparation: Business Point of View

Chapter 1 Analytic Business Questions 3

- 1.1 Introduction 3
- 1.2 The Term *Business Question* 4
- 1.3 Examples of Analytic Business Questions 4
- 1.4 The Analysis Process 5
- 1.5 Challenging an Analytic Business Question 6
- 1.6 Business Point of View Needed 9

Chapter 2 Characteristics of Analytic Business Questions 11

- 2.1 Introduction 12
- 2.2 Analysis Complexity: Real Analytic or Reporting? 12
- 2.3 Analysis Paradigm: Statistics or Data Mining? 13
- 2.4 Data Preparation Paradigm: As Much Data As Possible or Business Knowledge First? 14
- 2.5 Analysis Method: Supervised or Unsupervised? 15
- 2.6 Scoring Needed: Yes/No? 16
- 2.7 Periodicity of Analysis: One-Shot Analysis or Re-run Analysis? 17
- 2.8 Need for Historic Data: Yes/No? 18
- 2.9 Data Structure: One-Row-per-Subject or Multiple-Rows-per-Subject? 19
- 2.10 Complexity of the Analysis Team 19
- 2.11 Conclusion 19

Chapter 3 Characteristics of Data Sources 21

- 3.1 Introduction 21
- 3.2 Operational or Dispositive Data Systems? 22
- 3.3 Data Requirement: Periodic Availability 24
- 3.4 Wording: Analysis Table or Analytic Data Mart? 25
- 3.5 Quality of Data Sources for Analytics 25

Chapter 4 Different Points of View on Analytic Data Preparation 29

- 4.1 Introduction 29
- 4.2 Simon, Daniele and Elias: Three Different Roles in the Analysis Process 30
- 4.3 Simon—The Business Analyst 30
- 4.4 Daniele—The Quantitative Expert 31
- 4.5 Elias—The IT and Data Expert 32
- 4.6 Who Is Right? 33
- 4.7 The Optimal Triangle 35

Part 2 Data Structures and Data Modeling

Chapter 5 The Origin of Data 39

- 5.1 Introduction 39
- 5.2 Data Origin from a Technical Point of View 40
- 5.3 Application Layer and Data Layer 40
- 5.4 Simple Text Files or Spreadsheets 40
- 5.5 Relational Database Systems 41
- 5.6 Enterprise Resource Planning Systems 41
- 5.7 Hierarchical Databases 42
- 5.8 Large Text Files 42
- 5.9 Where Should Data Be Accessed From? 43

Chapter 6 Data Models 45

- 6.1 Introduction 45
- 6.2 Relational Model and Entity Relationship Diagrams 46
- 6.3 Logical versus Physical Data Model 46
- 6.4 Star Schema 47
- 6.5 Normalization and De-normalization 49

Chapter 7 Analysis Subjects and Multiple Observations 51

- 7.1 Introduction 51
- 7.2 Analysis Subject 52
- 7.3 Multiple Observations 53
- 7.4 Data Mart Structures 55
- 7.5 No Analysis Subject Available? 59

Chapter 8 The One Row-per-Subject Data Mart 61

- 8.1 Introduction 61
- 8.2 The One-Row-per-Subject Paradigm 62
- 8.3 The Technical Point of View 64
- 8.4 The Business Point of View: Transposing or Aggregating Original Data 65
- 8.5 Hierarchies: Aggregating Up and Copying Down 67
- 8.6 Conclusion 68

Chapter 9 The Multiple-Rows-per-Subject Data Mart 69

- 9.1 Introduction 69
- 9.2 Using Multiple-Rows-per-Subject Data Marts 70
- 9.3 Types of Multiple-Rows-per-Subject Data Marts 71
- 9.4 Multiple Observations per Time Period 74
- 9.5 Relationship to Other Data Mart Structures 75

Chapter 10 Data Structures for Longitudinal Analysis 77

- 10.1 Introduction 77
- 10.2 Data Relationships in Longitudinal Cases 79
- 10.3 Transactional Data, Finest Granularity, and Most Appropriate Aggregation Level 82
- 10.4 Data Mart Structures for Longitudinal Data Marts 83

Chapter 11 Considerations for Data Marts 89

- 11.1 Introduction 89
- 11.2 Types and Roles of Variables in a Data Mart 89
- 11.3 Derived Variables 92
- 11.4 Variable Criteria 93

Chapter 12 Considerations for Predictive Modeling 95

- 12.1 Introduction 95
- 12.2 Target Windows and Observation Windows 96
- 12.3 Multiple Target Windows 97
- 12.4 Overfitting 98

Part 3 Data Mart Coding and Content

Chapter 13 Accessing Data 105

- 13.1 Introduction 105
- 13.2 Accessing Data from Relational Databases Using SAS/ACCESS Modules 106
- 13.3 Accessing Data from Microsoft Office 108
- 13.4 Accessing Data from Text Files 108
- 13.5 Accessing Data from Hierarchical Text Files 110
- 13.6 Other Access Methods 113

Chapter 14 Transposing One- and Multiple-Rows-per-Subject Data Structures 115

- 14.1 Introduction 115
- 14.2 Transposing from a Multiple-Rows-per-Subject Data Set to a One-Row-per-Subject Data Set 117
- 14.3 Transposing from a One-Row-per-Subject Data Set to a Multiple-Rows-per-Subject Data Set 120
- 14.4 Transposing a Transactional Table with Categorical Entries 124
- 14.5 Creating Key-Value Tables 128

Chapter 15 Transposing Longitudinal Data 131

- 15.1 Introduction 131
- 15.2 Standard Scenarios 132
- 15.3 Complex Scenarios 134

Chapter 16 Transformations of Interval-Scaled Variables 139

- 16.1 Introduction 139
- 16.2 Simple Derived Variables 140
- 16.3 Derived Relative Variables 143
- 16.4 Time Intervals 146
- 16.5 Binning Observations into Groups 149
- 16.6 Transformations of Distributions 153
- 16.7 Replacing Missing Values 159
- 16.8 Conclusion 160

Chapter 17 Transformations of Categorical Variables 161

- 17.1 Introduction 161
- 17.2 General Considerations for Categorical Variables 162
- 17.3 Derived Variables 164
- 17.4 Combining Categories 166
- 17.5 Dummy Coding of Categorical Variables 169
- 17.6 Multidimensional Categorical Variables 172
- 17.7 Lookup Tables and External Data 176

Chapter 18 Multiple Interval-Scaled Observations per Subject 179

- 18.1 Introduction 179
- 18.2 Static Aggregation 180
- 18.3 Correlation of Values 184
- 18.4 Concentration of Values 187
- 18.5 Course over Time: Standardization of Values 189
- 18.6 Course over Time: Derived Variables 194

Chapter 19 Multiple Categorical Observations per Subject 201

- 19.1 Introduction 201
- 19.2 Absolute and Relative Frequencies of Categories 202
- 19.3 Concatenating Absolute and Relative Frequencies 206
- 19.4 Calculating Total and Distinct Counts of the Categories 208
- 19.5 Using ODS to Create Different Percent Variables 209
- 19.6 Business Interpretation of Percentage Variables 212
- 19.7 Other Methods 213

Chapter 20 Coding for Predictive Modeling 215

- 20.1 Introduction 215
- 20.2 Proportions or Means of the Target Variable 216
- 20.3 Interval Variables and Predictive Modeling 225
- 20.4 Validation Methods 231
- 20.5 Conclusion 232

Chapter 21 Data Preparation for Multiple-Rows-per-Subject and Longitudinal Data Marts 233

- 21.1 Introduction 233
- 21.2 Data Preparation for Association and Sequence Analysis 234

- 21.3 Enhancing Time Series Data 238
- 21.4 Aggregating at Various Hierarchical Levels 242
- 21.5 Preparing Time Series Data with SAS Functions 245
- 21.6 Using SAS/ETS Procedures for Data Preparation 250

Part 4 Sampling, Scoring, and Automation

Chapter 22 Sampling 257

- 22.1 Introduction 257
- 22.2 Sampling Methods 258
- 22.3 Simple Sampling and Reaching the Exact Sample Count or Proportion 259
- 22.4 Oversampling 261
- 22.5 Clustered Sampling 263
- 22.6 Conclusion 267

Chapter 23 Scoring and Automation 269

- 23.1 Introduction 269
- 23.2 Scoring Process 271
- 23.3 Explicitly Calculating the Score Values from Parameters and Input Variables 273
- 23.4 Using the Respective SAS/STAT Procedure for Scoring 275
- 23.5 Scoring with PROC SCORE of SAS/STAT 279
- 23.6 Using the Respective SAS/ETS Procedure for Scoring 279
- 23.7 The Score Code That Can Be Produced in SAS Enterprise Miner 281
- 23.8 The Pre-checks on the Data That Are Useful before Scoring 281
- 23.9 Automation of Data Mart Creation in General 290

Chapter 24 Do's and Don'ts When Building Data Marts 293

- 24.1 Introduction 293
- 24.2 Process Do's and Don'ts 294
- 24.3 Data Mart Handling Do's and Don'ts 295
- 24.4 Coding Do's and Don'ts 298

Part 5 Case Studies

Chapter 25 Case Study 1—Building a Customer Data Mart 305

- 25.1 Introduction 305
- 25.2 The Business Context 306
- 25.3 The Data 307
- 25.4 The Programs 310
- 25.5 The Results and Their Usage 316

Chapter 26 Case Study 2—Deriving Customer Segmentation Measures from Transactional Data 317

- 26.1 The Business Questions 317
- 26.2 The Data 318
- 26.3 The Programs 321
- 26.4 The Results and Their Usage 326

Chapter 27 Case Study 3—Preparing Data for Time Series Analysis 327

- 27.1 Introduction 327
- 27.2 The Business Context 328
- 27.3 The Data 329
- 27.4 From Transactional Data to the Most Appropriate Aggregation 332
- 27.5 Comparing PROC SQL, PROC MEANS, and PROC TIMESERIES 336
- 27.6 Additional Aggregations 338
- 27.7 Derived Variables 341
- 27.8 Creating Observations for Future Months 344
- 27.9 The Results and Their Usage 345

Chapter 28 Case Study 4—Data Preparation in SAS Enterprise Miner 347

- 28.1 Introduction 347
- 28.2 Nodes for Data Preparation 348
- 28.3 Data Definition, Sampling, and Data Partition 350
- 28.4 Data Transformation 352
- 28.5 Scoring in SAS Enterprise Miner 352
- 28.6 Merging Multiple-Rows-per-Subject Data 355
- 28.7 Conclusion 358

Appendix A Data Structures from a SAS Procedure Point of View 361

- A.1 Introduction 361
- A.2 Relationship between Data Mart Elements and SAS Procedure Statements 362
- A.3 Data Mart Structure Requirements for Selected Base SAS Procedures 363
- A.4 Data Mart Structure Requirements for Selected SAS/STAT Procedures 364
- A.5 Data Mart Structure Requirements for Selected SAS/ETS Procedures 365
- A.6 Data Mart Structure Requirements for Selected SAS/QC Procedures 366
- A.7 Data Mart Structure Requirements for Selected SAS/GRAPH Procedures 366
- A.8 Data Mart Structure Requirements for SAS Enterprise Miner Nodes 367

Appendix B The Power of SAS for Analytic Data Preparation 369

- B.1 Motivation 369
- B.2 Overview 370
- B.3 Extracting Data from Source Systems 371
- B.4 Changing the Data Mart Structure: Transposing 371
- B.5 Data Management for Longitudinal and Multiple-Rows-per-Subject Data Sets 372
- B.6 Selected Features of the SAS Language for Data Management 375
- B.7 Benefits of the SAS Macro Language 378
- B.8 Matrix Operations with SAS/IML 381

Appendix C Transposing with DATA Steps 383

- C.1 Transposing and Performance 383
- C.2 From a LONG Data Set to a WIDE Data Set 385
- C.3 From a WIDE Data Set to a LONG Data Set 387
- C.4 Transposing Transactional Categories with a DATA Step 389

Glossary 391

Index 393