

The Business of Scoring

Abstract

As data scientists, we spend much of our time focusing on models, looking for statistical lift to maximise the differentiation between good and bad customers. While our analytical lens is sharp and precise, businesses operate within a grey and complex ecosystem of competing priorities and pressures. This is something that video game players refer to as the “fog of war.” You must simultaneously fund, develop, and deploy resources while having limited and imperfect information, depending on where your “eyes” are deployed.

The fundamental challenge lies in bridging the gap between technical sophistication and strategic execution: "If we look at scoring holistically, what does winning truly look like? Then, how do we first define and then deliver COMPETITIVE ADVANTAGE?"

This paper takes a step back from the analytical coal face and seeks to define what winning could look like. Recognising that business priorities could change from period to period, we need to design a logical architecture to our workflow with the appropriate investments in supporting infrastructure to achieve a sustainable competitive advantage. Specifically, we examine how processes related to data, modelling, decision-making, and monitoring can be enhanced, creating maximum value and efficiency.

It is our hypothesis that winning comes down to three fundamentals:

- Better listening (data and monitoring)
- Better thinking (modelling & optimisation)
- Better execution (systems, cadence with good governance)

We then seek to define the building blocks that would enable lenders to improve their maturity along this journey. To win, we do not need to be perfect, just better than our competitors.

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