



POWERLYTICS

POWERFUL DATA, SMARTER DECISIONS

Powerlytics Revenue Proxy Model

Challenge

Improve the effectiveness of small business targeting and underwriting by more successfully predicting the revenue of small business prospects.

Solution

The Powerlytics financial statement variables from all 30M for profit businesses in the U.S. are added to an existing Revenue Proxy Model to determine which Powerlytics variables add predictive lift to the model as follows:

- The analysis leveraged actual verified revenue at the company level to assign a performance outcome at 6 different average monthly gross revenue breaks: \$20K–\$30K, \$30K–40K, \$40K–\$50K, \$50K–\$60K, \$60K–\$125K & \$125K+
- The Powerlytics data was joined with customer’s data, including the consumer bureau and business bureau attributes that feed the customer’s existing revenue prediction models
- For each of the 6 revenue breaks, 2 different models were created: one model that included Powerlytics attributes, and one model that did not include Powerlytics attributes
- All models were validated via a K-Fold cross validation, and the mean statistic values of the validation were used to compare the models (this is meant to control for any potential overfitting)

Results

Overall (across all 6 models), models that included Powerlytics data outperformed models without Powerlytics data by an average of ~20% KS, which is a significant lift. In addition, at all of the revenue breaks, the customer can get additional lift using Powerlytics data with less total attributes versus the models without Powerlytics data (see chart).



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Powerlytics / Revenue Proxy Model Comparison		Avg. Mo. Gross \$20,000-\$29,999		Avg. Mo. Gross \$30,000-\$39,999		Avg. Mo. Gross \$40,000-\$49,999	
		With Powerlytics	Without Powerlytics	With Powerlytics	Without Powerlytics	With Powerlytics	Without Powerlytics
Attributes	# Powerlytics Attributes	4	0	5	0	7	0
	# Customer Attributes	1	15	2	15	1	15
	Total # Attributes	5	15	7	15	8	15
Model Strength	KS	60.6%	58.0%	65.2%	55.2%	73.6%	55.4%
Powerlytics / Revenue Proxy Model Comparison		Avg. Mo. Gross \$50,000-\$59,999		Avg. Mo. Gross \$60,000-\$124,999		Avg. Mo. Gross \$125,000 plus	
		With Powerlytics	Without Powerlytics	With Powerlytics	Without Powerlytics	With Powerlytics	Without Powerlytics
Attributes	# Powerlytics Attributes	8	0	7	0	11	0
	# Customer Attributes	1	15	1	15	1	15
	Total # Attributes	9	15	8	15	12	15
Model Strength	KS	70.1%	57.4%	68.6%	59.0%	73.8%	59.0%