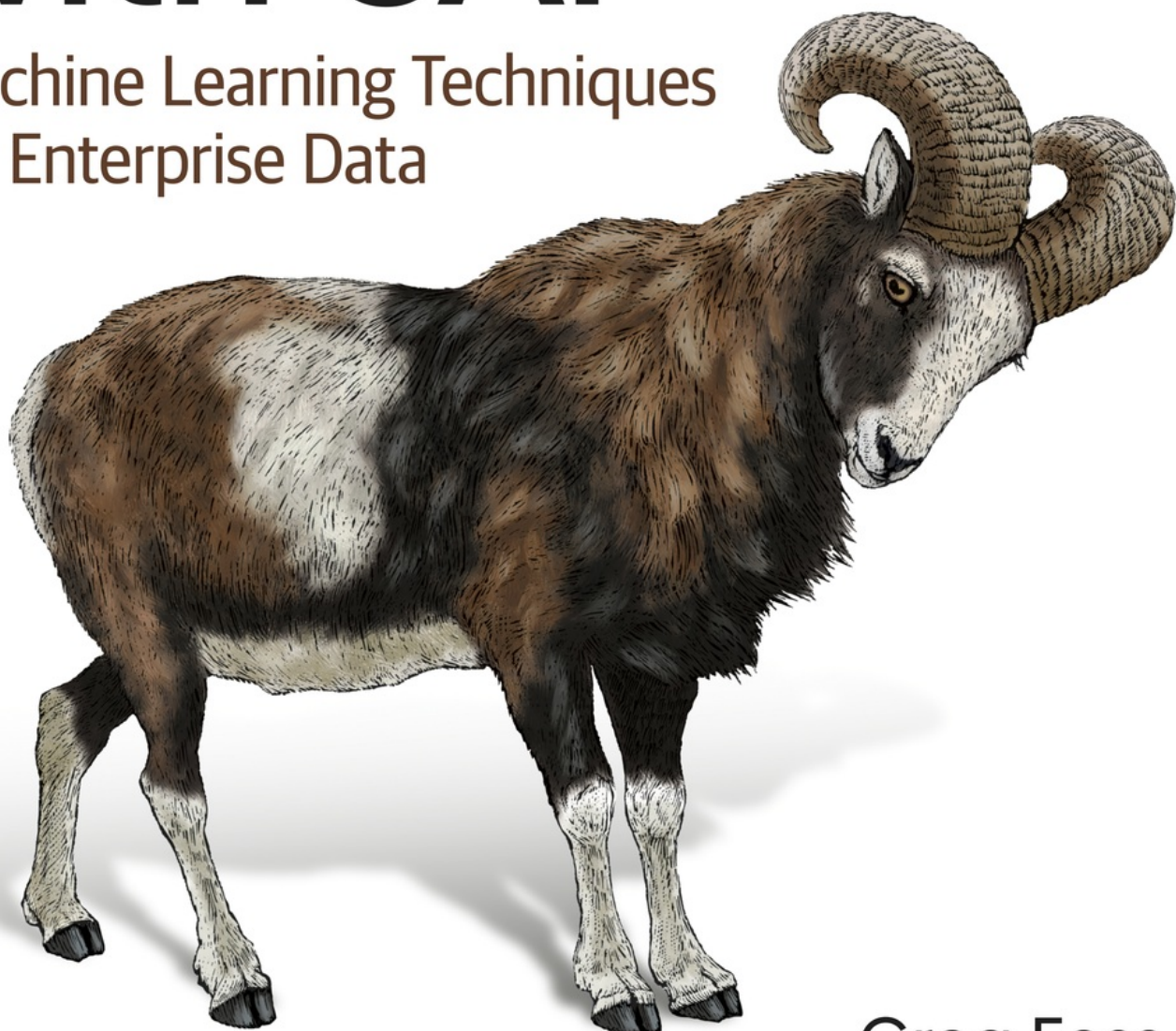


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# Practical Data Science with SAP

Machine Learning Techniques  
for Enterprise Data



Greg Foss &  
Paul Modderman

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# **Practical Data Science with SAP**

Machine Learning Techniques for Enterprise  
Data

**Greg Foss and Paul Modderman**

# **Practical Data Science with SAP**

by Greg Foss and Paul Modderman

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# Preface

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The future of data science and artificial intelligence has never looked brighter. AI now beats humans at games ranging from twitchy, reflexive Pong to deep, contemplative Go. Deep learning models recognize objects nearly as well as humans. Some even say self-driving cars perform better than their distracted human counterparts. The past decade's massive gains in data volume, storage capacity, and computing power have enabled rapid advances in data science.

And of course technology has spread into every facet of your business (from finance and sales to production and logistics). However, is each part of your business turbocharged by data science and AI? Likely not. As wonderful as they might be, if you are not designing a self-driving car or predicting customer behavior, you are probably not using these technologies.

Many organizations may have access to business data from an enterprise resource planning (ERP) system such as SAP, and yours is likely no different. Data coming from a business system such as SAP is largely perfect as often validations and checks are in place before it is allowed to save to the database (and, one of the most essential and least rewarding tasks of a data scientist is cleaning the data). This means ERP data in SAP is ripe for the picking, and data science is here to do the harvesting!

Let's take a hypothetical scenario. The SAP Team at Big Bonanza Warehouse is in a constant state of process improvement. They know how to configure their SAP system to do the tasks their users want, and they play that system like a fiddle, dutifully taking requests and delivering solutions. However, there is a bit of a problem with reporting and analytics; they have a data warehouse and a business intelligence system, but developing reports is a multimonth process. The team often resorts to using standard ALV (ABAP List Viewer) reports, which are quite limited in power because they require a developer to code; in addition, it is very hard to harness the wealth of public data that could be used in conjunction with SAP. Just like at countless other enterprises, SAP data at Big Bonanza Warehouse is an island, siloed within its own system. Teams that don't work with SAP have no idea what's in there, and the teams that do work with it spend so much time maintaining the systems that they don't get the chance to look outside them.

SAP data shouldn't be an island, though. The team knows their data, how to find it, and what they want to do with it. However, when it comes to analyzing that data, everyone's hands are tied by that multimonth report development process.

Sound familiar? It's the story at nearly every SAP shop with whom we've ever worked. And that's a lot in our combined 30+ years of experience.

We want to give that SAP team (and yours!) some modern insight—tools and techniques they can use without defining data cubes, data warehouse objects, or learning complex frontend reports. In this

book, we'll present simple scenarios such as dumping data straight out of SAP into a flat file and into a reporting tool. This is useful for ad-hoc reporting and investigations. We'll also consider more complex scenarios, including using extractor tools and neural network models in the cloud to analyze data in ways not possible within SAP or contemporary data warehouses.

## How to Read This Book

You'll need to approach this book from a conceptual point of view. We present alternative techniques for analyzing business data. We ask—nay, we beg—the reader to think about business data (in particular SAP data) in new and interesting ways. This book is designed to awaken ideas around how to bridge the gap between your particular business data and the advances in data science. You need not be an expert in the complex algorithms that calculate gradient descent in a neural network, nor do you need to be an expert in your business data. But you *do* need to have a desire to straddle these two camps and have fun in the process.<sup>1</sup>

From the data scientist's perspective, the data science principles in this book are an introduction. If you can spot a sigmoid, tanh, or relu activation function at fifty paces, you can skip those parts. But we're betting that if your guru level is that high in data science, you're a novice at the SAP stuff. Focus in on the SAP stories, showing you how to pull things out and demonstrating working with the real business data in the system.

From the SAP professional's perspective, you'll break out of traditional reporting and analytics models. You'll learn to think of business applications and reporting in machine and deep learning terms. This may sound mystical, but by the end of the book you will have the tools necessary to take this step. Along the way you'll automatically detect anomalies in sales data, predict the future from past data, process text as natural language, segment customers into smart groups, visualize all these things brilliantly, and teach bots to use business data.

In our world of AI and data science, asking the same old questions of your data is stale, naive, and (quite frankly) boring. We want you to ask questions of your data that you didn't even know you could ask. Maybe the price of tea in China really *does* have an outside effect on your sales.

From the developer's perspective, you'll be inspired to learn wonderful programming languages like Python and R. We don't teach you these languages, but we challenge you to dip your toe into these warm and effervescent waters. If you are already an experienced R or Python developer, you're in good shape for the code sections. For the novice, we will point you to resources to get you started. Don't feel left out if you are inclined to use another language such as Java. The "meta" goal of this book is to get you to think of how to think of business data differently and if that means you want to use Java, by all means do so.

Operationalizing data science is a whole book in itself. We'll frequently touch on how to operationalize ideas we present, but it is

beyond the scope of this book to dive deep on creating robust pipelines.

### TIP

Data scientists may be able to skip over [Chapter 2](#). SAP professionals, you might be able to skip [Chapter 3](#). The stories we tell later in the book merge these two disciplines, so we want readers who come from one or the other side to get a fair understanding of how we'll be poking around to work our magic.

## Conventions Used in This Book

The following typographical conventions are used in this book:

### *Italic*

Indicates new terms, URLs, email addresses, filenames, and file extensions.

### Constant width

Used for program listings, as well as within paragraphs to refer to program elements such as variable or function names, databases, data types, environment variables, statements, and keywords.

### **Constant width bold**

Shows commands or other text that should be typed literally by the user.

### *Constant width italic*

Shows text that should be replaced with user-supplied values or by values determined by context.

### **TIP**

This element signifies a tip or suggestion.

### **NOTE**

This element signifies a general note.

### **WARNING**

This element indicates a warning or caution.

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<sup>1</sup> If you're not the kind of person who has fun with data, how did you find this book?



# Chapter 1. Introduction

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## Telling Better Stories with Data

*Not enough gets said about abandoning crap.*

—Ira Glass

We've all seen them. The intimidating PowerPoint presentations with the army of bullet points marching down the screen. Often the lecturer will even apologize for the busy slide and then continue to present, reading every word on the slide exactly as printed. You start to wonder if you left the oven on last night. We all like stories. A well-constructed narrative in the form of a movie, book, television show, or podcast wraps around us like a blanket and draws our attention. The bullet-ridden PowerPoint...not so much. With the deluge of data that has come with the advent of the internet and IoT, we are tempted to splash some findings in a presentation, wipe our hands, and say "that is that." However, as data professionals we can't just rain data findings down on our audience. The prevailing advice is that you must tell a story with data—make sure it's a compelling story that people want to hear. Don't deny yourself the joy that storytelling can bring.

To tell a compelling story, you must identify it. What is being asked of my data? What insights are my users looking for? A company that specializes in providing services and equipment might ask, "What equipment needs servicing the most? The least? Is there a correlation

between equipment type and parts replacement?” At that same company someone in the finance department might ask, “How can we more accurately predict cash-on-hand?” In sales the question might be, “What kind of customer churn do I have?”

After you’ve identified your story, you’ll need to find your audience. There are many ways to break them down, but generally your audience includes executives, business professionals, and technical professionals. While they might manage or direct many business processes, executives often know little about the daily functioning of such processes. The detail is irrelevant (or possibly confusing) to them—they want to know the story in big bold letters. Business professionals are the daily administrators of a business process, such as super users and business analysts. They know the process in detail and can understand raw tabular data. Technical professionals are the smallest segment of your audience; they usually comprise colleagues in data analytics and data science teams. This group requires less business and process background and more technical details such as the root-mean-squared error of the regression or the architecture of the neural network.

Once you’ve got your story and audience set, you’ll need to move forward with the most difficult and tenuous part of the journey: finding the data. Without the data to support your story, your journey will quickly come to an end. Let’s say you wanted to tell the story of how sunspots correlate to sales of hats and mittens in the northern hemisphere. Surprisingly, sunspot data is easy to obtain. You got that. However, you only have details on sales of hats, not mittens. You can’t find that data. A cautious step is needed here. Do you alter your

story to fit the data or do you cut bait and find another story?

Reversing the process can be done but it's a slippery slope. As a general rule, do not change your hypothesis to match your data.

Before you fully trust that data, you'll need to vet it and start asking a lot of questions:

Is the source reputable? Did you scrape the data from a table on a website? What sources did that website use for the data, and how was it obtained? Sources such as Data.gov, ProPublica, the US Census Bureau, and GapMinder are trustworthy, but others might need a dash of caution.

Do you have too much data? Are there easily recognizable, worthless features? Look for features that are obviously precisely correlated. In the sunspot data mentioned earlier, perhaps you have a UTC timestamp feature and two other features for date and time. Either the date and time should be thrown out or the timestamp. You can quickly look at correlations using techniques we will discuss later to help you identify when two features are too closely correlated for both of them to be useful.

Is the data complete? Use some preliminary data tools to make sure your data is not missing too much information. We'll discuss this process in more detail later.

With the story in place, the audience identified, and the data vetted, what's next? You're now ready for the art and fun of the story—identifying what tools to use to either support or reject your null

hypothesis. To say you're using "data science" as a tool is a slippery slope. You have advanced reporting, machine learning, and deep learning in your arsenal. Often, just the organization of the data into an easy-to-use dashboard tells the whole story. Nothing more needs to be done. As deflating as that has been in our careers, it has happened more times than any other scenario. We start the journey thinking that we have a case for a recursive neural network with either a gated recurrent unit or a long short-term memory module. And the excitement builds while we're gathering the data. Then we realize a support vector machine or a simple regression would do just as well. Later, with not a little disappointment, we realize that a dashboard for users to explore the data is more than enough to tell the story. Not everything requires deep or even machine learning. Although it can often be entertaining, shoehorning your story into these paradigms often does not tell the story any better.

Finally, take a little time to learn a bit about the art of storytelling. Even our dry data science stories deserve some love and attention. Ira Glass is a fantastic storyteller. He has [a series of four short videos](#) on the art of storytelling. Watch them and sprinkle some of his sage advice into your story.

## **A Quick Look: Data Science for SAP Professionals**

SAP professionals are busy every day supporting the business and users, constantly looking for process improvements. They gather requirements, configure or code in the SAP system, and, more often

than not, live in the SAP GUI. They have intimate knowledge of the data within SAP as well as the business processes and can summon an army of transaction codes like incantations. When asked for a report with analytics, they really have two options: code the report in SAP or push the data to a data warehouse where someone else will generate the report. Both of these processes are typically long, resource-intensive endeavors that lead to frustration for the end user and the SAP professional. For one particular client, the biggest complaint from the SAP users was that by the time they actually got a requested report, it was no longer relevant.

Reading this book will help you—the SAP professional—build a bridge between the worlds of the business professional and the data scientist. Within these pages you will find ideas for getting out of the typical reporting and/or analytics methodology that has hitherto been so restrictive. As we discussed earlier, one of the first ways to do that is to simply *ask better questions*.

Here's a typical SAP scenario: Cindy works in Accounts Receivable. She needs a 30-60-90 day overdue report listing past due customers and putting them into buckets according to whether they are 30 days, 60 days, or 90 days past due. Sharon in Finance gets the request and knows that she can have a standard ALV (ABAP List Viewer) report created or can extract the data and push it to a business warehouse (BW) where they will generate a report using Microstrategy or whatever tools they have.

What if we shifted Sharon's perspective to that of a data scientist? Sharon gets the report request. She knows she can deliver just what

was requested, but then she thinks, “What more can be done?” She opens up a notepad and jots down some ideas.

Are there repeat offenders in late payments?

Are there any interesting correlations in the data? We know the customer name, customer payment history, customer purchases, and dollar amount.

Can we predict when a person will be paying late? How late?

Can we use this data to help *rate* our customers? Lower rated customers may not get an order when inventory is low and a higher rated customer also makes the same request.

What types of visualizations would be helpful?

Sharon sketches out an interactive dashboard report that she thinks would be very useful for her users. Armed with these ideas and sketches, Sharon asks the department data scientist (or SAP developer) about the possibilities.

There is a distinctive difference in approaches here. The first is a typical SAP response, and limits the creative and intellectual capacity of the business analysts. The second leverages their creativity. Sharon won't just provide the requested information. When she sees the data in SAP and asks better questions, she'll be instrumental in substantial process improvements.



This is just one example. Think of the possibilities with all the requests a typical SAP team gets, and hence this book!

Another way to shift the thinking of the SAP team to be more dynamic and data centric is to *use better tools*. This is the responsibility of the SAP developer. Most SAP developers live in the world of its application programming language called ABAP (Advanced Business Application Programming), and when asked to provide reports or process improvements turn instantly to the SAP GUI or Eclipse. This is where they're expected to spend time and deliver value.

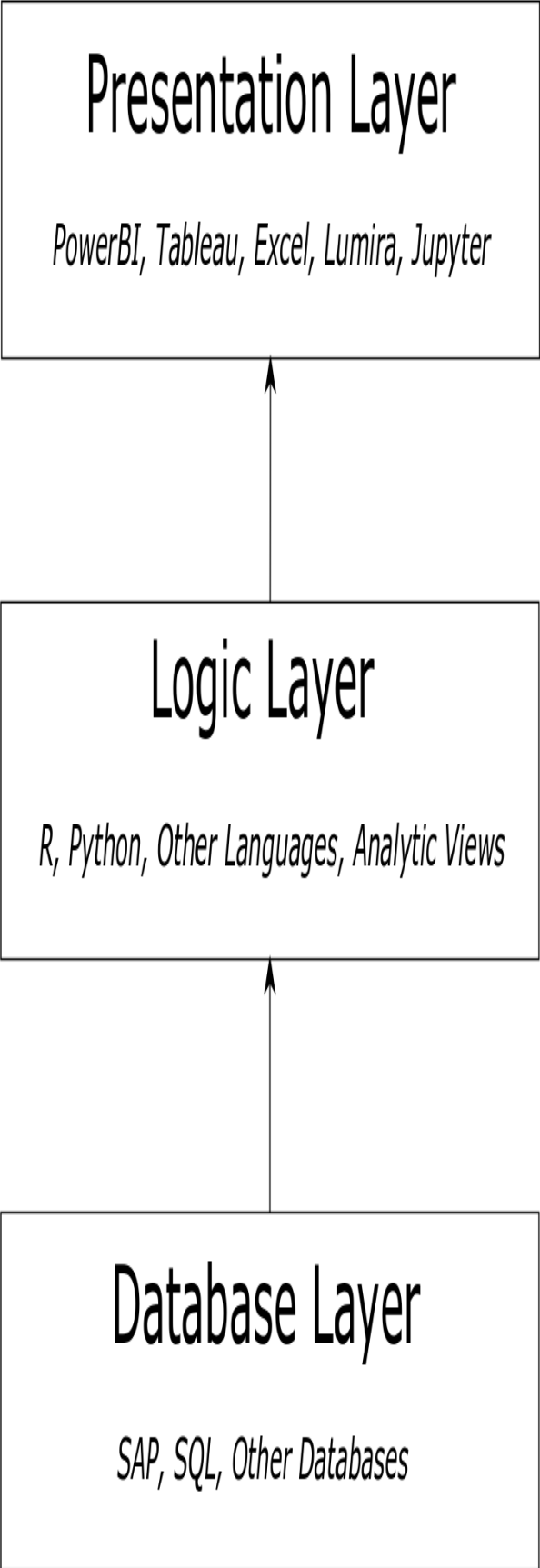
#### TIP

ABAP was originally *Allgemeiner Berichts-Aufbereitungs-Prozessor*. It's a server-side language specially designed to extend the core functionality of SAP. You can create programs that display reports, run business transactions or ingest outside system data and integrate it into SAP. A great deal of SAP ERP transactions run solely on ABAP code.

ABAP developers often specialize in one or more of the business functions that SAP provides. Since ABAP programs often directly enhance standard SAP features, ABAP developers become very familiar with how enterprises design their processes. It's very common for people familiar with ABAP to perform both technical programming roles and business analyst roles.

## TIP

SAP developers, we implore you: view SAP as a data source. The presentation layer and logic layer of reports should be abstracted away from the database layer (see [Figure 1-1](#)). It is worth noting that SAP data is highly structured with strict business rules. One of the most obvious advantages to this approach is the logic layer has access to other sources of data, such as public data. Within an SAP system, if a request was made to view the correlations between sales of galoshes and weather patterns, the weather data from the NOAA would have to be brought into either BI or SAP itself. However, by using a tiered model the data can be accessed by the logic tier and presented in the presentation layer. Often the data may be an API, which allows for access without storage. This model also allows the logic tier to tie into tools like Azure Machine Learning Studio to perform machine or deep learning on the SAP data.



*Figure 1-1. A simple, layered approach to databases, logic, and presentation of data science findings*

SAP lacks the thousands of libraries in Python or the thousands of packages in R.<sup>1</sup> It also lacks the ability to easily create dynamic/interactive dashboards and visualizations. Don't get us wrong: SAP does have tools to do advanced analytics, dashboards, and visualizations. It's just that they cost a lot of money, effort, and time. Some places have lead times measured in months or quarters before reports can be created, and sometimes the window for a valid business question is measured in hours. With the tools in this book, we intend to close that gap. If you're an SAP developer, we would strongly advise you to learn programming languages like Python and R so that you can use them to do your analytics on SAP data. Firstly, they are not limited to the SAP ecosystem and secondly, they are free.

Outside of SAP, there are numerous other tools to help SAP developers present their SAP data. You can use RMarkdown in R, Shiny in R, Jupyter Notebooks in Python, PowerBI, Tableau, Plotly...the list goes on. In this book we will provide presentation examples using PowerBI, RMarkdown, and Jupyter Notebooks.

## **A Quick Look: SAP Basics for Data Scientists**

The lack of awareness around SAP is often surprising considering its size and ubiquity. Here's an amazing fact: 77% of the world's transaction revenue is involved—in one way or another—with an SAP system. If you spend money, you have more than likely

interacted with SAP. And 92% of the Forbes Global 2000 largest companies are SAP customers.

But how in the world does SAP software touch all that? What does it do? While in recent years SAP has acquired a number of SaaS (Software as a Service) companies to broaden its portfolio and make shareholders richer, it began with its core focus on ERP: enterprise resource planning.

SAP started in Germany in 1972 under the sexy moniker Systemanalyse und Programmentwicklung. Running under DOS on IBM servers, the first functionality was a back-office financial accounting package. Modules soon followed for purchasing, inventory management, and invoice verification. You can see the theme emerging: doing the common stuff that businesses need to do.

That list of functionality may seem rather dull at first, especially to us cool hipster data scientists with Python modules and TensorWhatsits who know how to make a computer tell us that a picture has a dog (but not an airplane) in it. It's not magic like searching Google or using Siri on your iPhone. But SAP added a twist to those first few boring modules: integration. Inventory management directly affected purchasing, which directly affected financials, which directly affected...well, everything. That single SAP ERP system contained all of these modules. Now, instead of having to purchase and run separate financial/inventory/invoicing systems, companies saved loads of money. When one system gave them all the answers to business questions, customers started buying in droves. That was the value and the win of ERP. By the time Gartner coined the term ERP

in the 1990s, SAP was doing over a billion Deutsche marks in yearly sales.

### **ACRONYMS FOR SAP INSIDERS**

Since the 1970s, SAP has expanded into other areas of the back-office business. A modern SAP ERP implementation contains the option to run complex modules for many business functions. They have acronyms that SAP insiders know very well:

**SD: Sales and Distribution**

Manage sales, shipping, and billing activities.

**QM: Quality Management**

Manage quality inspections and notifications raised from there.

**PM: Plant Maintenance**

Planning maintenance of plant equipment, and tasks to perform during that maintenance.

**FICO: Financial Accounting, Controlling**

Vital organizational financial data, managing profit/cost centers and internal orders.

**HCM: Human Capital Management**

Everything you think of when you think "HR."

**PP: Production Planning**

Capacity planning, material planning, and activities related to actually making the things you make.

**MM: Materials Management**

Inventory, procurement, and master data for materials.

**PS: Project System**

Project and portfolio management, for both internally and externally financed projects.

When you consider all the other capabilities that SAP's satellite products bring, this list doesn't even scratch the surface. There's Customer Relationship Management, Transportation Management, Supplier Relationship Management, and acquired cloud offerings like Ariba (B2B network and marketplace) and Concur (travel and expense management).

No single book could possibly capture all of this functionality. In this book, we focus on data scenarios in a couple of the ERP modules and in SAP CRM.

## NOTE

Since such a high percentage of large companies around the world use SAP for so many business-critical functions, is it any wonder that so much business can be conducted inside it?

## Getting Data Out of SAP

Like most large business applications, SAP ERP uses a relational database to house transactional and master data. It's designed such that customers can choose from many relational database management systems (RDBMS) to function as the SAP application database. Microsoft SQL Server, IBM DB2, Oracle, and SAP's MaxDB are all supported. In the last few years, SAP has rapidly introduced another proprietary database technology, HANA, as an RDBMS solution with in-memory technology. While future versions of SAP's core ERP product will one day require HANA, most SAP installations today still use one of the other technologies as their database.

## TIP

In this book, we will introduce several ways of getting data out of your SAP system, none of which will require you to know exactly which DB your SAP system runs on. But if you're a true nerd, you'll find out anyway.

The relational databases that power the SAP instances at your company are huge and full of transactional and master data. They fully describe the shape of the vital business information stored and

processed by SAP. The databases at the heart of your SAP systems are the source of truth for the discoveries you can make.

And unless it's your absolute last resort, you should never directly connect to them.

All right, we're being a little facetious here. You will find valid times to directly query data from the SAP databases with SQL statements. But the sheer size and incredible complexity of the data model make it so that fully understanding the structure of a simple sales order can involve over 40 tables and 1000+ fields. Even SAP black belts have difficulty remembering all the various tables and fields they need to use, so imagine how inefficient it would be for a data scientist who is new to SAP to unpack all the various bits of requisite data.

## **BAPIS: USING THE NETWEAVER RFC LIBRARY**

Data nerds who don't know SAP that well should start by examining the available Business Application Programming Interfaces (BAPIs) in the SAP system. BAPIs are remote-callable functions provided by SAP that expose the data in various business information documents. Instead of figuring out which of the 40+ sales order tables apply to your particular data question, you can look at the structure of various sales order BAPIs and determine if they fill that gap. The trouble of reverse engineering the data model is gone.

BAPIs also help by covering over system limitations from earlier versions. During the early period of SAP's core product development, the various modules restricted the number of characters that could denote a table or field. With SAP's remarkable stability over the



years, those table and field names have stuck around. Without living inside SAP, how could you possibly know that “LIKP” and “VBELN” have anything to do with delivery data? BAPIs are a later addition, so they have grown up with interfaces that better describe their shape and function.

## **ODATA**

SAP NetWeaver Gateway represents one of SAP’s many ways of breaking into the modern web era. It’s an SAP module—in some cases running enough of its own stuff to be worth a separate system—that allows SAP developers to quickly and easily establish HTTP connections to SAP backend business data. We predict that you’ll see examples of using SAP NetWeaver Gateway in [Chapter 6](#).

The foundational layer of transport is known as OData. OData represents many tech companies coming together to put forward a standard way of communicating over the web via RESTful APIs. It provides a common format for data going over the web using either XML or JSON, ways for clients to indicate the basic create/read/update/delete operations for server data, and an XML-based method for servers to specify to clients exactly the fields, structure, and options for interacting with data that the servers provide via metadata.

Using OData through SAP NetWeaver Gateway requires programming in SAP’s native backend language, ABAP. Some of our SAP-native readers may be well versed in this language and can produce Gateway OData APIs. Other readers will likely be unfamiliar, but should take solace: if your company runs SAP in any

meaningful way, your company will have people who know ABAP. These people will either know how to create OData services, or will be able to quickly learn since it's not difficult.

Choose OData when you can't find a BAPI that meets your data needs. It's a great middle ground that provides SAP administrators with the flexibility to meter and monitor its usage. It also gives developers the ability to put together data in any way they choose. Another benefit of using OData is that it doesn't require a NetWeaver connector like the BAPI method: any device that can make HTTP requests safely inside the corporate network will be able to make OData requests.

## **OTHER WAYS TO GET DATA**

If you can't find the right BAPI and you can't find the resources to make an OData service, there are always a few other routes you can take. We'll cover those more briefly, since they aren't things we typically recommend.<sup>2</sup>

### *Web services*

SAP allows you to create web services based on its Internet Communication Manager (ICM) layer. These web services allow you to work even more flexibly than OData, but they still require ABAP knowledge. The space between OData with Gateway and a totally custom SAP web service is small—consider carefully whether your data question can't be answered with OData.

### *Direct database access*

Everyone says you shouldn't, but we've all also encountered one or two times when it was the only thing that would work. If you need to go this route, a key task will be ensuring that the data you extract matches up with what SAP provides on the screen to end users. Many times there are hidden input/output conversions and layers of data modeling that don't become apparent when just browsing through a data model.

Seriously. Picking directly from an SAP database is like driving a Formula One car with brake problems. You'll get where you need to go really fast, but you'll probably smash into a wall or two on the way.

### *Screen dumps to Excel*

Sometimes an end user will know exactly which screen has the right data for them. Many times this screen will have a mechanism for exporting data to Excel.

## WHICH WAY?

A simple set of rules for deciding how to get your SAP data from the system:

### BAPI

I know what data I want, and SAP provides the exact right remote function to get it.

### OData

I know what data I want, but SAP doesn't provide the exact right function for it—or I want to be able to extract this data with a simple web call.

### Web services

I know what data I want, but OData doesn't quite let me shape the data exactly as I want.

### Direct DB access

I know what data I want, and I know exactly what the SAP application data model provides for this, but I don't have ABAP skills to build it myself.

### Screen dumps to Excel

Somebody else knows what data I want, and can only provide it by going to a screen to get it for me.

## Roles and Responsibilities

Data science combines a range of skill sets. These often include statistics, programming, machine learning, analysis, architecture, and engineering. Many blogs and posts online discuss the differences between data science roles. There are innumerable job titles and delineations. One camp defines roles into data analysts, data engineers, data architects, data scientists, and data generalists. Other groups have their own delineations.

Readers should understand something very important. Unless you are at a very large company with a data science team, you will be lucky to have one person on your team with some of these skills. These job delineations exist in theory for all, but in practice for only a small

percentage. Be prepared to wear many hats. If you apply some of these forays into data science at your company, be prepared to do the work yourself. Don't have a SQL database and want to extract and store some SAP data? We'll introduce this. Want to automate a workflow for extraction? Here you go. Everything from the SAP data to the presentation layer will be covered.

Our intention is clear: we want to create citizen data scientists who understand what it takes to make data science work at their organizations. You may not have any resources to help you, and you may get resistance when you ask for some of these things. Often, you must prove your theory before someone helps. We understand that the roles and responsibilities are not well defined. We hope to give you an overview of the landscape. If you're reading this book, you've already rolled up your sleeves and are ready to do everything from building SQL databases to presenting machine learning results in PowerBI.

## **Summary**

A huge part of getting value is communicating it. We went over how to tell great stories with the data you find in SAP: identify your story, find the audience, discover the data, and apply rigorous tooling to that discovered data. Sometimes all it takes to communicate the story is one simple graph. Other times it may require detailed lists of results. But no matter what visual method conveys your findings, be prepared to tell a story with it.

SAP professionals looking to tell stories about their data should look at tools such as programming languages like Python and R, and visualization tools like Tableau and Power BI. Look at [Chapter 2](#) to dive deeper.

Data scientists looking to discover what's in SAP should look at ways of getting that data out. BAPIs provide a function-based approach to retrieving data, OData sets up repeatable and predictable HTTP services, and you can always dump screen data to Excel or directly query the SAP database as a last resort. Look at [Chapter 3](#) to find out more.

We want you to get the most out of the SAP data that's ripe for the picking in your enterprise, and the best way to get value out of raw data is by applying data science principles. This book will show you how to marry the world of SAP with the world of data science.

- 
- [1](#) For a taste of how expansive the R package landscape is, see [this blog post](#) for perspective on package list growth and search strategies for finding the right ones.
  - [2](#) However, this book couldn't be called "Practical" if we didn't acknowledge that the worst hacks and ill-advised duct-tape solutions make up at least 50% of any real-world environment.

# Chapter 2. Data Science for SAP Professionals

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## NOTE

If you're a data scientist, you may not need much of the information in this chapter. We're trying to get SAP professionals up to speed on things that you probably already know.

As a SAP business analyst, Fred is always looking for process improvements. That's his job, and he is good at it. He's heard a lot of buzz about data science, but to him, it is just that...buzz. Data science is creating the self-driving car, beating world champions at Go, and translating languages. Fred works at a US manufacturer, and data science has no real relevance to him.

Or does it?

If Fred knew the basic concepts around data science, he would understand how it could be leveraged to provide business value. He recently worked with the product development team, which is looking to IT for help in streamlining their processes. They have lots of unorganized data. They present Fred with an idea, a dashboard to help them track their process. When Fred evaluates the project his first response is to put the data in a SQL database. Once there he can

use a presentation tool like PowerBI to create a dashboard. It is a solution that everyone likes.

Fred doesn't know the basics of data science. There are features in this data that might help the company make better, data-driven decisions. If he knew the basic concepts of regression and clustering, he would see it. He would know that he could do more with this business data than the project team requested.

Therein lies the point of this chapter. We're not trying to create data scientists. We are trying to get business analysts to think a little like a data scientist; we're trying to create *citizen data scientists*. These are business analysts and professionals who understand enough about data science to ask questions about how it can be applied to their data (in particular, useful to their *SAP* data). To do that, we need to introduce the fundamentals of data science, including the different types of learning models: machine learning and neural networks.

What follows is a rabbit race through the subject that will leave you with, at the very least, enough information to think about business processes in a slightly different way...in a data science way. Ideally you can think about your projects and data and say to your data scientist or developer, "Maybe a classification algorithm like Naive Bayes might work on this." Imagine the jaws that will drop to that response!

This is a conceptual chapter that provides an overview of the main data science concepts, and as such we will not discuss tactical ideas such as exploratory data analysis (EDA) or data preparation. We've



covered the topics we feel are most relevant, but one could easily argue that we left out things of importance, such as automated machine learning (autoML) and ensemble methods; however, we had to draw a line in the sand somewhere to keep this chapter manageable. Nonetheless, we will later take a look at tactical concepts such as EDA (discussed in [Chapter 4](#)), so stay tuned.

## Machine Learning

The syntax in data science can be confusing and overlapping. Deep learning is a component of machine learning by definition, but we refer to deep learning as those models that use more complex neural networks. Deep learning requires more computing power, more time, and more data to be successful. Often, simpler machine learning models perform equally, and sometimes better. Don't overlook them in the face of shiny and fancy neural networks.

### NOTE

Most data scientists spend the majority of their time finding, cleaning, and organizing huge amounts of data. Some estimates say that data scientists spend 80% of their time on this unrewarding task. We have good news for the data scientist looking at SAP data. SAP is an ERP system. The millions of rows of business data are already in a relational database. While this does not end the need to do some cleaning and reorganizing, it does reduce that effort. We will show how to find and extract this data, but often there is very little cleaning or organizing needed.

Machine learning falls roughly into four categories:

- Supervised
- Unsupervised
- Semi-supervised
- Reinforcement

### TIP

Deep learning includes these categories as well. It is considered a subset of machine learning. For the purposes of this book, here we refer to machine learning and not the subset of deep learning. We will present deep learning a little later. There is a lot of overlap and confusion in the terminology. If you follow news about machine learning, you'll see that no two people on Earth are using the same terminology in the same way—so don't feel bad about getting confused.

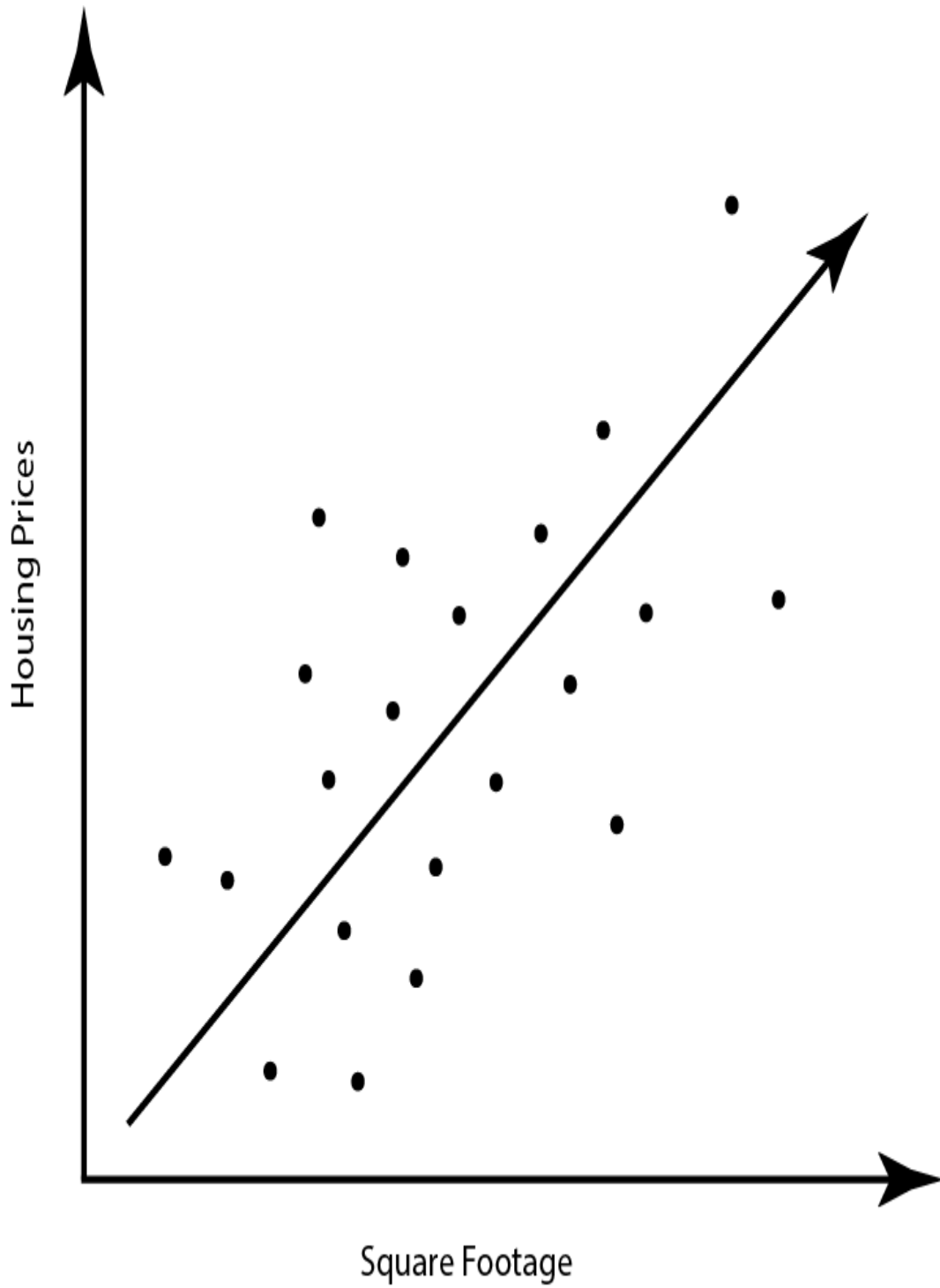
## Supervised Machine Learning

Supervised machine learning is done on labeled data. It works well on classification, which is a method to classify or predict categorical labels for a set of data. In marketing, for instance, it may be determining the customer who will buy a product. Supervised machine learning also works well on prediction. Prediction is a method to determine a numerical value from a set of data. Using the same analogy as for classification, in marketing it may be used to try and determine how much a customer will spend. For example, the well-known Iris dataset includes information about the petal length, petal width, sepal length, and sepal width of 150 iris flowers, and identifies their species. Once we train a model against this data, it can accurately predict the species of a new iris flower, given its sepal and

petal data. Let's take a closer look at some of the different types of supervised machine learning models.

## **LINEAR REGRESSION**

Linear regression is an approach to modeling the relationship between a dependent variable and one or more explanatory variables. The relationship between a home's value and its square footage is a good example (Figure 2-1). If you have several home values and their respective square footage you could surmise the value of an unknown home if you know its size. Granted, there's more to a home's value than that, but you get the point.



*Figure 2-1. Linear regression of housing prices by square footage*

## **LOGISTIC REGRESSION**

Logistic regression, like linear regression, uses the same basic formula. However, logistic regression is categorical while linear is continuous. Using the same home value example, linear regression would be used to determine the home value, whereas logistic regression could be used to determine if it would sell.

## **DECISION TREES**

Decision trees are a type of model that simply asks questions and makes decisions. The nodes of the decision tree ask questions that lead to either other nodes, or to end nodes (leaves) which are classifications or predictions (Figure 2-2).

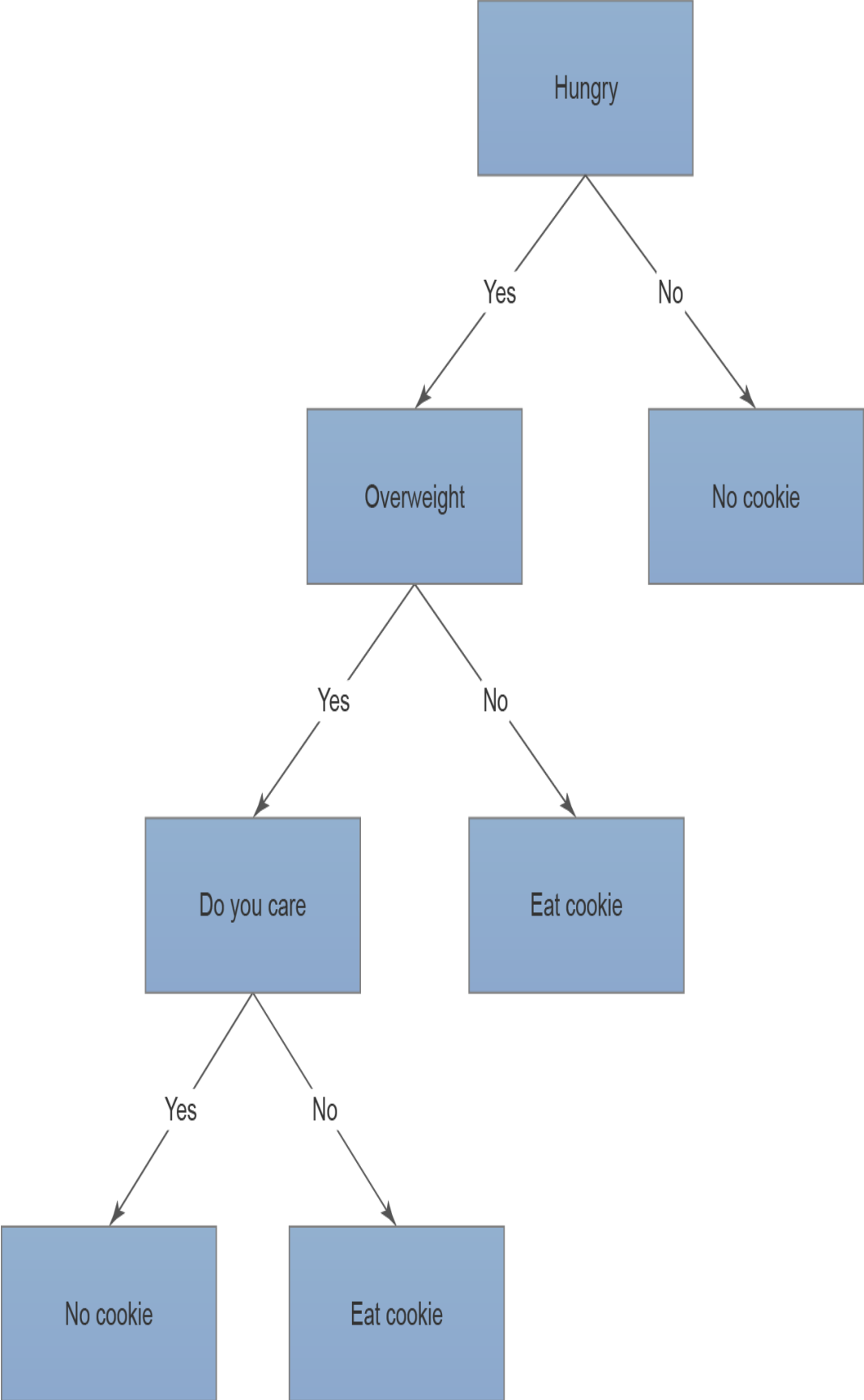


Figure 2-2. Decision tree for eating a cookie

## RANDOM FOREST

Random forests are groups of decision trees that help solve one of the biggest problem of decision trees: overfitting (Figure 2-3).

Overfitting a model means that it is very good at solving problems it knows, but when introduced to new data it will fall short. Think of it as training yourself to be a world-class Formula One driver—but never learning to park.<sup>1</sup>

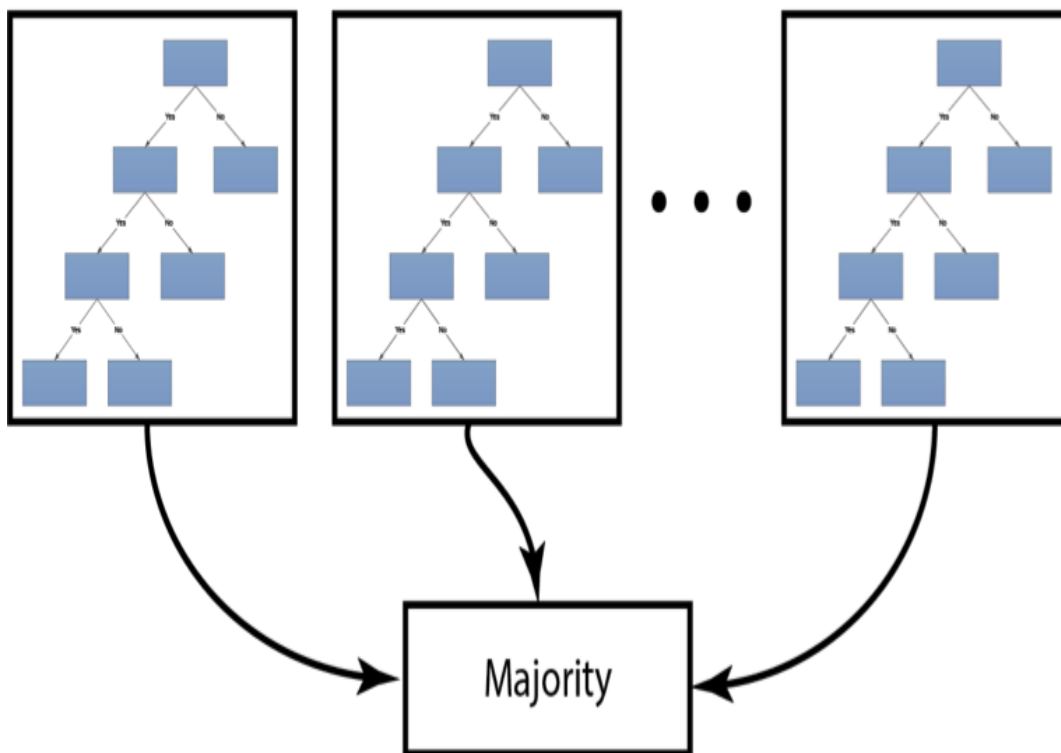


Figure 2-3. Random forest

## Unsupervised Machine Learning

Unsupervised machine learning, as you may have guessed, does not have labeled data. That is, you have a pile of data, but you do not know the output label. For example, you have a set of voting records with age, sex, income, occupation, and other features. What you do not know is how they relate. Let's take a look at some of the different types of unsupervised machine learning.

## **K-MEANS CLUSTERING**

*k*-means clustering takes data and groups it into a given set of points (Figure 2-4). An example would be to segment or cluster a group of customers into groups representing their buying frequency. One way it does this by grouping them with the nearest mean value. It also works on words if you use a non-Euclidean<sup>2</sup> distance, such as Levenshtein. We will go more into this in [Chapter 7](#).



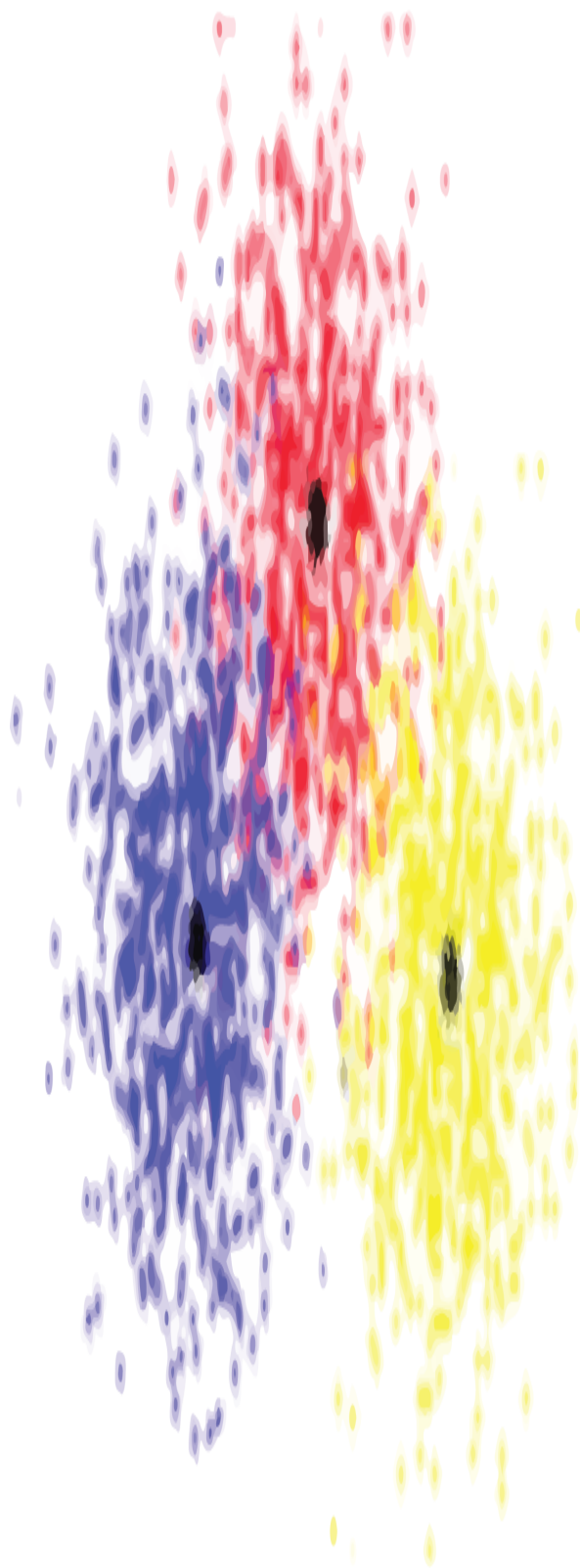
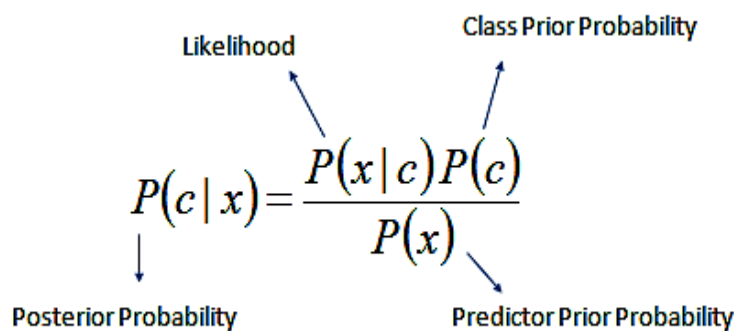


Figure 2-4. Clustering

## NAIVE BAYES

Naive Bayes is not a single algorithm but a collection of classification algorithms within the *Bayes' theorem* family (Figure 2-5). The common concept is that every feature of the data is classified as independent of every other feature. For example, a car has a hood, a trunk, wheels, and seats. Naive Bayes sees all of these as independent contributors to the probability the object is a car. Naive Bayes is extremely fast and is often the first classifier tried for machine learning tasks.

$$P(c|x) = \frac{P(x|c)P(c)}{P(x)}$$


The diagram shows the equation  $P(c|x) = \frac{P(x|c)P(c)}{P(x)}$  with four labels and arrows: 'Likelihood' points to  $P(x|c)$ , 'Class Prior Probability' points to  $P(c)$ , 'Posterior Probability' points to  $P(c|x)$ , and 'Predictor Prior Probability' points to  $P(x)$ .

Figure 2-5. Bayes' theorem

Here are the terms of Bayes' theorem, in plain language:

$P(c|x)$

The probability the hypothesis (c) is true given the data (x).

$P(x|c)$

The probability of the data (x) if the hypothesis (c) is true.

$P(c)$

The probability the hypothesis (c) is true regardless of the data.

P(x)

The probability of the data (x) regardless of the data.

This is a common explanation of Bayes; it's found everywhere. However, it's a bit tricky to understand so let's simplify.

There is a very common and intuitive explanation of Bayes using breast cancer as an example. Consider this scenario: a patient goes to the doctor for a checkup and the results of a mammogram come back abnormal. What are the odds the patient has cancer? You might intuitively think that cancer must be present because of the test results, but applying Bayes to the situation shows something different. Let's take a look.

Consider these statistics:<sup>3</sup>

- 1% of women age 40 who participate in routine screenings have breast cancer. 99% do not.
- 80% of mammograms will detect cancer when present and 20% miss it.
- 9.5% of mammograms return a false positive; they detect cancer when it is not there. Meaning 89.5% do not detect cancer and it is not there (true negative).
- The probability of the event is the event divided by all possibilities.

$$P(c|x) = .01 * .8 / (.99 * .095) + (.01 * .8) = .0776$$

Intuitively you hear that the mammogram is 80% accurate, so a positive result would mean you have an 80% chance of having

cancer. But the truth is...you only have a 7.8% chance even if you get a positive result.

## **HIERARCHICAL CLUSTERING**

Hierarchical clustering is a method of grouping results into a dendrogram, or tree (Figure 2-6). If it starts from many clusters and moves to one it is called *divisive*. If it starts from one cluster and moves to many clusters it is *agglomerative*. A divisive method partitions a given cluster by computing the greatest difference (or distance) between two of its features. An agglomerative method does the opposite. It computes the differences between all clusters and combines the two with the least common distances between their features. They both continue until they are either out of data or the dendrogram splits the predefined number of times. We will go into more detail in [Chapter 7](#).

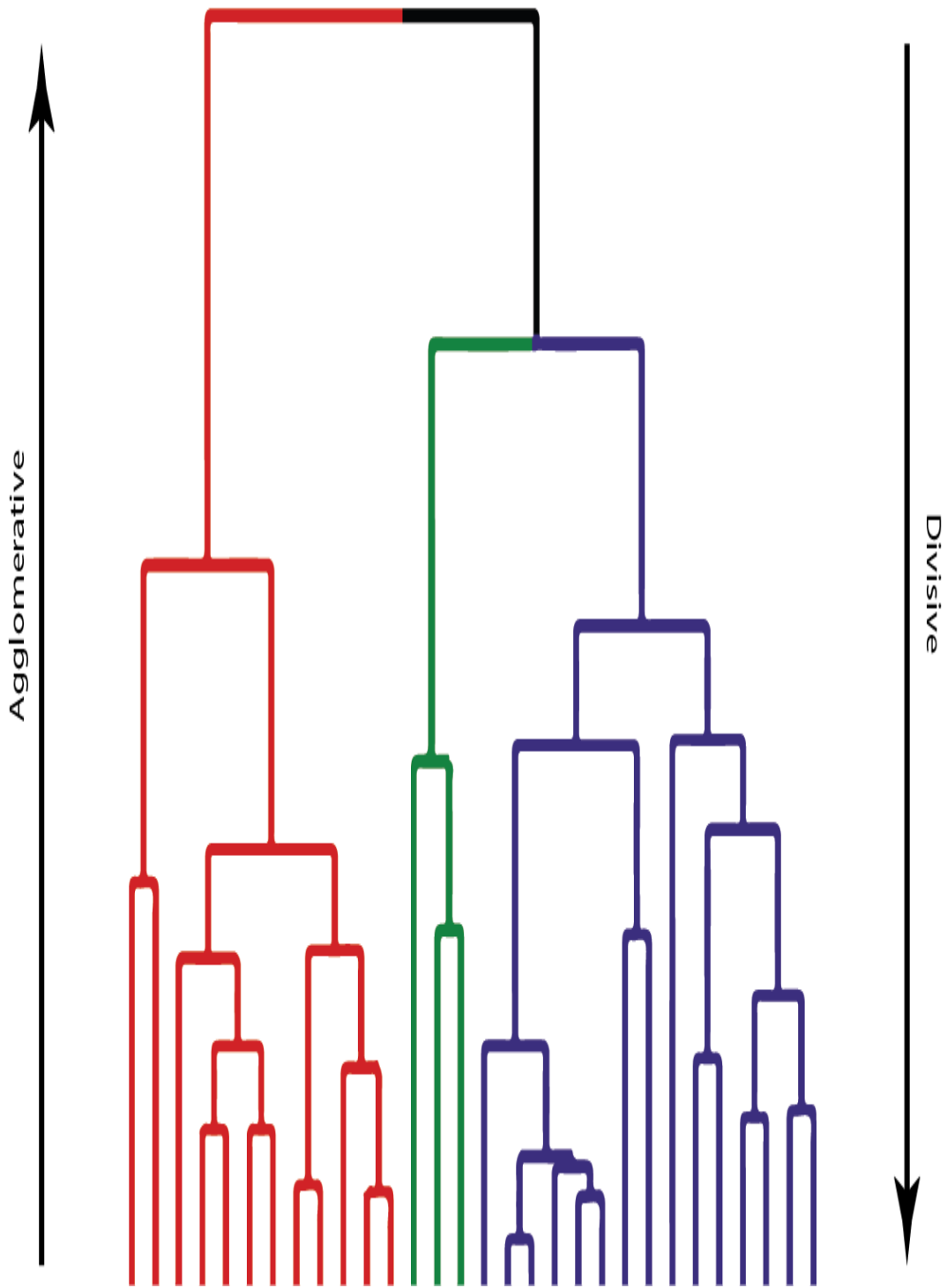


Figure 2-6. Agglomerative and divisive hierarchical clustering

## Semi-Supervised Machine Learning

Semi-supervised machine learning is a combination of supervised and unsupervised learning. In this scenario you have a lot of data but not all of it is labeled. Consider the scenario for fraud detection. Credit card companies and banks have huge amounts of transaction data, some of which has been properly labeled as fraudulent. However, they do not know of all the fraudulent transactions. Ideally, they would properly label all of the fraudulent transactions manually. However, this process is not practical and would take far too much time and effort. There exists a small set of labeled data and a very large set of unlabeled data. In semi-supervised learning one common technique is called *pseudo-labeling*. In this process the labeled data is modeled using traditional supervised learning methods. Once the model is built and tuned, the unlabeled data is fed into the model and *labeled*. Finally, the labeled data and the newly pseudo-labeled data is used to train the model again (Figure 2-7).

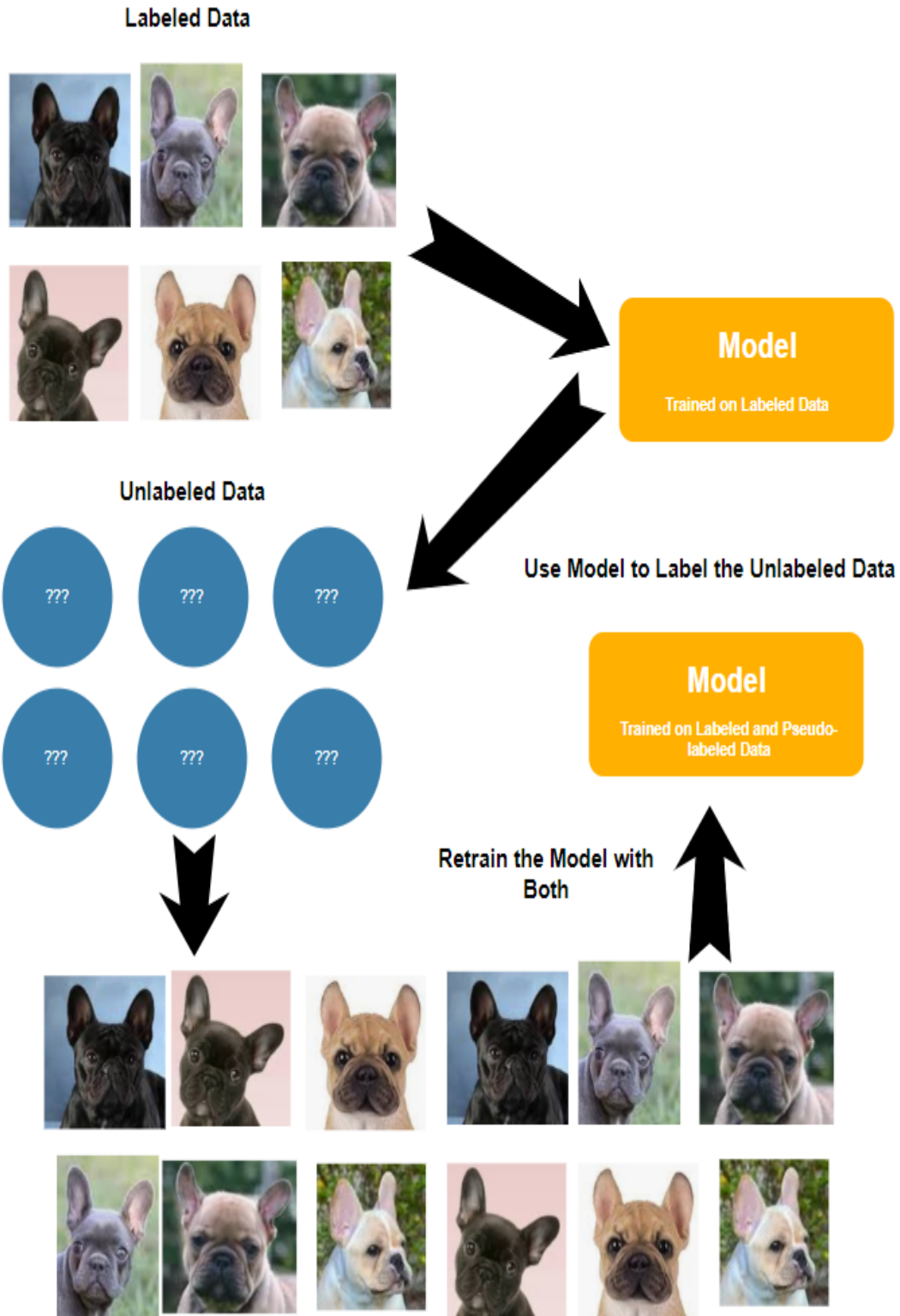


Figure 2-7. Pseudo-labeling for semi-supervised learning

## Reinforcement Machine Learning

Reinforcement machine learning is when you train a model to make decisions based on trial and error. This model interacts with its environment by learning from past successes and failures. It then determines a course of action for the next attempt or iteration. It works on the premise of maximizing a reward. The most common example of this is training a machine to play a game. Let's take a closer look at some of the different types of reinforcement learning.

### HIDDEN MARKOV MODELS

Hidden Markov models (HMMs) are a series of observable *emissions*. These are the results of a given state that a model passed through to make those emissions. This is a bit confusing so let us clarify. In a HMM you cannot directly observe the state, but you can observe the results of those states. You work in an office without windows and you cannot see the weather outside. You can see what people are wearing when they show up to the office. Say 75% of people are carrying umbrellas...you can surmise that it's raining outside. HMMs are popular ways to identify sequences and time series. They do not look at the true state; rather, they look at the emissions from the true states. The simplest models assume that each observation is independent of the next. However, HMMs assume a relationship between the observations. As another example, a series of data is observed for weather. That data has features in it like barometric pressure, temperature, and day of the year. The corresponding *emission* data has the binary feature of "not cloudy" or "cloudy." Observing many days in succession, the model predicts the state of the weather not only on today's observable features, but on

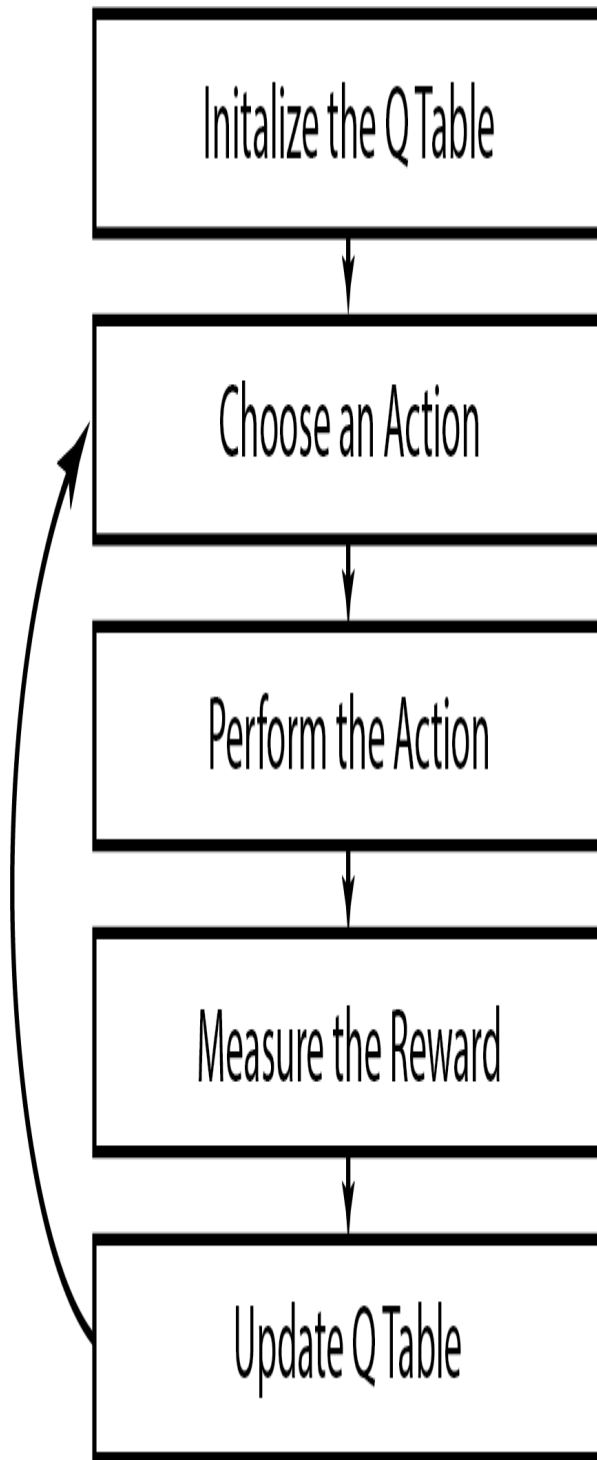


the previous days' features. HMMs attempt to identify the most likely underlying unknown sequence to explain the observed sequence.

The concept is a bit tricky so let's use another example. Say you're wanting to use a HMM to determine if there is going to be an increase or decrease in the number of purchase orders placed at your company for widgets. SAP has a history of purchase order data with timestamps. It also has other *states* that might influence when widgets are purchased. There are sales orders, time of year (seasonality), warehouse inventory levels, and production orders. Each of these could be used by the HMM. Think of it in this way: "past behavior predicts future behavior."

## **Q-LEARNING**

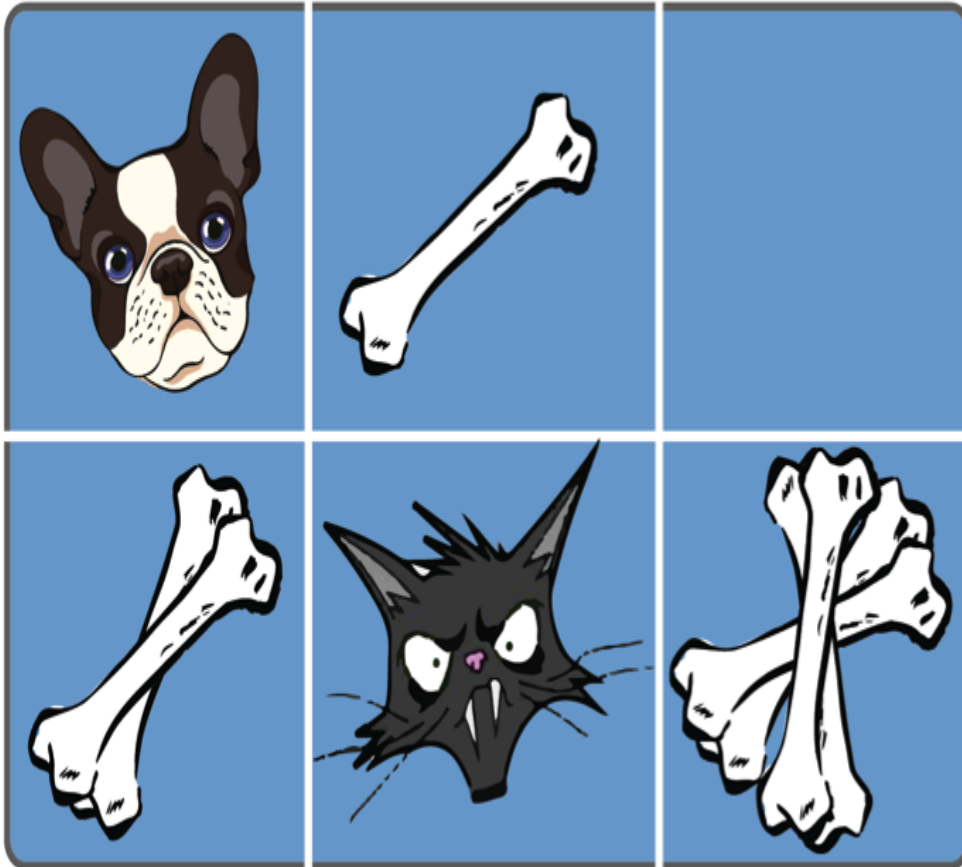
Q-learning is a value-based reinforcement learning algorithm. It is based on the *quality* of an action. Q-learning goes through steps where it learns to optimize its outcome (Figure 2-8). In a way, it builds a secret cheat sheet of how it should behave. In the example of game play, it takes an action, evaluates that action, updates its cheat sheet with whether it was good or not, and then tries again. It iterates on this incredibly fast.



*Figure 2-8. Q-learning steps*

A common illustration is to imagine a game where you are a dog and you must find the pile of bones. Every step you take costs one bone.

If you run into that pesky cat you lose 10 bones and die (Figure 2-9). The goal is to maximize the number of bones.

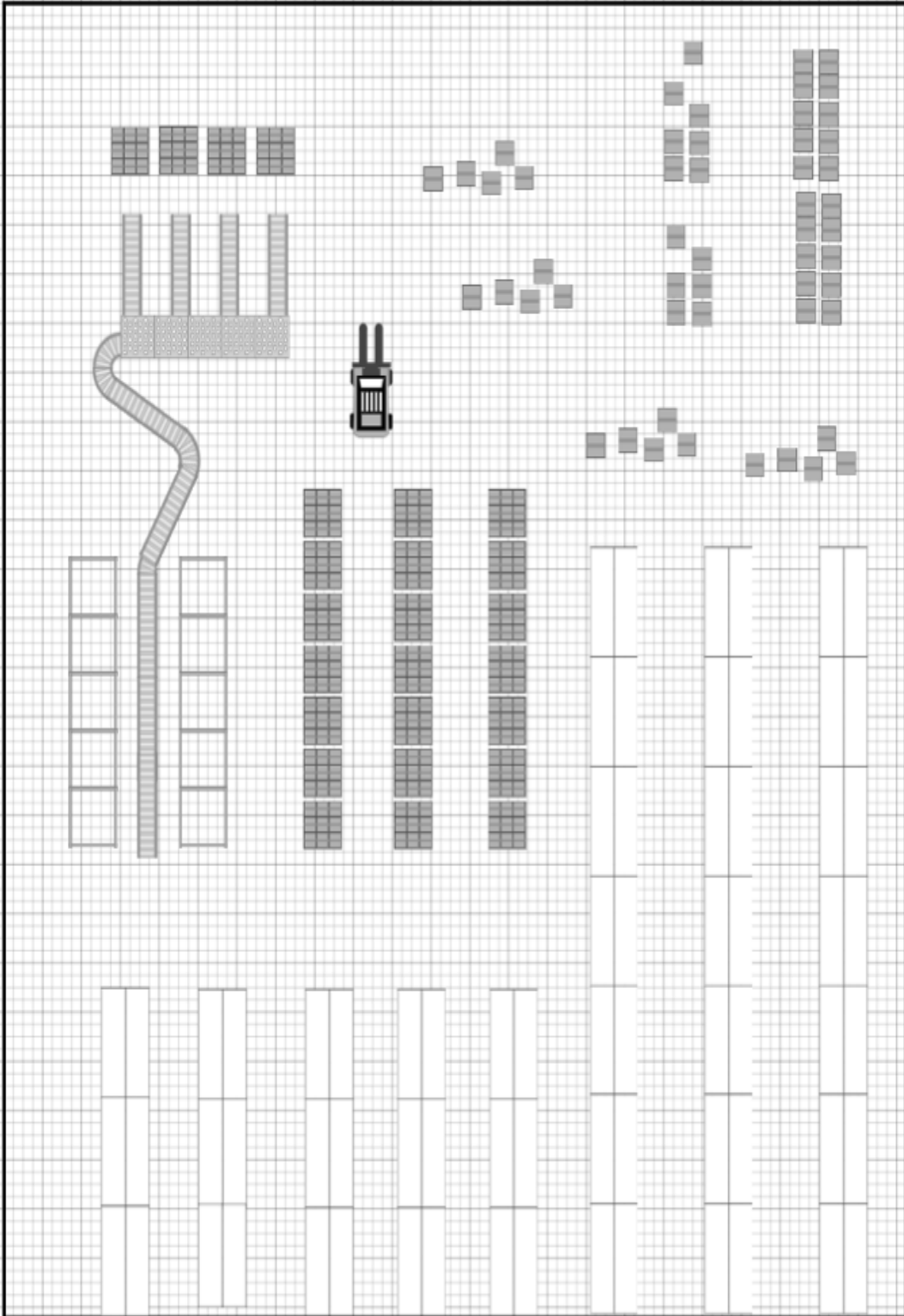


*Figure 2-9. Q-learning dog optimizes for most bones*

It may seem like a simple game to us, but a computer doesn't know how to start. So first it goes down and gets two bones. Yaaaah! Man, that was a good move. It records that and takes a step to the right. Damn that cat...game over. It updates the cheat sheet with that information. Next time it takes a right step first, then another right, and then it only has the option of down. Yes—a motherlode of bones!! Remember there is a  $-1$  bone price per step. The result is  $-1$

$+2 -1 -1 +1 -1 -1 +10 = 8$ . It logs the results and tries again. This time it takes a right because it knows there is a +1 there. It takes another right and then a down to hit the motherlode. The result is  $-1 +1 -1 -1 +10 = 8$ . Both paths are equally as valuable, but if there is a bonus or limit on the number of steps option 2 wins.

You may be thinking, “Pretty cool, but how would this apply to anything but games?” Take the image of the bulldog finding the path to the motherlode. Now imagine it is a simple warehouse...expand it greatly (Figure 2-10). Reinforcement learning could reduce transit time for picking, packing, and stocking as well as optimizing space utilization. It is more complex, but fundamentally the same as the dog and bones game.



*Figure 2-10. This warehouse is more complex than a dog finding a bone, but pathfinding through reinforcement learning works here, too*

## Neural Networks

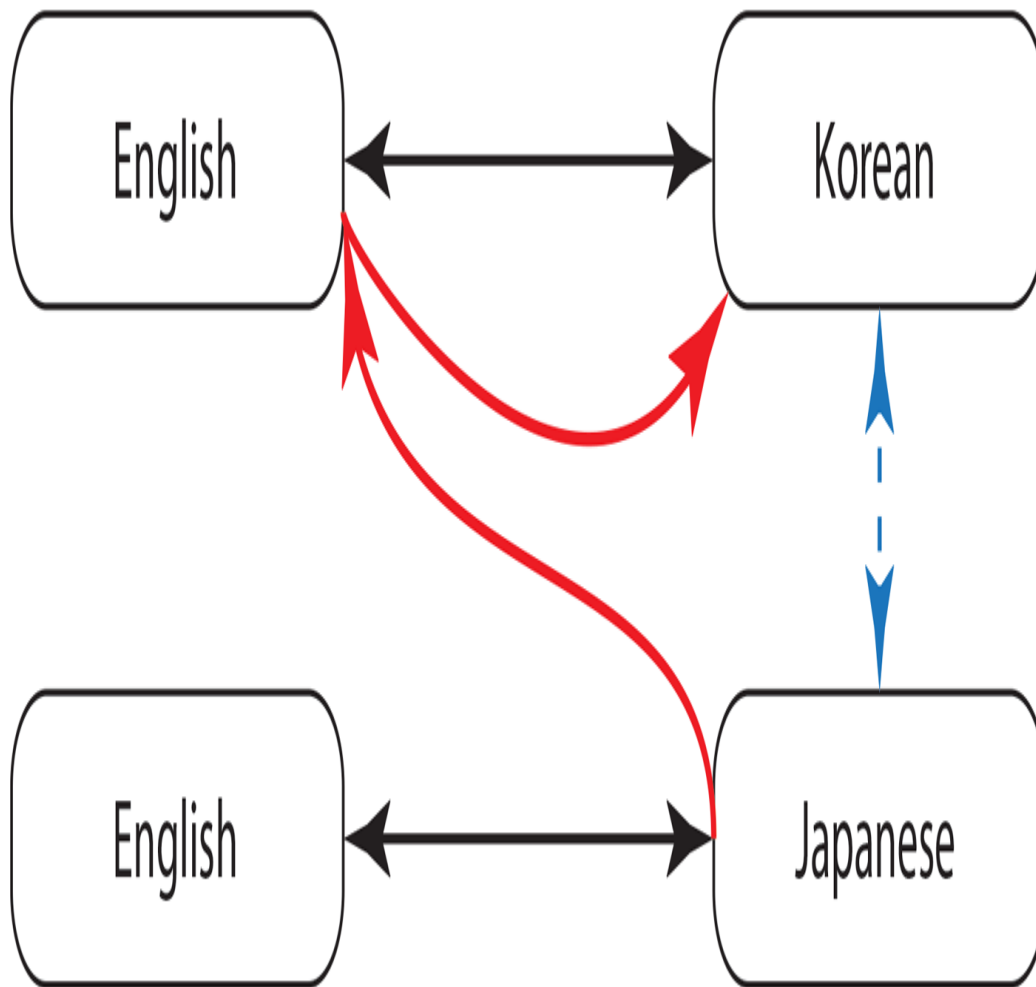
Both of us authors have been programming for many years and have experienced some wonderful “wow” moments along the way. Greg learned to program using Basic on the Apple IIe. He had been programming for about a year before learning the PEEK, POKE, and CALL commands. The first time he used these evocations and ran his program, he sat back and thought, “Wow!”; he’s been programming in one form or another ever since. Greg and Paul both had that feeling when they wrote their first few deep learning programs. “Wow!” is all we could say.

Let’s talk about deep learning and what that term means.

Traditional programming follows a tale of straightforward, predefined logic. IF this THEN perform that action 10 times. It’s so powerful that we can simulate beautiful scenery and create games that transport us to magic, imaginary realms. But it makes tasks such as language translation near impossible. Imagine the program it would take to translate English to Korean. That program would need to have conditions for words, phrases, negations, syntax, vernacular, punctuation, and on and on, ad infinitum. Imagine nesting all that in linear logic. Along comes machine learning. Now you input a set of English texts and their translated Korean equal. You train the model by showing it the input and the expected output. The more data you have, the more you can train your model. Finally, you input a set of English texts that do not have a Korean translation and kazam! It performs the translation as it has learned.

That is remarkable in itself, but it gets better. Google built a deep learning algorithm in 2016 that translated from English to Korean, Korean to English, Japanese to English, and English to Japanese. Pretty incredible by itself—but that’s not the amazing part. The network was able to translate from Japanese to Korean and Korean to Japanese without first translating through English. Let that sink in. What is happening in the network to allow for such a thing to happen? The network learned a *metalanguage*—a type of linguistic mapping that transcended simple one-to-one language translation.

When translating from Japanese to Korean one would expect the model to go through the English first (the curved lines); see Figure 2-11. After all, the model was not trained to go from Japanese to Korean. However, the model did not do this. It went directly from Japanese to Korean (the dotted line). Amazing! Kind of spooky actually.



*Figure 2-11. Google's language translator*

Google's language translator is a neural network in action. Let's take a look at a few basic neural network architectures. This is a gentle introduction to neural networks and deep learning. We hope it piques your curiosity enough for you to want to take a deeper dive. At its foundation, a neural network is a series of interconnected processing modules that work together to take inputs and solve for a given output. They are inspired by the way neurons and synapses in the brain process information. They have been instrumental in solving



problems ranging from image classification<sup>4</sup> to language translation. We will go into more depth on this in [Chapter 9](#).

There are three basic layers to a neural network:

The input layer

This is where the data is input into the network.

The hidden layer(s)

This layer performs basic computation and then transfers weights to the next layer. The next layer can be another hidden layer or the output layer.

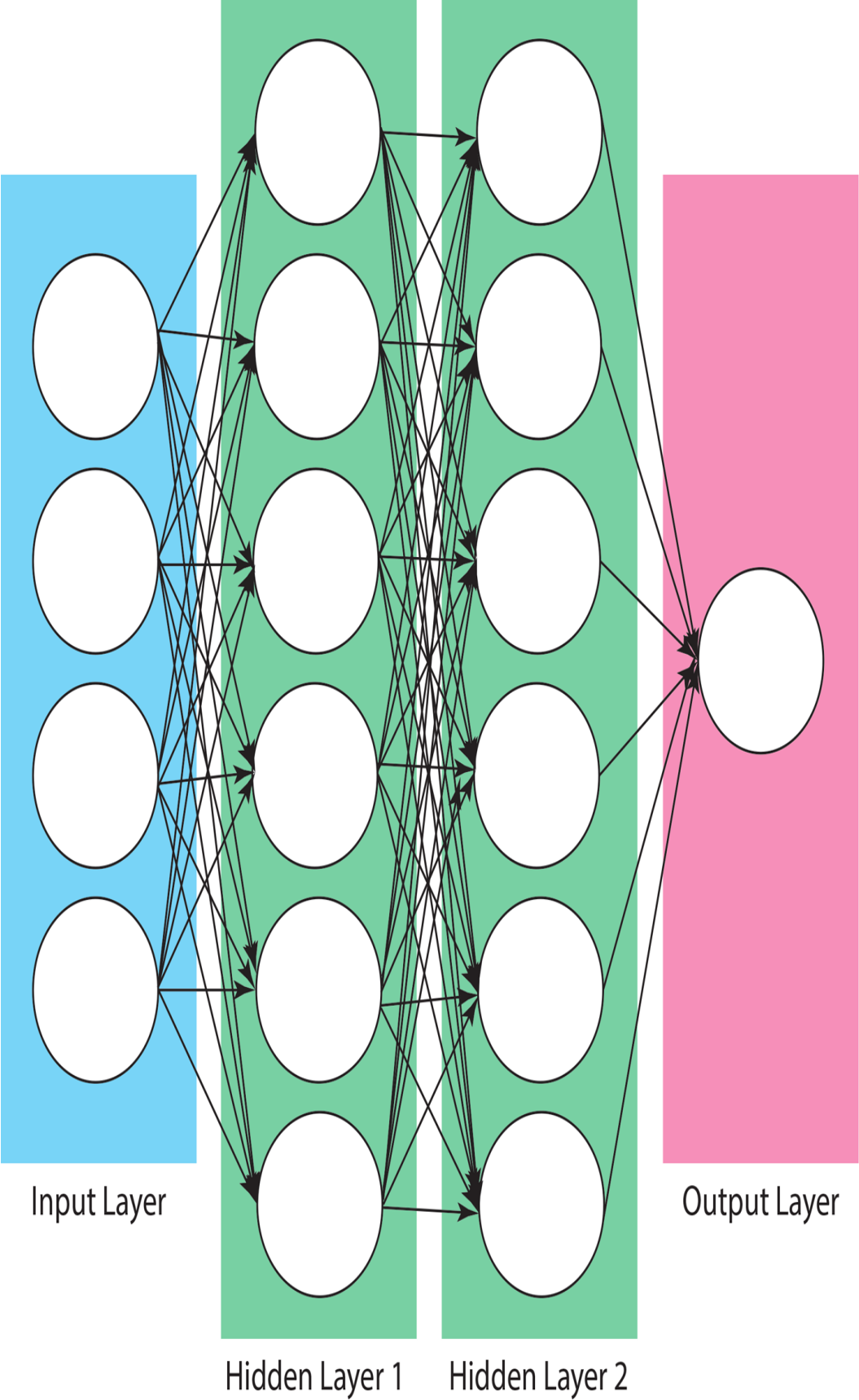
The output layer

This is the end of the network and where the model outputs results.

Neural networks have six foundational concepts, as described in the following sections.

## **FEED-FORWARD PROPAGATION**

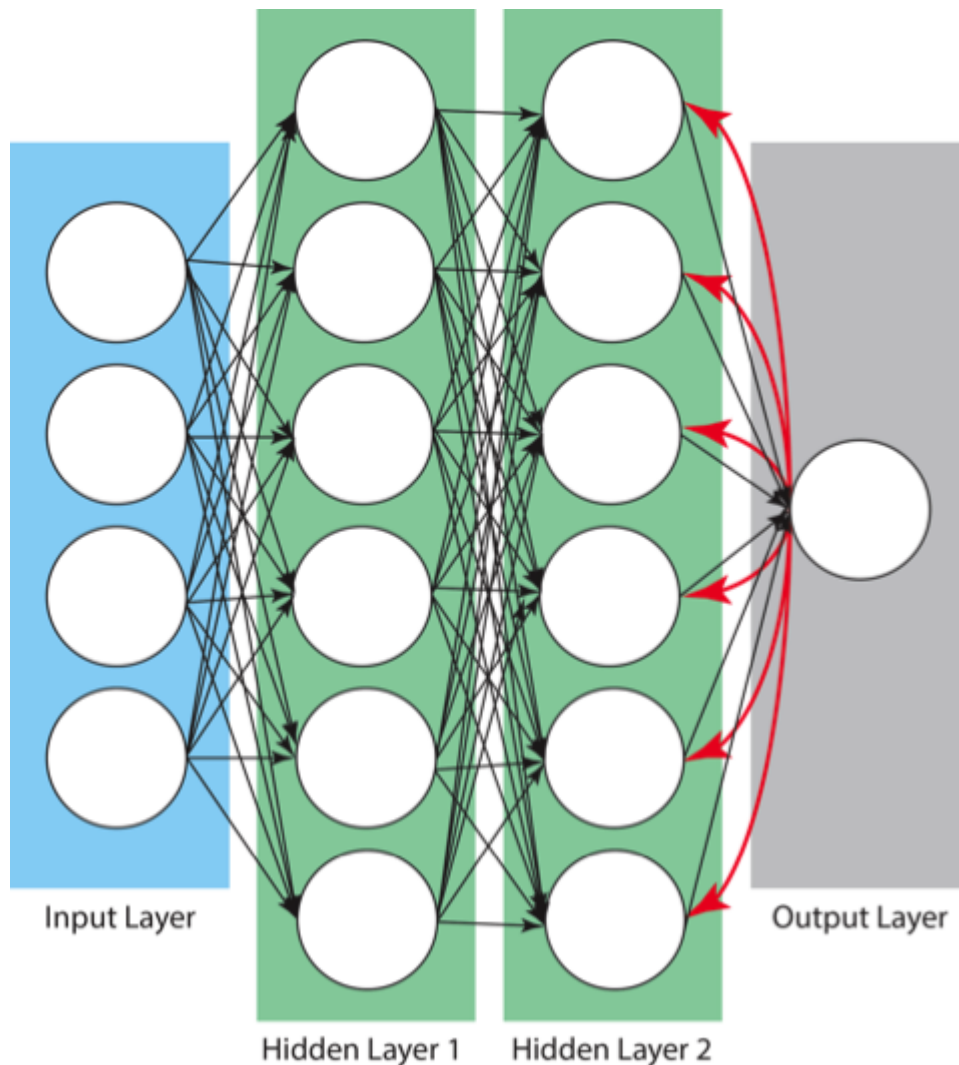
Data (weights and biases) flows forward through the network from the input layer through various hidden layers and finally to the output layer ([Figure 2-12](#)).



*Figure 2-12. Feed-forward propagation*

## BACKWARD PROPAGATION

After data is fed forward through the network, the error (desired value minus the obtained value) is fed backward through the network to adjust the weights and biases with the aim of reducing the error (Figure 2-13).

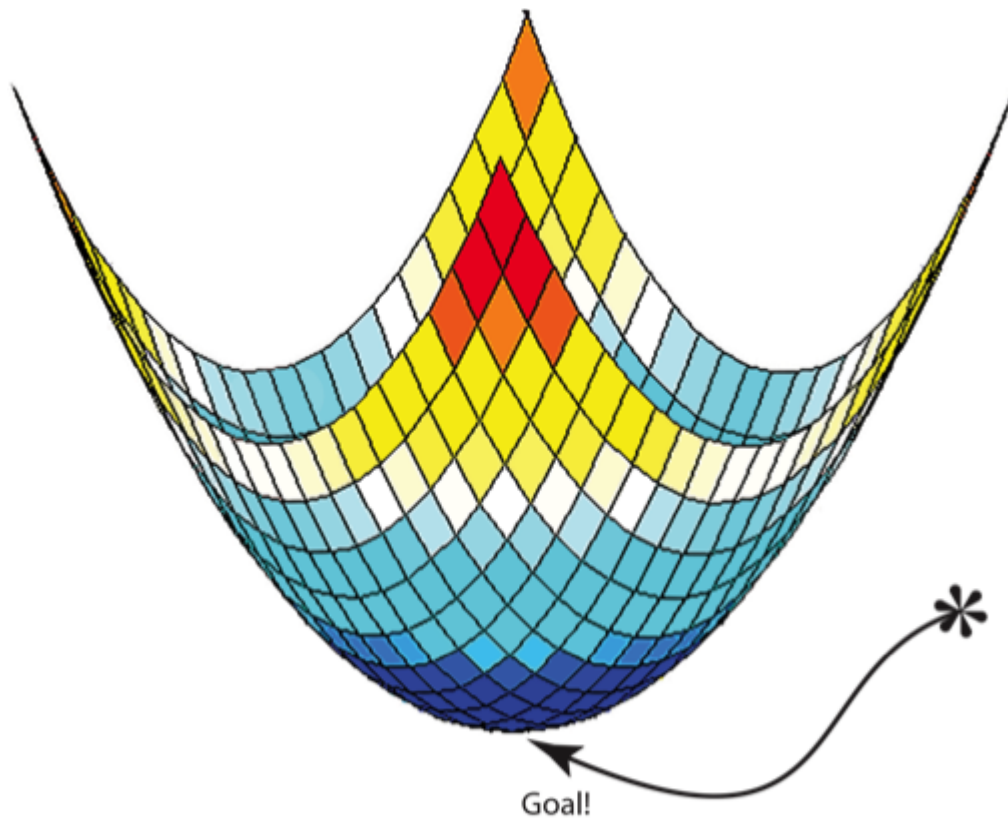


*Figure 2-13. Backward propagation*

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## GRADIENT DESCENT

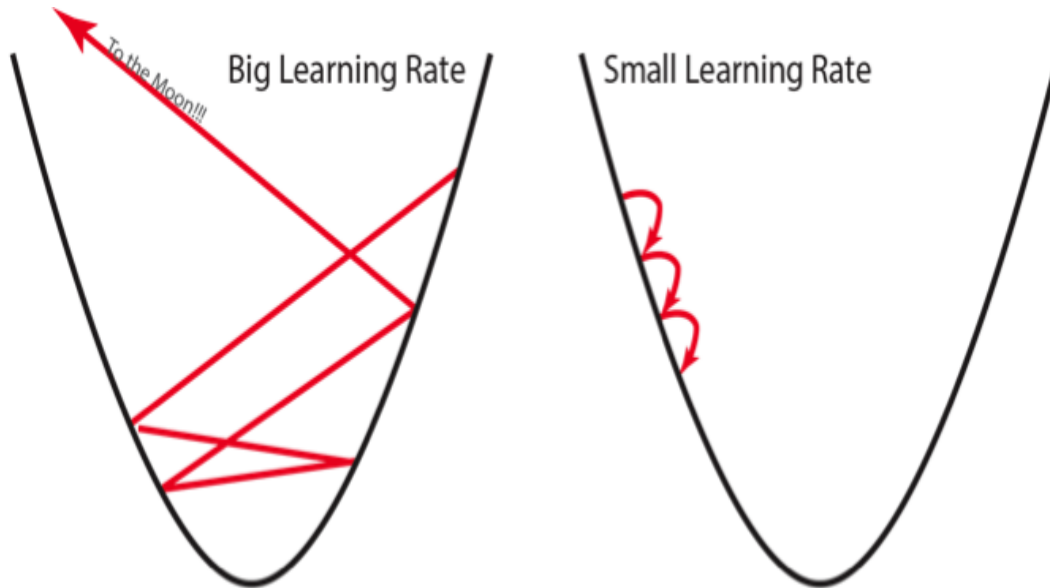
An optimization function that attempts to find the minimum value of a function. Another way of saying it is that gradient descent has the goal of minimizing the cost function as much as possible (Figure 2-14). When this is achieved, the network is optimized. A common analogy is a man walking down a mountain. Every step he takes he wants to head in a downward direction until he reaches the lowest possible point; it is here where the cost function is at a minimal. When this is achieved the model has the highest accuracy.



*Figure 2-14. Gradient descent*

## LEARNING RATE

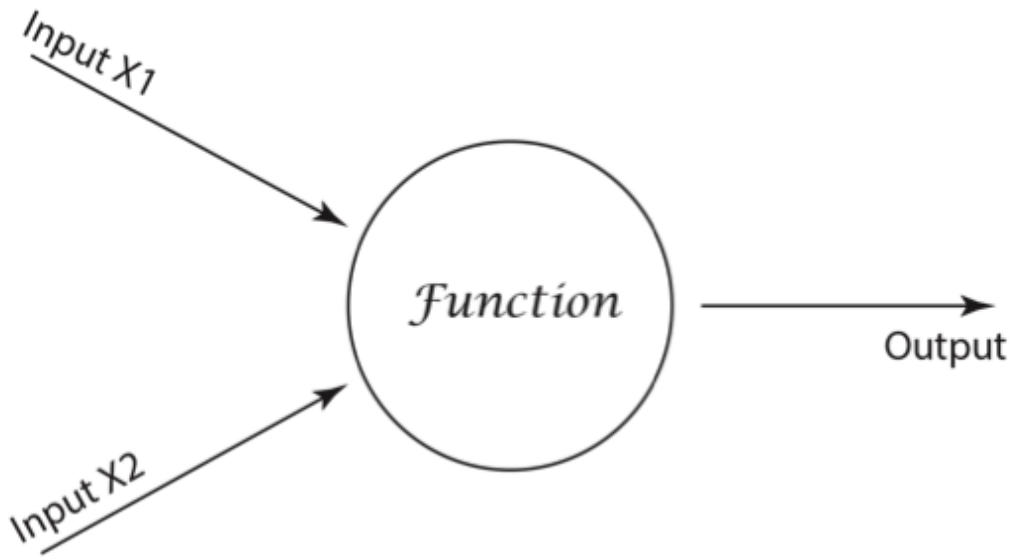
The learning rate is the size of the steps we take to achieve the minimum of gradient descent (bottom of the mountain). If the learning rate is too large, it will pass the minimum and potentially spin out of control. If it is too small, the process takes far too long (Figure 2-15).



*Figure 2-15. Learning rates*

## NEURON

A neuron is the foundation of a neural network. It takes an input, or inputs, applies a function to those inputs and renders an output. It is loosely based on the human neuron (Figure 2-16).



*Figure 2-16. Neuron*

## **FUNCTIONS**

A function is a mathematical equation within a neuron that takes the input values and decides whether it should activate (or fire). There are many activation functions, but these are the are most common in neural networks:

### **Sigmoid**

Takes the input value and puts it in a range from 0 to 1 (Figure 2-17).

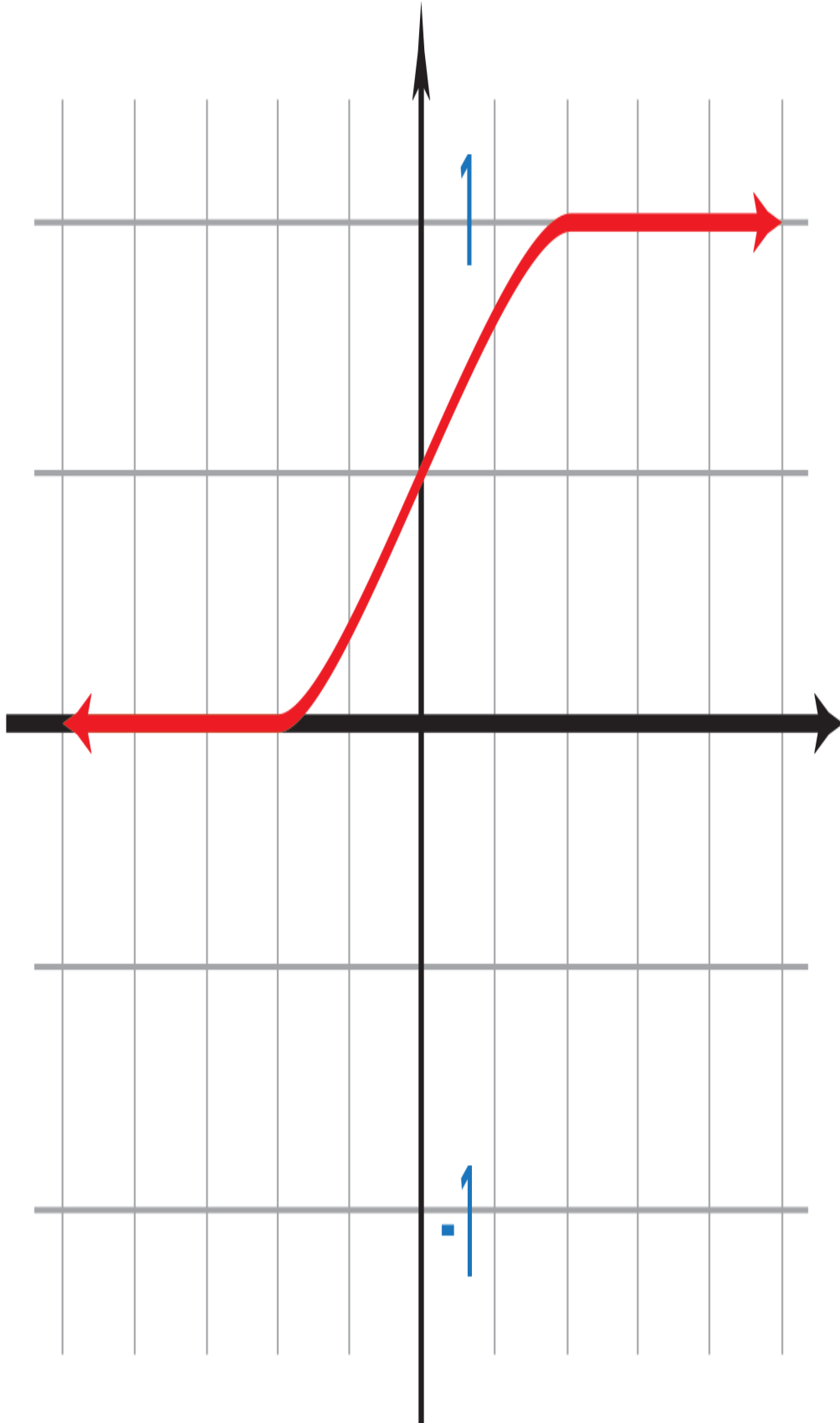


Figure 2-17. Sigmoid

## Tanh

Takes the input value and puts it in the range of  $-1$  to  $1$  (Figure 2-18).

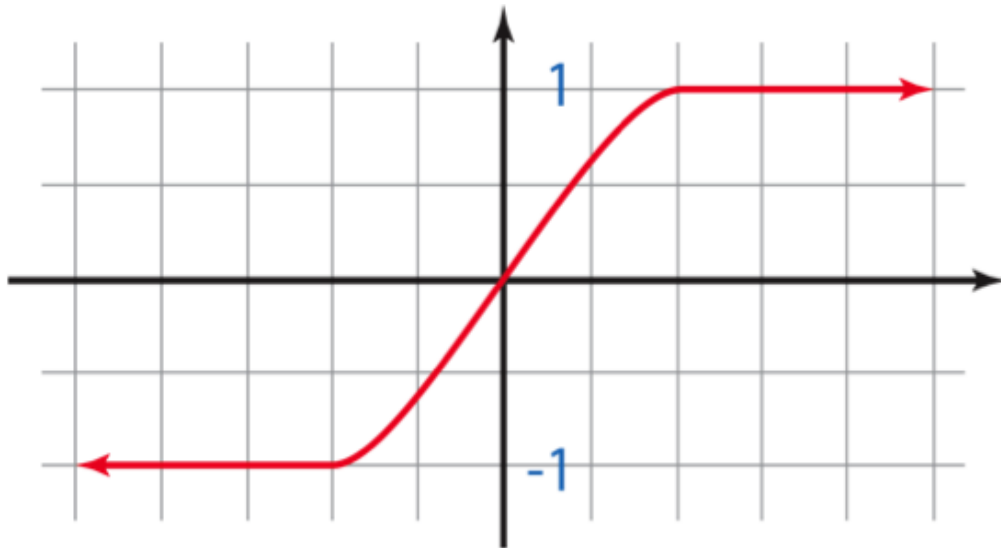
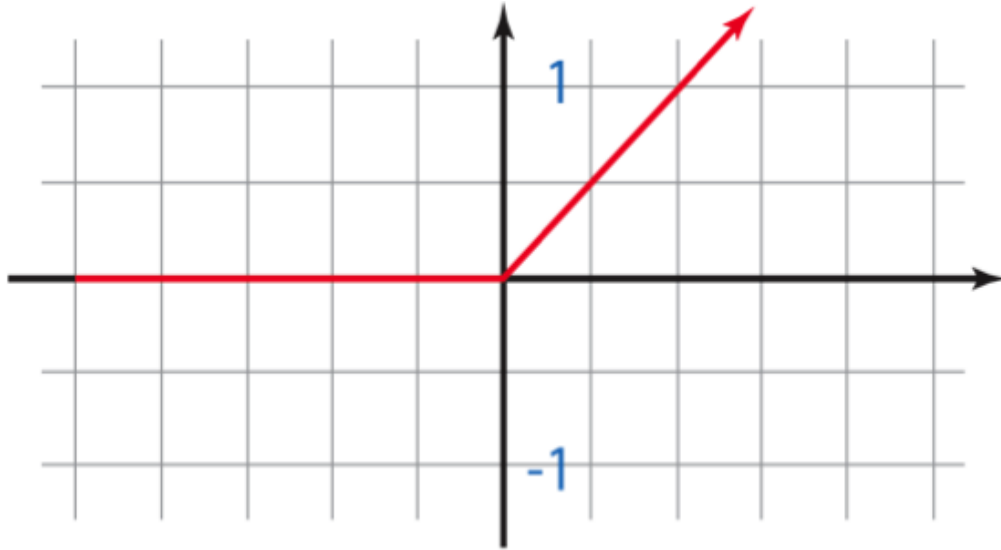


Figure 2-18. Tanh

## ReLU

Rectified Linear Unit takes the input value and puts it in the range of  $0$  to infinity. It makes all negative values  $0$  (Figure 2-19).

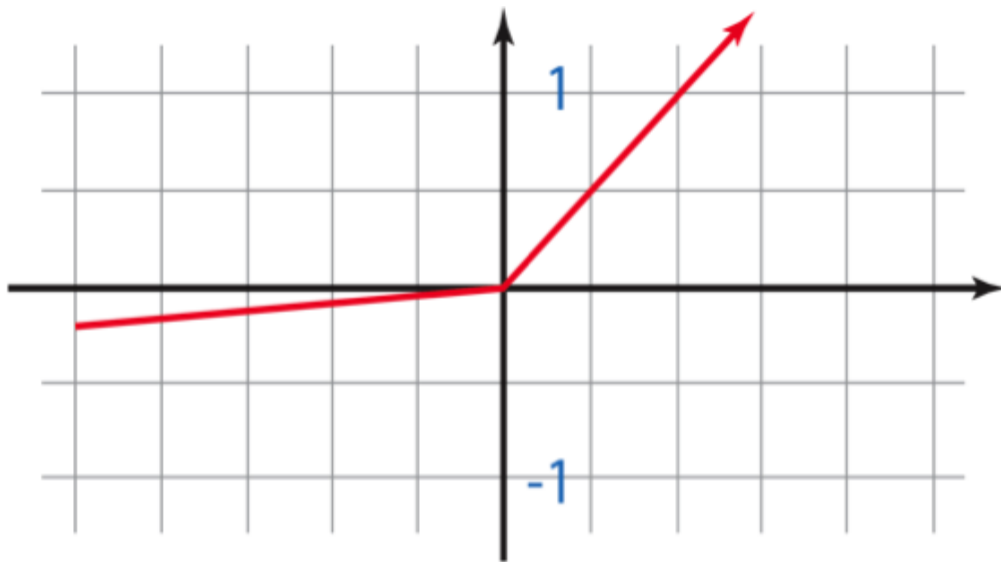




*Figure 2-19. Rectified Linear Unit*

### Leaky ReLU

Takes an input value and puts the range from a very small negative value to infinity (Figure 2-20).



*Figure 2-20. Leaky Rectified Linear Unit*


### Softmax

Takes the inputs and predicts a result over a certain set of possibilities. For instance, in digit recognition the softmax

function returns a result of 10 possibilities (0-9) with probabilities for each. If you have five different sodas, it would return five possibilities with probabilities for each (Figure 2-21).

## Which of the World's Worst Sodas?

6up	.01
BubbleDown	.02
SanFresca	.05
Lighting White	.25
Tab	.77



*Figure 2-21. Softmax Function*

### NOTE

ReLU's have the problem of “dying”—getting stuck on the negative side and always outputting a value of 0. Using Leaky ReLU's with their slight negative slope can remedy the problem, as can lowering the learning rate.

As business analysts we recommend taking a high-level view of machine learning and, in particular, neural networks. You can go down many rabbit holes here trying to understand the exact difference between sigmoid or tanh, or how exactly to determine gradient descent. You can dig into the math of this to such an extent you could write many doctoral theses on it. Our goal with this overview is to impart to SAP business analysts the sheer depth of this beautiful science. Furthermore, a basic understanding of this science will allow you to leverage it for real-world results.

Now that we have some of the fundamentals, what are some of the basic neural networks we see in practice today?

## **SINGLE LAYER PERCEPTRON**

A *Single layer perceptron* is the simplest form of a neural network (Figure 2-22). It has no hidden layers. It has only an input and output layer. You might think that diagram has two layers, but the input layer is not considered a layer because it does no computation. A single layer perceptron receives multiple input signals, sums them, and if the value is above a predetermined threshold it fires. Because they either have a value or not, they are only capable of discerning between two linearly separable classes. What's the big deal? In themselves, the single layer perceptron is quite limited. However, they comprise other neural networks. Imagine: the average human brain has 100 billion neurons. Each neuron has a simple function, as simple as this single layer perceptron. It is the concert of these neurons in our brains that makes the music of who we are.

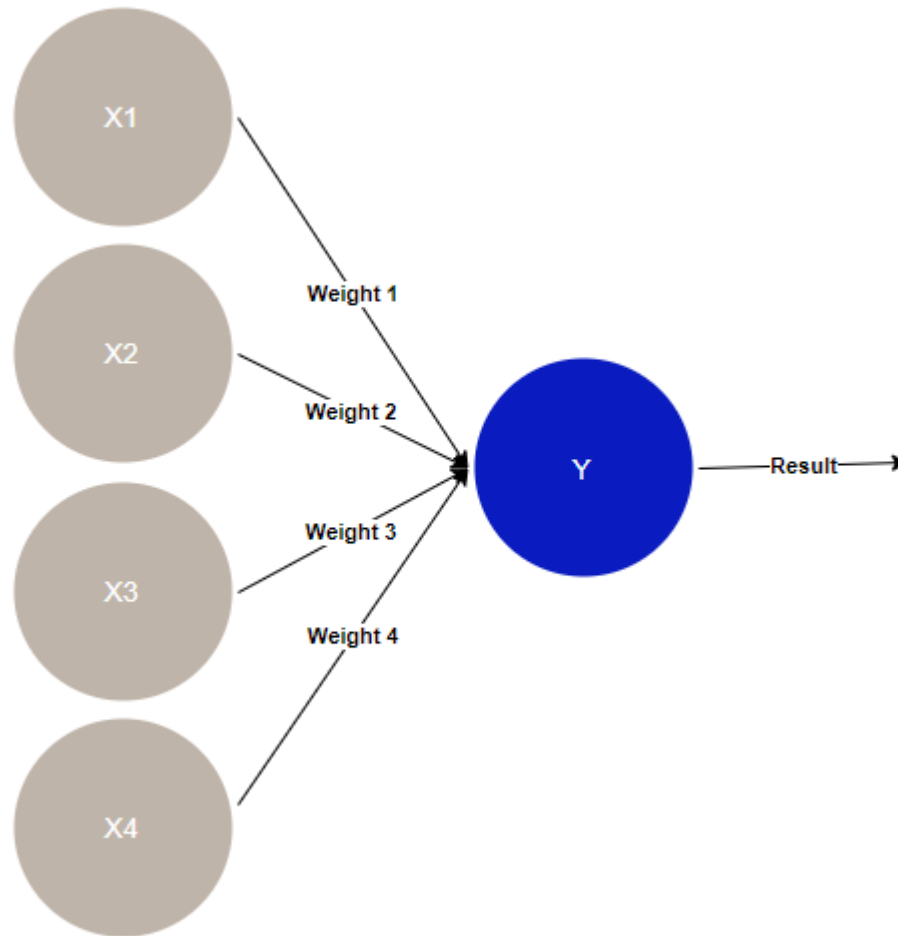


Figure 2-22. Single layer perceptron

## MULTILAYER PERCEPTRON

A *Multilayer perceptron* is composed of multiple layers (Figure 2-23). They are normally interconnected. Nodes in the first hidden layer connect to the nodes in the input layer. A bias node can be added in the hidden layer that is not connected to the input layer. Bias nodes increase flexibility of the network to fit the data and their value is normally set to 1. In more advanced neural networks the process of *batch normalization* performs this function.

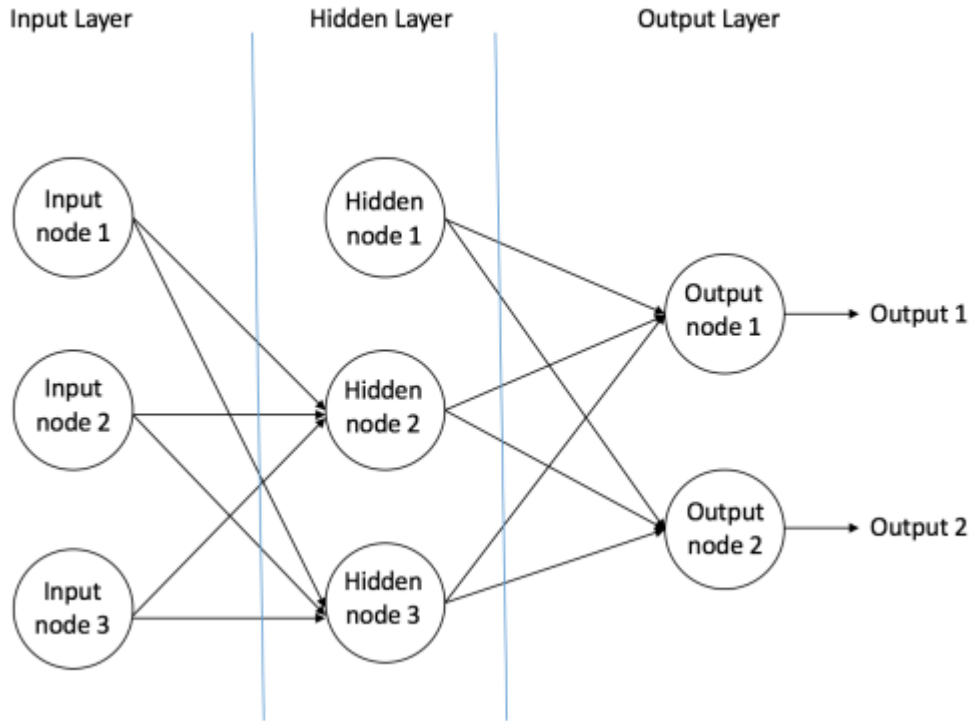


Figure 2-23. Multilayer perceptron

## CONVOLUTIONAL NETWORK

A *convolutional neural network* (CNN) is a multilayer network that passes weights and biases back and forth through the layers. CNNs assume that the inputs are images and therefore there are special layers and encoding to these networks. Why not use a multilayer perceptron for image classification? Well, image data is big...it would not scale well. CNNs use three-dimensional tensors composed of width, height, and depth as their input.

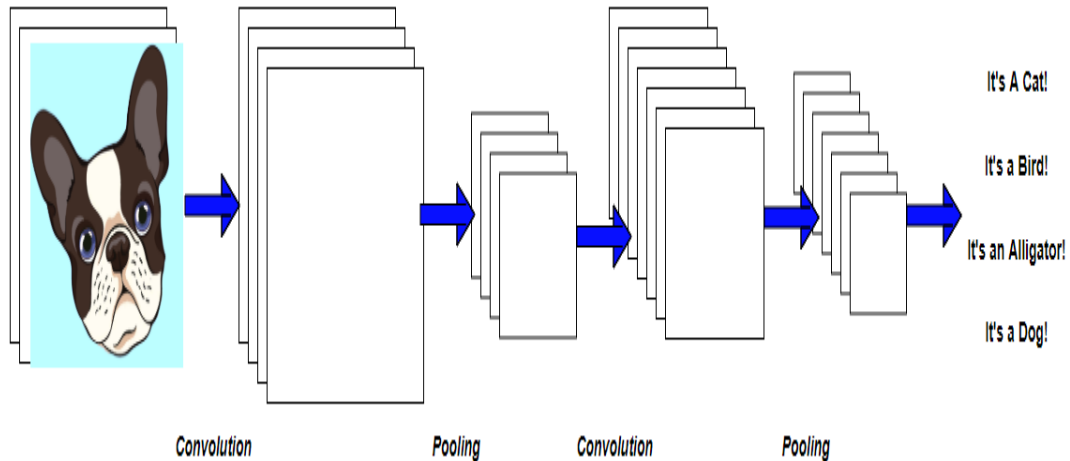


Figure 2-24. Convolutional neural network layers

There are three unique layers to a CNN:

### Convolutional Layer

The primary purpose is to extract features from the input. Every image is a matrix of pixel values, which are converted to features using a *filter* which slides over the image and computes a dot product.

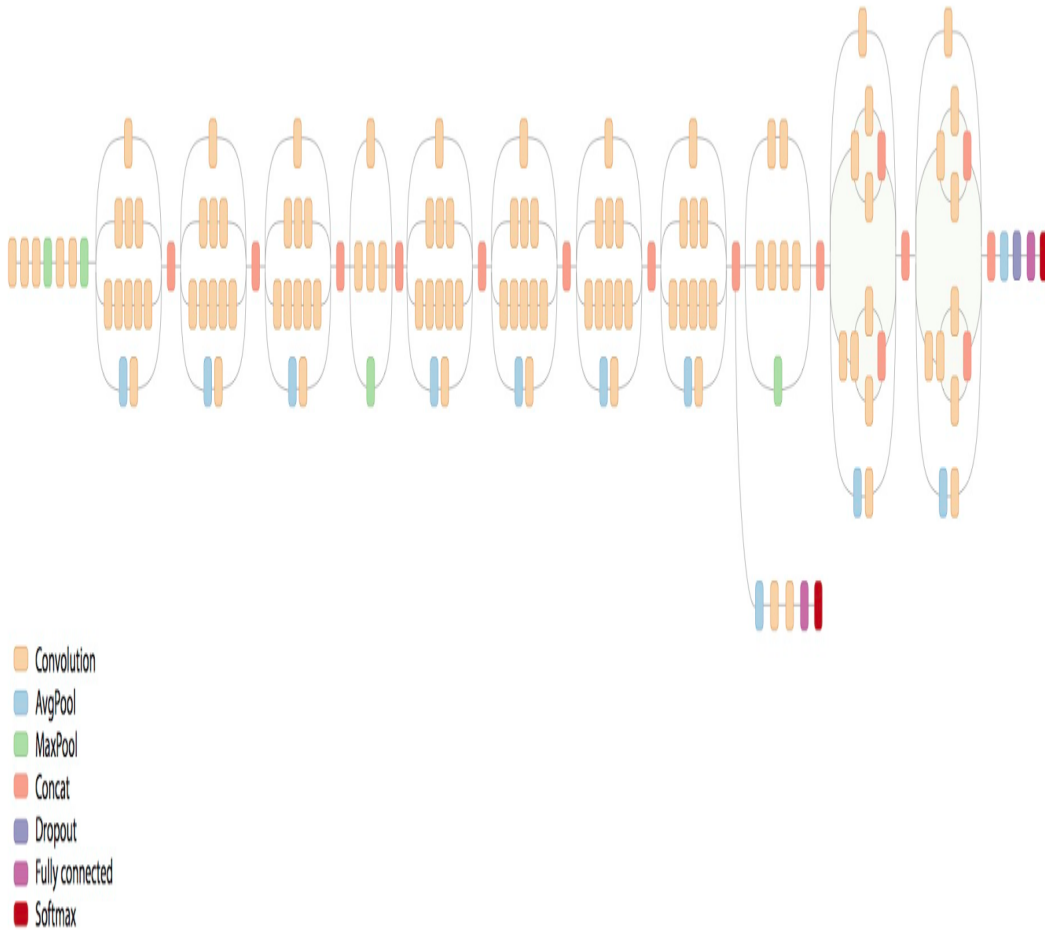
### Pooling Layer

This layer is also sometimes called downsampling or subsampling. It reduces the dimensionality of the features presented by the convolutional layer by using either Max, Average, or Sum values.

### Fully Connected Layer

Similar to a multilayer perceptron that uses a SoftMax activation function to deliver to the output layer a probability distribution.

CNNs can become very complex. Check out Google's Inception model, shown in [Figure 2-25](#).



*Figure 2-25. Google's Inception model*

## NOTE

The field of neural networks is undergoing rapid and exciting change. Brilliant minds are working ardently to push this field forward incredibly fast. Along come researchers Sara Sabour, Nicholas Frost, and Geoffrey Hinton with a proposal called CapsNets (Capsule Networks). (Hinton is an icon in this field; when his name is on a paper...you read it.) In a multilayer neural network you add more and more layers depending on your needs. In a CapsNet you add a neural network inside another layer.

As Hinton says, “The pooling operation used in convolutional neural networks is a big mistake and the fact that it works so well is a disaster.”

What makes capsule networks so exciting is they, like our own image processing, do not take into account the orientation of the image. When a child looks at a dog, the orientation of the dog does not affect his/her perception of the image.

CapsNets are too new at this time, but if they continue to gain traction we will discuss them more fully in future editions of this book.

## RECURSIVE NEURAL NETWORK

A *recursive neural network* is a multilayer network that leverages time-series or sequential data. They perform very well and are often the go-to model for natural language processing (NLP) tasks and time-series data. We will see them in action in the chapter *Language and Text Processing*. In our other neural networks, once data is passed to the next layer the previous layer is forgotten. However, when trying to make predictions along a sequence of data it is important to *remember* what came before it. These networks are *recurrent* in that they double back and look at the previous input or inputs. In a sense, they have a memory.



The arrows circling back show the recurrence in the RNN ([Figure 2-26](#)). As you can see, this recurrence is very short; it only circles back on the same layer. In essence, it has only a short-term memory. This problem is overcome by introducing to the network a long short-term memory (LSTM).

LSTMs allow the network to learn over a long period of time. They have three gates: input, output, and forget. The input gate determines what data is let in. The output gate determines what data is let out. Finally, the forget gate decides what data should be forgotten. Their architecture can be difficult for the beginner so suffice it to say that LSTMs allow the network to remember over a long period. If you are interested in a deeper dive into them, read [this blog](#).

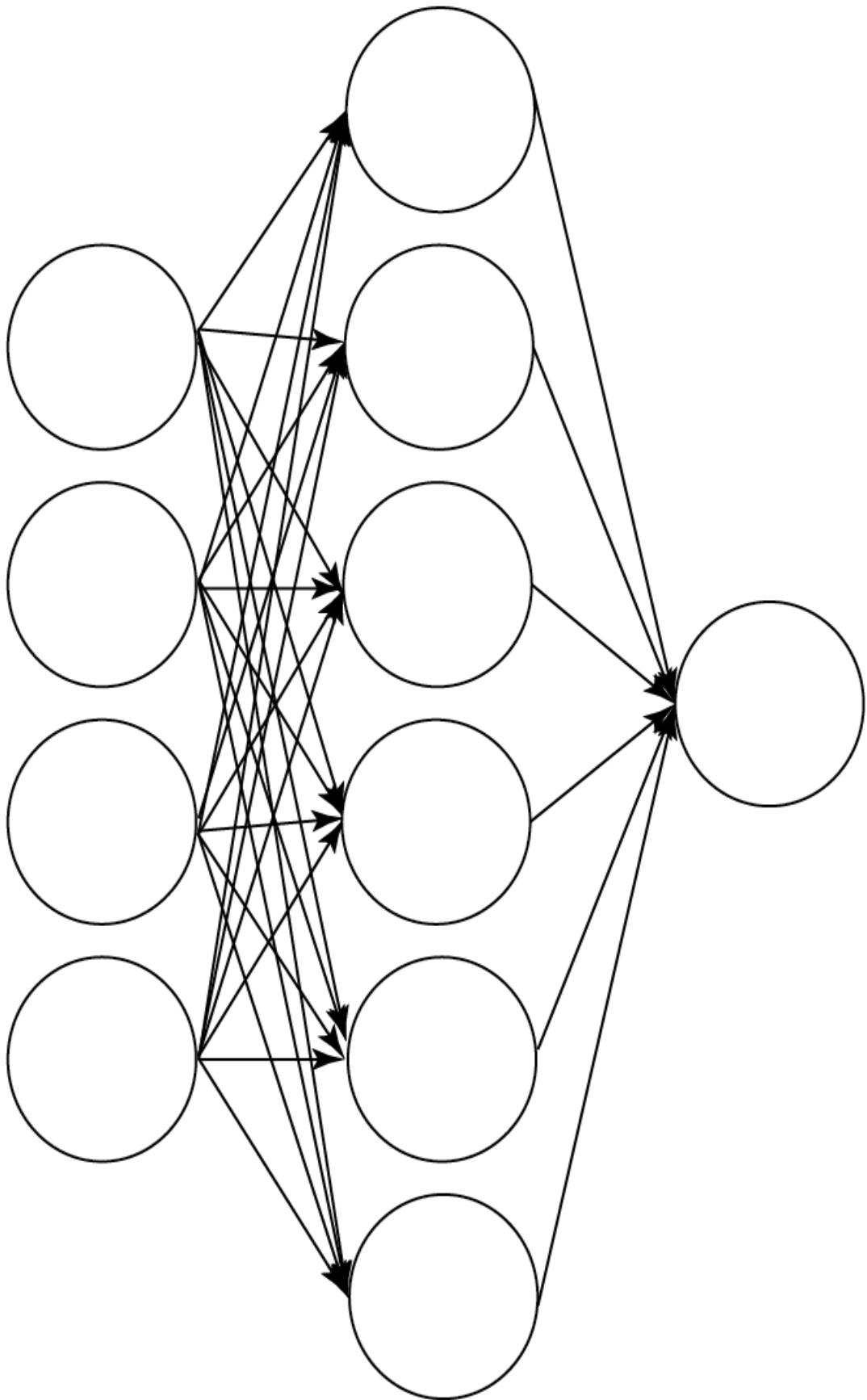


Figure 2-26. Feed forward and recurrent networks

## TEMPORAL NETWORKS

A *temporal convolutional network* (TCN) is a multilayer network that has the advantages of a convolutional network while also considering placement and position.

Convolutional networks are generally very good at image recognition and language classification. They do not however, care about placement. For instance, a CNN wants to know if the image contains a tail, a brown button nose, and floppy ears. Then it classifies that image as a dog. It does not care about the positioning of the image. In language classification, a CNN wants to know the presence of certain keywords that will indicate if it is looking at a legal document, a comic book, or a Hemingway novel. The position, again, does not really matter. What if you want to work on data in which position and placement *is* important, such as time-series data? Time-series data is simply a dataset on a timeline with date and/or timestamps. As we mentioned earlier, the industry go-to model for such tasks is the RNN. However, like many things in data science, that model has recently been unseated...by the mighty TCN.

Compared to RNNs, TCNs have the advantage of being computationally less expensive and using a simpler architecture. RNNs need resources, the LSTM layers, to *remember*. TCNs use input steps that map to outputs that are used in the next layer of the input ([Figure 2-27](#)). Instead of using recurrence, they use the results of one layer to feed the next layer.

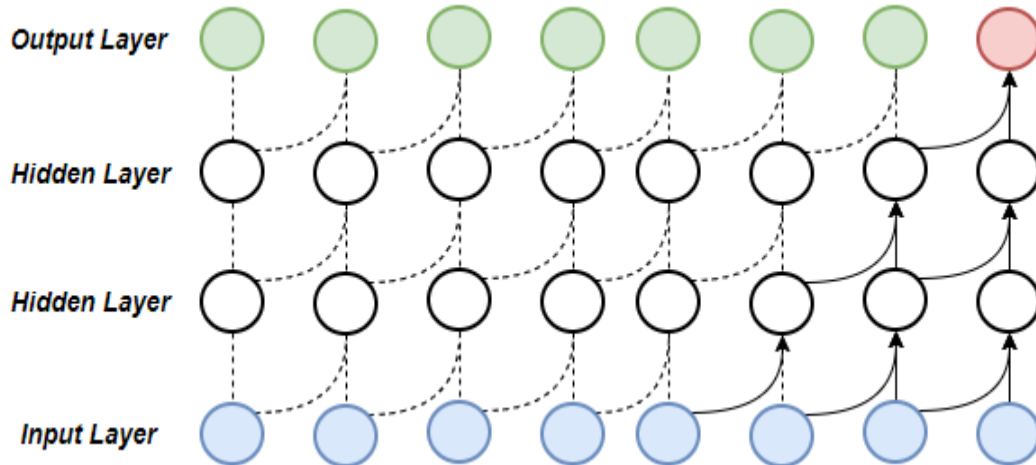


Figure 2-27. Temporal convolutional network

In [Chapter 6](#), we do a simple sales forecast. TCNs seem like the proper model to use for such a task; we will attempt to use it to forecast the sales for a particular product from an SAP system.

## AUTOENCODER

The Autoencoder is a feed-forward-only neural network with a deceptively simple definition. It is a network that takes input data and tries to copy it as the output. It is comprised of two parts:

Encoder

Deconstructs the input data.

Decoder

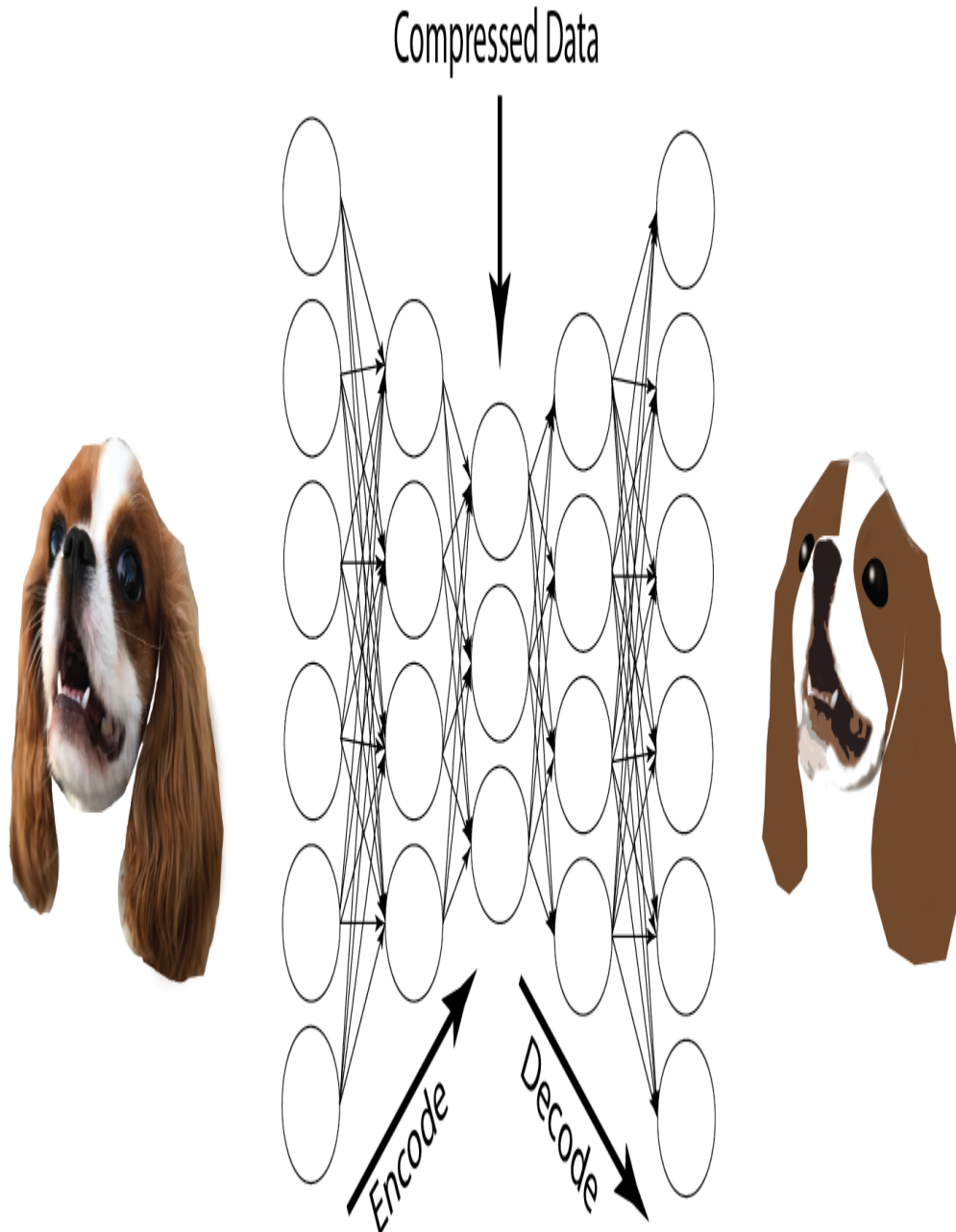
Reconstructs the data for output.

The most common use for this type of network is image denoising and image generation. The real value in the autoencoder is not the output, which is the case for our other neural networks. The real value is in the representation that the neural network has of the output

in the compressed data. To clarify this further, the model at its most compressed has learned the salient features of the object. Let's say it is looking at the image of a dog. The salient features are ears, eyes, mouth, snout, dog-like nose, and so on. If the model compresses too far it may think the only salient features are eyes and won't be able to tell the difference between a dog and any other animal. If the model is not compressed enough such that it recognizes too many features (such as coloring and facial shape) it will know only one type of dog. The trick in this model is knowing the balance. As a recap, the neural network is optimized not when the output is closer to the input, but when the output still represents the key features of the input and the data is *compressed* as much as possible.

#### **NOTE**

A key concept with Autoencoders is that the output dimension must be smaller than the input dimension for the network to learn the most relevant features.

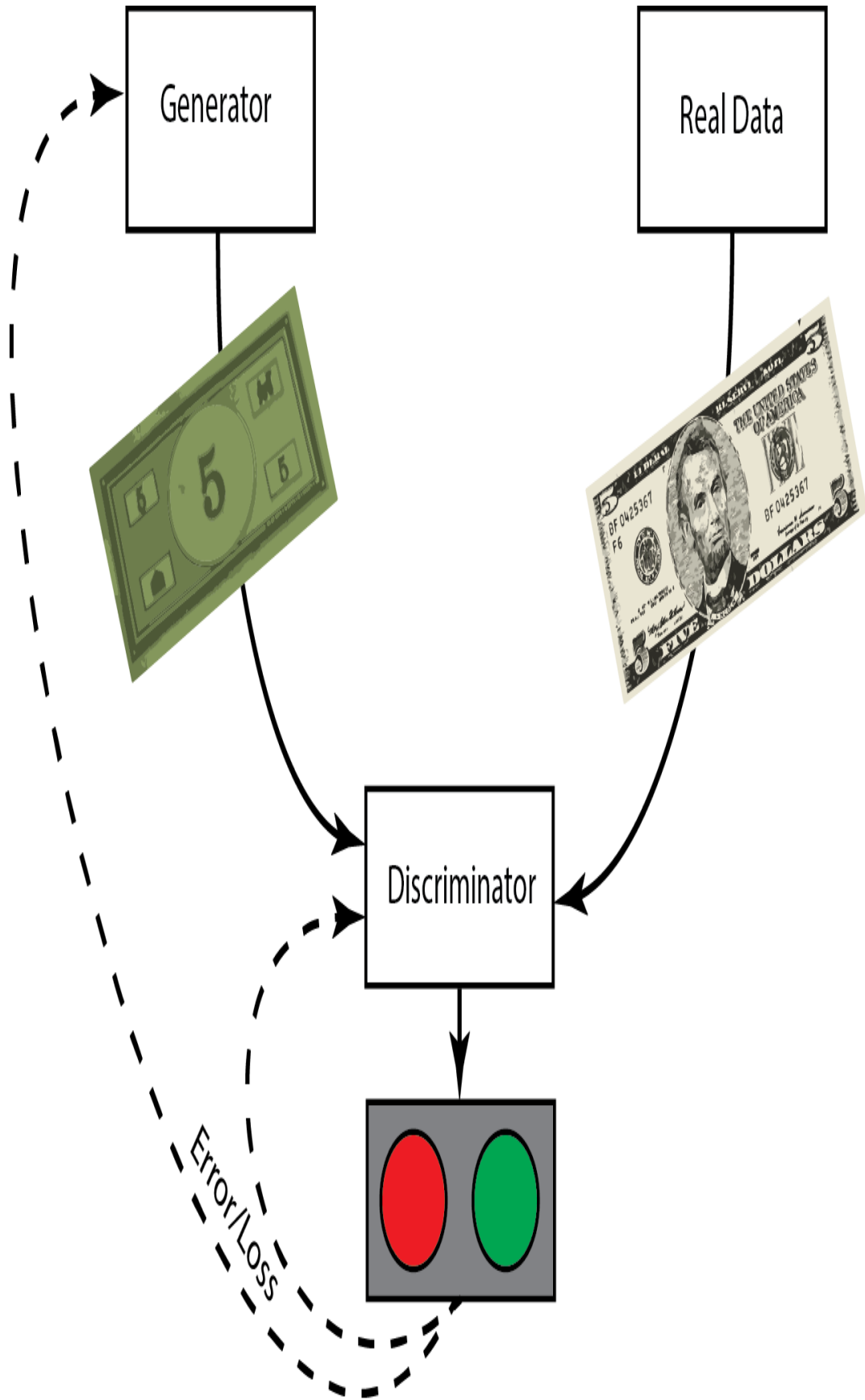


*Figure 2-28. Autoencoder*

Autoencoders are typically used for reducing the dimensionality of the data and feature learning. They are commonly part of another neural network where it helps reduce feature dimensionality.

## **GENERATIVE ADVERSARIAL NETWORK**

A generative adversarial network (GAN) is a neural network architecture where two networks, to put it frankly, fight. Hence the term *adversarial*. The two networks are referred to as the Generator and the Discriminator. Imagine this commonly used scenario. The GAN wants to make fake money. The generator creates a bill and sends it to the discriminator for testing. Well, the discriminator knows what bills look like because it has learned from a set of real-world images. The generator's first attempt is woeful, it fails and it gets feedback on its failure. Then it tries again, and again, and again until it is able to produce a bill that the discriminator thinks is real. Then it is the discriminator's turn to learn. It finds out that it was wrong and learns not to accept that fake bill again. This bickering goes back and forth until a point where the networks fairly evenly fail and succeed...a point where no more learning is happening on either side.





*Figure 2-29. Generative adversarial network*

/>

You may wonder how a network like this would be used. Well, these networks like to mimic data. Therefore they have been taught to mimic art, music, images, and even poetry. They can be taught to merge concepts in images. For instance, you train the network on images of men wearing hats, women wearing no hats and ask the GAN to generate images of women wearing hats, and it does a pretty good job. Sounds nifty, but what is the use in our business scenarios? Well, GANs have been used to detect anomalies in data and also to generate training data for other networks when a limited amount is available. In the introduction to neural networks we provide here, we would be remiss to not mention GANs. However, we admit it is harder to apply them to business applications. Presenting them here is illustrative of our goal of creating a type of Citizen Data Scientist within the SAP business analyst community. Keep in mind all the concepts, including GANs, and perhaps you will identify a business scenario where a GAN could be employed.

## **Summary**

If this was your first introduction to data science concepts, we understand it was a lot to take in. If you are an experienced data scientist you may have asked questions such as “Where is XGBoost?” or “Why not AutoML?” Remember our main intent, we want to get business analysts to think a little like data scientists. The creation of citizen data scientists if you will. There are many other areas of data science that we did not cover in this chapter but will

address later such as exploratory data analysis and data visualization. Business analysts, we hope that you found in this chapter ideas that will get you thinking about your own data—and in particular for this book, your SAP data. In the following chapters we will go into detailed business scenarios using SAP data and the concepts we introduced in this chapter.

- 
- 1 The authors recommend learning to park *before* Formula One racing, but we did not analyze this using any of the techniques in this book. So who knows? Maybe it *is* better to be an Formula One driver but not learn to park! More data is needed.
  - 2 Euclidean distance is simply the ordinary straight-line distance between two points, either on a plane or in three-dimensional space. Why say “straight-line” when you can say “Euclidean distance” and sound scholarly? Bonus points if you have a pipe or tweed jacket.
  - 3 A much more detailed explanation of this scenario can be found at <http://yudkowsky.net/rational/bayes#content>.
  - 4 Image classification refers to the process of extracting information from an image and classifying it; for example, to identify when a picture is of a [Chihuahua](#) or a [blueberry muffin](#).

# Chapter 3. SAP for Data Scientists

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## NOTE

If you're an SAP professional, you may not need much of the information in this chapter. We're trying to get data scientists up to speed on things that you probably already know.

At Big Bonanza Warehouse, Greg and Paul<sup>1</sup> make up the entire data science team. They're surrounded by delicious data everywhere they look: plant automation systems, transportation records for customer shipments, marketing campaign data, and the copious spreadsheets and Microsoft Access databases that seem to sprout up everywhere at big enterprises. They can't get up to get coffee without hearing about another fascinating data opportunity. They're simultaneously overjoyed and swamped: they get to come in and work on interesting problems every day, but there's no way they can ever catch up to the insane backlog of data requests.

Well, of course, there's one way they could catch up. They could dive in and learn SAP.

Because SAP is the leviathan that continues to swallow other Big Bonanza Warehouse systems whole. As Big Bonanza moves to consolidate its enterprise software resources into the SAP portfolio,

more of that delicious data disappears into the belly of the beast. Greg and Paul know the amount of data—and therefore opportunity—in SAP boggles the mind. They just have no idea how to go poking around to get it. Talking to SAP end users doesn't reveal the true data model, and talking to SAP administrators hardly goes anywhere, because they're so incredibly overworked. ...

# Chapter 4. Exploratory Data Analysis with R

---

Pat is a manager in the purchasing department at Big Bonanza Warehouse. His department specializes in the manufacture of tubing for a variety of construction industries, which requires procuring a lot of raw and semi-raw materials. However, Pat has a problem; he receives up to a hundred purchase requisitions per day in SAP, which need approval before becoming purchase orders. It is a burdensome and time-consuming process he would like help streamlining. He decides to ask his IT department and the SAP team if anything can be done to help.

The SAP team has already configured the system to be optimal for the purchase requisition process. When Pat and the SAP team reach out to their colleagues on the data science team, they immediately wonder: “Could we build a model to learn if a purchase requisition is going to be approved?” There is ample data in the SAP system—nearly 10 years of historical data—for which they know all the requisition approvals and rejections. It turns out to be millions of records of labeled data. All those records indicate approval or rejection. Doesn’t this fall into supervised learning? It certainly does!

We introduced four different types of learning models in [Chapter 2](#). Those are:

- Supervised
- Unsupervised
- Semi-supervised
- Reinforcement

We are inclined to think that the scenario mentioned here is a supervised one because we have data that is labeled. That is, we have purchase requisitions that

have been approved and rejected. We can train a model on this labeled data, therefore it is a supervised scenario. Having identified the type of learning model we are working, the next step is to explore the data.

One of the most vital processes in the data scientist's workflow is exploratory data analysis (EDA). The data scientist uses this process to explore the data and determine whether it can be modeled, and if so, how. EDA's goal is to understand the data by summarizing the main characteristics, most often using visualizations. This is the step in the data science process that asks the data scientist to become familiar with the data.

Readers who know SAP well: if you think you're familiar with your data, go through this exercise. You'll be surprised how much you learn. There's a vast difference between knowing the general shape of the relational data and knowing the cleaned, analyzed, and fully modeled results of EDA.

In this chapter we will walk through the EDA process. To make it more understandable, we will go through it in real time. That is, we will not manipulate data to make this lesson easy to write; rather, we're going to make this as realistic and relatable as possible. We will run into problems along the way, and we will work through them as a real scenario. As shown in [Figure 4-1](#), EDA runs through four main phases: collection, cleansing, analysis, and modeling. Let's break down each phase briefly before we dive deeper into our scenario.

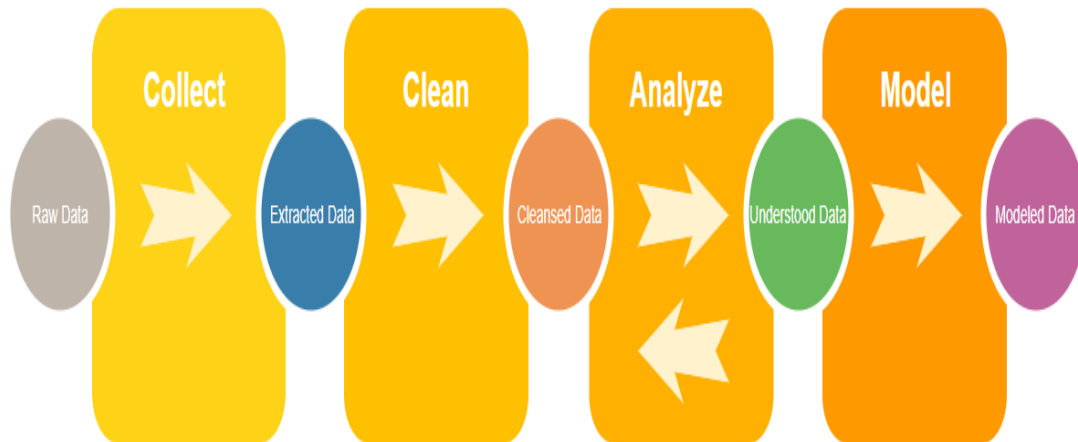


Figure 4-1. Workflow for exploratory data analysis

## The Four Phases of EDA

In the *Collect Data* phase, we start with our source system's data. It's important to understand how the source system records data. If, for example, we don't know what purchase requisitions look like in SAP tables, we can't pull them out for later analysis.

Once we've understood the source data, we choose the methods and tools to get it out and examine it. In this chapter, we use a flat-file extraction from SAP as an intermediate storage, and the R data analysis language as the method to process and play with the data. In EDA that focuses on business scenarios it's important to iterate on hypotheses quickly. Therefore, choose tools that you are comfortable and familiar with.

If you're not familiar with any tools yet, fear not! Many options exist for extracting and analyzing. [Chapter 3](#) discusses several alternative SAP data extraction methods and later chapters of this book use many of them. The R language is a favorite among statisticians and data scientists, but Python also has a very strong community. In this book we'll use examples and tools from both languages.

After successfully extracting the data, we enter the *Clean Data* phase. The source system's database, data maintenance rules, and the method we choose to extract can all leave their own unique marks on the data. For example, as we'll see sometimes a CSV extract can have extra unwanted header rows. Sometimes an API extraction can format numbers in a way incompatible with the analysis tool. It can—and often does—happen that when we extract years' worth of data the source system's own internal rules for governing data has changed.

When we clean the data right after extracting, we're looking for the things that are obviously wrong or inconsistent. In this chapter we use R methods to clean the data whereas you may feel more comfortable in another language. Whatever your approach, our goal for this phase is having the data stripped of obviously bad things.

Having met the goal of removing those bad things, it's time to proceed to the *Analysis* phase. This is where we begin to set up hypotheses and explore questions. Since the data is in a state we can trust after cleansing, we can visualize relationships and decide which ones are the strongest and most deserving of further modeling.

In this phase, we will often find ourselves reshaping and reformatting the data. It's a form of cleansing the data that is not focused on removing bad (or badly formatted) data; rather, it's focused on taking good data and shaping it so that it can effectively be used in the next phase. The Analysis phase often presents several opportunities for this further reshaping.

The final phase is *Modeling*. By this phase, we've discovered several relationships within the data that are worth pursuing. Our goal here: create a model that allows us to draw insightful conclusions or make evidence-supported predictions. The model ought to be reliable and repeatable. By modeling this purchasing scenario, the SAP team seeks to arm Pat the purchasing manager with information and tools that have an insightful impact on his business processes.

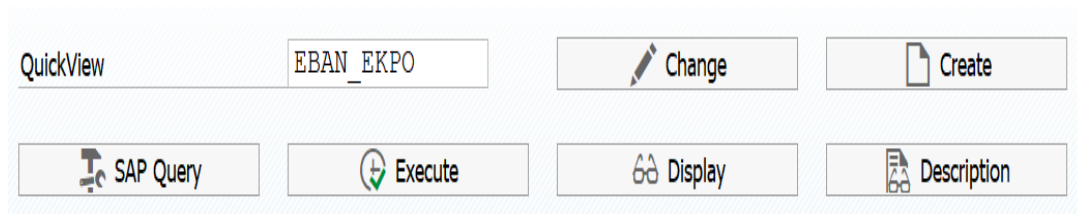


Greg and Paul know this process well, so let's get started!

## Phase 1: Collecting Our Data

An easy way to get data out of SAP is by using the ABAP QuickViewer. This transaction allows the user to view fields of a table or a collection of tables joined together. For the purchase requisition to purchase order scenario we need two tables: EBAN for purchase requisitions and EKPO for purchase order lines. Use transaction code SQVI to start the QuickViewer transaction.

Enter a name for the QuickView ([Figure 4-2](#)).



*Figure 4-2. QuickView first screen*

Click on the Create button and give the QuickView a title ([Figure 4-3](#)).

QuickView	EBAN_EKPO
Title	Merge of Table EBAN and EKPO
Comments	
1. Data source:	
	Table
2. Data from table/database view	
Table/view	

Basis mode     
 Layout mode

Figure 4-3. QuickView title

Change the “Data source” to “Table join” (Figure 4-4).

Table	▼
Table	
Table join	
Logical database	
SAP Query InfoSet	

Figure 4-4. QuickView type options

Click on the Enter button, then click on the Insert Table button (indicated in Figure 4-5).

Create QuickView EBAN\_EKPO: Choose Data Source









 
  Alias
  Join conditions
 
 
 

Figure 4-5. QuickView Insert Table button

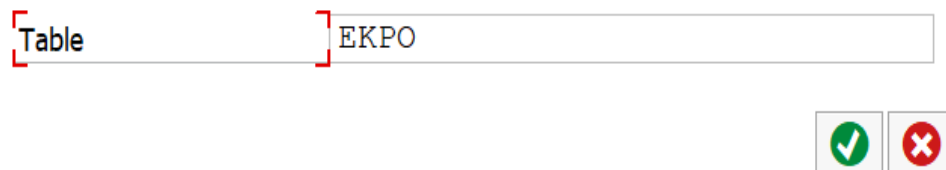
Enter the name of the first table and click Enter (Figure 4-6).



The image shows a user interface for entering a table name. On the left, the word "Table" is displayed in a red bracketed box. To its right is a long, thin rectangular input field containing the text "EBAN". Below the input field, there are two small square buttons: the first contains a green checkmark, and the second contains a red 'X'.

*Figure 4-6. First QuickView Table*

Repeat the process, click on the Insert Table button, and then click Enter (Figure 4-7).



The image shows a user interface for entering a table name. On the left, the word "Table" is displayed in a red bracketed box. To its right is a long, thin rectangular input field containing the text "EKPO". Below the input field, there are two small square buttons: the first contains a green checkmark, and the second contains a red 'X'.

*Figure 4-7. Second Quick View Table*

The tables will be displayed on the screen with their default relationships determined (Figure 4-8). Always check these relationships to make sure they are what is wanted. In this case, four relationships were determined but only two are needed.

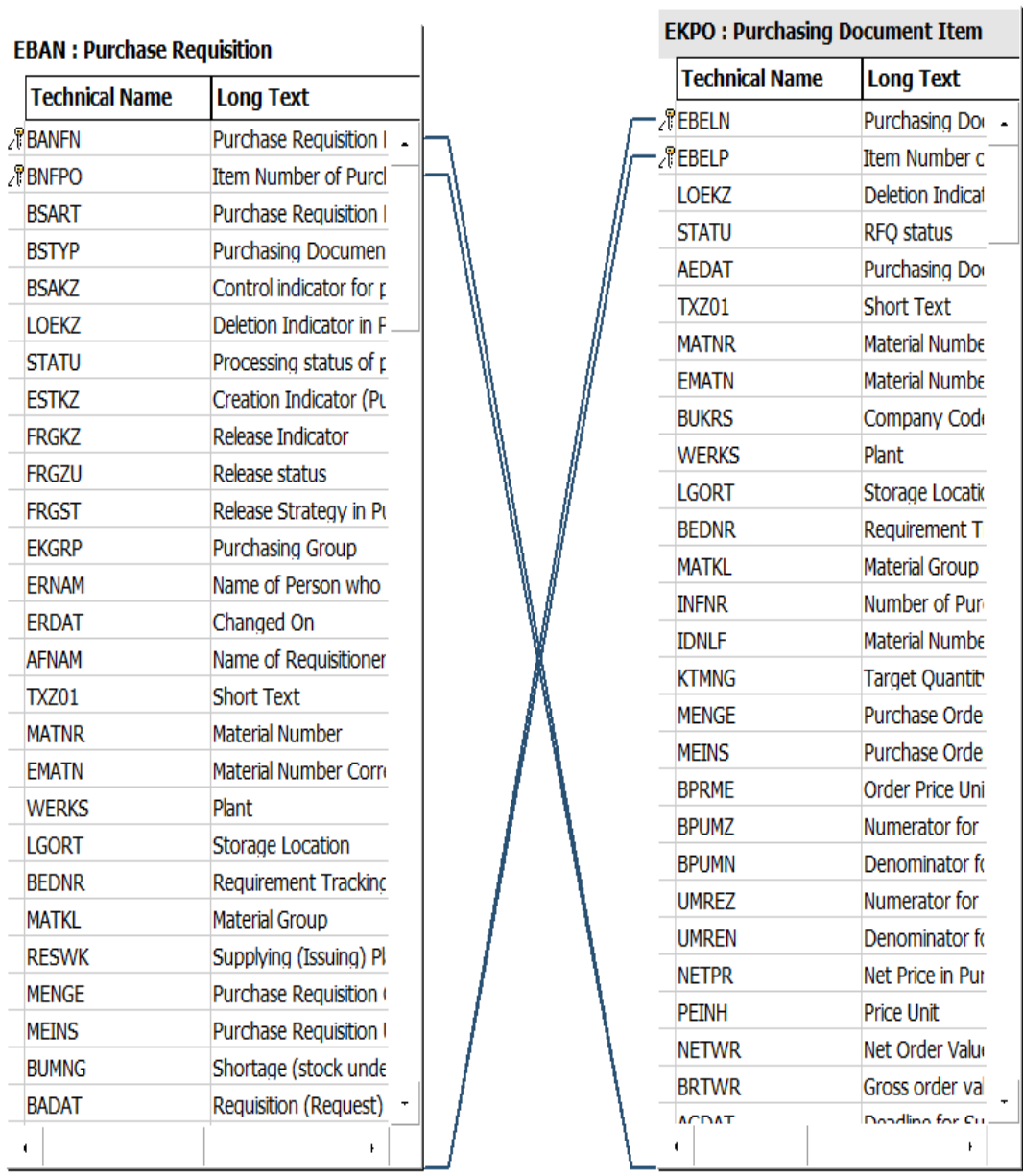


Figure 4-8. QuickView default join properties

Right-click on the links for BANFN and BNFPO and select Delete Link (Figure 4-9).

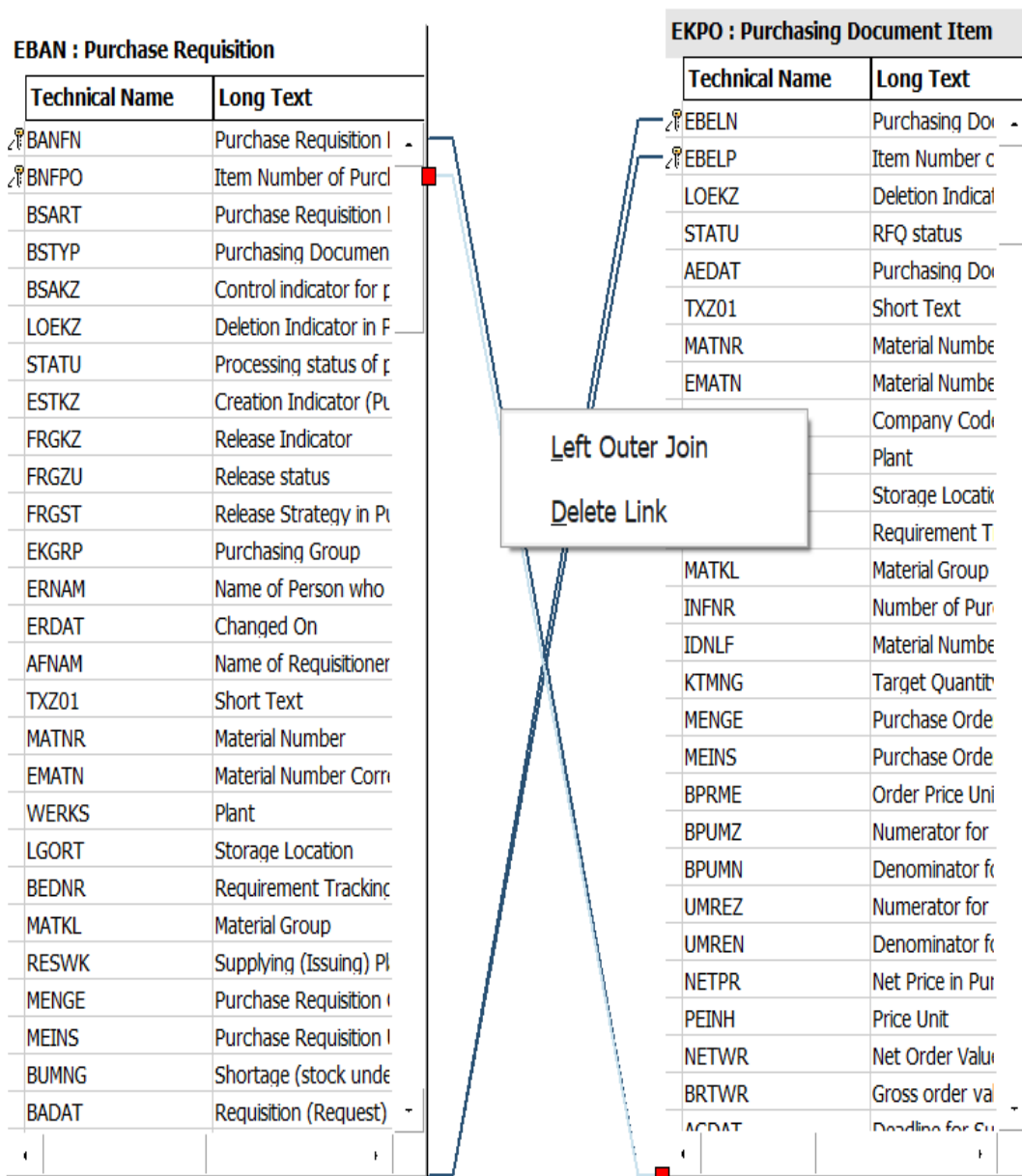


Figure 4-9. Removing a default join in a QuickView

Double-check the remaining two relationships to make sure they are correct. Tables EBAN and EKPO should be linked by EBELN and EBELP (Figure 4-10); these are the purchase order number and the purchase order item.

EBAN : Purchase Requisition		EKPO : Purchasing Document Item	
Technical Name	Long Text	Technical Name	Long Text
DISPO	MRP Controller (Mater	EBELN	Purchasing Do
SERNR	BOM explosion numb	EBELP	Item Number c
BVDAT	Date of last resubmiss	LOEKZ	Deletion Indical
BATOL	Resubmission Interva	STATU	RFQ status
BVDRK	Number of resubmissi	AEDAT	Purchasing Do
EBELN	Purchase Order Numl	TXZ01	Short Text
EBELP	Purchase Order Item	MATNR	Material Numbe
RFDAT	Purchase Order Date	EMATN	Material Numbe

Figure 4-10. Confirming remaining joins in a QuickView

Click on the Back button. The next screen allows for the selection of fields for the report. Open the caret on the left to show all the fields for a table (Figure 4-11).

QuickViewer: Initial Screen			
Data fields	List fie...	Selecti...	Technical Name
<ul style="list-style-type: none"> <li> <input checked="" type="checkbox"/> <span style="margin-left: 10px;">Table join</span> </li> <li> <input type="checkbox"/> <span style="margin-left: 10px;">Purchase Requisition</span> </li> <li> <input type="checkbox"/> <span style="margin-left: 10px;">Purchasing Documer</span> </li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li></li> <li>EBAN</li> <li>EKPO</li> </ul>

Figure 4-11. QuickViewer open table

Select the fields to be seen in the first column and the selection parameters for the table in the second column (Figure 4-12). Choosing fields as selection parameters enables those fields for filtering the overall results.

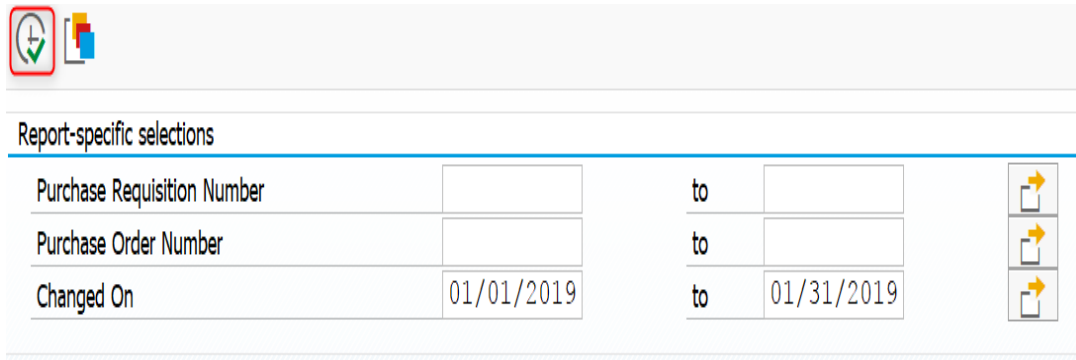
Data fields	List file...	Selecti...	Technical N...
<ul style="list-style-type: none"> <li>▼  Table join</li> <li> <ul style="list-style-type: none"> <li>▼  Purchase Requisition           <ul style="list-style-type: none"> <li>▪ Purchase Requisition N <input checked="" type="checkbox"/></li> <li>▪ Item Number of Purch <input checked="" type="checkbox"/></li> <li>▪ Purchase Requisition D <input checked="" type="checkbox"/></li> <li>▪ Purchasing Document <input checked="" type="checkbox"/></li> <li>▪ Control indicator for p <input type="checkbox"/></li> <li>▪ Deletion Indicator in P <input checked="" type="checkbox"/></li> <li>▪ Processing status of p <input type="checkbox"/></li> <li>▪ Creation Indicator (Pu <input type="checkbox"/></li> <li>▪ Release Indicator <input type="checkbox"/></li> <li>▪ Release status <input type="checkbox"/></li> <li>▪ Release Strategy in Pu <input type="checkbox"/></li> <li>▪ Purchasing Group <input checked="" type="checkbox"/></li> <li>▪ Name of Person who c <input type="checkbox"/></li> <li>▪ Changed On <input type="checkbox"/></li> <li>▪ Name of Requisitioner <input type="checkbox"/></li> <li>▪ Short Text <input type="checkbox"/></li> <li>▪ Material Number <input checked="" type="checkbox"/></li> <li>▪ Material Number Corre <input type="checkbox"/></li> <li>▪ Plant <input type="checkbox"/></li> <li>▪ Storage Location <input type="checkbox"/></li> <li>▪ Requirement Tracking <input type="checkbox"/></li> <li>▪ Material Group <input checked="" type="checkbox"/></li> <li>▪ Supplying (Issuing) Pl <input type="checkbox"/></li> <li>▪ Purchase Requisition C <input checked="" type="checkbox"/></li> <li>▪ Purchase Requisition U <input checked="" type="checkbox"/></li> <li>▪ Shortage (stock under <input type="checkbox"/></li> <li>▪ Requisition (Request) <input type="checkbox"/></li> </ul> </li> </ul> </li> </ul>	<div style="text-align: center; border: 1px solid red; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">1</div> 15	<div style="text-align: center; border: 1px solid red; border-radius: 50%; width: 20px; height: 20px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">2</div> 3	EBAN EBAN-BANFN EBAN-BNFPO EBAN-BSART EBAN-BSTYP EBAN-BSAKZ EBAN-LOEKZ EBAN-STATU EBAN-ESTKZ EBAN-FRGKZ EBAN-FRGZU EBAN-FRGST EBAN-EKGRP EBAN-ERNAM EBAN-ERDAT EBAN-AFNAM EBAN-TXZ01 EBAN-MATNR EBAN-EMATN EBAN-WERKS EBAN-LGORT EBAN-BEDNR EBAN-MATKL EBAN-RESWK EBAN-MENGE EBAN-MEINS EBAN-BUMNG EBAN-BADAT

Figure 4-12. Selection and list options for a QuickView

Next, repeat the process for the Purchase Document Item table.

Click on the Execute button to run the report. Because the data may be very large, we made one of the selection criteria the Changed On date. This allows us to narrow the result data. Set the date range and then click on the Execute button. For our example, we will select a small one-month set of data just to see

if the results are what we expect. Then we will rerun the report for the full 10 years of data.

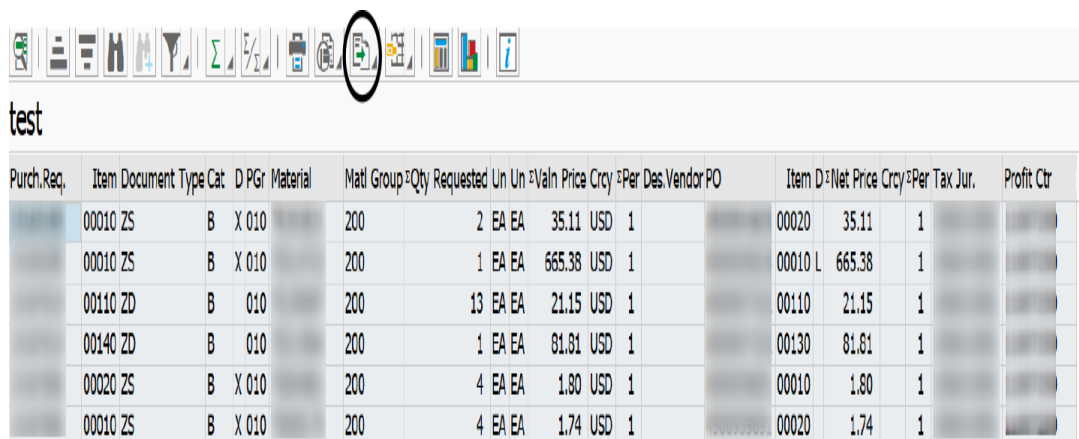


Report-specific selections

Purchase Requisition Number	<input type="text"/>	to	<input type="text"/>	
Purchase Order Number	<input type="text"/>	to	<input type="text"/>	
Changed On	01/01/2019	to	01/31/2019	

Figure 4-13. QuickView test report

The report is displayed with the fields selected (Figure 4-14).



test

Purch. Req.	Item	Document	Type	Cat.	D	PGr	Material	Matl Group	Qty Requested	Un	Un	Val	Price	Crcy	Per	Des	Vendor	PO	Item D	Net Price	Crcy	Per	Tax	Jur.	Profit Ctr
	00010	ZS	B	X	010			200	2	EA	EA	35.11	USD	1					00020	35.11	1				
	00010	ZS	B	X	010			200	1	EA	EA	665.38	USD	1					00010	L	665.38	1			
	00110	ZD	B		010			200	13	EA	EA	21.15	USD	1					00110		21.15	1			
	00140	ZD	B		010			200	1	EA	EA	81.81	USD	1					00130		81.81	1			
	00020	ZS	B	X	010			200	4	EA	EA	1.80	USD	1					00010		1.80	1			
	00010	ZS	B	X	010			200	4	EA	EA	1.74	USD	1					00020		1.74	1			

Figure 4-14. QuickView ALV (ABAP List Viewer) report

Click on the Export button (circled in Figure 4-14) and select Spreadsheet.



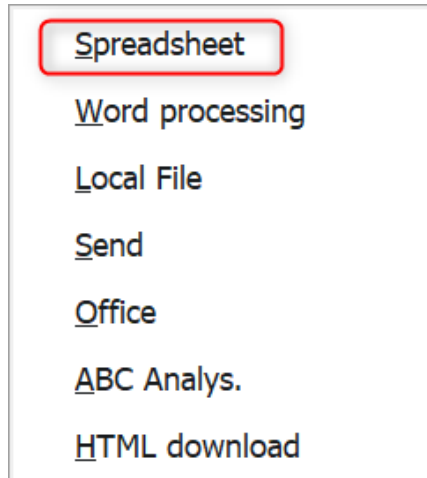


Figure 4-15. QuickView export options

Accept the default setting for Excel and click Enter (Figure 4-16).

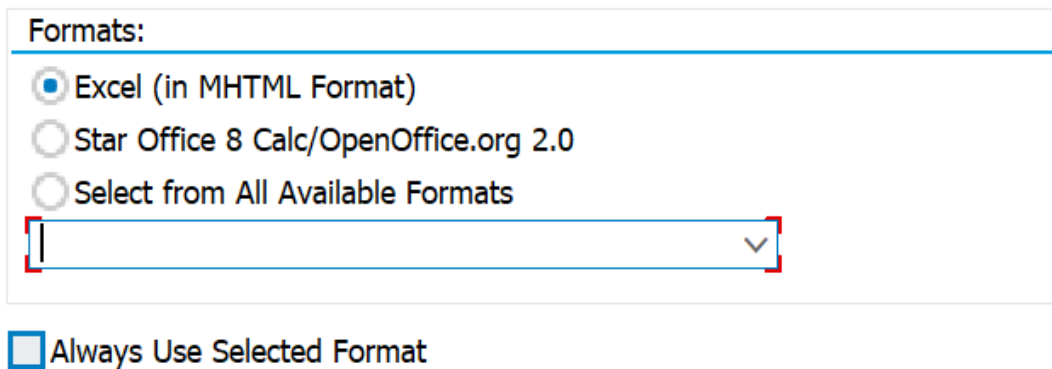


Figure 4-16. QuickView export to xlsx

Format options here will depend on the SAP version, so the screen may look slightly different. Whatever other formats are visible, make sure to choose Excel.

Name the file and save it (Figure 4-17).

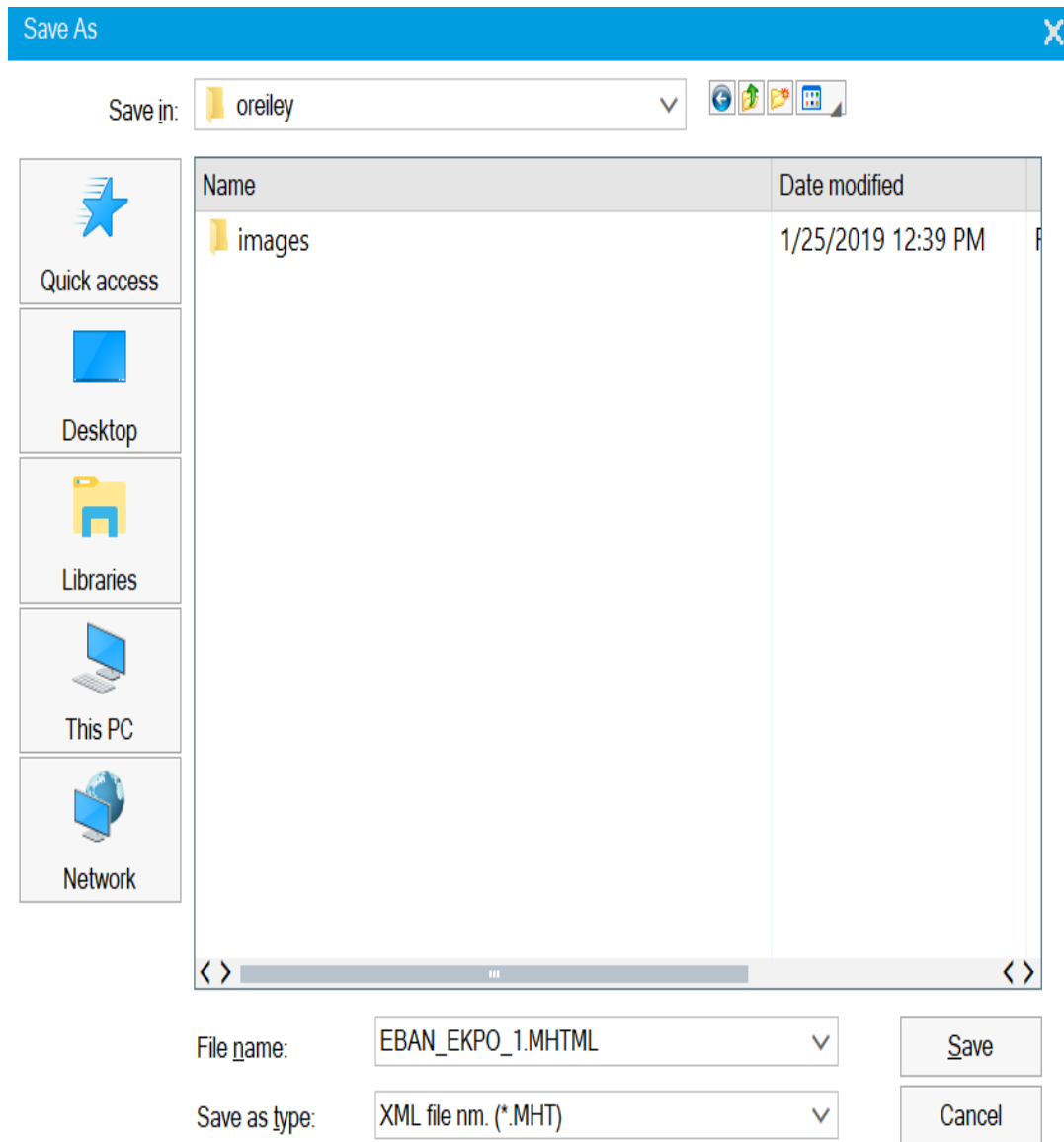


Figure 4-17. QuickView Save As dialog box

Excel will open automatically. Save it as a CSV file so it can easily be loaded into R or Python.

## Importing with R

If you have not yet done anything with R or R Studio,<sup>1</sup> there are many excellent resources online with step-by-step installation guides. It is no more difficult than installing any other software on your computer. While this book is not intended

to be a tutorial in R, we will cover a few of the basics to get you started. Once you have installed R Studio, double-click on the icon in [Figure 4-18](#) to start it.



*Figure 4-18. R Studio icon*

One of the basic concepts in R is the use of packages. These are collections of functions, data, and compiled code in a well-defined format. They make coding much easier and consistent. You will need to install the necessary packages in order to use them. One of our favorites is [tidyverse](#). There are two ways to install this package. You can do it from the console window in R Studio using the `install.packages()` function as shown in [Figure 4-19](#). Simply hit Enter, and it will download and install the package for you.

```
Console Terminal x
~/
Using the Intel MKL for parallel mathematical computing (using 4 cores).
Default CRAN mirror snapshot taken on 2018-04-01.
See: https://mran.microsoft.com/.
[Workspace loaded from ~/.RData]
> install.packages("tidyverse")
```

*Figure 4-19. Install packages from the console window*

The other method of installation is from the menu path Tools → Install Packages as shown in [Figure 4-20](#).

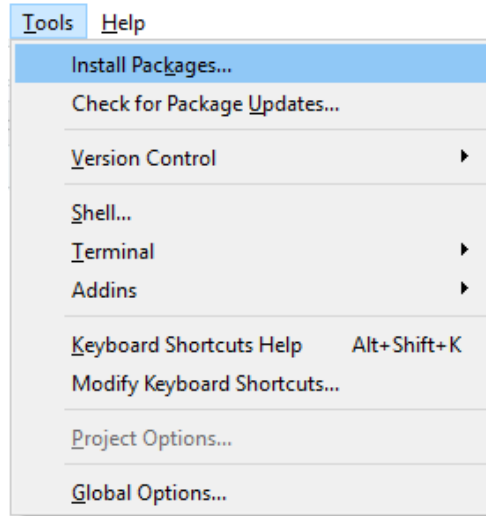


Figure 4-20. Install packages from the menu path

Start typing the package name in the Packages line and then select it from the options, as in Figure 4-21.

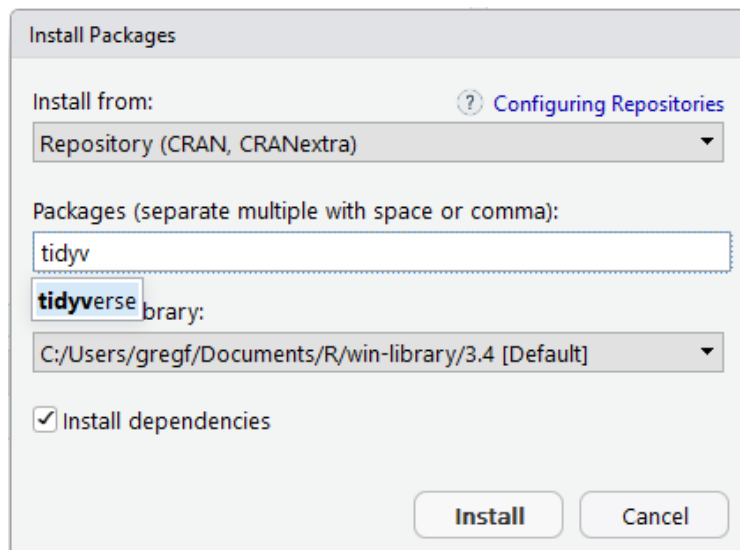


Figure 4-21. Select package from the drop-down options

Finish by clicking on the Install button.

Now that you've installed one package, let's start a new script. Click on the New button and select R Script from the drop-down menu, as in Figure 4-22.

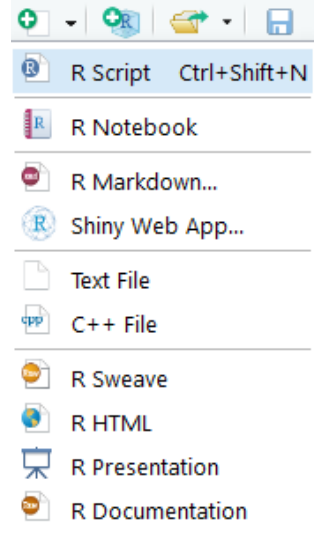


Figure 4-22. Starting a new R Studio script

Now you will have a blank canvas from which to start your data exploration using the R programming language.

Now, let's get started. It is easy to import data into R or R Studio using the `read.csv()` function. We read the file with the following settings: `header` is set to `TRUE` because we have a header on the file. We do not want the strings set to factors so `stringsAsFactors` is set to `FALSE`.

### TIP

It often makes sense to set your strings to factors. Factors represent categorical data and can be ordered or unordered. If you plan on manipulating or formatting your data after loading it, most often you will not want them as factors. You can always convert your categorical variables to factors later using the `factor()` function.

Finally, we want any empty lines or single blank spaces set to NA:

```
pr <- read.csv("D:/DataScience/Data/prtopo.csv",
              header=TRUE,
              stringsAsFactors = FALSE,
              na.strings=c(" ", " ", "NA"))
```

Once the data has loaded we can view a snippet of the file using the `head` command, as shown in Figures 4-23 and 4-24.

```
head(pr)

> head(pr)
  X.2  X  Purch.Req.  Item Document.Type Cat  D PGr Material Matl.Group Qty.Requested Un Un.1 Valn.Price
1  1 <NA> 10000051  00010 ZD          B <NA> 030 75025637 200          1 EA EA      50.00
2  2 <NA> 10000013  00010 ZD          B <NA> 010 75024180 100          12 EA EA       4.59
3  3 <NA> 10000007  00010 ZD          B <NA> 030 75005776 200          1 EA EA     115.56
4  4 <NA> 10000007  00020 ZD          B <NA> 030 75005713 200          1 EA EA      40.85
5  5 <NA> 10000007  00030 ZD          B <NA> 030 75005722 200          1 EA EA      94.70
6  6 <NA> 10000132  00470 NB          B <NA> 010 75038005 1000         1 EA EA      55.74
> |
```

Figure 4-23. Viewing header dataframe in R

```
Crcy Per Des.Vendor      PO Item.1 D.1      Net.Price Crcy.1 Per.1  Tax.Jur. Profit.Ctr X.1
USD  1      4500000213  00010 <NA>      50.00          1 1509706701 11004450 NA
USD  1      4500000214  00010 <NA>          1 1509706701 11004450 NA
USD  1      4500000215  00010 <NA>     115.56         1 1509706701 11004450 NA
USD  1      4500000215  00020 <NA>      40.85          1 1509706701 11004450 NA
USD  1      4500000215  00030 <NA>      94.69          1 1509706701 11004450 NA
USD  1      4500000445  00020 <NA>      55.73          1 1509706701 11004450 NA
```

Figure 4-24. Viewing header dataframe in R continued

We can quickly see that some cleanup is in order. The row numbers came in as columns and some formatting problems created some arbitrary columns such as X and X.1. Cleaning them up is our first task.

## Phase 2: Cleaning Our Data

Our goal in this phase is to remove or correct the obvious errors within the extraction. By taking the time to clean the data now, we greatly improve the effectiveness of our analysis and modeling steps. Greg and Paul know that cleaning can take up a major portion of the EDA time so they hunker down with R Studio at the ready.

### Null Removal

First, we remove all rows where there is no purchase requisition number. This is erroneous data. There may not actually be any rows to remove, but this is a

good standard process. Making sure that the key features of the data actually have entries is a good start:

```
pr <- pr[!(is.na(pr$Purch.Req.)), ]
```

## Binary Indicators

Next, the D and the D.1 columns are our deletion or rejection indicators for the purchase requisition. Making that a binary will be a true or false indicator. We can easily do that by making blanks equal to 0 (false) and any other entry equal to 1 (true). Why use a binary and not just put in text as “Rejected” or “Not Rejected”? Keep in mind that you will be visualizing and perhaps modeling this data. Models and visualizations do not do well with categorical variables or text. However, visualizing and modeling 0 and 1 is easy:

```
pr = within(pr, {  
  deletion = ifelse(is.na(D) & is.na(D.1), 0, 1)  
})
```

## Removing Extraneous Columns

Let’s get rid of the worthless and erroneous columns. Why do this? Why not simply ignore those columns? Keeping the data free of extra columns frees up memory for processing. In our current example, this is not truly necessary. However, later if we build a neural network we want to be as efficient as possible. It is simply good practice to have clean and tidy<sup>2</sup> data. We create a list of column names and assign them to the “drops” variable. Then we create a new dataframe that is old dataframe with the “drops” excluded:

```
drops <- c("X.2", "X", "Un.1", "Crcy.1", "Per.1", "X.1",  
          "Purch.Req.", "Item", "PO", "Item.1", "D", "D.1",  
          "Per", "Crcy")  
pr <- pr[ , !(names(pr) %in% drops)]
```

## TIP

There are many different types of data structures in R. A dataframe is a table in which each column represents a variable and each row contains values for each column, much like a table in Excel.

## Whitespace

A common problem when working with data is whitespace. Whitespace can cause lookup and merge problems later. For instance, you want to merge two dataframes by the column *customer*. One data frame column has “Smith DrugStore” and the other has “ Smith DrugStore”. Notice the spaces before and after the name in the second dataframe? R will not think that these two customers are the same. These spaces or blanks in the data look like legitimate entries to the program. It is a good idea to remove whitespace and other “invisible” elements early. We can clean that up easily for all columns in the dataframe with the following code:

```
pr <- data.frame(lapply(pr, trimws), stringsAsFactors = FALSE)
```

What is that `lapply()` function doing? Read up on these useful [functions](#) to get more out of your R code.

## Numbers

Next, we modify the columns that are numeric or integer to have that characteristic. If your column has a numeric value then it should not be stored as a character. This can happen during the loading of data. Simply put, a value of 1 does not equal the value of “1”. Making sure the columns in our dataframe are correctly classified with the right type is another one of the key cleaning steps that will solve potential problems later:

```
pr$deletion <- as.integer(pr$deletion)  
pr$Qty.Requested <- as.numeric(pr$Qty.Requested)
```



```
pr$Valn.Price <- as.numeric(pr$Valn.Price)
pr$Net.Price <- as.numeric(pr$Net.Price)
```

Next, we replace NA values with zeros in the numeric values we just created. NA simply means the value is not present. R will not assume discrete variables such as quantity will have a value of zero if the value is not present. In our circumstance, however, we want the NAs to have a value of zero:

```
pr[,c("Qty.Requested", "Valn.Price", "Net.Price")] <-
  apply(pr[,c("Qty.Requested", "Valn.Price", "Net.Price")], 2,
        function(x){replace(x, is.na(x), 0)})
```

Finally, we clean up those categorical variables by replacing any blanks with NA. This will come in handy later when looking for missing values...blanks can sometimes look like values in categorical variables, therefore NA is more reliable. We already treated whitespace earlier, but this is another good practice step that will help us to avoid problems later:

```
pr <- pr %>% mutate(Des.Vendor = na_if(Des.Vendor, ""),
                   Un = na_if(Un, ""),
                   Material = na_if(Material, ""),
                   PGr = na_if(PGr, ""),
                   Cat = na_if(Cat, ""),
                   Document.Type = na_if(Document.Type, ""),
                   Tax.Jur. = na_if(Tax.Jur., ""),
                   Profit.Ctr = na_if(Profit.Ctr, ""))
```

## Phase 3: Analyzing Our Data

We've cleaned up the data and are now entering the analysis phase. We'll recall two key goals of this phase: asking deeper questions to form hypotheses, and shaping and formatting the data appropriately for the Modeling phase. Greg and Paul's cleanup process left them with data in a great position to continue into the Analysis phase.

## DataExplorer

Let's cheat and take some shortcuts. That is part of the glory of all the libraries that R has to offer. Some very quick and easy data exploration can be done using the `DataExplorer` library.<sup>3</sup>

Install and include the library using the following R commands:

```
install.packages("DataExplorer")  
library(DataExplorer)
```

Perform a quick visualization of the overall structure of the data (Figure 4-25):

```
plot_str(pr)
```

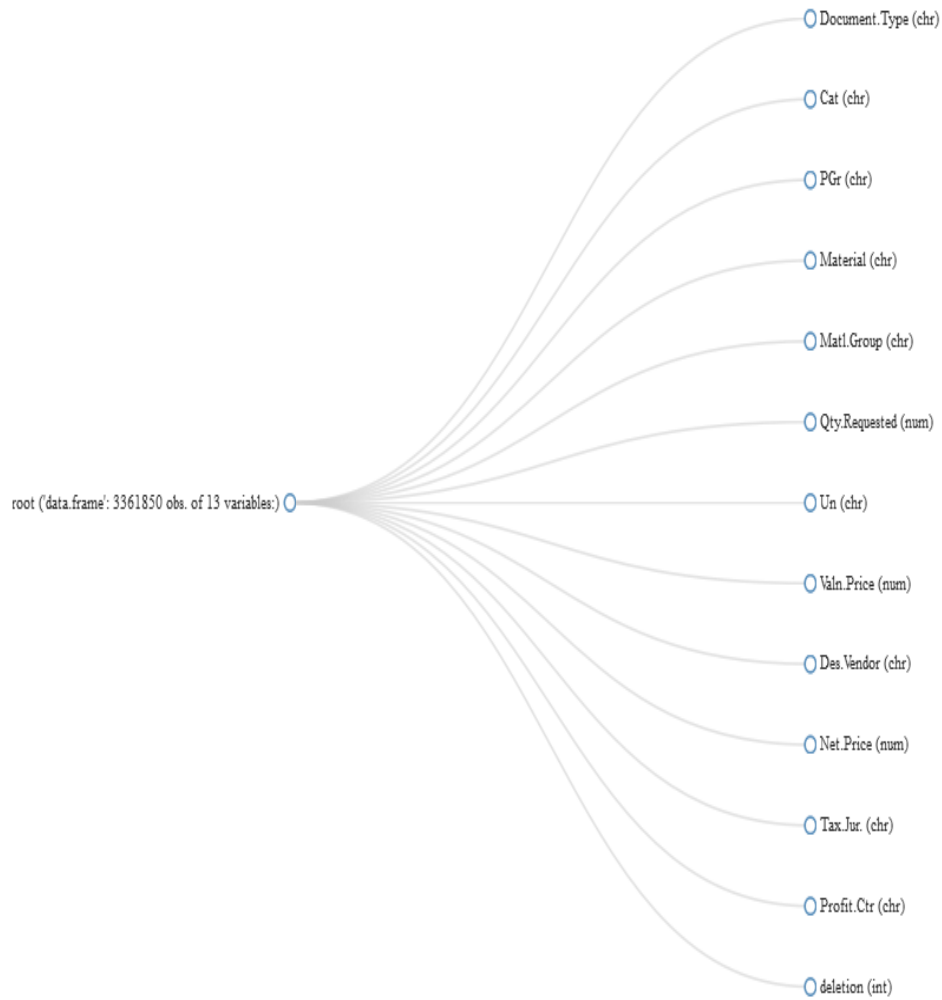


Figure 4-25. Viewing overall structure of data using DataExplorer

We can use the `introduce` command from the `DataExplorer` package to get an overview of our data:

```

introduce(pr)
  rows columns discrete_columns continuous_columns
3361850      13           9           4
all_missing_columns total_missing_values complete_rows
              0              0      3361850
total_observations memory_usage
      43704050      351294072
  
```

We see that we have over three million rows of data with thirteen columns. Nine of them are discrete and four of them are continuous.

It is important to see if any of the columns are missing a lot of data. In general, columns that are largely empty (over 90%) don't have any value in modeling (Figure 4-26):

```
plot_missing(pr)
```

Because of the large number of missing entries for the `Des.Vendor` field we will remove it:

```
pr$Des.Vendor = NULL
```

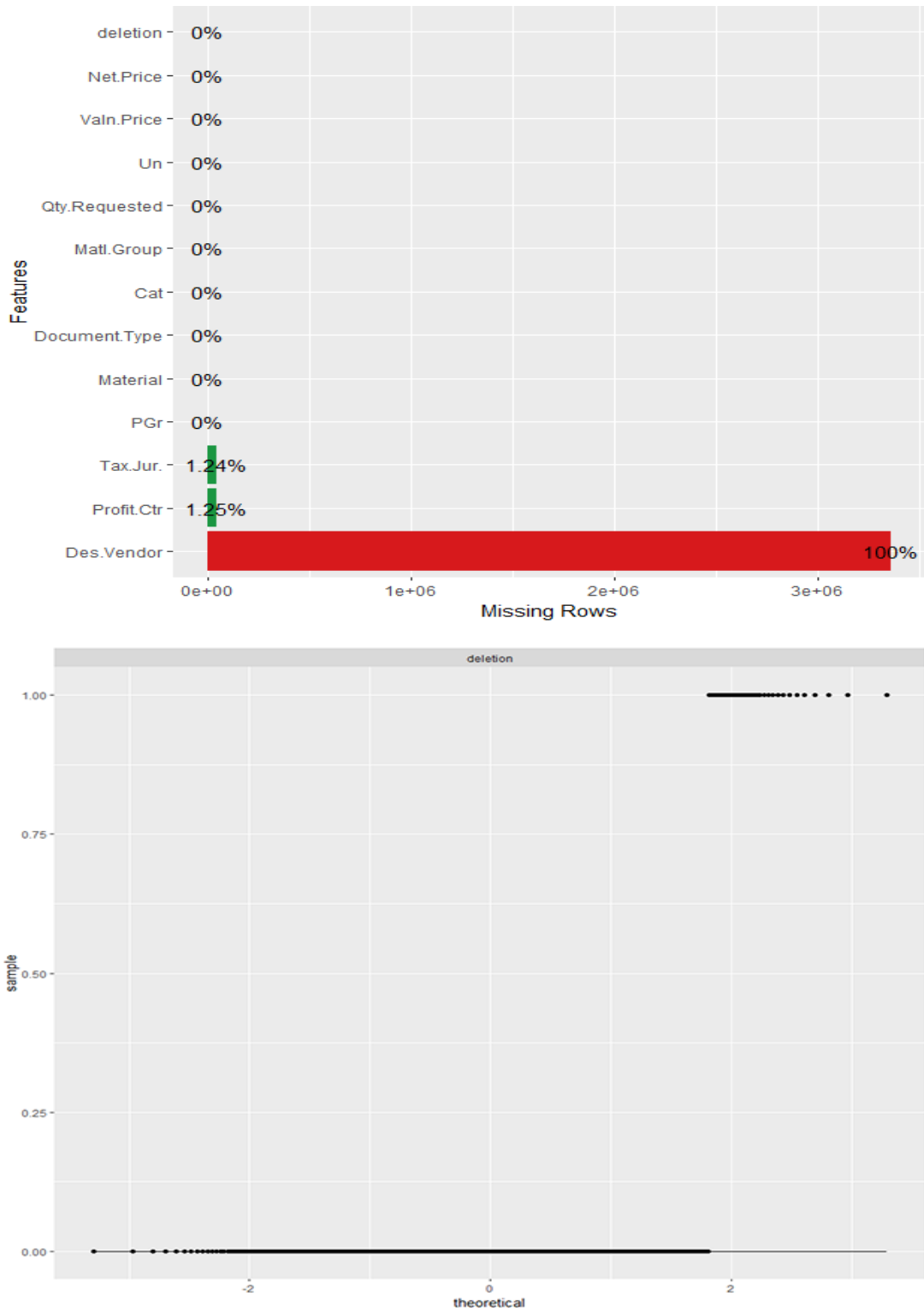


Figure 4-26. Identifying missing or near missing variables with DataExplorer

## Discrete Features

Understanding the discrete features<sup>4</sup> helps in selecting data that will improve model performance, and removing data that does not. We can plot the distribution of all discrete features quite easily (Figures 4-27 through 4-29):

```
plot_bar(pr)
```

### NOTE

Discrete variables with more than 50 entries are excluded.

What we notice right away is that there is a mysterious and obvious erroneous entry. In the distribution for Document Type there is a document type called...“Document Type.” Same with all the other discrete features. Let’s find out where that line is and take a look at it:

```
pr[which(pr$Document.Type == "Document Type"),]  
count(pr[which(pr$Document.Type == "Document Type"),])
```

What we see is a list and count of 49 entries where the document type is “Document Type” and all other columns have the description of the column and not a valid value. It is likely that the extraction from SAP had breaks at certain intervals where there were header rows. It is easy to remove:

```
pr <- pr[which(pr$Document.Type != "Document Type"),]
```

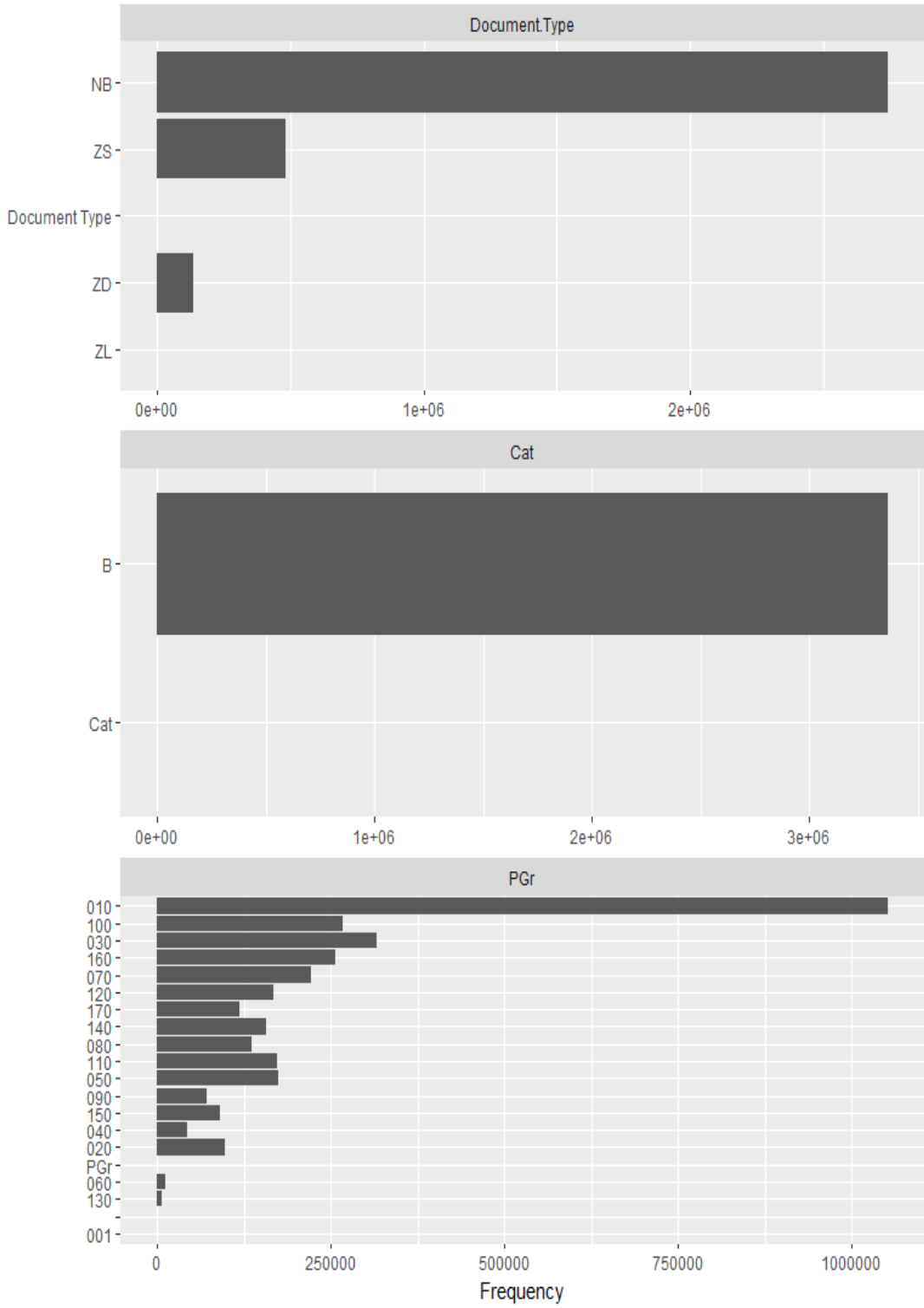


Figure 4-27. Bar charts of discrete features (part I)

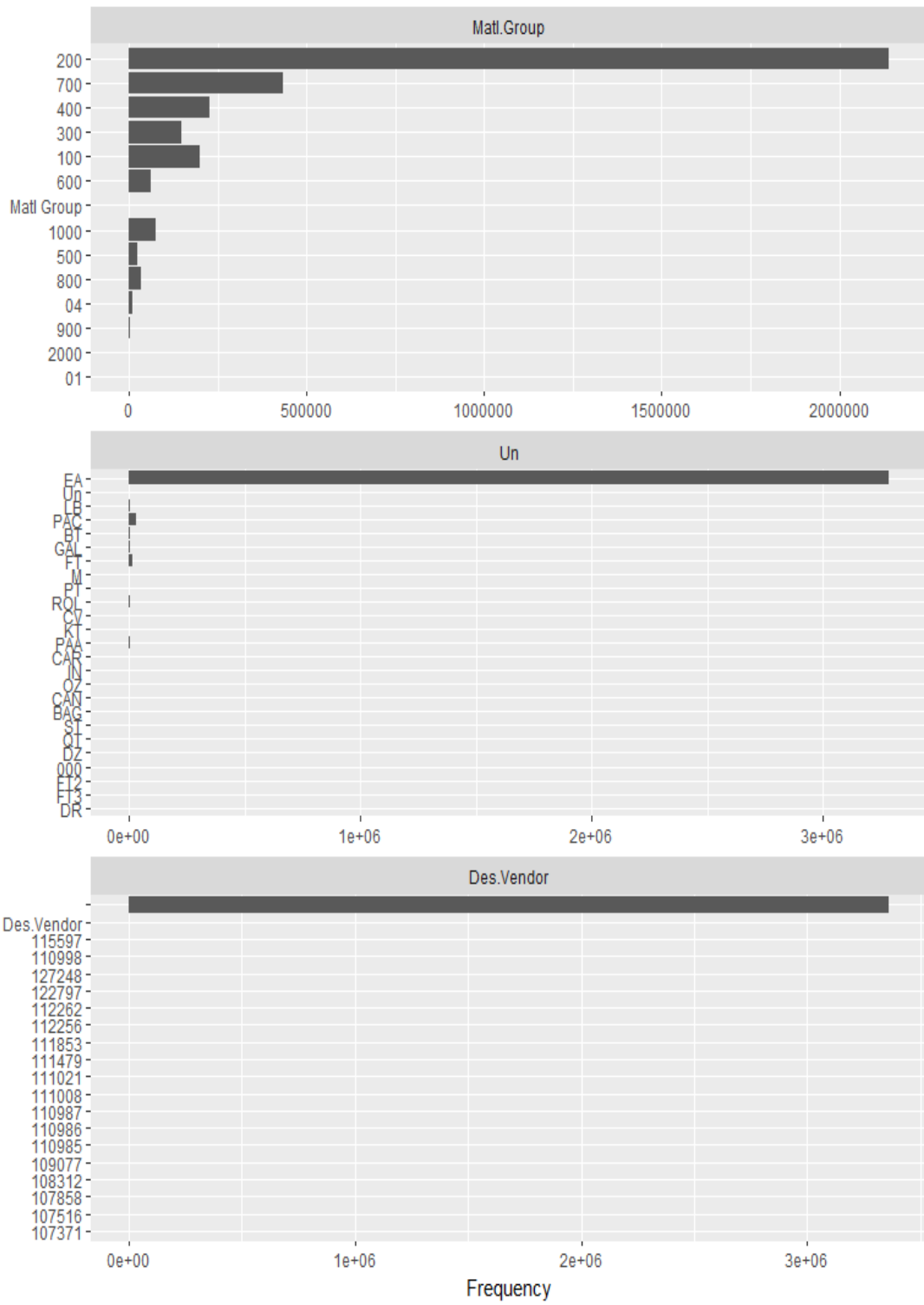


Figure 4-28. Bar charts of discrete features (part II)



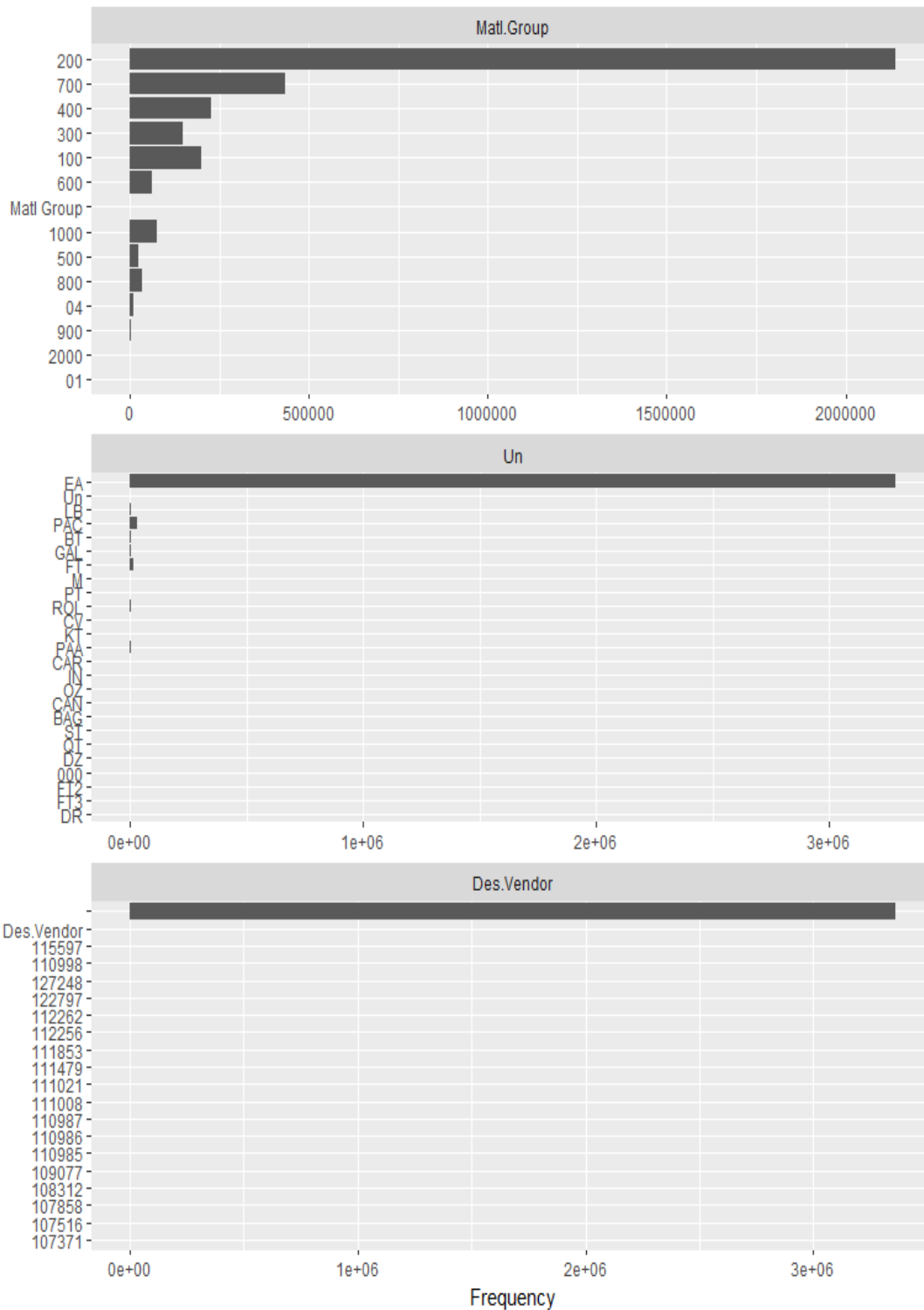


Figure 4-29. Bar charts of discrete features (part III)

When we run `plot_bar(pr)` again we see that these bad rows have been removed.

We also noticed that some of the variables were not plotted. This is because they had more than 50 unique values. If a discrete variable has too many unique values it will be difficult to code for in the model. We can use this bit of code to see the count of unique values in the variable `Material`:

```
length(unique(pr$Material))
```

Wow, we find that we have more than 500,000 unique values. Let's think about this. Will the material itself make a good feature for the model? We also have a variable `Mat1.Group`, which represents the grouping into which the material belongs. This could be office supplies, IT infrastructure, raw materials, or something similar. This categorization is more meaningful to us than an exact material number. So we'll remove those material number values as well:

```
pr$Material = NULL
```

We also notice from this bar plot that the variable `Cat` only has one unique value. This variable will have no value in determining the approval or disapproval of a purchase requisition. We'll delete that variable as well:

```
pr$Cat = NULL
```

## Continuous Features

Next we want to get to know our numeric/continuous variables, such as `Net.Price`. Do our continuous variables have a normal bell-shaped distribution? This is helpful in modeling, because machine learning and neural networks prefer distributions that are not skewed left or right. Our suspicions are that the continuous variables are all right skewed. There will be more purchase requisition requests for one or two items than 20 or 30. Let's see if that suspicion is correct.

## TIP

Nature loves a uniform/Gaussian distribution. School grades, rainfall over a number of years or by country, and individual heights and weights all follow a Gaussian distribution. Machine learning and neural networks prefer these distributions. If your data is not Gaussian, it is a good choice to log transform, scale, or normalize the data.

We can see a distribution of the data with a simple histogram plot. Using the `DataExplorer` package in R makes it easy to plot a histogram of all continuous variables at once (Figure 4-30):

```
plot_histogram(pr)
```

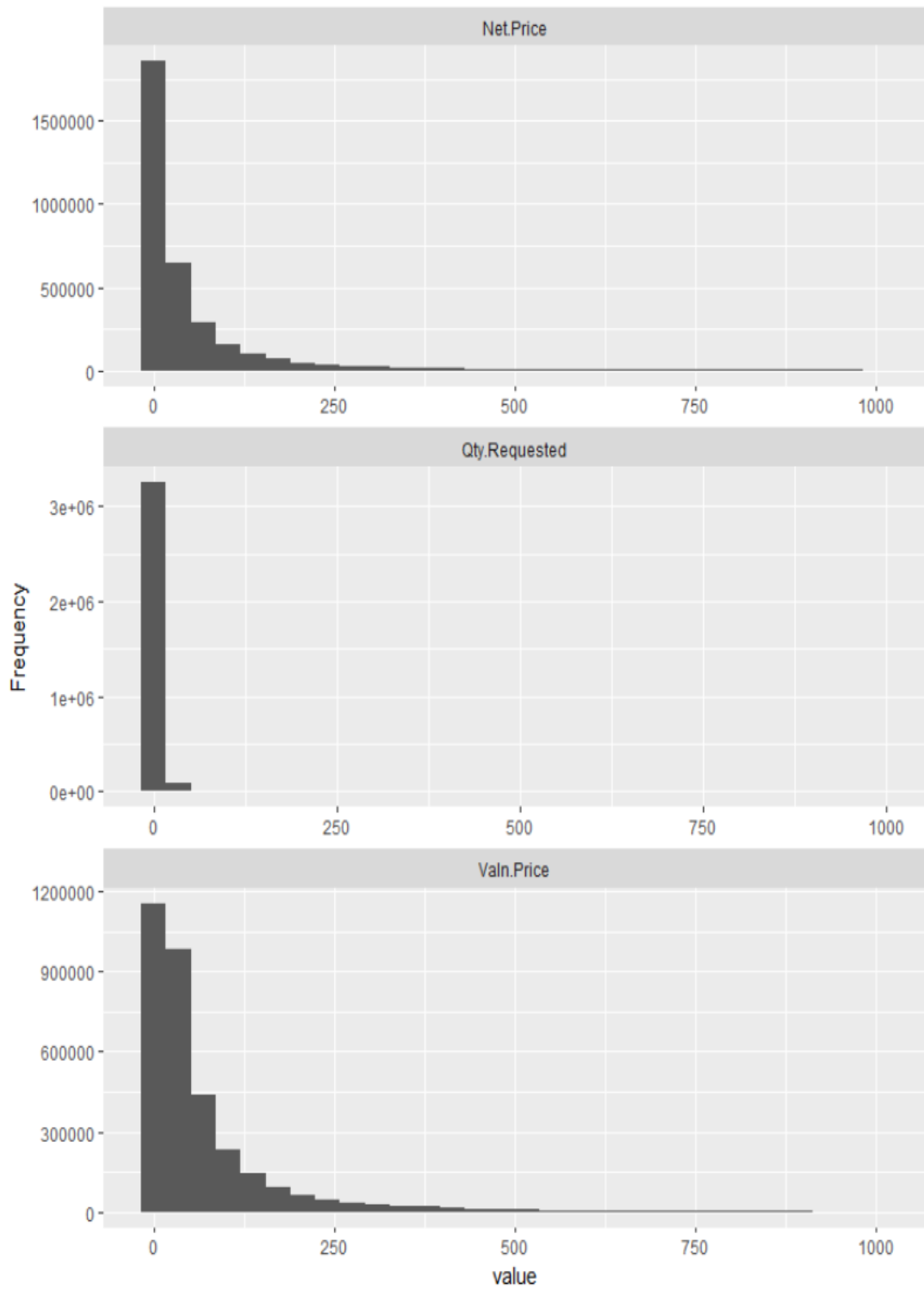


Figure 4-30. Histograms of continuous features

We are only concerned with the histograms for Qty.Requested, Valn.Price, and Net.Price. The deletion column we know is just a binary we created where 1

means the item was rejected (deleted) and 0 means it was not. We quickly see that all histograms are right skewed as we suspected. They have a tail running off to the right. It is important to know this as we may need to perform some standardization or normalization before modeling the data.

### NOTE

Normalization reduces the scale of the data to be in a range from 0 to 1:

$$X_{\text{normalized}} = \frac{X - X_{\text{min}}}{(X_{\text{max}} - X_{\text{min}})}$$

Standardization reduces the scale of the data to have a mean( $\mu$ ) of 0 and a standard deviation( $\sigma$ ) of 1:

$$X_{\text{standardized}} = \frac{X - \mu}{\sigma}$$

Another test is the QQ plot (quantile-quantile). This will also show us if our continuous variables have a normal distribution. We know that the distributions were not normally distributed by the histograms. The QQ plot here is for illustration purposes.

A QQ plot will display a diagonal straight line if it is normally distributed. In our observations we can quickly see that these variables are not normally distributed. The QQ plot in DataExplorer (see [Figure 4-31](#) for interesting continuous features, and [Figure 4-32](#) for the deletion flag) by default compares the data to a normal distribution:

```
plot_qq(pr, sample=1000L)
```

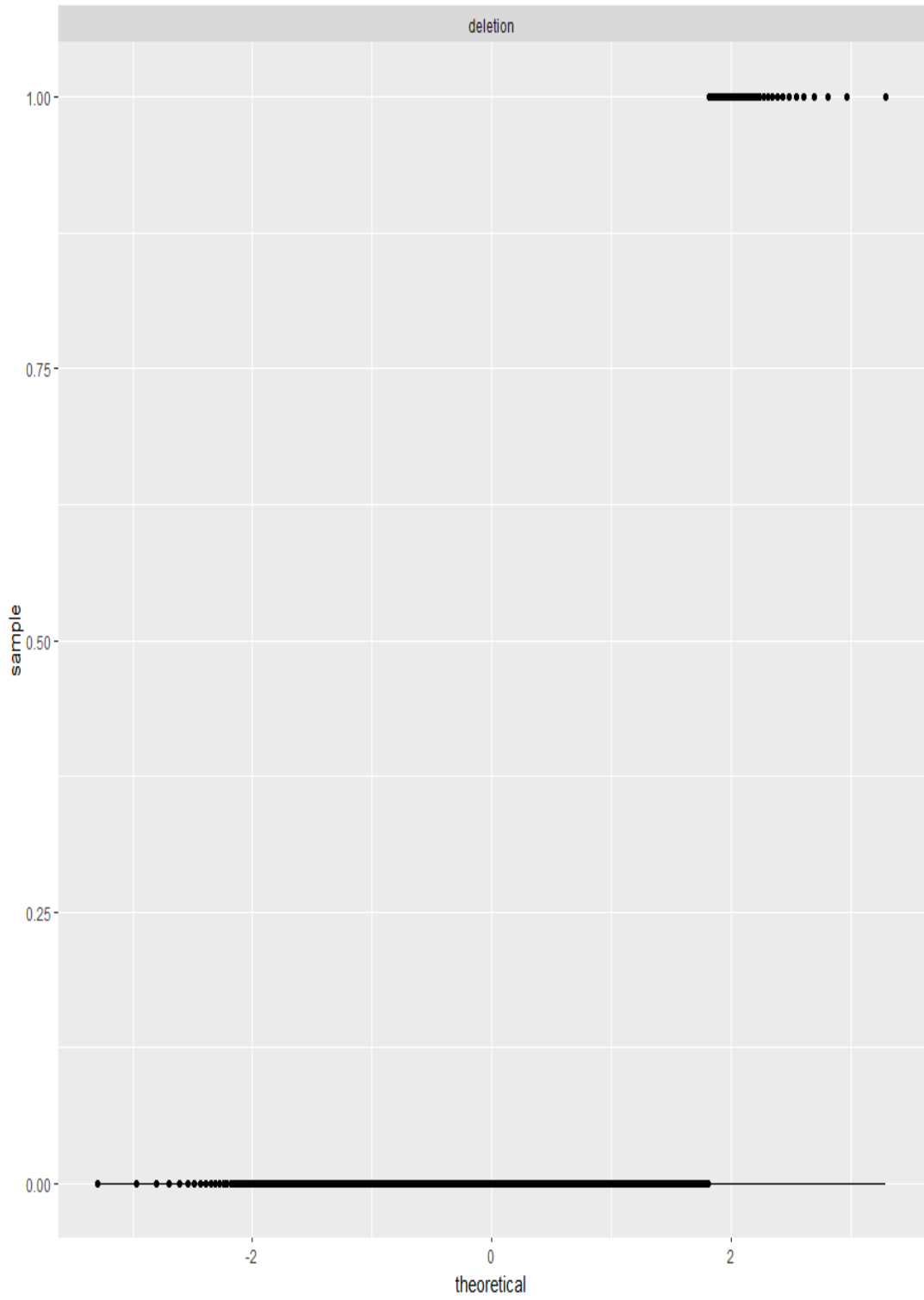


Figure 4-31. *QQ plots of continuous features*

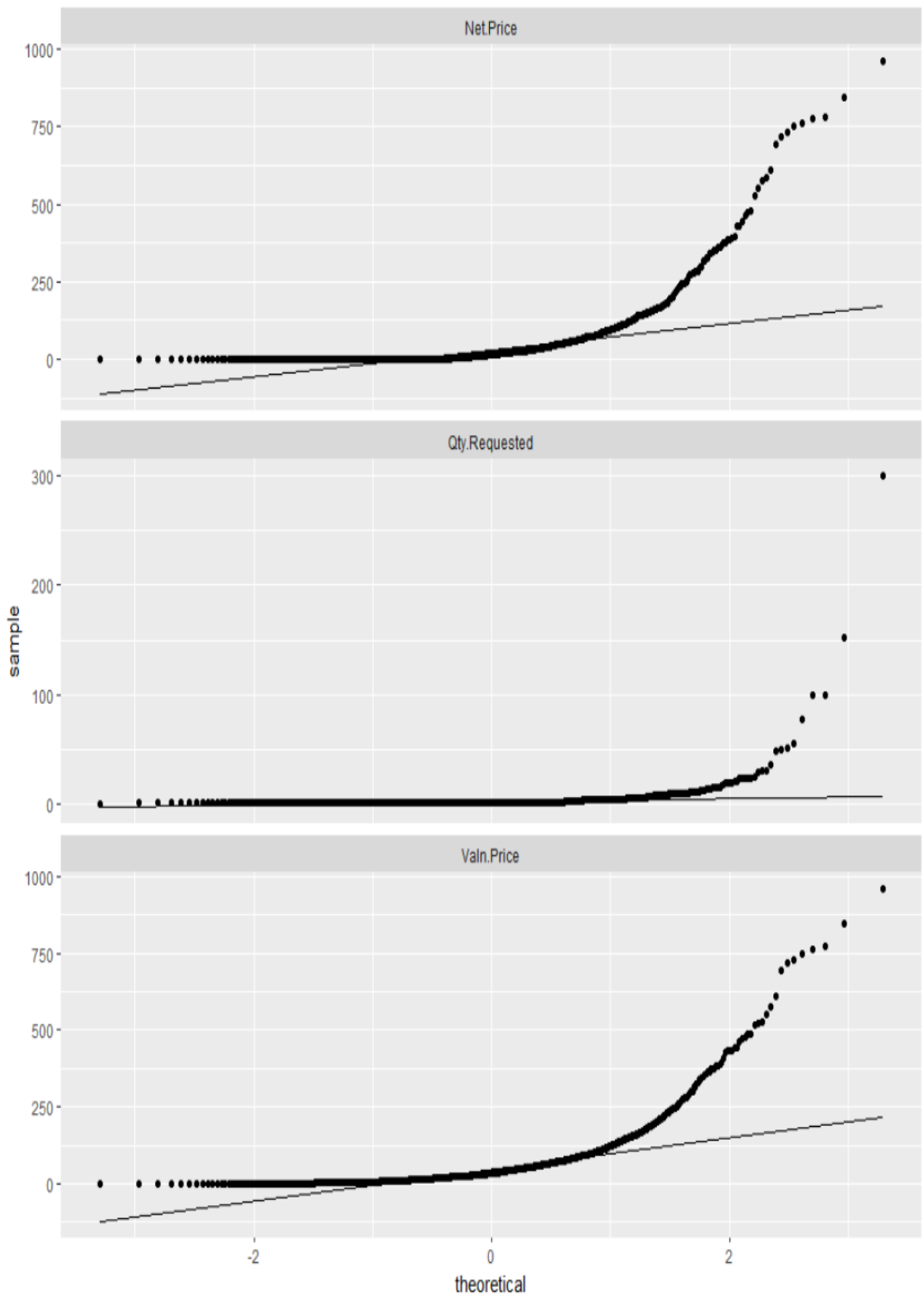


Figure 4-32. QQ plots showing the data is not normally distributed

## Phase 4: Modeling Our Data

Now that we've familiarized ourselves with the data, it's time to shape and feed it into a neural network to check whether it can learn if a purchase requisition is approved or rejected. We will be using TensorFlow and Keras in R to do this. Greg and Paul know that the Modeling phase is where value actually gets extracted—if they approach modeling correctly, they know they'll glean valuable insight unlocked by following through on the Collect, Clean, and Analyze phases.

## **TensorFlow and Keras**

Before we dive deep into our model, we should pause a bit and discuss TensorFlow and Keras. In the data science and machine learning world, they're two of the most widely used tools.

TensorFlow is an open source software library that, especially since its 1.0.0 release in 2017, has quickly grown into widespread use in numerical computation. While high-performance numerical computation applies across many domains, TensorFlow grew up inside the Google Brain team in their AI focus. That kind of pedigree gives its design high adaptability to machine learning and deep learning tasks.

Even though TensorFlow's hardest-working code is highly tuned and compiled C++, it provides a great Python and R API for easy consumption. You can program directly using [TensorFlow](#) or use Keras. Keras is a higher level API for TensorFlow that is user-friendly, modular, and easy to extend. You can use TensorFlow and Keras on Windows, macOS, Linux, and Android/iOS. The coolest piece of the TensorFlow universe is that Google has even created custom hardware to supercharge TensorFlow performance. Tensor Processing Units (TPUs) were at the heart of the most advanced versions of AlphaGo and AlphaZero, the game-focused AIs that conquered the game of Go—long thought to be decades away from machine mastery.



Core TensorFlow is great for setting up powerful computation in complex data science scenarios. But it's often helpful for data scientists to model their work at a higher level and abstract away some of the lower-level details.

Enter Keras. It's extensible enough to run on top of several of the major lower-level ML toolkits, like TensorFlow, Theano, or the Microsoft Cognitive Toolkit. Keras' design focuses on Pythonic and R user-friendliness in quickly setting up and experimenting on deep neural network models. And as data scientists, we know that quick experiments provide the best results—they allow you to fail fast and move toward being more correct!

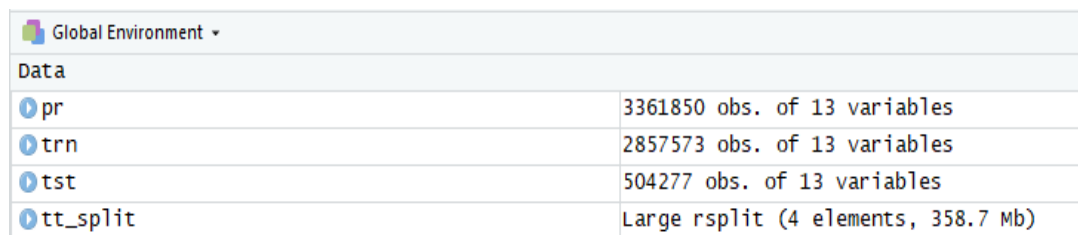
Quick pause over. Let's dive back into the scenario. We will be using TensorFlow and Keras in a bit, but first we'll use basic R programming.

## Training and Testing Split

The first step of the process is to split the data into training and testing sets. This is easy with the library *rsample*.

```
tt_split <- initial_split(pr, prop=0.85)
trn <- training(tt_split)
tst <- testing(tt_split)
```

Looking in the global environments of R Studio shows there are two new dataframes: TRN for training and TST for testing (Figure 4-33).



Global Environment	
Data	
pr	3361850 obs. of 13 variables
trn	2857573 obs. of 13 variables
tst	504277 obs. of 13 variables
tt_split	Large rsplit (4 elements, 358.7 Mb)

Figure 4-33. View of the training and testing dataframes

## Shaping and One-Hot Encoding

We are still in the process of shaping our data for TensorFlow and Keras. We continue with basic R programming in the next steps. The next steps are to shape the data such that it will work well with a neural network. Neural networks, in general, work best on data that is normally distributed. The data that we are feeding into our network needs to be nominal: we can't feed the categorical variables we find in our purchase requisition data into the model. The network wouldn't know what to do with something such as "Material Group." We will convert our categorical data to sparse data using a process called *one-hot encoding*.<sup>5</sup> For instance, the result of a one-hot encoding for the Matl.Group column would look like [Figure 4-34](#).

01	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
04	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
300	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
400	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
500	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
600	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0
700	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
800	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
900	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
1000	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0

Figure 4-34. Visualization of one-hot encoding

We know that we want to one-hot encode our categorical variables, but what do we want to do with the others, if anything? Consider the Qty.Requested column, and the number of options on a purchase requisition for quantity requested. A purchase requisition for a new vehicle would likely not be more than one. However, the quantity requested for batches of raw materials might be a thousand pounds. This makes us curious, what is the range of values in the Qty.Requested column? We can see that easily with these commands:

```
max(pr$Qty.Requested)
min(pr$Qty.Requested)
```

We see that the values range from 0 to 986. What? Quantities of zero? How many of them are there?

```
count(pr[which(pr1$Qty.Requested == 0),])
```

We see that there are 313 rows with a quantity of 0! What could this mean? We are confused about this data, so do we throw it out? Data science is not a vacuum, as much as us coders would like it to be. We have to return to the business with a couple examples of purchase requisitions with quantities of zero and ask them if they know why. If they don't, then we'll toss the rows with zero quantities.

We learned something through this process. When Pat is asked about these strange requisitions he says, "Sometimes when I'm not at my computer and someone calls about a purchase requisition that I reject, they zero out the quantity because they don't have authority to reject the line." In essence, zero quantity purchase requisitions are rejected purchase requisitions. We have to convert the deletion indicator on these to 1 to indicate they are rejected:

```
pr = within(pr, {  
  deletion = ifelse(Qty.Requested == 0, 1, 0)  
})
```

Now that we've properly dealt with zero quantity purchase requisitions we return to the task at hand. The model will not perform optimally on individual variables from 0 to a thousand. Bucketing these order quantities into groups will allow the model to perform better. We will create three buckets of values. We've chosen this value rather arbitrarily and can change it later as we test the performance of our model.

## Recipes

We've decided to one-hot encode our categorical variables and scale and bucket our numeric ones. To do this we will use the [recipes](#) library in R. This very

convenient library allows us to create “recipes” for our data transformation.

The *recipes* concept is intuitive: define a recipe that can be used later to apply encodings and processing. The final result can then be applied to machine learning or neural networks.

We’ve already decided what we want to do with our data to prepare it for a network. Let’s go through the code from the `recipes` package that will make that happen.

First we want to create a `recipe` object that defines what we are analyzing. In this code we say we want to predict the deletion indicator based on the other features in our data:

```
library(recipes)
recipe_object <- recipe(deletion ~ Document.Type +
  PGr +
  Matl.Group +
  Qty.Requested +
  Un +
  Valn.Price +
  Tax.Jur. +
  Profit.Ctr,
  data = trn)
#We could also just use the . like this to indicate all, but the
above is done
#for clarity. recipe_object <- recipe(deletion ~ ., data = trn)
```

### NOTE

If you run into memory errors such as “Error: cannot allocate vector of size x.x Gb” you can increase the memory allowed by using the following command (the first two numbers indicate how many gigs you are allocating; in this case, it’s 12):

```
memory.limit(1210241024*1024)
```

Our next step is to take that `recipe` object and apply some ingredients to it. We already stated that we want to put our quantity and price values into three bins. We use the `step_discretize` function from `recipes` to do that:

### TIP

Some modelers prefer binning and some prefer keeping continuous variables continuous. We bin here to improve performance of our model later.

```
recipe_object <- recipe_object %>%  
  step_discretize(Qty.Requested, options = list(cuts = 3)) %>%  
  step_discretize(Valn.Price, options = list(cuts = 3))
```

We wanted to also one-hot encode all of our categorical variables. We could list them out one at a time, or we could use one of the many selectors that come with the `recipes` package. We use the `step_dummy` function to perform the encoding and the `all_nominal` selector to select all of our categorical variables:

```
recipe_object <- recipe_object %>%  
  step_dummy(all_nominal())
```

Then we need to scale and center all the values. As mentioned earlier, our data is not Gaussian (normally distributed) and therefore some sort of scaling is in order:

```
rec_obj <- rec_obj %>%  
  step_center(all_predictors()) %>%  
  step_scale(all_predictors())
```

### TIP

There are many normalization methods; in our example, we use min-max feature scaling and standard score.

Notice so far that we've not done anything with the recipe. Now we need to prepare the data and apply the recipe to it using the `prep` command:

```
recipe_trained <- prep( recipe_object, training = trn, retain = TRUE)
```

Now we can apply the recipe to any dataset we have. We will start with our training set and also put in a command to exclude the deletion indicator:

```
x <- bake(rec_obj, new_data = trn) %>% select(-deletion)
```

## Preparing Data for the Neural Network

Now that we are done with our recipe, we need to prepare the data for the neural network.

### TIP

Our favorite (and commonly excepted best) technique is to *not* jump directly into a neural network model. It is best to grow from least to most complex models, set a performance bar, and then try to beat it with ever more increasingly complex models. For instance, we should first try a simple linear regression. Because we are trying to classify approved and not-approved purchase requisitions we may then try classification machine learning techniques such as a support vector machine (SVM) and/or a random forest. Finally, we may come to a neural network. However, for teaching purposes we will go directly to the neural network. There was no a priori knowledge that led to this decision; it is just a teaching example.

First we want to create a vector of the deletion values:

```
training_vector <- pull(trn, deletion)
```

If this is your first time using TensorFlow and Keras you will need to install it. It is a little different than regular libraries so we'll cover the steps here. First you install the package like you would any other package using the following command:

```
install.packages("tensorflow")
```

Then, to use TensorFlow you need an additional function call after the library declaration:

```
library(tensorflow)
install_tensorflow()
```

Finally, it is good process to check and make sure it is working with the common print hello lines below. If you get the "Hello, TensorFlow!" statement, it's working:

```
sess = tf$Session()
hello <- tf$constant('Hello, TensorFlow!')
sess$run(hello)
```

Keras installs like any other R library. Let's create our model in Keras. The first step is to initialize the model, which we will do using the `keras_model_sequential()` function:

```
k_model <- keras_model_sequential()
```

Models consist of layers. The next step is to create those layers.

Our first layer is an input layer. Input layers require the shape of the input. Subsequent layers infer the shape from the first input layer. In our case this is simple, the input shape is the number of columns in our training set  $ncol(x_{trn})$ . We will set the number of units to 18. There are two key decisions to play with

while testing your neural network. These are the number of units per layer and the number of layers.

Our next layer is a hidden layer with the same number of inputs. Notice that it is the same as the previous layer but we did not have to specify the shape.

Our third layer is a dropout layer set to 10%. That is, randomly 10% of the neurons in this layer will be *dropped*.

### TIP

Dropout layers control overfitting, which is when a model in a sense has memorized the training data. When this happens, the model does not do well on data it has not seen...kind of defeating the purpose of a neural network. Dropout is used during the training phase and essentially randomly drops out a set of neurons.

Our final layer is the output layer. The number of units is 1 because the result is mutually exclusive. That is, either the purchase requisition is approved or it is not.

Finally, we will compile the model or *build* it. We need to set three basic compilation settings:

#### Optimizer

The technique by which the weights of the model are adjusted. A very common starting point is the Adam optimizer.

#### Initializer

The way that the model sets the initial random weights of the layers. There are many options; a common starting point is `uniform`.

#### Activation

Refer to Chapter 2 for a description of activation functions. Keras has a number of easily available activation functions.



```

k_model %>%
  #First hidden layer with 18 units, a uniform kernel initializer,
  #the relu activation function, and a shape equal to
  #our "baked" recipe object.
  layer_dense(
    units = 18,
    kernel_initializer = "uniform",
    activation = "relu",
    input_shape = ncol(x_trn)) %>%

  #Second hidden layer - same number of layers with
  #same kernel initializer and activation function.
  layer_dense(
    units = 18,
    kernel_initializer = "uniform",
    activation = "relu") %>%

  #Dropout
  layer_dropout(rate = 0.1) %>%

  #Output layer - final layer with one unit and the same initializer
  #and activation. Good to try sigmoid as an activation here.
  layer_dense(
    units = 1,
    kernel_initializer = "uniform",
    activation = "relu") %>%

  #Compile - build the model with the adam optimizer. Perhaps the
  #most common starting place for the optimizer. Also use the
  #loss function of binary_crossentropy...again, perhaps the most
  #common starting place. Finally, use accuracy as the metric
  #for seeing how the model performs.
  compile(
    optimizer = "adam",
    loss = "binary_crossentropy",
    metrics = c("accuracy"))

```

### TIP

Setting the parameters of your neural network is as much an art as it is a science. Play with the number of neurons in the layers, the dropout rate, the loss optimizer, and others. This is where you experiment and tune your network to get more accuracy and lower loss.

To take a look at the model, type `k_model`:

Layer (type) Param #	Output Shape	
dense_2 (Dense) 2646	(None, 18)	
dropout_1 (Dropout)	(None, 18)	0
dense_3 (Dense) 342	(None, 18)	
edropout_2 (Dropout)	(None, 18)	0
dense_4 (Dense) 19	(None, 1)	
Total params: 3,007 Trainable params: 3,007 Non-trainable params: 0		

The final step is to fit the model to the data. We use the data that we *baked* with the recipe, which is the `x_trn`:

```
history <- fit(
  #fit to the model defined above
  object = k_model,
  #baked recipe
  x = as.matrix(x_trn),
  #include the training_vector of deletion indicators
  y = training_vector,
  #start with a batch size of 100 and vary it to see performance
  batch_size = 100,
  #how many times to run through?
  epochs = 5,
  #no class weights at this time, but something to try
  #class_weight <- list("0" = 1, "1" = 2)
  #class_weight = class_weight,
  validation_split = 0.25)
```

The model displays a log while it is running:

```
Train on 1450709 samples, validate on 483570 samples
Epoch 1/5
1450709/1450709 [=====]
- 19s 13us/step - loss: 8.4881e-04 - acc: 0.9999 -
val_loss: 0.0053 - val_acc: 0.9997
Epoch 2/5
1450709/1450709 [=====]
- 20s 14us/step - loss: 8.3528e-04 - acc: 0.9999 -
val_loss: 0.0062 - val_acc: 0.9997
Epoch 3/5
1450709/1450709 [=====]
- 19s 13us/step - loss: 8.5323e-04 - acc: 0.9999 -
val_loss: 0.0055 - val_acc: 0.9997
Epoch 4/5
1450709/1450709 [=====]
- 19s 13us/step - loss: 8.3805e-04 - acc: 0.9999 -
val_loss: 0.0054 - val_acc: 0.9997
Epoch 5/5
1450709/1450709 [=====]
- 19s 13us/step - loss: 8.2265e-04 - acc: 0.9999 -
val_loss: 0.0058 - val_acc: 0.9997
```

## Results

What we want from our model is for the accuracy to be high and for it to improve over the number of epochs. However, this is not what we see. Note the second graph in [Figure 4-35](#). We see that the accuracy is very high from the start and never improves. The loss function also does not decrease but stays relatively steady.

This tells us that the model did not learn anything. Or rather, it learned something quickly that made it very accurate and quit learning from that point. We can try a number of tuning options, perhaps different optimizers and loss functions. We can also remodel the neural network to have more or less layers. However, let's think at a higher level for a minute and turn back to the raw data with some questions.

Did we select the right features from SAP from the beginning? Are there any other features that might be helpful?

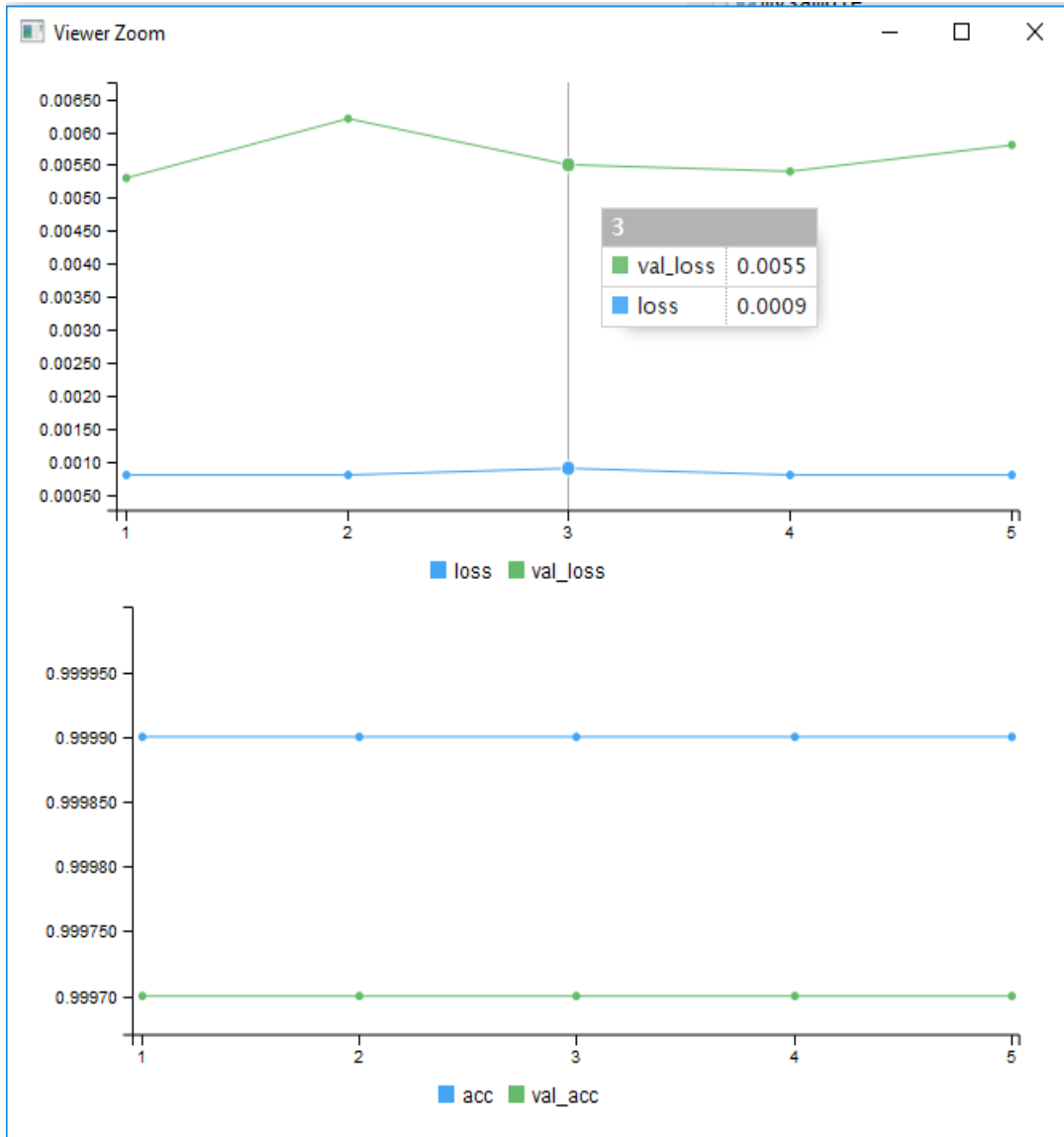


Figure 4-35. Accuracy and loss results from the model learning

Did we make mistakes along the way or did we make assumptions that were incorrect? This requires a review of the process.

Is this data that can be modeled? Not all data is model ready.

After going through these questions we stumble upon this. What if the number of approved purchase requisitions is overwhelming? What if the model just learned to say “Yes” to everything because during training it was nearly always the right answer? If we go back and look at the numbers before any modeling,

we see that Pat approves over 99% of all purchase requisitions. We can try different models and different features in our data, but the likely truth to this data exploration saga is that this data cannot be modeled. Or rather it can be modeled, but because of the high number of approvals the model will learn only to approve. It will find it has great accuracy and low loss and therefore on the surface it is a good model.

## Summary

Despite the failure to model the purchase requisition data, this example teaches a lot of good lessons. Sometimes data can't be modeled, it just happens...and it happens a lot. A model that has high accuracy and low loss doesn't mean it is a good model. Our model had 99% accuracy, which should raise a suspicious eyebrow from the start. But it was a worthless model; it didn't learn. A common role of a data scientist is to report on findings and to propose next steps. We failed, but we failed fast and can move past it toward the right solution.

It could be argued that Greg and Paul failed Pat. After all, we can't make any good predictions based on the data we found and explored. But just because we didn't find a way to predictively model the scenario doesn't mean we failed. We learned! If data science is *truly* science, it must admit negative results as well as positive. We didn't learn to predict purchase requisition behavior, but we did learn that trying to do so wouldn't be cost effective. We learned that Pat and his colleagues have created solid processes that make the business very disciplined in its purchasing behavior.

In exploratory data analysis, the only failure is failing to learn. The model may not have learned, but the data scientists did. Greg and Paul congratulate themselves with an extra trip to the coffee machine.

In this chapter we have identified a business need, extracted the necessary data from SAP, cleansed the data, explored the data, modeled the data, and drawn conclusions from the results. We discovered that we could not get our model to

learn with the current data and surmised this was because the data is highly skewed in favor of approvals. At this point, we are making educated guesses; we could do more.

There are other approaches we could take. For instance, we could augment the data using encoders, which would be beyond the scope of this book. We could weight the variables such that the rejected purchase requisitions have greater value than the accepted ones. In testing this approach, however, the model simply loses all accuracy and fails for an entirely different reason. We could also treat the purchase requisitions that are rejected as anomalies and use a completely different approach. In [Chapter 5](#), we will dig into anomaly detection, which might provide other answers if applied to this data.

We have decided that the final course of action to be taken in our example is not a data approach (much to our chagrin). The business should be informed that because over 99% of all purchase requisitions are approved, the model could not find salient features to determine when a rejection would occur. Without significantly more work, this is likely a dead end. Perhaps there are different IT solutions, such as a phone app that could help Pat do his job more efficiently. The likely solution, however, cannot be found through machine learning and data science.

- 
- [1](https://www.rstudio.com/products/rstudio/download/) For instructions on how to install R Studio and R, go to <https://www.rstudio.com/products/rstudio/download/>.
  - [2](https://vita.had.co.nz/papers/tidy-data.pdf) We have referenced this before, but we'll link to it again (it is that good): <https://vita.had.co.nz/papers/tidy-data.pdf>.
  - [3](https://cran.r-project.org/web/packages/DataExplorer/vignettes/dataexplorer-intro.html) Dive deep into DataExplorer using the vignette available at <https://cran.r-project.org/web/packages/DataExplorer/vignettes/dataexplorer-intro.html>.
  - [4](#) Remember from [Chapter 2](#) that discrete or categorical features are features with definable boundaries. Think *categories* such as colors or types of dogs.
  - [5](#) Sometimes called creating “dummy variables.”

# Chapter 5. Anomaly Detection with R and Python

---

*McKesson Corporation (McKesson), one of the nation's largest distributors of pharmaceutical drugs, agreed to pay a record \$150 million civil penalty for alleged violations of the Controlled Substances Act (CSA), the Justice Department announced today.*

—Department of Justice, January 17, 2017

Upon reading those headlines, Janine's heart sank. She read the article with rapt attention; this affected her. She worked in the regulatory department at Big Bonanza Warehouse where she was responsible for maintaining corporate compliance. She was aware of Suspicious Order Monitoring Regulations (21 C.F.R. 1301.74(b)). Lately the Department of Justice was hitting companies left and right for noncompliance with this regulation, much more than they had done in the past. The regulation loosely states that companies that manufacture and distribute controlled substances “know their customers.” In the regulation's exact words,

*It is fundamental for sound operations that handlers take reasonable measures to identify their customers, understand the normal and expected transactions typically conducted by those customers, and, consequently, identify those transactions conducted by their customers that are suspicious in nature.*

—21 C.F.R. 1301.74(b)

But what exactly did this mean? She knew that her company had their sales orders in SAP. There were over 10 years of sales orders. But what did it mean to *understand the normal and expected transactions*



# Chapter 6. Predictive Analytics in R and Python

---

The team at Big Bonanza Warehouse is running into some problems with sales forecasting, and the VP of Sales has turned to Duane, who works as a Sales and Distribution Analyst, for some help. About once per quarter they gather their data and send it to an outside company that performs some magic on it. The result is a forecast of all their products for the upcoming quarters, but they've found that the forecast being generated for them is too generic (based on quarters) and often woefully inaccurate. Couldn't they get something that would help them understand what sales might be next week? To put it succinctly, they want a forecast of sales of their top-selling products by week.

Duane has some ideas. Having worked with his company's data scientists Greg and Paul, he knows a little bit about data science. Sales of a product over a period is a time-series<sup>1</sup> problem. They have enough historical data to attempt to look for patterns. This is not pure forecasting, but pattern detection. It is something that the sales team could use, rather than their gut feelings. Duane decides to use a bit of *predictive analytics*. With the right set of R or Python tools and some up-front knowledge of predictive analytics, Duane won't need to spend months of time paying expensive consultants to build massive data lakes. He can get his hands dirty and find answers.

There are many slippery terms in data science (including *data science* itself!), but *predictive analytics* owns a special share of un-graspability. You may have heard of the now infamous “prediction” tale. Retail giant Target predicted a teenager’s pregnancy before her father even knew. In case you haven’t heard the story... Target started sending baby coupons to a teenage girl. Her father complained that they were encouraging her daughter to get pregnant. The reality was, the girl was already pregnant. Did Target *predict* this teenager’s pregnancy? The answer is no. This is not a prediction; this is inference or classification. The features they use are the shopping behaviors of their customers. The buying habits of the teenage girl led the classification algorithm to put her in the category “pregnant.”

The point of this story is to highlight two common uses of the word *prediction*. One of those predictions is statistical inference and the other is forecasting. Let’s be honest here, you can debate these definitions ad nauseum. For our purposes, we will draw a line in the sand between forecasting and inference. Prediction for us will be forecasting.<sup>2</sup> Let’s make sure we have a common understanding of the term: *prediction is the act of predicting the future.*

The litmus test for determining if the analysis falls into prediction is to ask, “Has the event occurred?” If it has, then, from our definition, it is likely something other than prediction.

Below are some examples of common topics and exercises in data science learning materials that are often mislabeled as predictions:

Predicting Boston housing value

This is a classification/inference problem based on the features of a given property such as location, square footage, number of bedrooms, etc.

#### Predicting the survival rate on the *Titanic*

This is another classification/inference problem based on features such as sex, cabin number (location), number of family members, embarking point, and others.

#### Predicting fraudulent credit card behavior

This is an anomaly detection problem determining if the behavior of the card holder falls within tolerance. It'd be more descriptive to call it "detecting fraudulent credit card behavior."

#### Predicting why and when a patient will readmit

This sounds very close to prediction. It is another classification/inference problem based on patients that have already readmitted. If their features match the features of a patients not yet readmitted, there is a likelihood they will readmit.

Some examples of topics and exercises that are properly labeled as predictions:

#### Predicting Boston housing value *next* year

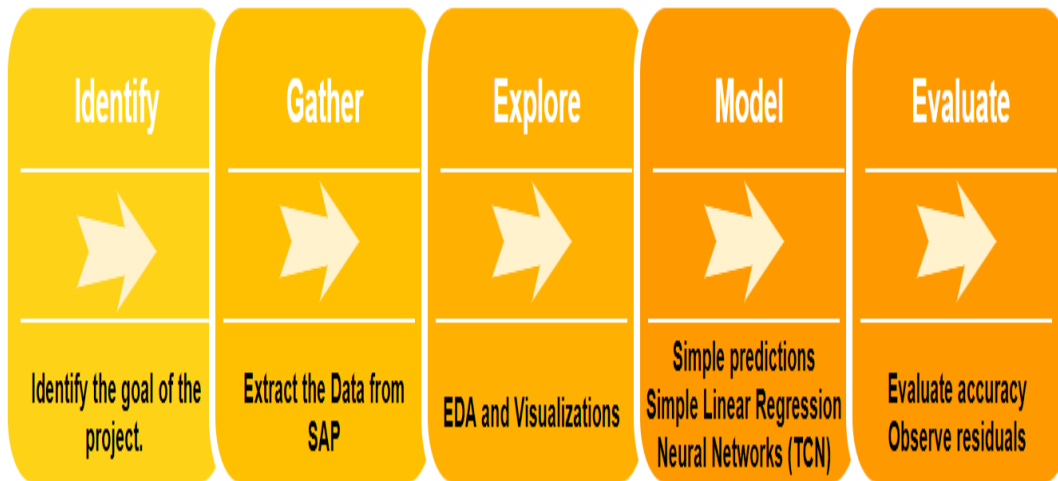
Next year's house values is a classification of the current value of the home based on certain features. This classification merges with other salient data such as GDP to make a future prediction.

#### Predicting future stock value

You figure this one out...let us know. Many different sources of data contribute to predicting a stock's performance. A company's quarterly performance reports in EDGAR<sup>3</sup> is a good starting point.

# Predicting Sales in R

In this chapter, we will walk through Duane’s exercise in predictive analytics and try to do sales order predictions. We will follow the process in [Figure 6-1](#) for this mission.



*Figure 6-1. Flow for data analysis and prediction*

## Step 1: Identify Data

Not ready to completely fly on his own, Duane approached the data science team to obtain better metrics for predicting sales in the near and semi-near future—the upcoming weeks, months, quarters, and as far out as one year. Prediction accuracy becomes more volatile the further out we get. Quite simply, it is much easier to predict tomorrow’s sales because we know yesterday’s. However, it is not the same to say we can predict next year’s sales because we knew last year’s. What we do know is that we will have sales data for a list of products over time.

## Step 2: Gather Data

Our source of data is SAP. We will extract the data using the same method used in [Chapter 4](#). Using an ABAP QuickViewer Query, we gather simple sales data from the VBAP and VBAK tables. We will take only the created date ERDAT from VBAK. We will take MATNR (material) and KWMENG (quantity sold) from table VBAP.

### Step 3: Explore Data

Once we have exported the data as a CSV file from SAP we will read it into R to take a look at it:

```
sales <- read.csv('D:/DataScience/Data/Sales.csv')
```

Let's take a look at the first 10 rows:

```
head(sales)
```

	X	DailySales	Material	ReqDeliveryDate
1	0	48964.75	1234	/Date (142041600000) /
2	1	30853.88	1234	/Date (142050240000) /
3	2	65791.00	1234	/Date (142058880000) /
4	3	17651.20	1234	/Date (142067520000) /
5	4	36552.90	1234	/Date (142076160000) /
6	5	5061.00	1234	/Date (142084800000) /

We see two things right away. The rows came in under column X, we don't need that. Also, the date field came in oddly, it looks like UNIX time and we need to convert it. When we look into it further we see it is indeed UNIX, but it is padded on the end with three unnecessary zeros. Let's correct these before moving on:

```

#Remove the X column
sales$X <- NULL
#Remove all nonnumeric from the date column
sales$ReqDeliveryDate <- gsub("[^0-9]", "",
sales$ReqDeliveryDate)
#Convert the unix time to a regular date time using the
anytime library
library(anytime)
#First trim the whitespace
sales$ReqDeliveryDate <- trimws(sales$ReqDeliveryDate)
#Remove the final three numbers
sales$ReqDeliveryDate <- gsub('.{3}$', '',
sales$ReqDeliveryDate)
#Convert the field to numeric
sales$ReqDeliveryDate <- as.numeric(sales$ReqDeliveryDate)
#Convert the unix time to a readable time
sales$ReqDeliveryDate <- anydate(sales$ReqDeliveryDate)

```

Now that we've done some manipulation let's take a look at the structure of our data. Use the function `str()` to view the structure of the data:

```

str(sales)
'data.frame': 2359 obs. of 3 variables:
 $ DailySales : num 48965 30854 65791 17651 36553 ...
 $ Material : int 1234 1234 1234 1234 1234 1234 1234
1234 1234 1234 ...
 $ ReqDeliveryDate: Date, format: "2015-01-04" "2015-01-05"
"2015-01-06" ...

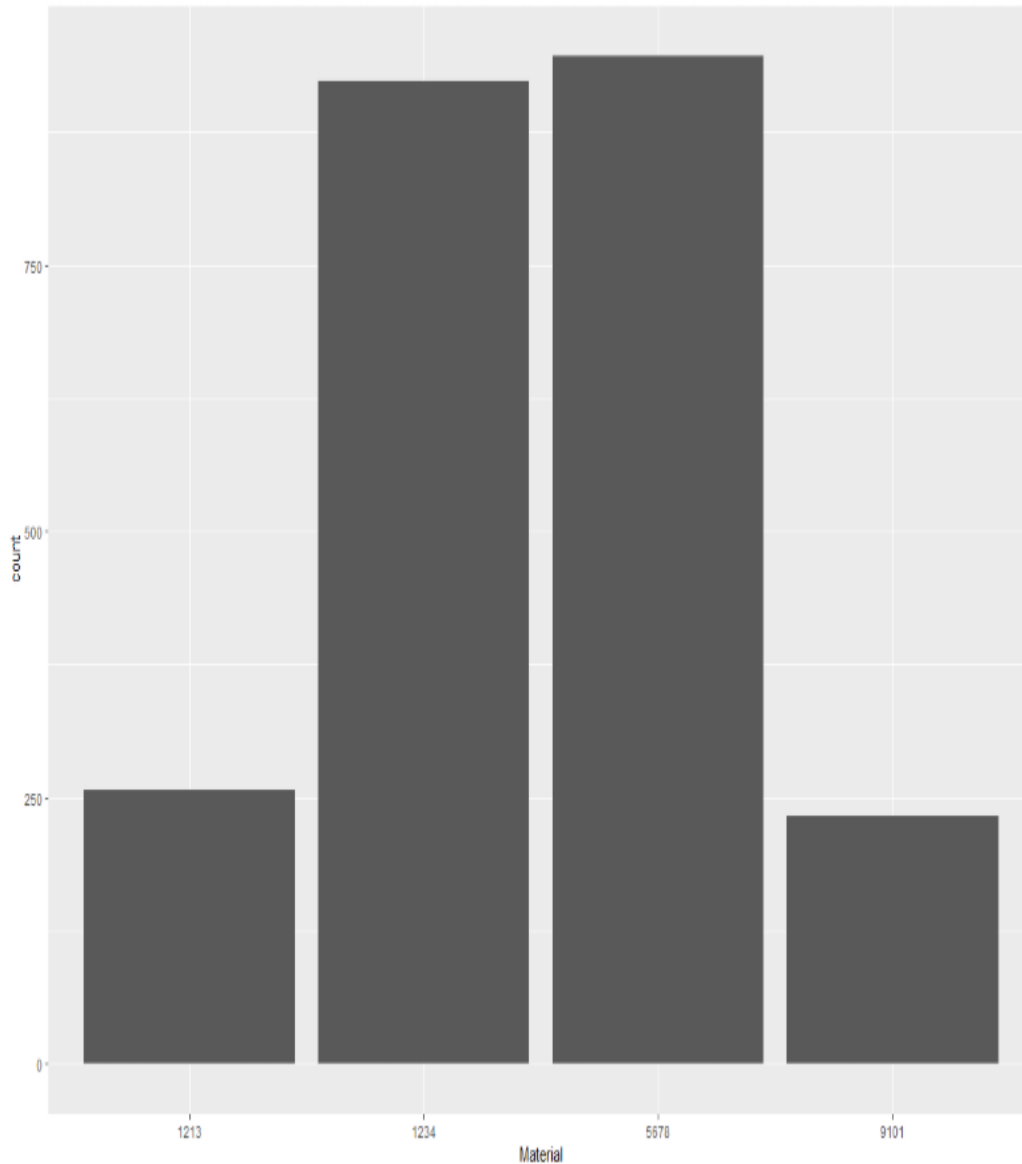
```

We see that we have a dataframe with 2,359 observations of three variables. Let's find the distribution of the materials in the dataframe. Use the following command from the `ggplot2` library (this renders in [Figure 6-2](#)).

```

ggplot(sales, aes(Material)) + geom_bar()

```



*Figure 6-2. The distribution of materials in our sales data*

We have the data in a format we'd like. Now it is time to plot and explore the data.

### **Step 4: Model Data**

We will use the `ggplot2`, `dplyr`, and `scales` libraries from R to model our data. These are some of the most useful and versatile packages in the R ecosystem:

```
library(ggplot2)
library(dplyr)
require(scales)
```

First let's do some up-front work. We want our chart to have nice numbers, so we use the `format_format` function from `scales` to define this for us. The effect of this function is to simply format our numbers such that the decimal is a period, the thousands break is a comma, and scientific notation is not used.

```
point <- format_format(big.mark = ",", decimal.mark = ".",
scientific = FALSE)
```

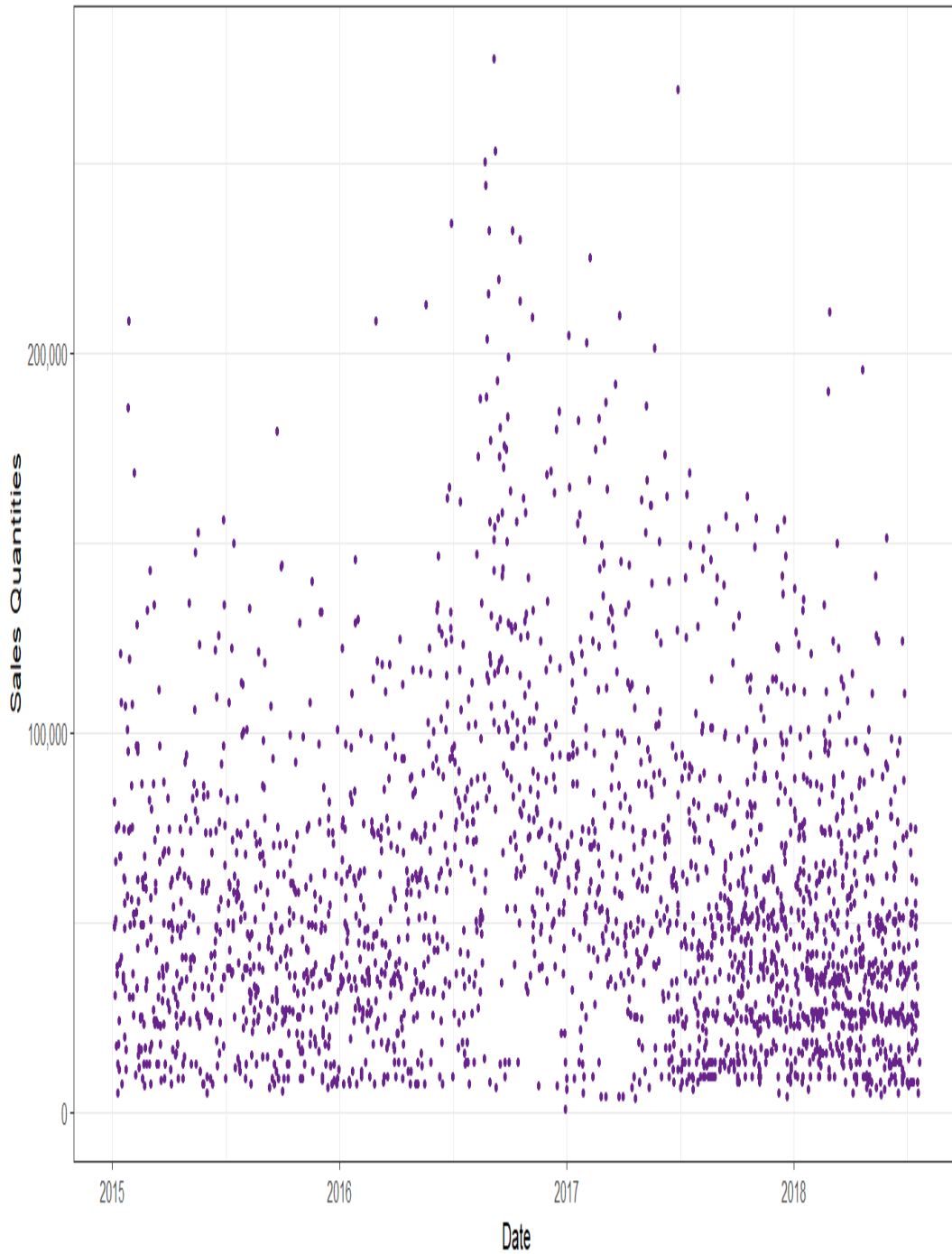
Let's simply plot the sales of the materials over time:

```
sales %>%
  ggplot(aes(x=ReqDeliveryDate, y=DailySales)) +
  geom_point(color = "darkorchid4") +
  scale_y_continuous(labels = point) +
  labs(title = "Sales over time",
       subtitle = "sales for all materials",
       y = "Sales Quantities",
       x = "Date") +
  theme_bw(base_size = 15)
```

In human-speak this R code says, “Take the sales dataframe and send it (“%>%”) to `ggplot`. Make the x-axis the `ReqDeliveryDate` and the y-axis the `DailySales`. Use points with a color palette of `darkorchid4`. Then scale the y to have the `point` format. Finally, label everything nicely and give it a basic theme and size.” The results are shown in [Figure 6-3](#).



Sales over time  
sales for all materials

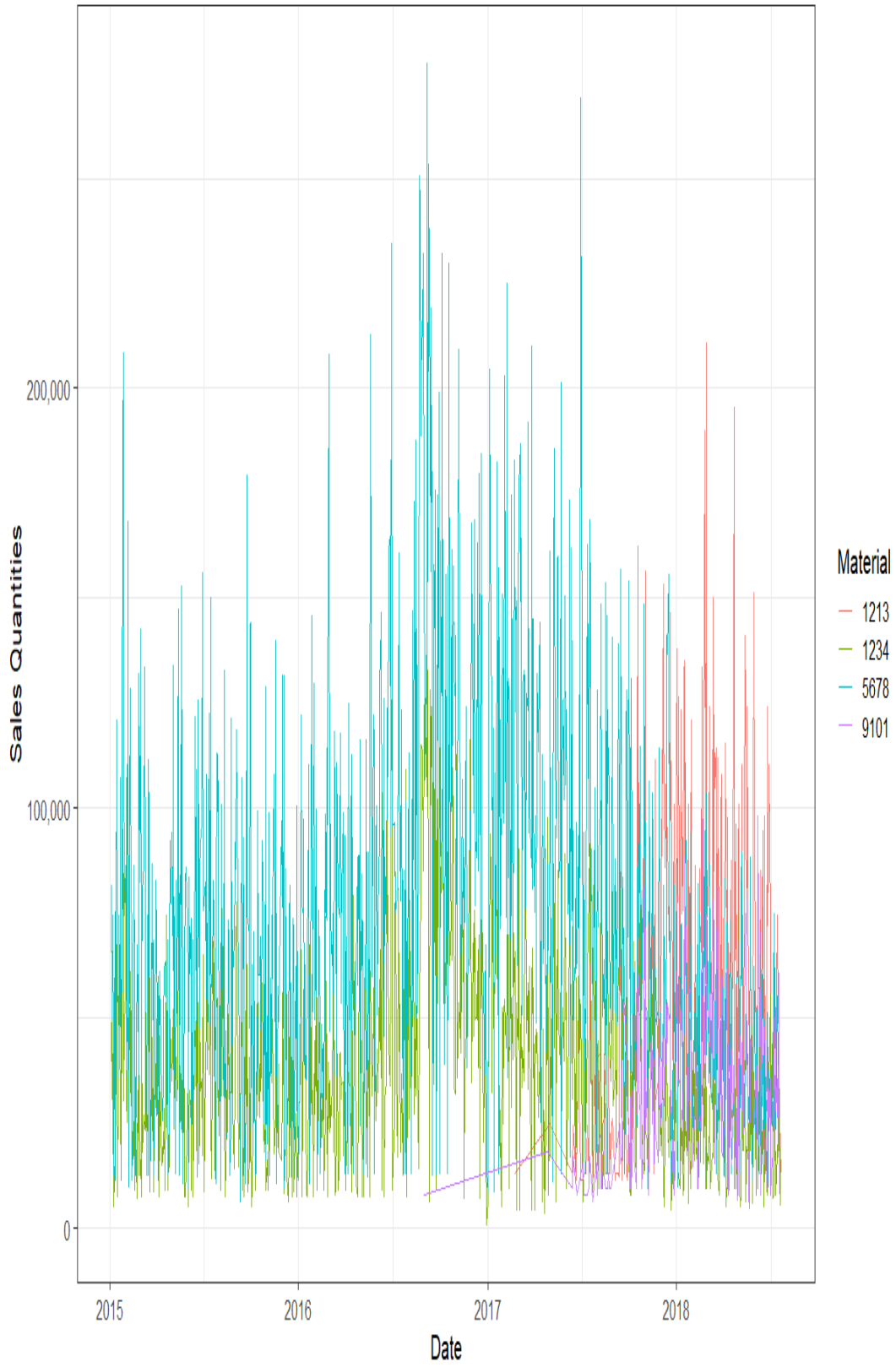


*Figure 6-3. Sales for all materials over time*

This gives us an idea of the distribution of sales over time, but it mixes the materials and points aren't the best for plotting a time

series. Let's break out the materials and choose line instead of point.  
We see the results in Figure 6-4.

Sales over time  
sales for all materials



*Figure 6-4. Sales for materials broken out by color over time*

This is better, but the materials are still too mixed to be clear. Perhaps we need to break them out completely. `ggplot2`'s `facet_wrap` does this nicely. The following code produces the chart in [Figure 6-5](#):

```
sales %>%
  ggplot(aes(x=ReqDeliveryDate, y=DailySales, color)) +
  geom_line(color = "darkorchid4") +
  facet_wrap(~ Material) +
  scale_y_continuous(labels = point) +
  labs(title = "Sales over time",
        subtitle = "sales for all materials",
        y = "Sales Quantities",
        x = "Date") +
  theme_bw(base_size = 15)
```

Sales over time  
sales for all materials

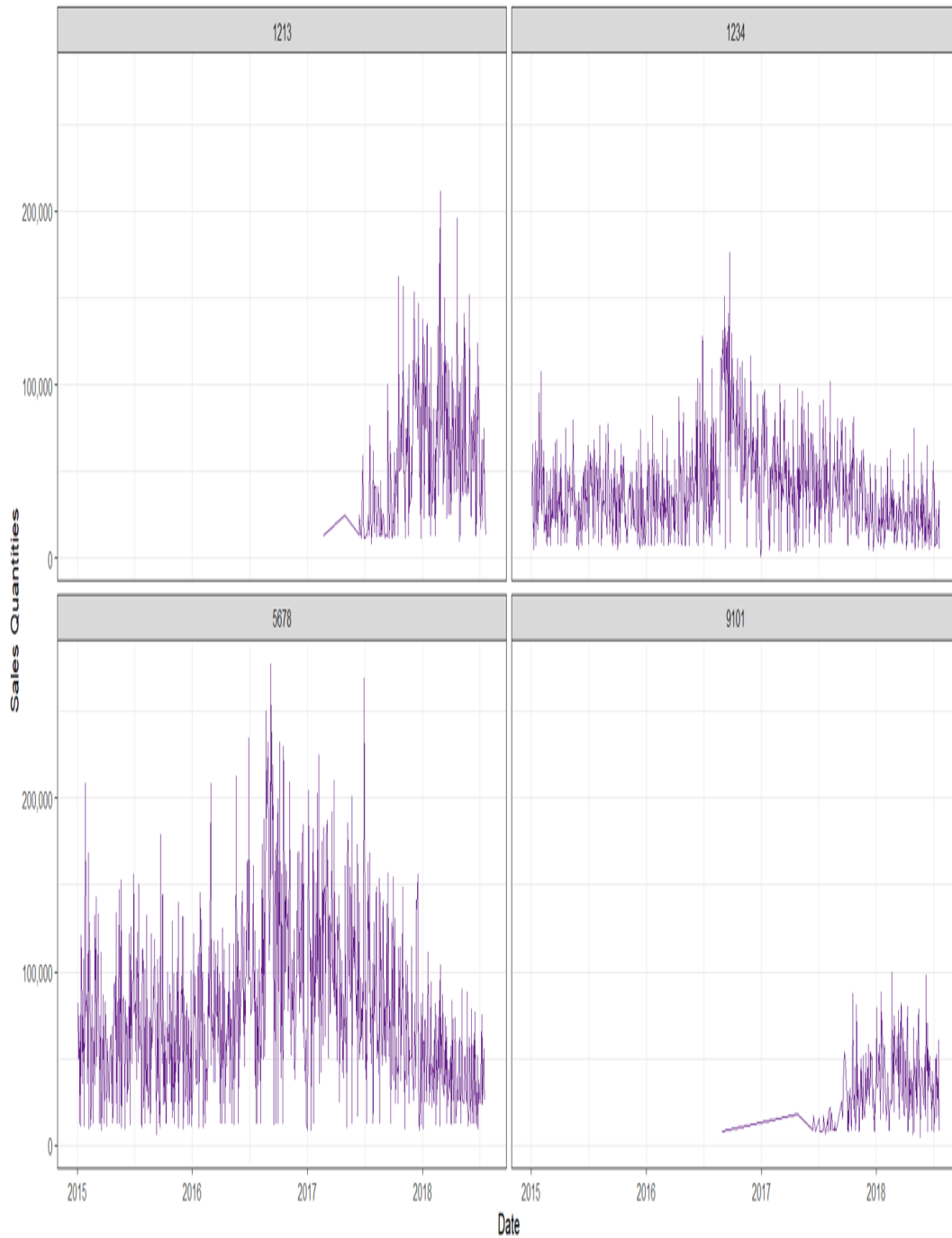


Figure 6-5. Sales of material over time broken up so we can see each plot separately

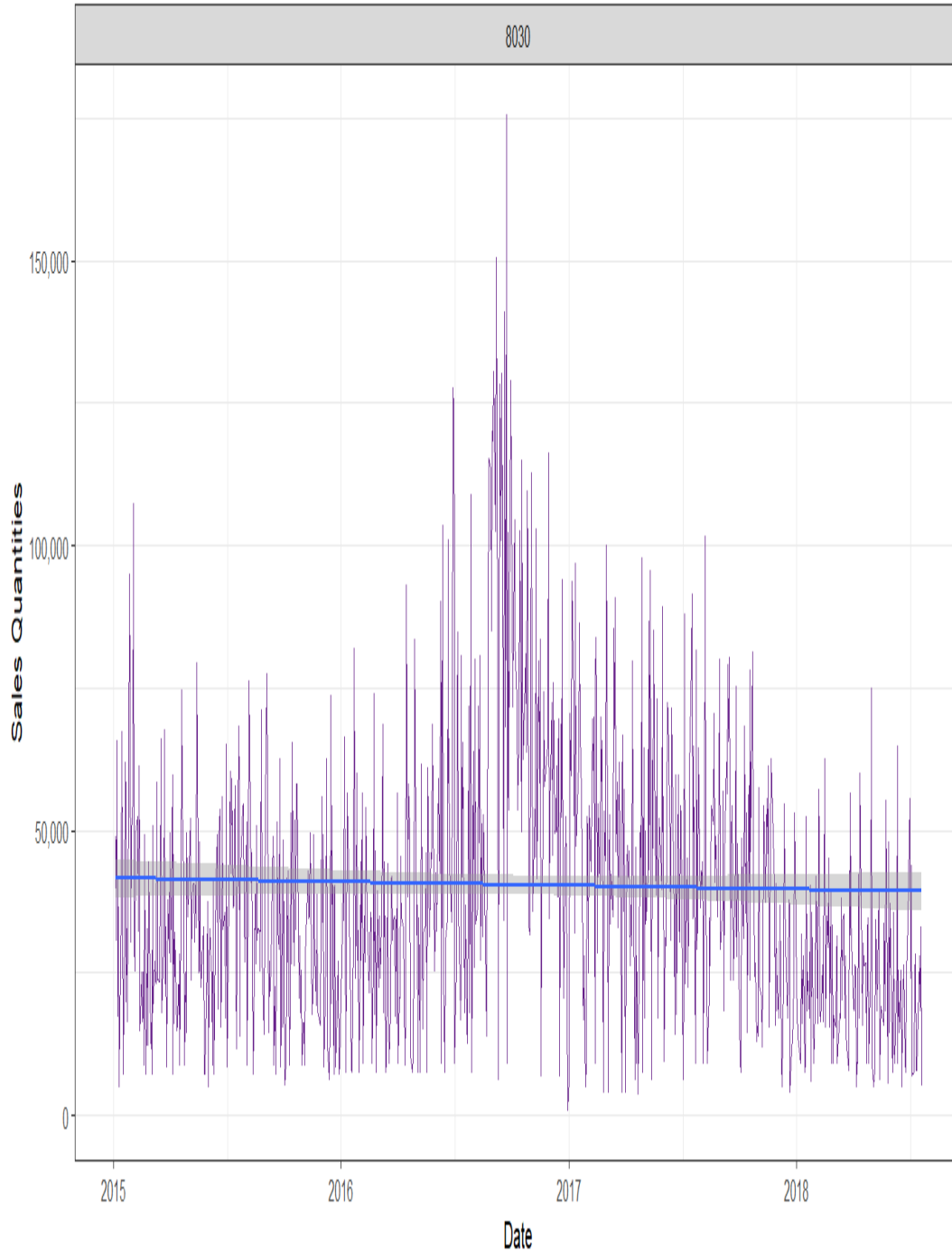
We can more easily see now the distributions of each of the materials.  
We can quickly spot that two of these materials only recently began

to sell.

Let's focus on just one material, 1234. We will add a simple linear model using the `geom_smooth` function. We only have one material here, but we leave in `facet_wrap` because it makes such a nice header (the results are shown in [Figure 6-6](#)).

```
sales %>%
  subset(Material == '1234') %>%
  ggplot(aes(x=ReqDeliveryDate, y=DailySales, color)) +
  geom_line(color = "darkorchid4") +
  facet_wrap( ~ Material ) +
  geom_smooth(method = "lm") +
  scale_y_continuous(labels = point) +
  labs(title = "Sales over time",
       subtitle = "sales for all materials",
       y = "Sales Quantities",
       x = "Date") +
  theme_bw(base_size = 15)
```

Sales over time  
sales for all materials



*Figure 6-6. Sales over time with a simple linear mapping*

We are curious about how these sales by year match up against one another. The line chart makes it difficult to see if overall sales by

week are greater in 2015 than they are in 2018.

Let's sit back and approach this in an intuitive way. There are many important concepts in R programming, but two of the most influential are *Tidy Data* and *Split-Apply-Combine*.

### SIMPLE DATA ANALYSIS STRATEGIES

Hadley Wickham described these two influential data analysis software concepts in the *Journal of Statistical Software*. Follow these and you can't go wrong.

Tidy Data (from <https://vita.had.co.nz/papers/tidy-data.pdf>).

- "Each variable forms a column."
- "Each observation forms a row."
- "Each type of observational unit forms a table."
- The `tidyverse` package applies all the tidy data concepts.

```
library(tidyverse)
```

Split-Apply-Combine (from <https://vita.had.co.nz/papers/plyr.pdf>)

- "Break up a big problem into manageable pieces."
- "Operate on each piece independently."
- "Put all the pieces back together."

The library most applicable for this, `dplyr`, will be put to use later in this chapter.

Understanding these concepts will help you think through problems more easily. We will simply split our `sales` dataframe into one that we can more easily plot with. First we will copy our sales data into a subsetted dataframe for just our material:



```
sales_week <- sales %>% subset(Material == '1234')
```

Secondly, we need to make a week variable and a year variable from our date variable. This is easy in R with the base function `strftime`:

```
sales_week$week <- strftime(sales_week$ReqDeliveryDate,  
format = '%V')  
sales_week$year <- strftime(sales_week$ReqDeliveryDate,  
format = '%Y')
```

We no longer need the `ReqDeliveryDate` or the `Material`:

```
sales_week$ReqDeliveryDate <- NULL  
sales_week$Material <- NULL
```

We also want to aggregate our weeks into one bucket. We may have had multiple sales for a given week in our `sales` dataframe, which we want in only one week in our `sales_week` dataframe:

```
sales_week <- sales_week %>% group_by(year, week) %>%  
summarise_all(sum)
```

If we look at our dataframe now it has these columns:

```
head(sales_week)  
# A tibble: 6 x 3  
# Groups:   year [1]  
  year week DailySales  
  <chr> <chr>      <dbl>  
1 2015 01      48965.  
2 2015 02     173920.
```

```

3 2015 03      213616.
4 2015 04      243433.
5 2015 05      304793.
6 2015 06      265335.

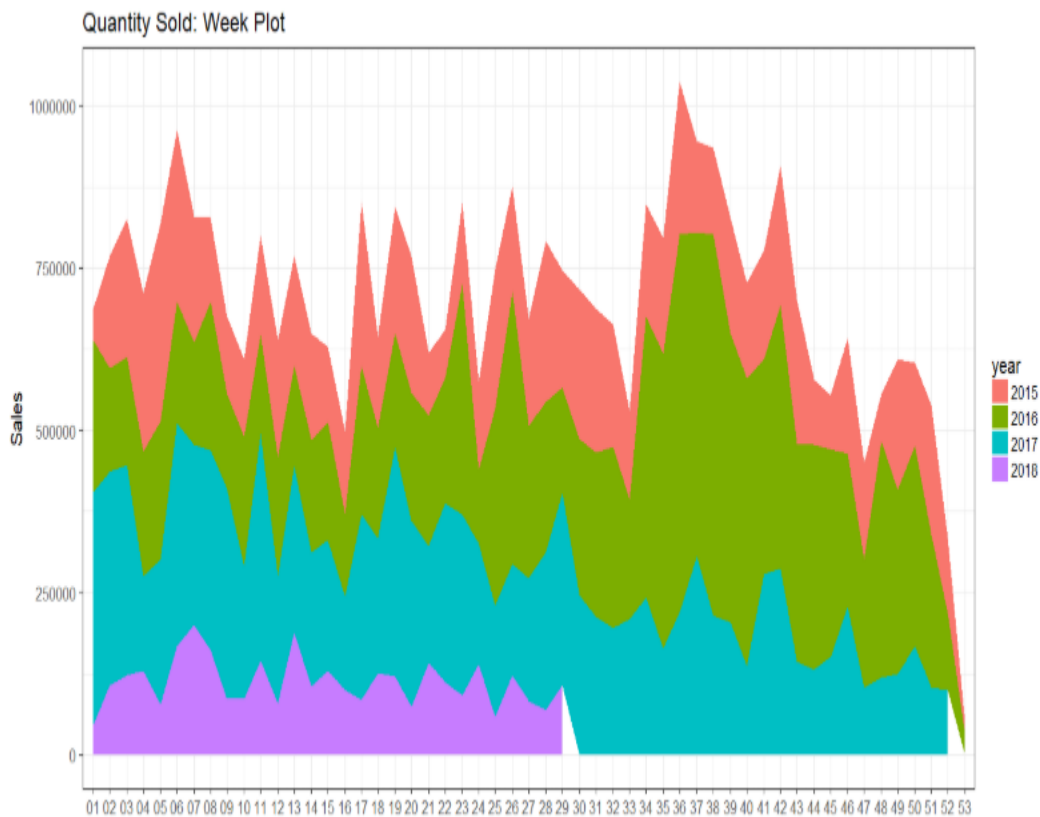
```

Now we can use `ggplot2` again to see what the sales year over year look like when the weeks are compared (the results are in [Figure 6-7](#)):

```

sales_week %>%
  ggplot(aes(x = week, y = DailySales, group = year)) +
  geom_area(aes(fill = year), position = "stack") +
  labs(title = "Quantity Sold: Week Plot", x = "", y =
"Sales") +
  scale_y_continuous() +
  theme_bw(base_size = 15)

```



*Figure 6-7. Area chart of sales by year*

This chart shows us something that we couldn't see clearly before. The spikes and valleys of each year's sales are strongly correlated. Such a strong correlation between the years would lead us to believe we can model based on that pattern. 2018 did not have a full recorded year of sales so that chart stops on week 29. We also see a distinct uptick in sales between weeks 35 and 40 and 4 and 9.

To move further in our exploration we need to visit a base object in R, the `ts` (time-series) object. It is an array of values over time periods. What we have been working with thus far is a dataframe. It is easy to convert a `data.frame` to a `ts` object in R. This function takes the data itself as its first argument and then has a series of other arguments we will cover now. Type `args(ts)` into the console to see a list of arguments for the base `ts` function:

```
args(ts)
function (data = NA, start = 1, end = numeric(), frequency =
1,
  deltat = 1, ts.eps = getOption("ts.eps"), class = if
(nseries >
  1) c("mts", "ts", "matrix") else "ts",
  names = if (!is.null(dimnames(data)))
colnames(data) else paste("Series",
seq(nseries)))
```

The arguments that we will use are:

- The `start` and `end` arguments define the starting date and ending date of the `ts` object.
- The `frequency` argument specifies the number of observations per unit of time.

In order to do this more easily and clearly we need to reformat our dataframe. This will lead to a nice clean `ts` object.

This time we will do an analysis by month. Just like we did with the week-by-week analysis, we will subset the `sales` dataframe.

However, this time we will rename the columns so they are easier to use and remember:

```
sales_month <- sales %>% subset(Material == '1234')
sales_month$Material <- NULL
colnames(sales_month) <- c('sales', 'date')
```

Also, `ts` objects do not like gaps. If you are going to analyze data by days, `ts` objects want every day represented...even if there is no data for that day. If you are going to analyze data by minutes, likewise every minute has to have a presence. For instance, if there were no sales of this material for a particular day there will be a gap in the date sequence. We want to fill all of these gaps with 0 because that is how much was actually sold on that day. First we create a new dataframe with all the possible dates starting at our first day of our `sales_month` and ending with the last:

```
all_dates = seq(as.Date(min(sales_month$date)),
               as.Date(max(sales_month$date)),
               by="day")
```

Then we want to merge this dataframe with `sales_month`:

```
sales_month <- merge(data.frame(date = all_dates),
```

```
sales_month,  
all.x=T,  
all.y=T)
```

Let's take a look at our data:

```
head(sales_month, n=10)  
  date    sales  
1 2015-01-04 48964.75  
2 2015-01-05 30853.88  
3 2015-01-06 65791.00  
4 2015-01-07 17651.20  
5 2015-01-08 36552.90  
6 2015-01-09 5061.00  
7 2015-01-10      NA  
8 2015-01-11 18010.00  
9 2015-01-12 24015.00  
10 2015-01-13 39174.25
```

We notice right away that we have NAs in our data. This is for the days when there were no sales. Let's replace that with zeros:

```
sales_month$sales[is.na(sales_month$sales)] = 0
```

Now it is easy to create a `ts` object. Frankly, `ts` objects in R have always been a bit of a quandary. Follow our advice—take the time to nicely and simply format your dataframe and you'll breeze through the `ts` object part:

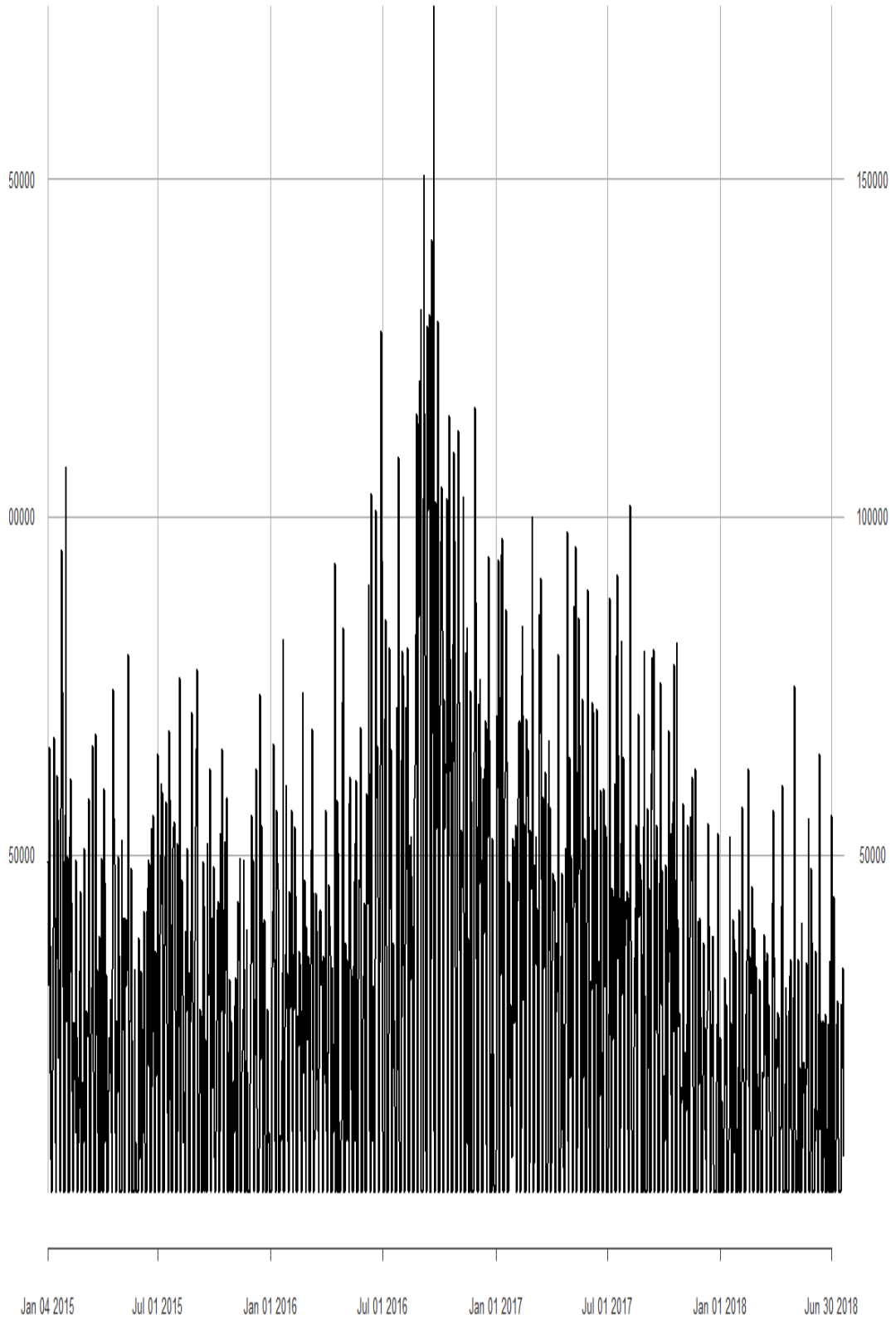
```
require(xts)  
sales_ts <- xts(sales_month$sales, order.by =  
as.Date(sales_month$date))
```

Now that we have a nicely formatted `ts` object, we can do some simple charting on it:

```
plot(sales_ts)
```

sales\_ts

2015-01-04 / 2018-07-20

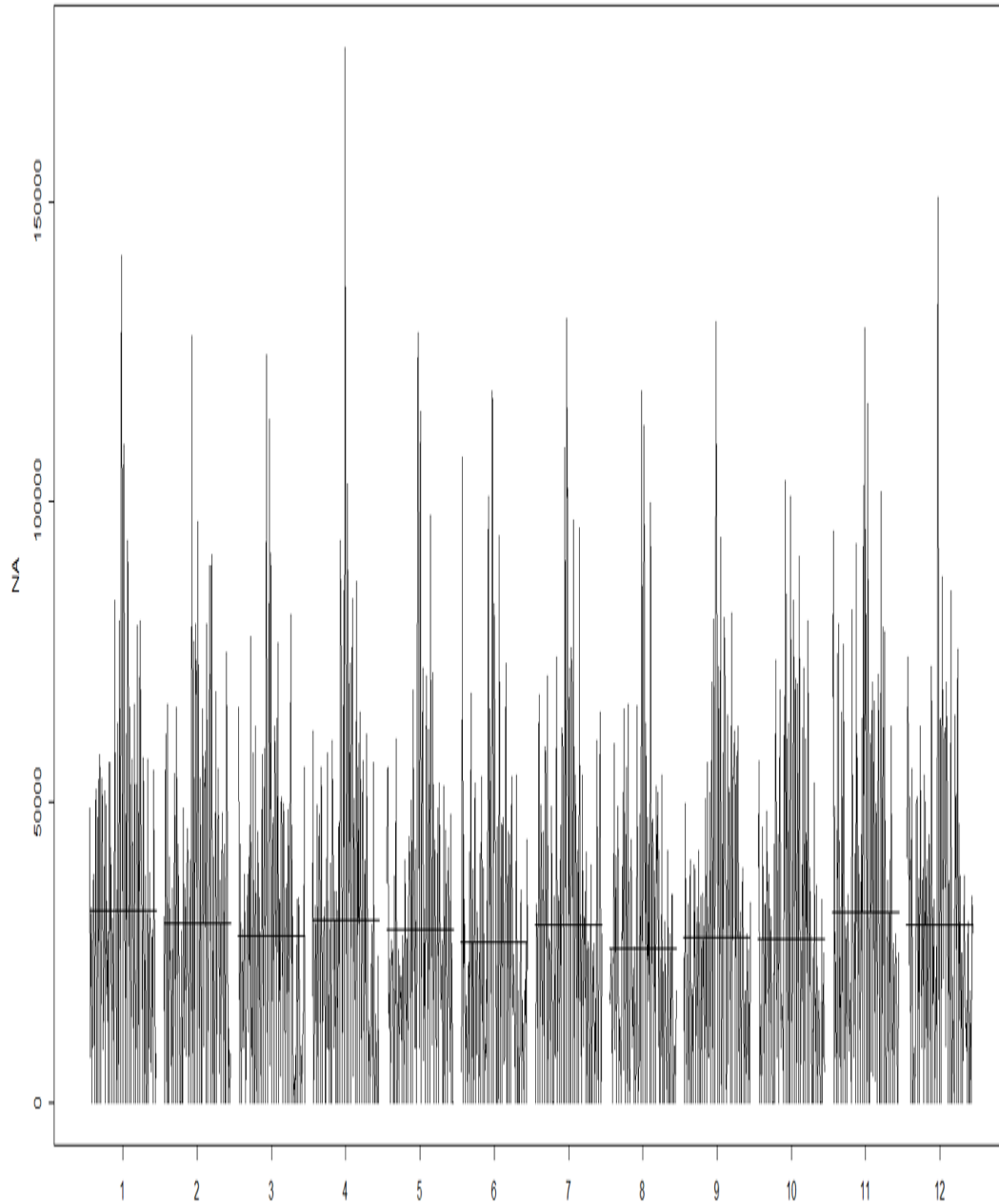


*Figure 6-8. Simple plot of ts object*

We can also see monthly sales and averages easily. Looking at the average sales across months in [Figure 6-9](#) we can see that the overall sales amount is relatively equal despite the peaks and valleys:

```
monthplot(sales_ts)
```





*Figure 6-9. Month plot of ts object*

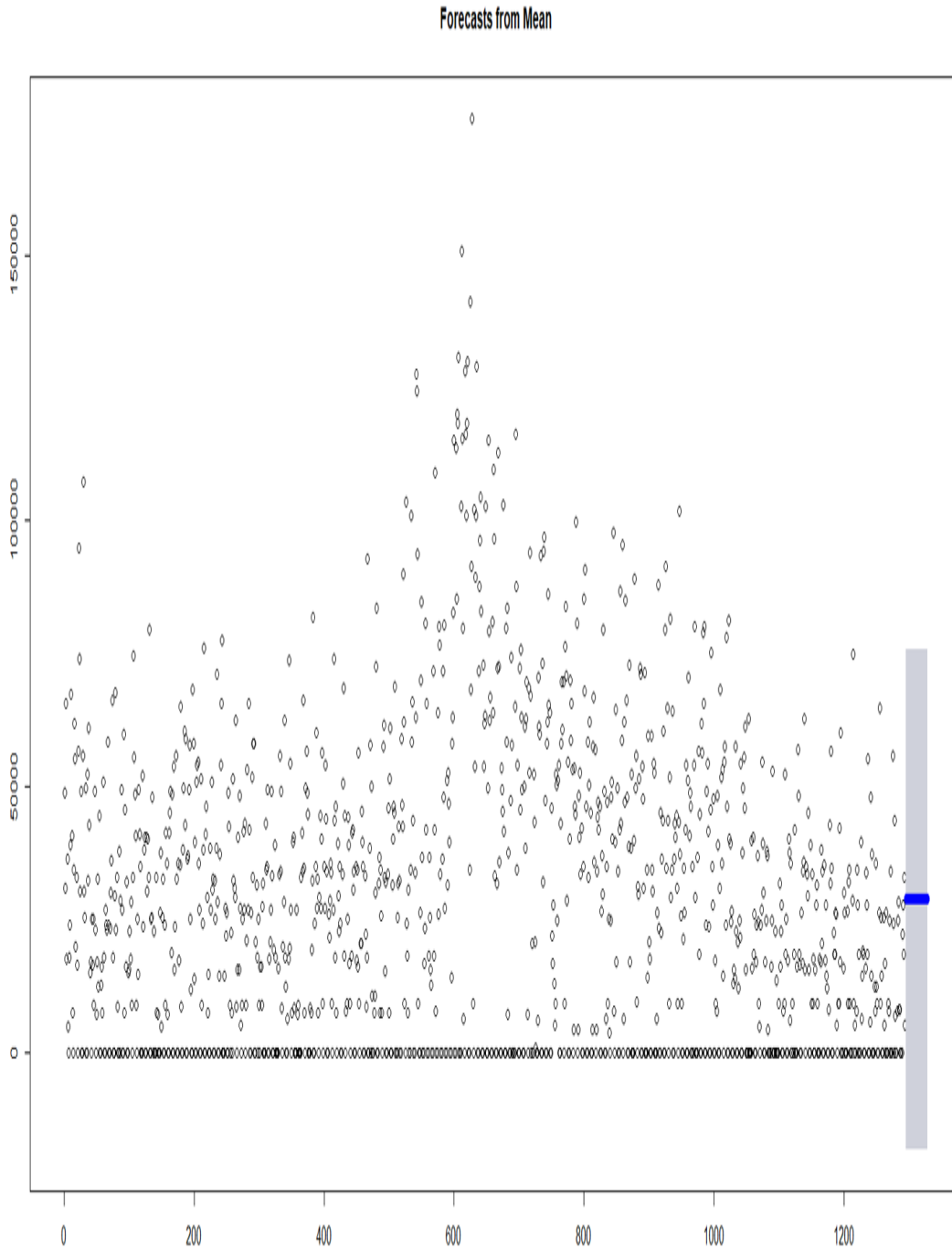
## **PLOTS FOR PREDICTION**

There are three types of simple plots that we typically want to use in predictive analytics: mean, naive, and drift. Let's examine each of these.

The first plot is a simple prediction of the mean into the future. This prediction assumes that the average of past sales will continue to be the average. To make these charts we will need the `forecast`<sup>4</sup> library. We see the results of the mean forecast in [Figure 6-10](#):

```
library(forecast)
sales_ts <- ts(sales_month$sales)
sales_ts_mean = meanf(sales_ts, h=35, level=c(90, 90),
                      fan=FALSE, lambda = NULL)
plot(sales_ts_mean)
```

You may wonder what the gray rectangular area of the chart (at far right) is telling you. The gray area is the confidence interval, which by default is 95%. The line in the middle of the gray area indicates where the prediction should fall, the gray area says, “I am 95% confident that the value, if not on the line, is within the grey area.” As may be assumed, a 95% confidence interval is pretty high so the area must therefore be large enough to ensure this.



*Figure 6-10. Simple mean prediction with confidence intervals*

The naive assumption is that the sales will be the same as the last observation as seen in [Figure 6-11](#):

```
sales_ts_naive <- naive(sales_ts, h=35, level=c(90, 90),  
                        fan=FALSE, lambda=NULL)  
plot(sales_ts_naive)
```

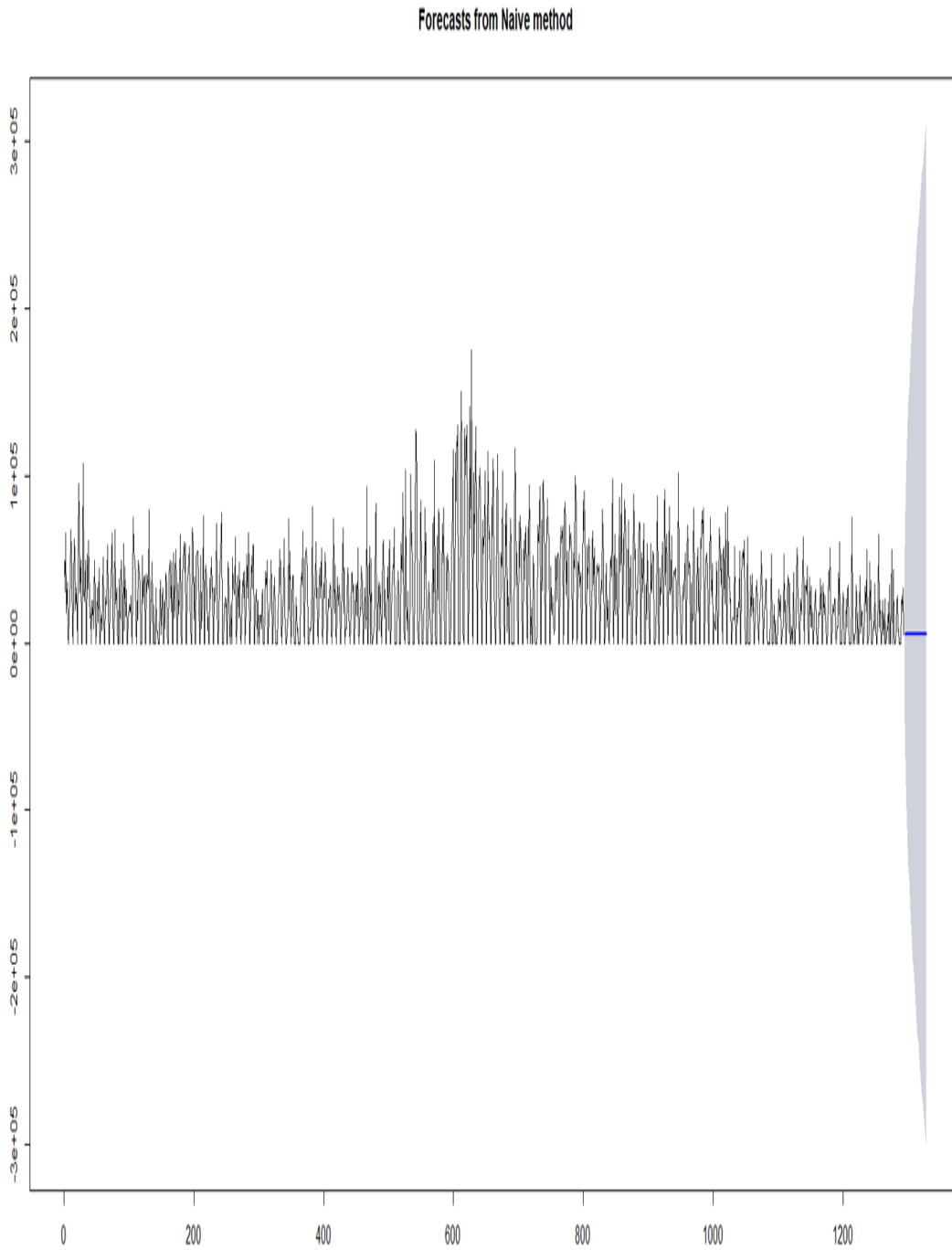
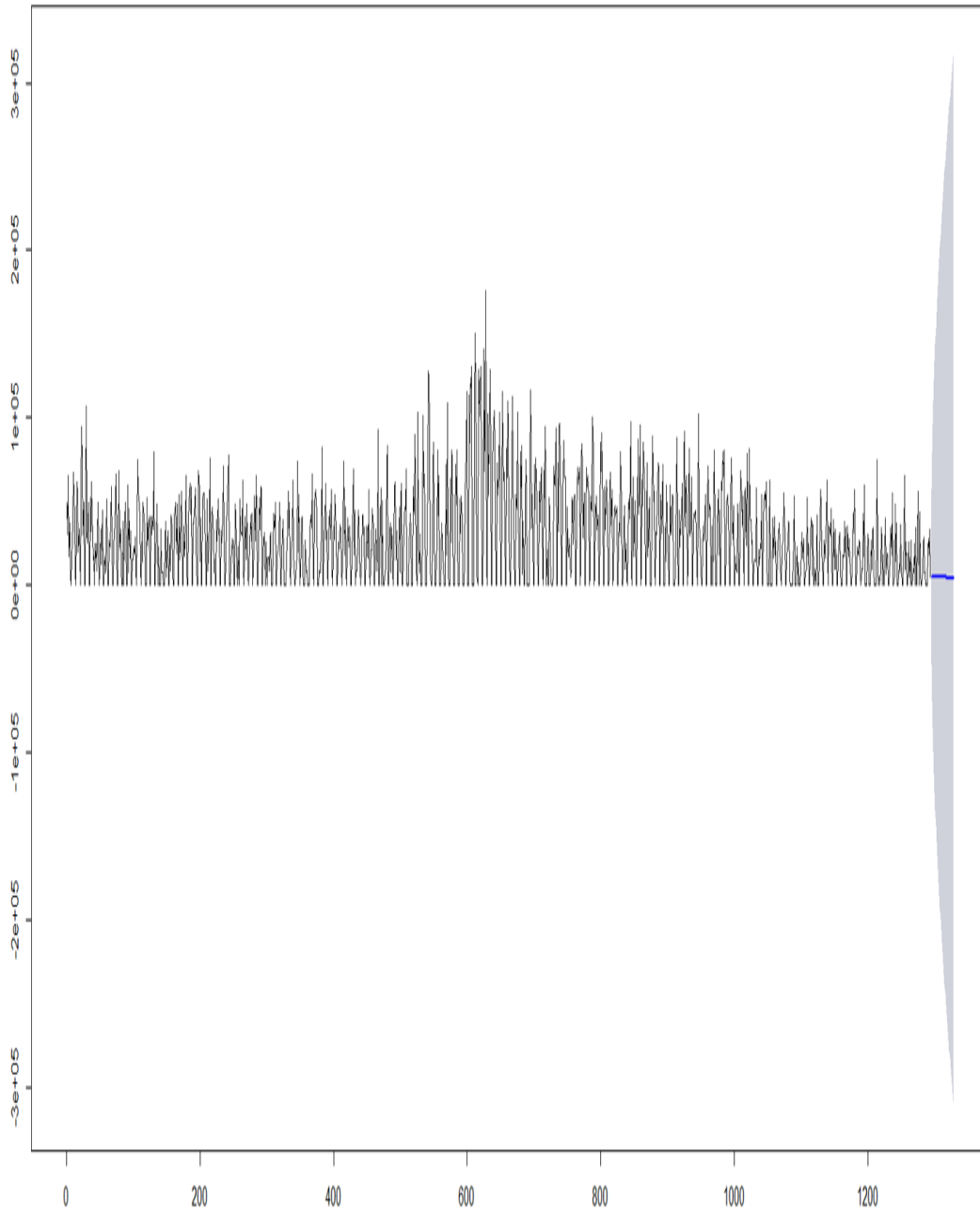


Figure 6-11. Simple naive prediction with confidence intervals

Finally, we can view the drift of the chart easily with the `forecast` library. Drift starts with the naive beginning, but then is adjusted positively or negatively based on the average overall change in the data. We see the results in [Figure 6-12](#). Notice the ever so slight downward trend:

```
sales_ts_drift <- rwf(sales_ts, h=35, drift=T, level=c(90, 90),  
                     fan=FALSE, lambda=NULL)  
plot(sales_ts_drift)
```

Forecasts from Random walk with drift



*Figure 6-12. Simple drift prediction with confidence intervals*

Clearly these plots are not going to be satisfying to the VP of sales, but it is the start of our prediction process and we will refine this process until we have results we like.

## **Step 5: Evaluate Model**

First, let's analyze the accuracy of the three plots that we just created. With the `forecast` package this is easy, but before we do that we need to discuss how accuracy can be measured. There are six ways we will analyze accuracy, and Table 6-1 illustrates the most commonly used measurements.

Table 6-1. Measures of accuracy

M e a s u r e m e n t	Description	Not atio n
M E	Mean error: the average of the total number of errors in predictions. The positive errors have the potential of wiping out the negatives.	mea n( $e_i$ )
M A E	Mean absolute error: measurement of the mean of the errors in predictions. This does not take into consideration whether it is over or under...just the magnitude of the error.	mea n( $ e_i $ )
R M S E	Root mean squared error: same as the MAE but errors are squared before the square root of the total is taken. This results in large errors having more value than small errors. Consider this an improvement over MAE if you want to strongly penalize large errors.	SQ R T(m ean( $e^2_i$ ))
M P E	Mean percentage error: the mean of the percentage of the errors.	mea n( $(e_i$ / actu al $_i)$ *100 )
M A P E	Mean absolute percentage error: the mean of the absolute percentage of the errors.	mea n( $( e_i$ / actu al $_i)$ *100  )



M	Mean absolute scaled error: the mean of the absolute values of the	mean( q <sub>i</sub>  )
A	<i>scaled</i> <sup>a</sup> ( <i>q</i> ) errors. Scaling is an alternative to percentage errors. A	
S	MASE of > 1 indicates the prediction is worse than the naive	
E	prediction. If it is < 1 it is better.	

<sup>a</sup> MASE was proposed in 2005 by statistician [Rob Hyndman](#) and is used for determining comparative accuracy of forecasts.

We can view these values easily with the `forecast` package (see [Table 6-2](#)):

```
accuracy(sales_ts_mean)
accuracy(sales_ts_naive)
accuracy(sales_ts_drift)
```

*Table 6-2. Measures of accuracy for mean, naive, and drift forecasts*

	ME	RMSE	MAE	MPE	MAPE	MASE
Mean	-2.46E-13	28535.31	23019.78	-Inf	Inf	1
Naïve	-33.81419	31653.02	23017.03	-Inf	Inf	1
Drift	1.25E-12	31653	23021.87	NaN	Inf	1.00021

What are good values for these evaluations? Consider that every set of data is different and has different scales. Data in one experiment might have a range of 1 to 1,000,000 and the RMSE is 10, which seems pretty good. However, the same RMSE value if the data has a range of 1 to 20 is terrible. Because of this, consider using your evaluation methods as a comparison between different plots and tests; avoid the pitfall of blindly seeing small evaluation results as good. In

the simple methods we just looked at, the mean seems to pull ahead. Our results also shows us some of the dangers of using percentages. There is a risk of division by zero or near zero, which leads to infinite values.

Another thing we can look for in our data is seasonality. This is a different way to explore the data that is made much easier using the `tseries`<sup>5</sup> library. Is there some kind of pattern based on a recurring event? An example of seasonality in a time series would be the sales of mittens. Clearly sales of mittens increase in the winter and decrease in the summer. Another way of stating this is to say that the data is either stationary or not stationary. Stationary data is independent of the actual time series. We can test for stationarity or nonstationarity with the `tseries` package by using the `adf.test` method:

```
library(tseries)
sales_ts_adf <- adf.test(sales_ts)
sales_ts_adf
```

The result we get indicates clearly that the data is stationary (has no seasonality):

```
Augmented Dickey-Fuller Test
data: sales_ts[, 1]
Dickey-Fuller = -5.8711, Lag order = 10, p-value = 0.01
alternative hypothesis: stationary
```

Now it is time to do some predictions that are better than mean, naive, or drift. We will use the ARIMA model to start with. ARIMA<sup>6</sup>

stands for Autoregressive Integrated Moving Average. ARIMA is a prediction (forecasting) technique that projects the future values of a series depending on its previous data points. Like the name says, it uses a moving average. First we create the future values with the following command:

```
sales_future <- forecast(auto.arima(sales_ts))
```

To better understand the results, let's take a look at the structure of the time series object we are working with. Use the `str()` command:

```
> str(sales_ts)
An 'xts' object on 2015-01-04/2018-07-20 containing:
 Data: num [1:1294, 1] 48965 30854 65791 17651 36553 ...
 Indexed by objects of class: [Date] TZ: UTC
 xts Attributes: NULL
```

This tells us that we have 1,294 objects in our time series. Our `forecast` function will plot out another 10 values into the future. This gives us the following sales values with confidence intervals of 80 and 95. Let's look at time series object 1300 as an example. This tells us that the forecast is 20892.628 with a *Lo 80* of -8393.256 and a *Hi 80* of 50178.51. This means that we are 80% confident sales will be between \$-8,393.256 and \$50,178.51. A confidence interval of 95 is obviously wider to account for a higher degree of confidence and therefore has a higher range of \$-23,896.27 to \$65,681.52:

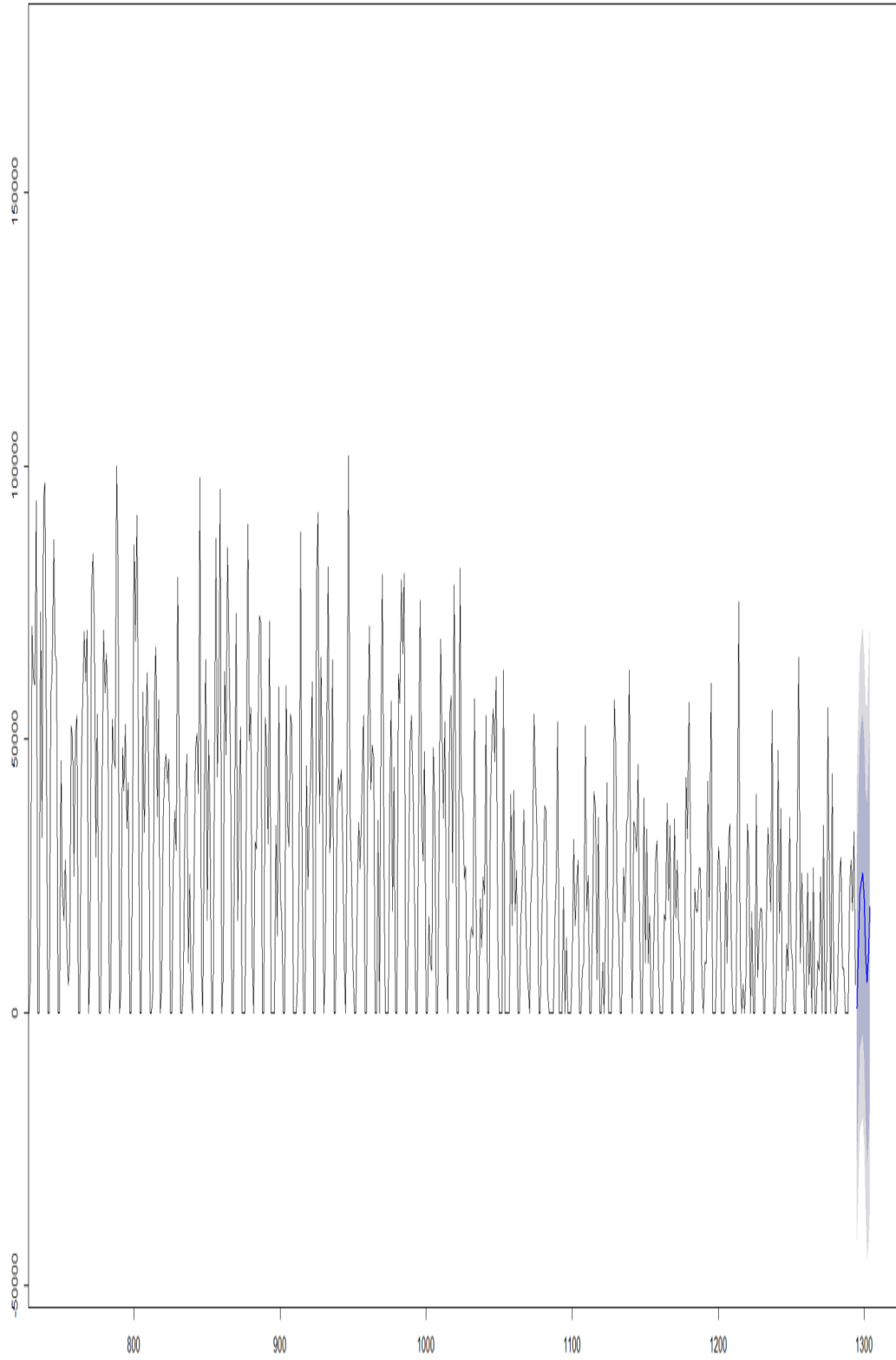
```
      Point Forecast      Lo 80      Hi 80      Lo 95      Hi 95
1295      907.887 -26883.351 28699.12 -41595.14 43410.92
```

```
1296      11811.826 -16743.171 40366.82 -31859.27 55482.93
1297      21790.271 -6768.050 50348.59 -21885.91 65466.45
1298      23937.037 -5022.613 52896.69 -20352.92 68227.00
1299      25546.677 -3730.630 54823.98 -19229.10 70322.46
1300      20892.628 -8393.256 50178.51 -23896.27 65681.52
1301      10542.993 -19636.125 40722.11 -35611.98 56697.97
1302         5537.931 -27502.193 38578.06 -44992.58 56068.44
1303      10655.408 -24005.266 45316.08 -42353.52 63664.34
1304      19295.901 -15714.125 54305.93 -34247.31 72839.12
```

Now let's plot this chart. This time we will have a starting point that is later than the beginning of the chart so we don't have such a small prediction interval. We will only plot the time series from point 750 to 1304. The results in [Figure 6-13](#) show the point value in a dark line, the 80% confidence interval in a light shading, and the 90% confidence interval in an even lighter shading:

```
plot(sales_futue, xlim = c(750,1304))
```

Forecasts from ARIMA(5,1,3)



*Figure 6-13. ARIMA forecasting*

We've done a bit of prediction so far and learned a lot along the way. Perhaps we should sit back and look at our data and wonder if this ARIMA is good enough as it is? Should we try something new? What comes to mind when you look at [Figure 6-13](#)? When we look at it we see those flat lines on the bottom. That is where we put in missing dates, those dates when the material has zero sales. Should that be included in the model that does the prediction? In many cases the answer would be no. However, there is a good argument here that sales of zero are important. Any day of sale is a data point as well as any day of nonsales.

Next we will shift to a different language and a different model. We will take the same series of data that we explored in R and perform the same five-step analysis in Python.

## **Predicting Sales in Python**

There are many ways to analyze data using different tools such as Python and R. In this section we will approach the same data from a Python perspective.

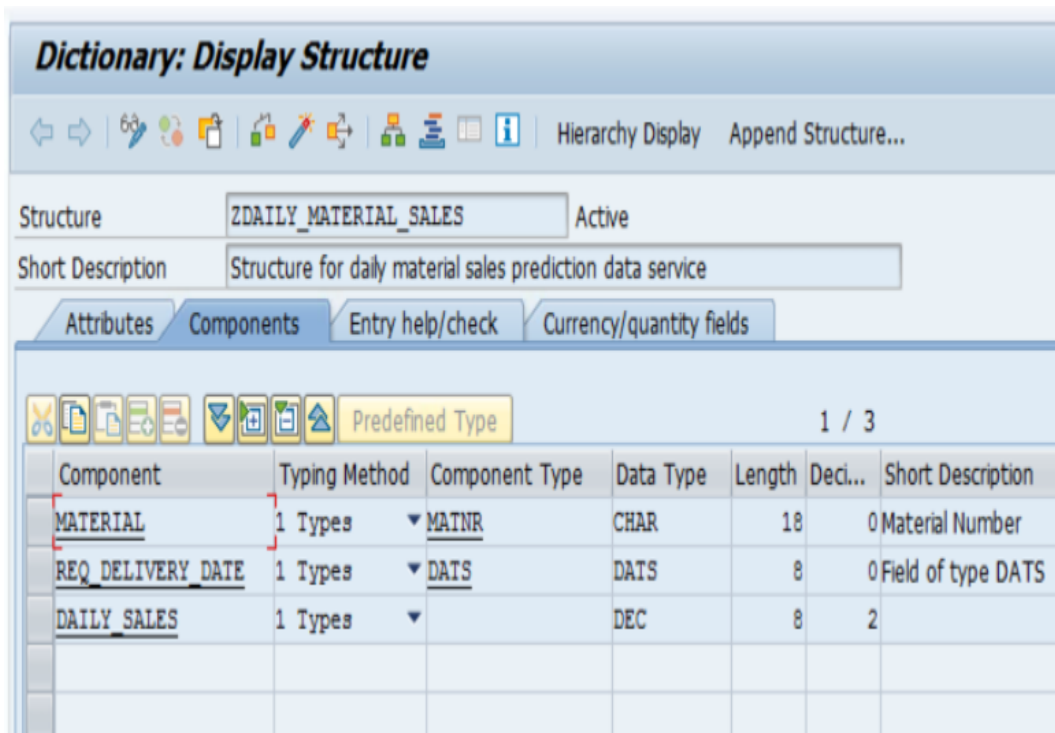
### **Step 1: Identify Data**

This time we will use a quick OData utility class that could speed up future identify-gather phases. We will use OData and Python to help predict future sales for upcoming weeks, months, and up to a year. This identification phase is the same as what we did for R earlier.

## Step 2: Gather Data

Remember [Chapter 3](#) when we created an example OData service for listing plants out of the SAP backend? We're going to do exactly the same thing here—only with some adjusted structures, fields, and a little bit of ABAP code to make the pull easy. Most importantly, defining a process in this way will allow you to programmatically gather different sets of materials and date ranges with ease! We'll highlight the major differences here versus the approach as laid out in [Chapter 3](#).

First, create a structure in transaction SE11 and choose the fields from [Figure 6-14](#) to populate it. We're going to give this the same basic shape as the R example from before.



**Dictionary: Display Structure**

Structure: ZDAILY\_MATERIAL\_SALES Active  
Short Description: Structure for daily material sales prediction data service

Attributes Components Entry help/check Currency/quantity fields

Predefined Type 1 / 3

Component	Typing Method	Component Type	Data Type	Length	Deci...	Short Description
MATERIAL	1 Types	▼ MATNR	CHAR	18	0	Material Number
REQ_DELIVERY_DATE	1 Types	▼ DATS	DATS	8	0	Field of type DATS
DAILY_SALES	1 Types	▼	DEC	8	2	

Figure 6-14. SE11 structure for the sales data

Next, go to transaction SEGW to create a new OData service and enter project details as noted in [Figure 6-15](#).

The screenshot shows a 'Details' window with a 'General' tab. The 'Project' field is highlighted with a red box and contains the text 'TEST\_MATERIAL\_PREDICT01'. The 'Description' field contains 'First pass at sales predictor'. The 'Attributes' section includes a 'Project Type' dropdown set to '1 Service with SAP Annotations', a 'Generation Strategy' dropdown set to '1 Standard', and a 'Package' field containing 'TMP'. The 'Administrative Data' section shows 'Created By' and 'Last Changed By' as 'PMODDERMAN', and 'Created on' and 'Changed on' as '11/03/2018' and '11/07/2018' respectively. At the bottom right, there are four icons: a green checkmark, a yellow folder, a blue pencil, and a red X.

*Figure 6-15. OData service details from SEGW*

Remember to import the structure we created, just like in [Chapter 3](#). See [Figures 6-16](#), [6-17](#), and [6-18](#) for settings to use.



Create an Entity Type or Complex Type

Name

Entity Type       Complex Type

Import from ABAP Structure

ABAP Structure

Create Default Entity Set

Figure 6-16. Importing the SE11 structure into a new OData service

Wizard Step 2 of 3: Import from DDIC Structure

Select Parameter(s)

ZDAILY\_MATERIAL\_SALES

Data Source Parameter	Assign Structure	Description	Type	Length	D
<input checked="" type="checkbox"/> ZDAILY_MATERIAL_SALES	<input type="checkbox"/>		ZDAILY_MATERIAL_SALES		
• <input checked="" type="checkbox"/> MATERIAL	<input type="checkbox"/>	Material	CHAR	18	
• <input checked="" type="checkbox"/> REQ_DELIVERY_DATE	<input type="checkbox"/>	Date	DATS	8	
• <input checked="" type="checkbox"/> DAILY_SALES	<input type="checkbox"/>		DEC	8	

Figure 6-17. Choose all the available fields to import

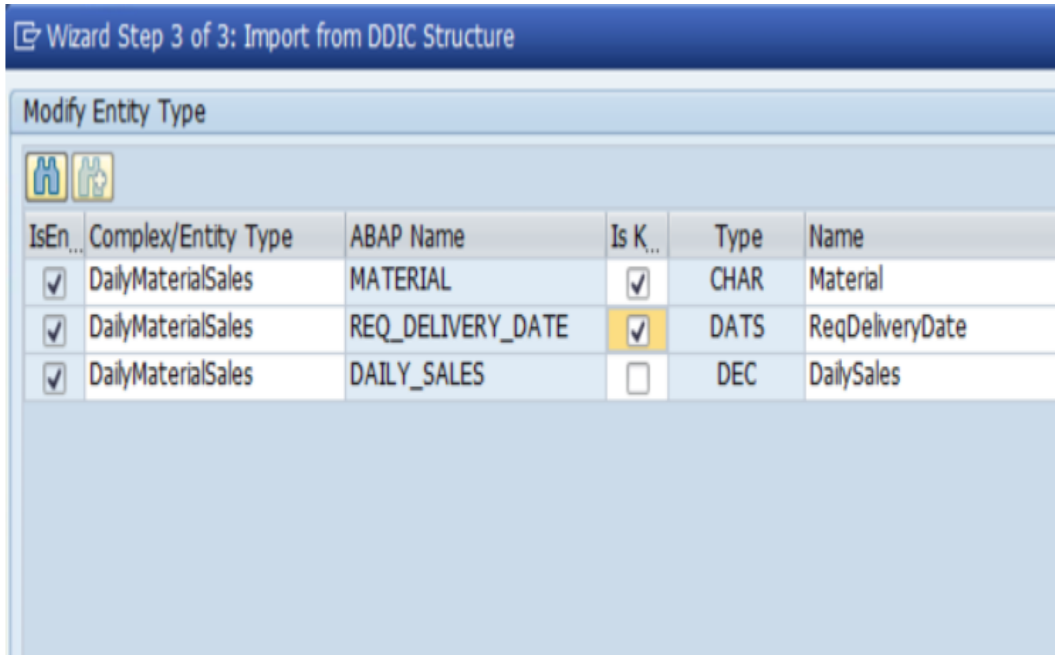


Figure 6-18. MATERIAL and REQ\_DELIVERY\_DATE are the key fields

Again just like Chapter 3, redefine the `GetEntitySet` (Query) method for the entity we just created. Use the following ABAP code to set up a quick filtering operation on sales order item data.

Remember, as discussed before: we won't dive deep into explanations of ABAP code in this book. If you're a data scientist who really wants SAP data and you don't have a SAP team to help you, then you might wish to supplement this material with some of the ABAP basics available on SAP's free training site,

<https://open.sap.com:>

```
"This code will return a list of sales dollars by date per material.
```

```
"The filtering mechanism for OData allows us to limit this to a subset
```

```
"of materials, and the below Python code incorporates this feature.
```

```
"If you named your entity set differently than our example screenshots,
```

```
"this method will be named differently.
METHOD dailymaterialsal_get_entityset.
  DATA lr_matnr TYPE RANGE OF matnr.
  DATA ls_matnr LIKE LINE OF lr_matnr.
  DATA lr_vdatu TYPE RANGE OF edatu_vbak.
  DATA ls_vdatu LIKE LINE OF lr_vdatu.
```

"Here we extract the filters that our Python code will insert.

```
LOOP AT it_filter_select_options INTO DATA(ls_select).
  IF ls_select-property EQ 'Material'.
    LOOP AT ls_select-select_options INTO DATA(ls_option).
      MOVE-CORRESPONDING ls_option TO ls_matnr.
      ls_matnr-low = |{ ls_option-low ALPHA = IN }|.
      APPEND ls_matnr TO lr_matnr.
    ENDLOOP.
  ELSEIF ls_select-property EQ 'ReqDeliveryDate'.
    LOOP AT ls_select-select_options INTO ls_option.
      MOVE-CORRESPONDING ls_option TO ls_vdatu.
      ls_vdatu-low = |{ ls_option-low ALPHA = IN }|.
      APPEND ls_vdatu TO lr_vdatu.
    ENDLOOP.
  ENDIF.
ENDLOOP.
```

"This SELECT statement incorporates the filters that are sent by the

"Python code below into the SQL logic. For example, if the programmer

"enters 3 materials to filter, then the variable 'lr\_matnr' contains

"a reference to those 3 materials to pass to the database engine.

```
SELECT item~matnr AS material
       head~vdatu AS req_delivery_date
       SUM( item~netpr ) AS daily_sales
FROM vbak AS head
   INNER JOIN vbap AS item ON head~vbeln = item~vbeln
   INNER JOIN knvv AS cust ON head~kunnr = cust~kunnr
      AND head~vkorg = cust~vkorg
      AND head~vtweg = cust~vtweg
      AND head~spart = cust~spart
   INNER JOIN mara AS mtrl ON item~matnr = mtrl~matnr
INTO CORRESPONDING FIELDS OF TABLE et_entityset
WHERE head~vdatu IN lr_vdatu
      AND item~matnr IN lr_matnr
```

```

GROUP BY item~matnr vdatu
HAVING SUM( item~netpr ) > 0
ORDER BY item~matnr vdatu.
ENDMETHOD.

```

Once the SAP Gateway code is completed and activated, you have a service that can send the required sales data to any client that can make OData requests. Naturally, you'd love to use your own laptop as one of those clients, so we came up with a little utility class that can do some basic OData filtering, requesting, and creating of CSV files on your local computer. This may be useful in many SAP data retrieval scenarios, since any basic OData service should work:

```

# Utility is exposed as a class to be instantiated per request run
class GatewayRequest(object):
    def __init__(self, gateway_url='', service_name='', entity_set_name='', user='', password=''):
        self.gateway_url = gateway_url.strip('/')
        self.service_name = service_name.strip('/')
        self.entity_set_name = entity_set_name.strip('/')
        self.filters = []

        # Basic authentication: a username and password base64 encoded and sent with the OData request. There are many flavors of authentication for available for OData - which is just a RESTful web service - but basic authentication is common inside corporate firewalls.
        self.set_basic_auth(user, password)

        # Adds a filter to the main set of filters, which means our OData utility can support multiple filters in one request.
    def add_filter(self, filter_field, filter_option,

```

```

filter_value):
    # OData supports logical operators like 'eq' for
equals,
    # 'ne' for does not equal, 'gt' for greater than,
'lt' for less
    # than, 'le' for less than or equal, and 'ge' for
greater than or
    # equal. 'eq' is the most common, so if the logical
operator is
    # omitted we assume 'eq'
    if not filter_option:
        filter_option = 'eq'

    new_filter = [filter_field, filter_option,
filter_value]
        self.filters.append(new_filter)

    # Encode the basic authentication parameters to send
with the request.
    def set_basic_auth(self, user, password):
        self.user = user
        self.password = password
        string_to_encode = user + ':' + password
        self.basic_auth =

base64.b64encode(string_to_encode.encode()).decode()

    # OData works through sending HTTP requests with
particular query
    # strings attached to the URL. This method sets them up
properly.
    def build_request_url(self):
        self.request_url = self.gateway_url + '/' +
self.service_name
        self.request_url += '/' + self.entity_set_name

        filter_string = ''

        if len(self.filters) > 0:
            filter_string = '?$filter='
            for filter in self.filters:
                filter_string += filter[0] + ' ' + filter[1]
                filter_string += ' \' ' + filter[2] + '\ ' and
,

```

```

        filter_string = filter_string.rstrip(' and ')

    if not filter_string:
        self.request_url += '?$format=json'
    else:
        self.request_url += filter_string +
        '&$format=json'

    # Perform the actual request, by adding the
    authentication header and
    # the filtering options to the URL.
    def perform_request(self):
        try:
            self.build_request_url()
            if self.basic_auth:
                headers = {'Authorization': 'Basic ' +
self.basic_auth}
                self.result = requests.get(self.request_url,
                headers=headers)
            else:
                self.result = requests.get(self.request_url)
        except Exception as e:
            raise Exception(e)

    # Utility function to return a pandas dataframe from the
    results of
    # the OData request.
    def get_result_dataframe(self):
        try:
            self.perform_request()
            json_obj = json.loads(self.result.text)
            json_results = json.dumps(json_obj['d']
['results'])
            return
pandas.read_json(json_results).drop('__metadata', axis=1)
        except Exception as e:
            raise Exception(e)

    # Utility function to return a basic JSON object as the
    results of
    # the query.
    def get_result_json(self):
        self.perform_request()

```

```

        return json.loads(self.result.text)

    # The utility function we use, to save the results to a
    local .csv
    def save_result_to_csv(self, file_name):
        self.get_result_dataframe().to_csv(file_name)

    # A utility to properly parse the dates that are
    returned in a json
    # request.
    @staticmethod
    def odata_date_to_python(date_string):
        date_string = date_string.replace('/Date(',
        '').replace(')/', '')
        date_string = date_string[:-3]
        new_date =
        datetime.datetime.utcfromtimestamp(int(date_string))
        return new_date

```

With the utility class defined, we are ready to perform the request. You'll need to replace the code set in italics with your own values.

```

sales_request =
GatewayRequest(gateway_url='http://YOUR_SAP_HOST/sap/opu/
                    odata/sap/',
                entity_set_name='DailyMaterialSalesSet',
                service_name='ZTEST_MATERIAL_PREDICT01_SRV',
                user='YOUR_USER', password='YOUR_PASS')

# We added three materials here, but you could add as many
# as you like in this
# syntax
sales_request.add_filter('Material', 'eq', 'YOUR_MATERIAL1')
sales_request.add_filter('Material', 'eq', 'YOUR_MATERIAL2')
sales_request.add_filter('Material', 'eq',
'AS_MANY_AS_YOU_WANT')

# Note for dates OData requires the below filtering syntax
# Yes - dates are a little weird
sales_request.add_filter('ReqDeliveryDate', 'gt',

```

```
        "datetime'2015-01-01T00:00:00'")
sales_request.save_result_to_csv('D:/Data/Sales.csv')
```

### Step 3: Explore Data

Now that we have our data we can easily read it into Python. We will need some standard libraries to start with. These are very common, oft-used libraries:

```
import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
from datetime import datetime
```

We will use the `pandas` library to read in the data:

```
df = pd.read_csv('D:/Data/Sales.csv')
```

Let's view our data by taking a look at the first few rows:

```
df.head()
```

It should be of no surprise that the data has the same problems we experienced when reading it into R. In [Figure 6-19](#) we see that there are columns to be removed, and a date column to be adjusted.



	Unnamed: 0	DailySales	Material	ReqDeliveryDate
0	0	48964.75	8939	/Date(1420416000000)/
1	1	30853.88	8939	/Date(1420502400000)/
2	2	65791.00	8939	/Date(1420588800000)/
3	3	17651.20	8939	/Date(1420675200000)/
4	4	36552.90	8939	/Date(1420761600000)/

*Figure 6-19. Unconverted sales dataframe in Python*

We will perform the same functions we did in R but this time in Python. Those basic steps are:

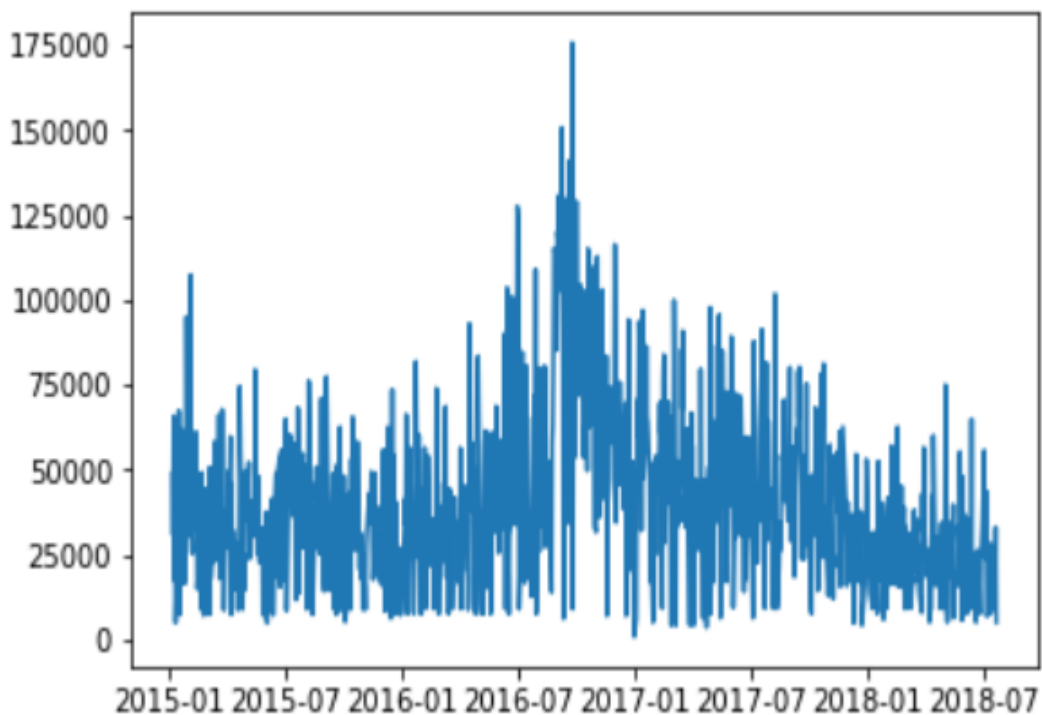
1. Drop a column
2. Convert the date column to a true date
3. Subset the dataframe by a single material
4. Drop the material column
5. Make the date the index of the dataframe

```
#Drop the column 'Unnamed'
df = df.drop(['Unnamed: 0'], axis = 1)
#Convert the date column to numeric and take out any
nonnumeric chars.
df.ReqDeliveryDate =
pd.to_numeric(df.ReqDeliveryDate.str.replace('[^0-9]', ''))
#Convert the date column to a proper date using to_datetime
df['ReqDeliveryDate'] =
pd.to_datetime(df['ReqDeliveryDate'], unit='ms')
#Subset the dataframe by the single material 8939
df_8939 = df['Material']==8939
df = df[df_8939]
#Drop the material column
```

```
df = df.drop(columns=['Material'])
#make the date column the index
df = df.set_index(['ReqDeliveryDate'])
```

Let's take a look at our dataframe again, but this time by doing a quick plot (which is shown in [Figure 6-20](#)):

```
plt.plot(df)
```



*Figure 6-20. Initial plot of sales in Python*

We will then use the `statsmodels` package in Python to perform a decomposition of the time series. This is a statistical task that deconstructs the time series object into several categories or patterns. These patterns are observed, trend, seasonal, and residual. Residuals can also be referred to as errors. We will decompose our time series and plot it (the results are in [Figure 6-21](#)):

```
from statsmodels.tsa.seasonal import seasonal_decompose
result = seasonal_decompose(df, model='multiplicative', freq
= 52)
result.plot()
```

This gives us a general view of our time-series data. The *Observed* chart gives us an exact representation of what is observed in the data. The *Trend* chart shows us what the overall trend of the observations. Think of this as the smoothing of the observations. The *Seasonal* chart highlights if there are any seasonal aspects to the data. If you observe repeating patterns here there could be seasonality in your data. Finally, the *Residual* chart shows the errors between the observed value and a predicted value.

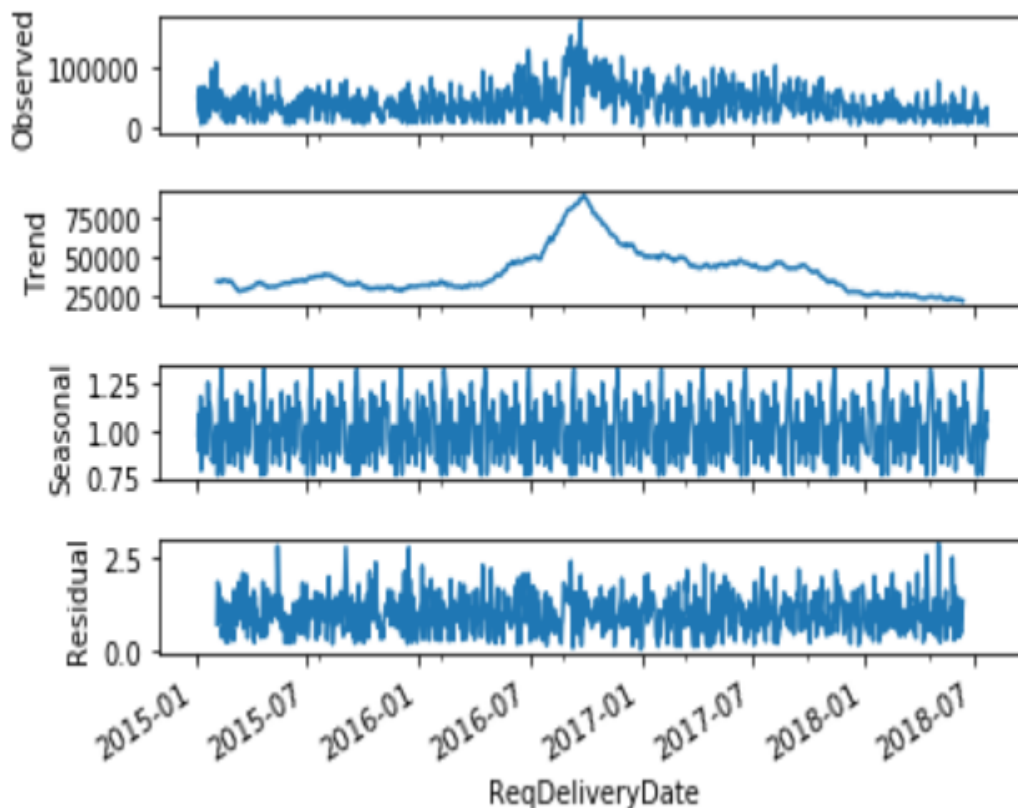


Figure 6-21. Decomposed charts of our sales data

## Step 4: Model Data

Like we did in R, we are now going to create an ARIMA prediction. This is made easy in Python with the `pyramid.arima`<sup>7</sup> package. Explore the package to understand all the settings that can be made:

```
from pyramid.arima import auto_arima
step_model = auto_arima(df, start_p=1, start_q=1,
                        max_p=3, max_q=3, m=12,
                        start_P=0, seasonal=True,
                        d=1, D=1, trace=True,
                        error_action='ignore',
                        suppress_warnings=True,
                        stepwise=True)

print(step_model.aic())
```

The log will print as it is running:

```
Fit ARIMA: order=(1, 1, 1) seasonal_order=(0, 1, 1, 12);
AIC=21114.204,
  BIC=21138.271, Fit time=2.342 seconds
.
.
.
Fit ARIMA: order=(1, 1, 2) seasonal_order=(0, 1, 1, 12);
AIC=21076.593,
  BIC=21105.474, Fit time=4.335 seconds
Total fit time: 35.598 seconds
```

The next step is to break our time series into two sets. One for training and one for testing. We want to train on the majority of our data and test on the remaining. For our dataset, we have a time series from 2015-01-05 to 2018-07-21. Therefore, we've decided to take the

range from 2015-01-05 to 2018-04-01 to train against and the remaining dates to validate against:

```
train = df.loc['2015-01-05':'2018-04-01']  
test = df.loc['2018-04-02':]
```

The next step is to fit the model to the training data:

```
step_model.fit(train)
```

Let's predict what will come after 2018-04-01 for the number of time steps in the test set. The number of time steps in the test series is seen with:

```
len(test)  
73
```

The command to make the prediction is easy:

```
future = step_model.predict(n_periods=73)
```

To see the results of our prediction you can simply type **future**. Our `future` object is an array of predictions made from our training data. We used 73 periods because we want the length of the prediction to be exactly as long as the length of our `test` array. This way, as you will see later, we can plot them on top of one another and visualize the accuracy:

```
array([26912.93298004, 31499.53327771, 31600.12890142,
```

```
25459.90672847,  
        30282.82366396, 27135.66098529, 28756.53431911,  
31096.66619926,  
... ])
```

## Step 5: Evaluate Model

While this all looks fine now, what does our prediction look like when charted against the real results of our test dataframe? First we need to convert our future to a proper dataframe with a column title “Prediction.”

```
future = pd.DataFrame(future, index = test.index, columns=  
['Prediction'])
```

Next, we simply concatenate the test and the future together and plot them, which is made easy using Pandas (the results are shown in [Figure 6-22](#)):

```
pd.concat([test, future], axis=1).plot()
```

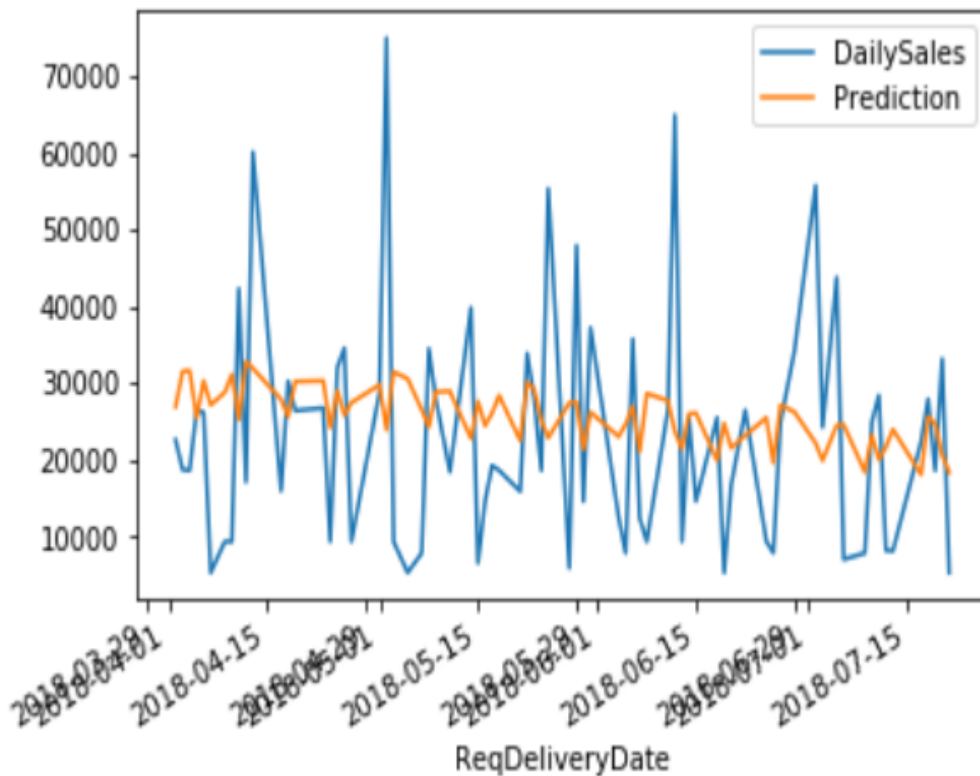
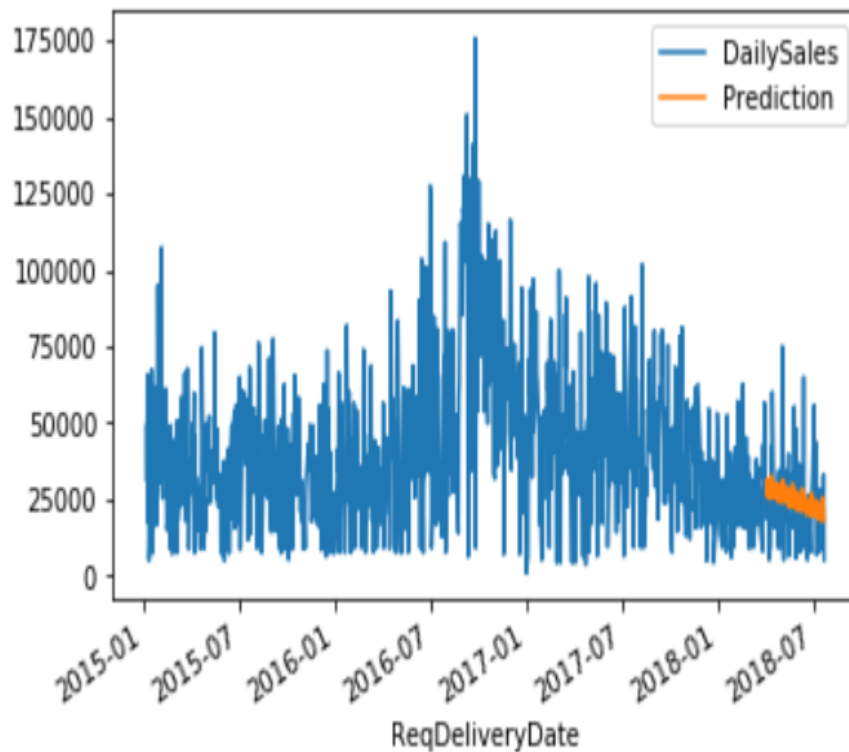


Figure 6-22. Results of actuals and predictions using ARIMA model

The results of the ARIMA model look like they are somewhat close to the mean of the sales for the time period. Looking at the combination of peaks and valleys of the prediction compared to the actuals shows that the direction of the prediction is in line with the actuals, just not to the same degree. This means that when the actuals go up, often the prediction goes up on or near that time period.

To see how the prediction looks against the entirety of the data is just as simple (the results are in [Figure 6-23](#)):

```
pd.concat([df, future], axis=1).plot()
```



*Figure 6-23. Results of prediction when compared to the original data*

The results of our visualization make something clear that was not previously apparent. When looking at the daily sales over time we cannot really tell if sales are declining or increasing from 2015 to 2018. The prediction that is plotted here makes it clear that sales overall are declining. We can see that by the distinct downward trend of the prediction line.

## Summary

In this chapter we have completed the process of identifying a business need for prediction, extracting data from SAP, exploring the data, modeling that data, and evaluating the accuracy of that model. Time-series predictions are a fascinating and multifaceted area of data



science. In our model we simply had univariate time series data; that is, simply a date and a value. With that we looked for patterns in the data that might help us make future predictions using standard ARIMA models in both R and Python. Multivariate time-series analysis is when there are multiple factors influencing the target variable. This is often more robust and can take into account features that affect a target variable (such as sales) across time.

### NOTE

Univariate time-series data is simply a single value over time. Think of the closing price of a stock over time. You could easily employ the techniques here for stock data and get some interesting results. However, it would not be very robust and would not take into account countless other factors that affect the stock price.

Multivariate time-series data is multiple features over time. Let's use our closing stock price again. We have the value of stock over time, but we also have the quarterly company's earnings from EDGAR (see footnote 2) and social sentiment analysis from Twitter.<sup>8</sup> Making stock predictions based on these multiple features would be more robust, but significantly more difficult. As an introduction to making predictions, we felt inclined not to go with multivariate analysis.

Back to our univariate times series data. What if you just have sales and date and nothing more, like we have here? Are we stuck with just univariate analysis? Maybe not. Think of what else in that data could influence sales. Perhaps day of the week? Week of the year? There could be value within the date variable itself. With R and Python, it is easy to extract those values. In Python for instance, these commands give you all the help you need from a date variable:

```
df['year'] = df['date'].dt.year
df['month'] = df['date'].dt.month
df['week_of_year'] = df['date'].dt.week
df['day_of_week'] = df['date'].dt.weekofyear
df['day_of_year'] = df['date'].dt.dayofyear
df['day_of_month'] = df['date'].dt.day
```

In an afternoon's work, the data scientists made some basic predictions using SAP data and common tools. They return to Duane from the SAP team and show him that Big Bonanza can indeed do predictions on sales data. It is up to him and the business to decide if the current ARIMA model, either in R or Python, is good enough or if they need something more accurate and robust. If business leaders want more accuracy, then a multivariate time-series analysis is likely in order and perhaps a recursive neural network or a temporal convolutional network.

- 
- 1 Time series: a series of data points indexed over time.
  - 2 You may disagree with this sharp distinction between inference and forecasting and our use of the term prediction. This is a very slippery semantic slope. However, you should understand the need to make the definition clear for the purposes of teaching.
  - 3 EDGAR: The government's open source Electronic Data Gathering, Analysis, and Retrieval system. It uses XBRL (eXtensible Business Reporting Language). Trust us, it's a fun rabbit hole. <https://www.codeproject.com/Articles/1227765/Parsing-XBRL-with-Python>.
  - 4 The `forecast` library <https://cran.r-project.org/web/packages/forecast/forecast.pdf> is written by Rob J. Hyndaman and contains methods for displaying and analyzing univariate time series.
  - 5 <https://cran.r-project.org/web/packages/tseries/tseries.pdf>
  - 6 Fitting an ARIMA model is sometimes referred to as the Box–Jenkins method.
  - 7 <https://pypi.org/project/pyramid-arima/>

8 For example, see <https://ieeexplore.ieee.org/document/7955659> and <https://www.tandfonline.com/doi/full/10.1080/23322039.2017.1367147>.

# Chapter 7. Clustering and Segmentation in R

---

Big Bonanza Warehouse is at the beginning of a big change: they're going to upgrade their current SAP system to S/4HANA.

Furthermore, they've decided they will not migrate all of their old data unless necessary. Each department has been tasked with identifying its own crucial data. Rod works as a national account rep and his responsibility is to identify which customers in their system should be migrated. They have decades of customer data, much of which is obsolete.

Rod has long wanted to understand his customers better so this process will be rewarding for him. Which customers are the highest value? Does this exercise entail a simple calculation of the top N sales by customer? Is it the frequency of a customer purchase? Maybe it is a combination of factors. He turns to Duane, his SAP Sales and Distribution Analyst, for suggestions on how to approach this. Duane, having read this book, thinks immediately, "This is a task for clustering and segmentation!"

Clustering is any one of several algorithmic approaches to dividing a dataset into smaller, meaningful groups. There's no predetermined notion of what dimension (or dimensions) best allow that grouping. Practically speaking, you'll almost always have some idea what dimension (or features) you want to analyze. For example, we have

sales data and you want to know customer value. Well, clearly overall purchase history and dollar value is important. What about the frequency of a customer ...

# Chapter 8. Association Rule Mining

---

Amir is the VP of Sales at Big Bonanza Warehouse. The other evening while shopping for cookies on Amazon he got a little message. “People who ordered cookies also ordered cookie-holders.” “Cookie-holders? That’s ridiculous.” He thought. But he clicked on the item anyway. “Cookie-holders are only a buck, I’ll try one.” A moment later he realized, “I bought something I didn’t intend to buy. I’m happy with the purchase and the recommendation. How can I do this for my own sales and customers?”

The next day in the office he called in Duane, the SAP business analyst for Sales. He explained what he was thinking and wanted to know how they could do it. “I want to provide sales recommendations for all my retail locations. When a customer buys a product, I want the system to provide recommendations for related products.” Duane’s first thought was, “SAP doesn’t do that.”

Upon talking to Greg and Paul, Duane learns that what Amir wants can be achieved by using a technique called association rule mining. We intend to take sales orders from SAP and create associations, or discover the general rules of patterns in item purchases. We want to know what products are most often purchased together. Consider groceries: if a customer buys bread and eggs, what is the likelihood they will buy milk?

However, if you understand that association rule mining employs the rules of probability, you start to see many more applications:

Laboratory studies

What is the probability of a result based on previous study results? If X and Y happen in a study, what is the likelihood of Z? In the pharmaceutical industry, ending a study at the right time can have significant financial impacts.

#### Medical diagnoses

Diagnosing a patient is not always an easy process. Understanding the co-occurrences of symptoms helps healthcare providers make more accurate diagnoses.

#### Class schedules

Understanding what classes a student may take can help an organization accurately use resources and avoid scheduling bottlenecks.

#### Equipment maintenance

Predicting a malfunction on the manufacturing line can greatly assist in productivity. What is the probability that a piece of equipment will malfunction if it has gone through maintenance A, B, and C?

Customer order assistance: as a distinct subset of straight upselling, take into account that certain products are often bought together for a reason. If a customer buys hundreds of perfectly square tiles, it is likely they need some corner or oddly shaped tiles to complete their project. Use association rule mining to create ways for customer service to guide customers to ensuring their interactions meet their needs the first time around.

In this chapter, our goal is to create an application that will create a sales order in SAP and provide the user with product recommendations. To do this we use SAPUI5, a standard SAP frontend technology.

By now the basic order of operations should be familiar. We will follow much the same course of action we have with the other chapters, except this time we will operationalize the results (Figure 8-1). Operationalization of data science is an important and often overlooked step, which is dependent on your company's infrastructure. Perhaps your company uses Azure or Amazon Web Services heavily. Perhaps they only use on-premise machines. In this chapter,

we will create a locally accessible webservice in R, but the deployment options will vary depending on you and your company's infrastructure and preference.

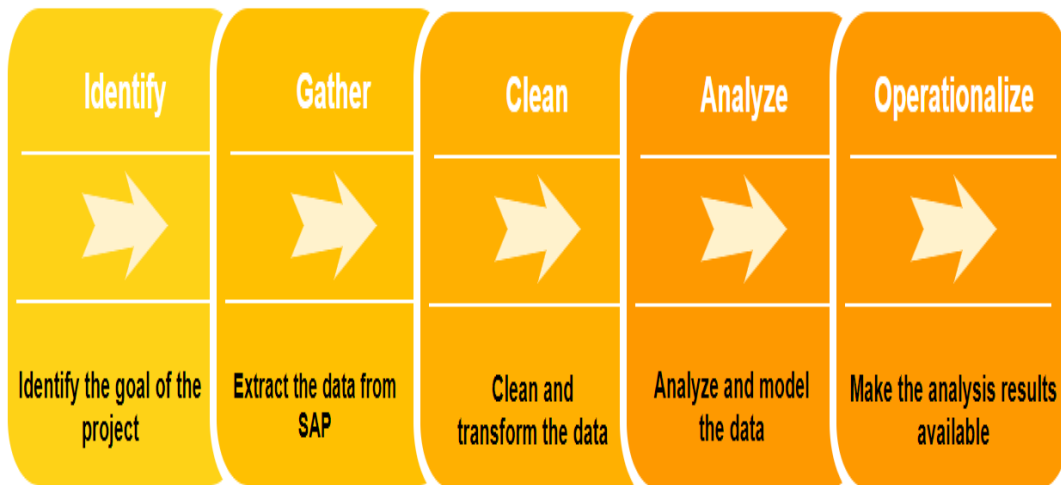


Figure 8-1. Process flow used for finding associations in sales data

## Understanding Association Rule Mining

The techniques in association rule mining (ARM) are all about associating observations with rules—for example, we can associate the observation in our data  $X$  with the rule  $Y$ . Unlike sequence mining,<sup>1</sup> ARM does not care about the order of the observations. ARM only cares that they occur together. ARM is a mature and well-known method of discovering associations in large datasets and it works well with categorical data. There are four main concepts in ARM. These are support, confidence, lift, and the apriori algorithm.

### Support

Support is how frequently the set appears in the data. For example, Figure 8-2 shows that whiskey *and* beer purchases occur in 10 out of 100 total purchases. This means a support of 10/100 or 10%.

$$\text{Support}(X \text{ to } Y) \rightarrow \text{Transactions containing } X \text{ and } Y / \text{Total transactions}$$



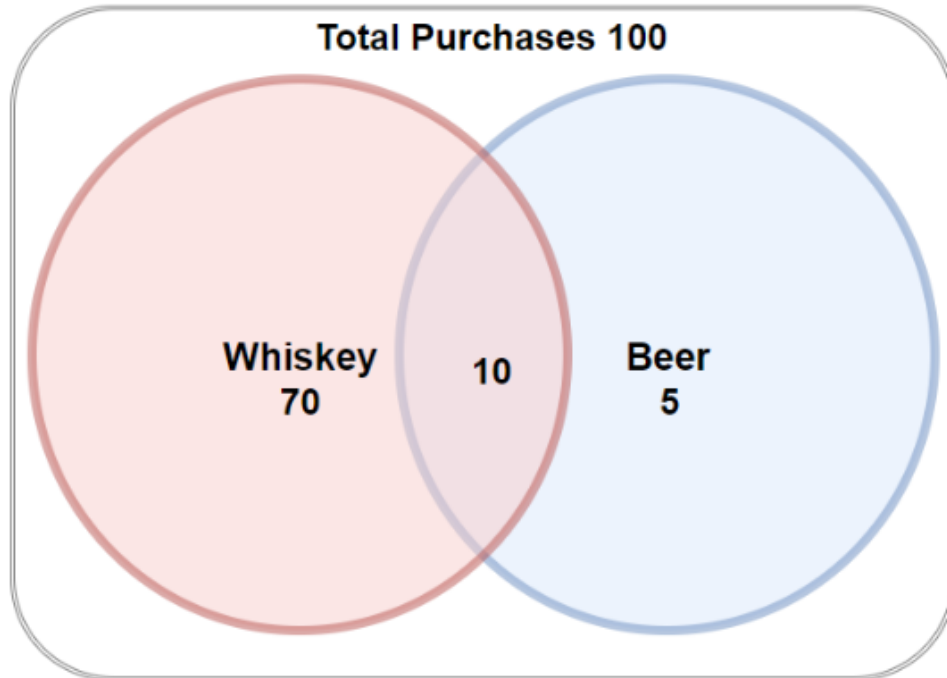


Figure 8-2. Associations between whiskey and beer purchases

## Confidence

Confidence indicates how often a rule is true. Using the same example as before, out of all the orders, 10 contain whiskey and beer, 15 contain at least beer, and 80 contain at least whiskey. So  $10 / 10 + 5$  is a confidence value of .67. That is a pretty high confidence value indicating these two items are bought together. However, confidence can be misleading; items that are simply frequent will naturally have higher confidence values. Limitations such as this are overcome by using support, confidence, and lift together.

*Confidence(X to Y) → Transactions containing X and Y / Transactions containing X*

## Lift

Lift is an indication of how likely something is to be purchased with the presence of another item, as opposed to how often it is likely to be purchased independently. In other words, how much does product A *lift* the likelihood of

product B? Using our example with the lift formula:  $\text{lift} = (10 / 10 + 5) / (80/100)$ . The result is .84. A lift value of near one indicates there is no effect of one item on the other. A lift value of less than one indicates there could be a replacement (negative lift) happening. Despite our high confidence from earlier, there is no lift to the relationship between whiskey and beer. In fact, the lift is less than one, indicating whiskey might be a replacement for beer or visa versa:

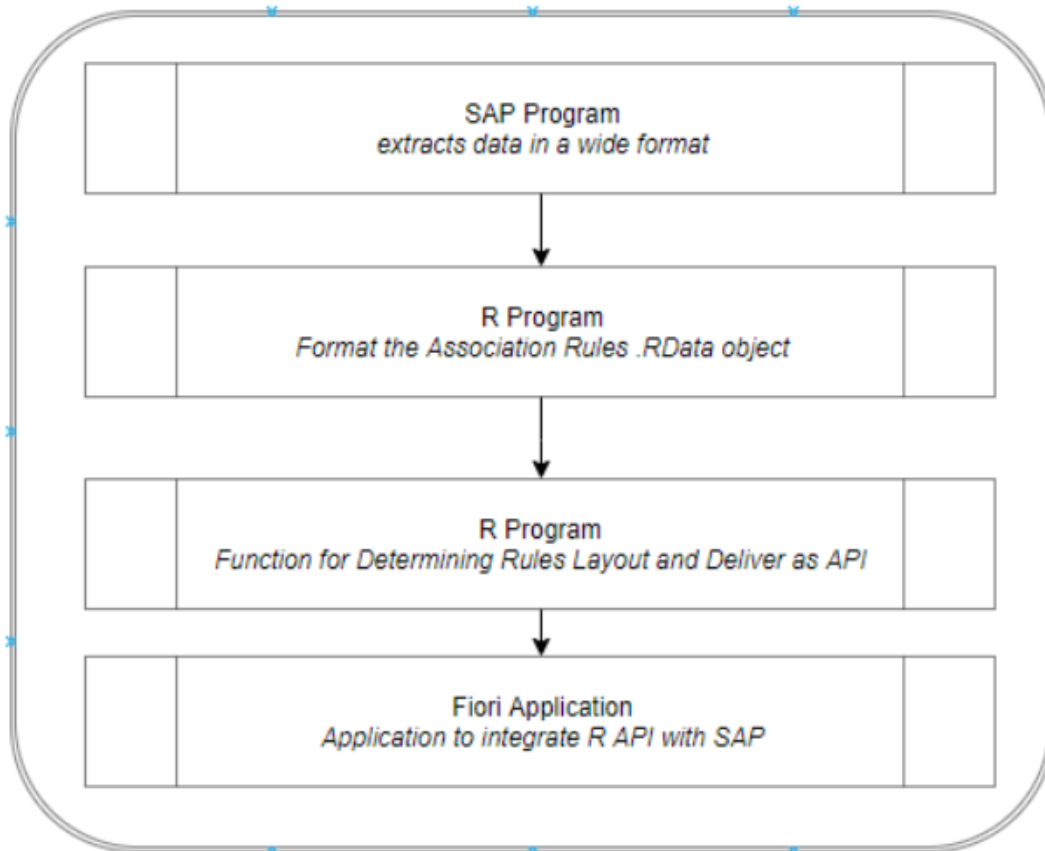
*Lift(X to Y) → Confidence(X to Y) / ((Probability of Y without X) / Total transactions)*

## **Apriori Algorithm**

The apriori algorithm was presented by R. Agrawal and R. Srikant in 1994. It is a method of finding frequent itemsets in a dataset. It uses prior knowledge of frequent itemset properties to do this. It is this algorithm in the R arules library that creates the association rules. We will use this library later in the chapter, when we analyze the data.

## **Operationalization Overview**

Before we begin creating our application, we need to clearly define our programming goals. The architecture of our process is not complex, but it is important to understand the pieces of the process that will bring our vision to life. Figure 8-3 shows a basic flow of the extraction and transformation, going from extracting the data through to display in an SAP Fiori (SAPUI5) application.



*Figure 8-3. Programs and applications overview*

SAP developed SAPUI5 as an HTML5/JavaScript-based web application development framework. SAP also created a set of design standards called Fiori that SAPUI5 strives to help developers meet. The reason? The standard SAP user interface, the decades-old SAP GUI, stinks. Nobody likes to use it.

SAPUI5 helps developers to create applications that responsively scale all the way from desktop-sized monitor screens to mobile handheld screens. SAPUI5 with Fiori design principles has become commonplace for SAP end users, and this includes the sales staff at Big Bonanza. We'll detail one way to use SAPUI5 to enhance the sales experience and display the recommendations that we generate from our data science adventure. Data scientist and SAP analyst readers please note: just like our other brief forays into ABAP, this book is not intended as an SAPUI5 primer.

## Collecting the Data

This business problem requires a process that ultimately creates association rules around purchases. This is something that would not be done too frequently, perhaps on a quarterly basis. Our plan is to create a process that we can update once a quarter and will be the foundation of an API to an SAP application.

Sales data is easily found in SAP in the VBAK and VBAP tables. All we want to know is what products are purchased together. In the end, we want something like [Table 8-1](#), where each record has separate columns for the individual items sold. The first row represents an order where two items were sold, the second row an order where four were sold, and so on.

*Table 8-1. Flattened product-to-order mapping*

item1	item2	item3	item4	item5
ProductA	ProductB			
ProductC	ProductB	ProductE	ProductG	
ProductA	ProductC			

However, when we select data from the tables in SAP, we end up with [Table 8-2](#).

*Table 8-2. Product-to-order mapping before flattening*

<b>Sales Document (VBAK)</b>	<b>Sales Material</b>
10001	ProductA
10001	ProductB
10002	ProductC
10002	ProductB
10002	ProductE
10002	ProductG
10003	ProductZ

There are a few things that we need to take into consideration here:

- We don't care about orders with only one item; there is no association there.
- We want our data wide and not long. Recall that we're aiming for records that have columns identifying individual items on the order, not separate records for each item in the order.
- We don't care about the sales order number; it is just used to group materials.
- Flipping back to anomaly detection concepts in [Chapter 5](#), we determine that any order with more than 25 lines is an anomaly and simply cut off the table at 25 items.

**NOTE**

Finding that 25-line cutoff simplifies this step. If we allowed for any number of lines we would need to dynamically build the internal table in ABAP thereby adding complexity.

We created the simple ABAP program that follows to fulfill our needs. It reads all sales order items for a specified date range and creates a local CSV file in the format we want. This will make our code for doing the association rules super-simple and intuitive. This is a good example of merging various technologies. We can format and extract from SAP using ABAP, then the process for R and Python is simplified. By simplifying and designing the extract from SAP in a thoughtful manner, we turned the R process into three lines of code:

```
REPORT zgmf_sales_wide.

*****

*Data Declarations

*****

TABLES: vbak, vbap.
* ty_items is our limited-to-25-items column-per-record structure.
TYPES: BEGIN OF ty_items,
        item1 TYPE matnr,
        item2 TYPE matnr,
        item3 TYPE matnr,
        item4 TYPE matnr,
        item5 TYPE matnr,
        item6 TYPE matnr,
        item7 TYPE matnr,
        item8 TYPE matnr,
        item9 TYPE matnr,
        item10 TYPE matnr,
        item11 TYPE matnr,
        item12 TYPE matnr,
        item13 TYPE matnr,
        item14 TYPE matnr,
        item15 TYPE matnr,
        item16 TYPE matnr,
        item17 TYPE matnr,
        item18 TYPE matnr,
        item19 TYPE matnr,
        item20 TYPE matnr,
        item21 TYPE matnr,
        item22 TYPE matnr,
        item23 TYPE matnr,
        item24 TYPE matnr,
        item25 TYPE matnr,
        END OF ty_items.
DATA: lt_items TYPE TABLE OF ty_items,
      wa_items LIKE LINE OF lt_items.
```

```

TYPES: BEGIN OF ty_base,
        vbeln TYPE vbeln,
        matnr TYPE matnr,
        END OF ty_base.
DATA: member TYPE ty_base,
      members TYPE STANDARD TABLE OF ty_base WITH EMPTY KEY,
      position TYPE i,
      xout TYPE string,
      iout TYPE TABLE OF string,
      l_string TYPE string,
      t_csv TYPE truxs_t_text_data,
      c_csv TYPE truxs_t_text_data,
      h_csv LIKE LINE OF t_csv.
FIELD-SYMBOLS: <fs_str> TYPE ty_items.

*****

*Selections                                (n. x. n)*.°.
*****

SELECT-OPTIONS: s_auart FOR vbak-auart, "Sales Order Type
                 s_erdat FOR vbak-erdat, "Sales Order Create Date
                 s_pstyv FOR vbap-pstyv. "Sales Order Line Item
Category
PARAMETERS: p_lnam TYPE char75 DEFAULT 'C:\temp\'. "Directory to
save to
*****

*Start-of-Selection                        (n. x. n)*.°.
*****

PERFORM get_data.
PERFORM write_file.
*****

* ROUTINES                                  (n. x. n)*.°.
*****

FORM get_data.
* Select all order numbers and materials from VBAK and VBAP
* based on the selection criteria on the first screen.
  SELECT vbak~vbeln, vbap~matnr
        INTO TABLE @DATA(lt_base)
        FROM vbak JOIN vbap ON vbak~vbeln = vbap~vbeln
        ##DB_FEATURE_MODE[TABLE_LEN_MAX1]
        WHERE vbak~auart IN @s_auart
              AND vbak~erdat IN @s_erdat
              AND vbap~pstyv IN @s_pstyv
        GROUP BY vbak~vbeln, vbap~matnr.

*Assign the work area structure to a field-symbol
  ASSIGN wa_items TO <fs_str>.

```

```

*LOOP at the list of orders and materials and group this by order
number
  LOOP AT lt_base INTO DATA(wa) GROUP BY wa-vbeln.
    CLEAR members.

*LOOP at the group (single order number) and put it into the members
*table.
  LOOP AT GROUP wa INTO member.
    members = VALUE #( BASE members ( member ) ).
  ENDLOOP.

*How big is the members table? If it is not greater than
*one line then skip it. There is no association for one line orders.
  DESCRIBE TABLE members LINES DATA(i).
  IF i > 1.
    CLEAR: position, <fs_str>.
    LOOP AT members ASSIGNING FIELD-SYMBOL(<member>).

*We don't want to go over 25 lines on an order.
    IF position = 25.
      EXIT.
    ENDIF.
    position = position + 1.

*Create a variable for the item from item1 to item25.
    DATA(item_position) = `ITEM` && position.

*Assign the item (let's say ITEM1) to the field-symbol.
*This is like a pointer and if it is successful we can
*move the value into our work area.
    ASSIGN COMPONENT item_position OF STRUCTURE <fs_str>
      TO FIELD-SYMBOL(<fs>).
    IF <fs> IS ASSIGNED.
      <fs> = <member>-matnr.
    ENDIF.
  ENDLOOP.

*Append the work area to our table of items.
  APPEND <fs_str> TO lt_items.
  ENDIF.
  ENDLOOP.
ENDFORM.
*****

FORM write_file.

*Create a header. This is not truly necessary, but it doesn't hurt
  h_csv = 'item1' && `,` && 'item2' && `,` && 'item3' && `,` &&
'item4' &&
  `,` && 'item5' && `,` && 'item6' && `,` && 'item7' && `,` &&
'item8' &&
  `,` && 'item9' && `,` && 'item10' && `,` && 'item11' && `,` &&
'item12' &&

```



```

    `,' && 'item13' && `,' && 'item14' && `,' && 'item15' && `,' &&
'item16' &&
    `,' && 'item17' && `,' && 'item18' && `,' && 'item19' && `,' &&
'item20' &&
    `,' && 'item21' && `,' && 'item22' && `,' && 'item23' && `,' &&
'item24' &&
    `,' && 'item25'.

*Loop at the table of items and write it to a work area separated by
commas
    LOOP AT lt_items INTO DATA(items).
        CLEAR xout.
        DO.
            ASSIGN COMPONENT sy-index OF STRUCTURE items TO FIELD-
SYMBOL(<csv>).
            IF sy-subrc <> 0.
                EXIT.
            ENDIF.
            IF sy-index = 1.
                xout = <csv>.
            ELSE.
                l_string = <csv>.
                xout = xout && `,' && l_string.
            ENDIF.
        ENDDO.
        APPEND xout TO iout.
    ENDLOOP.

*First append our header to the final csv output table
*then append all the lines of the csv.
    APPEND h_csv TO t_csv.
    APPEND LINES OF iout TO t_csv.

*Use SAPs standard download method to create a file and download it
locally
    CALL METHOD cl_gui_frontend_services=>gui_download
        EXPORTING
            filename = p_lnam && `sales_wide_` &&
                sy-datum && sy-uzeit+0(4) && '.csv '
        CHANGING
            data_tab = t_csv.
ENDFORM.

```

## Cleaning the Data

We always need to do some cleaning of our data from SAP. However, because we wrote our own small custom program to extract the data, we took care to do it in such a way that the data would be pristine. It is important to not make

assumptions about how well we did the extract program, so we'll read the CSV file into R Studio and take a look at it (the results are shown in [Figure 8-4](#)):

```
investigate <- read.csv("D:/DataScience/Data/mat.csv")
library(DT)
datatable(head(investigate))
```

Show  entries

	X	item1	item2	item3	item4	item5	item6	item7	item8	item9	item10
1	1	4614559	4614573	4614321	4614335	4614348					
2	2	4614559	4614374	4614388	4614467	4614480					
3	3	4614599	4614520								
4	4	4614533	4614546	4614559	4614573	4614586	4614599	4614612	4614626		
5	5	9257192	9257205	9257219	9257232	8599265					
6	6	9257219	6544346								

*Figure 8-4. Investigating the data from SAP for Sales Data Wide*

Things look exactly as we would want them with the exception of the X column. However, this is something being added by our `read.csv` function. We could avoid this using the `row.names = NULL` parameter. When we load the data in a different way in our next step, we won't have this problem.

## Analyzing the Data

Using the [arules](#) package allows us some amazing results very easily. Because we have nicely formatted our data using ABAP we can transform it into a [transaction object](#) in R using the following code:

```
transactions <- read.transactions("D:/DataScience/Data/mat.csv",
                                  format = "basket",
                                  sep = ',',
                                  rm.duplicates=TRUE)
```

To create rules based on the transactions we loaded, use the following code. This is where the apriori algorithm (mentioned earlier) comes into play. We will set the support to be a minimum of .1% and our confidence to be 80%. The support is low because the dataset is huge and varied. We have over a half million rows of item sets. A support of .1% is still 500 occurrences. A confidence of .8 means that 80% of the time the rule is considered to be true.

### NOTE

Data science is a combination of business logic, art, and actual machine learning knowhow. A certain degree of trial and error is needed to properly set the support and confidence values.

```
rules_transactions <- apriori(transactions,
                              parameter = list(supp = 0.001, conf =
0.8))
rules_transactions <- sort(rules_transactions,
                           by="confidence",
                           decreasing=TRUE)
```

We can see our results with confidence, lift, and support using the following command:

```
inspect(head(rules_transactions))
```

	lhs	rhs	support	confidence	lift	count
[1]	{4614440}	=> {79353}	0.001040583	1	2.426768	2
[2]	{4360037}	=> {79353}	0.001040583	1	2.426768	2
[3]	{8996481}	=> {79353}	0.001040583	1	2.426768	2
[4]	{8709402}	=> {79353}	0.001040583	1	2.426768	2
[5]	{8135285}	=> {79353}	0.001040583	1	2.426768	2
[6]	{2911738}	=> {79353}	0.001040583	1	2.426768	2

Lhs stands for *lefthand side*; rhs stands for *righthand side*. Items on the right were frequently purchased with items on the left with the listed support, confidence, and lift. While our support values are not very high, the amount of data we have is enough to provide good confidence and lift among our top

values. For instance, line 1 above indicates that when item 4614440 is purchased there is a 100% confidence that item 79353 is also purchased. Furthermore, there is a lift of 2.4267 for this relationship. (Remember, a lift value near 1 indicates there is no effect of one item on the other.)

We have created our association rules; now we will save them as a *transaction* object to be used in our operationalization later:

```
save(rules_transactions,  
      file = "D:/DataScience/Oreily/association_rules.RData")
```

### NOTE

We are going to operationalize this at a local level first and move to a more universal level later.

Before we operationalize, we want to test what would happen if we analyze a simple result. Create a simple vector from a dataframe with the top result in it:

```
dataset <- as.vector(t(c("8135285")))
```

Now match the rules created with the results of our vector:

```
matchRules <- subset(rules_transactions, lhs %ain% dataset)
```

Inspect those rules like we did earlier with the `inspect` function. We see that it returns the same values that we had earlier when inspecting the rules manually:

```
inspect(matchRules)  
      lhs      rhs      support      confidence lift      count  
[1] {8135285} => {79353} 0.001040583 1          2.426768 2
```

Now to create a simple API we need to first create a function from the following code with the *dataset* set as an input variable:

```
subset(rules_transactions, lhs %ain% <input_vector>)
```

You can create a very quick and simple web API in R Studio using the `plumber` library. You need to be on version > 1.2 of R Studio to use some of the features we will outline here. The first step to creating a web API is to open a new plumber file using the menu path File → New File → Plumber API, as shown in Figure 8-5.

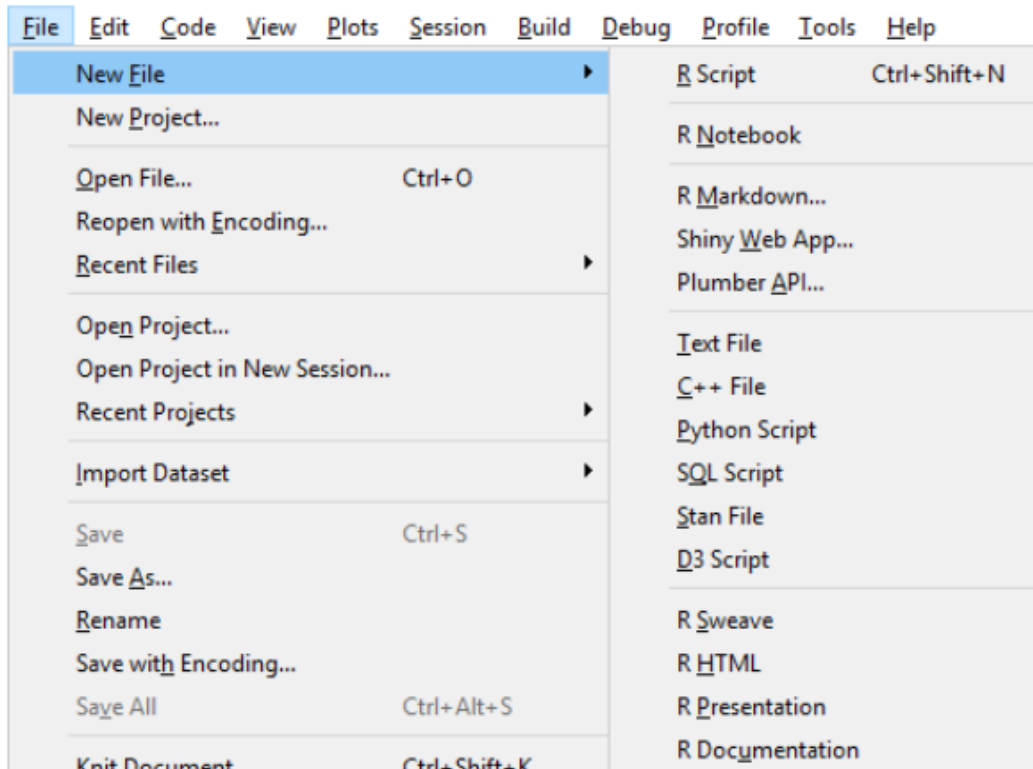


Figure 8-5. Creating your first Plumber API

This will give you a base file for `plumber` with a few examples in it. We will discard those examples and use the following code:

```
library(plumber)
#Load the association rules created in the load program
load(file = "D:/DataScience/Oreily/association_rules.RData")
#* Send back the confidence and lift
#* @param input Material Number
#* @get /arm
function(input) {
  #Convert the input value(s) into a vector.
```

```
dset <- as.vector(t(c(input)))  
#Create a subset of rules matching the input  
match_rules <- subset(rules_transactions, lhs %ain% dset)  
#Display/Return those values (by default JSON)  
inspect(match_rules)  
}
```

What this code says in human-speak is, “Take the input received and make it a vector so we can search with it. Create a new object that is a subset of our association rules that matched our input with the lhs (lefthand side). Return that result using the `inspect()` function.”

The preceding code will render our association rules results in a JSON format when queried from a browser. The Plumber API is easy to use from R Studio; simply click on the Run API button in the upper-right corner of the window.

A window will appear that will allow the API to be reviewed and tested. It is shown in [Figure 8-6](#).

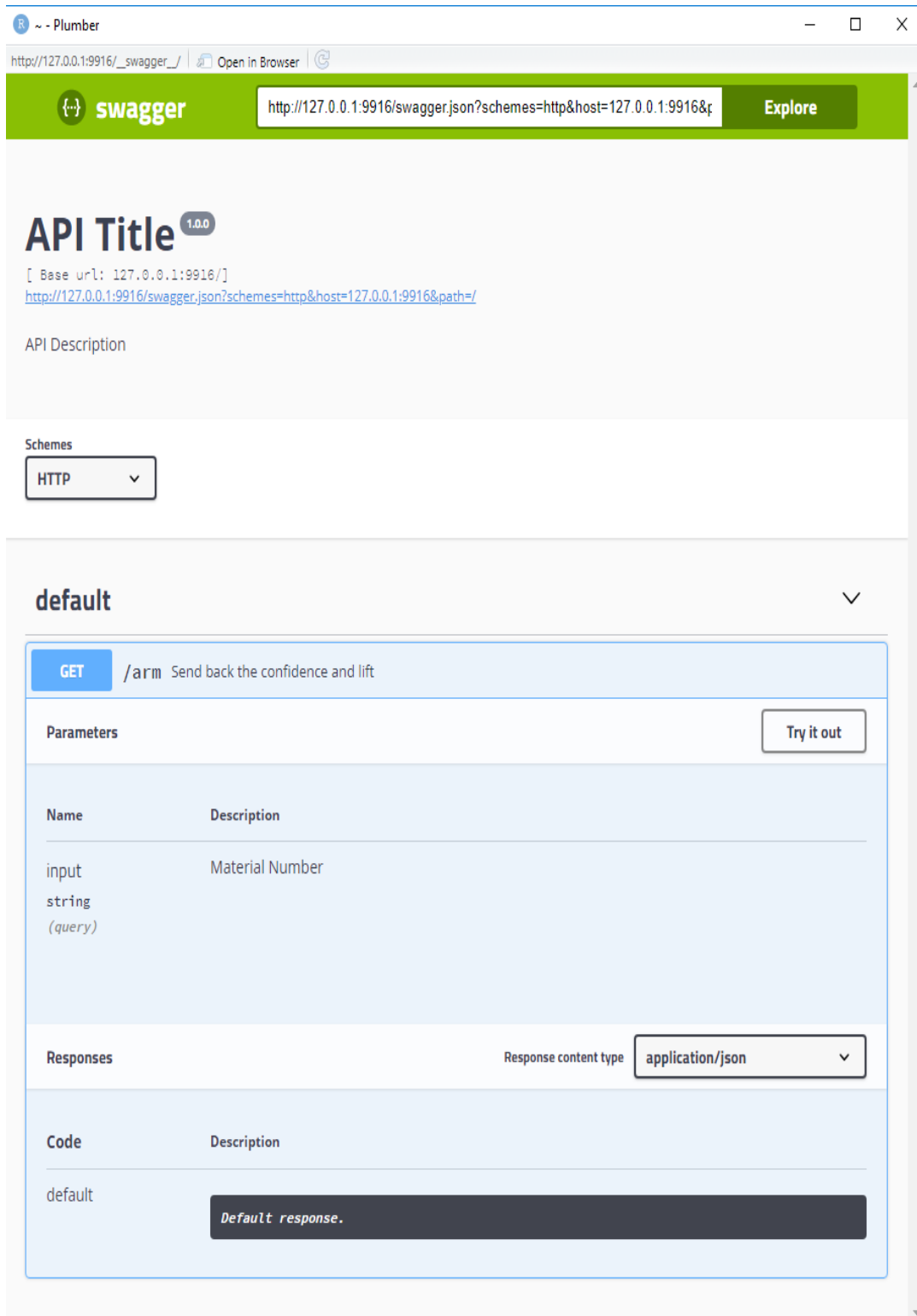
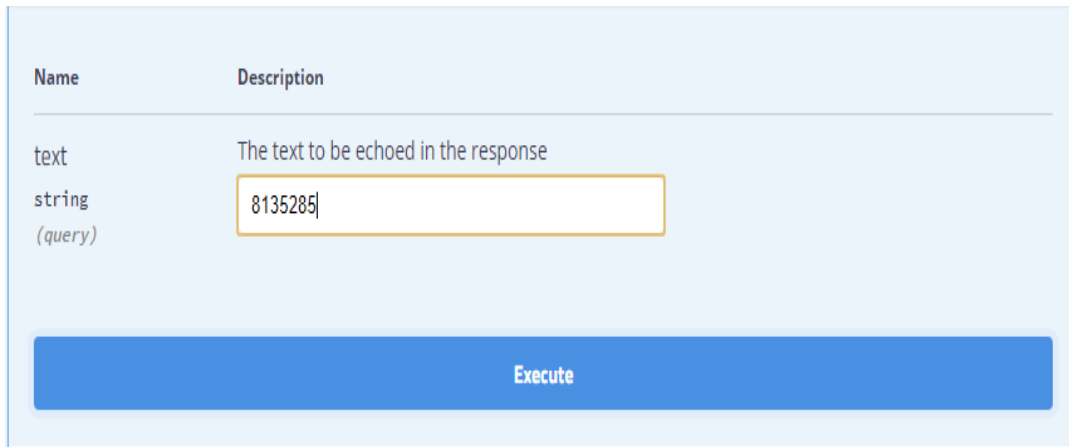


Figure 8-6. Swagger and the Plumber API

Click on the “Try it out” button and enter a material number. When finished click on the Execute button, as shown in [Figure 8-7](#).



Name	Description
text	The text to be echoed in the response
string	<input type="text" value="8135285"/>
(query)	

Execute

*Figure 8-7. Testing the Plumber API with a material number*

The results of the web API are displayed in the response section, as shown in [Figure 8-8](#).



Order Items			
Products			Edit
Product	Quantity	Weight	Price
<b>15" Notebook Computer</b> 8135285	10 PC	<b>4.2 KG</b>	<b>956.00</b> USD

Add Product Complete Order

Figure 8-8. Results of the Plumber API call

The results of the API show the following in JSON format:

- LHS (antecedent)

- RHS (consequent)
- Support
- Confidence
- Lift

This is all data that can be used in an application providing sales recommendations. We've successfully created a web API, but it is restricted to our local computer. There are many ways to host and publish APIs. This is largely governed by your company's environment. Does your company use Azure, Amazon Web Services, Digital Ocean, or something else? Perhaps there is no cloud environment at all and an on-premises server is deployed. The options are too varied to be covered in this little book.<sup>2</sup>

#### NOTE

Remember: we're not building an entire mobile app here. This scenario assumes that Big Bonanza has an existing SAPUI5-based Fiori application, and that Greg, Paul, and Duane are just sprinkling in some extra logic. All of the changes suggested here are contrived examples, and while they require knowledge of HTML, JavaScript, and XML they do not require knowledge of developing full-functioning iOS or Android apps in their native programming languages.

## Fiori

We have an operational, web-accessible point of reference to get at our Plumber API. As discussed at the beginning of the chapter, Big Bonanza uses an SAPUI5-based Fiori<sup>3</sup> application to allow field sales personnel to enter sales orders via smartphone. Before getting heavily into fun data science scenarios, Duane from the SAP team had a hand in designing the sales order entry application. He did a great job simplifying what can be very complex in the normal desktop SAP GUI down to a couple of screens on mobile.

To get the field salespeople really pushing those cookie-holder extras, let's map out a small enhancement to Duane's order entry app. We'll add a screen that pops up after the sales staff confirms a new order, which will list out the additional materials that are often purchased together with the order's items. The salesperson can then choose to add one or more of those items to the order by suggesting them to the customer on the spot.

#### NOTE

Visit <https://open.sap.com/> and search "SAPUI5" to learn more about building SAPUI5 applications for the Fiori experience.

SAPUI5 applications follow a common model-view-controller<sup>4</sup> structure. "View" files define the layout of the elements on the screen. "Controller" files define the behavior and logic. Woven through both are references to "models" that define how the data is stored on the client device for application use. For our use case, we will modify view files to create a little pop-up screen that holds the suggested new items. We will create a new model to hold information about the suggested products. Finally, we will modify controller files to ensure that the pop-up screen appears at the right time.

Big Bonanza has a very stripped-down UI like [Figure 8-9](#). Just add items to the last screen after selecting a customer to submit to SAP to create the order.

We're going to put our recommendation flow into the process where the salesperson would tap Complete Order. Let's start with the view files that govern our buttons.

In the main view file (*Table.view.xml*, which governs this screen), the SAPUI5 developer has already defined the buttons in the footer. We can quickly check on that to see where we can hook up our extra logic:

```
<!-- SNIP! Lots of other application view code -->
<footer>
  <OverflowToolbar>
    <ToolbarSpacer/>
    <Button text="Add Product"/>
    <Button text="Complete Order" press="onOrderPress"
type="Accept"/>
  </OverflowToolbar>
</footer>
<!-- SNIP! Lots of other application view code -->
```

Order Items			
Products			Edit
Product	Quantity	Weight	Price
<b>15" Notebook Computer</b> 8135285	10 PC	4.2 KG	956.00 USD

Add Product Complete Order

Figure 8-9. Simplified order entry with ability to add another product or to complete the order

The `press` attribute of the Complete Order button tells us what function (`onOrderPress`) will be executed when the user taps that button. So let's jump into that code, in the `Table.controller.js` file:

```
// SNIP! Lots of other application controller code
onOrderPress: function (oEvent) {
    // If the dialog box has never been opened, we initiate it
    if (!this._oDialog) {
        var oSuggestionsModel = new JSONModel();
        this.getView().setModel(oSuggestionsModel, "suggestions");
        this._oDialog = sap.ui.xmlfragment("Table.RecommendDialog",
this);
        this._oDialog.setModel(oSuggestionsModel, "suggestions");
    }

    // Retrieve the product already entered on the screen,
    // build a query URL to the Big Bonanza ARM endpoint,
    // then load that data into an intermediate placeholder,
    ARMModel.
    var oModel = this.getView().getModel();
    var product =
oModel.getProperty("/ProductCollection/0/ProductId");
    var bigBonanzaInternalUrl = "[FILL_IN_YOURS]";
    var oARMModel = new JSONModel();
    var endpoint = bigBonanzaInternalUrl + "/arm?input=" + product;
    oARMModel.loadData(endpoint, {}, false);

    // Based on results from the ARM retrieval, create a filter to
    retrieve
    // the full product information for the recommended products.
    var armData = oARMModel.getData();
    var aFilters = [];

    // The "Filter" object sets up the OData filter for SAPUI5
    for (var i = 0; i < armData.length; i++) {
        aFilters.push(new Filter("ProductId", "EQ",
armData[i].rhs);
        var finalFilters = new Filter({
            filters: aFilters,
            and: false
        });
    }

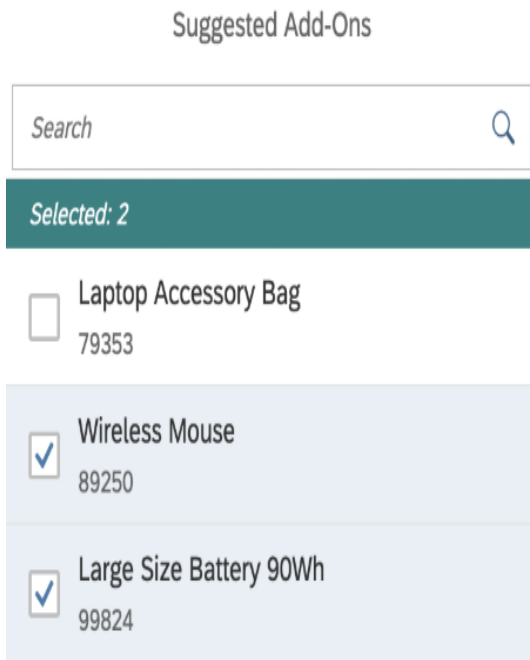
    // The base OData model is the OData API that is serving out
    the rest
```

```

    // of the data points of this app. This is the API that houses
the
    // "ProductCollection" endpoint, where we can retrieve more
details
    // about the recommended data.
    var baseODataModel = this.getView().getModel();
    var that = this;
    baseODataModel.read("/ProductCollection", {
        filters: finalFilters,
        success: function (oData) {
            // In here, we assign the suggestions to that model and
open
            // the dialog box. See the "Table.RecommendDialog"
listing.
            var oSuggestionsModel =
that.getView().getModel("suggestions");
            oSuggestionsModel.setData(oData.results);
            that._oDialog.open();
        }
    });
}
// SNIP! Lots of other application controller code.

```

There's one more piece to this puzzle. Near the top of the `onOrderPress` function, we call out to an XML fragment. This fragment defines the look and feel of the pop-up dialog that appears (Figure 8-10) after pressing Complete Order.



*Figure 8-10. On mobile phone, the suggestions list shows over the top of the existing order items list, and allows for selecting one or multiple items to add to the sales order.*

To set up the suggestion list dialog, create a file called *RecommendDialog.fragment.xml* in your SAPUI5 project, and add the



following XML:

```
<core:FragmentDefinition
  xmlns="sap.m"
  xmlns:core="sap.ui.core">
  <SelectDialog
    noDataText="No Products Found"
    title="Suggested Add-Ons"
    confirm="handleClose"
    cancel="handleClose"
    multiSelect="true"
    items="{
      path: 'suggestions>/'
    }" >
    <StandardListItem
      title="{suggestions>Description}"
      description="{suggestions>ProductId}"
      type="Active" />
  </SelectDialog>
</core:FragmentDefinition>
```

## Summary

With a mid-process prompt for selling associated items, Duane has given Amir the VP of Sales a powerful tool to prod his sales team to upsell on the spot. We used sales data gathered from SAP tables in an ABAP program that packed things nicely into a CSV file. Using R, we analyzed this data looking for three key factors in association rule mining: support, confidence, and lift.

The `arules` package gave us a quick way to analyze the raw data for those three factors. We layered a function on top of it, so as to quickly allow an input of a product number and an output of 1 to  $n$  products that have strong associations. Using the `plumber` library in R, we quickly turned that function into a web-callable API.

Given that sales team members in the field use SAP Fiori apps on their mobile phones to enter sales orders from customers, we looked at how to quickly adapt the SAPUI5 codebase of the Fiori application to present a “suggested items” prompt to users. This gives them one last upsell tool before submitting the

order. Not every customer chooses to add the upsell items—but enough of them do that it has positively impacted Amir’s sales numbers.

Association rule mining has been around in one way or another for a long time. Putting it in the hands of SAP users is a fresh take on a mature approach; the information is right there for the taking!

- 
- 1 Sequence mining is a type of association rule mining but is not included here. Some things just can’t make it.
  - 2 We will be providing a follow-up blog on using Digital Ocean as a platform for a public API with R and plumber.
  - 3 Also recall that SAPUI5 is a web application development framework. SAP’s user experience capabilities have evolved a great deal in the last four to five years, and SAPUI5 is the leader of those changes.
  - 4 The model-view-controller structure is one of the oldest, most-used architectures in software development with graphical user interfaces.

# Chapter 9. Natural Language Processing with the Google Cloud Natural Language API

---

*“How often do consumers cut companies loose because of terrible service? All the time.”*

—Harvard Business Review, “Stop Trying to Delight Your Customers”

Jeana is the Sr. Director of Customer Service at Big Bonanza Warehouse. According to the CEO the job is simply: “turn angry customers into happy customers.” Angry customers have lots of power to hurt companies, since they can not only stop doing business but also multiply their effects by voicing their complaints via social media. Big Bonanza (along with every other company in the world!) is hyper-sensitive about what customers are saying about them online.

Customers register their complaints through the consumer-facing web storefront in a contact form designed to gather descriptions of their issues. Big Bonanza hooks up this contact form directly to SAP Customer Relationship Management (CRM) to capture these notes and create trackable complaint documents. After the CRM complaint is created, Jeana’s team steps in. Her team deals with hundreds of complaints every day. They make their best effort to react quickly and provide quality service, but Jeana knows that in the daily pile of

complaints are customers who will churn away if they do not get high-quality service, fast.

Duane, the SAP business analyst, also has deep knowledge of CRM. Jeana pitched him an interesting idea: “I have budget available to give small gifts or offers to customers who ...

# Chapter 10. Conclusion

---

With this chapter our journey comes to an end. We bid farewell and wish you the best in your continued travels with data science and SAP. As a conclusion, we'd like to revisit the original mission, recap what has been covered in the previous nine chapters, give you some tips and recommendations, and finally provide ways we can keep in touch.

## Original Mission

We have been promised everything from self-driving cars (which, despite advancements, have not yet been widely manufactured) to AI we fall in love with (as depicted in the films *Ex Machina* and *Her*). We are also warned of a grim and desolate future in which we are replaced in the workforce by our own creations. These juxtaposing visions undermine the practical value of data science. The field of AI and data science has encountered a number of winters in its history. These were periods of marked hype followed by disappointment and a loss of interest. There is unfortunate speculation that we are entering, or even currently in, another downturn of interest. We hope to have shown in this book the immediate value simple machine learning methods can provide to enterprise data. When used with SAP data in particular, data science and AI aren't overhyped—they're underdelivered.

What we wanted most to do in this book was to build a bridge between business analysts and data scientists. Business analysts often have a clear understanding of their company's data and business processes. However, they lack a data science perspective. Data scientists have clear approaches to modeling and analyzing data. However, they often lack business process understanding. You've likely seen the popular data science use case example depicted in [Figure 10-1](#)). It is a scenario where machine learning or deep learning is asked to identify whether an image is of a Chihuahua or a blueberry muffin. With a scenario like this, it is no wonder business analysts have a hard time understanding how data science applies to enterprise data. We hoped to show that data science is more than just image recognition and Chihuahuas.

#### **NOTE**

There is a reason we have no examples of image recognition in this book. While it is probably the most cited example of data science and AI, it is rarely necessary in enterprise data.



*Figure 10-1. Is it a Chihuahua or blueberry muffin? How does this apply to business?*

## Recap

## **Chapter 1: Introduction**

We introduced the concept of bridging the gap between enterprise data and data science. We also explained some of the fundamental concepts (and joy) of telling stories with data. In this chapter we first introduced data scientists to SAP concepts and SAP business analysts to data science concepts.



## **Chapter 2: Data Science for SAP Professionals**

This chapter was for the SAP business analysts and introduced many data science terms. We explored concepts from machine learning and deep learning. The idea was to give a basis to the business analysts, a preview if you will, of what was to come.

## **Chapter 3: SAP for Data Scientists**

Data scientists were the focus audience for this chapter. SAP has a wealth of data, but what is SAP, what kind of data lives there, and how can you get it? This chapter provided answers to those questions.

## Chapter 4: Exploratory Data Analysis

The fundamental start to exploring data with data science is EDA. In this chapter, we introduced concepts for looking at SAP data from a data science perspective. In the end, we modeled our data and failed. This represents an important discovery—sometimes machine and deep learning models don't provide answers to our questions. The lesson in this chapter was to understand that our investment was minimal and move on to other data science ideas.

### NOTE

We deliberated on showing the failure of data science in a business scenario. However, we decided in the end, "This is real life," and left it as an example.

## **Chapter 5: Anomaly Detection with R and Python**

This was a hefty chapter full of a lot of different concepts. We showed how to extract data using the NetWeaver Gateway, automate that function using Visual Studio, store the data in a SQL database, model the data using R and Python, and finally report on the findings using PowerBI. We showed how all these techniques used in concert can yield impressive first results when looking for anomalies.

## **Chapter 6: Prediction with R**

The goal of this chapter was to make predictions on sales data. We created examples of prediction using both R and Python. We again used the NetWeaver Gateway to extract the data, but this time we augmented it. However, this was just the beginning and much more can be done.

## Chapter 7: Clustering and Segmentation in R

Customers are an important but often neglected part of SAP data. This chapter sought to cluster and segment customers based on their buying habits. We showed how that can be done using a variety of machine learning techniques such as  $k$ -means,  $k$ -medoids, hierarchical clustering, and manual clustering. Telling a good story about results sometimes gets overlooked, so we showed how R Markdown can be used to deliver impressive reports.

## **Chapter 8: Association Rule Mining**

In this chapter, we operationalized our data science investigation. Association rules are a common technique in finding customer buying patterns. We extracted SAP data using a simple program, created association rules in R, created an API of those rules, and then consumed the results in an SAP Fiori application. This illustrated how easy it is to use Fiori to deliver an operationalized model to the user. In this case, the operationalized model will likely lead to upsales when creating sales orders.

## **Chapter 9: Natural Language Processing with the Google Cloud Natural Language API**

This chapter introduced publicly available Google Cloud APIs to the business user. We provided a scenario on sentiment analysis that required very little model programming. Publicly available APIs are so easy to use they almost seem like cheat codes. As avid developers, this was a hard chapter to write. We like to code, not just access APIs. However, from a business perspective, if an API fits the solution, often the economical choice is to use it.

### **Tips and Recommendations**

If experience has taught us anything, it's these three principles: be creative, be practical, and enjoy the ride.

#### **Be Creative**

SAP and other forms of enterprise data are often easy to access and clean. This data is a goldmine. Business analysts who understand the basics of data science are in a great position to leverage this data. When receiving business requirements or project requests, think of the examples in this book and try and apply them to your situation. The business won't ask you for something to detect anomalies or to create association rules. You are the bridge. Innovative thinking about data and data science will lead you to rewarding solutions.

#### **Be Practical**



“If you build it...they will come.” This is a common belief among data science consulting firms. In order to do data science you need a Hadoop cluster (perhaps a few), Spark, an ingestion engine, 17 R programmers, and a director with a doctorate in business analytics. We’ve seen companies spend millions on this thinking and end up with nothing. What do you need to plant a data science seed at your company? You need a computer, you need a programming language such as R or Python, you need to understand your data, and you need to be innovative. Data science is rewarding and fun. Don’t let it get bogged down on its own infrastructure and buzzwords. You may need Hadoop later, you may want Spark or Cassandra later; cross that bridge when you get to it. For now, be practical and use tools that you already have.

## **Enjoy the Ride**

Data science is challenging and rewarding beyond anything we’ve done in IT in our combined 40 years. Gravitate toward an aspect that you find appealing: association rule mining, anomaly detection, forecasting and prediction, or even deep neural network modeling. For us, nature-inspired algorithms are particularly appealing. We hope you have as much fun as we’ve had!

## **Stay in Touch**

This is the beginning, not the end of our journey. We will follow up with blogs to augment this book...we’ve already begun. What kind of ideas do you have for your data? Has this book led you on a

tangential journey you'd like to share? Is there something that is yet unclear or are you stuck? Well, you're on your own now. Good luck.

Just kidding. We are always available and truly look forward to hearing from you. You can reach us through any of the following means:

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## About the Authors

**Greg Foss** fuses battle-tested deep SAP knowledge with a passion for all things data science. His SAP career spans all areas of the technology stack—server, database, security, back- and frontend development, and functional expertise. As an enterprise architect, he's been the steady guiding hand for years of managing, supporting, and enhancing SAP. As the founder of Blue Diesel Data Science, he focuses years of R, Python, machine learning algorithms, and analytics expertise on finding unique stories to tell from enterprise SAP data. Through Blue Diesel, Greg regularly contributes unique knowledge and insight into the data science blogging community, and is the principal developer and architect of VisionaryRX, an innovative pharmaceutical data dashboarding product.

**Paul Modderman** loves creating things and sharing them. His tech career has spanned web applications with technologies like .NET, Java, Python, and React to SAP solutions in ABAP, OData, and SAPUI5 to cloud technologies for Google Cloud Platform, Amazon Web Services, and Microsoft Azure. He was principal technical architect on Mindset's certified solutions CloudSimple and Analytics for BW. He's an SAP Developer Hero, honored in 2017. Paul is the author of two books: *Mindset Perspectives: SAP Development Tips, Tricks, and Projects* (Amazon Digital Services) and *SAPUI5 and SAP Fiori: The Psychology of UX Design* (SAP Press).

## Colophon

The animal on the cover of *Practical Data Science with SAP* is the mouflon (*Ovis orientalis orientalis*). Scientists believe that the mouflon is the ancestor of all currently domesticated sheep breeds. The mouflon's range covers the mountains of modern Iran, Iraq, Armenia, and the Caucasus. Domestication began on Corsica, Cyprus, and other Mediterranean islands during the Neolithic period. It has also been introduced into Europe and the Americas, including Hawaii.

The mouflon ram has large horns that form an almost complete circle. Individual ewes may have small, curved horns, but most ewes are polled. Unlike many other sheep breeds, the mouflon doesn't grow long wool. Its coat is short and dark brown, with lighter patches on the animal's belly and sides. It stands about 3 feet at the shoulder and weighs up to 110 pounds.

Like similar endangered sheep breeds, the mouflon has been the subject of experimental cloning. Scientists in Italy first cloned a mouflon in 2001.

Many of the animals on O'Reilly covers are endangered; all of them are important to the world.

The cover illustration is by Karen Montgomery, based on a black and white engraving from *Lydekker's Royal Natural History*. The cover fonts are Gilroy Semibold and Guardian Sans. The text font is Adobe

Minion Pro; the heading font is Adobe Myriad Condensed; and the code font is Dalton Maag's Ubuntu Mono.