

: *What is predictive analytics?*

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Predictive analytics involves systematic analysis of data using quantitative and statistical models to predict and forecast results, trends and behavior patterns. Predictive analytics explores relationships among explanatory variables and the predicted variable(s) and once the relationship is established the model is used to predict an unknown outcome. Some equate predictive analytics with forecasting, but that is too narrow a perspective, rather a broader array of models are used. Predictive analytics can identify models at many level of detail and granularity.

Predictive analytics can provide predictive scores or probability estimates that actions will occur. For example, that a customer will purchase a specific product or that a machine will fail. One of the best-known applications is credit scoring where a model predicts the likelihood of person making future credit payments on time.

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