ISE 529 Predictive Analytics
Fall 2022 Th 5:00 – 7:30 p.m.
Location: SLH 100

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Teaching Assistant: TBD
Office: online on BB
Office Hours: TBD
Contact Info: TBD

IT Help:
Hours of Service:
Contact Info:

Course Description

This course focus on building models for prediction and classification with the objective to predict a numeric value or a category. The standard multiple linear regression model is the basic prediction model. This model is extended to shrinkage models (ridge and lasso regression) for improved accuracy and dimension reduction. Overfitting, bias, cross validation, and AIC are used to evaluate the performance of these models.

The course also focuses on models for classification. Logistic regression, KNN, Trees and ensembles of trees (random forests, bagging, and gradient boosting), support vector machines, and artificial neural networks are reviewed. For these models the prediction is a category.

Learning Objectives and Outcomes

- To understand the Data Analytics levels: Descriptive, Predictive, and Prescriptive Analytics.
- To understand the difference between supervised and unsupervised learning methods.
- To learn the most common data aggregation operations (cross tabulation and pivot tables).
- To build models for prediction and classification.
- To understand key concepts for predictive analytics (overfitting, shrinkage, regularization, $R^2$, adjusted $R^2$, VIF, mean square prediction error, Cross-validation).
• To estimate the performance of Analytics models.
• To compare the performance of different prediction and classification models.
• To build models to classify observations into two or more classes (categories).

**Prerequisite(s):** An undergraduate course on Statistics and knowledge of a programming language (any).

**Recommended Preparation:** ISE 225 (Engineering Statistics I) or equivalent, working knowledge of a programming language

**Course Notes**
The course material is available on Blackboard.

**Technological Proficiency and Hardware/Software Required**
Required software: Python programming language is used throughout the course. Jupyter Notebook is used as the main interface for documenting the scripts and results.

**Supplementary Materials (for reference)**

- Muller, *Introduction to Machine Learning with Python*, O’Reilly, 2017 (MLP)

PDF files
- Jupyter-shortcuts
- Python basics
- Pandas
- VanderPlas – tour-of-python
Description and Assessment of Assignments

All assignments and examinations are on-line. Unless otherwise noted the assignments are individual. All homework assignments are released and distributed one-week in advanced. Dates are shown in the Course schedule on page 4. Submit on to Blackboard by the due date. No late homework will be accepted.

Grading Policy

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
<th>% of Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework</td>
<td>100 each (6+ homework assignments)</td>
<td>30</td>
</tr>
<tr>
<td>Midterm</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Final</td>
<td>100</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>100</td>
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Grading Scale  (Course final grades will be determined using the following scale)

A   94-100
A-  90-93.9
B+  87-89
B   83-86.9
B-  80-82.9
C+  77-79
C   73-76.9
C-  70-72.9
D+  67-69
D   63-66.9
D-  60-62.9
F   59.9 and below

Assignment Submission Policy
Assignments should be typewritten and clean. Email submissions and late submissions are not allowed. No make-up exams are considered.

Timeline and Rules for submission
Assignments are to be returned the week after submission. Solutions will be released soon after the homework submission date.

Course Schedule: A Weekly Breakdown
<table>
<thead>
<tr>
<th>Date</th>
<th>Topics/Daily Activities</th>
<th>Deliverables</th>
<th>slides</th>
<th>Files</th>
</tr>
</thead>
</table>
| 1     | **Aug 25** Introduction to Analytics  
|       |                                                                                       | HW1 M5 Excel       | overview.ppt                | Intro.ipynb                     |
|       |                                                                                       |                    | analytics.ppt               | numpyp.reg.ipynb                |
|       |                                                                                       |                    | python.ppt                  | odometer.csv                    |
|       |                                                                                       |                    | numpy.ppt                   |                                 |
| 2     | **Sep 1** Pandas library, data structures. Most Common Data Operations. Pivot tables and cross tabulation.  
|       |                                                                                       | HW1 due            | Pandas .ppt                 | Example3.ipynb                  |
| 3     | **Sep 8** Data Visualization and Web scraping with the pandas-datareader library.  
|       |                                                                                       | HW2 due            | finance .ppt                 |                                 |
|       |                                                                                       |                    | fanalytics.ppt              |                                 |
| 4     | **Sep 15** Linear Regression. OLS vs. linear regression. Libraries sklearn and statsmodels  
|       |                                                                                       | HW3 Financial Analytics | slr.ppt                      | slr3.ipynb                      |
|       |                                                                                       |                    | mlr3.ppt                     | finished3.ipynb                 |
| 5     | **Sep 22** Linear Regression. Categorical variables. Interaction terms. Label encoding and one-hot encoding  
|       |                                                                                       | HW3 due            |                          |                                  |
|       |                                                                                       |                    | categoricalls.ppt            |                                  |
| 6     | **Sep 29** Overfitting and Cross validation, Training/test sets, mean square prediction error (MSPE).  
|       |                                                                                       | HW4 Regression with categorical variables | cv2.ppt | Polynomial4.ipynb |
|       |                                                                                       |                    |                              | feature-cv3.ipynb               |
| 7     | **Oct 6** Classification Problems. Logistic Regression vs KNN.  
|       |                                                                                       | HW4 due            | classification2.ppt          | cancerlogistic.ipynb            |
|       |                                                                                       |                    | logistic2.ppt                | cancerall.ipynb                 |
| 8     | **Oct 13** Fall Recess                                                                 |                    |                              |                                 |
| 9     | **Oct 20** Shrinkage Methods and Regularization. Ridge regression and the LASSO.  
|       |                                                                                       |                    | normaleqs.ppt                |                                 |
|       |                                                                                       |                    | rr4.ppt                      |                                 |
| 10    | **Oct 27** Classification and Regression Trees (CART) - Examples  
|       |                                                                                       | HW5 Regularization | hyperparam2.ppt              | regression3.ipynb               |
|       |                                                                                       |                    | trees3.ppt                   | cart3.ipynb                     |
|       |                                                                                       |                    | categ.ppt                    |                                  |
| 11    | **Nov 3** Ensemble Methods. Random Forest, Bagging, and Boosting.  
|       |                                                                                       | HW5 due            | ensembles2.ppt               |                                 |
|       |                                                                                       |                    |                               | ensemblereg4.ipynb              |
|       |                                                                                       |                    |                               | ensembcancer3.ipynb             |
|       |                                                                                       |                    |                               | polyboosting5.ipynb            |
|       |                                                                                       | HW6 Ensemble Methods | review.ppt                  |                                 |
|       |                                                                                       |                    | svm.ppt                      |                                 |
|       |                                                                                       |                    |                               | svm.ipynb                      |
|       |                                                                                       |                    |                               | function5.ipynb                |
|       |                                                                                       |                    |                               | optdigits.ipynb                |
| 13    | **Nov 17** Introduction to Neural Networks (NN). Data representations for NN, tensors. Layers, Loss functions, optimizers.  
|       |                                                                                       | HW6 due            | nn3.ppt                      |                                 |
|       |                                                                                       |                    |                               | perceptron4.ipynb              |
|       |                                                                                       |                    |                               | multilayerp3. ipynb            |
| 14    | **Nov 24** Thanksgiving                                                                |                    |                              |                                 |
| 15    | **Dec 1** NN Applications with Library Keras. NN for binary classification. K-fold validation. NN for regression.  
Final Exam (Schedule TBD)  
|       |                                                                                       |                    |                              |                                 |
|       |                                                                                       |                    |                              |                                 |
|       |                                                                                       |                    |                              |                                 |
|       |                                                                                       |                    |                              |                                 |
Statement on Academic Conduct and Support Systems

Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” policy.usc.edu/scampus-part-b. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, policy.usc.edu/scientific-misconduct.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity http://equity.usc.edu or to the Department of Public Safety http://capsnet.usc.edu/department/department-public-safety/online-forms/contact-us. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report, or can initiate the report on behalf of another person. The Center for Women and Men http://www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage http://sarc.usc.edu describes reporting options and other resources.

Support Systems:

Student Health Counseling Services - (213) 740-7711 – 24/7 on call engemannshc.usc.edu/counseling
Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call suicidepreventionlifeline.org
Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-4900 – 24/7 on call engemannshc.usc.edu/rsvp
Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) | Title IX - (213) 740-5086
equity.usc.edu, titleix.usc.edu
Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations.

Bias Assessment Response and Support - (213) 740-2421
studentaffairs.usc.edu/bias-assessment-response-support
Avenue to report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

The Office of Disability Services and Programs - (213) 740-0776
Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

**USC Support and Advocacy - (213) 821-4710**
[studentaffairs.usc.edu/ssa](studentaffairs.usc.edu/ssa)
Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

**Diversity at USC - (213) 740-2101**
[diversity.usc.edu](diversity.usc.edu)
Information on events, programs and training, the Provost’s Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

**USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call**
[dps.usc.edu, emergency.usc.edu](dps.usc.edu, emergency.usc.edu)
Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

**USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call**
[dps.usc.edu](dps.usc.edu)
Non-emergency assistance or information.