

Understanding Confidence Scores

Finally a AVM Confidence Score that means something!

Expectation

By definition, the term “confidence score” implies high correlation between the confidence score and the accuracy of the valuation. Any AVM user should expect a confidence score to be a consistent measure of accuracy and useful for service level determination or other business decisions.

Reality

Few AVM confidence scores actually correlate to the model’s valuation accuracy. The reason is simple: early AVMs did not build confidence scores with the necessary analytics to properly gauge accuracy. The end-result has been limited industry adoption of what should be a truly value-added tool meant to enhance automated valuation and underwriting.

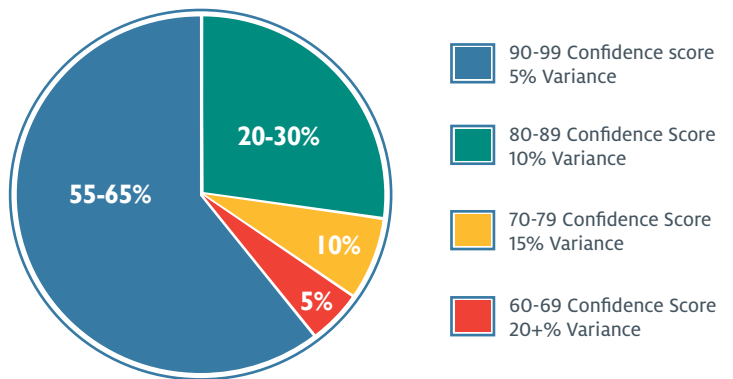
Veros Delivers Meaningful Confidence Scores

The Veros Confidence Score (VCS) is specifically designed to consistently indicate the accuracy of the underlying valuation. In order to accomplish the objective, Veros employs proprietary techniques to examine numerous factors and their relationship to valuation accuracy. These factors include patterns and relationships reflective of accuracy identified in Veros’ multiple valuation methods, property fitness analytics, and a host of collateral analytics across a variety of valuation-centric constraints such as property types, price levels and geographic/regional influences. Veros’ confidence scores are focused on and measured by median absolute error rates, the best single indicator of central tendency. Further, understanding errors are not normally distributed, Veros can identify expected errors for specific valuations based on empirical distributions (e.g. the 95th percentile error) for a variety of fully customizable risk scores.

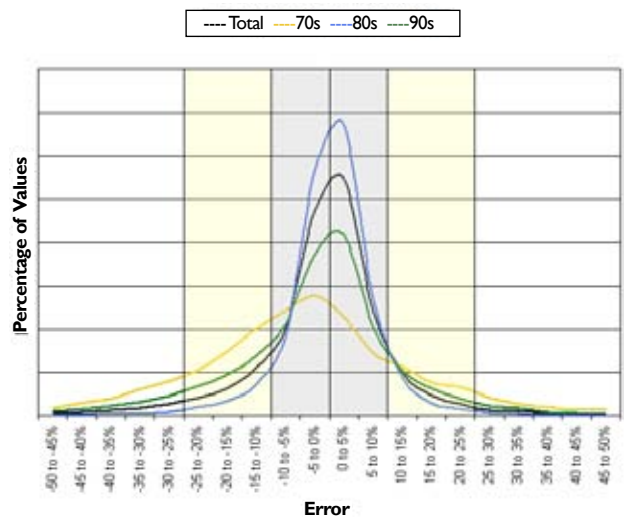
Veros Exceeds Expectations: High Correlation & Usability

Veros delivers numeric-based confidence scores using a scale of 1–100 that are meaningfully correlated to accuracy so any organization can build effective rules for optimal collateral decisions. Recognizing the importance of effective use, Veros consistently delivers the highest percentage of values at the highest levels of confidence – simply stated, Veros delivers the highest number of accurate values.

Percentage of Valuations in each VCS Range



VCS Error Distribution



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