Overfitting

reflection with the second sec

💡 Think of it like a student who memorizes answers instead of learning concepts.

🗹 AI should recognize patterns, not just repeat old data.

Why Overfitting is a Business Risk

* Scenario: Patrick's company uses AI to predict customer demand.

Overfitting Problem:

- ✓ AI memorized historical buying patterns.
- ✓ When new market trends appeared, AI failed to adjust.

resson: Al should learn general trends, not memorize past events.

📌 3 Ways to Avoid Overfitting:

Use More Diverse Training Data – Al should learn from **varied scenarios**, **not just past trends**.

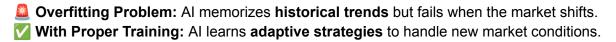
2 Limit Model Complexity – AI shouldn't have too many layers or rules that force it to overlearn details.

3 Test Al on Unseen Data – Al should be tested on new, real-world data before deployment.

Al that generalizes well makes smarter, future-proof decisions.

Real-World Example: AI in Stock Market Predictions

rices. A hedge fund uses AI to predict stock prices.



For more AI insights, visit <u>https://www.AITransformationPartner.com</u>.