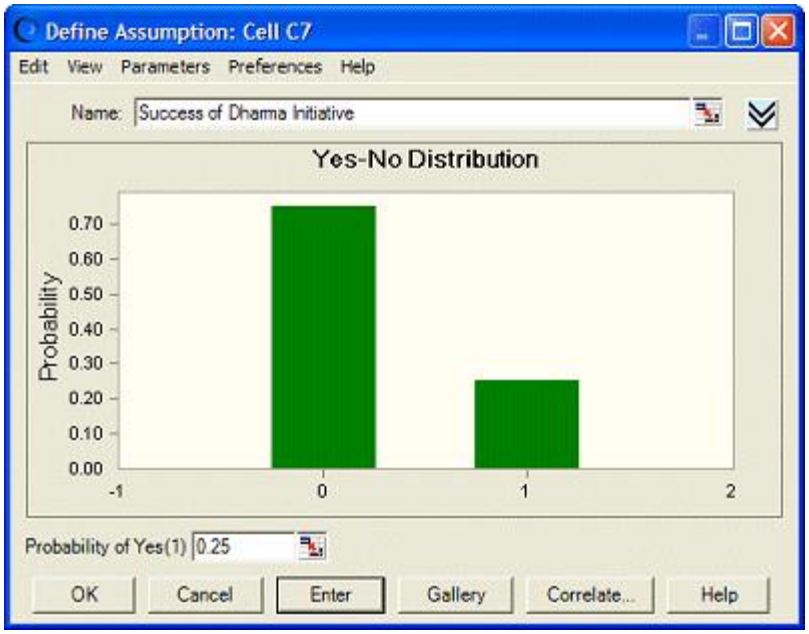
Crystal Ball Software and Risk Analysis Tips

The Yes-No Distribution

When you need to model a situation with two outcomes, you should consider using the yes-no distribution. Also called the Bernoulli distribution, the yes-no distribution is an excellent tool that describes a set of observations that can have only one of two values: for example, yes/no, success/failure, true/false, or heads/tails. It is a discrete probability distribution.

The parameter for the yes-no distribution is the probability (p) of yes. There are two conditions underlying a yes-no distribution:

1. The random variable can have only one of two values, 0 or 1.
2. The chance of 1 is equal to p, the chance of 0 is equal to one minus p.



Prior to Crystal Ball software version 7, the Yes-No was not an option. Modelers who needed this type of discrete outcome used a Binomial distribution with the Trial parameter set at a value of 1. Now, with version 7x, Crystal Ball software users can employ this intuitive and user-friendly distribution for any dual-outcome probabilities.

For more information or to contact us, browse to http://helpdesk.crystalball.com

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