RESERVICING SOME CUSTOMERS IN $M/G/1$ QUEUES UNDER THREE DISCIPLINES

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Consider an $M/G/1$ production line in which a production item is failed with some probability and is then repaired. We consider three repair disciplines depending on whether the failed item is repaired immediately or first stockpiled and repaired after all customers in the main queue are served or the stockpile reaches a specified threshold. For each discipline, we find the probability generating function (p.g.f.) of the steady-state size of the system at the moment of departure of the customer in the main queue, the mean busy period, and the probability of the idle period.

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1. Introduction. Consider an $M/G/1$ queueing system in which some customers must be reserviced with probability $p$. These models might be considered in a production line, in sending messages through the network, running computer programs, telephone network congestion, communication problems, and so on. In a production line, some items might be failed and require repair. When messages are sent through a network, some may be returned (postmaster) and must be sent again. An operator running computer programs may encounter some errors and need to run them again. In a telephone center, some calls may be not completed due to signal failure and must be reestablished. In these kinds of problems, we must reservice some items.

Optimal operating policies for single-server systems in which the server may be turned on and off have been studied over a period of more than three decades. Earlier authors include Yadin and Naor [12], Heyman [4], Sobel [9], and Bell [1]. Yadin and Naor [12] proposed shutdown control for an $M/M/1$ queue in order to increase the length of individual idle periods. Soon after, Heyman [4] proved that $(0,N)$ control (i.e., the server turns off if the system size is zero and turns on when the system size is $N$) is the optimal policy in an $M/M/1$ queue in order to increase the start-up and shutdown cost of a server, a cost per unit time when a server is running and a customer is waiting cost. This model was modified by Heyman and Marshal [5] by allowing for interarrival distributions that have increasing rates. These authors found an optimal policy for the undiscounted infinite horizon problem and bounds on the cost rate. Heyman’s result was also improved by Bell [1] who proved that for an $M/G/1$ queue with a given operating cost structure, shutdown control is the optimal stationary operating policy. More generally, Sobel [9] showed that almost any type of stationary policy is equivalent to an $(n,N)$ model, by considering the criterion of average cost rate over an infinite horizon.
This problem remains an active research area. For example, Kitaev and Serfozo [6] considered an $M/M/1$ queueing system with dynamically controlled arrival and service rates. Their results described natural conditions on the costs under which an optimal policy for either the discounted-cost or average-cost criterion is a hysteretic policy. Such a policy increases the service rate and decreases the arrival rate as the queue length increases. More recently, Deng and Tan [2] studied a single-server two-queue priority system with changeover times and switching threshold. They considered an $M/M/1$ queue, obtained the steady-state joint probability generating function of the length of the two queues, and then calculated the mean length of queue and mean delay.

In this note, we consider three alternatives for reserving in a steady-state $M/G/1$ queue. These alternatives, denoted as disciplines I, II, and III, are described in Sections 3, 4, and 5. For each discipline, we find the probability generating function (p.g.f.) of the steady-state size of the system at the moment of departure of the customer in the main queue, the mean busy period, and the probability of the idle period (the proportion of time that the server is idle).

In Section 2, we describe the problem. In Sections 3, 4, and 5, for each discipline, explicit closed formula for the steady-state p.g.f. of the imbedded Markov chains will be derived. Also, we will find the proportion of time during which the server is idle in each discipline through finding the mean busy period and using Little’s formula, that is, $E(\text{busy period})/E(\text{idle period}) = (1 - \pi^*)/\pi^*$, where $\pi^*$ is the probability of the idle period. The key mathematical tool that we use is Laplace-Stieltjes transform (LST) of a function, which for function $F(\cdot)$ we denote by $F^*(\cdot)$.

2. Description of the problem. As mentioned, we consider an $M/G/1$ queueing model in a steady state in which some items are failed with probability $p$, and require reservice. Three disciplines may be considered.

In discipline I, the server reservices a failed item immediately after completion of the service of the customer in the main queue ($MQ$), if the item served has failed.

In discipline II, failed items are stockpiled in a failed queue ($FQ$) and reserved only after all customers in $MQ$ are serviced. After completion of reserving of all items in $FQ$, the server returns to $MQ$ if there are customers waiting; otherwise the system is idle.

Discipline III is the same as discipline II, except that the server also switches to $FQ$ if there are $N$ failed items in $FQ$ (threshold $N$). Again, all items in $FQ$ are reserved before returning to $MQ$.

Let $t_1, t_2, \ldots$ be times at which a service in $MQ$ is completed. We suppose that service ($s$) and reservice ($\tilde{s}$) times are independent and have general distributions, denoted by $B_1(\cdot)$ and $B_2(\cdot)$ with means $1/\mu_1$ and $1/\mu_2$, respectively. $A_n(s)$ and $\tilde{A}_n(\tilde{s})$ are the numbers of arrivals in $MQ$, during servicing and reserving in $MQ$ and $FQ$, respectively, and are distributed as Poisson with parameters $\lambda s$ and $\lambda \tilde{s}$ at the moment of the $n$th departure in $MQ$, respectively. Of course, since these are independent of $n$, we show them by $A(s)$ and $\tilde{A}(\tilde{s})$.

In discipline I, the imbedded Markov chain is $X(t_n)$ (or, for convenience, $X_n$), the number of customers remaining in $MQ$ at the completion of the $n$th customer’s service
time. In contrast, disciplines II and III are described by the bivariate Markov chain \((X(t_n), Y(t_n))\) (or, for convenience \((X_n, Y_n))\), where \(Y_n\) is the number of customers remaining in \(FQ\) at the completion of the \(n\)th customer’s service time. Thus, for discipline I,

\[ X_{n+1} = (X_n - 1)_+ + A_{n+1}(s) + [\tilde{A}_{n+1}(\tilde{s}) - 1]_+ I_{\{X_n = 0\}}, \quad (2.1) \]

for discipline II, \((X_{n+1}, Y_{n+1})\) becomes

\[ ((X_n - 1)_+ + A_{n+1}(s) + \left[ \sum_{i=1}^{Y_n} \tilde{A}_{n+1}(\tilde{s}_i) - 1 \right]_+ I_{\{X_n = 0\}}, Y_n I_{\{X_n > 0\}} + U_{n+1}), \quad (2.2) \]

and, for discipline III, \((X_{n+1}, Y_{n+1})\) is given by

\[ ((X_n - 1)_+ + A(s) + \left[ \sum_{i=1}^{Y_n} \tilde{A}(\tilde{s}_i) I_{C_2 \cup C_3} - I_{C_3} \right]_+ Y_n I_{C_1} + U_{n+1}). \quad (2.3) \]

In these expressions, \((x - 1)_+\) is max \(\{x - 1, 0\}\), \(U_{n+1} = 1\) if the departure has failed and is otherwise zero, \(C_1 = \{X_n > 0, 0 \leq Y_n < N\}\), \(C_2 = \{X_n > 0, Y_n = N\}\), \(C_3 = \{X_n = 0, 0 < Y_n \leq N\}\), and \(C_4 = \{X_n = 0, Y_n = 0\}\).

3. The queuing discipline I. In this section, we consider discipline I and find the p.g.f. of the steady-state size of the system and \(\pi^*_I = \Pr(\text{idle period})\) through finding the mean busy period. Three lemmas that are useful for finding the required p.g.f. stated are below. For proofs, see Salehi-Rad and Mengersen [8].

**Lemma 3.1.** If \(A(s)\) and \(\tilde{A}(\tilde{s})\) are the numbers of arrivals during service and reservice times, respectively, then their p.g.f.’s are \(Q_i(u) = B^*_i[\lambda(1-u)]\), \(i = 1, 2\), where \(B^*_i(\cdot)\) and \(B^*_2(\cdot)\) are the LSTs of the distribution functions of the service and reservice times, respectively.

**Lemma 3.2.** By **Lemma 3.1**, \(E[\Pr(\tilde{A}(\tilde{s}) = 0)] = B^*_2(\lambda)\).

**Lemma 3.3.** If \(X\) is a nonnegative integer-valued random variable with p.g.f. \(P(u)\), then

\[ E[u^{X-1}_+] = u^{-1}[P(u) - (1-u)\Pr(X = 0)]. \quad (3.1) \]

Now, by developing a proposition, we find the p.g.f. of \(X_n\), denoted by \(P(u) = E(u^{X_n})\).

**Proposition 3.4.** The p.g.f. of \(X_n\) in the steady state is

\[ P(u) = \frac{(1-u)B^*_1[\lambda(1-u)][1-p[1-B^*_2(\lambda)]]}{(1-p)B^*_1[\lambda(1-u)] + pC^*[\lambda(1-u)] - u} \pi_0, \quad (3.2) \]

where \(C^*(\cdot)\) is the LST of the convolution of the distribution functions of the service and
reservice times, and \( \pi_0 \) is the probability that the MQ is empty and is equal to

\[
(1 - \rho) \left[ 1 - p \left[ 1 - B_2^* (\lambda) \right] \right]^{-1}.
\]

(3.3)

Here, \( \rho = \rho_1 + p \rho_2 \), \( \rho_1 = \lambda / \mu_1 \), and \( \rho_2 = \lambda / \mu_2 \) and the \( \rho_i \) are traffic intensity in MQ and FQ, respectively.

**Proof.** Using the definition of the p.g.f. of a random variable for (2.1) and after a long computation, (3.2) yields. For finding (3.3), we use Hôpital’s rule and the fact that \( P(1) = 1 \).

**Remark 3.5.** We can think of the service time of an individual as being the service time in MQ plus any reservice time (conditional on requiring such reservice), times the probability \( p \) of the item being failed. Then

\[
E[\text{service time}] = \frac{1}{\mu_1} + \frac{p}{\mu_2} = \frac{1}{\mu}.
\]

Now, we have an M/G/1 queue with mean service time \( 1 / \mu \). On the other hand, the mean busy period in M/G/1 is found by taking the derivative of the functional equation

\[
\Gamma(u) = B^* \left[ u + \lambda (1 - \Gamma(u)) \right]
\]

(see Takács [11]), with \( u = 0 \), in which \( \Gamma(u) \) and \( B^* (\cdot) \) are the LSTs of the distribution functions of the busy period in MQ and service time, respectively, and is equal to \( 1 / (\mu - \lambda) \) (see Gross and Harris [3]). Therefore,

\[
E(\text{busy period}) = \rho / \lambda (1 - \rho).
\]

By using Little’s law (see Stidham [10]) and the fact that the mean idle period \( 1 / \lambda \) is exponentially distributed, we have

\[
E(\text{busy period}) / E(\text{idle period}) = \left( 1 - \pi_1^* \right) / \pi_1^* \]

which yields \( \pi_1^* = 1 - \rho \).

4. The queueing discipline II. We now consider discipline II. In this case, since we store the failed items and then repair them when MQ is empty, we require two variables. One of these, \( X_n \), is the number of the customers in MQ at the epochs \( \{ t_n \} \), and the other, \( Y_n \), is the number of failed items in the store (FQ), again at the epochs \( \{ t_n \} \). We now have a bivariate imbedded Markov chain \((X_n,Y_n)\). \((X_{n+1},Y_{n+1})\) has been given by (2.2). To evaluate the joint p.g.f. \((X_n,Y_n)\) in the steady state, denoted by \( P(u,v) = E(uX_n vY_n) \), we develop the proposition below.

**Proposition 4.1.** The joint p.g.f. of \((X_n,Y_n)\) in the steady state is

\[
P(u,v) = \left\{ (1 - p + pv) B_1^* [\lambda (1 - u)] - u \right\}^{-1} \times \left\{ (1 - p + pv) B_1^* [\lambda (1 - u)] [R(v) - G^*(u,p,\lambda) + (1 - u) G^*(0,p,\lambda)] \right\} \pi_0^*.
\]

(4.1)

in which

\[
R(v) = \Sigma \pi_{j|0} v^j, \quad j \geq 0,
\]

\[
\pi_{j|0} = \Pr \{ Y_n = j \mid X_n = 0 \},
\]

\[
\pi_0^* = \Pr (X_n = 0),
\]

\[
G^*(u,p,\lambda) = \psi(1 - p + p B_2^* [\lambda (1 - u)]),
\]

\[
\psi(u) = u B_1^* [\lambda (1 - \psi(u))],
\]

where \( \psi(u) \) is the p.g.f. of the number of served customers (departures) in a busy period (here in MQ) (see Takács [11] and Saaty [7])). \( \pi_0^* \) is the probability that MQ is empty.
and is equal to

$$(1 - \rho_1)^2 [p\rho_2 + (1 - \rho_1)G^*(0, p, \lambda)]^{-1}. \quad (4.3)$$

It is clear that the number of failed items in $FQ$ is distributed as a binomial distribution with parameters $p$ and $K$, where $K$ is the number of served customers in a busy period in $MQ$ and has p.g.f. $\psi(u)$. Expression (4.2) is a functional equation. Takács [11] has proved the existence and uniqueness of an analytic solution of $\psi(u)$ for $|u| \leq 1$ subject to $\psi(0) = 0$. In addition, he has shown that $\lim_{u \to 1} \psi(u)$ equals the smallest positive real root of the equation $B^* \[λ(1 - x)] = x$. By solving expression (4.2) and using the p.g.f. of the binomial distribution, we can find the p.g.f. of $Y_n$, given $X_n = 0$, denoted by $R(\cdot)$, in terms of $\psi(u)$.

**Proof.** Using the definition of the joint p.g.f. of the bivariate random variable for (2.2), that is, $E(u^{X_n}v^{Y_n})$ and a long computation, (4.1) yields.

**Remark 4.2.** Using an ergodicity argument, Remark 3.5, Little's law, the mean busy periods in $MQ$ and $FQ$, and the idle period, we can find $\pi^*_{II}$ which is $Pr$(idle period, discipline II). Moreover, we have

$$E(\text{busy period}) = E(\text{busy period in } MQ) + pE(\text{busy period in } FQ). \quad (4.4)$$

The first expression is equal to $1/(\mu_1 - \lambda)$. The second expression is $p[\mu_2(1 - \rho_1)]^{-1}$. Then, $E(\text{busy period})/E(\text{idle period}) = (1 - \pi^*_{II})/\pi^*_{II}$, the probability of the idle period is $\pi^*_{II} = (1 - \rho_1)(1 + p^2\rho_2)^{-1}$.

5. **The queueing distribution III.** Finally, consider discipline III. In this case, the server has to switch from $MQ$ to $FQ$ if the store is full (threshold $N$) or if there are no more items in $MQ$, and returns to $MQ$ after reservicing all the failed items in $FQ$, if there are any items in $MQ$. As with the other disciplines, we find the joint p.g.f. $(X_n, Y_n)$ in the steady state and $\pi^*_{III} = Pr$(idle period, discipline III). However, before this, we find the probability that the store reaches the threshold $N$ through a remark.

**Remark 5.1.** When the store is full, the server switches to $FQ$ from $MQ$. At this time, the number of departures in $MQ$ is a random variable $D$ distributed as a negative binomial as follows:

$$Pr(D = d) = \left(\frac{d - 1}{N - 1}\right)p^N(1 - p)^d \quad \text{s.t. } d = N, N + 1, \ldots. \quad (5.1)$$

In other words, $Pr(Y_n = N) = Pr(D = d)$, denoted by $\pi_{*N}$. We use this note for finding the joint p.g.f. $(X_n, Y_n)$, by developing a proposition given below.

**Proposition 5.2.** The joint p.g.f. of $(X_n, Y_n)$ in the steady state is

$$P(u, v) = \frac{(1 - p + pv)B^*_1[λ(1 - u)]}{(1 - p + pv)B^*_1[λ(1 - u)] - u} \left\{ [R(v) - G^*_N(u, p, \lambda) + (1 - u)G^*_N(0, p, \lambda)]\pi_{0*} + \left[v^N - [B^*_2[λ(1 - u)]]^N\right]R_N(u)\pi_{*N} \right\} \quad (5.2)$$
in which

\[
R(v) = \sum \pi_{j|0} v^j, \quad j = 0, 1, \ldots, N, \\
\pi_{j|0} = \Pr \{ Y_n = j \mid X_n = 0 \}, \\\nR_N(u) = E(u^{X_n I_{X_n > 0}} \mid Y_n = N) = \sum \phi_{i|N} u^i, \quad i > 0, \\
\phi_{i|N} = \Pr \{ X_n = i \mid Y_n = N, \}
\]

\[
G_N^*(u, p, \lambda) = E\left[ u^{X_n} (X_n, Y_n = 0) \right] = R(B_2^* (\lambda (1 - u))),
\]

where

\[
\pi_{0*} = \frac{1 - \rho_1 + \pi_N \rho_2}{R(B_2^* (\lambda)) - \rho_2 E(Y_n \mid X_n = 0)}.
\]

**Proof.** By the definition of the joint p.g.f. of \((X_n, Y_n)\) for (2.3), we have

\[
P(u, v) = E(u^{X_n+1} v^{Y_n+1})
\]

\[
= E\left[ u^{(X_n-1)_+, A(s)+[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]I_{C_2 \cup C_3 - I_{C_3}}} v^{Y_n I_{C_1} + v^{n+1}} \right]
\]

\[
= (1 - p) E\left[u^{X_n+A(s)-1} v^{Y_n I_{C_1}} \right] + p E\left[u^{X_n+A(s)-1} v^{Y_n+1 I_{C_1}} \right]
\]

\[
+ (1 - p) E\left[u^{X_n+[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]+A(s)-1} v^0 I_{C_2} \right] + p E\left[u^{X_n+[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]+A(s)-1} v^1 I_{C_2} \right]
\]

\[
+ (1 - p) E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} v^0 I_{C_3} \right] + p E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} v^1 I_{C_3} \right] \quad \text{(5.5)}
\]

\[
= (1 - p + pv) E\left[u^{A(s)} \right] \left[ E[I_{C_4}] + \frac{1}{u} \left[ E\left[u^{X_n v^{Y_n I_{C_1}}} \right] + E\left[u^{X_n+[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]} I_{C_2} \right] \right] \right.
\]

\[
\left. + E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} I_{C_3} \right] \right].
\]

Now, by using the relations between indicator functions, \(P(u, v)\) is equal to

\[
(1 - p + pv) B^*_1 \left[ \lambda (1 - u) \right] \left[ \pi_{00} + \frac{1}{u} \left[ E\left[u^{X_n v^{Y_n}} \left( 1 - I_{C_2 \cup C_3 \cup C_4} \right) \right] + E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]} I_{C_2} \right] \right] \right]
\]

\[
+ E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} \left( I_{C_3 \cup C_4} - I_{C_3} \right) \right]\]

\[
= (1 - p + pv) B^*_1 \left[ \lambda (1 - u) \right] \left[ \pi_{00} + \frac{1}{u} \left[ P(u, v) - E\left[u^{X_n v^{Y_n}} I_{C_2 \cup C_3 \cup C_4} \right] \right]
\]

\[
+ \left[ B^*_2 \left[ \lambda (1 - u) \right] \right] E\left[u^{X_n I_{C_2 \cup I_{X_n = 0, Y_n = N} = 0}} \right] - E\left(u^{X_n I_{X_n = 0, Y_n = N}} \right) \right]
\]

\[
+ E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} I_{C_3 \cup C_4} \right] - E\left[u^{[\Sigma_{i=1}^N \tilde{\delta}(\tilde{i})]-1} I_{C_4} \right].
\]
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$$= (1 - p + pv)B^*_1 [\Lambda(1 - u)]$$

$$\times \left\{ \pi_{00} + \frac{1}{u} \left[ P(u, v) - E[u^X v^Y I_{C_3 \cup C_4}] - E[u^X v^Y I_{C_2 \cup \{X_n = 0, Y_n = N\}}] \right]$$

$$+ E[u^X v^Y I_{\{X_n = 0, Y_n = N\}} + B^*_2 (\lambda - u)] [R_N(u) - \pi_{00}] \right\} \pi_{00}.$$  \hfill (5.6)

By using (5.3) and summarizing, the proof is completed. \hfill \Box

In order to find $\pi_{0*}$ in (5.4), we use Hôpital’s rule and the fact that $\lim P(u, 1) = 1$, where $u \to 1$.

**Special Cases.** Two special cases, denoted below by (S1) and (S2), are important.

(S1) If $N \to \infty$, then $v^N - (B^*_2 [\lambda(1 - u)])^N \to 0$ and $G^*_N(u, p, \lambda) = G^*(u, p, \lambda)$. Thus

$$P(u, v) = \{(1 - p + pv)B^*_1 [\lambda(1 - u)] - u\}^{-1}$$

$$\times \{(1 - p + pv)B^*_1 [\lambda(1 - u)] - u\}^{-1} \pi_{0*},$$ \hfill (5.7)

that is, discipline II.

(S2) If $p = 0$ and $v = 1$, then

$$P(u, 1) = P(u) = \{(1 - u)B^*_1 [\lambda(1 - u)] \}} \{B^*_1 [\lambda(1 - u)] - u\}^{-1} \pi_{0*},$$ \hfill (5.8)

with $\pi_0 = 1 - \lambda/\mu_1 = 1 - \lambda E{\text{service time}} = 1 - \rho_1$. This is similar to the $M/G/1$ queue without any conditions (see Gross and Harris [3]).

**Remark 5.3.** We now find the proportion of time that the server is idle, that is, $\pi^*_III$. For this, first we find the mean busy period (denoted by $T$), and then, by using $(1 - \pi^*_III)/\pi^*_III = E(T)/E{\text{idle period}}$, we can find $\pi^*_III$. We can divide the busy period into four subperiods. The first (denoted by $T_1$) is when the server starts in $MQ$ with one customer. In the second ($T_2$), the server switches from $MQ$ to $FQ$ for reserving the waiting failed items, when the level of $FQ$ is the threshold $N$. In the third ($T_3$), the server returns to $MQ$ from $FQ$ for servicing the waiting customers, after reserving all of the failed items in $FQ$. At this time, there are $V_n = X_n + \sum^N_{i=1} A(\hat{s}_i)$ waiting customers in $MQ$, where the $X_n$ are the remaining customers from before, that is, $\sum^D_{i=1} A(s_i) + 1 - D$ and $\sum^N_{i=1} A(\hat{s}_i)$ are new arrivals during reserving in $FQ$. In the fourth period ($T_4$), the server again switches to $FQ$ after servicing all customers in $MQ$ and the level of the store ($FQ$) is $Y_n$, where $Y_n = 1, 2, \ldots, \min\{N, K^*\}$, where $K^*$ is the number of departures in $MQ$ when the server starts with $V_n$ customers. Now, by this discussion, we have

$$E(T) = E(T_1) + \Pr(D = d) \times E(T_2) + E(T_3) + p \times E(T_4).$$ \hfill (5.9)

The means of the subbusy periods are found as below.
(a) $T_1$ comprises $D$ service times that are i.i.d $B_1(\cdot)$ with mean $1/\mu_1$. Thus $E(T_1) = E(D)E(s) = N/p\mu_1$.

(b) $T_2$ comprises $N$ reservice times that are i.i.d $B_2(\cdot)$ with mean $1/\mu_2$. Thus $E(T_2) = NE(\bar{s}) = N/\mu_2$.

(c) $T_3$ is the same as the busy period for an $M/G/1$ queue when the server starts with $V_n$ customers. This means that we repeat an $M/G/1$ queue that starts with one customer, $V_n$ times. By Remark 4.2, the mean busy period for such a queue is $1/(\mu_1 - \lambda)$. Thus the mean busy period in $MQ$ for the queue that starts with $V_n$ customers is $E(V_n)/(\mu_1 - \lambda)$. Now, by using the mean of the negative binomial distribution, we can compute $E(V_n)$ as follows:

$$E(V_n) = E\left[ X_n + \sum_{i=1}^{N} \bar{A}(\bar{s}_i) \right]$$
$$= E\left[ \sum_{i=1}^{D} A(s_i) + 1 - D \right] + NE(\bar{A}(\bar{s}))$$
$$= E(D)[A(s)] + 1 - E(D) + \frac{N\lambda}{\mu_2}$$
$$= N\rho_2 - \frac{N(1 - \rho_1)}{p + 1}. \quad (5.10)$$

Therefore, $E(T_3) = [N\rho_2 - N(1 - \rho_1)/p + 1]/\mu_1 (1 - \rho_1)$.

(d) $T_4$ comprises $Y_n$ reservice times that are i.i.d $B_2(\cdot)$ with mean $1/\mu_2$. Then $E(T_4) = E(Y_n)E(\bar{s})$, where $Y_n = 1, \ldots, \min\{N,K^*\}$. For an $M/G/1$ queue in which the server starts with one customer, we know that the mean of the number of the departures in $MQ$ is $1/(1 - \rho_1)$ (see Salehi-Rad and Mengersen [8]). However, at the third subbus period, the server starts with $V_n$ customers, thus

$$E(K^*) = \frac{E(V_n)}{1 - \rho_1} = \frac{N\rho_2 - N(1 - \rho_1)/p + 1}{1 - \rho_1} = \mu_1 E(T_3). \quad (5.11)$$

Now, we can find $E(T_4)$ as follows:

$$E(T_4) = E(\bar{s})E(Y_n) = \mu_2^{-1}E[E(Y_n | \min\{N,K^*\})], \quad (5.12)$$

that is, $Np/\mu_2$ if $\min\{N,K^*\} = N$, otherwise $E(K^*)p/\mu_2$. Finally, by (5.9) and using (a), (b), (c), and (d), we can find $\pi_{III}^*$.

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Special Issue on
Intelligent Computational Methods for Financial Engineering

Call for Papers

As a multidisciplinary field, financial engineering is becoming increasingly important in today’s economic and financial world, especially in areas such as portfolio management, asset valuation and prediction, fraud detection, and credit risk management. For example, in a credit risk context, the recently approved Basel II guidelines advise financial institutions to build comprehensible credit risk models in order to optimize their capital allocation policy. Computational methods are being intensively studied and applied to improve the quality of the financial decisions that need to be made. Until now, computational methods and models are central to the analysis of economic and financial decisions.

However, more and more researchers have found that the financial environment is not ruled by mathematical distributions or statistical models. In such situations, some attempts have also been made to develop financial engineering models using intelligent computing approaches. For example, an artificial neural network (ANN) is a nonparametric estimation technique which does not make any distributional assumptions regarding the underlying asset. Instead, ANN approach develops a model using sets of unknown parameters and lets the optimization routine seek the best fitting parameters to obtain the desired results. The main aim of this special issue is not to merely illustrate the superior performance of a new intelligent computational method, but also to demonstrate how it can be used effectively in a financial engineering environment to improve and facilitate financial decision making. In this sense, the submissions should especially address how the results of estimated computational models (e.g., ANN, support vector machines, evolutionary algorithm, and fuzzy models) can be used to develop intelligent, easy-to-use, and/or comprehensible computational systems (e.g., decision support systems, agent-based system, and web-based systems).

This special issue will include (but not be limited to) the following topics:

- **Computational methods**: artificial intelligence, neural networks, evolutionary algorithms, fuzzy inference, hybrid learning, ensemble learning, cooperative learning, multiagent learning
- **Application fields**: asset valuation and prediction, asset allocation and portfolio selection, bankruptcy prediction, fraud detection, credit risk management
- **Implementation aspects**: decision support systems, expert systems, information systems, intelligent agents, web service, monitoring, deployment, implementation

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