##  Үлодоүเбтıки́

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@ $\mathbf{T} \mu$. HMMY
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## The cost of elasticity

## Imperfect capacity



## Costs \& perfect capacity

- The cost of $r$ unemployed resources for a duration of time $t$ is: $\mathbf{c}_{\mathbf{r}} \mathbf{x} \mathbf{r} \mathbf{x t}$
- The cost of $r$ insufficient resources is: $\mathbf{c}_{\mathbf{d}} \mathbf{x} \mathbf{r} \mathbf{x}$
- The Loss function:
$L=\int_{t_{1}}^{t_{2}}[D(t)-R(t)] \times c_{d} d t\left|D(t)>R(t)+\int_{t_{1}}^{t_{2}}[R(t)-D(t)] \times c_{r} d t\right| R(t)>D(t)$
- A perfect capacity strategy $R$, where $R=D(t)$ $\forall \mathrm{t}$, has a loss of 0
- Trivially solved for constant demand


## Linearly Increasing Demand, No Forecasting, Continuous Monitoring, Non-Zero Provisioning Interval


the loss $L$ is proportional to the provisioning delay $\mathbf{t}_{p}$

Linearly Increasing Demand with Continuous Monitoring
And Non-Zero Provisioning Interval
$L=\int_{t_{1}}^{t_{2}}[D(t)-R(t)] \times c_{d} d t\left|D(t)>R(t)+\int_{t_{1}}^{t_{2}}[R(t)-D(t)] \times c_{r} d t\right| R(t)>D(t)$
since demand is always greater than resources simplifies to
$L=\int_{t_{1}}^{t_{2}}[D(t)-R(t)] \times c_{d} d t \longrightarrow \quad L=\int_{t_{1}}^{t_{2}} b \times t_{p} \times c_{d} d t=\left(t_{2}-t_{1}\right) \times b \times t_{p} \times c_{d}$

## Linearly Increasing Demand, No Forecasting, Periodic Monitoring, On-Demand Provisioning



Linearly Increasing Demand with Periodic Monitoring And On-Demand Provisioning

## In an on-demand environment, the loss is proportional to the monitoring interval.

If the monitoring interval drops to zero, that is, there is continuous monitoring with on-demand provisioning, the loss drops to zero as well.

If the slope drops to zero, then the loss is zero as we showed in the flat demand case earlier, regardless of the monitoring interval
$L=\int_{t_{1}}^{t_{2}}[D(t)-R(t)] \times c_{d} d t\left|D(t)>R(t)+\int_{t_{1}}^{t_{2}}[R(t)-D(t)] \times c_{r} d t\right| R(t)>D(t)$
Since $R(t)$ is strictly not greater than $\mathrm{D}(\mathrm{t})$ this reduces to:

$$
L=\int_{t_{1}}^{t_{2}}[D(t)-R(t)] \times c_{d} d t \mid D(t)>R(t)
$$

$$
L=k \times 1 / 2 b \times t_{m}^{2} \times c_{d}=\frac{\left(t_{2}-t_{1}\right)}{t_{m}} \times \frac{1}{2} b \times t_{m}^{2} \times c_{d}=\frac{\left(t_{2}-t_{1}\right)}{2} \times b \times t_{m} \times c_{d}
$$

## Exercise 1

- If the demands grows exponentially, the cloud performs continuous monitoring, but no forecasting, and it needs $t_{p}$ time to offer the respective resources, then show that the cost grows "unbounded". $\mathrm{c}_{\mathrm{d}}$ is the cost of underprovisioning.
- Solution
- We need to estimate $\int_{0}^{\infty}\left(e^{t}-e^{t-t_{p}}\right) \mathrm{dt}$
- This evaluates to: $\left(e^{t}-1\right)\left(1-\frac{1}{e^{t_{p}}}\right) \mathrm{c}_{\mathrm{d}}$
- Only when $t_{p} \rightarrow 0$, the above equation is "somewhat" bounded


## Exercise 2

If the demands is random between 0 and a max value $P$, calculate the optimal level of offerred resources so as to minimize the total cost (underprovisioning and overprovisioning). $\mathrm{c}_{\mathrm{d}}$ is the cost of underprovisioning, and $\mathrm{c}_{\mathrm{r}}$ is the cost of overprovisioning

- Solution
- Let us set this level equal to $r$
- Then, totalCost $=\frac{r}{P} \times\left(r-\frac{r}{2}\right) \times c_{r}+\frac{P-r}{P} \times\left(\frac{P+r}{2}-r\right) \times c_{d}$
- min: $\frac{\partial \text { totalCost }}{\partial r}=0 \ldots \rightarrow r=\frac{c_{d}}{c_{d}+c_{r}} \times P$
- When $\mathrm{c}_{\mathrm{d}}=\mathrm{c}_{\mathrm{r}}=\mathrm{c}$, then $\mathrm{r}=\frac{P}{2}$

