




A First Course in  
**Stochastic  
Models**

Henk C. Tijms

 WILEY

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*Vrije Universiteit, Amsterdam, The Netherlands*



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# Contents

<b>Preface</b>	<b>ix</b>
<b>1 The Poisson Process and Related Processes</b>	<b>1</b>
1.0 Introduction	1
1.1 The Poisson Process	1
1.1.1 The Memoryless Property	2
1.1.2 Merging and Splitting of Poisson Processes	6
1.1.3 The $M/G/\infty$ Queue	9
1.1.4 The Poisson Process and the Uniform Distribution	15
1.2 Compound Poisson Processes	18
1.3 Non-Stationary Poisson Processes	22
1.4 Markov Modulated Batch Poisson Processes	24
Exercises	28
Bibliographic Notes	32
References	32
<b>2 Renewal-Reward Processes</b>	<b>33</b>
2.0 Introduction	33
2.1 Renewal Theory	34
2.1.1 The Renewal Function	35
2.1.2 The Excess Variable	37
2.2 Renewal-Reward Processes	39
2.3 The Formula of Little	50
2.4 Poisson Arrivals See Time Averages	53
2.5 The Pollaczek–Khintchine Formula	58
2.6 A Controlled Queue with Removable Server	66
2.7 An Up- And Downcrossing Technique	69
Exercises	71
Bibliographic Notes	78
References	78
<b>3 Discrete-Time Markov Chains</b>	<b>81</b>
3.0 Introduction	81
3.1 The Model	82



3.2	Transient Analysis	87
3.2.1	Absorbing States	89
3.2.2	Mean First-Passage Times	92
3.2.3	Transient and Recurrent States	93
3.3	The Equilibrium Probabilities	96
3.3.1	Preliminaries	96
3.3.2	The Equilibrium Equations	98
3.3.3	The Long-run Average Reward per Time Unit	103
3.4	Computation of the Equilibrium Probabilities	106
3.4.1	Methods for a Finite-State Markov Chain	107
3.4.2	Geometric Tail Approach for an Infinite State Space	111
3.4.3	Metropolis—Hastings Algorithm	116
3.5	Theoretical Considerations	119
3.5.1	State Classification	119
3.5.2	Ergodic Theorems	126
	Exercises	134
	Bibliographic Notes	139
	References	139
<b>4</b>	<b>Continuous-Time Markov Chains</b>	<b>141</b>
4.0	Introduction	141
4.1	The Model	142
4.2	The Flow Rate Equation Method	147
4.3	Ergodic Theorems	154
4.4	Markov Processes on a Semi-Infinite Strip	157
4.5	Transient State Probabilities	162
4.5.1	The Method of Linear Differential Equations	163
4.5.2	The Uniformization Method	166
4.5.3	First Passage Time Probabilities	170
4.6	Transient Distribution of Cumulative Rewards	172
4.6.1	Transient Distribution of Cumulative Sojourn Times	173
4.6.2	Transient Reward Distribution for the General Case	176
	Exercises	179
	Bibliographic Notes	185
	References	185
<b>5</b>	<b>Markov Chains and Queues</b>	<b>187</b>
5.0	Introduction	187
5.1	The Erlang Delay Model	187
5.1.1	The $M/M/1$ Queue	188
5.1.2	The $M/M/c$ Queue	190
5.1.3	The Output Process and Time Reversibility	192
5.2	Loss Models	194
5.2.1	The Erlang Loss Model	194
5.2.2	The Engset Model	196
5.3	Service-System Design	198
5.4	Insensitivity	202
5.4.1	A Closed Two-node Network with Blocking	203
5.4.2	The $M/G/1$ Queue with Processor Sharing	208
5.5	A Phase Method	209

5.6	Queueing Networks	214
5.6.1	Open Network Model	215
5.6.2	Closed Network Model	219
	Exercises	224
	Bibliographic Notes	230
	References	231
<b>6</b>	<b>Discrete-Time Markov Decision Processes</b>	<b>233</b>
6.0	Introduction	233
6.1	The Model	234
6.2	The Policy-Improvement Idea	237
6.3	The Relative Value Function	243
6.4	Policy-Iteration Algorithm	247
6.5	Linear Programming Approach	252
6.6	Value-Iteration Algorithm	259
6.7	Convergence Proofs	267
	Exercises	272
	Bibliographic Notes	275
	References	276
<b>7</b>	<b>Semi-Markov Decision Processes</b>	<b>279</b>
7.0	Introduction	279
7.1	The Semi-Markov Decision Model	280
7.2	Algorithms for an Optimal Policy	284
7.3	Value Iteration and Fictitious Decisions	287
7.4	Optimization of Queues	290
7.5	One-Step Policy Improvement	295
	Exercises	300
	Bibliographic Notes	304
	References	305
<b>8</b>	<b>Advanced Renewal Theory</b>	<b>307</b>
8.0	Introduction	307
8.1	The Renewal Function	307
8.1.1	The Renewal Equation	308
8.1.2	Computation of the Renewal Function	310
8.2	Asymptotic Expansions	313
8.3	Alternating Renewal Processes	321
8.4	Ruin Probabilities	326
	Exercises	334
	Bibliographic Notes	337
	References	338
<b>9</b>	<b>Algorithmic Analysis of Queueing Models</b>	<b>339</b>
9.0	Introduction	339
9.1	Basic Concepts	341

9.2	The $M/G/1$ Queue	345
9.2.1	The State Probabilities	346
9.2.2	The Waiting-Time Probabilities	349
9.2.3	Busy Period Analysis	353
9.2.4	Work in System	358
9.3	The $M^X/G/1$ Queue	360
9.3.1	The State Probabilities	361
9.3.2	The Waiting-Time Probabilities	363
9.4	$M/G/1$ Queues with Bounded Waiting Times	366
9.4.1	The Finite-Buffer $M/G/1$ Queue	366
9.4.2	An $M/G/1$ Queue with Impatient Customers	369
9.5	The $GI/G/1$ Queue	371
9.5.1	Generalized Erlangian Services	371
9.5.2	Coxian-2 Services	372
9.5.3	The $GI/Ph/1$ Queue	373
9.5.4	The $Ph/G/1$ Queue	374
9.5.5	Two-moment Approximations	375
9.6	Multi-Server Queues with Poisson Input	377
9.6.1	The $M/D/c$ Queue	378
9.6.2	The $M/G/c$ Queue	384
9.6.3	The $M^X/G/c$ Queue	392
9.7	The $GI/G/c$ Queue	398
9.7.1	The $GI/M/c$ Queue	400
9.7.2	The $GI/D/c$ Queue	406
9.8	Finite-Capacity Queues	408
9.8.1	The $M/G/c/c + N$ Queue	408
9.8.2	A Basic Relation for the Rejection Probability	410
9.8.3	The $M^X/G/c/c + N$ Queue with Batch Arrivals	413
9.8.4	Discrete-Time Queueing Systems	417
	Exercises	420
	Bibliographic Notes	428
	References	428
<b>Appendices</b>		<b>431</b>
	<b>Appendix A. Useful Tools in Applied Probability</b>	<b>431</b>
	<b>Appendix B. Useful Probability Distributions</b>	<b>440</b>
	<b>Appendix C. Generating Functions</b>	<b>449</b>
	<b>Appendix D. The Discrete Fast Fourier Transform</b>	<b>455</b>
	<b>Appendix E. Laplace Transform Theory</b>	<b>458</b>
	<b>Appendix F. Numerical Laplace Inversion</b>	<b>462</b>
	<b>Appendix G. The Root-Finding Problem</b>	<b>470</b>
	<b>References</b>	<b>474</b>
<b>Index</b>		<b>475</b>

# Preface

The teaching of applied probability needs a fresh approach. The field of applied probability has changed profoundly in the past twenty years and yet the textbooks in use today do not fully reflect the changes. The development of computational methods has greatly contributed to a better understanding of the theory. It is my conviction that theory is better understood when the algorithms that solve the problems the theory addresses are presented at the same time. This textbook tries to recognize what the computer can do without letting the theory be dominated by the computational tools. In some ways, the book is a successor of my earlier book *Stochastic Modeling and Analysis*. However, the set-up of the present text is completely different. The theory has a more central place and provides a framework in which the applications fit. Without a solid basis in theory, no applications can be solved. The book is intended as a first introduction to stochastic models for senior undergraduate students in computer science, engineering, statistics and operations research, among others. Readers of this book are assumed to be familiar with the elementary theory of probability.

I am grateful to my academic colleagues Richard Boucherie, Avi Mandelbaum, Rein Nobel and Rien van Veldhuizen for their helpful comments, and to my students Gaya Branderhorst, Ton Dieker, Borus Jungbacker and Sanne Zwart for their detailed checking of substantial sections of the manuscript. Julian Rampelmann and Gloria Wirz-Wagenaar were helpful in transcribing my handwritten notes into a nice Latex manuscript.

Finally, users of the book can find supporting educational software for Markov chains and queues on my website <http://staff.feweb.vu.nl/tijms>.



## CHAPTER 1

# The Poisson Process and Related Processes

### 1.0 INTRODUCTION

The Poisson process is a counting process that counts the number of occurrences of some specific event through time. Examples include the arrivals of customers at a counter, the occurrences of earthquakes in a certain region, the occurrences of breakdowns in an electricity generator, etc. The Poisson process is a natural modelling tool in numerous applied probability problems. It not only models many real-world phenomena, but the process allows for tractable mathematical analysis as well.

The Poisson process is discussed in detail in Section 1.1. Basic properties are derived including the characteristic memoryless property. Illustrative examples are given to show the usefulness of the model. The compound Poisson process is dealt with in Section 1.2. In a Poisson arrival process customers arrive singly, while in a compound Poisson arrival process customers arrive in batches. Another generalization of the Poisson process is the non-stationary Poisson process that is discussed in Section 1.3. The Poisson process assumes that the intensity at which events occur is time-independent. This assumption is dropped in the non-stationary Poisson process. The final Section 1.4 discusses the Markov modulated arrival process in which the intensity at which Poisson arrivals occur is subject to a random environment.

### 1.1 THE POISSON PROCESS

There are several equivalent definitions of the Poisson process. Our starting point is a sequence  $X_1, X_2, \dots$  of positive, independent random variables with a common probability distribution. Think of  $X_n$  as the time elapsed between the  $(n - 1)$ th and  $n$ th occurrence of some specific event in a probabilistic situation. Let

$$S_0 = 0 \quad \text{and} \quad S_n = \sum_{k=1}^n X_k, \quad n = 1, 2, \dots$$