A queueing model with randomized depletion of inventory

_Citation for published version (APA):_

_Document status and date:_
Published: 01/01/2015

_Document Version:_
Publisher’s PDF, also known as Version of Record (includes final page, issue and volume numbers)

_Please check the document version of this publication:_
- A submitted manuscript is the version of the article upon submission and before peer-review. There can be important differences between the submitted version and the official published version of record. People interested in the research are advised to contact the author for the final version of the publication, or visit the DOI to the publisher’s website.
- The final author version and the galley proof are versions of the publication after peer review.
- The final published version features the final layout of the paper including the volume, issue and page numbers.

Link to publication

_General rights_
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.
- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal.

If the publication is distributed under the terms of Article 25fa of the Dutch Copyright Act, indicated by the “Taverne” license above, please follow below link for the End User Agreement:
www.tue.nl/taverne

_Take down policy_
If you believe that this document breaches copyright please contact us at:
openaccess@tue.nl
providing details and we will investigate your claim.
A queueing model with randomized depletion of inventory

H.-J. Albrecher, O. Boxma, R. Essifi, R. Kuijstermans
ISSN 1389-2355
A queueing model with randomized depletion of inventory

Hansjörg Albrecher∗ Onno Boxma† Rim Essifi † Richard Kuijstermans †

Abstract. In this paper we study an M/M/1 queue, where the server continues to work during idle periods and builds up inventory. This inventory is used for new arriving service requirements, but it is completely emptied at random epochs of a Poisson process, whose rate depends on the current level of the acquired inventory. For several shapes of depletion rates, we derive differential equations for the stationary density of the workload and the inventory level and solve them explicitly. Finally numerical illustrations are given for some particular examples, and the effects of this depletion mechanism are discussed.

Keywords: single server queue, inventory, workload

1 Introduction

In this paper we combine queueing and inventory theory. We consider a classical single server queue, but with the special feature that the server keeps working even when there are no customers. It then builds up inventory. This inventory is used for new arriving customers (who are now possibly served instantaneously), but the built up inventory is removed at random epochs of a Poisson process, whose rate depends on the current level of the acquired inventory. Our goal is to study the resulting two-sided stochastic model, obtaining both the steady-state workload level (when positive) and the steady-state inventory level (when positive) and their means. That will also yield other interesting performance measures like the probability that a service request is instantaneously satisfied (sojourn time zero). Our model is in particular of interest in situations where the service is homogeneous across customers (e.g., serving means producing some good).

This model obviously is closely related to classical queueing (M/M/1) and inventory models. A rich literature on queueing systems with inventory was developed in recent years, and with various approaches; but when it comes to computing the stationary distribution of inventory and/or

∗Department of Actuarial Science, Faculty of Business and Economics, University of Lausanne, UNIL-Dorigny, CH-1015 Lausanne, Switzerland and Swiss Finance Institute. Support from the Swiss National Science Foundation Project 200020_143889 is gratefully acknowledged.
†Department of Mathematics and Computer Science, Eindhoven University of Technology and EURANDOM, P.O. Box 513, 5600 MB Eindhoven, The Netherlands
workload states (which will interest us in this paper), the topic seems to be less investigated. We would like to mention the book of Sahin [17], and papers like [7, 12, 16, 18, 19], which are more oriented towards lost sale problems.

An important inventory model is the one with a basestock policy, in which a server produces products until the inventory has reached a certain basestock level, and in which requests for products arrive according to a Poisson process. If a request cannot be immediately satisfied, it joins a back-order queue. However, that model has a finite basestock level, and hence essentially differs from our model.

A production/inventory oriented paper that seems related to our study is [14] on sporadic clearing policies. That paper considers a production/inventory system that is continuously filled at fixed rate and satisfies demands at Poisson epochs. Under the sporadic clearing policy, clearing of all inventory takes place after a random time (which in [14] is independent of the content process). Explicit results are obtained for an expected discounted cost functional. See also [8], which considers the case of exponentially distributed demands, and derives the steady-state inventory level.

Our model is motivated by some recent work in insurance risk theory, where the event of the declaration of bankruptcy was also modeled by an epoch of such a non-homogeneous Poisson process with rate $\omega(x)$ whenever the surplus process of the insurance portfolio is negative (see e.g. [2] and [4]). There are many interesting methodological links between the field of insurance risk theory and queueing, cf. Asmussen & Albrecher [6] for an overview. In the present context it also turns out that, although the model setups in [2] and the present paper are not identical, the formulas for workload densities and inventory densities of the resulting queueing/inventory model are of a similar complexity as the respective formulas in the risk setting, and we will obtain explicit expressions for those shapes of $\omega(x)$ for which this was also possible in the insurance model in [2].

The rest of the paper is organized as follows. In Section 2 we will introduce the model in detail. Section 3 then works out the respective quantities related to workload and inventory for the case of exponential service requirements. In particular, we consider a constant, a linear and an exponential depletion rate. Finally, Section 4 gives concrete numerical examples and studies the behavior of the considered quantities as a function of the model parameters. Section 5 concludes.
2 Model description

Consider the following queueing model. Customers arrive according to a Poisson process with rate $\lambda$. Their service requirements are independent, identically distributed random variables $B_1, B_2, \ldots$ with distribution $B(\cdot)$ and LST (Laplace-Stieltjes Transform) $\beta(\cdot)$. $B$ will denote a generic service requirement. The server works continuously, at a fixed speed which is normalized to 1 – even if there are no service requirements. In the latter case, the server is building up inventory, which can be interpreted as negative workload. At random times, with an intensity $\omega(x) > 0$ when the inventory is at level $x > 0$, the present inventory is removed, instantaneously reducing the inventory to zero. Put differently, inventory is removed according to a Poisson process with a rate that depends on the amount of inventory present.

Denote the required work per time unit by $\rho := \lambda \mathbb{E} B$. We assume that $\rho < 1$. This ensures that the steady-state workload distribution exists. Let $V_+(x), x > 0$, denote this steady-state workload distribution, and $v_+(x)$ its density. During the times in which the inventory level is positive, there is an upward drift $1 - \rho$ of that inventory level; but when $\omega(x) > 0$ for $x$ sufficiently large, the inventory level will always eventually return to zero, and the steady-state inventory distribution will exist. Let $V_-(x), x > 0$, denote this steady-state inventory distribution, and $v_-(x)$ its density. Figure 1 displays the workload $V_t$ as a function of time $t$ (above the $t$-axis) and the corresponding
inventory level \( I_t \) (below the \( t \)-axis) in one figure. Figure 2 separately displays the inventory level. Notice that this is also the inventory level corresponding to the production/inventory system with sporadic clearing studied in [14]; but in that paper, clearing occurs according to a fixed rate, and the inventory level distribution is not derived. That distribution is derived in [8], where the case of exponentially distributed demands is considered. It should be noticed that their model is related to our model, in the sense that it is one-sided; in [8] only inventory is considered, there is no queue.

The classical level crossing technique (see, e.g., [11]) yields the following integral equations for the workload and inventory densities:

\[
v_+(x) = \lambda \int_0^x P(B > x - y)v_+(y)dy + \lambda \int_0^\infty P(B > x + y)v_-(y)dy, \quad x > 0, \tag{1}
\]

\[
v_-(x) = \lambda \int_x^\infty P(B > y - x)v_-(y)dy + \int_x^\infty \omega(y)v_-(y)dy, \quad x > 0. \tag{2}
\]

3 Exponential service requirements

In this paper we restrict ourselves to the case of exponential service requirements \( P(B > x) = e^{-\mu x} \).

Then (1) and (2) reduce to:

\[
v_+(x) = \lambda e^{-\mu x} \int_0^x e^{\mu y}v_+(y)dy + \lambda e^{-\mu x} \int_0^\infty e^{-\mu y}v_-(y)dy, \quad x > 0, \tag{3}
\]

\[
v_-(x) = \lambda e^{\mu x} \int_x^\infty e^{-\mu y}v_-(y)dy + \int_x^\infty \omega(y)v_-(y)dy, \quad x > 0. \tag{4}
\]

Let \( z_+(x) := e^{\mu x}v_+(x), \ x > 0, \) and \( z_-(x) := e^{-\mu x}v_-(x), \ x > 0, \) so that (3) and (4) become

\[
z_+(x) = \lambda \int_0^x z_+(y)dy + \lambda \int_0^\infty z_-(y)dy, \quad x > 0, \tag{5}
\]

\[
z_-(x) = \lambda \int_x^\infty z_-(y)dy + e^{-\mu x} \int_x^\infty \omega(y)e^{\mu y}z_-(y)dy, \quad x > 0. \tag{6}
\]

Differentiation of (5) readily leads to

\[
z_+(x) = C\lambda e^{\lambda x}, \quad x > 0, \tag{7}
\]
with \( C := \int_{0}^{\infty} z_{-}(y)dy \), so

\[
v_{+}(x) = C \lambda e^{-(\mu - \lambda)x}, \quad x > 0.
\]

(8)

In particular, one has

\[
\int_{0}^{+\infty} v_{+}(x)dx = C \frac{\rho}{1 - \rho}.
\]

(9)

It is not surprising that \( v_{+}(x) \) is, up to a constant, equal to the density of the \( M/M/1 \) queue. When the workload becomes positive, it does so via a jump from below the \( t \)-axis; and (the excess of) that jump is \( \text{Exp}(\mu) \) distributed. And as long as the workload remains positive, it behaves exactly like the workload in an \( M/M/1 \) queue. We later turn to the determination of the missing constant \( C = \int_{0}^{\infty} z_{-}(y)dy \). Differentiation of (6) yields:

\[
z'(x) = -\lambda z_{-}(x) - \omega(x) z_{-}(x) - \mu \left[ z_{-}(x) - \lambda \int_{x}^{\infty} z_{-}(y)dy \right],
\]

(10)

and hence

\[
z''(x) + (\lambda + \mu + \omega(x)) z'(x) + (\lambda \mu + \omega'(x)) z_{-}(x) = 0, \quad x > 0.
\]

(11)

Below we discuss several choices of the rate function \( \omega(\cdot) \) for which (11) can be solved explicitly.

3.1 Case 1: \( \omega(x) \equiv \omega, \ x > 0 \)

When \( \omega(x) \equiv \omega \), (11) reduces to:

\[
z''(x) + (\lambda + \mu + \omega) z'(x) + \lambda \mu z_{-}(x) = 0, \quad x > 0.
\]

(12)

Hence

\[
z_{-}(x) = C_{1} e^{r_{1} x} + C_{2} e^{r_{2} x}, \quad x > 0,
\]

with

\[
r_{1,2} = \frac{1}{2} \left( -\left( \lambda + \mu + \omega \right) \mp \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda \mu} \right),
\]

and finally

\[
v_{-}(x) = C_{1} e^{s_{1} x} + C_{2} e^{s_{2} x}, \quad x > 0,
\]

(13)

with

\[
s_{1,2} = r_{1,2} + \mu = \frac{1}{2} \left( -\left( \lambda - \mu + \omega \right) \mp \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda \mu} \right).
\]

(14)
The constants $C$ (cf. (8)), $C_1$ and $C_2$ can be determined as follows. First observe that $s_2 > 0$, so that $C_2$ must be zero. Next observe that $C = \int_0^\infty z_-(y)dy = \frac{C_1}{r_1} = \frac{C_1}{\mu - s_1}$. Finally, use that

$$\int_0^\infty v_+(x)dx + \int_0^\infty v_-(x)dx = 1. \quad (15)$$

We thus find that

$$C_1 = \frac{(\mu - \lambda)(\mu - s_1)s_1}{\mu(s_1 - \mu + \lambda)}, \quad (16)$$

and

$$C = \frac{(\mu - \lambda)s_1}{\mu(s_1 - \mu + \lambda)}. \quad (17)$$

Finally, the solution reads

$$v_-(x) = \frac{(\mu - \lambda)(\lambda - \mu + \omega + \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu})(\lambda + \mu + \omega + \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu})}{2\mu(\lambda + \mu + \omega + \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu})} e^{\frac{1}{2}\left(-\lambda + \mu - \omega - \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu}x\right)}, \quad x > 0; \quad (18)$$

$$v_+(x) = \frac{(\mu - \lambda)(\lambda - \mu + \omega + \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu})}{\mu(-\lambda + \mu + \omega + \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu})} \lambda e^{(\lambda - \mu)x}, \quad x > 0. \quad (19)$$

The mean inventory level is in this case

$$E[I] = \int_0^\infty xv_-(x)dx = \frac{2(\mu - \lambda)}{\mu\left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} - \lambda + \mu + \omega\right)} \left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} + \lambda + \mu + \omega\right). \quad (20)$$

The mean workload level is calculated as

$$E[X] = \int_0^\infty xv_+(x)dx = \frac{\lambda\left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} + \lambda - \mu + \omega\right)}{\mu(\mu - \lambda)\left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} - \lambda + \mu + \omega\right)}, \quad (21)$$

and the probability of finding no inventory in stationarity is

$$\int_0^\infty v_+(x)dx = \frac{\lambda\left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} + \lambda - \mu + \omega\right)}{\mu\left(\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda\mu} - \lambda + \mu + \omega\right)}. \quad (22)$$
Conversely, the probability for an arriving customer to be served immediately is given by

$$\int_{0}^{\infty} v_- (x) dx = 1 - \frac{\lambda \left( \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda \mu + \lambda - \mu + \omega} \right)}{\mu \left( \sqrt{(\lambda + \mu + \omega)^2 - 4\lambda \mu - \lambda + \mu + \omega} \right)}.$$

Note that for $\omega \to \infty$ (immediate depletion of the inventory, i.e. no inventory) we retrieve the classical result that the probability to arrive in an idle period is $1 - \lambda / \mu$. On the other hand, for $\omega = 0$ we obtain $\int_{0}^{\infty} v_- (x) dx = 1$, as one should expect because the drift in the workload process is downward. The probability that due to the inventory an arriving customer can leave the system immediately again (i.e. his service requirement was available in the inventory, sojourn time 0) is

$$\int_{0}^{\infty} v_- (x) \mathbb{P}(B < x) dx = \int_{0}^{\infty} v_- (x) (1 - e^{-\mu x}) dx = \frac{2(\mu - \lambda)}{\sqrt{(\lambda + \mu + \omega)^2 - 4\lambda \mu - \lambda + \mu + \omega}}.$$

(23)

### 3.2 Case 2: $\omega (x) = ax$, $x > 0$, $a > 0$

Differentiating Equation (4), when $\omega (x) = ax$, one gets the following equation for $v_-:

$$v_-'' (x) + (\lambda + ax)v_- (x) - \mu e^{ax} \int_{x}^{+\infty} e^{-\mu x} v_- (x) dx = 0,$$

(24)

in particular, plugging $x = 0$ in Relation (24), we obtain

$$C = \frac{\lambda v_- (0) + v_-'(0)}{\lambda \mu}.$$

(25)

Now, differentiating the expression in Equation (24), the function $v_-$ satisfies the following second order differential equation

$$v_-'' (x) + (\lambda - \mu + ax)v_-'(x) + a(1 - \mu x)v_- (x) = 0.$$

(26)

Introduce the function $\theta (x) = v_- (x) e^{ax^2 + \lambda x}$. The function $v_-$ is a solution of Equation (26) if and only if the function $\theta$ is a solution of the following second order differential equation:

$$\theta'' (x) - (\lambda + \mu + ax)\theta'(x) + \lambda \mu \theta (x) = 0.$$

(27)
One can check that $\theta$ is a solution of Equation (27) if and only if $\theta(x) = \mathcal{J}\left(\tilde{a}, \tilde{b}, \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2\right)$, where $\tilde{a} = -\frac{\mu}{2a}$ and $\tilde{b} = \frac{1}{2}$ and $\mathcal{J}(\tilde{a}, \tilde{b}, \cdot)$ is a solution of the degenerate hypergeometric equation:

$$\xi y''(\xi) + (\tilde{b} - \xi)y'(\xi) - \tilde{a}y(\xi) = 0.$$  (28)

According to [13] (page 322) and [15] (page 143), Equation (28) has two standard solutions denoted by $\xi \mapsto M(\tilde{a}, \tilde{b}, \xi)$ and $\xi \mapsto U(\tilde{a}, \tilde{b}, \xi)$, the so called Kummer functions. Provided that $\tilde{b} \notin \{-1, -2, \cdots\}$, the function $\xi \mapsto M(\tilde{a}, \tilde{b}, \xi)$ is given by

$$M(\tilde{a}, \tilde{b}, \xi) = \sum_{s=0}^{+\infty} \frac{(\tilde{a})_s}{(\tilde{b})_s s!} \xi^s$$

for all $\xi \in \mathbb{C}$; where $(c)_s = c(c+1) \cdots (c+s-1)$. The function $\xi \mapsto U(\tilde{a}, \tilde{b}, \xi)$ is uniquely determined by the property $U(\tilde{a}, \tilde{b}, \xi) \sim \xi^{-a}$ when $\xi$ goes to $+\infty$. In our case ($\tilde{b} = \frac{1}{2}$), one has

$$U(\tilde{a}, \tilde{b}, \xi) = \frac{\Gamma\left(\frac{1}{2}\right)}{\gamma\left(\frac{1}{2}, -\frac{\lambda \mu}{2a}\right)} M\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \xi\right) + \Gamma\left(-\frac{1}{2}\right) \xi^{\frac{3}{2}} M\left(-\frac{\lambda \mu}{2a} + \frac{1}{2}, \frac{3}{2}, \xi\right).$$  (29)

The general solution of Equation (28) is given by:

$$y(\xi) = C_3 M(\tilde{a}, \tilde{b}, \xi) + C_4 \xi^{1-\tilde{b}} M(\tilde{a} - \tilde{b} + 1, 2 - \tilde{b}, \xi), \quad \text{where} \quad C_3, C_4 \in \mathbb{R}. \quad (30)$$

Thanks to Relation (29), the general solution of Equation (28) can also be expressed in the following way:

$$y(\xi) = K_1 M(\tilde{a}, \tilde{b}, \xi) + K_2 U(\tilde{a}, \tilde{b}, \xi), \quad \text{where} \quad K_1, K_2 \in \mathbb{R}. \quad (31)$$

Then, in our case, one gets:

$$\mathcal{J}\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \xi\right) = K_1 M\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \xi\right) + K_2 U\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \xi\right), \quad \text{where} \quad K_1, K_2 \in \mathbb{R}. \quad (32)$$

Remembering that for all $x \geq 0$, one has $v_-(x) = e^{-\frac{1}{2}x^2-\lambda x} \mathcal{J}\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2\right)$, one obtains for all $x \geq 0$,

$$v_-(x) = e^{-\frac{1}{2}x^2-\lambda x} \left[ K_1 M\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2\right) + K_2 U\left(-\frac{\lambda \mu}{2a}, \frac{1}{2}, \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2\right) \right]. \quad (33)$$
where $K_1, K_2 \in \mathbb{R}$. Now the plan is to determine the constants $K_1$ and $K_2$. To do so, we will use the well known asymptotic behavior of the functions $\xi \mapsto M(\tilde{a}, \tilde{b}, \xi)$ and $\xi \mapsto U(\tilde{a}, \tilde{b}, \xi)$. We will distinguish two cases.

Case 1: $\tilde{a} = -\frac{\lambda \mu}{2a} \notin \mathbb{Z}$, i.e. $\frac{\lambda \mu}{2a} \notin \mathbb{N}$. Denote by $\nu := \frac{\lambda \mu}{a}$. In this case, according to [13] (page 323), one knows that $M(\tilde{a}, \tilde{b}, \xi) \sim e^{\xi\tilde{a} - \tilde{b}}$, when $\xi$ goes to $+\infty$, and so,

$$M(-\frac{\lambda \mu}{2a}, 1/2, \frac{a}{2}(x + \frac{\lambda + \mu}{a})) \sim \frac{\frac{a}{2} - 1}{\Gamma(-\frac{\lambda \mu}{2a})} e^{\frac{a}{2}(x + \frac{\lambda + \mu}{a})^2} (x + \frac{\lambda + \mu}{a} - \frac{\lambda \mu}{a} - 1), \text{ when } x \to +\infty. \quad (34)$$

Now, according to [13] (page 322), one knows that

$$U(\tilde{a}, \tilde{b}, \xi) \sim \xi - \tilde{a} \text{ when } \xi \to +\infty, \quad (35)$$

and then

$$U(-\frac{\lambda \mu}{2a}, 1/2, \frac{a}{2}(x + \frac{\lambda + \mu}{a})) \sim \frac{\lambda \mu}{a} \frac{\frac{a}{2}(x + \frac{\lambda + \mu}{a})^2}{}, \text{ when } x \to +\infty. \quad (36)$$

Since the function $v_-$ is integrable, Equation (33) and Relations (34), (36) imply that the constant $K_1$ should be necessarily equal to zero and then, one has

$$v_-(x) = K_2 e^{-\frac{\nu}{2} x^2 - \lambda x} U\left(-\frac{\nu}{2}, 1/2, \frac{\lambda + \mu}{2a}\right), \quad \forall \, x \geq 0. \quad (37)$$

Now coming back to Equation (25), one obtains

$$C = \frac{K_2(-\frac{\nu}{2}, 1/2, \frac{\lambda + \mu}{2a})}{\lambda \mu}. \quad (38)$$

On the other hand, using the relation $\int_0^{+\infty} v_+(x)dx + \int_0^{+\infty} v_-(x)dx = 1$, and Equations (9), (33), one gets:

$$C \frac{\rho}{1 - \rho} + K_2 \int_0^{+\infty} e^{-\frac{\nu}{2} x^2 - \lambda x} U\left(-\frac{\nu}{2}, 1/2, \frac{\lambda + \mu}{2a}\right)dx = 1. \quad (39)$$

Finally, Relations (38) and (39) allow us to determine the constants $K_2$ and $C$.

In particular, if $\nu$ is odd, i.e. $\nu = 2n + 1$, where $n \in \mathbb{N}$, then from [13] (Page 325), one knows that

$$U(\tilde{a}, \tilde{b}, z) = z^{1-\frac{3}{2}} U(\tilde{a} - \tilde{b} + 1, 2 - \tilde{b}, z), \quad z \in \mathbb{C}. \quad (40)$$
For \( x \geq 0 \), set \( z^2 = \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2 \), relation (40) implies

\[
U\left(-\frac{\nu}{2} + \frac{1}{2}, \frac{3}{2}, z^2\right) = zU\left(-\frac{\nu}{2} + \frac{1}{2}, \frac{1}{2}, z^2\right).
\]  

(41)

For \( m \in \mathbb{Z} \), let \( H_m(\cdot) \) be the Hermite polynomial of order \( m \) (see [1], Page 775) given by the formula

\[
H_m(x) = (-1)^m e^{\frac{x^2}{2}} (\frac{d}{dx})^m [e^{-\frac{x^2}{2}}].
\]

According to [13] (Page 328) (notice that we are using in this paper the notation \( H_m \), which in [13] is denoted by \( H_m \)), for \( z \in \mathbb{C} \), one has

\[
U\left(-\frac{\nu}{2} + \frac{1}{2}, \frac{3}{2}, z^2\right) = 2^{-\frac{\nu}{2}} z^{-1} H_\nu(\sqrt{2}z).
\]  

(42)

Combining relations (37), (41), and (42), one gets

\[
v_-(x) = 2^{-\frac{\nu}{2}} K_2 e^{-\frac{\nu}{2}x^2 - \lambda x} H_\nu\left(\sqrt{ax} + \frac{\lambda + \mu}{\sqrt{a}}\right), \quad \forall \ x \geq 0.
\]  

(43)

Case 2: \( \frac{\lambda \mu}{2a} = n \in \mathbb{N} \). In this case, thanks to Equation (30), one has, for all \( x \geq 0 \),

\[
v_-(x) = e^{-\frac{\nu}{2}x^2 - \lambda x} \left[ K_1 M\left(-n, \frac{1}{2}, \frac{3}{2}, z\right) + K_2 \sqrt{a}\left(\frac{\lambda + \mu}{\sqrt{a}}\right) M\left(-n + \frac{1}{2}, \frac{3}{2}, \frac{a}{2}(x + \frac{\lambda + \mu}{a})^2\right)\right],
\]  

(44)

where \( K_1, K_2 \in \mathbb{R} \). According to [13] (Page 328), for \( z \in \mathbb{C} \), one has

\[
M\left(-n, \frac{1}{2}, \frac{3}{2}, z\right) = (-1)^n \frac{n!}{(2n)!} 2^n H_{2n}(\sqrt{2z}) = (-1)^n \frac{n!}{\nu!} 2^n H_\nu(\sqrt{2z}),
\]

(45)

and,

\[
z^{\frac{1}{2}} M\left(-n + \frac{1}{2}, \frac{3}{2}, z\right) \sim \frac{z^{-n-1}e^z}{\Gamma(-n + \frac{1}{2})} \quad \text{when } z \to +\infty.
\]  

(46)

Therefore, the integrability condition satisfied by the function \( v_- \) implies that the constant \( K_2 \) must be zero in this case, and one obtains

\[
v_-(x) = (-1)^n \frac{n!}{\nu!} 2^n K_1 e^{-\frac{\nu}{2}x^2 - \lambda x} H_\nu\left(\sqrt{ax} + \frac{\lambda + \mu}{\sqrt{a}}\right), \quad x \geq 0.
\]  

(47)

Following the same line of reasoning as previously, one can find two linear equations involving the unknowns \( C \) and \( K_1 \) and then determine them.
3.3 Case 3: $\omega(x) = e^{bx}$, $x > 0$, $b > 0$

If $\omega(x) = e^{bx}$, (11) reduces to

$$z''(x) + (\lambda + \mu + e^{bx})z'(x) + (\lambda \mu + be^{bx})z(x) = 0, \ x > 0. \quad (48)$$

Below we show how, via a substitution, one can arrive at exactly the same Kummer differential equation (28) as we found for the case $\omega(x) = ax$ (there we had to use other substitutions).

Substituting $z(x) = e^{-\frac{bx}{\mu}}g(x)$, we get

$$g''(x) + (\lambda + \mu - e^{bx})g'(x) + (\lambda \mu - (\lambda + \mu)e^{bx})g(x) = 0, \ x > 0. \quad (49)$$

Now introduce $u(x) := e^{bx}/b$ and substitute $g(x) = e^{-\mu x}y(u(x)) = (b u(x))^{-\mu} y(u(x))$ in (49). This leads to the Kummer differential equation

$$uy''(u) + \left(\frac{\lambda - \mu}{b} + 1 - u\right)y'(u) - \frac{\lambda}{b}y(u) = 0, \ u > 0, \quad (50)$$

with solution (cf. [1, Ch.13])

$$y(u) = C_5 U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, u\right) + C_6 F_{1,1}\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, u\right), \quad (51)$$

where this time we use the notation $F_{1,1}(,\ldots,)$ for the hypergeometric function, instead of $M(,\ldots,)$

to be consistent with [2]. Hence

$$g(x) = e^{-\mu x}\left(C_5 U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right) + C_6 F_{1,1}\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right)\right), \quad (52)$$

and subsequently

$$z_-(x) = e^{-\frac{bx}{\mu}}e^{-\mu x}\left(C_5 U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right) + C_6 F_{1,1}\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right)\right), \quad (53)$$

$$v_-(x) = e^{\frac{bx}{\mu}}\left(C_5 U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right) + C_6 F_{1,1}\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right)\right), \quad (54)$$
with $C_5, C_6 \in \mathbb{R}$. In addition, (8) still holds. The constants $C, C_5$ and $C_6$ follow from the conditions (15),
\[
C = \frac{z'(0) + (\lambda + \mu + 1)z_-(0)}{\lambda \mu}
\] (55)

and $\lim_{x \to \infty} v_-(x) = 0$. We have, from (34),
\[
\lim_{x \to \infty} e^{-\frac{b}{b}} U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right) = \lim_{x \to \infty} e^{-\frac{b}{b}} \left(1 \frac{1}{b}\right)^{-\frac{1}{\lambda}} e^{-\lambda x} = 0.
\]

Furthermore, from (35),
\[
\lim_{x \to \infty} e^{-\frac{b}{b}} F_{1,1}\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right) = \lim_{x \to \infty} \frac{\Gamma(1 + \frac{\lambda - \mu}{b})}{\Gamma\left(\frac{\lambda}{b}\right)} \left(\frac{1}{b}\right)^{\frac{1}{\lambda}} e^{(\mu - b)x} = \begin{cases} +\infty, & \text{if } \mu > b, \\ 1, & \text{if } \mu = b, \\ 0, & \text{if } \mu < b. \end{cases}
\]

Consequently, if $\mu \geq b$, then $C_6 = 0$ (in contrast to the risk model in [2], we cannot a priori exclude the case $\mu < b$ here, but we nevertheless assume $\mu \geq b$ for convenience of the present context).

Then the overall solution reads:
\[
\begin{cases}
v_-(x) = e^{-\frac{b}{b}} C_5 U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{bx}}{b}\right); \\
v_+(x) = C e^{(\lambda - \mu)x},
\end{cases}
\]

with the constants $C$ and $C_5$ still to be determined. From (55)
\[
C = C_5 \frac{e^{-\frac{1}{\mu}} \left(b U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{1}{b}\right) - U\left(1 + \frac{\lambda}{b}, 2 + \frac{\lambda - \mu}{b}, \frac{1}{b}\right)\right)}{\mu b}
\] (56)

From (15) we then obtain
\[
C_5 = \left(\int_0^\infty e^{-\frac{b}{b}} U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{e^{by}}{b}\right) dy \right.
\]
\[
e^{-\frac{1}{\mu}} \left(1 \frac{1}{b}\right)^{-\frac{1}{\lambda}} \left(\frac{1}{b}\right)^{-1} \left(\frac{1}{b}\right)^{-\frac{1}{\mu - \lambda}} + \frac{\lambda}{\mu - \lambda}
\]

and finally, for $x > 0$,
\[ v_+(x) = \left( \frac{\frac{\mu b e^x}{\lambda} \int_0^\infty e^{-\frac{by}{b}} U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{by}{\lambda}\right) \, dy}{b U\left(\frac{\lambda}{b}, 1 + \frac{\lambda - \mu}{b}, \frac{1}{\lambda b}\right) - U\left(1 + \frac{\lambda}{b}, 2 + \frac{\lambda - \mu}{b}, \frac{1}{b}\right)} + \frac{1}{\mu - \lambda}\right)^{-1} e^{(\lambda - \mu)x}. \]

4 Numerical results

In this subsection we give some numerical illustrations for the case \( \omega(x) \equiv \omega \).

4.1 Mean inventory level

The mean inventory level \( E[I] = \int_0^\infty x v_-(x) \, dx \) (cf. (20)) is given in Figure 3 as a function of the Poisson rate \( \lambda \) (keeping the other parameters fixed). Figure 4 depicts \( E[I] \) as a function of the exponential rate \( \mu \) of the service requirements and Figure 5 as a function of depletion rate \( \omega \).

In Figure 3 we see that if \( \lambda \) increases and approaches \( \mu \), the mean inventory level decreases (in fact, almost linearly). If \( \rho = \frac{\lambda}{\mu} \) approaches one, it is hardly possible to build up an inventory. In
Figure 5: Mean inventory level, with $\lambda = 2$ and $\mu = 4$

Figure 4, we see that if $\mu$ increases, the mean inventory level also increases. This is obvious, as the service requirements become smaller. In Figure 5, we see that if $\omega$ increases, the mean inventory level decreases. If $\omega$ increases and $\rho$ stays the same, the process jumps back to 0 more often, and as a consequence the inventory level decreases.

### 4.2 Mean workload

Next, consider the mean workload $\int_0^\infty x\nu_+(x) \, dx$ (cf. (21)). Figures 6 and 7 depict the mean workload as a function of $\lambda$ and $\mu$, respectively. In both cases the dashed line corresponds to the case $\omega = \infty$ (i.e. no inventory), so that one can see the improvement on the mean workload through this inventory procedure. Since the inventory procedure may be costly, it is of interest to compare the expected workload improvement (i.e. the difference of the two lines in Figure 6) to the corresponding expected inventory level (as depicted in Figure 3). Figure 9 depicts this difference as a function of $\lambda$, illustrating that there is a critical level of $\lambda$, above which applying the random depletion of inventory strategy is, in expectation, an advantage over no inventory.

### 4.3 Probability of having no inventory

Figures 10–12 depict the probability of finding no inventory in the stationary state as a function of $\lambda$, $\mu$ and $\omega$, respectively, where the resulting shapes are quite intuitive.

### 5 Conclusion

In this paper we considered a queueing model with inventory, where the inventory is depleted at random times according to a Poisson process with surplus-dependent intensity. For a number of
intensity shapes this leads to explicit formulas, and for constant depletion rate the expressions become particularly simple.

There are a number of directions for possible future research. Such a random depletion mechanism with its simple formulas may serve as an approximation of depletion mechanisms at deterministic time points. In fact, if the depletion mechanism according to a homogeneous Poisson process is extended to a renewal process with Erlang-distributed inter-occurrence times, an analysis in the spirit of [3] may still be possible in the present setup. We leave this extension for future research. For surplus-dependent Poisson rates, we have seen that the expressions, although explicit, quickly become quite involved. One alternative may be to consider piecewise constant upper and lower bounds for $\omega(x)$ and determine upper and lower bounds for the quantities under consideration through smooth-pasting of tractable expressions at the respective layer boundaries (see [2] for such a mechanism in the risk theory context).
It may be also worthwhile to explore the following idea. Application of the transformation

$$\theta(x) = e^{\lambda x + \int_0^x \omega(y) \, dy} v_-(x)$$

(57)

to (4) gives

$$\theta''(x) - (\lambda + \mu + \omega(x))\theta'(x) + \lambda\mu\theta(x) = 0.$$  

(58)

Notice that this transformation was applied below Equation (26) for the case \(\omega(x) = ax\), and is closely related to the transformation applied below Equation (48) for the case \(\omega(x) = e^{bx}\). It could be very interesting to solve Equation (58) for other \(\omega(x)\), or to find a function transformation that even provides a solution to (58) for general \(\omega(\cdot)\).

Another direction for future research is optimization. One might like to choose \(\omega(x)\) in such a way that the profit (for example, income from serving customers and from selling inventory at depletion epochs, minus waiting costs and holding costs) is maximized. One might also try to optimally choose the server speed during the periods in which there is no customer; an analysis of
Figure 10: Probability of no inventory, with $\mu = 4$ and $\omega = 3$

Figure 11: Probability of no inventory, with $\lambda = 2$ and $\omega = 3$

the model with different server speeds during periods with and without customers does not pose any problem.

An important extension is to allow generally distributed service times. The analysis then becomes considerably more involved, but for $\omega(x) \equiv \omega$ an approach via Wiener-Hopf factorization appears possible, see e.g. [9].

Acknowledgments.

The research of Hansjörg Albrecher was supported by the Swiss National Science Foundation Project 200020_143889. The research of Onno Boxma was supported by the NETWORKS project, which is being funded by the Dutch government. The research of Rim Essifi was supported by the ERC CritiQueue program.
Figure 12: Probability of no inventory, with $\lambda = 2$ and $\mu = 4$

References


