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***Auction-based Bandwidth Allocation Mechanisms  
for Wireless Future Internet***

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## Auction-based Bandwidth Allocation Mechanisms for Wireless Future Internet

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**Abstract:** An important aspect of the Future Internet is the efficient utilization of (wireless) network resources. In order for the - demanding in terms of QoS - Future Internet services to be provided, the current trend is evolving towards an “integrated” wireless network access model that enables users to enjoy mobility, seamless access and high quality of service in an all-IP network on an “Anytime, Anywhere” basis. The term “integrated” is used to denote that the Future Internet wireless “last mile” is expected to comprise multiple heterogeneous geographically coexisting wireless networks, each having different capacity and coverage radius. The efficient management of the wireless access network resources is crucial due to their scarcity that renders wireless access a potential bottleneck for the provision of high quality services. In this paper we propose an auction mechanism for allocating the bandwidth of such a network so that efficiency is attained, i.e. social welfare is maximized. In particular, we propose an incentive-compatible, efficient auction-based mechanism of low computational complexity. We define a repeated game to address user utilities and incentives issues. Subsequently, we extend this mechanism so that it can also accommodate multicast sessions. We also analyze the computational complexity and message overhead of the proposed mechanism. We then show how user bids can be replaced from weights generated by the network and transform the auction to a cooperative mechanism capable of prioritizing certain classes of services and emulating DiffServ and time-of-day pricing schemes. The theoretical analysis is complemented by simulations that assess the proposed mechanisms properties and performance. We finally provide some concluding remarks and directions for future research.

**Key-words:** Heterogeneous wireless networks, bandwidth allocation, auction theory

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## Mécanismes d'allocation de bande passante basés sur les enchères pour les réseaux sans fil du futur

**Résumé :** Un aspect clé de l'Internet du futur sera la gestion efficace des ressources et spécifiquement des ressources sans fil. Nous évoluons actuellement vers des réseaux d'accès sans fil intégrés qui doivent permettre la mobilité des utilisateurs, un accès transparent et une certaine qualité de service. Le terme "intégré" signifie que les derniers sauts sans fil de l'Internet du futur comprendront plusieurs réseaux sans fil ayant des capacités et des zones de couverture hétérogènes. La gestion efficace des ressources de ces réseaux d'accès sans fil est cruciale étant donnée la limitation des ressources radios. Dans cet article, nous proposons un mécanisme basé sur la notion d'enchères pour allouer de la bande passante dans de tels réseaux. Avec ce mécanisme, l'efficacité est atteinte, i.e. le bien-être social est maximisé. Nous définissons une suite de tels jeux afin de prendre en compte les problèmes d'utilité des utilisateurs et d'incitation. Enfin, nous étendons ce mécanisme aux sessions multicast. Nous analysons aussi la complexité en calcul et les surcoût en terme de messages des mécanismes proposés. Enfin, nous montrons comment transformer l'enchère en un mécanisme coopératif capable de prioriser certaines classes de services en remplaçant les paris des utilisateurs par des poids générés par le réseau. Pour finir, des simulations de ces mécanismes sont proposées.

**Mots-clés :** réseaux sans fil hétérogènes, allocation de bande passante, enchères

## 1 Introduction

An important aspect of the Future Internet is the efficient utilization of (wireless) network resources. In order for the - demanding in terms of QoS - Future Internet services to be provided, the current trend is evolving towards an “integrated” wireless network access model that enables users to enjoy mobility, seamless access and high quality of service in an all-IP network on an “Anytime, Anywhere” basis. The term “integrated” is used to denote that the Future Internet wireless “last mile” is expected to comprise multiple heterogeneous geographically coexisting wireless networks, each having different capacity and coverage radius [1]. This integrated wireless network access approach has been also motivated by the 3G cellular mobile networks and their potential enhancement with WLAN radio access, and also WiMax, which can utilize the analogue TV bands (700 MHz) that will be made available with the upcoming roll out of digital TV. Thus, integrated wireless network access can comprise the means of providing wireless Future Internet services to possibly mobile users.

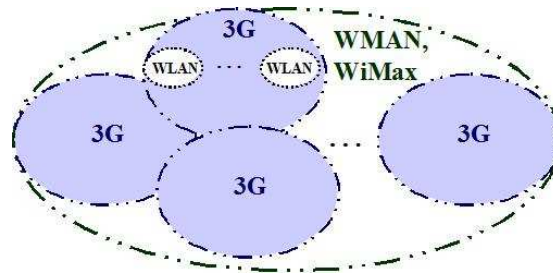


Figure 1: Co-existing wireless access networks.

In this paper we propose, analyze and assess an auction-based mechanism for allocating the downlink bandwidth of such a Wireless Future Internet network whose access architecture is hierarchical in terms of radius and thus geographical coverage. In particular, we consider a single network provider who owns and thus controls such a wireless access infrastructure, as the one depicted in Fig. 1; we address the problem of deciding on which user flows to admit and how the downlink bandwidth of the “integrated” access network should be allocated to the competing user services so that *efficiency* is attained, i.e. *social welfare* is maximized. Social welfare is defined as the sum of all users utilities and is a widely used and commonly accepted maximization goal which depicts - as its name indicates - the society’s attained welfare from the adoption of a certain scheme.

We propose an auction mechanism, applicable in Wireless Future Internet hierarchical networks, comprising of multiple tiers of wide, middle and local area access networks owned by one operator. Due to the hierarchical structure of the network, depicted as Fig. 1, each user can be served by means of either a higher tier network of that area, or by some lower tier network (e.g. a WLAN). The standard assumption that user terminals are capable of accessing multiple network interfaces is made. Our model is motivated by the 4G integrated access model and the fact that wireless operators invest in WLANs as a cheaper means of providing high speed download services compared to other technologies such

as HSDPA [2]. Finally, terminals capable of connecting to multiple network interfaces are available in the market [3].

We then extend the proposed mechanism so as to support *multicast*. Multicast is a very promising technology that enables the efficient transmission of only one copy of data to a group of receivers. This is very useful for the wireless networks where due to the exponentially increasing demand for high-speed Future Internet data services and the scarcity of the wireless spectrum, it is imperative to utilize the network efficiently.

The remainder of this paper is organized as follows: Section 2 contains an overview of related work. In Section 3 we present the proposed auction mechanism and its properties. We extend our mechanism in Section 4 so as to support multicast. Section 5 studies utility definition and user incentives issues in a repeated game comprising of consecutive auctions. In Section 6 we transform the auction mechanism to a cooperative mechanism capable of prioritizing services and emulating DiffServ and time-of-day pricing schemes. Section 7 assesses our mechanism's computational complexity. Section 8 complements the analysis of the proposed mechanism by means of simulations. Finally, Section 9 provides some concluding remarks and interesting directions for future research.

## 2 Related Work

A plethora of architectures, protocols, resource management and handoff schemes for 4G and Wireless Future Internet have been proposed in the literature (see [1], [4], [5], [6], [7], [8] and references therein). Those proposals generally lack economic merit, since they do not prioritize users in terms of their utility for the service, as opposed to our approach. In fact, most of them are complements to our scheme, since they provide the technological solutions by means of which our scheme can be applied. Thus, we henceforth restrict attention to similar economic-aware schemes.

Hierarchical bandwidth allocation has been studied in [9], where in the top tier a unique seller allocates bandwidth to intermediate providers (e.g. Internet Service Providers), who in turn resale their assigned shares of bandwidth to their own end customers in the lowest tier. This model involves resale among the 3 tiers pertaining to different actors, as opposed to our case where a single actor owns *multiple* tiers and aims to efficiently allocate their bandwidth.

A utility-based load balancing scheme in WLAN/UMTS networks is proposed in [10]. For each network, a utility reflecting the current load is computed. The values of the network utilities, i.e. loads, are communicated to the clients who can switch to the less loaded network. Thus, this scheme cannot prioritize users in terms of their utilities.

Closest related to our work is the scheme of [11], where *fixed rate pipes* over *two* alternative paths are auctioned among synchronized users having different utilities for the two paths and thus submitting different bids. The latter contradicts the seamless access concept, as opposed to our work. Also, the scheme of [11] cannot be generalized for multiple services, rates and networks, as opposed to our scheme. Finally, the computational complexity of the mechanism of [11] exceeds that of our scheme, mostly due to the fact that different utility values per user are assigned to each path.

### 3 The Proposed Auction

Users compete for downlink data services, such as FTP, video and audio streaming over a Future Wireless Internet access network depicted as Fig. 1. Each service flow is shaped by the network operator in a similar way with the 3G networks, i.e. by means of token buckets [12]. The use of token buckets allows an accurate description - and shaping/policing - of the load injected by the various flows over the network and thus a precise estimate of the multiplexing capabilities of the network under various loads. Therefore, in our model different services  $s_i, s_j \in \mathcal{S}$  may differ only in terms of their respective mean rates  $m_i \neq m_j$ .

We propose a sealed-bid auction, run periodically for allocating bandwidth over a given period of time, i.e. users are synchronized. Dynamic user arrivals and departures may occur at the various auctions; this is discussed in Section 5.

Each user  $i \in \mathcal{I}$  has a certain utility  $u_i$  and declares a willingness to pay  $w_i$  for a service of rate  $m_i$ , by submitting  $w_i$  as part of his service request. Let  $p_i$  denote the per unit of bandwidth willingness to pay of user  $i$ , i.e.  $p_i = w_i/m_i$ .

For an  $L$ -tier network architecture, let  $C_k^{(l)}$  denote the capacity of the  $l$ -tier access network  $k$ , with  $l = 1, \dots, L$ ; i.e.  $l = 1$  corresponds to the network technology having the greatest geographical coverage.  $k$  is the index of the  $l$ -tier network accessible by the user, e.g. the index/ESSID of a WLAN inside the coverage of which the user is located.

Users are both unaware of and unable to control the internal routing of their traffic. However, since assigning a possibly mobile user to a network interface of low geographical coverage is expected to result to higher number of handoffs for that user over time, our scheme attempts to assign high value users to the network interface with the highest radius. Thus, the declaration of a high willingness to pay from a user also implicitly results in a lower expected number of handoffs. This comprises an additional attractive feature of the proposed mechanism.

Upon a service request is received, the operator<sup>1</sup> creates the bids  $b_i^{(l)} = (p_i, m_i) \forall i \in \mathcal{I}, l = 1, \dots, L$  and updates the respective active bids sets  $\mathcal{B}_k^{(l)}$  for all networks  $k$  accessible by the user, one per tier. The basic idea is that winner determination is performed starting from the highest coverage network, where competition is most fierce. The users bids are sorted by  $p_i$  and given the capacity constraint, the highest of them are declared as winning. The auction winners are propagated to the lower tier network auctions, from which their bids are deleted. Winner determination is then performed for the next tier, until the lowest tier is reached; this is done simultaneously, in a distributed fashion for same-tier networks. A sample auction execution for a two-tier network comprising of a 3G network and three WLANs is provided as Fig. 2; in order to keep the presentation of the auction simple, there is no top-tier WiMax or LTE interface in this simplified example.

The proposed auction is defined as follows:

<sup>1</sup>The terms network and operator are used interchangeably in the remainder of the paper to refer to the owner of the network, who is also the auctioneer.

**Step 0**

Set  $l = 1$ . Sort( $\mathcal{B}_k^{(l)}$ )  $\forall k, l$  // sort bids per  $p_i$ .

**Step 1**

Determine winning bids  $\mathcal{W}_k^{(l)}$  of the  $l$ -tier network  $k$  to be the *largest* set of the *highest* bids of  $\mathcal{B}_k^{(l)}$  that do not violate the capacity constraint  $C_k^{(l)}$ .

**Step 2**

For every user  $i$  having bid  $b_i \in \mathcal{W}_k^{(l)}$  delete user  $i$ 's bids from  $\mathcal{B}_k^{(j)}$ ,  $\forall j > l$ . Set  $l = l + 1$ .

**Step 3**

If ( $l < L$ ) goto *Step 1*.

**Step 4**

Compute payments.

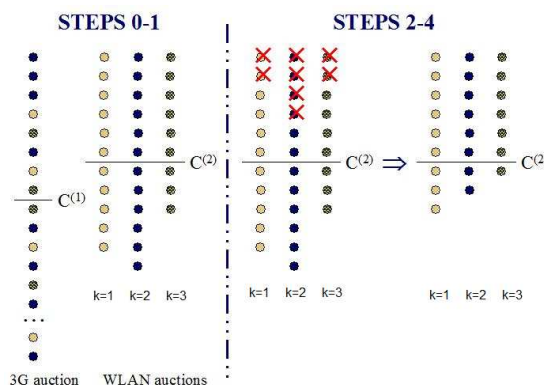


Figure 2: Sample algorithm execution for a UMTS/WLAN network. Different colors denote the different WLANs that users can utilize, depending on their location.

### 3.1 Incentive compatibility and efficiency

The payment rule of the auction (Step 4) should enforce truthful bidding, i.e.  $w_i = u_i \forall i \in \mathcal{I}$ , so that the available network resources can be assigned to the users that value them the most and thus social welfare is maximized. A strong result of auction theory is that the *Vickrey-Clarke-Groves (VCG) mechanism*, is the essentially unique mechanism where it is dominant strategy for the bidders to bid truthfully, the outcome maximizes social welfare and bidders having zero valuations attain zero benefit [13]. Note that the term “essentially unique” implies that any auction mechanism that has the same outcome with

this generalized Vickrey auction is essentially an equivalent specification of the VCG mechanism.

This mandates that besides awarding the items auctioned to the highest positive bids submitted by the users, we need to apply the VCG payment rule. The latter defines each user's charge to be the social opportunity cost that his presence entails. Formally, user  $i$  is charged:

$$SW_{-i}(0, \theta_{-i}) - SW_{-i}(\theta) \quad (1)$$

$SW_{-i}$  denotes the social welfare of bidders other than  $i$ ,  $\theta$  is the set of the users' reported valuations and  $(0, \theta_{-i})$  is the efficient outcome if  $i$ 's reported value were 0 and the other users' reports remain unchanged. More intuitively, each user's charge equals the losing bids that would be winning in the auction if his own bid were set to 0. This amount is both unaffected by and less than the user's own bid. In general, this rule requires that in order to compute the charge of every winner in the auction, the auction must be rerun by removing this user from the auction, so that his charge can be computed from 1. This is a tedious procedure, resulting in the general case in NP computational complexity.

However, our mechanism takes advantage of its hierarchical structure: Note that all user bids are propagated to the upper tiers so that winner determination is performed and then the winners are propagated downstream so that the auction proceeds at the lower tiers. A similar upstream update can be made for the users that will win in the lower tiers. That is, the winning bids of the  $l + 1, \dots, L$ -tier auctions are deleted from the local losing bids index of a  $l$ -tier auction. Thus, the information required to determine the "global" social opportunity cost is available *locally* per auction. Hence, each winner's  $i$  charge is computed as the sum of the highest (locally stored) losing bids whose sum of rates equals  $m_i$  and there is no need to rerun the auction; we elaborate more on this in Section 7.

**Proposition 1:** The proposed auction is efficient.

**Proof:** By construction, our auction examines all the bids at the top tier and admits the highest. This is repeated for all tiers, making impossible not to admit a bid that is higher than those admitted. Since users bid truthfully due to the VCG payment rule, i.e.  $w_i = u_i$ , and the highest bids are admitted, social welfare is maximized. Thus, efficiency is attained, and after the algorithm terminates it is impossible for a winning bid to be lower than a losing bid.

### 3.2 Revenue

Since our mechanism is essentially a VCG auction, it attains the highest revenue among *all* efficient mechanisms [13].

## 4 Supporting Multicast

In this section, we extend the auction of Section 3 so as to support multicast. In particular, our auction is complemented with the operator's decision on whether a user is served by means of unicast or multicast. Hence, this is decided by the operator as a network optimization decision, opaque to the users. Thus, it is not part of the user's strategy space to choose between a unicast or a

multicast service session. From a technological point of view, a multicast group is beneficial for the network, provided that it has at least  $n^{(l)}$  members. This is due to the signaling overhead of the multicast, which depends on the underlying network technology.

The operator constructs the multicast bids  $\mathcal{M}_k^{(l)}$  that complement the unicast bids  $\mathcal{B}_k^{(l)}$  in the auction by grouping together at least  $n^{(l)}$  users requesting the same service, e.g. watching a video at a certain quality. Let  $g \in \mathcal{G}$  be a multicast group. The multicast bid is straightforwardly defined as  $(p_g, m_g)$ , where  $p_g = \sum_{i \in g} p_i$  and  $m_g = m_i$ .

**Proposition 2:** It is beneficial for the network and harmless for the users of a multicast group to have their unicast bids deleted.

**Proof:** Since  $n^{(l)} > 1$ , and  $p_g = \sum_{i \in g} p_i > p_i, \forall i \in g$ , a multicast bid always tops its members' unicast bids, thus having *strictly* higher probability of winning. Also, since  $m_g = m_i < \sum_{i \in g} m_i, \forall i \in g$ , it is always socially efficient to serve users by means of multicast when the  $n^{(l)}$  constraint is met, since more users can be served by the network.

Due to Proposition 2, auction winner determination is performed as follows: The operator deletes the “redundant” unicast bids of the users belonging to some multicast group. He then mergesorts the unicast and multicast bids and declares the *largest* set of the *highest* bids that do not violate the capacity constraint as winning. Therefore, the same algorithm of Section 3 is applied to declare the winning unicast and multicast group bids, denoted as  $\mathcal{W}_k^{(l)}$  and  $\mathcal{WM}_k^{(l)}$  respectively.

**Proposition 3:** Social welfare is maximized.

**Proof:** Efficiency is attained, since users bid truthfully, i.e.  $w_i = u_i$ , and after the algorithm terminates it is impossible for a winning bid to be lower than any kind of losing bid:

$$b_w > b_i \quad \forall b_w \in \mathcal{W}_k^{(l)}, \quad \forall b_i \notin \mathcal{W}_k^{(l)} \quad (2)$$

$$b_g > b_i \quad \forall b_g \in \mathcal{WM}_k^{(l)}, \quad \forall b_i \notin \mathcal{WM}_k^{(l)} \quad (3)$$

$$b_w > b_g \quad \forall b_w \in \mathcal{W}_k^{(l)}, \quad \forall b_g \notin \mathcal{WM}_k^{(l)} \quad (4)$$

$$b_g > b_i \quad \forall b_g \in \mathcal{WM}_k^{(l)}, \quad \forall b_i \notin \mathcal{W}_k^{(l)} \quad (5)$$

## 5 Time, User Utility and Incentives

Defining the user utility for receiving service in a certain time interval is non-trivial, especially for long-lived services where the consistent reservation of resources in subsequent auctions is highly beneficial. This is for instance the case for a long-lived real-time streaming video service; clearly losing at some auction will result in loss of content and dis-satisfaction for the user and thus to a reduced willingness to pay for the entire service. Hence, user utility may depend on the *history* of resource allocations. History-dependent utility functions capable of expressing such preferences have been originally proposed in [14]

for auction-based resource allocation in UMTS networks and subsequently used elsewhere [15, 16]. The main merit of history-dependent utility functions is that *multiple* quality parameters such as the vector of instantaneous bit rates, delay and/or total quantity of resources allocated impact the values of the *correlated marginal utilities* and the overall expected level of users' satisfaction. We use the term "marginal utility" to denote the additional utility attained over each slot of the user's service session. Thus, these utility functions can accurately quantify the time-varying user-perceived quality. These could complement our scheme by using them to compute the value of  $w_i$  to be submitted at time  $t$ , as a function of the user's utility for the long-lived service and the history of user's allocations so far.

Note also that a small value for the length of time for which the auction allocations apply, allows our scheme to quickly adapt to the varying demand. However, it also implies that the auction is run more often. Thus, this value should be large enough for the auction to run between two consecutive allocation intervals. This obviously depends on the complexity of the auction, which is derived in Section 7.

We now briefly address the issue of user incentives for this repeated game, depicted as Fig. 3, where users bid in a sequence of auctions. Node START denotes user's  $i$  start of bidding and in general each node (*state*) corresponds to the bidding phase of each auction he participates. At each node user  $i$  selects an *action*, i.e. to bid truthfully  $b_e = w_i$ , or shade his bid  $b_l < w_i$ , or bid aggressively  $b_m > w_i$ . We denote the corresponding bidding strategies as  $S_e$ ,  $S_l$  and  $S_m$  respectively.

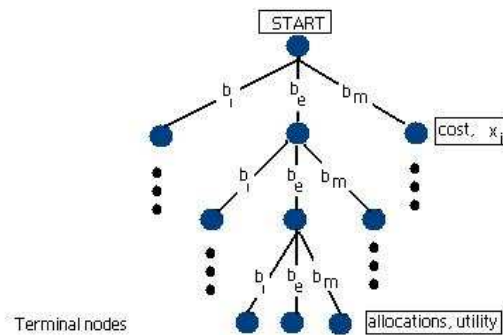


Figure 3: The sequential form of the repeated game for 3 auctions.

Incentive compatibility still holds if user bids for independent services at the various auctions. Since the user utility is additive, so is the expected payoff from the game, thus  $EP = \sum_{t=1}^T EP_t$ . In order to maximize this sum, it suffices to maximize all the  $EP_t$ . However,  $EP_t = Pr(win) \cdot (u_j - SocialOpportunityCost)$ . Since the *SocialOpportunityCost* is unaffected by customer's own bids and the probability of winning is maximized if  $b_j = u_j$ , so are  $EP_t$  and  $EP$ . This means that incentive compatibility is bidders' dominant strategy for the aforementioned game. Thus, since it is best for bidder always to follow strategy  $S_e$ , the realization probabilities vector for the strategies  $\langle S_l, S_e, S_m \rangle$  is  $\langle 0, 1, 0 \rangle$ . Note that this is not just a Nash equilibrium strategy, it is dominant strat-

egy and *subgame perfect* (always best to reveal with his bid his true valuation, regardless of the node of the tree of the game where he is located).

We now address the most interesting case where *complementarities* exist among the user allocations in subsequent auctions. In this case, winning at one of a series of auctions brings in addition to the value  $u_i$  an extra net benefit by increasing the value of future allocations; this is because losing at some auction for a user e.g. of a video service would result in lower value for the whole of the service due to the incurred service interrupt. Thus, the question is whether strategy  $S_m$  or a mixed strategy comprising of the strategies  $S_e$  and  $S_m$ , could result in higher expected payoff than  $S_e$ . This might be indeed the case if the bid  $b_e$  is at some auction slightly lower than the cutoff price and a bid  $b_m$  brings extra value (due to service continuation) higher than the extra charge paid, that he would lose if bidding  $b_e$ . However, this would *not* be the case for extremely “uncertainty averse” (conservative) users, who - by definition - in cases of choice/behavior under uncertainty always opt to play the safest strategy. Therefore, for this type of users truthful bidding comprises a subgame perfect equilibrium strategy. This “maximin” behavior was proposed by Wald [17] for situations of severe uncertainty, which is also encountered by the bidders in our auction.

## 6 Cooperative Schemes

In this section we show how the proposed mechanism can be transformed to a cooperative bandwidth allocation mechanism for operators who prefer flat rate pricing to usage based pricing schemes. In this context, the user utility for the service  $w_i \forall i$  is replaced by a predefined weight  $w_s$  that the operator assigns to each *type* of service  $s$ . This modification suffices to modify the auction to a cooperative bandwidth allocation scheme. Note that under this modification, determining the payments of the winners is performed instantly, i.e. in  $O(1)$ .

Due to the different weights assigned per service type, this scheme prioritizes the services having greater weights. These services will enjoy statistically higher quality than others and this scheme serves essentially as a DiffServ mechanism.

Also, the operator can assign different weights per time of day in the various services. This way, in peak hours he may discourage demanding services by assigning a low weight, and also emulate time-of-day pricing.

Furthermore, weights can be dynamically computed from weighting functions per flow, so that each weight takes into account the flow’s overall service time to prioritize older flows, emulating schemes like CHiPS [18] where the winner of an auction is prioritized compared with new flows.

Last but not least, it is also possible to modify the mechanism so that it can perform well-known scheduling policies such as Round Robin and First Come First Served. Indeed, in order to do so it suffices to define each flow’s weight to be equal to the inverse of the assigned share of resources and the inverse of the time of the flow initiation respectively. Obviously, these scheduling policies are not economic-aware and thus it is impossible for them to outperform the auction in terms of the attained social welfare.

This comprises further evidence that the proposed mechanism is flexible enough to be tailored and customized to various resource allocation policies that the network operator may wish to employ. This is also an attractive feature of

our mechanism since it can be envisioned that in a Wireless Future Internet network architecture, it would be both possible and desirable for a provider to be able to employ different such policies over a certain part of his network capacity, thus applying both richer and more sophisticated resource allocation policies.

## 7 Assessment

Having assessed our mechanism in economic terms, by taking into advantage the fact that our mechanism is essentially a VCG mechanism, we proceed to assess its computational complexity.

### 7.1 Auction Complexity

Sorting the bids of each link auction is done in  $O(N \cdot \log N)$ , with  $N$  denoting the total number of bids. Winner determination is then done in  $O(N)$ , so that the point where the capacity constraint is violated is found. Computing winners' charge exploits the fact that user rates are not arbitrary but pertain to discrete service rates: First, we compute the charge for all service rates by adding the highest losing bids whose sum of rates equals this rate. Then each winner is charged his respective service charge. This is bounded by  $O(s \cdot N)$ , with  $s$  denoting the number of different service rates. Deletion of bids can be done in  $O(N \cdot \log N)$  since finding each bid can be done in  $O(\log N)$  using binary search and this must be performed for at most  $N$  bids. Since same-tier auctions run in parallel, while different tier auctions sequentially, the mechanism's overall complexity is bounded by  $O(L \cdot (N + s \cdot N + N \cdot \log N))$ .

### 7.2 Multicast Extension Complexity

The additional overhead of the multicast extension is due to creating multicast bids and deleting redundant unicast bids. The former can be performed by parsing *once* the sorted list of bids and classify the users to separate groups, based on their selection of service, for which the total numbers of users and willingness to pay are updated as the list is constructed. This is done in  $O(N)$ , with  $N$  denoting the total number of bids. Subsequently, each redundant unicast bid must be deleted. Finding each bid can be done in  $O(\log N)$  using binary search. Since at most  $N$  bids must be deleted, the complexity bound of multicast is  $O(N + N \cdot \log N)$ .

## 8 Simulations

In this section we assess experimentally various aspects of the proposed auction by means of simulations. We have implemented the proposed mechanism as a Java application. We have run numerous simulation experiments according to a detailed simulation model, specifying the distributions of user arrivals, departures, and service requests, and the mix of users in terms of the number of users per service requested and the distribution of their total willingness to pay. For each user, the total willingness to pay is randomly selected according to a uniform distribution over an interval which is determined by whether the user

is of low, medium or high value. The simulation is run for a series of  $T$  auctions where a number of users bid; their service start time  $t_s$  is drawn from a uniform distribution having support in  $[1, T]$  and duration are also drawn uniformly from  $[1, T - t_s]$ . The total quantity of resource units available at each auction also fluctuates (due to the varying resources available) in the simulation model, and is randomly selected according to a uniform distribution. The capacities for the networks used in the simulations run typically match that of standard network interfaces, i.e. WiMax, 3G HSPA and WLAN networks. Finally, the user services used for the simulations are CBR streaming video of low quality (Video-LQ) of 1 Mbps, video of high quality (Video-HQ) of 5 Mbps and FTP of 1 Mbps.

For brevity reasons, rather than describing in detail the various simulations conducted, we present the main findings and provide some illustrative examples.

### 8.1 Service completion and handoffs

Adopting an auction mechanism comprising of a series of auctions for resource allocation in consecutive time periods may affect considerably the resource allocation pattern for a long-lived service. For instance, if a user is forced to participate in 50 auctions in order to receive a video service, it is possible that the service is interrupted at some auctions if the user's bid is not high enough. This is inevitable due to the varying competition, however it is desirable that this does not occur often. Indeed, if it is common for users to experience service interrupts, they would be displeased and the applicability of the proposed auction would be limited. In fact, this is a typical argument in favor of non economic-aware scheduling policies such as FCFS that do not exhibit this problem.

We have run various simulations in order to assess the percentage of the total resources that users receive when bidding in a series of auctions. Our simulations indicate that due to the hierarchical form of the network and its large multiplexing capacity, the proposed auction typically serves users in a satisfactory way. Indeed, the percentage of users that receive mediocre service is limited, while the vast majority of users is either served perfectly or not served at all.

We provide as Fig. 4 the percentage of users service completion for a series of 500 auctions and a network comprising of 1 wide area network of 500 Mbps, 2 medium area networks of 50 Mbps and 10 local area networks of 6 Mbps, each of which serves 40 FTP users with medium willingness to pay, 40 Video-LQ users with medium willingness to pay and 40 Video-HQ users with medium willingness to pay. Note that due to the fact that the willingness to pay of the users is drawn from the same interval of uniform distribution and due to the dynamic arrivals and departures over time, this is the least favorable scenario for the proposed auction, since users with higher willingness to pay are likely to arrive and displace some customers that already receive service. However, the auction performs very well. Note that in order to make the plot more readable, we plot the percentages of the 740 users that won at least in one auction; the remaining 460 of the total 1200 users had bids that were always under the auction cut-off price and were never served.

It is also worth emphasizing that this performance may be further improved by adopting a scheme that prioritizes users that have already won at past auc-

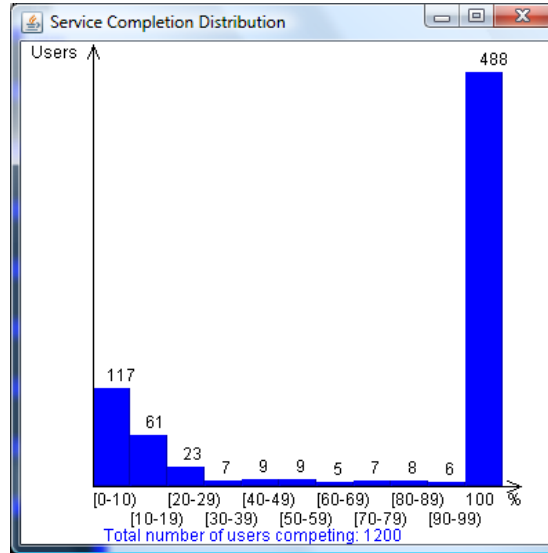


Figure 4: Service completion percentages for the auction bidders.

tions as opposed to new arrivals, such as CHiPS [18]; simulating and assessing such schemes in the context of our auction comprises an interesting direction of future research.

Finally, we comment on the number of handoffs users experienced throughout their service time. In the simulation set up described above, users never experienced more than one handoff throughout their service time, as depicted also in Fig. 5. A handoff is defined in our context as a change in the serving network interface of a user in two consecutive auctions within his service time. Note that we do not measure as handoff a switch in the serving network after a service interrupt, though this typically happens in the simulations run, since this does not result in additional complexity for the network. From the simulations run, it is concluded that the maximum number of handoffs depends heavily on the relation of the network interfaces - and especially those of the lowest geographical coverage - capacity and the rate of the user services; the higher the multiplexing capacity of the networks, the higher the number of handoffs experienced.

## 8.2 Speed of execution

We have conducted many simulations in order to assess the major factors that affect the speed of the auction execution. These simulations indicate that the dominant factor that determines the speed of execution is the number of end customers participating. The way these customers are distributed or the number of networks where these customers can be assigned to have a second order impact compared to the total number of bidders. The impact of the capacity of the networks comprising the hierarchical network access is negligible.

In particular, one set of simulations conducted comprises of 100 simulations for a 3-tier network where there is one wide-range network of capacity 500 Mbps; within its coverage there are two networks of capacity 50 Mbps and 4 networks

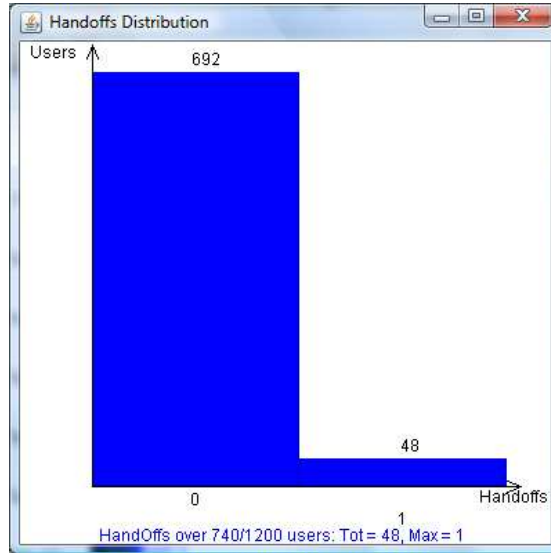


Figure 5: Number of handoffs experienced by the users.

of 10 Mbps. The auction was run and its execution time was measured in a laptop with AMD Turion TL50 processor with 1 GB DDR2 running Windows XP. The average execution time of  $T = 100$  consecutive auctions and 120 users was 2374 msec. The measured execution time was 15485 msec for 600 users and 39487 msec for 1200 users.

This example depicts both the impact of the number of users in the total execution time but also the limited time required to run the auction in practice: the execution of one instance of the auction, which would be the case in a real network, can be typically done in an order of magnitude of msec or few seconds. This is further evidence of the proposed auction's applicability in practice.

### 8.3 Revenue and social welfare

It is no surprise that the auction revenue and social welfare depends on the relationship between demand and supply. This is true for all auction mechanism and also applies to the proposed mechanism as well. Indeed, in the simulation conducted it has been observed that the most fierce the competition, the higher the attained revenue and the closer it is to the social welfare attained. Though the revenue and social welfare values should be computed for the entire "hierarchical" auction, we provide some indicative plots. These plots indicate that the revenue and social welfare values among networks of the same tier are quite similar. This is due to the uniform way we generate demand and distribute it to the end tier networks. Also, due to the way the auction is run and the higher capacity of the higher tier networks both the social welfare and revenue values for these interfaces are considerably higher.

Below, we provide some indicative plots, namely Fig. 6 and Fig. 7, that depict the distribution of demand, supply, social welfare and attained revenue for a series of 100 auctions for a hierarchical network comprising of 1 wide area network of 500 Mbps, 2 medium area networks of 50 Mbps and 8 local area

networks of 6 Mbps, each of which serves 50 FTP users with high willingness to pay, 50 Video-LQ users with low willingness to pay and 50 Video-HQ users with medium willingness to pay.

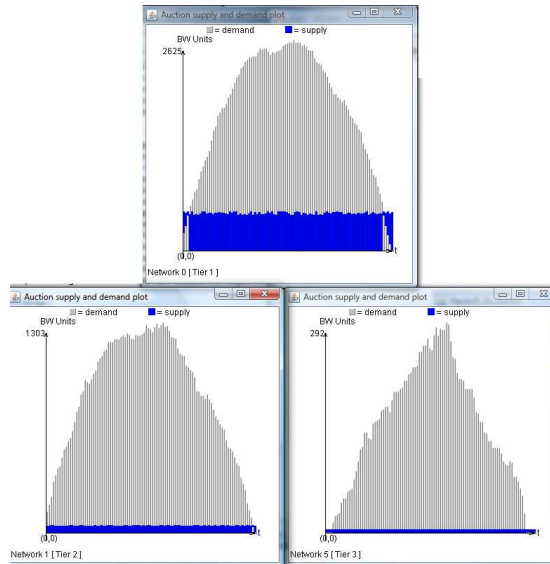


Figure 6: Demand and supply distribution among the network interfaces.

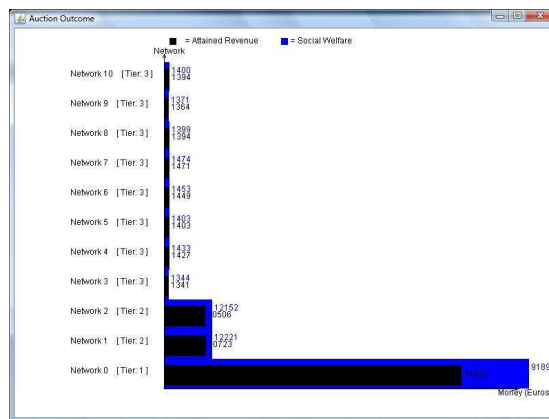


Figure 7: Revenue and Social Welfare plots.

## 9 Conclusions

In this paper we have presented a mechanism for the allocation of the downlink bandwidth of a Wireless Future Internet network, whose access architecture is hierarchical in terms of radius and thus geographical coverage. In particular, we have designed an incentive-compatible auction mechanism of low computational complexity. We have extended the mechanism so that multicast is supported,

defined a repeated game to study utility and incentives issues and transformed our auction to a cooperative scheme for services prioritization. We have assessed the proposed mechanism in economic, game-theoretic and complexity terms and its effectiveness by means of simulations. Both the theoretical and the experimental analysis indicate that the mechanism specified in this paper is efficient, fast and an attractive means of economic-aware resource allocation. Defining weighting functions for emulating DiffServ and CHiPS with our cooperative mechanism comprises interesting direction of future research.

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