

A Contract and Balancing Mechanism for Sharing Capacity in a Communication Network

Richard Steinberg
University of Cambridge

Joint with

Eddie Anderson, AGSM
Frank Kelly, University of Cambridge

July 2005



Problem



Problem

The owner of a communication network wishes to sell bandwidth to users

Problem

The owner of a communication network wishes to sell bandwidth to users

- Bandwidth: Amount of data that can be transmitted per unit time via fibre optic cables (specified in *bits per second*, bps)

Problem

The owner of a communication network wishes to sell bandwidth to users

- Bandwidth: Amount of data that can be transmitted per unit time via fibre optic cables (specified in *bits per second*, bps)
- **Users** are those who require a **dedicated network**

Problem

The owner of a communication network wishes to sell bandwidth to users

- Bandwidth: Amount of data that can be transmitted per unit time via fibre optic cables (specified in *bits per second*, bps)
- **Users** are those who require a **dedicated network**
 - small telecoms companies

Problem

The owner of a communication network wishes to sell bandwidth to users

- Bandwidth: Amount of data that can be transmitted per unit time via fibre optic cables (specified in *bits per second*, bps)
- **Users** are those who require a **dedicated network**
 - small telecoms companies
 - business that host network applications (e.g., Blockbuster Entertainment on demand)

Problem

The owner of a communication network wishes to sell bandwidth to users

- Bandwidth: Amount of data that can be transmitted per unit time via fibre optic cables (specified in *bits per second*, bps)
- **Users** are those who require a **dedicated network**
 - small telecoms companies
 - business that host network applications (e.g., Blockbuster Entertainment on demand)
 - other (e.g., Merrill Lynch, for one-off video broadcast for its analysts)



The Customers' Dilemma



The Customers' Dilemma

Customers can either:

The Customers' Dilemma

Customers can either:

(1) Buy capacity for only their **regular needs**

The Customers' Dilemma

Customers can either:

- (1) Buy capacity for only their **regular needs**
 - But then they'll have problems when usage spikes

The Customers' Dilemma

Customers can either:

- (1) Buy capacity for only their **regular needs**
 - But then they'll have problems when usage spikes
- (2) Buy sufficient capacity to serve **maximum demand**

The Customers' Dilemma

Customers can either:

- (1) Buy capacity for only their **regular needs**
 - But then they'll have problems when usage spikes
- (2) Buy sufficient capacity to serve **maximum demand**
 - But then they waste money on access they're not using



Two types of communication networks

Two types of communication networks

- Circuit-switched networks

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved
 - Example: the public telephone network

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved
 - Example: the public telephone network
- Packet-switched (IP) networks

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved
 - Example: the public telephone network
- Packet-switched (IP) networks
 - Data is broken down into small units, called packets

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved
 - Example: the public telephone network
- Packet-switched (IP) networks
 - Data is broken down into small units, called packets
 - Packets individually routed & re-assembled at destination

Two types of communication networks

- Circuit-switched networks
 - A specific path to destination is obtained for the message
 - No other information travels along the lines involved
 - Example: the public telephone network
- Packet-switched (IP) networks
 - Data is broken down into small units, called packets
 - Packets individually routed & re-assembled at destination

Our focus will be on packet-switched networks.



Sharing capacity

Sharing capacity

- IP networks have congestion control mechanisms to allow users to **share capacity**...

Sharing capacity

- IP networks have congestion control mechanisms to allow users to **share capacity**...
... and thus absorb random fluctuations in users' demands

Sharing capacity

- IP networks have congestion control mechanisms to allow users to **share capacity**...
... and thus absorb random fluctuations in users' demands
- The rate at which a source sends packets to the destination is controlled by **TCP**

Sharing capacity

- IP networks have congestion control mechanisms to allow users to **share capacity**...
... and thus absorb random fluctuations in users' demands
- The rate at which a source sends packets to the destination is controlled by **TCP**
... implemented as software on computers on IP networks

Sharing capacity

- IP networks have congestion control mechanisms to allow users to **share capacity**...
... and thus absorb random fluctuations in users' demands
- The rate at which a source sends packets to the destination is controlled by **TCP**
... implemented as software on computers on IP networks
- TCP shares bandwidth amongst flows



How TCP operates

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source
- When the destination becomes overloaded, one or more packets are lost

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source
- When the destination becomes overloaded, one or more packets are lost
 - the source knows that the packet was lost because it failed to receive an acknowledgement packet

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source
- When the destination becomes overloaded, one or more packets are lost
 - the source knows that the packet was lost because it failed to receive an acknowledgement packet
 - the source slows down

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source
- When the destination becomes overloaded, one or more packets are lost
 - the source knows that the packet was lost because it failed to receive an acknowledgement packet
 - the source slows down
- TCP gradually increases the sending rate until it again receives an indication of congestion

How TCP operates

- Each time a packet arrives at the destination, an **acknowledgement packet** is sent back to the source
- When the destination becomes overloaded, one or more packets are lost
 - the source knows that the packet was lost because it failed to receive an acknowledgement packet
 - the source slows down
- TCP gradually increases the sending rate until it again receives an indication of congestion
- In this way, TCP serves to discover and utilise whatever bandwidth is available and to share it amongst flows



Structure of a Packet

Structure of a Packet

- All packets have three parts

Structure of a Packet

- All packets have three parts
 - IP header

Structure of a Packet

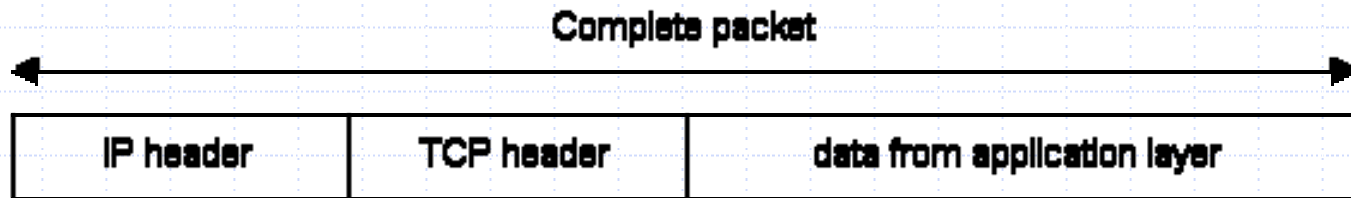
- All packets have three parts
 - IP header
 - TCP header

Structure of a Packet

- All packets have three parts
 - IP header
 - TCP header
 - data from "application layer"

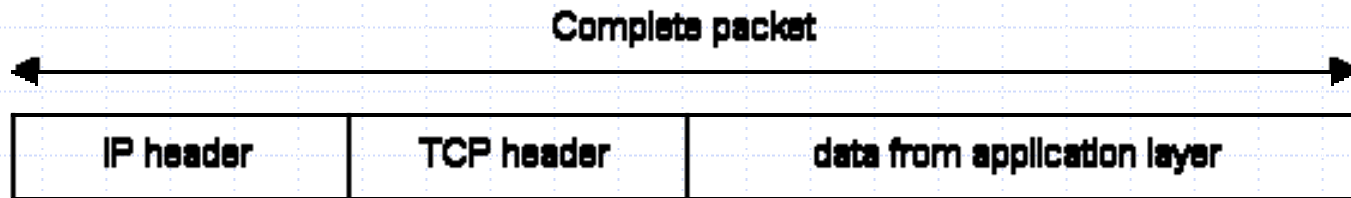
Structure of a Packet

- All packets have three parts
 - IP header
 - TCP header
 - data from “application layer”



Structure of a Packet

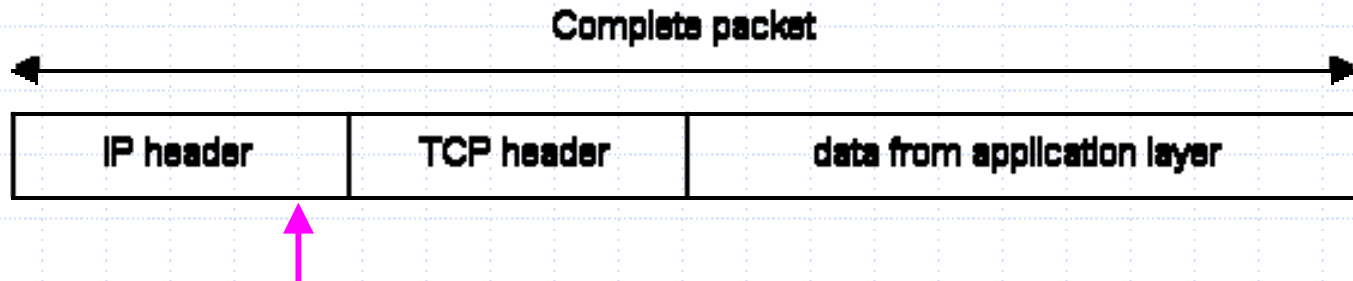
- All packets have three parts
 - IP header
 - TCP header
 - data from “application layer”



- There is currently one bit in IP header reserved for some “future use”

Structure of a Packet

- All packets have three parts
 - IP header
 - TCP header
 - data from “application layer”



- There is currently one bit in IP header reserved for some “future use” (can be set to 0 or 1)



Is there a better way to signal congestion?



Is there a better way to signal congestion?

Two problems with dropped packets

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

- Dropped packets need to be re-sent

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

- Dropped packets need to be re-sent

(2) The congestion signal is delayed

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

- Dropped packets need to be re-sent

(2) The congestion signal is delayed

- Until the point when packets begin to be dropped, users are unaware of imminent congestion problems

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

- Dropped packets need to be re-sent

(2) The congestion signal is delayed

- Until the point when packets begin to be dropped, users are unaware of imminent congestion problems

A better way

Is there a better way to signal congestion?

Two problems with dropped packets

(1) Wasteful of system resources

- Dropped packets need to be re-sent

(2) The congestion signal is delayed

- Until the point when packets begin to be dropped, users are unaware of imminent congestion problems

A better way

There is a 'Proposed Standard' for congestion control...



ECN: Explicit Congestion Notification

ECN: Explicit Congestion Notification

- Packets encountering long queues can have that extra bit set to indicate congestion

ECN: Explicit Congestion Notification

- Packets encountering long queues can have that extra bit set to indicate congestion
- Users detecting ECN marks should respond by reducing transmission rates

ECN: Explicit Congestion Notification

- Packets encountering long queues can have that extra bit set to indicate congestion
- Users detecting ECN marks should respond by reducing transmission rates
- Thus, ECN marks are designed to be used **to control congestion**

ECN: Explicit Congestion Notification

- Packets encountering long queues can have that extra bit set to indicate congestion
- Users detecting ECN marks should respond by reducing transmission rates
- Thus, ECN marks are designed to be used **to control congestion**
- Our idea: ECN marks can be also used **to control the supply of capacity**



“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

- Owner of link sells **contracts** for usage over a period

“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

- Owner of link sells **contracts** for usage over a period
- At end of period, users participate in a **balancing process**

“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

- Owner of link sells **contracts** for usage over a period
- At end of period, users participate in a **balancing process**
- Users make or receive payments based on:

“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

- Owner of link sells **contracts** for usage over a period
- At end of period, users participate in a **balancing process**
- Users make or receive payments based on:
 - **proportion of marks they received**, compared with

“Contract and Balancing Mechanism” (CBM)

(Anderson, Kelly and Steinberg 2005)

- Owner of link sells **contracts** for usage over a period
- At end of period, users participate in a **balancing process**
- Users make or receive payments based on:
 - **proportion of marks they received**, compared with
 - **capacity they had contracted for.**

“Contract and Balancing Mechanism” (CBM)

Example

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner
 - contractual rate: c dollars per megabit

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner
 - contractual rate: c dollars per megabit
 - balancing charge: b dollars per mark

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner
 - contractual rate: c dollars per megabit
 - balancing charge: b dollars per mark
- At beginning of the month, owner receives

"Contract and Balancing Mechanism" (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner
 - contractual rate: c dollars per megabit
 - balancing charge: b dollars per mark
- At beginning of the month, owner receives
 - $100c$ dollars from User A

“Contract and Balancing Mechanism” (CBM)

Example

- Two users contract for part of 300 Mbps line for month
 - User A contracts for 100 Mbps
 - User B contracts for 200 Mbps
- Rates charged by the owner
 - contractual rate: c dollars per megabit
 - balancing charge: b dollars per mark
- At beginning of the month, owner receives
 - $100c$ dollars from User A
 - $200c$ dollars from User B



During the month...

During the month...

- Number of marks received by each user is recorded:

During the month...

- Number of marks received by each user is recorded:

Z_A = number of marks received by User A

During the month...

- Number of marks received by each user is recorded:

Z_A = number of marks received by User A

Z_B = number of marks received by User B



At end of month...

At end of month...

- If User A received **exactly $1/3$** the total marks, then no further payments are made

At end of month...

- If User A received **exactly $1/3$** the total marks, then no further payments are made
- If User A received **more than $1/3$** the total marks, then A will pay B the **balancing charge times the excess:**

At end of month...

- If User A received **exactly 1/3** the total marks, then no further payments are made
- If User A received **more than 1/3** the total marks, then A will pay B the **balancing charge times the excess:**

$$b [z_A - d (z_A + z_B)]$$

At end of month...

- If User A received **exactly 1/3** the total marks, then no further payments are made
- If User A received **more than 1/3** the total marks, then A will pay B the **balancing charge times the excess:**

$$b [z_A - d (z_A + z_B)]$$

- If User A received **less than 1/3** the total marks, then A will receive from B the above amount.



A word about ECN marking...

A word about ECN marking...

- Recall the basic principle of ECN marking:

A word about ECN marking...

- Recall the basic principle of ECN marking:

Packets encountering long queues have a bit set to indicate congestion

A word about ECN marking...

- Recall the basic principle of ECN marking:

Packets encountering long queues have a bit set to indicate congestion

- We haven't discussed the point at which a queue is considered to be 'long'

A word about ECN marking...

- Recall the basic principle of ECN marking:

Packets encountering long queues have a bit set to indicate congestion

- We haven't discussed the point at which a queue is considered to be 'long'
- However, this is not very significant, as we only need to know the **proportion** of ECN marks received



Player's optimal contract amount

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Then a user's optimal contract quantity is a weighted average of his anticipated usage over the period.

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Then a user's optimal contract quantity is a weighted average of his anticipated usage over the period.

Corollary: Users who are:

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Then a user's optimal contract quantity is a weighted average of his anticipated usage over the period.

Corollary: Users who are:

- price insensitive, or

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Then a user's optimal contract quantity is a weighted average of his anticipated usage over the period.

Corollary: Users who are:

- price insensitive, or
- have a constant usage over time

Player's optimal contract amount

Theorem: Suppose the users can each predict their own usage over the period.

Then a user's optimal contract quantity is a weighted average of his anticipated usage over the period.

Corollary: Users who are:

- price insensitive, or
- have a constant usage over time

should contract for precisely their anticipated usage.



Conclusions



Conclusions

Two benefits of the scheme

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...
 - Then he will only receive--never be required to make--payments in the balancing process.

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...
 - Then he will only receive--never be required to make--payments in the balancing process.
- If capacity of a link is fully contracted, the network owner receives no additional payments from process.

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...
 - Then he will only receive--never be required to make--payments in the balancing process.
- If capacity of a link is fully contracted, the network owner receives no additional payments from process.
 - Thus, he is indifferent to short term behaviour of network.

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...
 - Then he will only receive--never be required to make--payments in the balancing process.
- If capacity of a link is fully contracted, the network owner receives no additional payments from process.
 - Thus, he is indifferent to short term behaviour of network.

Conclusions

Two benefits of the scheme

- If a user has constant bandwidth requirements, i.e., never delivers more than his contracted capacity...
 - Then he will only receive--never be required to make--payments in the balancing process.
- If capacity of a link is fully contracted, the network owner receives no additional payments from process.
 - Thus, he is indifferent to short term behaviour of network.