

Contents

Part I: Complex Business Problems

1	Introduction	3
2	Characteristics of Complex Business Problems.....	9
2.1	Number of Possible Solutions.....	10
2.2	Time-Changing Environment	12
2.3	Problem-Specific Constraints	13
2.4	Multi-objective Problems	14
2.5	Modeling the Problem	16
2.6	A Real-World Example	19
3	An Extended Example: Car Distribution	25
3.1	Basic Terminology	25
3.2	Off-lease Cars	27
3.3	The Problem	28
3.4	Transportation.....	30
3.5	Volume Effect.....	32
3.6	Price Depreciation and Inventory.....	33
3.7	Dynamic Market Changes	33
3.8	The Solution	34
4	Adaptive Business Intelligence.....	37
4.1	Data Mining.....	38
4.2	Prediction.....	41
4.3	Optimization	43
4.4	Adaptability	44
4.5	The Structure of an Adaptive Business Intelligence System.....	45

Part II: Prediction and Optimization

5	Prediction Methods and Models	49
5.1	Data Preparation.....	51
5.2	Different Prediction Methods	56
5.2.1	Mathematical Methods	56
5.2.2	Distance Methods.....	62

5.2.3	Logic Methods	64
5.2.4	Modern Heuristic Methods	68
5.2.5	Additional Considerations	69
5.3	Evaluation of Models	69
5.4	Recommended Reading.....	74
6	Modern Optimization Techniques.....	75
6.1	Overview	75
6.2	Local Optimization Techniques	82
6.3	Stochastic Hill Climber	87
6.4	Simulated Annealing.....	90
6.5	Tabu Search	96
6.6	Evolutionary Algorithms.....	101
6.7	Constraint Handling	108
6.8	Additional Issues.....	112
6.9	Recommended Reading.....	114
7	Fuzzy Logic	117
7.1	Overview	119
7.2	Fuzzifier	119
7.3	Inference System.....	123
7.4	Defuzzifier.....	127
7.5	Tuning the Membership Functions and Rule Base.....	128
7.6	Recommended Reading.....	129
8	Artificial Neural Networks	131
8.1	Overview	132
8.2	Node Input and Output	134
8.3	Different Types of Networks	136
8.3.1	Feed-Forward Neural Networks	137
8.3.2	Recurrent Neural Networks	140
8.4	Learning Methods	142
8.4.1	Supervised Learning.....	142
8.4.2	Unsupervised Learning.....	146
8.5	Data Representation	147
8.6	Recommended Reading.....	148
9	Other Methods and Techniques.....	151
9.1	Genetic Programming.....	151
9.2	Ant Systems and Swarm Intelligence.....	158
9.3	Agent-Based Modeling.....	163
9.4	Co-evolution.....	169
9.5	Recommended Reading.....	173

Part III: Adaptive Business Intelligence

10 Hybrid Systems and Adaptability..... 177

10.1 Hybrid Systems for Prediction 178

10.2 Hybrid Systems for Optimization 183

10.3 Adaptability 187

11 Car Distribution System 191

11.1 Overview 192

11.2 Graphical User Interface..... 194

11.2.1 Constraint Handling 195

11.2.2 Reporting 201

11.3 Prediction Module..... 203

11.4 Optimization Module 206

11.5 Adaptability Module 208

11.6 Validation 211

12 Applying Adaptive Business Intelligence..... 215

12.1 Marketing Campaigns 215

12.2 Manufacturing..... 221

12.3 Investment Strategies 224

12.4 Emergency Response Services..... 228

12.5 Credit Card Fraud..... 232

13 Conclusion..... 239

Index 243