

- Report in maximum of 2 pages
- The total value of the assignment is 6 points
- You can write your answers either in Finnish, Swedish or English
- Deadline for this assignment is Thursday, March 29th, 2018 at 16:00.
- Return your report via MyCourses

Assignment 4.2 – Simulation-based optimization

Consider the inventory system of exercise 2.2 with the following change: the order-up-to level S is replaced with fixed order amount d . Describe and implement a procedure to find values of order point s and d , that minimize the average monthly cost of operation during 120 months.

Assume $s \in [0, 100]$ and $d \in [5, 100]$. Your procedure should be computationally more efficient than the brute-force approach of evaluating all possible combinations (s, d) . You may also choose s and d to be either discrete or continuous according to your own preference.