

Definition 1. Discrete data is counted while continuous data is measured (Gates et al., 2018b).

Definition 2. A **combination** is an arrangement of items without regard to the order. A **permutation** is an arrangement of items in a specific order. (Gates et al., 2018a).

Definition 3. An **experiment** is a procedure that yields one of a given set of possible outcomes (Rosen, 2002).

Definition 4. The **sample space** of the experiment is the set of possible outcomes (Rosen, 2002).

Definition 5. An **event** is a subset of the sample space (Rosen, 2002).

Definition 6. Probability is the measure of the likelihood that an event will occur. Probability is quantified as a number between 0 and 1, where 0 indicates impossibility and 1 certainty.

Definition 7. Finite probability. If S is a finite nonempty sample space of equally likely outcomes, and E is an event, that is, a subset of S , then the probability of E is $p(E) = \frac{|E|}{|S|}$ (Rosen, 2002).

Definition 8. A **random variable**¹ is a function from the sample space of an experiment to the set of real numbers.

$$X : S \rightarrow \mathbb{R}$$

A random variable $X(t)$ maps each outcome t to a real number (Rosen, 2002).

Note. It is worth clarifying that “random variable” is a misnomer. A random variable is a function. It is not a variable, and it is not random! It is a representation of an underlying random system. The name *random variable* (the translation of *variabile casuale*) was introduced by the Italian mathematician F. P. Cantelli in 1916 (Rosen, 2002).

1 Probability Distributions

Definition 9. The **distribution** of a random variable X on a sample space S is the set of pairs $(r, p(X = r))$ for all $r \in X(S)$, where $p(X = r)$ is the probability that X takes the value r . The set of pairs in this distribution is determined by the probabilities $p(X = r)$ for $r \in X(S)$ (Rosen, 2002).

1.1 Bernoulli Distribution

Definition 10. Discrete probability distribution of a random variable which takes the value 1 with probability p and the value 0 with probability $q = 1 - p$.

The random variable:

$$X = \text{The outcome of the experiment is “success”}.$$

Probability mass function over possible outcomes k :

$$f(k; p) = \Pr(k; p) = \Pr(X = k) = p^k(1 - p)^{1-k} \quad \text{for } k \in \{0, 1\}$$

¹ Random variables translate outcomes in the sample space of an experiment to real numbers so that we can reason about them with mathematics.

1.2 Binomial Distribution

Definition 11. Discrete probability distribution of the number of successes in a sequence of n independent Bernoulli experiments. For a single trial, that is, $n = 1$, the binomial distribution is a Bernoulli distribution.

Note. The binomial distribution is frequently used to model the number of successes in a sample of size n drawn with replacement from a population of size N . If the sampling is carried out without replacement, the draws are not independent and so the resulting distribution is a **hypergeometric** distribution, not a binomial one. However, for N much larger than n , the binomial distribution remains a good approximation, and is widely used.

The random variable:

X = The number of successes in a sequence of n independent Bernoulli experiments is k .

Probability mass function of getting exactly k successes in n trials:

$$f(k; n, p) = \Pr(k; n, p) = \Pr(X = k) = \binom{n}{k} p^k (1 - p)^{n-k} \quad \text{for } k \in \{0, 1, \dots, n\}$$

Definition 12. The binomial coefficient, $\binom{n}{k} = \frac{n!}{k!(n-k)!}$, is the coefficient of the x^k term in the polynomial expansion of the binomial power $(1 + x)^n = \binom{n}{0}x^0 + \binom{n}{1}x^1 + \dots + \binom{n}{n}x^n$, that is, the **binomial theorem**.

Explanation k successes occur with probability p^k and $n - k$ failures occur with probability $(1 - p)^{n-k}$. The k successes can occur anywhere among the n trials, and there are $\binom{n}{k}$ different ways of distributing k successes in a sequence of n trials.

1.3 Poisson Distribution

Definition 13. Discrete probability distribution of a given number of events occurring in a fixed space interval, usually time, and these events occur with a known constant rate and independently of the time since the last event. The Poisson distribution is derived from the **binomial distribution** by splitting up the interval into n subintervals, each of which is so small that at most one event could occur in it with non-zero probability (Wackerly et al., 2008).

The random variable:

X = The number of events in an interval is k .

Probability mass function² of getting exactly k events in an interval:

$$f(k; \lambda) = \Pr(k; \lambda) = \Pr(X = k) = e^{-\lambda} \frac{\lambda^k}{k!}$$

where λ is the event rate, the average number of events in an interval.

² Notice that the interval length is not specified. Refer to Wackerly et al. (2008) for the derivation.

1.4 Stochastic (Random) Process

Definition 14. A **stochastic process** is a random phenomenon that arises through a process which is developing in time in a manner controlled by probabilistic laws (Parzen, 1999). From a point of view of the mathematical theory of probability a stochastic process is best defined as a collection of random variables, indexed by points in some space.

$$\{X(t), t \in T\}$$

A more appropriate name in mathematics is **random field**. The set used to index the random variables is called the **index set**. Historically, the index set was some subset of the real line, such as the natural numbers, giving the index set the interpretation of time. Each random variable in the collection takes values from the same mathematical space known as the **state space**. An **increment** is the amount that a stochastic process changes between two index values, often interpreted as two points in time.

Note. Even though the index set can be any set in any space, generally more results and theorems are possible for stochastic processes when the index set is ordered. Most commonly, random variables in a stochastic process are indexed by the positive numbers along the real number line, interpreted as time. Among these, the **Brownian motion process** and the **Poisson process** are considered the most important and central in the theory of stochastic processes. Other stochastic processes include **random walk** and **Markov Chain** and **martingales**. A martingale models a fair game. A simple random walk is a Markov chain and also a martingale.

1.5 Point Process

Definition 15. A point process (or **point field**) is a collection of mathematical points randomly located on some underlying mathematical space. Point processes on the real line form an important special case that is particularly amenable to study because the points are ordered in a natural way, and the whole point process can be described completely by the (random) intervals between the points.

Note. Different from stochastic processes, point processes are defined as a collection points randomly located on some space and not as a collection of random variables indexed by some index space. Various interpretations of a point process exist:

- a random object that arises from or is associated with a stochastic process
- a stochastic process indexed by sets of the underlying space on which it is defined

1.6 Renewal Process

Definition 16. Historically the first point processes that were studied had the real half line $\mathbb{R}_+ = [0, \infty)$ as their state space, which in this context is usually interpreted as time. These studies were motivated by the wish to model telecommunication systems, in which the points represented events in time, such as calls to a telephone exchange. Point processes on \mathbb{R}_+ are typically described by giving the sequence of their (random) inter-event times (T_1, T_2, \dots) , from which the actual sequence (X_1, X_2, \dots) of event times can be obtained as

$$X_k = \sum_{j=1}^k T_j \quad \text{for } k \geq 1.$$

If inter-event times are independent and identically distributed, the point process is called a **renewal process**.

Note. The **intensity** $\lambda(t|H_t)$ of a point process on the real half-line with respect to a filtration H_t is defined as

$$\lambda(t|H_t) = \lim_{\Delta t \rightarrow 0} \frac{1}{\Delta t} \Pr(\text{One event occurs in time interval } [t, t + \Delta t] | H_t)$$

H_t can denote the history of event-point times preceding time t but can also correspond to other *filtrations* (for example in the case of a Cox process). The *compensator* of a point process, also known as the dual-predictable projection, is the integrated conditional intensity function defined by

$$\Lambda(s, u) = \int_s^u \lambda(t|H_t) dt$$

1.7 Poisson (Point)³ Process

Definition 17. The number of points in a region of finite size within a Poisson process is a random variable with a **Poisson distribution**. The Poisson point process is often defined on the real line, where it can be considered as a **stochastic process**. The Poisson process is a point process with convenient mathematical properties. The Poisson point process has the property that each point is stochastically independent to all the other points in the process. The Poisson process has been used to build other point processes where the points are not independent of each other.

Note. **Poisson Counting Process**

Definition 18. A homogeneous Poisson point process on the positive half-line that represents the total number of occurrences or events that have happened up to and including time t .

$$\{N(t), t \geq 0\}$$

The probability of random variable $N(t)$ being equal to n :

$$P\{N(t) = n\} = e^{-\lambda t} \frac{(\lambda t)^n}{n!}$$

³ The word point is often omitted, but there are other Poisson processes of objects, which, instead of points, consist of more complicated mathematical objects such as lines and polygons, and such processes can be based on the Poisson point process.

2 PCIM

Definition 19. Model for learning nonlinear temporal dependencies in event streams (Gunawardana et al., 2011).

- Model: A marked point process
- Learning: Closed-form Bayesian approach
- Sampling: Important sampling using a proposal distribution based on Poisson superimposition

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