ISF 2011 Message from the IIF President

It is a pleasure and an honour, for the last time as President of the International Institute of Forecasters, to wish you all welcome to our 31st International Symposium on Forecasting in Prague, the beautiful capital and largest city of the Czech Republic. As usual, the Organizing Committee and the Directors of the Institute have aimed to involve as many participants as possible from the region. My special welcome to the new delegates registered for the first time at an ISF. Our aim is to ensure a continuing supply of well-trained forecasting researchers who have a broad perspective of the discipline’s important problems. As a member of the IIF you will receive the International Journal of Forecasting, the premier forecasting journal; Foresight: The International Journal of Applied Forecasting; and the Oracle, our newsletter. Please consider submitting your presented paper to one or more of these. To do so contact Rob Hyndman, editor of the IJF or Len Tashman, editor of Foresight or any of the journals’ associated editors at the Symposium.

Research in forecasting should reach the highest scientific standards. At the same time forecasting is not just an academic pursuit; it is everyday business, and the two have to be closely related for the benefit of both. As part of its educational agenda, the Institute has taken several steps towards meeting these goals. The generous support of SAS Corporation has allowed us to offer competitive annual awards in the areas of methodology and applications. We are also contributing to the professional development of practitioners through alternative certification programs; reviewing and approving programs on forecasting offered by qualified individuals and organizations. To encourage larger attendance at ISFs we continue to offer a limited number of travel grants to (Continued on page 3).

Elections of IIF Directors

Following the recent elections for the IIF Board of Directors, the new directors are:

Gloria Gonzalez-Rivera is Professor of Economics at the University of California, Riverside. She is an expert on econometric and forecasting methodology applied to financial markets, volatility forecasting, and risk management.

Jennifer Castle is an Economics Fellow at Magdalen College, Oxford University and a research fellow at the Institute for New Economic Thinking at the Oxford Martin School. She works on forecasting issues with a focus on developing forecasting models that are robust after structural breaks.

Stephan Kolassa is the Vice President Corporate Research for Switzerland-based SAF AG, who develop software for automatic forecasting and replenishment in the retail sector.
Rob Hyndman, Editor of the IJF, would like to encourage speakers who presented at ISF 2011 to submit their papers to the International Journal of Forecasting for potential publication. Submissions can be made at http://mc.manuscriptcentral.com/ijf/. Guidelines for authors are available at http://www.forecasters.org/ijf/authors.

**News!** The 2010 Impact Factor for the IJF is 1.853.

Len Tashman, Editor of Foresight

If you're interested in contributing an article to Foresight, we'd like to hear from you! Please contact Len Tashman (lentashman@forecasters.org) for information.

If your organization would like to increase its exposure by advertising on the Foresight website, please contact Stacey Hilliard, stacey.hilliard@forecasters.org.

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**Using the Grouping and Shrinkage Approaches to Forecasting**

Aris Syntetos and Huijing Chen (University of Salford) are currently running a project funded by the Engineering and Physical Sciences Research Council (EPSRC, UK) that looks at the employment of Grouping and Shrinkage approaches to estimating seasonality. The project also involves an external advisor (John Boylan, Buckinghamshire New University) and it runs with the support of one full time post-doc Research Assistant (Kui Zhang).

The main objectives of the project are as follows:

- To devise a grouping mechanism to divide series into seasonally homogeneous groups;
- To understand, theoretically, how shrinkage methods may improve on the individual approach;
- To draw together the strengths of the grouping and shrinkage approaches and establish a theoretical rule to choose the best;
- To assess the empirical validity of the theoretical results on large sets of real data;
- To analyse the empirical implications of forecasting related amendments on stock control.

The outcomes of the project will progressively be added on a dedicated web-site at the University of Salford. We have already ensured the contribution of a few organisations, but more companies are currently being sought for participation in the project, in terms of exchange of ideas and data provision. Especially the latter is an issue of particular importance to us and we would be grateful for any suggestions. In return, the companies will be supplied, at the end of the project, with reports consisting of tailored made propositions. Any enquiries or any suggestions/comments regarding this project may be addressed to Aris Syntetos at: a.syntetos@salford.ac.uk or +44 (0) 161 295 5804.

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2011 IIF Sponsored Workshop Announced!

**8th IIF Workshop - Forecasting the Business Cycle, Paris**

BANQUE DE FRANCE and INTERNATIONAL INSTITUTE OF FORECASTERS are pleased to announce the 8th IIF Workshop taking place in Paris on the 1st and 2nd December 2011 on the topic “Forecasting the Business Cycle.” Speakers will include: M. Marcellino (EUI, Italy), T. Teräsvirta (Univ. Aarhus, Danmark), A. Ozyl-ridim (The Conference Board, USA), D. Giannone (ULB, Belgium), D. van Dijk (Univ. Rotterdam, The Netherlands), E. Ghysels (UNC, USA), B. Rossi (Duke Univ., USA), F. Bec (Univ. Cergy, France), S. J. Koopman (Vrije Univ. Amsterdam, The Netherlands), G. Perez Quiros (Banco de España, Spain), A. Banerjee (Banque de France, France and U. Birmingham, UK)
The Oracle, Special ISF 2011 Issue

ISF 2011 Message from the IIF President, contd.

young researchers and PhD students. And since 2003, we have been sponsoring small-scale specialized workshops on various themes. The last IIF Workshop (the 7th), on Flash Indicators, organised by Esther Ruiz and Miriam Scaglione, took place in Verbier, Switzerland, in January 2011 and experienced the same level of success as the previous ones in Madrid, Salamanca, Leipzig, Rio de Janeiro, Lisbon and Washington, DC. The next IIF Workshop on Forecasting the Business Cycle, organised by Laurent Ferrara, will take place in Paris, on December, 1-2, 2011. You can find more detailed information about all of these activities on our website at http://forecasters.org/conf-wkshops.html.

As the Institute depends heavily on volunteers, new directors are elected annually by the members to serve a three-year term, whilst the President is elected from among directors. It is my pleasure to welcome three new directors, Jennifer Castle, Gloria Gonzalez-Rivera and Stephan Kolassa and to wish them the best luck in their duties. The outgoing directors, Michele Hibon, Moira Hughes and Ralph Snyder deserve my sincere gratitude for their contributions to the Institute and their work over the years. We’re therefore looking for volunteers, to run the IIF, volunteers to help with activities such as the Oracle and our various conferences and workshops.

Finally, those of us who have been involved in organizing and running a Symposium know just how much energy and dedication is needed. Therefore, I am especially grateful to Jakub Fischer and Petr Dostál and their Organizing and Program Committees. With her usual diligence, our Business Director, Pam Stroud, has also made every imaginable effort to make ISF2011 a most memorable event. Thank you all!

Antonio García-Ferrer
President, International Institute of Forecasters

Nuno Crato, Minister of Education, Higher Education and Science of Portugal

On the 21st of June 2011, Nuno Crato, a member of the IIF, was appointed as Minister of Education and Science in the cabinet of the new Portuguese Government. Nuno is a very dear member of the IIF who has been closely involved in several of its activities. In 2000 he organized the 20th International Symposium on Forecasting in Lisbon. This was a wonderful meeting that we all remember. It was very special for many of us, as it was our first contact with the IIF and we never left it. We then co-organized the 5th IIF Workshop on the Predictability of Financial Markets in January 2009. This was a great opportunity for me to work closely with him, and I will always remember this organization as a fantastic experience. Nuno Crato is the co-editor of an International Journal of Forecasting special issue that will be published in 2012 with the papers and the discussions presented at the workshop.

Nuno Crato is an outstanding researcher with a large number of varied academic publications. Furthermore, he has been very interested in the popularization of science with a large number of publications and participation in several TV programs. In 2008 the European Commission granted him a European Science Award (Ex-Descartes Prize). His CV is too long as to be described in this short note, so I will just mention that he has taught at the Universidade dos Açores, The Stevens Institute of Technology and the New Jersey Institute of Technology in the US, and the Instituto Superior de Economia e Gestao, in Lisbon. In June 2010 he was appointed executive president of Taguspark, the largest science and technology park in Portugal. In 2008, he was distinguished with the degree of Comendador da Ordem do Infante D. Henrique by the President of the Republic of Portugal.

The IIF congratulates Nuno Crato for his achievements and wishes him the best in his new endeavor as a Minister.

Submitted by,
Esther Ruiz, IIF Director

As in previous years, the IIF granted this year several travel awards to allow people from all over the world to attend the International Symposium on Forecasting 2011. These awards are a supplement to other sources of funding and do not cover all expenses. They are primarily for students in the area of forecasting and secondarily for non-student forecasters.

This year, the deadline for receiving applications was February 26 and the number of applications received was 29 (last year there were 28 applications). Pam Stroud was in charge of staying in contact with the applicants.

The Committee made its decision after careful revision of each application. They took into account, in first place, the fulfillment of all the requirements listed in the announcement. The requirements are as follows:

1. A copy of the full paper (as exceptional cases, we accepted three extended abstracts) to be presented at the ISF2011.
2. A brief comment on the applicant’s research agenda and how attendance at the conference would be of help.
3. A proposed budget showing the applicant’s anticipated expenses for attending ISF2011, as well as other sources and amounts of financial support.
4. For students, a formal proof of status and a letter of support from her/his advisor.

The following rules were applied:

a) Only those applicants for travel awards whose paper was accepted for presentation at the ISF should be considered.
b) Those who received travel awards in previous years should be carefully judged and they should never get travel awards on more than two occasions.
c) The quality of the paper to be presented at the ISF should be considered, as well as the relevance of the applicant’s research agenda. This issue was of utmost importance for non-student applicants.
d) In all cases, the minimum amount assigned to the successful applicants will cover the registration fee.
e) When the plane ticket is covered by the travel award, the airfare should be the cheapest available.
f) The sum of the travel awards should stay within the budget allocated.

After revisions by the Committee, it was decided to grant 15 travel awards. The total amount awarded, excluding registration, was US$8,000 in cash, while the total amount including registration was US$13,370.

The IIF travel awards for ISF2011 were allocated as shown below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Award Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jorge Alvarado</td>
<td>Colombia</td>
<td>$360</td>
<td></td>
</tr>
<tr>
<td>Lucía Andreozzi*</td>
<td>Argentina</td>
<td>$360</td>
<td>* unable to attend</td>
</tr>
<tr>
<td>Charlotte Brown</td>
<td>UK</td>
<td>$630</td>
<td></td>
</tr>
<tr>
<td>Fernando Luiz Cyrino Oliveira</td>
<td>Brazil</td>
<td>$1,260</td>
<td></td>
</tr>
<tr>
<td>Julieta Fuentes</td>
<td>El Salvador</td>
<td>$1,160</td>
<td></td>
</tr>
<tr>
<td>Alwin Haensel</td>
<td>Netherlands</td>
<td>$560</td>
<td></td>
</tr>
<tr>
<td>Danilo Leiva León</td>
<td>Spain</td>
<td>$760</td>
<td></td>
</tr>
<tr>
<td>Paul Moore</td>
<td>UK</td>
<td>$660</td>
<td></td>
</tr>
<tr>
<td>Julia Polak</td>
<td>Australia</td>
<td>$1,510</td>
<td></td>
</tr>
<tr>
<td>Pavel Pristavka</td>
<td>Russia</td>
<td>$860</td>
<td></td>
</tr>
<tr>
<td>Bruno Rodrigues</td>
<td>Australia</td>
<td>$1,810</td>
<td></td>
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<tr>
<td>Alexandre Santos</td>
<td>UK</td>
<td>$660</td>
<td></td>
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<tr>
<td>Zoe Theocharis</td>
<td>UK</td>
<td>$660</td>
<td></td>
</tr>
<tr>
<td>Li-Min Wang</td>
<td>Taiwan</td>
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<td></td>
</tr>
<tr>
<td>Jiawei Zhang</td>
<td>China</td>
<td>$960</td>
<td></td>
</tr>
</tbody>
</table>

11 Different countries $13,370

IIF Travel Awards Committee
June 2011

See next page for thoughts and observations from the Travel Award Recipients!
A really excellent conference. Nice to meet other forecasting professionals from all over the world. Good opportunities to meet colleagues and friends as well as updating knowledge and information about new topics and issues. I would like to express my appreciation for the opportunity and award that ISF provided.

Jiawei Zhang

The ISF conference was a great event! So many outstanding presentations from all fields of forecasting, practice as well as theory. A great occasion to get to know people in the same field and start collaborations.

Alwin Haensel

This was my second participation in the ISF. It really is an event of high quality technical and academic and an excellent opportunity to exchange knowledge, in addition to reviewing professors, researchers and friends of all the world!

Fernando Luiz Cyrino Oliveira

I really enjoyed attending the symposium. It has given me the opportunity to meet colleagues from many other universities working in different fields of research. I had quite a few very interesting discussions about potential improvements to my work and I have heard inputs on the matter from potential users of my research outcome. I always knew that our ‘languages’ are slightly different but I never understood how big the gap is. At the symposium I have learnt a lot about the practitioners’ needs and it gives me some directions for a future research. In general, it was very productive conference in a beautiful city.

Julia Polak

The ISF 2011 was an extremely helpful event for me in order to obtain feedback regarding to my doctoral dissertation and therefore useful to put me in contact with excellent researchers working in my field. It was also a great opportunity to update my knowledge about the most recent developments in forecasting research due to the high level of the papers presented at the symposium.

Danilo Leiva León

ISF 2011 has been a great experience for me. Every day started with exciting keynote and featured talks and continued with parallel sessions covering all fields of forecasting from climate change to macroeconomic forecasting. Particularly, in my field of judgmental forecasting, I had the opportunity to present and attend relevant talks in a two full-days schedule. I met and interacted with the top researchers of my field who publish their work for more than 25 years. The exciting workshops as well as the panel discussion on forecasting systems future trends and, finally, the gala event complemented a very well organized event. I will definitely be there for ISF 2012 in Boston.

Zoe Theocharis

ISF was a real opportunity to share research results and thoughts face-to-face with the leading researchers on the field whom I would have never met otherwise. Also, I found particularly interesting the conjoint sessions with software providers to discuss the required paths on research. Organization was just wonderful, and Prague, of course, was the ideal place to hold such an interesting and fruitful meeting.

Jorge Andrés Alvarado

ISF 2011 was an exciting event and, of course, justified all the hopes perfectly. It was a great opportunity to present our work to the world’s leading researchers and practitioners concerned and discuss it. The conference also allowed me to get new ideas and communicate with other specialists involved. Absolutely, ISF 2011 provide me with productive experience and stimulated the further research work!

Pavel Pristavka
The International Institute of Forecasters Announces SAS® Grants to Support Research on Principles of Forecasting for 2011

The International Institute of Forecasters, in collaboration with SAS®, is proud to announce a grant of financial support for research on how to improve the state of the art in forecasting methods and business forecasting applications. Over twenty years of forecasting research has seen major changes in the theoretical ideas underpinning forecasting effectiveness. However, there has been less impact on forecasting methods and applications. To promote the research in this area, the IIF has partnered with SAS® to offer this exceptional support. This will be the ninth year, after the award of grants in 2003 through 2010, in which this grant will be awarded. This year the grant will consist of three, $4,000 awards.

Applications should be submitted to the IIF Business Office by 30th September 2011. For more information on this grant and how to apply, please visit the IIF website at: http://www.forecasters.org/

If you have any questions, contact the IIF Business Office at forecasters@forecasters.org

The successful projects for 2010 that were awarded by the SAS-IIF Grants Committee were:

- **Bryan Routledge and Noah Smith**, for the project proposal in the category of Methodology “Text-Driven Forecasting of Mergers: Identifying Targets and Acquirers.”

- **Matthias Seifert, Lee Newman and Florian Federspiel**, for the project proposal in the category of Applications “Time series forecasting: The contribution of task, decision support and cognitive factors in judgmental effectiveness.”

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**In Memorium, Anthony Waclawski**


Andy, who joined SAS in 2000, was responsible for analytics presales support, primarily in the areas of time-series forecasting and data mining. Andy held a PhD in statistics, and his professional memberships included the American Statistical Association, the International Institute of Forecasters and the National Computer Measurement Group.

“Andy has been my friend for 18 years,” said his manager, Steven Sober. “I met him at MCI where he was a capacity planner. As the years went by, I enjoyed many a meal at his home with his wife, Dixie, and son, Rex. My favorite story about Andy? That is an easy one. Andy wanted to play pro basketball and got his chance. He was guarding Julius ‘Dr. J’ Erving; Andy thought he was doing a great job when all of a sudden Dr. J jumped over his head and dunked the ball. Andy was standing at the free-throw line when this happened. That is when Andy knew he needed a different profession.”

Andy’s friends also remember him as being a well-rounded person with varied interests.

“Andy was a likeable and gregarious person that we shall all miss,” said friend and co-worker Phil Weiss, also a Solutions Architect in the Americas Technology Practice. “You could talk to him about almost any subject, whether it was fishing, the central limit theorem in statistics or politics. He was a top-notch statistician and prided himself on being able to produce and deliver compelling results as well as write research papers. Most of his close friends also knew that he was quite the athlete, who enjoyed working out, running, hiking and skiing.”

Analytical Consultant Darius Baer, another longtime friend, remembers Andy’s humility and magnetic personality.

“He was a very humble man – it took a while before I realized how strong a statistician he was,” Darius said. “Andy was one of those guys that everyone loved to be around. He brought life to the party without dominating it. What a great role model, both professionally and personally.”
SAS News

SAS Personnel News
The release of SAS 9.3 includes many new and updated forecasting products:

- In addition to several system management enhancements, SAS Forecast Server now supports combination (ensemble) models, rolling simulations (for more realistic evaluation of forecasting performance over a holdout sample), and temporal reconciliation (for reconciling forecasts generated at different time frequencies). Temporal reconciliation can be particularly helpful in high-frequency forecasting, such as for electricity demand in 15 minute intervals, where the different seasonal patterns by hour of the day, day of the week, and month of the year can be combined.
- SAS Retail Forecasting is a new offering that helps predict demand and shape consumer response across a marketing-driven, multichannel retail enterprise. It enables consumer response to price, promotion, marketing and operational activity to be analyzed to assess their impact on demand. In addition to price and promotion, SAS can also assess cannibalization and halo effects, causes for lost sales and forecast new product sales.
- Demand forecasting processes are often supply-driven, with little emphasis on predicting unconstrained demand. SAS Demand-Driven Forecasting delivers a proactive structured approach that provides the means to sense, shape, and predict demand, rather than reacting to demand signals. It puts more emphasis on upstream sales/marketing activities that directly affect consumer demand, thus creating a more practical view of true unconstrained demand based on sales/marketing tactics and strategies.
- SAS/ETS adds new and enhanced procedures for state space modeling (PROC SSM), fitting probability distributions for the severity (magnitude) of random events (PROC SEVERITY), and helping perform large-scale multivariate simulation from separate models (PROC COPULA). There is lots of new functionality to solve problems within the field of risk management, and enhanced functionality to model and describe the effects of rare events.
- SAS/ETS Add-in for JMP is a graphical user interface that provides easy access to SAS/ETS procedures. It provides a user-friendly interface for specifying models, translates the model specifications into statements for the relevant SAS/ETS Procedure, runs the statements, and displays the results in JMP.

SAS Personnel News
- Mike Leonard participated on the Forecast Support Systems panel discussion at the ISF in Prague.
- Charlie Chase and Tim Rey, Director of Analytics at Dow, delivered a webcast on “Market-Driven S&OP Planning at Dow Chemical” for Industry Week, available for on-demand replay.
- An interview with Mike Gilliland on “Taking the Lean Approach to Business Forecasting” appeared in the May/June 2011 issue of Supply Chain Brain (with video on SupplyChainBrain.com).
- Charlie Chase, along with E.J. Tavella of Steelwedge and S&OP author Tom Wallace, delivered a webcast on “Plan in Perfect Sync with Customer Demand,” available for on-demand replay.

Forecasting Events
- At the APICS/IBF Best of the Best Conference on Sales & Operations Planning, Mike Gilliland (along with Mark Hahn of Amway) presented on “Lean Forecasting.” SAS partners Prognos and Steelwedge exhibited at the event.
- SAS Forecasting will be exhibited at the IBF Supply Chain Planning & Forecasting conference in San Francisco, October 15-18.
- Analytics 2011, combining the M-series data mining and F-series forecasting conferences, will be held October 24-25, 2011 in Orlando. Next June, Analytics 2012 will be held in Cologne, Germany.
- The INFORMS 2011 Annual Meeting (Charlotte, November 13-16) will include a session on Forecast Value Added analysis featuring Mike Gilliland, Ryan Rickard of Newell Rubbermaid, and Mert Sanver of Cisco.

Collaborative Forecasting Research Study
Much has been written about the benefits of collaborative forecasting and information-sharing practices to help manufacturers improve forecast accuracy. However, knowing how and when to collaborate with downstream partners remains a challenge and little substantive research exists about how to best use the mass of downstream data available to improve forecasts.

At the Lancaster Centre for Forecasting we are conducting a research study to address some of the open questions in this domain, initially through a web-based survey of forecasters and demand planners in manufacturing companies. The survey can be found at www.collaborative-forecasting.co.uk/survey/cf_survey.html and all participants will receive a copy of the findings.
Finally, we can’t finish this special issue of the Oracle without some photographs from Prague! Thanks to Dominque Hibon and the ISF Local Organizing Committee for providing these amazing photographs!
The Pharma Landscape is Evolving - Are You?

Healthcare reform and multiple cases of patent expiration are two of the many obstacles paving a daunting future of pharma. But that can mean that big pharma companies spend billions of dollars on drugs competitors already known to be dead-ends. That’s all starting to change. The confluence of low productivity with flagging Wall Street confidence, major patent expiration, increased clinical cost and stiffening regulatory hurdles has led to “a perfect storm,” Marie Lamont, VP Finance and Operations for Genzyme, says that ‘fresh, forward –thinking analysts can reinvigorate your market strategy’. Nothing is more unnerving than being unprepared. Today, there is greater pressure on the forecasters to know the market and anticipate change.

Forecasting for advanced modeling techniques and considerations will be discussed in more detail at eyeforpharma’s 5th Annual Pharma Forecasting USA Summit (October 5-6, Boston). Bob Draper, Senior Adviser, Global Forecasting for Lilly, will discuss key elements of how you can leverage the benefit of market insight for effective strategic decision making. The summit will also help you to find out how to ensure your forecasters are accounting for the effects of patent expiration on products in the evolving pharma landscape. To find out more about the conference, visit the website here: www.eyeforpharma.com/forecastingusa

Media contact: Justyna Machnowska, Justyna@eyeforpharma.com
Looking for the latest trends in analytics? The Analytics 2011 Conference has them! Join hundreds of analytics professionals for two days of insightful sessions, networking and hands-on training.

Speakers include:
- Mark Frost, Check Free
- Ralph Grothmann, Siemens
- Tao Hong, Quanta Technology
- Jim Hoover, Accenture
- Chris Ivanov, Power System Engineering
- Jonathon Karelse, WTD Inc.
- Rob Miller, Avantor Performance Materials Inc.
- Preeti Modgil, Wyndham Exchange and Rentals
- Larry Sellman, InterContinental Hotels Group
- Michael Tramitzke, Beiersdorf
- Michele Trovero and Michael Leonard, SAS

View an up-to-date list of speakers, abstracts and special events at www.sas.com/analyticsseries/us.
And finally, looking forward to ISF 2012 in Boston; a very confident group of organizers! (clockwise, l-r) General Chair, Geoff Allen, Program Chairs, Rob Hyndman and Len Tashman.

Above, Boston and the Charles River, a view from Cambridge; below, the Copley Marriott (symposium venue)