UVIG Forecasting Workshop 2015
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Session 1: How to Run a Forecasting Trial and How to Get the Most Value from a Set of Multiple Forecast Vendors

A view on <<Forecasting Trials>>
by Dr. Corinna Moehrlen, WEPROG

Corinna started her presentation by explaining the processes leading to a forecasting solution via RFP procurements, trials with and without consultants, via RFI procedures and explained which types are useful for which kind of task.

She then explained that the so-called learning from a trial and the benefits of trials only applies for vendors new to the market and showed why clients seldom gain real insight into the important processes by carrying out a (cost-free) trial where no pre-selection and no definite goals are set.

The process of a trial is quite complicated and time consuming and the main challenge arising with trials for the client, especially if it is free trials, is that the parameters that can be verified for all participants are seldom providing a realistic picture of the quality and capability of the vendors for the real task to be solved. Corinna demonstrated the dilemma with an artificial example of UPS setting up a trial, where the best individual car for the final customer delivery would be a small city car, not taking into account that such cars cannot load many parcels and thereby would be counter productive to the set out objectives. The lesson of the example is that a simplified evaluation process, where all vendors are treated equally here leads to longer mileage, higher labour costs, belated delivery, increased environmental footprint and down road probably loss of customers. Corinna recommended that it is important to take such aspects into consideration when planning a trial.

The AESO pilot project from 2007 was given as an example of a trial to the benefit of all participants. A guideline and decision support schema was forming the recommendations. The conclusion was that free trials will compromise quality and development over time drastically and will cause that targets may not be met in the future, because of missing vendors being able to deliver the required forecast quality.