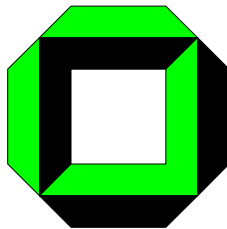


Stimulating Cooperative Behavior  
of Autonomous Devices -  
An Analysis of  
Requirements and Existing Approaches

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## **Abstract**

In the context of mobile and wireless devices, an information system is no longer a centralized component storing all the relevant data nor is it a decentralized component governed by a common authority. Rather, the information spread across huge numbers of autonomous mobile and wireless devices owned by independent organizations and individuals can be regarded as a highly dynamic, virtual information system. For this vision to become reality, the autonomous devices involved need to be motivated to cooperate. This cooperation needs to occur not only on the application layer, but, depending on the network architecture, also on the lower layers from the link layer on upwards. In this report, we investigate on which protocol layers cooperation is needed and what constitutes uncooperative behavior. We then identify necessary properties of incentive schemes that encourage cooperation and discourage uncooperative behavior. In this context, we examine remuneration types that are a major constituent of incentive schemes. Finally, using the example of ad hoc networks, the most challenging technical basis of a wireless information system, we compare existing incentive schemes to these characteristics.



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# 1 Introduction

Not too long ago, an information system was a centralized data repository. This is no longer true. Today, information is spread across large numbers of autonomous devices, many of them wireless. The aim of an information system is to provide users with access to these distributed resources. To achieve this, cooperation among the devices becomes a necessity. On the application layer, devices need to be willing to share the information they possess. In order to technically accomplish this, device cooperation on lower protocol layers may be necessary, too. Consider, e.g., an infrastructureless ad hoc network. Here, devices must be willing to forward packets on behalf of other devices, if cooperation on the upper layers is to be possible.

Unfortunately, in general, cooperative behavior implicates increased resource consumption and, thus, is not in the interest of the autonomous devices. In case of information sharing, the offerer is confronted with additional disc accesses as well as growing processor load. On lower network layers, increased usage of own bandwidth and energy (e.g, on a node forwarding packages) prevent most of the necessary benevolent cooperation. Again, mobile devices, which are commonly used in wireless environments, are especially concerned about saving their device-inherently scarce resources.

To counterweigh this, external incentives for cooperation are indispensable. These incentive schemes have to be designed in order to discourage uncooperative behavior, while at the same time taking into account the high heterogeneity of the devices and the resulting asymmetry of cooperation and the fact that devices may have valid reasons for a lack of cooperation (e.g., a cell phone might just not be able to offer a certain service), which in this case should not be punished by the incentive scheme.

In this report, we take a detailed look at where cooperation occurs, what types of uncooperative behavior can be expected (and thus have to be discouraged by appropriate incentive schemes), what should be considered venial noncooperation (Section 2), which requirements need to be met when devising incentive schemes (Section 3), which properties the remunerations of incentive schemes have (Section 4), and finally, in Section 5, how existing schemes compare to these characteristics. Lastly, we conclude the report in Section 6.

## 2 Cooperative and Uncooperative Behavior of Autonomous Devices

In this section, we identify protocol entities as cooperating entities. Therefore, cooperation is classified into domains according to the layering of its participating parties. Furthermore, we propose a taxonomy of uncooperative behavior, which enables a systematic analysis of uncooperative behavior of

autonomous devices with regard to its cooperation domain. It is important to have a detailed understanding of the types of uncooperative behavior in order to conceive an effective incentive scheme. Lastly, we introduce venial noncooperation as a kind of uncooperative behavior that should be exempted from punishment in incentive schemes.

## 2.1 Cooperation Domains

As in conventional networks, cooperation takes place on different layers of abstraction. On each layer, a device runs a protocol entity that enables inter-device cooperation by interacting with other devices' protocol entities. Therefore, different domains of cooperation are discerned with respect to the layer of their protocol. The classification of cooperation into layered cooperation domains does not take into account cooperation within device boundaries, because incentives are not required for vertical interaction, i.e. interaction between different layers' protocol entities on the same device.

A conceptual layering of cooperation domains is shown in Figure 1. Since a domain is defined by the level of abstraction that it is built upon, there is no conflict to existing ad hoc network protocol stacks, e.g. Bluetooth [1]. In the following, the scope of the proposed cooperation domains is discussed.

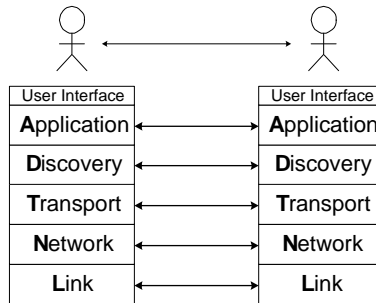


Figure 1: Inter-device cooperation of protocol entities

**Link(L).** The link layer provides peer-to-peer links between devices within reach. Routing is confined to the network layer, so that bridges and switches are not considered. Therefore, the link layer encompasses the LLC, MAC and PHY of WLAN, e.g. IEEE 802.11 [2]. It corresponds to the Bluetooth layers RF, Baseband, Link Manager and L2CAP except for the switching of masters and bridging slaves.

**Network(N).** The plethora of ad hoc routing protocols [3] reside on the network layer. In general, it offers a simple datagram service over multiple links.



**Transport(T).** The transport layer provides reliable links between devices in an ad hoc network. In addition, more complex communication patterns like multicast or anycast are provided. Currently, there is no standardized ad hoc transport protocol. However, some ad hoc routing protocols cover parts of the transport layer, e.g. multicast in AODV.

**Discovery(D).** In the discovery layer, application services are advertised by the service provider and requests for application services are processed. Therefore, topologies for routing and matching of advertisements and requests are conceived and maintained. Existing approaches for the discovery layer employ different topologies, ranging from Bluetooth SDP's star topology to DIANE's hierarchical structures [4, 5] to Allia's [6] ad hoc topology.

**Application(A).** Application services are provided and consumed on the application layer. The application protocol entities have direct access to the discovery and transport layer. The application layer may be partitioned into sublayers, e.g. for an internet gateway service.

**User(U).** The protocol entity of the user layer is represented by the device bearer or, in case of lone devices like sensors, the device owner. The user layer is purely conceptual, since it resides outside of the device. However, it systematically includes user cooperation and the user interface into the cooperation domains of Figure 1. The design of the user interface is important, because it enables interaction between user layer and application layer protocol entities.

## 2.2 Elementary Cooperation

As the elementary constituent of cooperation, an entity  $A$  acts on behalf of an entity  $B$ . In the following, entity  $A$  is called *agent entity* and entity  $B$  is referred to as *principal entity*. The action is part of the entities' protocol and is beneficial to the principal entity. For example, a network protocol entity, i.e. the agent entity, forwards packets on behalf of its sender, i.e. the principal entity. Therefore, the principal entity remunerates the agent entity and, thus, stimulates the agent entity's action. The remuneration is flexible, if it is assessed situationally, e.g. by taking into account the scarceness of the agent entity's resources.

The action is not necessarily initiated by the principal. For instance, link state packets of the network layer are sent by an agent entity to a principal entity without the principal's explicit request therefor. In the following, cooperative behavior is treated on the elementary principal-agent level. Figure 2 interrelates the proposed terms.

In a service oriented perspective, the agent entity is the provider of a service, i.e. the action, and the principal entity is the consumer.

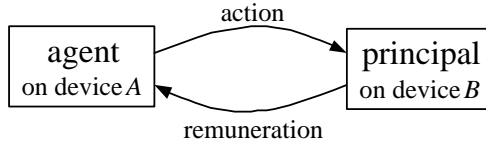


Figure 2: The terminology of elementary cooperation

### 2.3 Uncooperative Behavior

A taxonomy of uncooperative behavior is given in Figure 3. In this context, profitable and reasonable applies to the uncooperative protocol entity. In this section, we focus on unreasonable uncooperative behavior, i.e. misbehavior. Reasonable uncooperative behavior is termed venial noncooperation and is discussed in Section 2.5.

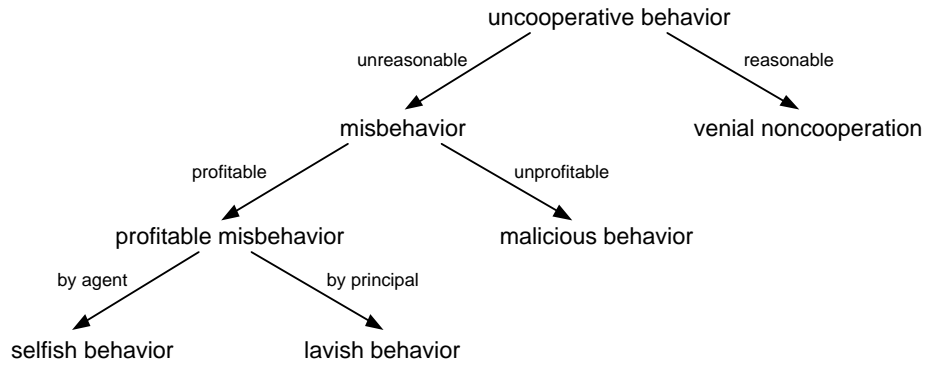


Figure 3: Taxonomy of uncooperative behavior

Unprofitable misbehavior is only exhibited, if it is profitable to a protocol entity of an upper layer. For instance, in a reputation based incentive scheme, posting defamation packets requires resources and, thus, is not profitable to the network protocol entity. However, the application protocol entity profits, if a competing service provider is excluded from the network due to its bad reputation. Generally speaking, protocol entities are subject to a moral hazard as it is known from the agency theory [7]. In the following, unprofitable misbehavior is depicted as malicious behavior.

Profitable misbehavior may be exhibited by the principal or agent entity. On the one hand, a principal entity may lavishly consume services, e.g. send superfluous datagrams on the network layer. On the other hand, an agent entity may fail to commit an action in order to economize its resources. For instance, a network protocol entity may fail to forward packets.

Effective misbehavior requires vertical interaction of protocol entities. This applies both to unprofitable and profitable misbehavior. On the one hand, upper layers' protocol entities have to inform the malicious protocol

entity about its target. On the other hand, the cooperation patterns of upper layers' protocol entities have to be taken into account by a selfish protocol entity. For example, a link protocol entity may save energy by turning off its ready-to-receive state. However, it has to ensure that its network protocol entity does not wait for a message. Furthermore, lavish behavior is only identifiable with the aid of upper layers' protocol entities, since lavishness is defined by the cooperation patterns of upper layers.

We have to note that remunerating incentive schemes introduce further means of misbehavior. For instance, malicious behavior is especially attractive, if the remuneration of the agent entity is flexible with regard to its resources and to its market position. On the one hand, the principal entity may maliciously prevent its agent entity to act for other principal entities in order to economize the agent's resources and lower its remuneration. On the other hand, an agent entity may raise its remuneration by wiping out its competitors, e.g. by denial of service attacks.

## 2.4 Misbehavior in Cooperation Domains

In each cooperation domain, the protocol entity experiences inducements to exhibit misbehavior. However, we have to note that there are devices that are inherently motivated to cooperate. This is especially true for cooperative devices that cannot be reconfigured and devices with abundant energy, e.g. lamps. In addition, application services might be for free, e.g. publicity and public services like tourist guides.

In this section, misbehavior is listed with respect to the cooperation domain. A detailed list of denial of service attacks in sensor networks is found in [8]. It is focussed on malicious behavior on the link, network and transport layer.

Misbehavior on the user layer is exempted from the following list of misbehavior in cooperation domains, since the protocol on the user layer is run outside of the device. However, it is important to understand the users' cooperation patterns, in order to employ incentives for cooperation in a specific application domain.

**Link(L).** If the protocol entity ensures that no packet is waited for, it selfishly turns off its ready-to-receive state, so that upper layers' protocol entities cannot act as agent any more.

Depending on the communication media, a protocol entity maliciously prevents other protocol entities from receiving packets by jamming the media. This is advantageous in flexible remuneration schemes.

**Network(N).** Apart from the failure to forward packets, selfish behavior varies with the network protocol. In table driven routing protocols, a network protocol entity selfishly fails to send link state packets. If such

behavior is retaliated by omitting the selfish entity from tables, a network protocol entity may selfishly send link state packets that report neighbor entities as far away. Then, no packets will be routed through the selfish entity. In connection oriented network protocols, an entity selfishly refuses to participate in routing, e.g. by ignoring a route request in DSR [9]. Further selfish and malicious misbehavior in DSR is listed in [10].

A network protocol entity acts lavishly by establishing dispensable connections or sending superfluous packets. As a prerequisite, such lavish behavior is at least as beneficial as its cost for the lavish entity.

As on the link layer, a network protocol entity maliciously prevents other protocol entities from receiving packets in flexible remuneration schemes, e.g. by returning an acknowledgement packet to the sender whilst failing to forward. However, such misbehavior is countered by retransmission that is generally initiated by the transport protocol entities. In table driven routing, a network protocol entity maliciously sends link state packets that report upper layers' competitors as far away. Then, the malicious entity may appear to be on the shortest route. Further malicious behavior, e.g. a man-in-the-middle attack, may be profitable for upper layers' protocol entities.

**Transport(T).** A selfish transport protocol entity lazily handles connection management, e.g. by omitting acknowledgements for connection releases and datagram reception. This behavior is only profitable, if connection management packets are not repeatedly received because of the missing acknowledgement.

For routing in complex communication patterns like multicast, the misbehavior on the network layer also applies to the transport protocol entities.

**Discovery(D).** A discovery protocol entity selfishly drops uninteresting advertisement. Furthermore, a selfish entity fails to forward advertisements and requests, e.g. to competitors especially in case of flexible remuneration. In addition, the topology is not maintained by selfish entities. For example, a discovery protocol entity selfishly shuts down without prior sign out.

A lavish entity frequently sends advertisements of its application services. In case of memory shortage, it stores none of the other entities' advertisements and, thus, frequently issues requests.

If failure to forward advertisements is retaliated, a malicious entity may alter competitors' advertisement, so that they become uncompetitive. In case of flexible remuneration, the malicious entity then boosts its upper layer's remuneration.

**Application(A).** Application protocol entities selfishly do not provide application services and, thus, do not share their resources.

Furthermore, a lavish protocol entity consumes resource intensive application services instead of providing them itself.

## 2.5 Venial Noncooperation

Venial noncooperation is defined as reasonable lack of cooperation due to resource shortage. Persistent resource shortages arise from the limitations of the device itself, i.e. limitations in computation, memory, bandwidth and energy capacity. Transient resource shortages are due to the device's environment and usage patterns. The device might experience connectivity problems or its resources might be overloaded, e.g. because it is a routing bottleneck.

The incentive scheme should exempt venial noncooperation from punishment. Therefore, it is important to be able to distinguish between venial noncooperation and the misbehavior of Section 2.3. However, the misbehavior in cooperation domains as listed in Section 2.4 is only distinguishable from venial noncooperation by conceiving additional protocol mechanisms, if it is distinguishable at all.

Flexible remuneration partially solves this problem, if the amount of remuneration is related to the scarceness of the agent entity's resources. For instance, if a user is not able to recharge its device during a trip, his device may rise the remuneration for its services in order to save energy. On the downside, flexible remuneration has to be carefully applied, since it encourages malicious behavior, as shown in Section 2.3 and 2.4.

In ad hoc networks, cooperation tends to asymmetry, i.e. there exist protocol entities that are inherently principal or agent entities. This stems from the inherent asymmetry with regard to the network's topology and the devices' resources and usage patterns. Therefore, asymmetry is closely related to venial noncooperation. However, inherent asymmetry is a problem for incentive schemes that assume symmetric cooperation patterns, e.g. by requiring that the principal entity has acted as agent entity before.

## 3 Conception and Implementation of Incentive Schemes

The goal of incentive schemes is to encourage cooperation and discourage uncooperative behavior. In order to achieve this, incentive schemes have to meet certain requirements. In this section, we take a look at these requirements. Note that the complexity of incentive schemes arises from their assumptions. For instance, the implementation of trust calls for additional mechanisms.

### 3.1 Effectiveness

An effective incentive scheme restrains uncooperative behavior except for venial noncooperation. The attractiveness of *selfish behavior* is commonly diminished by remunerating the agent entity. The other way round, remuneration of the agent entity keeps the principal entity from *lavish behavior*. Detection and punishment of *malicious behavior* demand for additional mechanisms of the incentive scheme's implementation. Additional mechanisms have to be adopted in order to detect *venial noncooperation*. In general, asymmetric cooperation patterns are taken into account by applying flexible remuneration.

### 3.2 Robustness

Incentive schemes are conceived in order to restrain misbehavior. However, they allow for further selfish and malicious behavior with respect to remunerations. The integrity, authentication and non-repudiation properties of a static trust infrastructure provide means for robustness against such misbehavior. Tamper resistance might solve parts of the problem, yet its effectiveness is contended [11].

Electronic cash calls for an offline, token based and transferable electronic payment schemes, as proposed for E-Commerce [12]. Such a payment scheme has to prevent double spending or, at least, detect it. Prevention may be done by tamper resistant hardware or pre-authorization. Detection is based on the traceability of double spenders. This is no contradistinction to the anonymity of honest spenders, since this is asserted by blind signatures and the cut and choose technique [13]. Transferability is a desirable property of electronic cash. However, it is not supported by most of such electronic payment systems [14].

### 3.3 Trust

Depending on the incentive scheme, trust either constitutes an incentive for cooperation or it is a prerequisite for remuneration mechanisms. Trust is subdivided into the principal entity's perspective and the agent entity's perspective. On the one hand, the principal entity has to ensure that the agent entity acts as specified. Furthermore, the agent should not be able to alter or duplicate its remuneration. On the other hand, the agent entity has to make sure that its remuneration is valid. In the following, we distinguish between two extremes of trust, i.e. static and dynamic trust. In practice, the trust mechanisms take advantage of both of them.

### 3.3.1 Static Trust

Static trust refers to a statement of trust, i.e. a certificate, that remains valid until it is explicitly revoked by its issuer. If trust is transitive, an entity  $A$  trusts an entity  $B$ , if there is a certificate chain from  $A$  to  $B$ . In [15], the transitiveness of trust and the significance of certificate chains is discussed.

For example, the manufacturer of devices may issue a certificate of the trustworthiness of the devices' protocol entities. In general, a protocol entity implicitly trusts its device's manufacturer. If, in addition, the manufacturers cross certify, the protocol entities of their devices trust each other.

In general, static trust is implemented within the framework of a public key infrastructure. Apart from authentication, such an infrastructure comes along with mechanisms that enforce integrity and non-repudiation, which is of importance for robustness. For instance, checks are signed by the principal entity's private key and contain the principal entity's public key certificate which is issued, i.e. signed, by the manufacturer. The check appears to be valid, if there exists a certificate chain between the agent entity and the principal entity. On the downside, the deployment and operation of such a public key infrastructure might be too demanding for some ad hoc networks.

### 3.3.2 Dynamic Trust

In contrast to certificates, dynamic trust arises from prior experiences with an entity and continuously changes according to its behavior. The dynamic trust that an entity  $A$  has in entity  $B$  is based on  $A$ 's own experience with  $B$  or on other entities' experience with  $B$ . In order to allow for the latter,  $A$  needs a way to learn about these experiences. This can be achieved by mechanisms for diffusion of reputation and/or by sniffing, i.e. overhearing messages. However, diffusion paths have to be trackable in order to render dynamic trust dependable.

## 3.4 Transaction

An elementary principal-agent cooperation consists of two phases. In the negotiation phase, the participants agree on the agent's action and assess an arbitrary remuneration. In the processing phase, the agent executes its action and is remunerated.

### 3.4.1 Negotiation

Flexible remuneration is a standard approach for overcoming inherent asymmetry. For instance, routing might become more expensive in overloaded parts of the network. The remuneration of an action has to be negotiated with regard to the cost/profit ratio of the principal and agent. E.g. a PDA

might decide to bear the costs of surfing the internet through a WLAN enabled gateway, while remaining disconnected of the internet in case of mobile phone internet gateways.

In large ad hoc networks, flexible remuneration is extended to market pricing. E.g. in ad hoc network of mobile phones, the internet gateway service is more expensive than in an ad hoc network of WLAN enabled laptops. On the downside, market mechanisms may be suspended by participants that are in monopoly position for some actions.

### 3.4.2 Processing

Figure 2 illustrates that processing consists of an action and a remuneration. The processing of a transaction is required to be atomic. Therefore, either the agent executes its action and is remunerated, or neither the action nor the remuneration takes place. Unfortunately, atomicity cannot be enforced, since common transaction techniques assume cooperative behavior.

If action and remuneration are separable into subactions and subremunerations, the risk of unfairness is considerably lowered by interleaving action and remuneration. In general, the remuneration's granularity is finer and, thus, subremunerations are more feasible. For instance, the principal may turn over half of the remuneration both before and after the agent's action. On the downside, the separation into subactions and subremunerations generally implies additional overhead.

In lower cooperation domains like the network or link layer, actions and remunerations are of lower value. However, the overhead of low value transactions is considerable. For example, the forwarding of a packet on the network layer may implicate further packets, if the forwarding protocol entity is immediately remunerated. Therefore, it seems promising to aggregate actions and remunerations into superactions and superremunerations. As a prerequisite, the principal and actor have to participate in several transactions.

The aggregation of remunerations is rendered more flexible, if flow control mechanisms are applied. For instance, outstanding remunerations may be managed by a sliding window. In this context, flow control constitutes a dynamic trust mechanism. It becomes particularly important, if immediate remuneration is infeasible.

We have to note that multiparty cooperation renders processing even more difficult.

## 3.5 Sniffing

As a generic protocol mechanism, sniffing allows for the collection of dynamic information about the ad hoc network. In certain circumstances, it enables the observation of an entity's behavior. Therefore, in the context of



incentive schemes, sniffing is particularly important for dynamic trust and venial noncooperation.

On the link layer, sniffing consists in listening to transmissions that are destined for other devices. Therefore, link layer sniffing shortens battery life and requires a physical interface that enforces undirected transmission. Even so, the effectiveness of link layer sniffing cannot be guaranteed [16].

On the network layer, sniffing consists in retaining the content of forwarded packets. In general, the content is made accessible for upper layers' protocol entities. Since forwarding of packets is remunerated, network layer sniffing comes at no additional costs. As an extension, a network protocol entity may deliberately participate in several routes in order to enhance the effectiveness of sniffing. In both cases, sniffing is an incentive for cooperation.

The discussion of network layer sniffing also holds for discovery layer sniffing.

### 3.6 Scalability

In the context of the taxonomy, scalability refers to the number of entities that apply the incentive scheme. As a rule of thumb, incentive schemes do not scale well with the number of trusted entities. For instance, payment with electronic cash scales well, since the electronic cash issuer is the only entity that has to be trusted.

## 4 Remuneration Types in Incentive Schemes

Incentive schemes ensure remuneration of the agent entity. In this section, we identify types of remuneration as a major constituent of incentive schemes. The most common remuneration types, i.e. reputation and checks, are discussed with respect to their assumptions and applicability. Lastly, we propose an abstract matching of remuneration types to cooperation domains.

### 4.1 Remuneration Types

In most incentive schemes, the principal entity remunerates the agent entity. Remuneration assumes a specific form that is called *remuneration type*. It differs among remunerating incentive schemes. For instance, reputation and checks are both remuneration types.

The notion of reputation is directly related to dynamic trust. Reputation subsumes own and other entities' experiences and, thus, constitutes the counterpart of dynamic trust [17]. The dynamic trust that an entity  $A$  has in entity  $B$  is based on  $B$ 's reputation from  $A$ 's viewpoint. It is possible to restrain lavishness by reducing the principal entity's reputation. An entity's reputation is only remembered by entities that cooperated before as

agent or principal and, in case of sniffing, by other entities in the proximity. Therefore, good reputation only pays off in the presence of stable or localized interaction patterns. Otherwise, reputation becomes ineffective and, thus, agent entities are subject to adverse selection [18].

Alternatively, account based electronic payment [12] introduces checks as remuneration type. In such incentive schemes, every entity possesses an account on a virtual bank. The principal entity remunerates the agent entity by issuing a check. Yet, the agent entity has to access the virtual bank, in order to credit its account. Therefore, the accessibility of banks is prerequisite for the application of this remuneration type. In general, the virtual bank is distributed to a set of dedicated devices, i.e. banker nodes. However, an account may be managed by a hardware module on the account holder's device. Such a module is delivered by trusted manufacturers, since it comprises system critical functionality, i.e. the issuing and conversion of checks. Consequently, the virtual bank is distributed among the account holders. In any case, checks require static trust in order to be dependable.

## 4.2 Account based vs. reputation based incentive schemes

The applicability of the proposed remuneration types is subject to their assumptions. Hence, incentive schemes have to consider the network's peculiarities in order to apply the appropriate reputation type.

*Account based* incentive schemes facilitate negotiation of the remuneration, since the agent entity is aware of the check's amount. Furthermore, each entity is assigned an account, which allows for the conversion of remunerations to real world money. Yet, account based incentive schemes require static trust and either rely on tamper resistant hardware or on the accessibility of banker nodes. For instance, in ad hoc networks, both assumptions are disputable.

*Reputation based* incentive schemes do not make such assumptions, since they rely on dynamic trust and, thus, couple remuneration and trust. However, the negotiation phase is omitted, since the principal entity solely assesses the remuneration. Furthermore, the diffusion of reputation is delicate. Although it improves the incentive scheme's effectiveness, it introduces further opportunities for misbehavior. Lastly, reputation based schemes render convertibility impossible and therefore may hinder the deployment of commercial applications.

## 4.3 Matching Reputation Types to Cooperation Domains

As pointed out in Section 3, two conflicting properties of incentive schemes are discernable. On the one side, the more an incentive scheme relies on dynamic trust the more frequently entities have to cooperate. Otherwise, dynamic trust is not effective. On the other side, the more an incentive

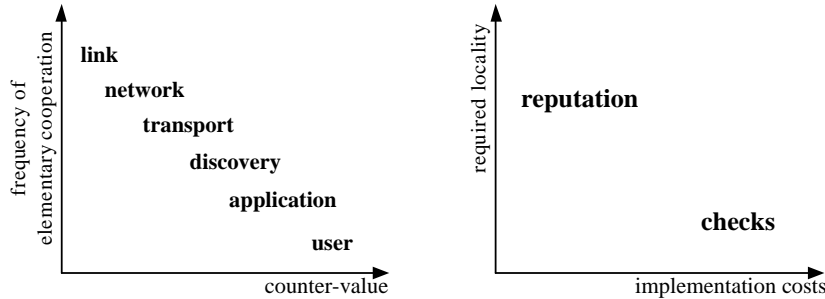


Figure 4: Matching reputation types to cooperation domains

scheme depends on static trust the higher its implementation costs, since a cryptographic infrastructure is required.

As for the cooperation domains, their layering implicates two general rules. First, the lower the cooperation domain the more frequently an elementary cooperation takes place. Second, the higher the cooperation domain the more resource intensive the agent's action and, thus, the higher its remuneration is.

On the one hand, there is a direct match between the frequency of elementary cooperation and the locality required by the reputation type. On the other hand, the actions' counter-value and the implementation costs are interrelated with regard to the commensurability. Consequently, it seems promising to examine the applicability of reputation types on different cooperation domains with regard to these two dimensions. In this context, matching is abstract, since the specifics of the cooperation domains' protocols are not taken into account. Figure 4 illustrates such matching of remuneration types to cooperation domains.

As a rule of thumb, reputation based incentive schemes should be applied to lower cooperation domains comprising the network layer. Account based incentive schemes are suitable for upper cooperation domains comprising the application layer. This makes sense, since application services are often related to real world prices, as e.g. the printing service to paper and ink prices. Nevertheless, we have to note that the illustrations of Figure 4 are not calibrated. Hence, under certain conditions, reputation is applied on the application layer, whereas account based incentive schemes might be adopted on the network layer.

## 5 Existing Approaches for Stimulated Cooperation in Ad Hoc Networks

Because of the lack of infrastructure in all of the cooperation domains, ad hoc networks are the most challenging technical basis of a wireless information

system. Therefore, in this section, we discuss existing incentive schemes in ad hoc networks with respect to the characteristics of Section 3. In terms of effectiveness, we confine the discussion to the scope of the respective approaches, because an analysis of the approaches' capability of effectively restraining misbehavior requires dedicated studies.

## 5.1 Existing Approaches

**Collective networks.** Static trust is a sufficient incentive for cooperation in all ad hoc networks within the boundaries of one organization, e.g. in military, corporate, private and sensor ad hoc networks. Here, inter-device cooperation is inherently motivated. The security requirements varies among these collective networks, which is reflected by the implementation costs of their trust mechanisms. Some collective networks apply further incentive schemes, e.g. for load balancing.

Since collective networks attribute misbehavior to non-membership, existing approaches apply mechanisms that prevent misbehavior by excluding non-members. An overview of such approaches is given in [19]. As a result, collective networks interpret uncooperative behavior as venial noncooperation.

**TermiNodes.** The TermiNodes project [20, 21] distributes accounts to the respective account holders. The term nuglet as virtual currency is misleading, since there is no notion of token based payment [12]. There is a clear distinction between incentives that restrain selfish and lavish behavior by introducing two charging models, namely packet trade model and packet purse model.

TermiNodes is focussed on incentives for packet forwarding. Therefore, nuglets stimulate cooperation on the network layer. Additionally, the applicability of the incentive scheme to multicast and, thus, cooperation on the transport layer is considered.

Every device possesses a security module that manages its account. The cryptographic infrastructure is deployed and operated within these security modules. Flexible remuneration is achieved by auctions that are held within the security modules. Yet, the conversion of nuglets to real world money is not envisaged.

**APE and RPG.** In the ad hoc participation enforcement project, two separate approaches have been proposed. The first one is the ad hoc participation economy (APE) [22] that applies dedicated banker nodes in order to manage accounts. Therefore, this approach renders security modules dispensable, but it relies on the accessibility of banker nodes. Banker nodes facilitate the conversion of digital to real world money. In addition, the negotiation phase allows for flexible remuneration, so that asymmetry is taken

into account. APE lays stress on misbehavior of network protocol entities. Yet, checks are not transferable.

The second approach is the reputation participation guarantee (RPG) [23]. It forbids diffusion of reputation. RPG is focussed on the network layer. Selfishness is detected by sending probe packets. However, lavish and malicious behavior is not taken into account.

**Sprite.** Similarly to APE, Sprite [24] relies on the accessibility of banker nodes that run a credit clearance service (CCS). The amount of remuneration is assessed by such an CCS, so that the negotiation phase becomes dispensable. It is assumed that the devices of the ad hoc network are frequently connected to the internet and, thus, are able to access the CCS. Hence, transferability of checks is not considered.

Sprite introduces a parameterized model in order to prove its effectiveness in restraining selfish behavior on the network layer. In addition, the model is extended to incentives for network connection establishment and transport layer multicast.

**Watchdog/Pathrater.** In [16], a reputation based incentive scheme is conceived, in order to assert availability of the ad hoc network in the presence of selfish or malicious behavior. Hence, the incentive scheme is applied on the network layer.

Misbehaving protocol entities are excluded from network connections by a watchdog and pathrater run by each device. Reputation is diffused by watchdog synchronization. It is assumed that watchdogs are able to listen promiscuously, i.e. sniffing is assumed. Furthermore, lavish behavior is not restrained, since a selfish protocol entity with bad reputation is still able to act as principal.

**CONFIDANT.** The watchdog/pathrater approach excludes misbehaving protocol entities from network connections, which is beneficial for selfish protocol entities. Therefore, the CONFIDANT protocol [25] additionally prevents misbehaving protocol entities from acting as principal entity. Therefore, selfish behavior is restrained.

**CORE.** CORE [9] is reputation based and lays stress on network level selfishness. Defamation is avoided by restricting diffusion to positive local reputations. Nevertheless, unjustified praising is still possible.

## 5.2 Summary

The choice of an appropriate incentive scheme depends on the characteristics and constraints of the respective information system. Therefore, the

Table 1: Evaluation of existing approaches in ad hoc networks

Approach		Collective Networks	Termi-Nodes	Sprite	APE	RPG	Watchdog/Pathrater	CON-FIDANT	CORE
Scope	Coop. domain	<i>all</i>	N/T	N/T	N	N	N	N	N
	Selfishness	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-	<i>yes</i>	<i>yes</i>
	Lavishness	<i>yes</i>	<i>yes</i>	<i>yes</i>	<i>yes</i>	-	-	-	-
	Maliciousness	<i>yes</i>	<i>yes</i>	-	<i>yes</i>	-	<i>yes</i>	<i>yes</i>	-
Remuneration type		-	checks			reputation			
Transferability/Diffusion		-	<i>yes</i>	-	-	-	<i>yes</i>	<i>yes</i>	<i>only positive</i>
Convertibility		-	-	<i>yes</i>	<i>yes</i>	-	-	-	-
Sniffing		-	-	-	-	-	<i>yes</i>	<i>yes</i>	?
Trust		static				dynamic			
Implementation	Tamper resistance	<i>various</i>	security modules	-	-	-	-	-	-
	Cryptographic infrastructure	<i>various</i>	public key	public key	public key	-	-	-	-
Trans-action	Negotiation	-	<i>yes</i>	-	<i>yes</i>	-	-	-	-
	Processing	action	action / remuneration						
Flex. remuneration		-	<i>yes</i>	<i>yes</i>	<i>yes</i>	-	-	-	-

evaluation of existing approaches in ad hoc networks is summarized in Table 1.

Apparently, the approaches focus on the network cooperation domain. This stems from the relative matureness of network protocols compared to transport, discovery and application protocols in ad hoc networks. However, the discussion of Section 2.4 points out the need for approaches that encompass the discovery and application domain.

Even though every approach is conceived in order to restrain selfishness, existing reputation based schemes do not consider lavish behavior. For approaches that do not take malicious behavior into account, it is argued that malicious behavior is not profitable and, thus, is not part of the incentive scheme. However, in Section 2, we indicated that a protocol entity's malicious behavior may be profitable for upper layers' protocol entities. Therefore, malicious behavior has to be taken into consideration, in particular for approaches that are focussed on lower cooperation domains.

None of the existing approaches applies mechanisms of the processing phase, as proposed in Section 3, i.e. subdivision, aggregation and flow control of remunerations.

Obviously, the approaches may be classified with regard to their remuneration type. The pros and cons of the respective approaches stem from the characteristics of their remuneration types, as shown in Section 4.

## 6 Conclusion

Infrastructureless information systems of autonomous devices can only function properly, if the participating devices exhibit cooperative behavior. Therefore, we identified and classified cooperative and uncooperative behavior of autonomous devices on different protocol layers. Furthermore, we discussed key conceptual and implementation issues of incentive schemes. In this context, we identified remuneration types as a major constituent of incentive schemes. Consequently, we reviewed and classified existing approaches for stimulated cooperation in ad hoc networks.

In the future, we intend to conceive an incentive scheme on the discovery and application layer for our research project DIANE [4]. In this context, the design space of incentive schemes and inter-domain cooperation have to be thoroughly examined.

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# Glossary

**Action (Handlung):** A resource consuming activity which is beneficial for another device

**Agent:** An entity that commits an action

**Assessment (Bewertung):** Part of the negotiation phase which assesses actions and remunerations

**Consumer (Verbraucher):** The principal entity of an action in the application cooperation domain

**Cooperation (Kooperation):** Inter-device (horizontal) collaboration that is aimed at maintaining the infrastructure or at adequately accessing the distributed resources

**Cooperation domain (Kooperationsdomäne):** Inter-device cooperation within a conceptual layer (link, network, transport, discovery, application, user)

**Cooperation pattern (Kooperationsmuster):** Symmetric iff there is no inherent agent/principal

**Diffusion (Zerstreuung):** Informing other entities about the local view of a protocol entity's reputation

**Effectiveness (Effektivität):** (*of an incentive scheme*) The capability of restraining misbehavior while exempting venial noncooperation

**Flexible remuneration (Flexible Belohnung):** *see pricing*

**Inherent agent/principal (Inhärenter Agent/Prinzipal):** Due to inherent asymmetry, an entity acts preferably as principal or agent.

**Inherent asymmetry (Inhärente Asymmetrie):** Arises from the network's topology, the devices' resources or usage patterns and induces asymmetric cooperation patterns.

**Lavish behavior (Verschwenderisches Verhalten):** Profitable misbehavior that is exhibited by the principal entity

**Malicious behavior (Böswilliges Verhalten):** Unprofitable misbehavior that is exhibited by the agent or principal entity

**Misbehavior (Fehlverhalten):** Uncooperative behavior that is unreasonable, i.e. that is not interpreted as venial noncooperation

**Negotiation (Verhandlung):** The first phase of a transaction; the participants agree on the agent's action and assess an appropriate remuneration

**Pricing (Preisfindung):** Flexible assessment of the agent's remuneration; takes into account the scarceness of resources and the market position of the participants

**Principal (Prinzipal):** An entity on the behalf of which is committed an action

**Processing (Bearbeitung):** The second phase of a transaction; the agent executes its action and is remunerated

**Provider (Anbieter):** The agent entity of an action in the application cooperation domain

**Remuneration (Belohnung/Verdienst):** Compensates the agent for having consumed its resources; handed over by the principal

**Remuneration type (Belohnungsart):** The means of remuneration (reputation, action in return, check)

**Resource (Ressource):** Hardware resources (energy, bandwidth, memory, computation, specific resources)

**Robustness (Robustheit):** The capability of overcoming misbehavior that is targeted at the incentive scheme itself

**Scalability (Skalierbarkeit):** The capability of an incentive scheme of being applicable, even if the number of entities it encompasses grows large

**Selfish behavior (Eigensinniges Verhalten):** Profitable misbehavior that is exhibited by the agent entity

**Service (Dienst):** An action within the application cooperation domain

**Sniffing (Schnüffeln):** Listening to messages or negotiations that are destined for other entities

**Stimulated cooperation (Angeregte Koooperation):** A composition of elementary stimulated cooperations

**Transaction (Transaktion):** The two-phase execution of an elementary principal-agent cooperation.

**Trust (Vertrauen):** Either an incentive for cooperation or a prerequisite for remuneration mechanisms; accrues from certificates (*static trust*) or prior experiences (*dynamic trust*)

**Uncooperative behavior (Unkooperatives Verhalten):** The lack or absence of cooperation

**User interface (Benutzerschnittstelle):** A means of service consumption by the user

**Venial noncooperation (Verzeihliches Fehlverhalten):** Uncooperative behavior that is reasonable, i.e. other entities are appreciative of it