ICANN Quarterly Stakeholder Call

27 April 2017 | FY17 Q3 - Quarter ending 31 March 2017

Agenda

President & CEO Overview

Göran Marby

Board Update

Khaled Koubaa

Policy Update

Bart Boswinkel

Adiel Akplogan

Management Update

Susanna Bennett

Europe Update

David Olive

Financial Update

Xavier Calvez

President & CEO Overview

Göran Marby
President & CEO

International Office Strategy

REGIONAL OFFICES

Regional Office	Managing Director
Los Angeles – *Headquarters*	Göran Marby
Istanbul	David Olive (until summer 2017; then TBD)
Montevideo	Rodrigo de la Parra
Singapore	Jia-Rong Low

ENGAGEMENT CENTERS

Engagement Center	Managing Director
Washington, D.C.	Duncan Burns
Geneva	Tarek Kamel

ENGAGEMENT CENTERS & PARTNERSHIPS

Engagement Centers & Partnerships	Office Head
Beijing - *Engagement Center*	Jian-Chuan Zhang
Brussels – *Engagement Center*	Olof Nordling
Nairobi - *Engagement Center*	Pierre Dandjinou
Seoul – *Engagement Center*	Billy Cheon
Cairo - *Partnership Center*	N/A
Asunçion – *Partnership Center*	N/A

Organizational Enhancements to Strengthen Accountability and Transparency

1 **Improving Compliance Processes**

Participate via the Competition, Consumer Trust and Consumer Choice Review Team proposal, now in public comment.

2 **Complaints Office now open**

3 **Process Flows and Manuals - "Hubba Bubba"**

Clarifying complex ICANN processes

4 **Open Data Initiative**

1. Collecting data sets
2. Community consultation

5 **ICANN History Project**

Launching 4 May on ICANN.org

Board Update

Khaled Koubaa
Board Member

ICANN

ICANN Board Highlights: FY17 Q3

1. **Agenda for Geneva Board Workshop**

2. **FY18 Goals for the Board, CEO and the ICANN organization**

3. **Proposed Fundamental Bylaws Changes to Move the Board Governance Committee's Reconsideration Process Responsibilities to Another Board Committee**
   - **https://www.icann.org/public-comments/bylaws-bgc-2017-03-31-en**

4. **Issues concerning the Board**
   - Robustness of the Root Server Operations
   - IDN issues
   - 2 Character codes
   - Board member vetting process, etc

Policy Update

Bart Boswinkel
Vice President ccNSO, Policy Development Support

Adiel Akplogan
Vice President for Technical Engagement

ICANN

Generic Names Supporting Org. (GNSO)

MORE INFORMATION
https://www.icann.org/policy
http://gnso.icann.org/en/

New areas of work in Q4

- Preliminary Adoption of the Charter for a GNSO Standing Selection Committee
- GNSO Review of the Copenhagen GAC Communique

Completed work in Q3

- Confirmation that the proposed modification to the procedure that implements the Whois conflicts with privacy law policy recommendation is consistent with the intent of the policy recommendation
- Nomination of GNSO Candidates for Second Security, Stability, and Resiliency of the DNS (SSR2) Review Team
- Confirmation of Erika Mann as GNSO Co-Chair on the new gTLD Auction Proceeds Cross-Community Working Group (CCWG)
- Publication of GNSO Initial Report on the IGO-INGO Access to Curative Rights Protection Mechanisms Policy Development Process

Country-Code Names Supporting Org. (ccNSO)

MORE INFORMATION
https://www.icann.org/policy
http://ccnso.icann.org/

New areas of work in Q4

◉ Initiation of ccPDP 3, starting with retirement of ccTLDs to be followed by review mechanism
◉ ccNSO SOPWG to provide feed-back on ICANN FY 18 Ops plan & budget
◉ ccNSO Guideline review committee focus on ccNSO as decisional participant: Approval Action procedure
◉ Finalization report CCWG (jointly with GNSO) use of country and territory names as Top level Domains

Completed work in Q3

◉ Re-appointment Katrina Sataki chair of ccNSO, and Byron Holland and Demi Getschko as vice-Chairs
◉ Submission WG EPSRP Final report to the ICANN Board of Directors.

Number Resource Org. (NRO) & Address Supporting Org. (ASO)

- The ASO AC had their annual face-to-face meeting during ICANN 58 in Copenhagen.
    - New ASO AC procedures to be implemented soon.
        → Schulze method to be used for ICANN Board and ASO-AC chair's elections.

- ASO Independent Review is currently underway:
    - *Already completed Interviews at:*
        - APNIC 43 Ho Chi Minh City
        - ICANN 58 in Copenhagen
        - ARIN 39 in New Orleans

    - *Upcoming:*
        - More at the upcoming RIR meetings (RIPE-74, LACNIC-27 & AFRINIC-26
        - Final draft to be presented in ICANN 59 in Johannesburg
        - Publication Final report on 31 July 2017

Number Resource Org. (NRO) & Address Supporting Org. (ASO)

⊙ Work underway on initial draft of Identifier Technology Health Indicators (ITHI) for the Internet number registries – Outcome to be released for comment in number community in Q3.

⊙ Review Committee: Key element of the Internet Number Community Proposal, to ensure that the IANA Numbering Services Operator maintains the service level defined in the SLA, announced on October 4th. The committee has now started working:

    ⊙ Currently defining internal procedures
    ⊙ Minutes available at:
        https://www.nro.net/iana-numbering-services-review-committee/

⊙ Upcoming RIR Meetings:

> ❑ **RIPE 74 Budapest, Hungary 8 – 12 May 2017**
> ❑ **LACNIC 27 Foz de Iguaçu Brazil, 22-26 May 2017**
> ❑ **AFRINIC 26 Nairobi Kenia, 29 May – 2 June 2017**
> ❑ **APNIC 44 Taichung Taiwan, 7-14 September 2017**
> ❑ **ARIN 40 San Jose, CA, USA 5 -6 October 2017**

Management Update

Susanna Bennett
SVP & Chief Operating Officer

ICANN

Executive Summary

- Public Technical Identifiers Statistics

- Internet Technology and Engineering update

- Status of ICANN reviews

- Global Domains Division report

- Contractual Compliance report

- Engagement update

PTI: IANA Functions

227 Domain-related requests

1,086 Protocol parameter-related requests

1 Number-related event

437 General inquiries

2 Key signing ceremony

1 January – 31 March 2017

Internet Technology / Office of the CTO Update

- Continued progress on Identifier Technologies Health Initiative (ITHI), including staff report on public comments

- Technical presentations by OCTO Research made at ICANN59 in Copenhagen

- Agenda for ICANN DNS Symposium (IDS) in Madrid in May published
  - http://www.icann.org/ids

- RFC 8109, "Initializing a DNS Resolver with Priming Queries", co-authored by OCTO Research members, is published
  - https://www.rfc-editor.org/info/rfc8109

- TLD measurement Platform introduced

IT & Engineering Update

1 Naming Services Portal beta version launched to 18 Registry users
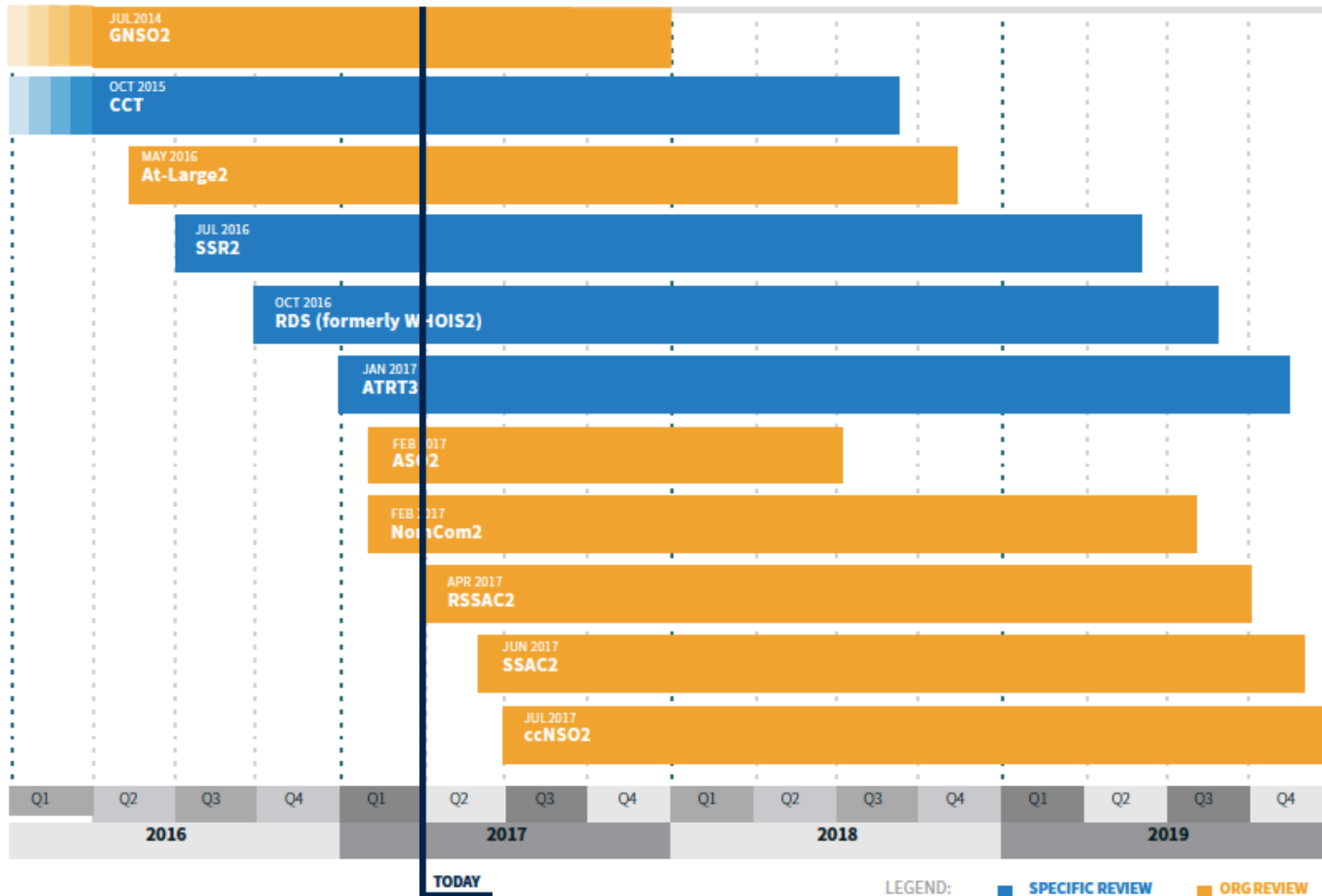
2 Governmental Advisory Committee (GAC) website
- Planned beta launch in summer to GAC Secretariat

Status of Reviews

Lines represent the Planning, Conducting, and Implementation phases of the Review process

JUL 2014
GNSO2

OCT 2015
CCT

MAY 2016
At-Large2

JUL 2016
SSR2

OCT 2016
RDS (formerly WHOIS2)

JAN 2017
ATRT3

FEB 2017
ASO2

FEB 2017
NomCom2

APR 2017
RSSAC2

JUN 2017
SSAC2

JUL 2017
ccNSO2

| Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |

2016 | 2017 | 2018 | 2019

TODAY

LEGEND: ■ SPECIFIC REVIEW ■ ORG REVIEW

GDD: New gTLD Program

WHY IT'S IMPORTANT

The New gTLD Program is driving the largest expansion of the Domain Name System ever. Hundreds of new top-level domain names are being introduced into the Internet on a rolling basis.

The New gTLD Program is meant to enhance competition, innovation and choice.

1,216 gTLDs delegated representing*:

Community: 51

Geographic: 53

IDNs: 92

1,227 Total registry agreements signed

* As of 31 March 2017. May fall into more than one subcategory

GDD: Internationalized Domain Names

WHY IT'S IMPORTANT

IDNs at the top-level enable Internet users to access domain names in local languages and scripts.

IDN ccTLDs allow countries and territories to represent their respective names scripts other than US-ASCII characters.

140 IDNs delegated into the root zone
- Includes 48 IDN ccTLDs from 38 countries and territories covering 35 languages in 21 scripts

7 Label General Rules (LGRs) proposals submitted
- Arabic, Armenian, Ethiopic, Georgian, Khmer, Lao, and Thai

⊙ Public Comment on IDN Implementation Guidelines closed 17 April.

MORE INFORMATION: https://www.icann.org/IDN

*As of 31 March 2017

Universal Acceptance Steering Group Update

Independent UA White Paper issued 11 April

- USD 9.8B growth opportunity in online revenue

Reference documents and resources

Use cases

Industry events

Automated evaluation tool development for vendors

Influencer and media outreach

4,459
Cases Processed

4,070
General Inquiries

99.9%
Service Level Target
Achievement
(*Inquiry Management)

1,478
Registrant Phone Calls

3.9 / 5.0
Customer Satisfaction

389
Contracted Party Service Requests

GDD: Additional Key Activities

Voting on proposed amendments to base RA underway

Key Contracted Parties Notifications
- Must update registration data directory services to comply with Thick Whois Transition Policy for .COM, .NET and .JOBS and migrate the required data by 1 Feb. 2019.
- Must comply with Registry Registration Data Directory Services Consistent Labeling and Display Policy by 1 Aug. 2017.

Public Comment Activities:
- Proposal for Ethiopic Script Root Zone LGRs (closes 5 May)
- Competition, Consumer Trust and Consumer Choice Review Team Draft Report of Recommendations for New gTLDs (closes 25 May)
- IDN) Implementation Guidelines (closed 17 April VERIFY)
- Reference Japanese LGRs for the Second Level (closed)
- Proposal for Thai Script Root Zone LGRs (closed)
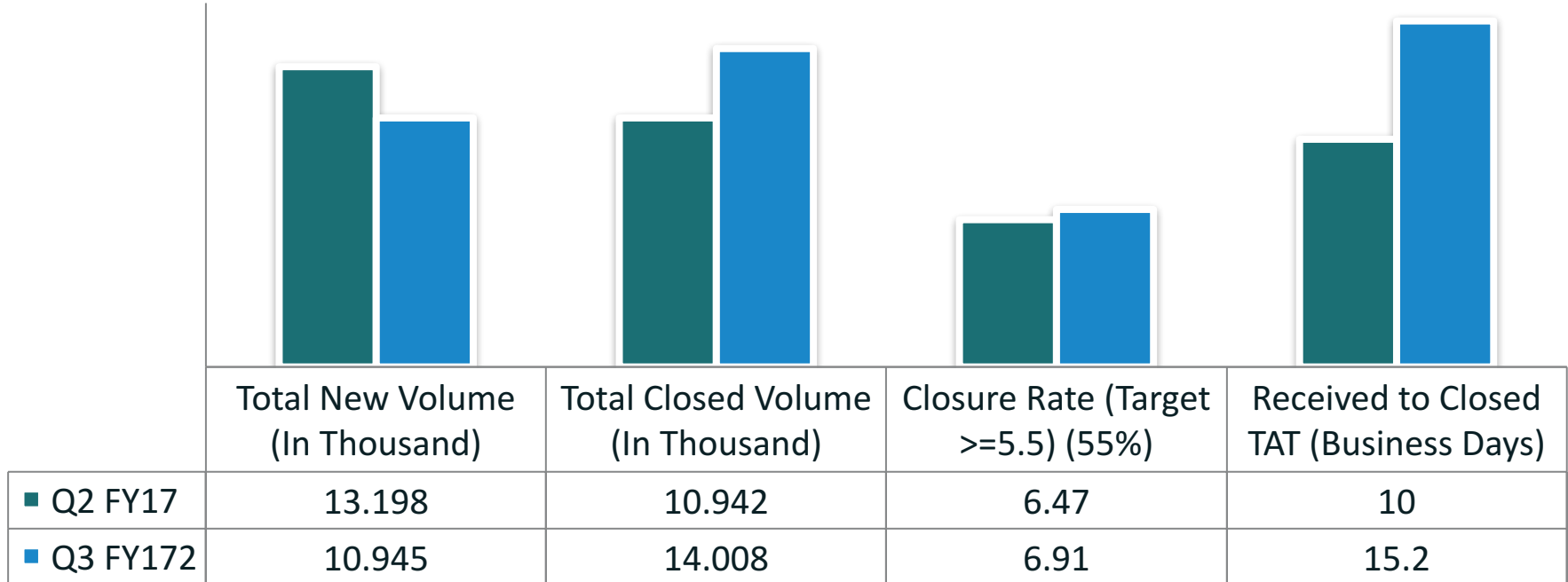
Contractual Compliance

REGISTRY AGREEMENT AUDIT	REGISTRAR AUDITS - 2013 RAA
21 TLDS	54 in scope

COMPLIANCE METRICS

	Total New Volume (In Thousand)	Total Closed Volume (In Thousand)	Closure Rate (Target >=5.5) (55%)	Received to Closed TAT (Business Days)
■ Q2 FY17	13.198	10.942	6.47	10
■ Q3 FY172	10.945	14.008	6.91	15.2

For more information, please visit: https://www.icann.org/compliance

Programs to Support the Community

As of ICANN58

Fellowship
- **57 Fellows attended ICANN58**

NextGen

15 participants at ICANN58
- Plus 5 Ambassadors who've previously attended an ICANN meeting

Newcomer
- **628 Newcomers at ICANN58**

Government Engagement Highlights

- Participation in the CTO Commonwealth Cybersecurity 2017 conference; participation in WSIS Forum 2017 Open Consultation and CCWG (submission of workshop proposals for Review
- Preparation for the Geneva Board Workshop and outreach engagement in Geneva

Liaising with the Government Advisory Committee (GAC)
- First regional capacity building workshop for African regional GAC members and LEA in collaboration with the GAC Underserved Regions WG and the GAC Public Safety WG held in Nairobi Kenya

Government and IGO Engagement (small sample)
- African Union visit to meet with Commissioners and explain ICANN work in the region
- Collaborative outreach event with ISOC and IEEE for the government missions to the UN in New York on technical topic hosted by Bulgaria Permanent Mission to UN
- ITU Council WG meetings to determine research and discussion topics for coming year
- Participation in G20 Summit preparatory work through OECD ITAC meeting in Paris and G20 Presidency ICT event in Berlin to support MSM event affiliated with the ICT Ministerial

Participation in Internet Governance Discussions
- Participation in CSTD Intercessional discussion and Enhanced Cooperation WG in Geneva
- Participation in IGF MAG Open Consultations and MAG meeting setting the themes for IGF 2017 to be held in Geneva
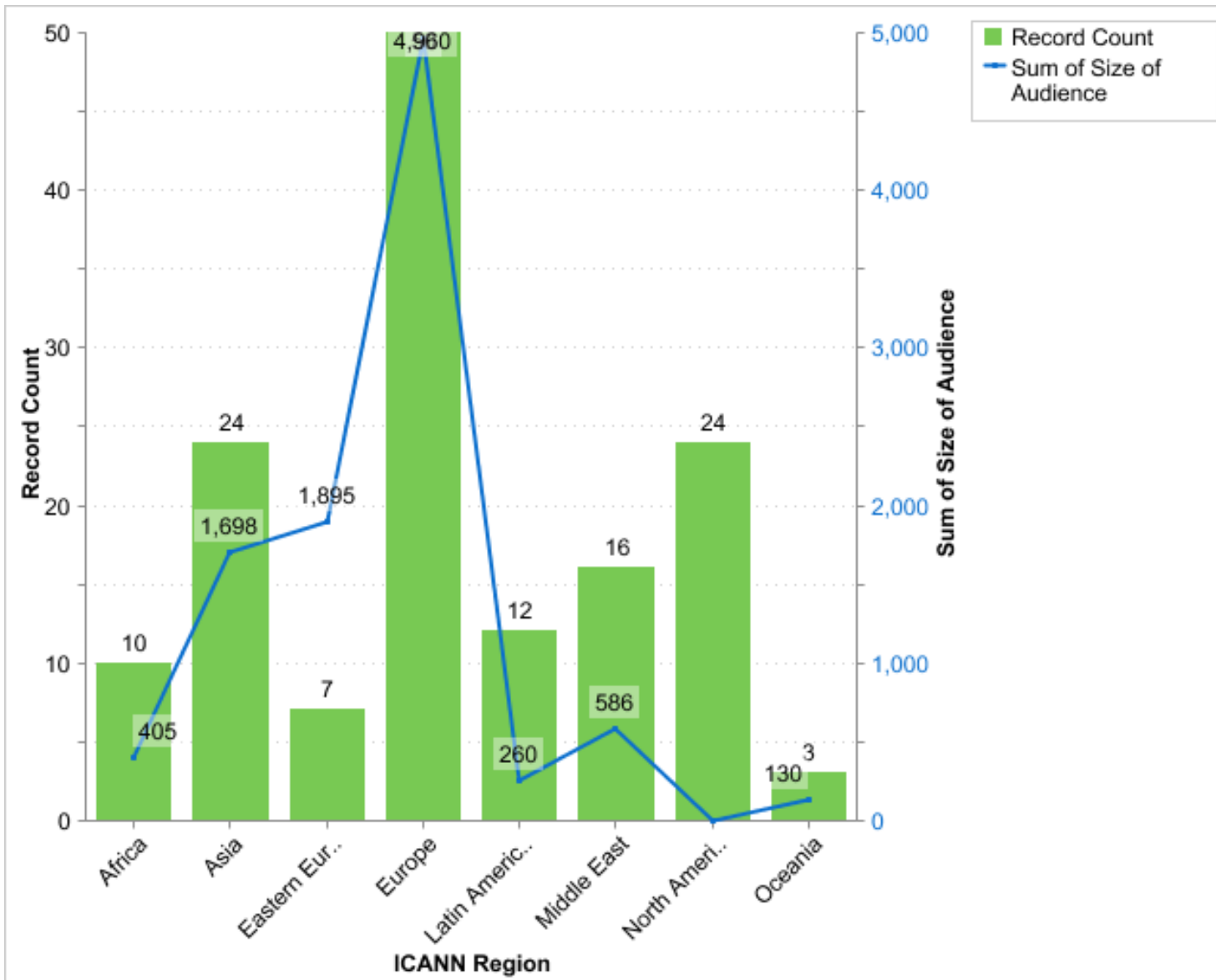
Europe Update

David Olive

SVP Policy Development and Support &
General Manager of ICANN Regional Office in
Istanbul

ICANN

Sustained Engagement in Europe – Since 2014

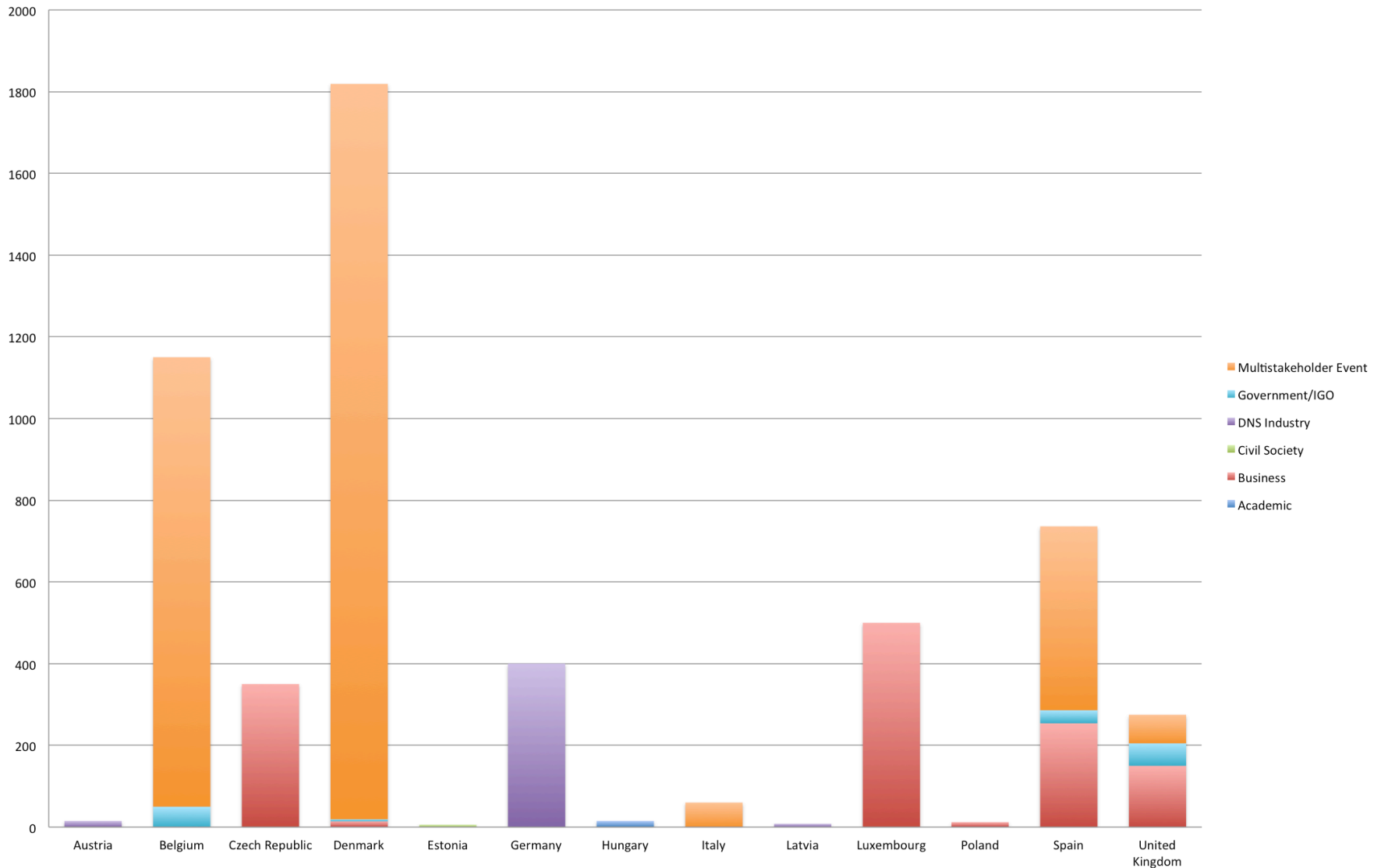**20%** **Participants from Europe on average at ICANN Meetings**

Sustained engagement effort throughout region to foster active participation in ICANN

European community supported by Istanbul, Geneva and Brussels offices

Audience Reach by Event Outreach Type

Over 2,000 attendees at work in Copenhagen!

348 Sessions

Swings in the Hotel 2

2086 Attendees

2737 Registered

57 Fellows

15 NextGen@ICANN members

4 NextGen Ambassadors

5,976 Tweets about #ICANN58

1st ICANN Meeting in Copenhagen

1131 Photos taken

225,317 Photos viewed on Flickr

1 Tivoli Youth Guard

642 Newcomers

986 Unique visitors to ICANN58 Mobile App

Financial Update

Xavier Calvez
Chief Financial Officer

ICANN

ICANN Organization Reporting Structure

ICANN OPERATIONS

New gTLD PROGRAM

ICANN ORGANIZATION

FUNDING | PTI/ IANA **

FUNDING

BASELINE EXPENSES * | PTI/ IANA **

IANA STEWARDSHIP TRANSITION EXPENSES

EXPENSES

OPERATING FUND

RESERVE FUND

New gTLD FUNDS
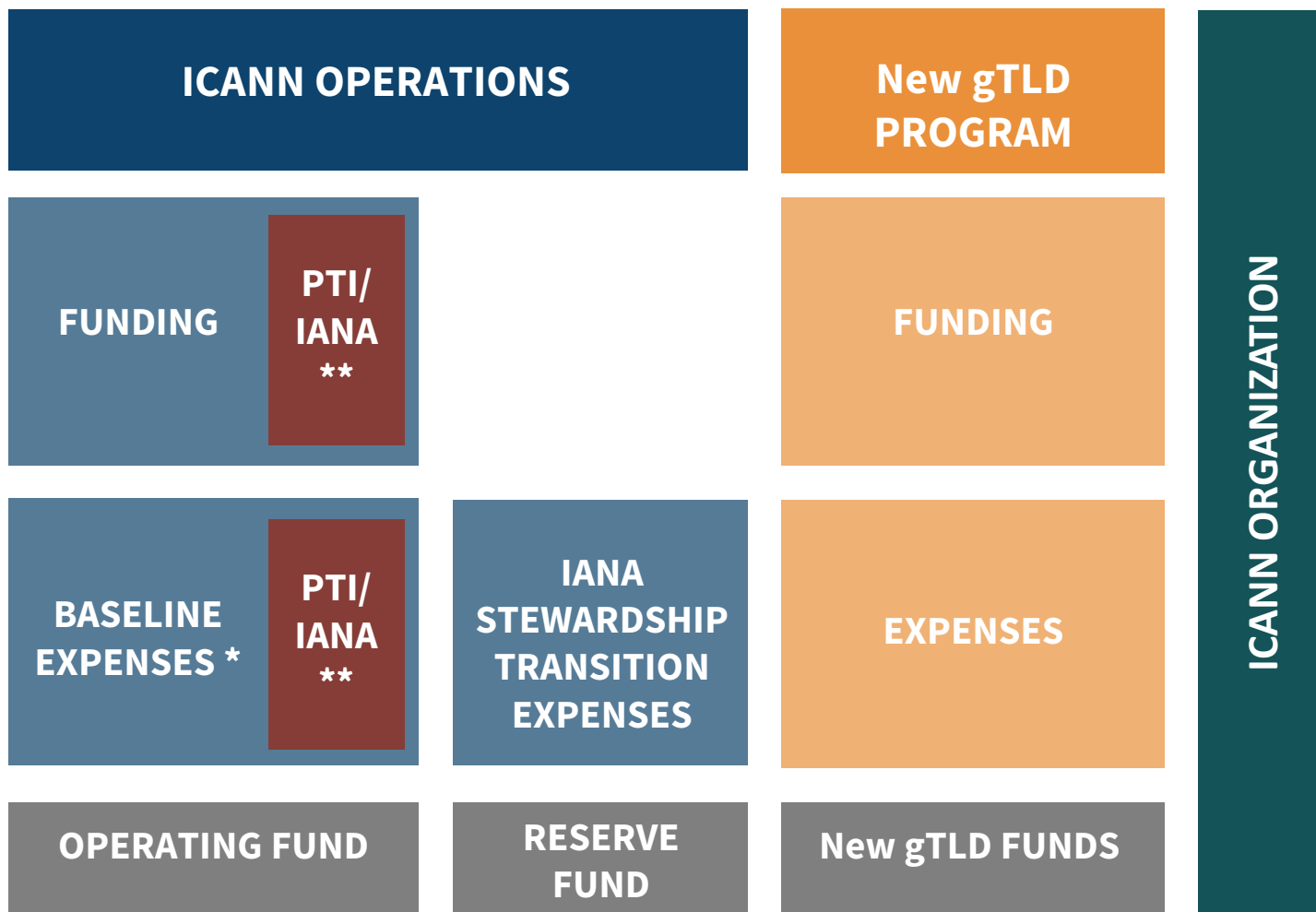
*Excludes depreciation and bad debt expenses

**IANA Services includes ICANN's and PTI's IANA Expenses

Funding ahead of target and Expenses below target.

	Actual	Budget	Var	% Var	FY16	Var	% Var
Funding	$ 105	$ 99	$ 6	6 %	$ 93	$ 12	12 %
Baseline Expenses	-$ 89	-$ 95	$ 6	6 %	-$ 76	-$ 13	-17 %
IANA Stewardship Transition Expenses	-$ 5	-$ 5	$ 0	-3 %	-$ 13	$ 8	62 %
Net	**$ 11**	**-$ 1**	**$ 12**	**n/a**	**$ 5**	**$ 6**	**96 %**

Breakdown of Baseline Expenses	Actual	Budget	Var	% Var	FY16	Var	% Var
IANA Services*	-$ 6	-$ 7	$ 1	16 %	-$ 5	-$ 1	-11 %
All Other	-$ 83	-$ 88	$ 5	6 %	-$ 71	-$ 12	-18 %

*IANA Services includes ICANN's and PTI's Expenses relative to IANA functions.

Note: Expenses exclude bad debt and depreciation and include capital expenses.

ICANN OPERATIONS

Funding ahead of target due to higher than budget new registrar application and accreditation fees

Actual:	$ 105
Budget:	$ 99
FY16:	$ 93

	Act	Bud	FY16
REGISTRY TRANSACTION FEE	$ 41	$ 40	$ 39
REGISTRAR TRANSACTION FEE	$ 27	$ 26	$ 26
REGISTRY FIXED FEE	$23	$ 23	$16
REGISTRAR OTHER FEES	$ 12	$ 7	$10
OTHER	$2	$ 3	$ 2
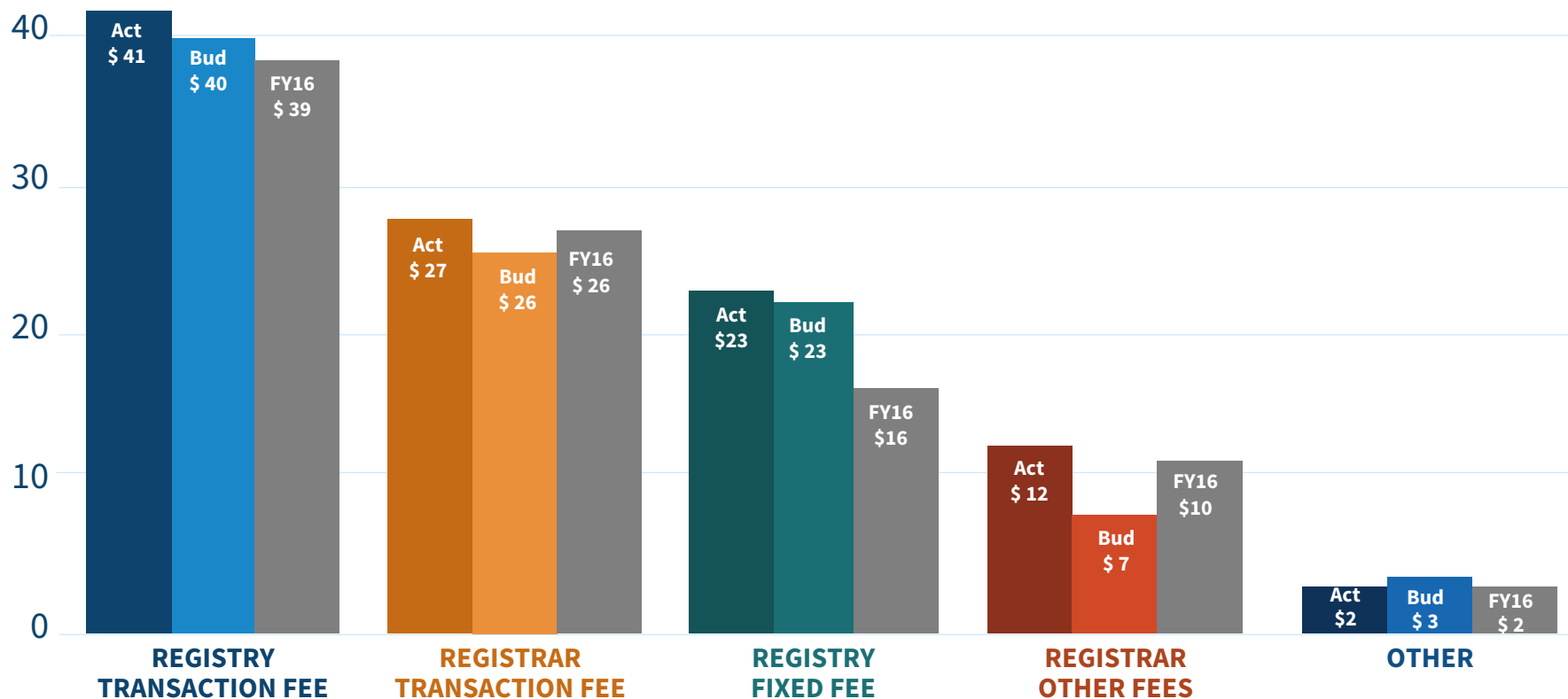
FY17 Year-to-date (Jul 16-Mar 17) Baseline Expenses vs Budget and FY16

Lower personnel costs and timing differences of projects vs. plan.

Actual:	**$ 94**
Budget:	**$ 98**
FY16:	**$ 89**

Chart data:

PERSONNEL
- Act $ 43, avg hdct 348
- Bud $ 47, avg hdct 365
- FY16 $ 39, avg. hdct 332

TRAVEL & MEETINGS
- Act $ 12
- Bud $ 13
- FY16 $ 10

PROFESSIONAL SERVICES
- Act $ 15
- Bud $18
- FY16 $ 12

ADMINISTRATION & OTHER
- Act $ 13
- Bud $ 13
- FY16 $ 11

CAPITAL
- Act $ 6
- Bud $ 4
- FY16 $ 3
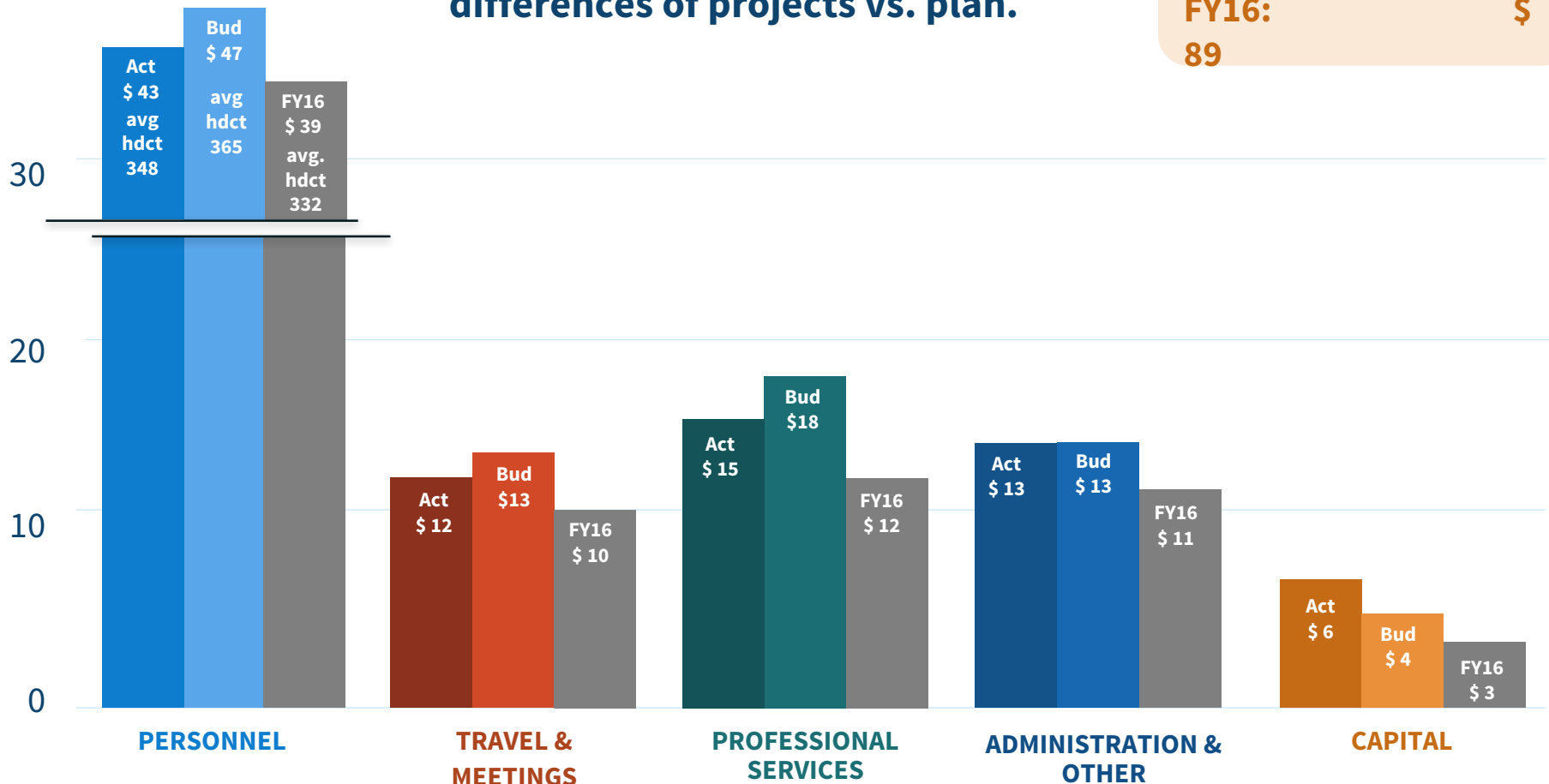
Expenses exclude bad debt and depreciation.
Avg hdct: Average Headcount over a 9-month period (Jul - Mar 2017)

ICANN OPERATIONS

Actual: $ 5
Budget: $ 5
FY16: $ 13

PERSONNEL
Act $ 2 avg hdct 11.1
Bud $2 avg hdct 11.1
FY16 $2 avg. hdct 13.2

TRAVEL & MEETINGS
Act $ 0.1
Bud $0.4
FY16 $ 0.9

PROFESSIONAL SERVICES *
Act $ 3
Bud $ 3
FY16 $ 10

ADMINISTRATION & OTHER
Act $ 0
Bud $ 0
FY16 $ 0.1

CAPITAL
Act $ 0
Bud $ 0.1
FY16 $ 0.1
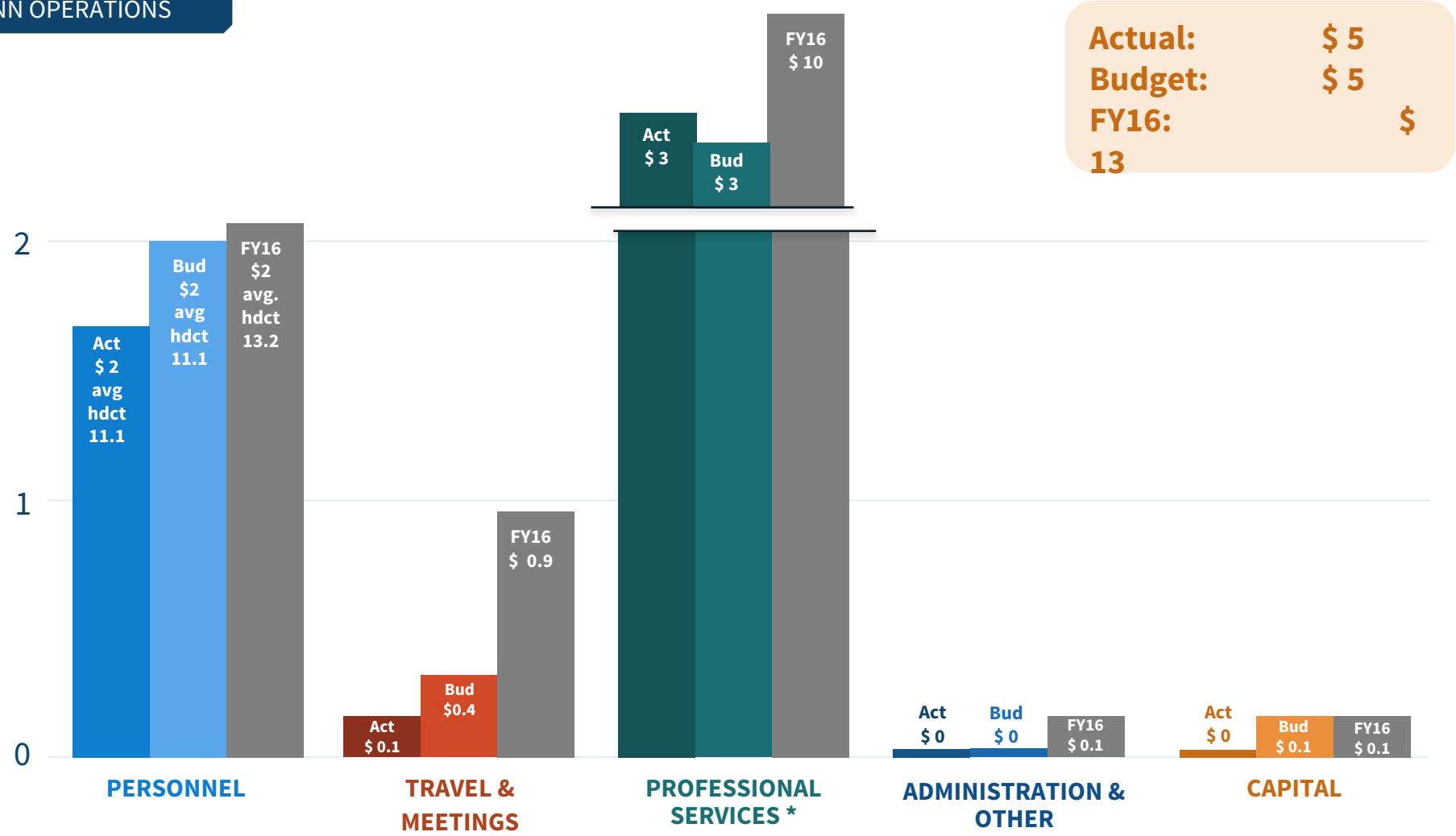
*Includes external legal advice of $1.8M in FY17 and $6.8M in FY16.

FY17 Year-to-date (Jul 16-Mar 17) New gTLD Program Expenses vs Budget and FY16

Lower refunds of withdrawn applications. Processing costs higher than target driven by defense costs.

Actual: $ 21
Budget: $ 23
FY16: $ 21

REFUNDS OF WITHDRAWN APPLICATIONS
- Act $ 2
- Bud $ 7
- FY16 $ 2

APPLICATION PROCESSING
ACTUAL INCLUDES $4M OF DEFENSE COSTS
- Act $ 17
- Bud $ 14
- FY16 $ 17

REPAYMENT OF HISTORICAL DEV. COSTS
- Act $ 2
- Bud $ 2
- FY16 $ 2
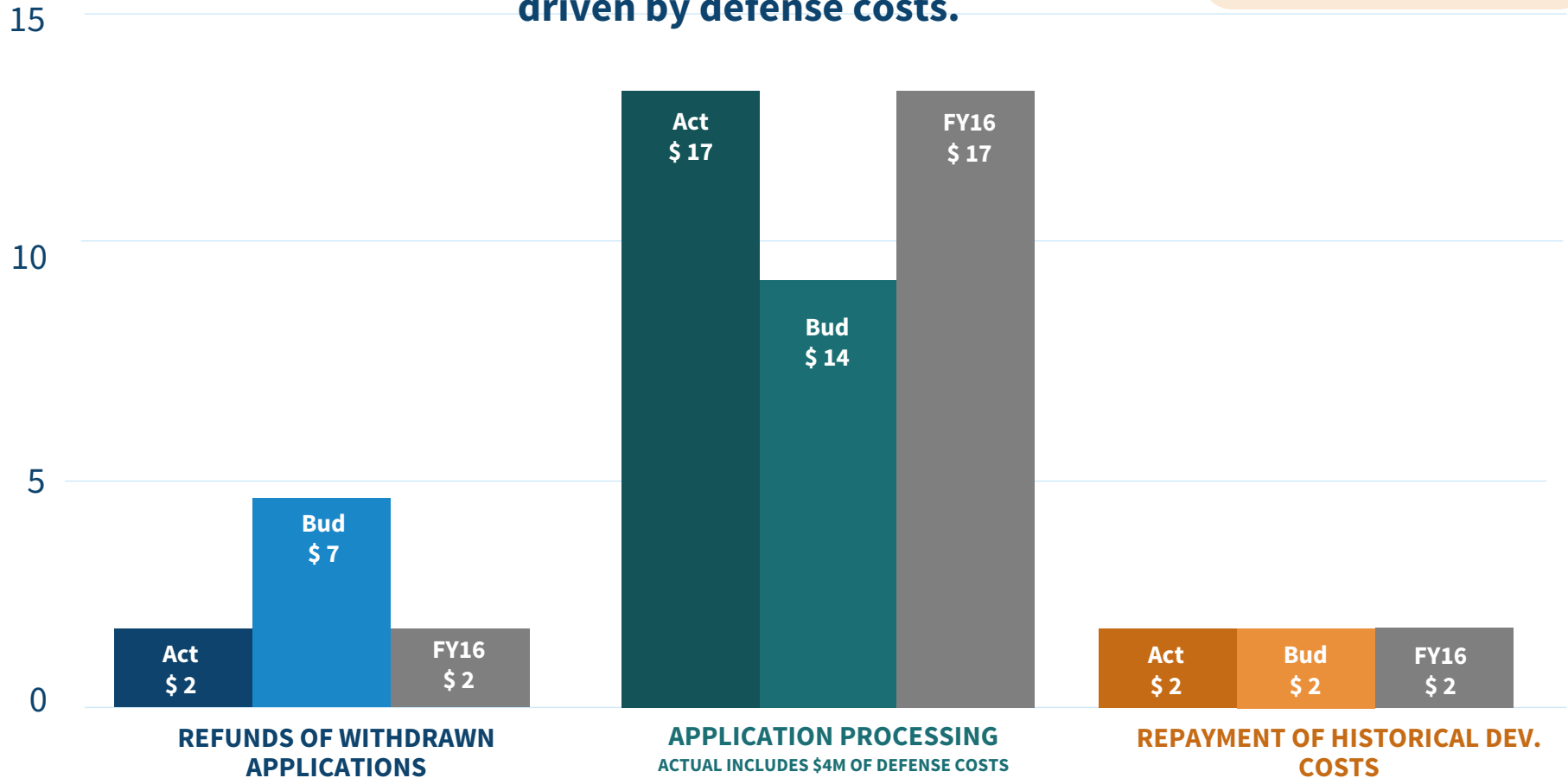
FY17 Year-to-date (Jul 16-Mar 17) Total ICANN Organization Actuals

	ICANN Baseline Operations	IANA Stewardship Transition	Total ICANN Operations	New gTLD Program	Total ICANN Org.
Funding	$ 105	$ 0	$ 105	$ 152	$ 257
Expenses*	-$ 89	-$ 5	-$ 94	$ -19	-$ 113
Net	**$ 16**	**-$ 5**	**$ 11**	**$ 133**	**$ 144**

*Expenses exclude bad debt, depreciation and refunds for withdrawn New gTLD applications which are included in the Funding line.

Funds Under Management as of 30 Jun and 31 Mar 2017

FUNDS UNDER MGMT.

Total Funds: $ 464
ICANN Operations: $ 101
New gTLD Program-related: $ 363

ICANN Operations

$ 97
- Operating Fund $ 26
- Reserve Fund $ 71

30 Jun 2016

$ 101
- Operating Fund $ 37
- Reserve Fund $ 64

31 Mar 2017

New gTLD Program

$ 244
- New gTLD Funds $ 142
- Auction Proceeds $ 102

30 Jun 2016

$ 363
- New gTLD Funds $ 128
- Auction Proceeds $ 235

31 Mar 2017
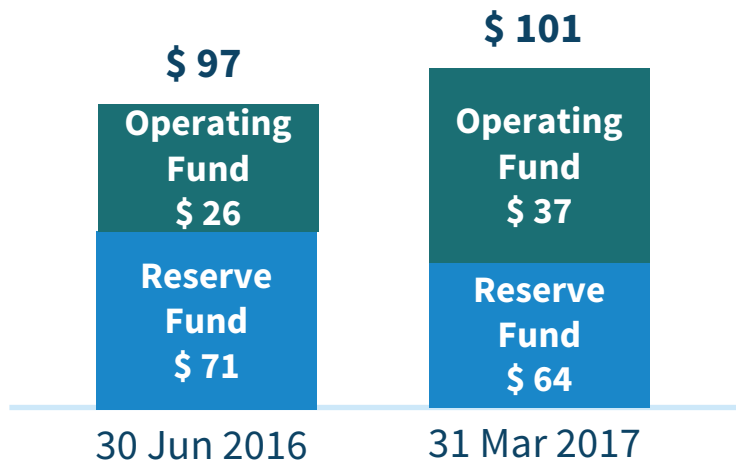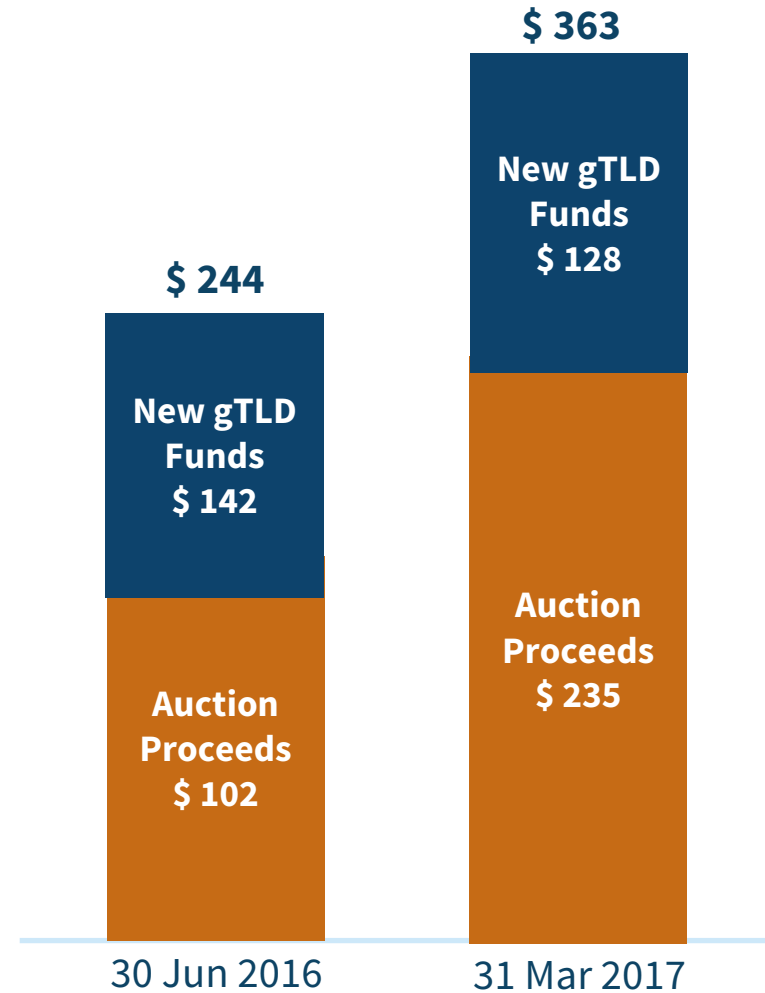
Engage with ICANN

Thank You and Questions

Reach us at:
Email: engagement@icann.org
Website: icann.org

ICANN

twitter.com/icann

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youtube.com/user/icannnews

linkedin.com/company/icann

soundcloud.com/icann

weibo.com/ICANNorg

flickr.com/photos/icann

slideshare.net/icannpresentations

Appendix

FY17 Year-to-date (Jul 16-Mar 17) Funding

	Driven By Domain Name Registrations	Driven By # of Contracted Parties
FROM REGISTRIES	Transaction-based fees **$41M** 39%	Per-TLD fixed fees **$23M** 22%
FROM REGISTRARS	Transaction-based fees **$27M** 26%	Application fees Accreditation fees **$12M** 11%
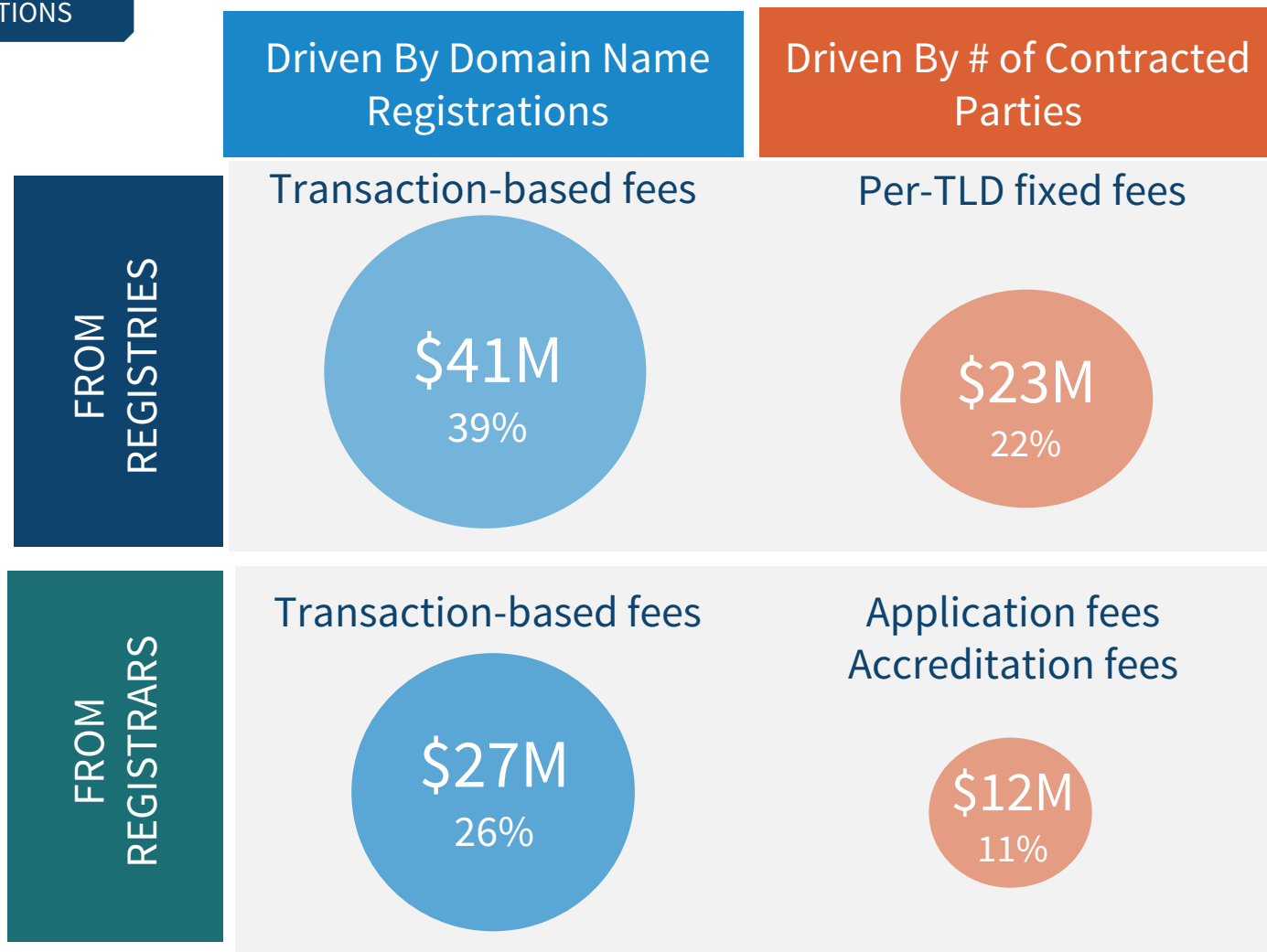
Other Income: $2, 2%   Total Funding: $105M

FY17 Year-to-date (Jul 16-Mar 17) Baseline Operating and Capital Expenses

Includes IT infrastructure and security improvements

Year-to-date Actual Baseline Operating & Capital Expenses : $89M

Includes rent and other facilities costs and telecommunications

Includes contractor services, legal fees and language services

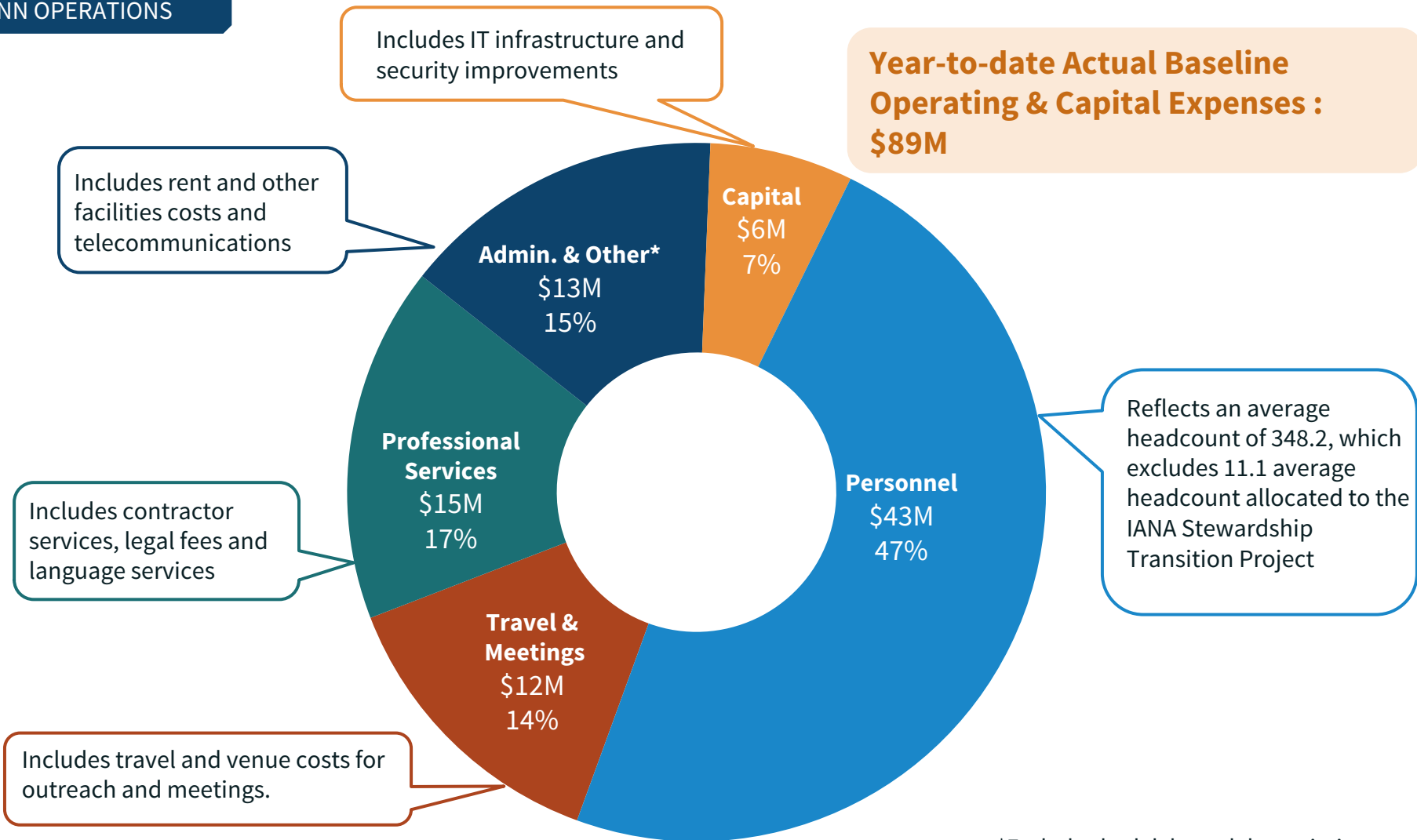Includes travel and venue costs for outreach and meetings.

Capital $6M 7%

Admin. & Other* $13M 15%

Professional Services $15M 17%

Travel & Meetings $12M 14%

Personnel $43M 47%

Reflects an average headcount of 348.2, which excludes 11.1 average headcount allocated to the IANA Stewardship Transition Project

*Excludes bad debt and depreciation

FY17 Budget Overview

FY17 (Jul 16-Jun 17) approved ICANN Operations budget, aligned to Operating Plan, published on ICANN.org

	FY17 Budget
Funding	**$ 132**
ICANN Operations Baseline Expenses	-$ 123
IANA Services Expenses	-$ 9
Net	**$ 0**

*Expenses exclude bad debt and depreciation.

New gTLD Program – Multi-year Forecast

Application fees collected $ 362

$ 267 $ 95

$ 4

$ 22

Costs $ 4

Refunds $ 53

FY19 & BEYOND FORECAST

Refunds $ 9

Costs $ 13

$ 20

Refunds $ 2

FY18 FORECAST

Costs $ 18

$ 221

Costs $ 214

Refunds $ 42

FY17 FORECAST

Costs $ 179

Refunds

Remaining funds for unexpected expenses (including risks)

Application processing costs

Cumulative costs

FULL PROGRAM FORECAST

FY12-16 ACTUAL