FY16 Q2 Stakeholder Call

28 January 2016| For quarter ending 31 December 2015

Agenda

- ⊙ **President's Overview (10 min)** - Fadi Chehadé

- ⊙ **Policy Update (10 min)** – David Olive & Adiel Akplogan

- ⊙ **Management Update (15 min)** – Akram Atallah

- ⊙ **Financial Update (10 min)** – Xavier Calvez

- ⊙ **Q&A** (30 min) - All

President's Overview

Fadi Chehadé, President and CEO

Overview

⊙ FY16 Q2 for period ending 31 December 2015

Topics:

o Beta KPI Dashboard
o Operational performance and excellence
o Contractual Compliance
o IANA Stewardship Transition
o Enhancing ICANN's Accountability
o Community support
o Internet Governance

Beta KPI Dashboard

Objectives & Overall Status

		Score
▶ 1	Evolve and further globalize ICANN	**87**
▶ 2	Support a healthy, stable and resilient unique identifier ecosystem	**72**
▶ 3	Advance organizational, technological and operational excellence	**88**
▶ 4	Promote ICANN's role and multistakeholder approach	**87**
▶ 5	Develop and implement a global public interest framework bounded by ICANN's mission	**73**

How to read and understand the charts:

0 - 49	Tracking significantly short of target — Immediate corrective action needed	
50 - 84	Tracking short of target — Corrective actions as needed	
85 - 100	Tracking to target — Stay the course, no corrective action needed	

Beta KPI Dashboard:
https://www.icann.org/progress

Operational Performance

FY16 Q2 HIGHLIGHTS

Audited financial statements for FY15 published

112 TLD strings delegated

26 Registry Agreements signed

1,860 total IANA Department Tickets

- FY17 Operating Plan and Budget process underway
  - Public Comment process commences in March

- FY16 Q2 financial position: trending favorably versus plan, with estimated revenue approximately above budget and lower expenses, resulting from contained hiring and timing of differences of project spend

- Arabic and Armenian Label Generation Rules proposals published for comment

- Annual Third-Party IANA Functions Customer survey with 94% satisfaction rate

- Conducted organization-wide FY15 EFQM internal assessment; launched FY16 EFQM plan for continued improvements and second internal assessment

Contractual Compliance

FY16 Q2 HIGHLIGHTS

Efforts to raise awareness of the scope of ICANN's Contractual Compliance function available in eight languages at
https://www.icann.org/resources/pages/compliance-2012-02-25-en

- The March 2015 New Registry Agreement audit report was published at https://www.icann.org/resources/pages/compliance-reports-2015-04-15-en

- The September 2015 audit round of 69 Registrars is in the audit phase; about 5,700 documents in 10 different languages were reviewed by 30 December 2015.

- An audit webinar was conducted on 30 November 2015 in the APAC region. Approximately 80 participants attended.

- Ongoing outreach efforts with various stakeholders to facilitate dialogue regarding voluntary actions to address abuse and illegal activity.
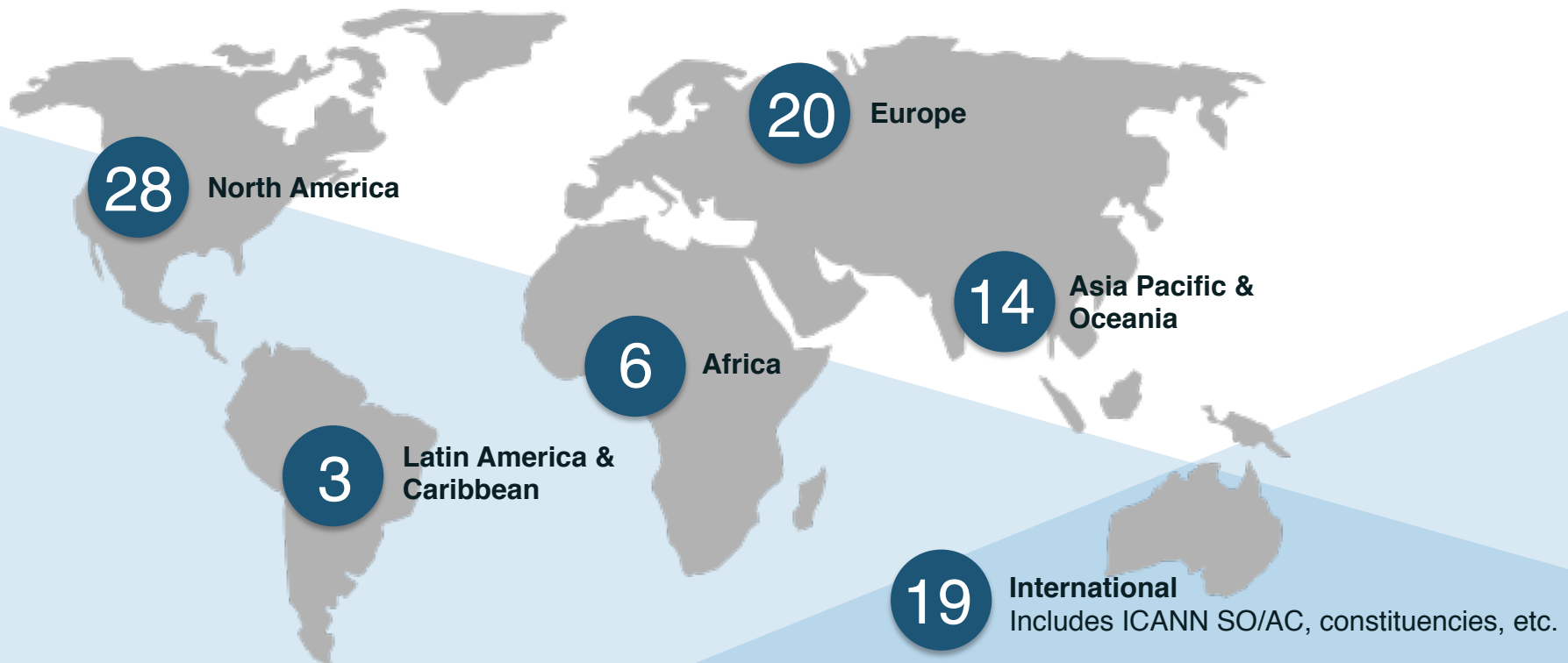
ICG Completes Proposal at ICANN54 in Dublin

- **The IANA Stewardship Transition Coordination Group (ICG) finalized its work in October 2015 at ICANN54 in Dublin**

- Group awaits confirmation from CWG-Stewardship that its requirements have been met by the CCWG-Accountability recommendations

- Will keep ICG constituted as a body until 30 September 2016

CCWG-ACCT Posts 3rd Draft for Public Comment

- **The CCWG-Accountability receives 90 comments during successful, globally diverse 21-day public comment period in December 2015**


28 North America

20 Europe

14 Asia Pacific & Oceania

6 Africa

3 Latin America & Caribbean

19 International
Includes ICANN SO/AC, constituencies, etc.

- The CCWG is seeking consensus on outstanding issues raised in the public comment period to gain approval from its **6** Chartering Organizations

- Anticipated delivery of a final proposal to the ICANN Board is in February 2016
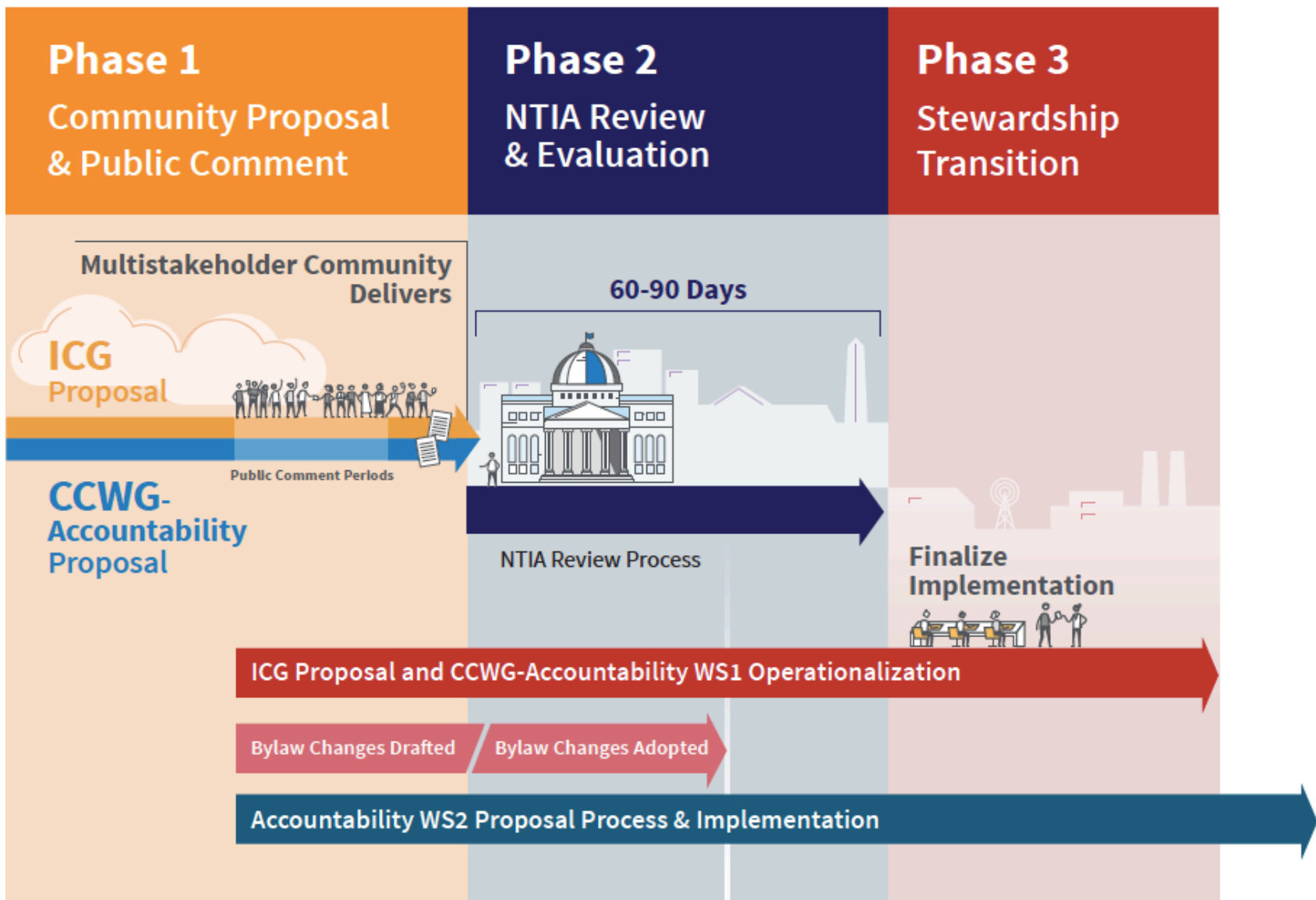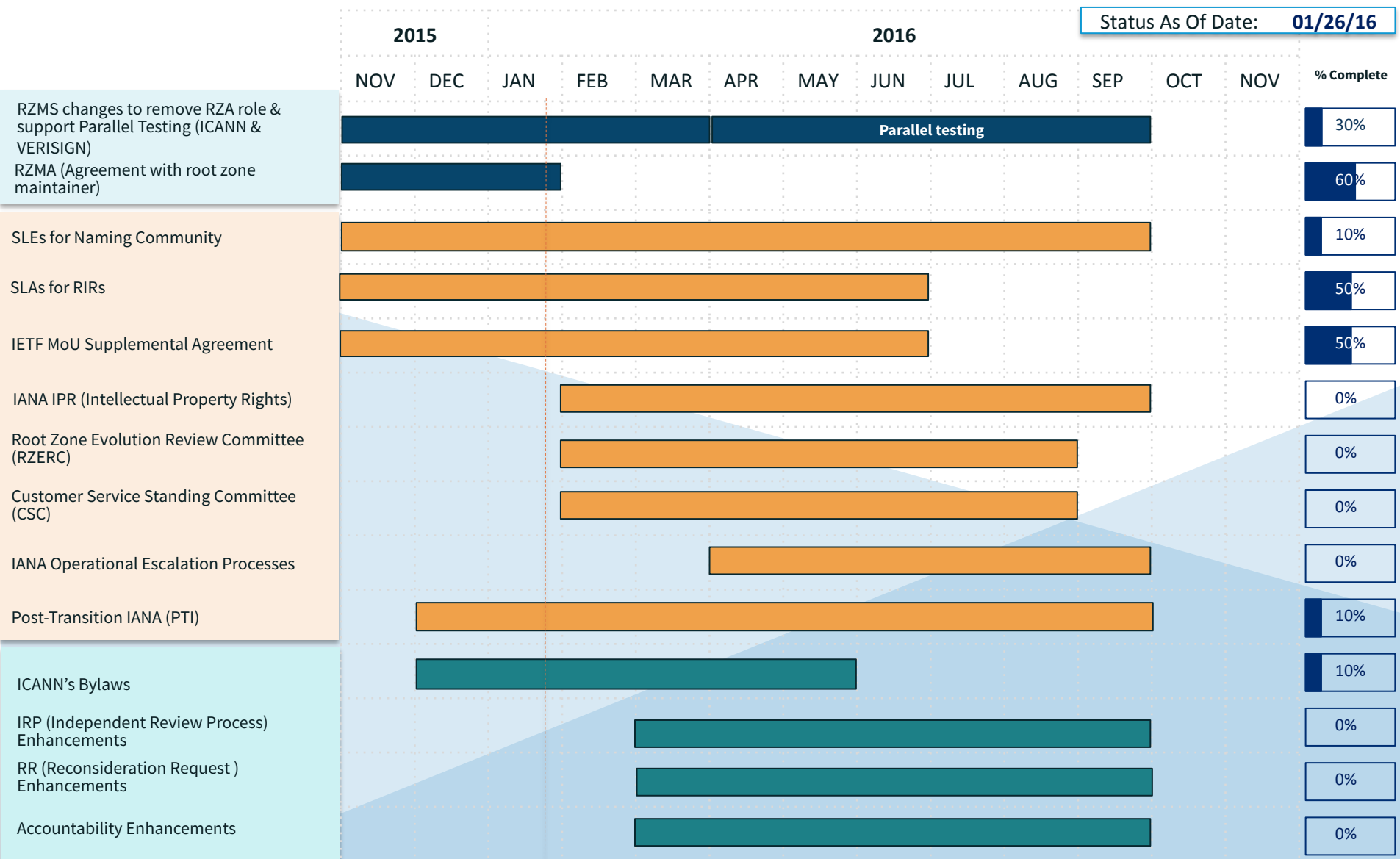
Community

WHY IT'S IMPORTANT

ICANN operates in a bottom-up, multistakeholder model.

ICANN is committed to offering the tools, resources and programs to help this community do its important work.

⊙ ICANN Stakeholder Journey framework

⊙ NextGen@ICANN- 85 applicants for ICANN55, 30 accepted
  - ⊙ Two "NextGen Ambassadors" selected to attend and offer key insight to NextGen group at ICANN55

⊙ Fellowship Program – 380 applications; 45 accepted for ICANN55

⊙ ICANN Learn- launched an upgraded platform at ICANN54
  - ⊙ Five new courses added
  - ⊙ During the quarter, 20,372 lessons have been viewed

Internet Governance

- Participated in and supported successful high level meeting for World Summit on the Information Society (WSIS +10)
  - Review output resulting in a balanced document and further recognition for the MS model for our technical operation

- Renewal of IGF mandate for additional 10 years

- Participation in 2nd World Internet Conference (WIC) in Wuzhen China

- Successful Internet Governance Forum (IGF) 2015 in João Pessoa, Brazil
  - Continued support for and participation in National and Regional IGFs (participated in Arab IGF in Beirut in December)

Policy Update

David Olive, VP Policy Development
Support & Adiel Akplogan, VP
Technical Engagement

Generic Names Supporting Org. (GNSO)

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

New areas of work in Q2

- Initiation of Policy Development Process (PDP) on New gTLD Subsequent Procedures
- Adoption of PDP Working Group Charter on gTLD Registration Directory Service (RDS) to replace Whois Preliminary Issue Report
- Preliminary Issue Report on all Rights Protection Mechanisms in all gTLDs published for public comment
- Review of GNSO Chair and Vice-Chair Election Procedures

Completed work in Q2

- Privacy and Proxy Services Accreditation Issues PDP Final Report submitted to the GNSO Council
- Data and Metrics for Policy Making Final Report (adopted by GNSO Council)
- Updated New gTLD Auction Proceeds Discussion Paper Published
- GNSO Review of GAC Communiqué

Country-Code Names Supporting Org. (ccNSO)

FY16 Q2 HIGHLIGHTS

5 cross-community working groups (chartering organization)

8 ccNSO working groups

13 Council decisions

2 standing Council committees

20+ sessions at ICANN 55

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

- ⦿ Focus on IANA Stewardship Transition and ICANN Accountability: ccNSO Council supports direction of travel of CCWG-Accountability, however requirements of CWG – Stewardship need to be met. High interest in implementation of CWG-Stewardship proposals

- ⦿ Advisory team to assist in implementation of Framework of Interpretation of Policy Documentation (RFC 1591) for delegation, revocation and transfer (re-delegation) of ccTLDs seeks feed-back.

- ⦿ Oversight committee security incident response email list, launches discussion on added value of list for community.

- ⦿ ccNSO Council has started discussion on ccNSO policy development processes on retirement of ccTLDs and review mechanism for decision pertaining to delegation, revocation and retirement of ccTLDs

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

- Election process started 30 September 2015 for ICANN Board Seat 10 (seat currently held by Kuo-Wei Wu). Five candidates have been nominated. Currently in the comment period.
  - https://aso.icann.org/aso-icann/icann-board-elections/2016-elections/

- Louie Lee re-elected as ASO AC for 2016

- Oscar Robles LACNIC CEO performing as NRO EC Chair during 2016

- Nurani Nimpuno (RIPE region) and Hartmut Glaser (LACNIC region) appointed to ASO Advisory Council/NRO Number Council

- NRO comments on ICANN mission statement
  - https://www.nro.net/news/the-nro-ec-recognises-that-the-icann-mission-statement-is-currenty-under-review-by-the-ccwg

- NRO currently in discussion with other Operational Communities on IANA IPR

- RIR mailing list and policy development participation
  - https://www.nro.net/policies

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

- RIR-ICANN Service Level Agreement (currently in negotiations with IANA department staff)
  - https://www.nro.net/sla

- Final version of RIR-developed IANA Numbering Services Review Committee Charter
  - https://www.nro.net/review-committee-charter-final

- All SLA processes and discussions documented at
  - https://www.nro.net/iana-oversight

Next RIR Meetings:

AFRINIC 24- Gaborone, Botswana- 6-10 June 2016

APNIC41- Auckland, New Zealand 15-26 February 2016

ARIN 37 – Montego Bay, Jamaica 17-20 April 2016

LACNIC 25- Havana, Cuba 2-6 May 2016

RIPE 72 Copenhagen, Denmark 23-27 May 2016

Internet Engineering Task Force (IETF)

- ICANN continues to contribute to IETF work in various working groups

- RFC 6761 (6761 bis) – Reserved Names and .onion

  - A design team (including ICANN staff) has been put in place to look at the issue and propose a solution that will take into consideration both ICANN new gTLD policies and IETF standard needs for a consolidated reserved name process.

- As part of the IANA stewardship transition effort, IETF Trust is tentatively considered as the future holder of IANA-related trademarks and domains, on behalf of the names, numbers, and protocol communities.

- Next IETF meeting- April 2016 in Buenos Aires
  - First meeting in southern hemisphere

Internet Engineering Task Force (IETF)

- Internet Architecture Board (IAB) issued a statement on the RDAP operational profile during ICANN public comment period

- IAB issued a statement on CCWG-Accountability draft report

- IAB and RSSAC co-authored RFC7720/BCP 40 on DNS root servers protocol requirements. RSSAC issued in tandem RSSAC001 on operational considerations for root servers.

- Warren Kumari re-appointed on ICANN Technical Liaison Group

Management Update

Akram Atallah, President, Global Domains Division

Executive Summary

⦿ Information Technology & Internet Technology update

⦿ Global Domains Division (GDD) update

⦿ Contractual Compliance metrics

⦿ Globalization and stakeholder engagement metrics

Information Technology Update

1 Security Vulnerability Scanning

2 Salesforce Reboot-Report out

3 Enterprise Resource Planning (ERP)

Internet Technology / Office of CTO Update

WHY IT'S IMPORTANT

Maintaining the security, stability and resiliency of the Internet is a core part of ICANN's mission, and fundamental to the Internet and ICANN's work.

- ⊙ Identifier Technologies Health Indicators project underway
  - ⊙ Session at ICANN55 in Marrakech to discuss

- ⊙ Finalizing the output from the Root Zone DNSSEC "Key Signing Key" Update Design Team

- ⊙ Participated in anti-abuse and other security, stability and resiliency training and sessions around the world

Contractual Compliance – Q2 Metrics
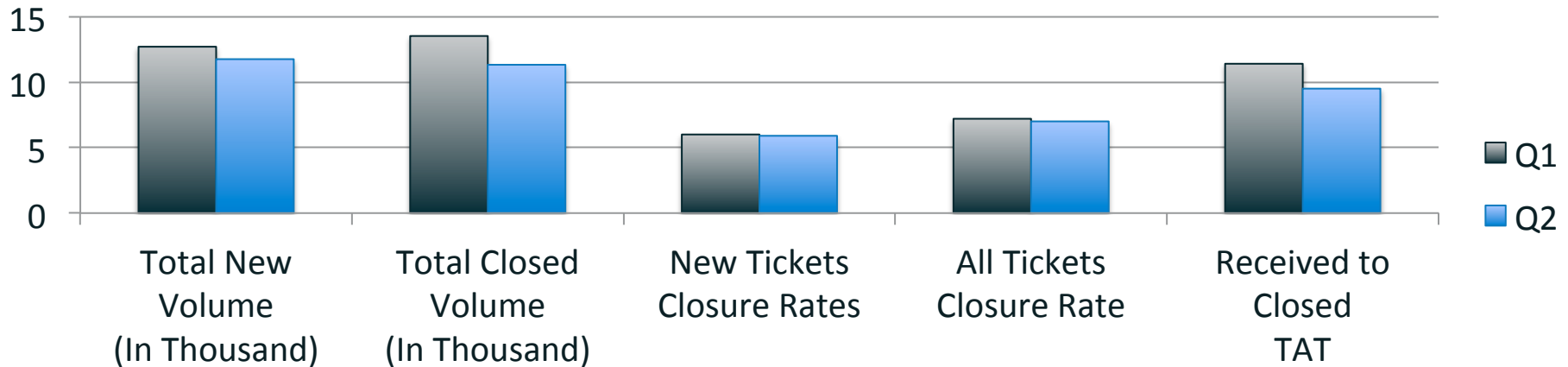
Total Volume	Oct-15	Nov-15	Dec-15	Q2 Total	Q1 Total
Total New	4,259	3,821	3,669	11,749	12,700
Total Closed	4,635	3,888	2,799	11,322	13,518

Closure Rates	Oct-15	Nov-15	Dec-15	Q2 Average	Q1 Average
New Tickets	66%	67%	43%	58.67%	60.67%
All Tickets [Target >= 55%]	77%	75%	57%	70%	72%

Turnaround Time (days)	Oct-15	Nov-15	Dec-15	Q2 Average	Q1 Average
Received-to-Closed	10.5	8.2	10	9.5	11.4

Published Monthly Dashboard at: https://features.icann.org/compliance

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.

112
Strings delegated in FY16 Q2

871 total*

26
Registry Agreements signed in FY16 Q2

1,218 total*

4
Contention sets resolved in FY16 Q2

211 of 233 total*

⊙ "New gTLD Auction Proceeds Discussion Paper" public comment completed.

New gTLD Program Reviews Updates

⊙ Competition, Consumer Trust and Consumer Choice Review Team seated; community / independent representatives.

⊙ Program implementation report public comment completed.

⊙ Competitive effects report public comment completed.

⊙ Root system study plan / methodology published for comment.

GDD: Internationalized Domain Names

WHY IT'S IMPORTANT

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

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

IDN Top-level Domain (TLD) Program

- ⊙ First version of the Label Generation Ruleset (LGR-1) published for comment.
- ⊙ Arabic and Armenian Label Generation Rules proposals published for comment.
- ⊙ Thai, Cyrillic and Ethiopic script Generation Panels seated.
- ⊙ Rules for 20 of 28 scripts currently in various stages of development.

Country Code TLD Fast Track Process

- ⊙ 48 IDN ccTLD strings successfully evaluated for operation by 38 countries and territories.

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

GDD: Universal Acceptance of TLDs

WHY IT'S IMPORTANT

Universal Acceptance means that Internet applications and systems must treat all top-level domains (TLDs) in a consistent manner, including new gTLDs and internationalized TLDs. Specifically, they must accept, validate, store, process and display all domain names.

//*.*/ Universal Acceptance

- ⊙ Participated in numerous industry events.

- ⊙ Conducted all-day workshop & public session at ICANN54 in Dublin.

- ⊙ Completed UA / UASG fact sheet.

- ⊙ Held face-to-face meeting 14-15 January 2016.

MORE INFORMATION: https://www.icann.org/universalacceptance
https://community.icann.org/pages/viewpage.action?pageId=47255444

GDD: IANA Department Tickets

438
Domain-related requests

1,002
Protocol-related requests

0
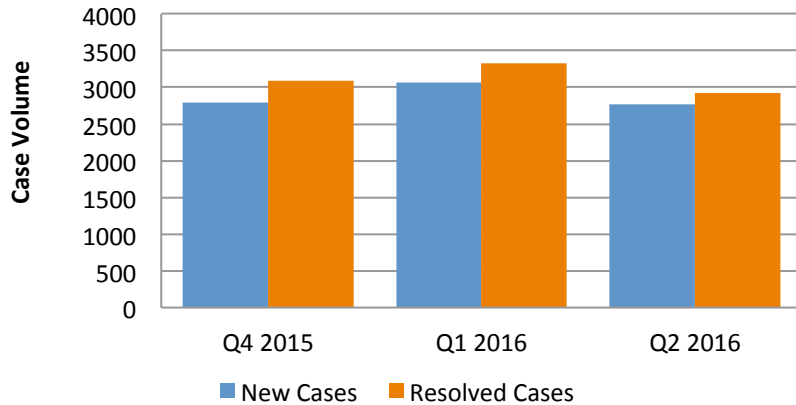Number-related events

420 General inquiries

1 Key signing ceremony

1 October to 31 December 2015

GDD: Global Support Center Tickets

Case Volume Trending
Cases Created & Resolved

Legend: New Cases, Resolved Cases

Case Backlog
Quarter End Volume Trending

Legend: Inquiry Backlog
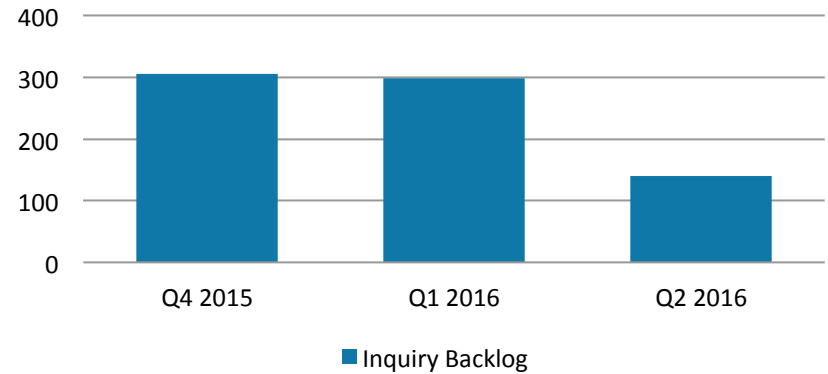
Status Frequency
Communication & Updates

Legend: Average Age, % Within SLT
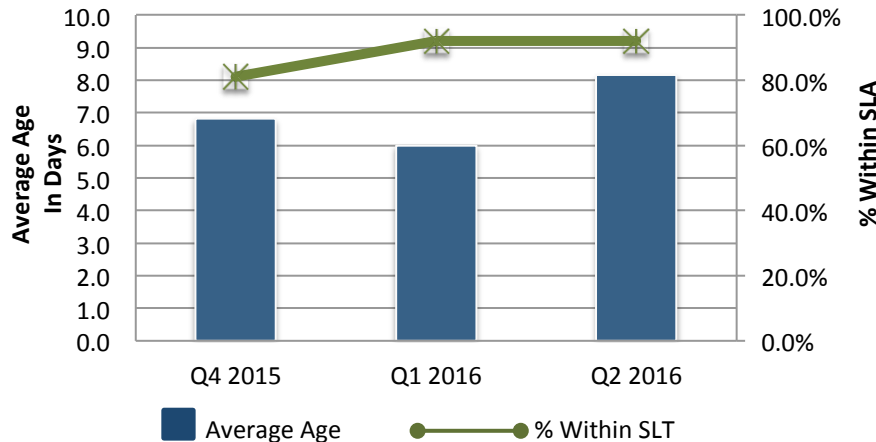
Resolution Time Target
Case Aging

Legend: Average Age, % Within SLT
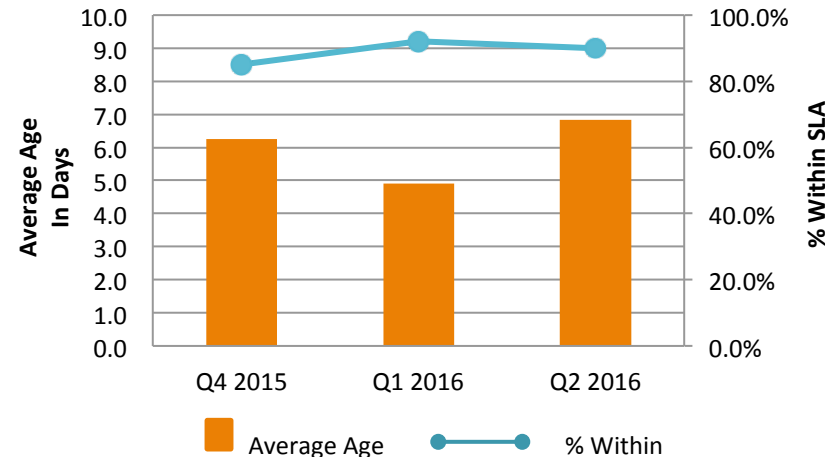
Regional Stakeholder Engagement – FY16 Q2

173 events total

22,250 people reached
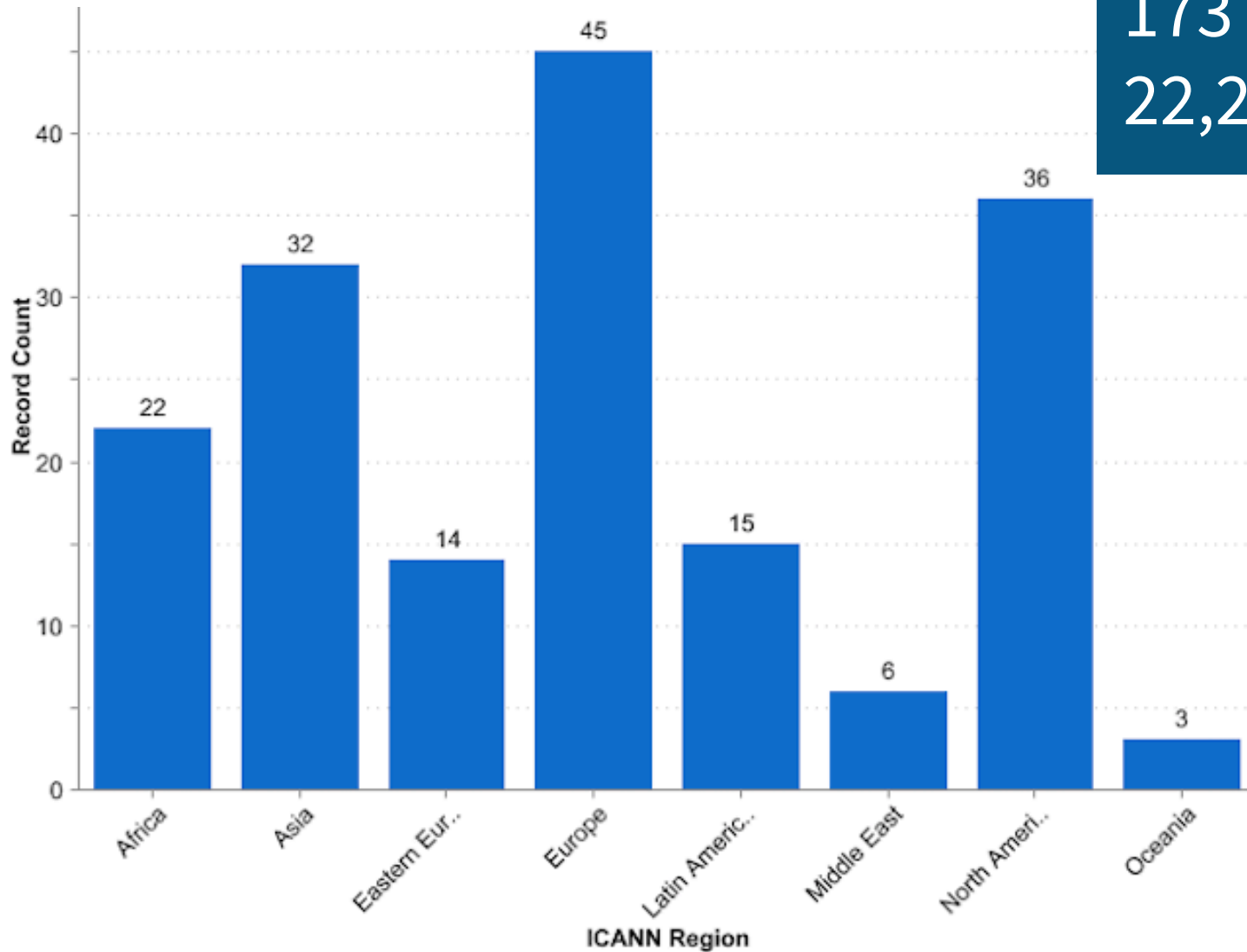
Financial Update

Xavier Calvez, CFO

Total ICANN Overview

ICANN OPERATIONS

REVENUES

BASELINE EXPENSES *
(Operating & Capital)

INITIATIVES **

OPERATING FUND

RESERVE FUND

New gTLD PROGRAM

REVENUES

EXPENSES

New gTLD FUNDS

TOTAL ICANN
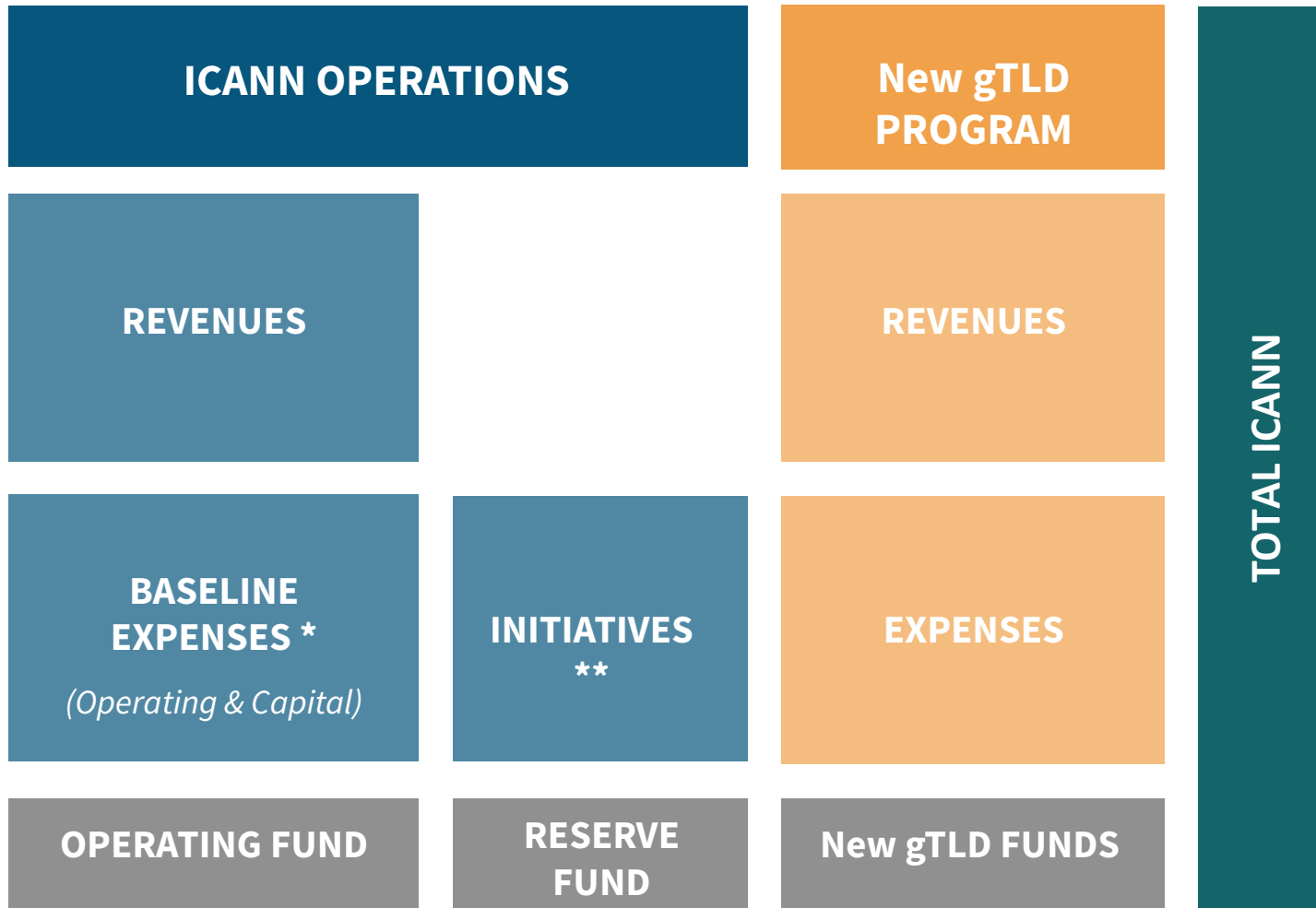
*: includes the IANA Operations   **: includes the USG IANA Stewardship transition initiative

FY16 H1 Revenue

	Driven By Domain Name Registrations	Driven By # of Contracted Parties
FROM REGISTRIES	**Transaction-based fees** $23.4 42%	**Per-TLD fixed fees** $9.2 16%
FROM REGISTRARS	**Transaction-based fees** $14.8 26%	**Application fees Accreditation fees** $7.8 14%

Other Income: $1.1 (2%)   Total Revenues: $56.3
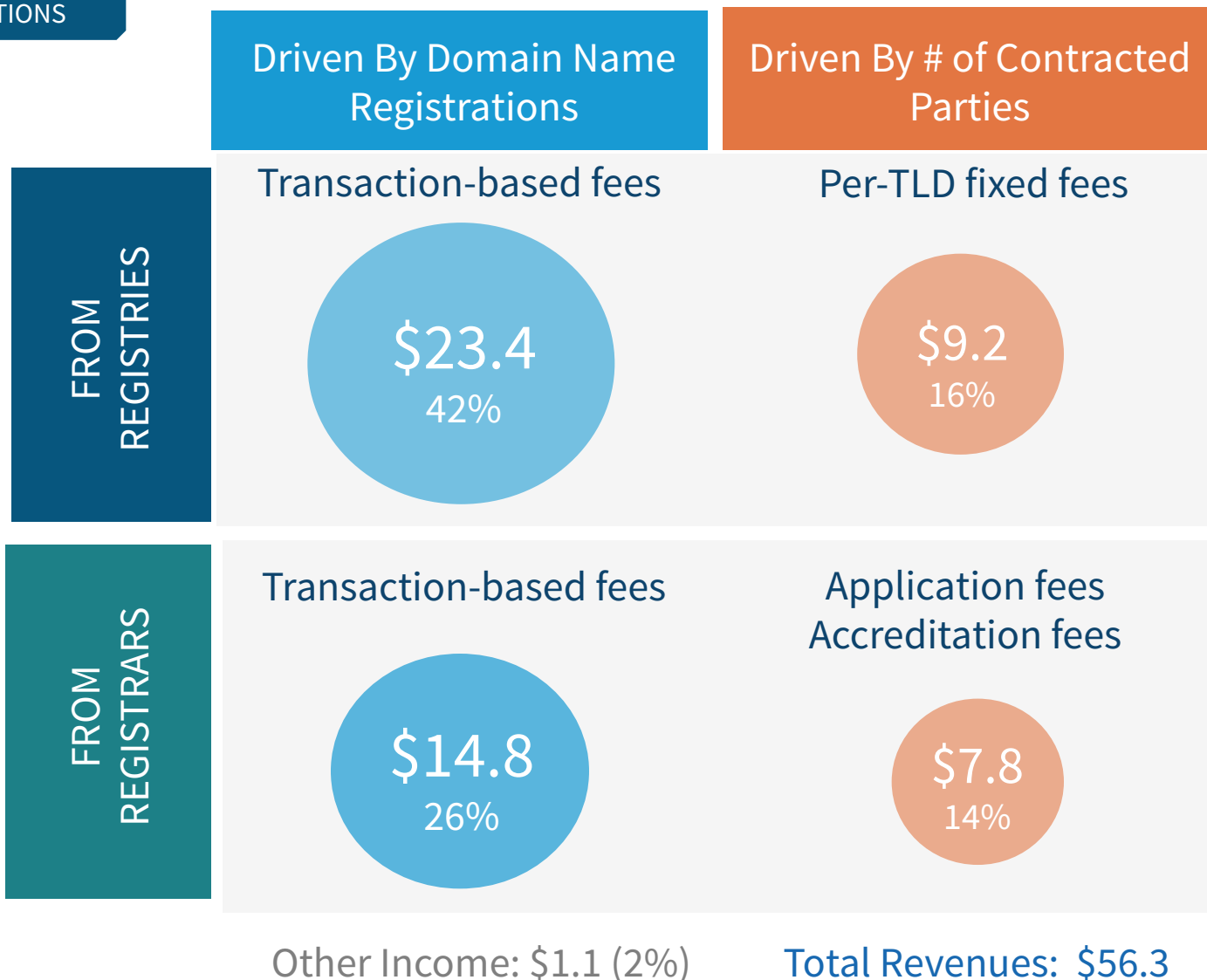
FY16 H1 Revenue vs Budget and Last Year

Revenue ahead of target.

Actual: $ 56
Budget: $ 53
Last Year: $ 48

	REGISTRY TRANSACTION FEE	REGISTRAR TRANSACTION FEE	REGISTRY FIXED FEE	REGISTRAR OTHER FEES	OTHER
Act	$ 23	$ 15	$ 9	$ 8	$ 1
Bud	$ 23	$ 14	$ 9	$ 5	$ 2
LY	$ 23	$ 13	$ 5	$ 6	$ 2
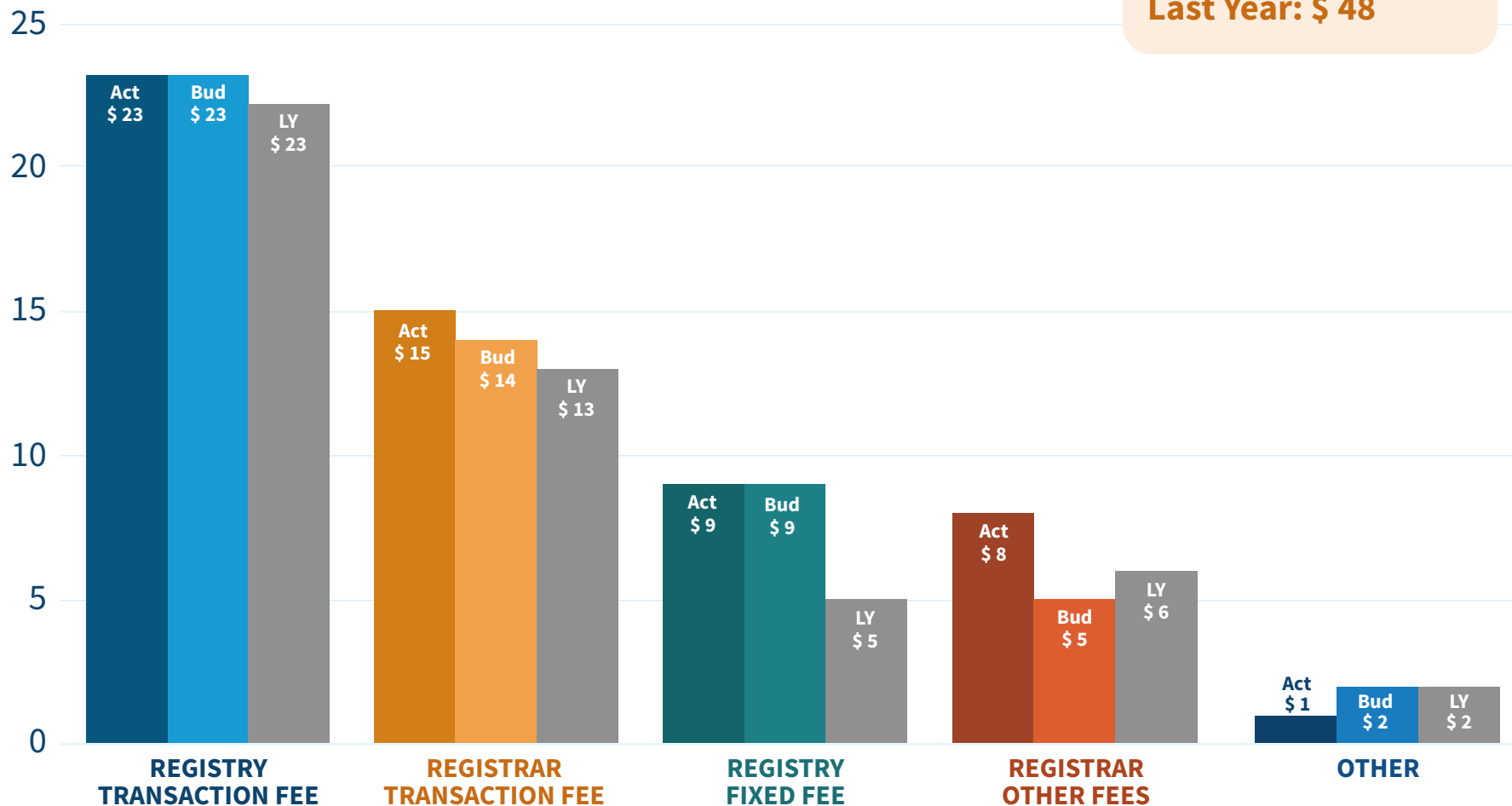
FY16 H1 Baseline Operating and Capital Expenses

Total H1 Baseline Operating Expenses & Capital: $ 46

Includes IT infrastructure and security improvements

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 $2 4%

Admin.* $7 16%

Personnel $25 54%

Professional Services $6 14%

Travel & Meetings $5 12%

Reflects an average H1 baseline headcount of 298, which excludes 25 FTEs allocated to initiatives
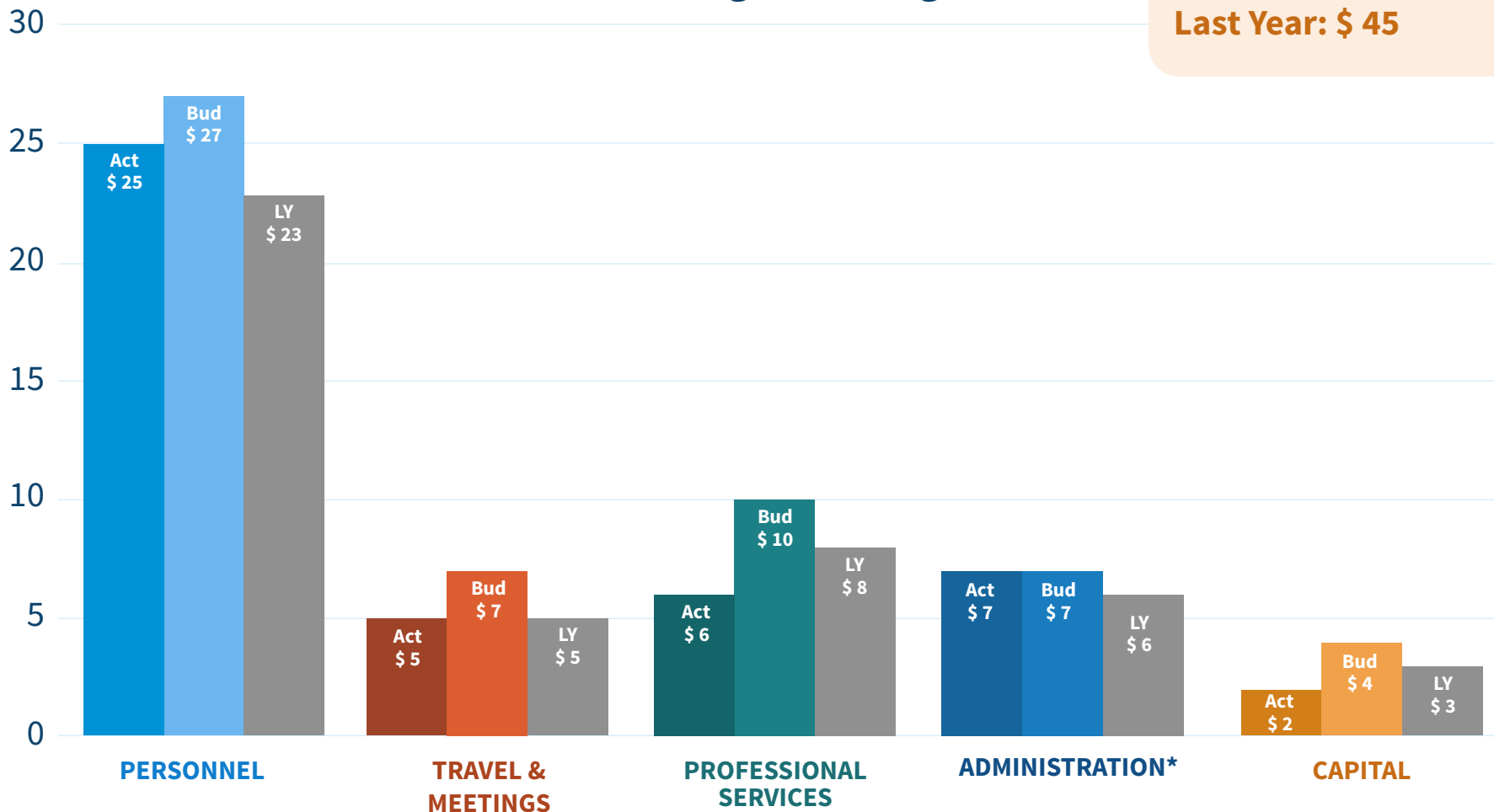
*Excludes bad debt and depreciation

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

FY16 Q2 | 36

FY16 H1 Baseline Operating Expenses and Capital vs Budget and Last Year

Timing differences of projects vs. plan and slower hiring than budgeted.

Actual: $ 46
Budget: $ 54
Last Year: $ 45

Chart data:

Category	Act	Bud	LY
PERSONNEL	$ 25	$ 27	$ 23
TRAVEL & MEETINGS	$ 5	$ 7	$ 5
PROFESSIONAL SERVICES	$ 6	$ 10	$ 8
ADMINISTRATION*	$ 7	$ 7	$ 6
CAPITAL	$ 2	$ 4	$ 3

*Excludes bad debt and depreciation

FY16 Initiatives

	H1 Actual	H1 Budget	Var	FY16 Budget
USG Stewardship Transition	$ 8.6	$ 3.9	-$4.8	$ 6.9
Public Responsibility	0.8	1.7	0.9	2.5
Hardening Critical IT Infrastructure	0.8	1.3	0.4	2.5
New gTLD - Next Round Assessments & Preparation	0.0	0.3	0.3	0.5
Implementation of Reviews Recommendations	0.0	0.1	0.1	0.3
Total Initiatives	**$ 10.3**	**$ 7.2**	**-$3.1**	**$ 12.8**

FY16 H1 USG Stewardship Transition Costs

Total H1 USG Stewardship Transition Costs: $ 8.6

Capital
$ 0.1
1%

Administration
$ 0.1
2%

Personnel
$ 1.2
14%
(average headcount of 10)

Travel & Meetings
$ 0.7
8%

Other Professional Services
$ 2.1
24%

External Legal Advice
$ 4.4
51%

FY16 H1 Resource Utilization

Breakeven for H1.
Revenue ahead of target.
Total expenses below target, partially due to timing differences.

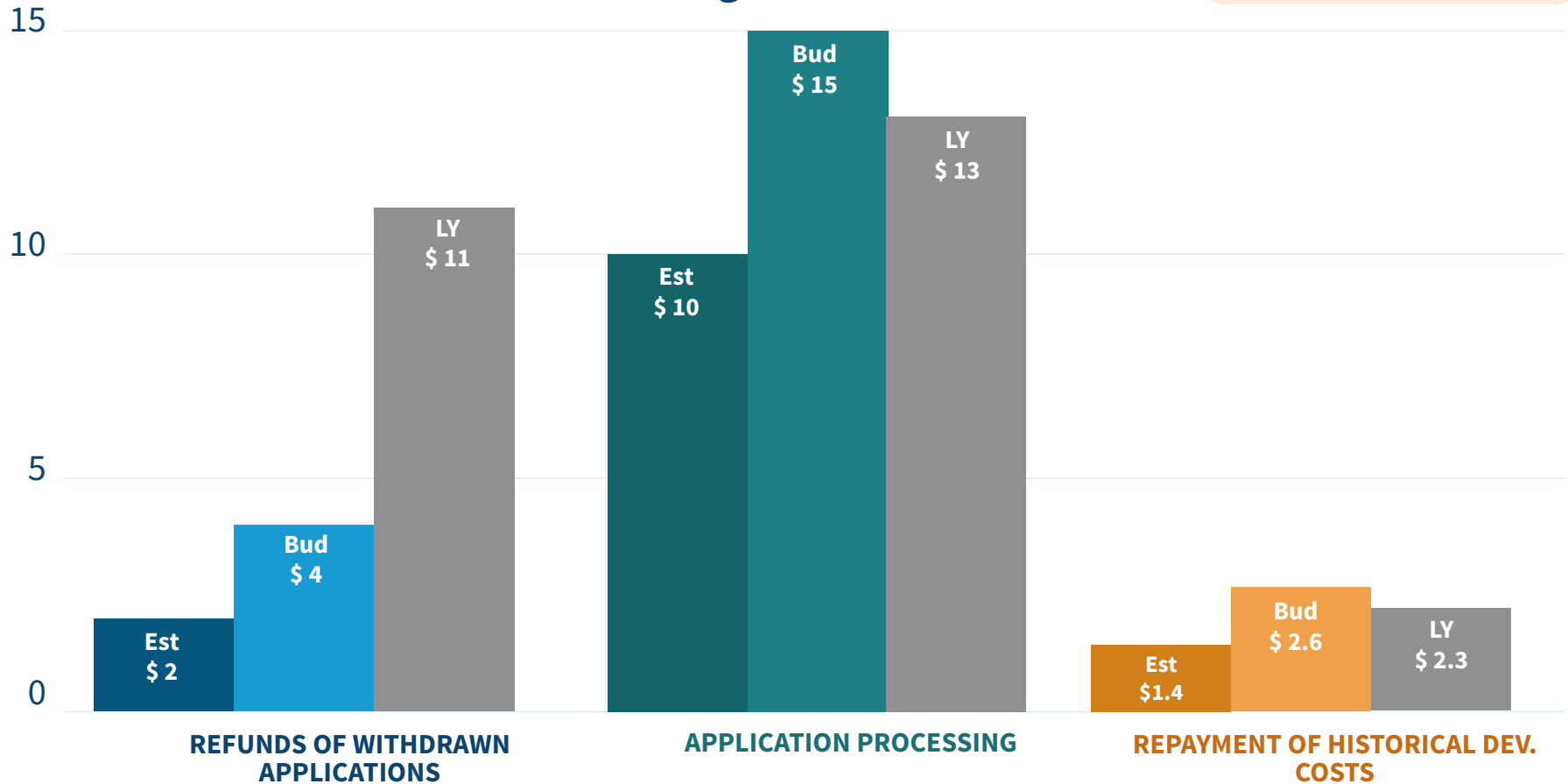|	Actual	Budget	Var	% Var	LY	Var	% Var
Support & Revenue	$ 56	$ 53	$ 4	7%	$ 48	$ 8	17%
Baseline Expenses (Operating*/Capital)	-46	-54	9	16%	-45	-1	-2%
Initiatives Expenses	-10	-7	-3	-43%	-2	-9	-609%
Net	$ 0	-$9	$ 9	105%	$ 2	-$ 2	-80%

*Excludes bad debt and depreciation
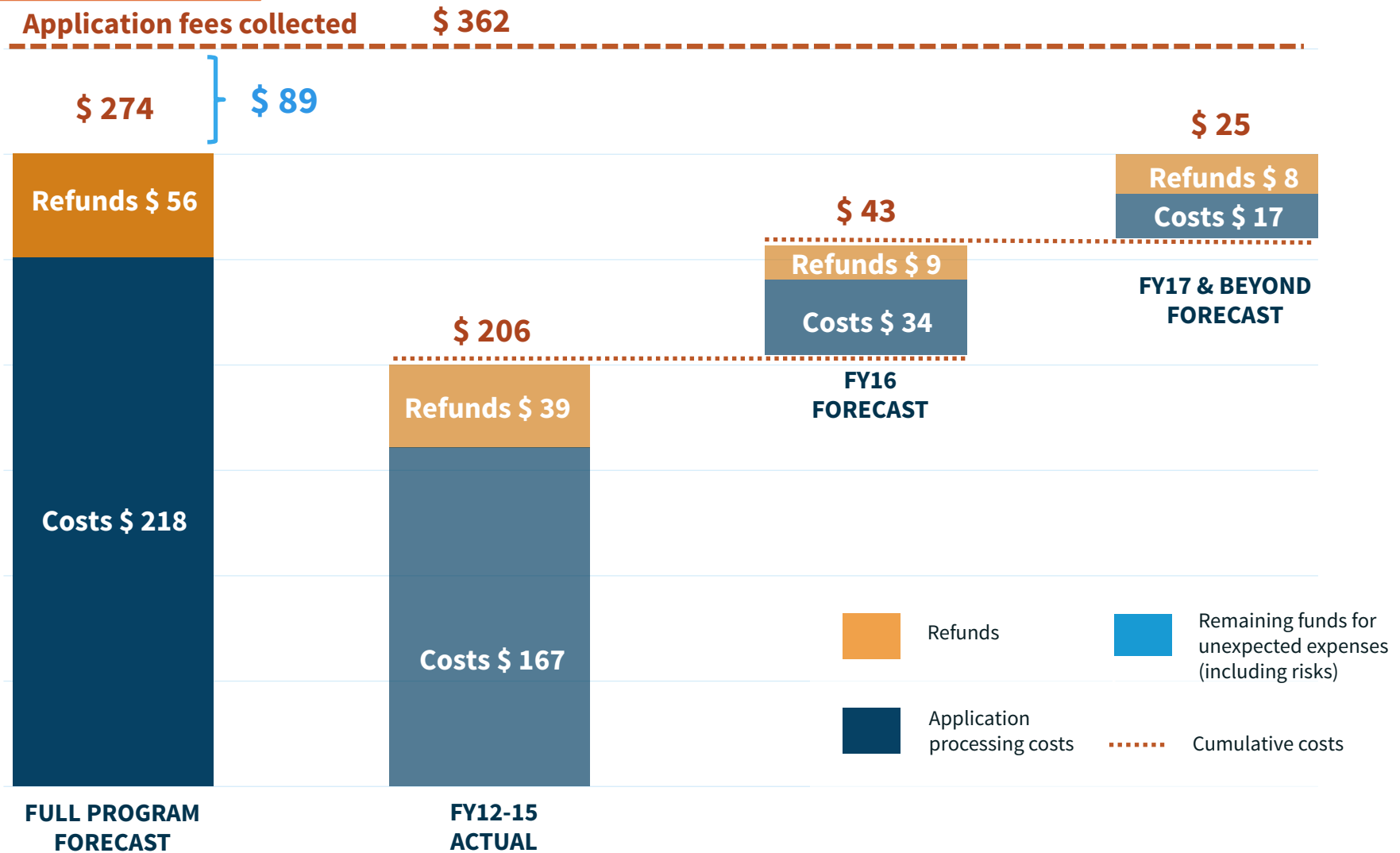
FY16 H1 New gTLD Program Costs

Processing costs lower than target driven by favorable management of contracting activities.

Actual: $ 13
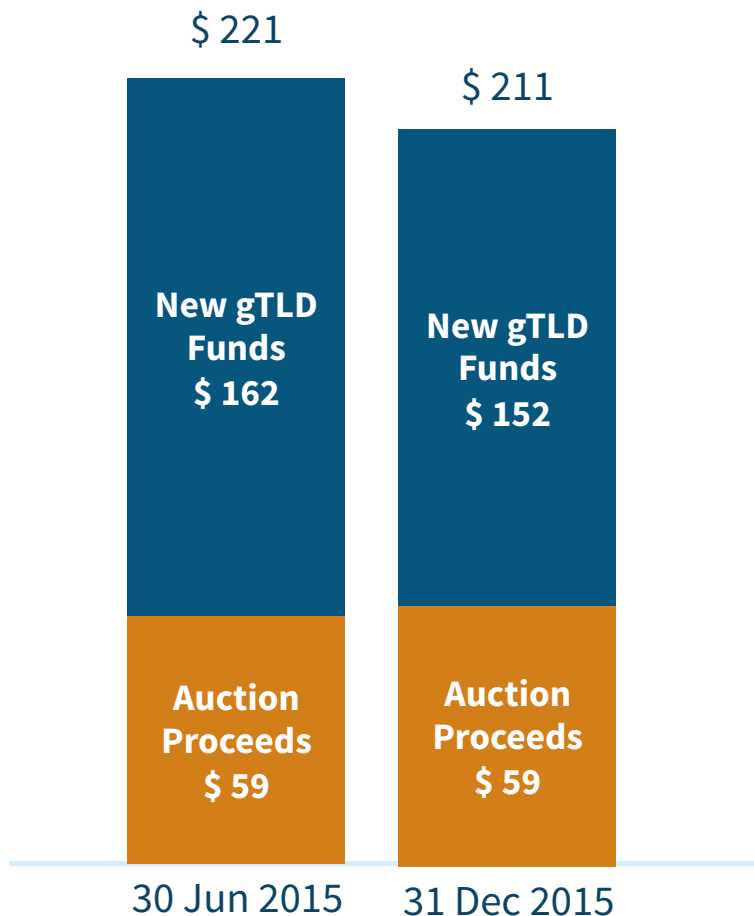Budget: $ 22
Last Year: $ 26

REFUNDS OF WITHDRAWN APPLICATIONS
- Est $ 2
- Bud $ 4
- LY $ 11

APPLICATION PROCESSING
- Est $ 10
- Bud $ 15
- LY $ 13

REPAYMENT OF HISTORICAL DEV. COSTS
- Est $1.4
- Bud $ 2.6
- LY $ 2.3

Funds Under Management

Total Funds: **$ 303**
Program-related: $ 211
ICANN Operations: $ 92

New gTLD Program
New gTLD funds/Auction proceeds

$ 221

$ 211

New gTLD
Funds
$ 162

New gTLD
Funds
$ 152

Auction
Proceeds
$ 59

Auction
Proceeds
$ 59

30 Jun 2015   31 Dec 2015

ICANN Operations
Operating and Reserve Funds

$ 105

$ 92

Operating
Fund
$ 19

Operating
Fund
$ 16

Reserve
Fund
$ 86

Reserve
Fund
$ 76

30 Jun 2015   31 Dec 2015
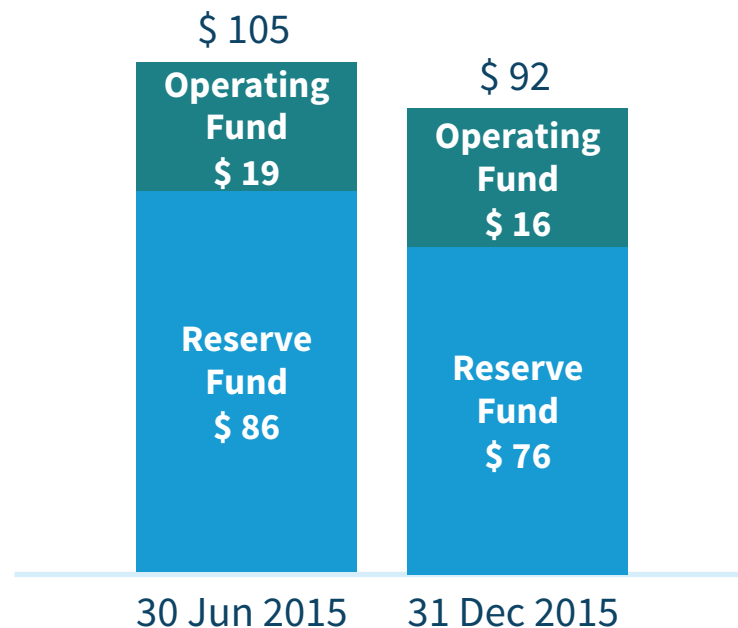
Thank You and Questions

ICANN

SAVE THE DATE: FY16 Q3 CALL:
28 April 1500 UTC

Email: icann.communications@icann.org
Website: https://www.icann.org/resources/pages/quarterly-reports-2014-11-13-en

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flickr.com/photos/icann

youtube.com/user/icannnews

slideshare.net/icannpresentations

Appendix – ICANN Operations Resource Utilization

ICANN OPERATIONS

	Actual	Budget	Var	% Var	LY	Var	% Var
Support & Revenue	**$ 56**	**$ 53**	**$ 4**	**7%**	**$ 48**	**$ 8**	**17%**
Personnel	-25	-27	2	8%	-23	-2	-9%
Travel & Meetings	-5	-7	1	18%	-5	-0	-9%
Professional Services	-6	-10	4	39%	-8	2	20%
Admin (excludes bad debt and depreciation)	-7	-7	-0	-3%	-6	-1	-20%
Capital	-2	-4	2	44%	-3	1	38%
Total Baseline Expenses	**-46**	**-54**	**9**	**16%**	**-45**	**-1**	**-2%**
Cash from Change in Net Assets	**11**	**-2**	**13**	**n/a**	**4**	**7**	**n/a**
Initiatives Expenses	**-10**	**-7**	**-3**	**-43%**	**-2**	**-9**	**-609%**
Contribution to Reserve Fund	**$ 0**	**-$ 9**	**$ 9**	**n/a**	**$ 2**	**-$ 2**	**n/a**