Chris Disspain: Good morning everybody. Obviously some of you were not in the room a little while ago when I asked if you would please take the center two rows of seats so that the people up here don't get neck strain by having to move around the room.

It's quite hard to run a meeting of this size in a room of this size. So it would be really helpful to us if you could sit in the center two sets of seats. Thank you.

That is fantastic. Thank you all very much indeed, I do appreciate it.

This is the first time as far as I can remember that the ccNSO meeting has begun with a marching band. It's going to be quite fun isn't it? We can – I wonder if they do requests?

Okay. So, good morning everybody. Welcome to the ccNSO members meeting here in Nairobi, Kenya.

A couple of logistical points before we start. We do have remote participation. We have people participating remotely, Adobe Connect is turned on and Gabby and Bart will manage any input and questions coming from there.

The first item on our agenda is there was a short session on awareness of ICANN issues – to be perfectly honest with you, I think most of us are very well aware of what the current ICANN issues are. I'm not going to take any time to go through that now. I think we'll just move on to our second and far more important session which is the Strategic and Operational Planning Working Group.

Byron is going to chair that session and then we also have Kevin with us from ICANN. So over to you Byron.

Byron Holland: Thank you very much. Thank you all for coming out first thing on the first day of the ccNSO meeting to talk strategy and operations. You know how near and dear it is to my heart so I appreciate you all sharing that with us.

I hope you all have had a good time in Nairobi thus far. I think ironically the hotel that I'm staying in actually has a really good Indian restaurant and I've come to Nairobi and I've never had more Indian food than I think I've had in any one week in my life.

But we'll get right to it. I just want to take one moment to set the agenda.

Primarily this session is give you an update on what the Strategic and Operational Plan Working Group has been up to in the last little while and just provide a status check for that. And also talk about what the near future looks like.

We also have Kevin Wilson the CFO of ICANN here who's going to give us a walk through on the operating plan for next year which ICANN has recently posted as of February 15th and it's coming due for community feedback which is open until April 1st. So he's going to give us a walk through on the timeline, what's in there, some of the issues, etcetera.

He'll take, I've said fifteen minutes, to walk us through that. But he's going to stick around so at the end of the session the goal is to have an open mike session to get your feedback and some of the comments on what the Working Group has done to date, whether it's meeting objectives but then also just general issues around the Strat Plan or the Ops Plan in any way that you feel is appropriate. And Kevin will be here for that to answer any specific questions.

So what I would ask is that we'll let him get through his presentation, if there's anything specific that you want to raise with him, perhaps if we could wait until the last third of the presentation to go over those questions.

So with that, I will pass it over to Kevin, CFO of ICANN.

Kevin Wilson: Thank you Byron. Thank you Chris. And thank you ccNSO for inviting me today to present the Operating Plan and Budget.

First of all, this is the framework for the Operating Plan and Budget.

Back up – can you hear me fine now? Okay, great.

I want to emphasize the word framework which is what was posted on February 15th. This is the pre-baked version of the Operating Plan and Budget and there's a reason for that.

We want to – let me see if we can move that forward – it's not moving? There it is.

So the purpose of this discussion is really to kick off the Operating Plan and Budget development process, of which you are, both you in the room and those in remote participation and others in the ICANN community, it's really critical that your involvement over the next few months to make sure we get the assumptions right, to make sure we've established the priorities correctly.

We've put the ingredients into the pot, we're now ready to put it in the oven and we want your help to make sure that it gets baked properly. And I won't destroy that analogy anymore.

This also launches the process which is a very important process to get to the ultimate budget. So from a process standpoint, for the next couple of months there will be opportunity for feedback which we really welcome, online, in questions, if you'd like to set up separate conference calls we can do that as well. And then on the 17th of May by By-Law requirement, we post the draft Operating Plan and Budget for the next fiscal year. And that allows another six weeks of community feedback and then in Brussels a little bit more feedback and dialogue and then the final Budget and Operating Plan for the next fiscal year is posted to the – or is submitted to the Board for approval.

So this chart is an important one. It highlights the overall process and I wanted to really emphasize this to make sure everybody in the room, everybody on the remote participation, really understands this process, how important we build in community feedback into this budget. This is not a staff budget; this is a community budget and operating plan. It's very important that we hit it right.

So in general, the Strategic Plan is developed over the first six months of the fiscal year and our Strategic Plan updated to the three year Strategic Plan was updated. There was a draft submitted I think in December and then in February the final one after community input was synthesized and was posted.

Now as the Operating Plan, we have this framework built into the plan which is now posted online and I encourage you to read that and provide feedback and then as I said, the draft is posted and then the final submitted to the Board.

And as the chart showed, the feedback in that Operating Plan is really the bedrock of the entire process.

This highlights the key points of the framework which includes that there is in this framework built in some growth in some areas of ICANN, and particularly Security, Stability and Resiliency, IANA excellence to strengthen the IANA function, DNSSEC rollout, that's an expensive process and it's important for our key role of ensuring DNS stability. Policy development processes and support for the numerous policies. And then also just IT infrastructure to make sure that we are robust and strong.

This Operating Plan also includes quite a bit of funds for the new gTLD program and operational preparations for when that gTLD program actually launches. So the funds and resources required for it in this next fiscal year are

less than this fiscal year simply because many of the activities and issues have been resolved. There are still funds to continue that resolution.

One point is that the revenue is essentially very low growth. In prior years we had the benefit of relatively fast growth in revenue due to contractual relationships and so this year we're expecting flatter growth in revenue. And so therefore we really need to cut and delay as much just to make sure that the overall model works.

This framework includes contributions of $2 million dollars to the bottom line which would then be contributed to the reserve fund which is right now at about $46 million dollars. Some of you may know that we've contributed over the last three years $44 million dollars from operations into the reserve fund in accordance with the Strategic Plan and that's now grown up to a couple million dollars more up to $46 million.

I emphasized community feedback on the prior two slides so I'll just put that point in there in one more time. And then as we mentioned, submit the budget into Brussels.

This slide really just points out that the Strategic Plan has been reorganized and simplified. We now have a one pager with four key focus areas for the Strategic Plan – DNS stability and security, consumer choice, competition and innovation, IANA and core operations, and the fourth is a healthy Internet ecosystem.

And we've designed the Operating Plan to fit those four focus areas. As mentioned, we're under tighter constraints so it's really important that we get it right, that we limit our growth unless it's for a specific growth area.

This slide, you can read it but essentially it's a highlight of what the historical background of showing that the revenues have increased over time.

There you go, sorry about that.

The slide highlights the historical background of ICANN's budget. Just to put it in context, we've had faster revenue growth over the last four years and consequently accordingly our operating expenses have increased to match up to that revenue in accordance with the demands of the community to get a lot of policies completed and a lot of projects completed. At that same time, as I mentioned, the reserve fund has grown to $46 million now and we were also able to allow the registrar fees to decline from the initial twenty five cents down to the current eighteen cents per transaction.

So the bottom line is it's a challenge for all of us to make sure we hit the balancing and prioritization correctly.

I want to just go this slide here which just shows the Operating Plan and for those hopefully will read the, it's about a 30-page framework, highlights many of these points. I'll just emphasize a couple of them.

IANA excellence, security focus, DNSSEC project, policy development, facilities – those are the marginal growth areas. Other areas like the gTLD program is actually a reduction in cost, still a significant spend but a reduction in cost.

And then other areas where we need to hold the growth or actually have some cuts in some areas.

Let's see if I can get it, there is goes.

That's the overall balance of the budget showing the revenue growth and then driving down to the $2 million dollars in contributions to the reserve fund which we discussed earlier.

There we go.

This chart really just wants to emphasize that in the budget document there's multiple views of the ICANN budget. We've been asked, Board, community, the ccNSO, the Strategic Operating Plan Working Group has asked us to present views of the ICANN budget in many, many ways that are more meaningful to that particular group.

We've done that. We've added the number of reports and views of the ICANN budget. We published last year a methodology of how we would create those budgets, those alternative views. We received good feedback, both encouragement as well as areas for improvement. So we'll continue doing that. So likewise this budget and the draft budget document will include multiple views.

So as a side note, we'd encourage you to provide more feedback. Are we hitting it right? Do you want still more or are those the views that will allow you to analyze the ICANN budget most effectively?

So just to wrap up. There we go.

So I want to emphasize again this driving point of community feedback so the framework is here, we encourage lots of questions and suggestions. We want to get this right.

There will be a forum tomorrow, Wednesday at 2pm here Nairobi time. We really encourage you to join that meeting and that's a really valuable time

because the other SOs and ACs will participate on that. And I think it's helpful to get the cross communication.

And then, as I mentioned, if you wish to have more conference calls or targeted presentations of the budget or your feedback, we encourage that. And obviously the online forum is the best way to communicate that.

We'll synthesize those, post the draft budget on the 17th of May and then more community calls, more feedback and then submit the final budget in Brussels.

So Asante, thank you.

Byron Holland: Okay, thank you very much Kevin. So I think he provided quite a bit of information there and I would encourage you to – since we have him for the question period – to think about any questions you have over the next few minutes and then at the question period at the end please ask them.

So I'll just switch to the next presentation. It'll just take a moment. Technology is going to start working any minute.

Unknown female: I think the graphics haven't been on the screen. It takes a moment when we switch from programs.

Byron Holland: Right. Okay. Great, well this is the agenda that I sketched out at the outset. So we have about – I'll just give a quick overview of what we've been doing over the next fifteen or so minutes and then we'll go to an open mike and to the floor for feedback.

Just to give you sense of what we've up to over the last little while and some of you, this may be new to you, some of it is old news, but I'll just quickly go over what we have been up to.

This group was formed at the Cairo meeting, the ICANN Cairo meeting in November of '08, and fundamentally our role was to try to foster participation of this community into the ICANN Operating Plan and Strategic Planning process, to really try to get this community engaged in presenting our views. What was important to us for ICANN strategy and what was important to us for Operating Plan items. And to take the documents that ICANN produces in terms of strategy and the Operating Plan and synthesize them down to the meaningful points for the cc community.

And that was the fundamental goal. One of the challenges and one of the issues that we've had is numerous folks have asked why don't we put something in but that is not our role and that's clear in our charter. Our role is simply to foster participation of this community into those two processes.

And we can do a number of things to do that, both have sessions like we did in Sydney which was a facilitated open mike session to really try to tease out what the community thought were the important issues as well as disseminate and summarize what we feel are the key issues to help the community get involved in this.

Members of the Working Group – there are 10 of us, we well represent the general community, geographically as well as cc-size wise, so I think we have fairly good input into this process as a result of having a fairly diverse range of views. And you can see on the screen the folks who are involved in producing this for the community.

And of course, I'd like to take the time to thank Bart and Gabby and Christina in particular for helping us.

The output to date – we're now into the second cycle so we have actually provided materials for the previous Operating Plan as well as the ICANN Strategy document that is currently out now that came out in January.

So we're now into the second cycle and we're refining what we do. But I think we've done a fairly reasonable job at summarizing the priorities of the community and providing decent documents back into the community to help you understand some of the relevant issues that are associated with our community in particular while trying to separate out some of the issues that are not necessarily top of mind for this community.

And again really, the fundamental goal is to try and make it easier for everybody in the community to participate in this process. Because really it is incumbent upon us as a community to drive our agenda into the ICANN process and these are some of the building block foundational activities where we can make our voice heard.

Sorry for too many words on a page here. But one of the things that we did in October of '09 was actually do a survey of the entire community to really try to get a quantifiable sense of what the community felt were the important issues. There were some open ended questions but also it was actually a relatively statistically significant survey so that we did get a true temperature of what the community felt were the key issues.

The survey was actually quite well received both I think within the community but also within the wider ICANN audience and, in fact, you'll see that in the current Strategic Plan they have spoken about our work here as a community as a highlight to contributing to the Strat Plan.

And really what it did was it teased out what the core issues that the community felt were important and there really were a top five issues that

came out strongly in that survey as the issues that this community feels are the preeminent issues. And you can see them on the screen listed but security and stability was absolutely top of mind. IDNs were at the top of the list – implementing IDNs was at the top of the list. Financial accountability, stability and responsibility was high on the list as well as strengthening the multi-stakeholder model. And certain excellence in cooperation was also at the top of the list.

So given the significant number of activities that ICANN undertakes and that ICANN lists in both the Strategy and Operational Plan, we were really able to parse it down to the five key issues for this community. And I think that we were able to put that message across to ICANN and I think you can actually see it in the Strategic Plan and when you look at the budget that Kevin has just referred to and you look at the increases in some of the areas be it security, stability, DNS, etcetera, those were issues that we as a community spoke very strongly on. So while I wouldn't claim to say that there was direct linkage, I think it's fair to say that our input as a community, your submissions, actually were getting paid attention to.

So it is important to participate.

We have most recently taken a look at the Strategic Plan as we've come around the cycle again. We provided a detailed analysis to the community back in December about again what the key issues were. One of the challenges of course is we have a Working Group that produces a considerable amount of material. One of our fundamental goals was to simplify the process and make it easy for people to digest the key issues. We put out a 16-page document which I think had a lot of great information. But one of our challenges of course is, how do we synthesize it into an easily digestible format and I would argue that we need to get a little better at creating smaller, more manageable documents. So that's one of our goals going forward.

That said, there was a significant amount of very good information and analysis done on the top five issues. And I would like to get some feedback from the community to see how helpful it was to you and how we can modify it to make it better in the future. So we can talk about that in a few moments.

This really was driven again by the survey information and community input from the Sydney session and those of you who were there will recall that we did have a facilitated session to solicit more direct feedback as well.

So in terms of next steps, as Kevin has just indicated, the FY 11 Operating Plan and Budget have come out recently. They are open for comment right now. It really is our opportunity as a community to fine tune our message in terms of what we think should be focused on, both specifically but as well, I

think, overall comments on the budgets are important for us to communicate. Like the overall scope of the budget, the overall direction, etcetera. It's very important that we as a community provide feedback. If there are things that make us unhappy at ICANN, this is a very good place for us to start delivering that message. What is our focus? How should ICANN be focused? This is where we get to really make our views felt.

So we as a Working Group will be providing some summary material for the community within the next couple of weeks. Unfortunately the timelines are relatively tight but giving the community another week to participate in this initial round of feedback into the Operating Plan.

So when you receive the materials that the Working Group puts out in the next couple of weeks, it is important that if you're going to make a submission, which of course I would strongly encourage, that you have to do it in a fairly timely manner.

As we move forward into Brussels, we are going to put on another facilitated session during the ccNSO days. And the idea there is while we as a Working Group, a fairly representative Working Group, try to tease out what the key issues for the community are, of course direct input is the best way for us to get a sense of that. So our goal in the June session is to really get the community to provide their feedback, both on what ICANN has produced but equally importantly, are there issues that are not in the ICANN Operating Plan or ICANN Strategy that we feel are important and need to surface and raise.

So two-fold – what ICANN is saying we need to comment and think about but also what are the other issues that we as a community need to raise separately?

I know everybody loves to discuss a charter but our charter does actually come up for renewal in June. So one of the things we want to get a sense of is; are what we are doing and producing relevant to the community? Is there any way that we can be more relevant? And like I've mentioned at the outset, we've certainly heard comment that, not only should we just be a catalyst and facilitate that maybe we should actually submit our document as one of the inputs. But we are limited by our charter, we cannot do that based on our charter, such is one example of are there things in the charter that we should change. So while we won't spend a lot of time on that, any comments and feedback would certainly be appreciated.

So now I'd like to take the next few minutes, I think to keep us on track, let's say the next fifteen minutes or so, to solicit your input. Any comments you want to make, any feedback you want to give us, I would strongly encourage because right now we're in the process of working through the comments we're going to provide to the community on the Operational Plan. So

anything that you think is relevant for us to be focused on or thinking about, we'd love to hear, as well as any comments specifically for Kevin.

So with that, I would like to turn it to the floor. I know it's first thing in the morning. Hopefully you've all had your coffee but we would certainly appreciate any input you can give us at this point.

Don't all rush the mike at once but…

Chris Disspain: Byron? Because the room is so big, we're not going to have Gabby running around with a microphone. There are microphones – it's not fair – even though exercise is good for you – so could I ask, if you do want to make a comment, if you could just use one of these microphones, I'd much appreciate it. Thank you.

No, it's not working. Hold on. Sorry, it might actually be turned off. So you might want to have a look at that. Yeah but he knows how to turn it on, he's a bright man.

Mateo: One two. Thank you Kevin and Byron for the presentation. I think we are starting to get a base on these issues within the ccNSO and that's really thanks to the commitment of the Working Group but also your efforts to communicate clearer and clearer documents on the issue.

I have actually two questions for Kevin. The first one is related to the process. I realize that the Strategic Plan comes for comments in December and is adopted by the Board in February and there's no meeting in the meantime. I think it's a point to consider, it's a little frustrating to be discussing in the ccNSO meetings – and I think it's the same for all the constituencies – about the implementing plans while there's been no occasion in the meeting to collectively discuss the strategy and the main strategic orientations. So I think it's a point to consider in the future, how to make sure that the Strategic Plan consultation takes place in a period of time where we have an ICANN meeting. It would be worth considering in the future. That's my first question was whether you think it's possible or not?

Kevin Wilson: So is your question whether it's possible to have an ICANN meeting during the process of discussions?

Mateo: Yes, during the process of discussions about strategy.

Kevin Wilson: Okay.

Mateo: And not only about implementation.

Kevin Wilson: Right. My understanding is that there were discussions about the Strategic Plan in Seoul but your point is after the posting…

Mateo: Yes.

Kevin Wilson: …to do that. Okay. Good.

Mateo: My second question still for you is related to the expense area group document that we had last year and there were a few comments posted on this document and since it's an important document because it's the basis of certain claims with regards to ccTLD contributions for instance, I would be interested to know whether the questions that were raised by our community about what's actually the cost that are allocated to ccTLDs. For instance, how this is going to, what feedback we're going to get on this interesting and fundamental document?

Kevin Wilson: Yeah, Mateo, thank you for that, that's a good question. If you remember when – I think I presented that in Sydney last year – and based on the ccNSO we extended the period of feedback and we received lots of good feedback from a number of the ccNSO and community members. In general being appreciative that we were increasing that reporting, both the detail and the view, the special view of the AG and other reporting that we do. So that was good news. And there was also very constructive suggestions on the methodology and even more disclosure, you know, asking for more, which was great.

We've taken all of those comments in and prioritized them and if, for those of you who are fans of the ICANN dashboard, you'll see each month we get better and better at characterizing that. We can always do better and so one of the questions from this Operating Plan and Budget is specifically asking, you know, sort of now that we've lived with the AG reporting for a year, are we hitting it right, do we want more detail, do we want sub-categories of the AG purporting, so that's very helpful.

Also along those lines, one of the key questions that came up is your cost accounting principles could be more open and transparent. So concurrently, we worked very hard through the year on developing a cost accounting guidelines document and in February after going through the Board Finance Committee and Board Audit Committee and lots of executive review, that actually was posted in February. And then I put out a blog announcing that and inviting more comments on that cost accounting guidelines. The cost accounting guidelines is more explicit and says how often do we capture labor, how was the labor allocated, ensuring that every cost is marked in a category so that you trust that it's coming more from the source rather than just a top level allocation. And we'd certainly like feedback on that. We're going to be living with that.

And then another big piece of that is we've made a commitment to the Audit Committee and to the community overall to engage an independent auditor of those reports so that we'll have our normal GAP prepared regulatorily required GAP financial statements but we'll have a supplemental report that will be verified by an independent auditor to make sure that those cost account principles are actually followed and follow reasonable basis.

Mateo: I'll go check it.

Kevin Wilson: Thank you.

Byron Holland: Thank you very much Mateo. Lesley?

Lesley Cowley: This is a microphone for tall people.

Chris Disspain: Does anybody have a box that Lesley could stand on please?

Lesley Cowley: Lesley Cowley from .UK Nominet. Thank you Kevin and Byron for the presentations. I'm not going to make comments on the Working Group because as you both know I'm a Working Group member so of course I think we're doing a lot of work and we're doing a good job of course.

I have two comments or questions for Kevin. Kevin, yesterday a number of us were hearing about the initiatives in terms of DNS security, particularly the DNS CERT issue and there was – I've written it down so I can remember - $6.3 million dollars of costs predicted for both Initiative One in terms of doing the analysis and Initiative Two which was DNS CERT. Are those costs in the Operating Budget proposals for next year already?

Kevin Wilson: In the FY 11 Operating Plan framework? Yes. And just to clarify, those two things aren't $6.3 million. The whole area of security, stability and resiliency, which includes progress on those two things.

Lesley Cowley: Okay. Well those were the costs that Greg was presenting on the slides yesterday is additional costs for these areas.

I guess my second point really was, I see a number of ICANN cost areas increasing and through this Strategic Plan we're identifying priorities but there doesn't seem to be a stage in the process where we go back to the priorities and say actually we can't afford to do all of this stuff, do you think we could cut something back? So at the moment it kind of feels there's this Strat Plan, then there's the budget and that assumes that a lot of that will go forward. I'm not sure that's always going to be possible.

Kevin Wilson: Yeah. That's a good point. I think three or four years ago, we used to work on the Operating Plan and then – around this time – and then on May 17th the first budget would be shown. So three years ago we said let's marry those two documents because people really can't evaluate an Operating Plan without seeing some sort of resource allocation to that, most people just think that way. So we've married that process with the framework. And I think we're hearing – and this is not the first time that I've heard this – that maybe we ought to even push further back when you're doing the Strat Plan somehow come up with resource allocations so that you can identify the key priorities of the Strategic Plan's focus areas and allocate those resources as well.

Lesley Cowley: Indeed because some of the Working Group's work was asking the community to identify the priorities so inevitably there will be some priorities that will be lower down the list.

Kevin Wilson: Right.

Lesley Cowley: And therefore, from this community's point of view, there's a concern if those remain in the plan and indeed we're asked to fund them subsequently.

Kevin Wilson: Right, yeah, I understand that, yeah. So for this year I think since the Strategic Plan is updated, I think we're, you know, we have the obligation to take care of that issue in the Operating Plan and identify those areas that can be cut to make sure that we're getting key focus areas covered.

Byron Holland: Thank you Lesley. And I think that's a great question in general. That was specific to one particular issue but really, this process is where we get to try to have our say in what the priorities are, to help folks like Kevin understand where are the strategic priorities. Because in an organization that's maturing in terms of revenue, and not seeing the kind of growth it has seen, is an organization that is about to have to make choices as opposed to just add things. And it's incumbent upon us as a community to get involved in that discussion about highlighting what our choices are. So I think that's a great kick off question to that more general discussion. Chris?

Chris Disspain: Thanks Byron.

                  I'd like to pick up Kevin on Lesley's point and sort of take it a little bit further and then maybe ask a question.

                  It seems to me that currently the situation is – if you take this year as an example – you're over budget. And it seems that the immediate reaction to being over budget is to start cutting stuff that doesn't involve any discussion. In other words, you go and you cut staff travel costs and you go and you say, "We won't fill a number of job descriptions." Whereas actually, it seems to me, that what would be far more sensible is if you came to the community and

said, "We don't have enough money, we need to re-prioritize stuff." Knee jerk financial savings at the expense of staff morale is not a way to run an organization like this.

My second is a question and I'm happy for you to comment on that obviously. I'd like some more detail on the short paragraph in the document about the overrun. I'd like to know what the unanticipated legal expenses are. I'd like to know what the new facilities are. And I'd like to know how much under budget you would have been if those extraordinary items had not been expended.

Byron Holland: I just want to step in for one second. What Chris is referring to is in the Operating Plan, the current Operating Plan that's been posted. On Page 7 it refers to some overages in the actual expenses vis a vis the budget midyear.

Kevin Wilson: Sure, thank you Chris.

Kind of walking down the financial statements – the revenue line item appears right now our forecasts based the midyear review, it's pretty close, it's within a percent or two of our expectations. So that's hopeful with some areas declining and other areas increasing, we're pretty close.

The operating expenses as Chris mentioned and as we disclosed in the framework because we thought that was an important key assumption going into that, that it's not a, that we need to be very, very mindful of those balancing of priorities, is about $54 million dollars was the operating expense budget with a $1 ½ million dollar contingency. So we felt with the unexpected expenditures and particularly legal costs and some facility costs that came in and some accelerated other costs with the new management team, etcetera, that we needed to build into that. We asked through the Board Finance Committee and the Board to release the contingency funds. So that puts the Operating Plan budget at $56 million in rough numbers. So despite that, we went through – so if you multiply that out, that ends up being $4.8 million dollar contribution to the reserve – this might be too much details, shake your head if I'm going into too much detail. So the budgeted plan was to contribute $4.8 million dollars to the reserve. With those cost overruns we anticipated about a $2.8 million dollar reduction in that so that we would actually come in at say $2 million dollar contribution to the reserve for fiscal year 10. So we said we felt that it was our responsibility to not go the community – and I appreciate your comment, maybe we could rethink that in the future – but we felt this year it was important for us to do our best to squeeze and be mindful of the economy and do our best to find areas where we could save costs, delay costs, etcetera. And so we've identified already about half of that and our plan is to go back and after the Nairobi meeting and especially getting feedback and look at that more with the hopes that we can still land the plane on the runway with a $4.8 million contribution to the

reserve. So we'll still hopeful of that but one of the key messages that's coming through the Finance Committee and the community that I've heard already this time, is it's not, we shouldn't be cutting back on essential services for ICANN, so we're being very mindful of that. We can't, as a CFO of course it's very easy to land the plane, you just not contract certain consultants, that's not really acceptable for the CFO to make the decision. We need to make very good strategic decisions to cover essential services.

So hopefully that answered close?

Chris Disspain: A bit. Let me see if I can, if I understood you correctly. And I'm not a finance guy so my brain doesn't work in quite the same way.

If I understood you correctly, you said that you were traveling, you appeared to be traveling – sorry, I'll start again. You've got $1.5 million dollars additional that came in from your contingency fund and despite that, you still seem to be traveling at $2.8 million dollars over budget.

Kevin Wilson: Yeah, I just want to be clear because there was some confusion earlier this week. $2.8 million over on the operating expenses would still contribute to the reserve fund. That doesn't mean we're in the red.

Chris Disspain: Yes. So, well perhaps we could start with that then. Why?

Kevin Wilson: Why was it over?

Chris Disspain: No, why do you need to, why do you still contribute to the reserve fund if you're running over budget? Why? Why do you need to contribute $4.8 million dollars to the reserve fund, cut staff expenditure, don't fill positions, what's the reserve fund for? Surely the reserve fund is for exactly situations like this.

Kevin Wilson: Okay, that's helpful. And one of the questions actually in this framework document is that we'd like feedback on the size and the growth in the reserve fund.

From prior year's strategic plans, the reserve fund was stated as part of creating a financially secure ICANN that wouldn't be at the whim of revenue change or a, you know, significant event, that we would build an operating reserve, excuse me, a reserve fund of one year of operating expenses. So that was the intention.

Now, when ICANN was growing, that amount was hard to figure out what it would be. As we've stabilized more – I'm pulling a number out of the air of $50-$60 million, something like that – we're at $46 million so we're certainly getting closer to that number. We'd like feedback on if that's the right

amount and we've had discussions yesterday with the Working Group on how many of you develop your reserve funds, so we'd like to – and that's a focus of the Finance Committee – is to figure out what that amount is.

So that being said, that was our plan before was to build up that reserve fund. The number in our plan was that we needed to have $10 million contribution per year for two or three years to get to that amount, then we could cut that back. Last year with the new gTLD program in particular with the extra funds, we thought that it would be a good balancing point to come up at $4.8 million in the contributions to the reserve and then that would lead us to the right number but then also balance that, keeping in mind that the new gTLD application fees when they come would also replenish, a significant portion of that fee would be used to replenish the reserve fund in total.

Yeah?

Byron Holland: Let me just, can I just step in for one second? Because we're getting pretty far down into the weeds right now.

Kevin Wilson: Sorry about that.

Byron Holland: And as much as I love to talk budgets, that's pretty weedy for this session. If I could just clarify something. Basically when the current budget came out, the F10 budget came out, there was supposed to be $54 million dollars in expenses. A mid-year review happened and what was determined was that there in fact was going to be $56 million dollars in expenses. So mid-way through the year, there's $2 million increase in expenses. Again at the outset of the year, it was anticipated that there would be a little over $4 million dollars contributed to the reserve fund, that's based on the $54 million dollars of expenses. Mid-year it comes in, guess what, there's $2 million dollars in expenses, therefore $2 million dollars less will be contributed to the reserve fund.

To be clear, it's not that ICANN is suggesting that they're going into a deficit position. What they're saying is, as a result of the budget overage, there will be $2 million less contributed to the reserve fund. So that's what got the slack that got taken up. Okay? So just to, does your legal mind, does that?

Chris Disspain: No, I understand completely. I completely understand that, that makes perfect sense to me. It doesn't change the fact however that a further $2 million dollars was or will be contributed to the reserve fund and my question was, why? When you're in a year where you are over your budget?

But I'm happy, I know we can't push this backwards and forwards forever and I would, if you don't mind Byron, I have one more question. Or maybe it's two. Possibly three. No, no.

First of all, thank you for the explanation. What you haven't answered is what are the unanticipated legal expenses and what are the new facilities? And I just wanted to check something with you, I think I understood you to say that the revenue was anticipated almost to be close to what you said. And I'm assuming that the projection for revenue did include growth.

Kevin Wilson: Sure, over last year.

Chris Disspain: Right. So you anticipated growth, you came up with an anticipated revenue and yet you might be 3% shy of that.

Kevin Wilson: 2%.

Chris Disspain: 2%, shy. Okay, that's fine, I understand that. But I would appreciate if I could get an answer to the legal expenses and the new facilities.

Kevin Wilson: Yeah, I probably would want to come back with a more comprehensive answer to that or let Rod and Doug explain that. But obviously the ICM Delegation was the key significant one that required a, you know, a very significant funds.

Chris Disspain: But wasn't that anticipated? I mean, that was running, so what's the unanticipated bit of it? It was just more expensive than you thought or?

Kevin Wilson: Well, essentially yes. And we put in a $1.5 million contingency, it was, we knew that it was queued up, we didn't feel like it was clear enough and explicit enough, you know, a year ago at this time, to exactly anticipate that. So we put in the contingency and it was used as expected.

Byron Holland: Becky Burr.

Becky Burr: Hi, Becky Burr, I'm a NomCom appointee, nice to meet you. We've spoken virtually.

I just want to make on observation about the cuts. Which is that as the workload of the ccNSO has increased and I suspect that is all of the supporting organizations, we have come to rely increasingly on the staff support, I mean to the extent that Bart is stretched very thin and we need to bring in other people in this Working Group. I think that the work that's going on is very important but it is going to require staff support. So can you just give us a sense of how decisions about cutting staff are going to be made, you know, staff rather than some of the programs that are nice but not core?

Kevin Wilson: I think your question is how are cuts or delays identified?

I think much like the ICANN community, it's largely community or consensus based. So it's not the CFO saying, "Gee, that's the way it is," or even Doug or Rod or Kurt making the decisions. So we look at, in fact we're having a large, all-executive meeting shortly after the Nairobi meeting, to look at what programs are essential and identify that. And that would be – each of those decisions are obviously based on our perception of what the community thinks are the most essential services.

Byron Holland: Rolof? One last question, this will have to be the last question and we'll have to keep it brief in order to keep us on track.

Rolof: Does anybody have a box for the microphone to stand on?

Instead of one question, can I make two comments?

Byron Holland: As long as they're only half as long each.

Rolof: Well, from several points of attention, I have two that I'll mention here.

The first one is that if you look in the framework for 2011, you see that about 14% of the total budget will be spent on DNS, DNS security, IANA services and other core operations, which implies that 86% of the money is going to other activities. I ask myself if that's a good balance if you regard the main tasks of ICANN.

The other comment is that – oh sorry, I'm too close I think – if you take another view, you see that 25% of the $66 million is spent on professional services, consultants. Unless you're paying an incredible hourly fee, I think it will be impossible to well manage all those people with relatively small group of ICANN people who will be involved in that. So I would be very worried if I were the CEO of ICANN on how to make sure that I get for that money what I thought I was paying for.

Kevin Wilson: Thank you. I appreciate those points, in particular we, as part of the cost containment, we're looking at each of the consulting contracts, can we do that in a more efficient way. So I appreciate that.

Byron Holland: All right. Well, in the interest of keeping this group on schedule, I'm going to wrap this session up with just a couple of concluding remarks.

First off, I want to thank Kevin for submitting himself to this. It is much appreciated and Kevin has been exceptionally helpful to the Working Group in terms of providing us feedback and his honesty and forthrightness is appreciated, particularly in the light of some withering questions on occasion.

I think what we've seen in the last few minutes is a pretty healthy interaction and I think it also really speaks to the fact that it behooves this community to get involved and participating. We've really just scratched the surface in the last few minutes. The Operating Plan is out there. It is 40 pages. I'd encourage you to read it. It's good reading, it's well authored. That said, the Working Group is going to do its best in the next couple of weeks to synthesize the really relevant points for this community in a short, easy to read document that will then, I would ask you to utilize it to help you submit your own comments and provide feedback.

As you can see, we've only touched a couple of the issues, but there are very relevant important issues to discuss which we as a community need to provide feedback on.

Anyway, thank you very much and of course I'm around for the next couple of days as are most of the members of the Working Group. I encourage you to speak to us in the hallway and provide us your informal feedback as well.

Thanks very much.

(applause)

Kevin Wilson: Thank you very much and Asante.

Chris Disspain: Thank you Kevin, thank you Byron. We're going to move on to our next session but you appear to be alone.

So our next session is with Peter and Rod. We have Peter, we don't have Rod.

Peter Dengate Thrush: For the first time in many years, my schedule today is lighter than previously so I can be re-scheduled.

Chris Disspain: No, we might as well, if Rod is coming? Rod is on his way.

Peter Dengate Thrush: Yes, I used to dread, well not dread, but it used to be a major physical ordeal was the Tuesday constituency day. We always start with a breakfast, sometimes they've been at 7:30, today fortunately it was 8 and then I would go something like 11 slots in a row of one hour or two hour or three hour sessions, sometimes having a session scheduled to start at sort of 10 o'clock or 10:30 at night. Somehow sanity has prevailed.

Chris Disspain: For those of you who may not have been to the ccNSO sessions before, it's your first meeting, we have a standing tradition that usually at this time on the first day the CEO and the Chair come and talk to us. We did put out a call for some questions and we have had a few of those and I'll go through those.

And Bart, it's also an open session for anybody in the room to talk about anything at all that they would like to with Rod and Peter.

While we're waiting for Rod Peter, is there anything you'd like to start by talking about or saying or? You don't have to. No? Okay well that's fine.

So I'm tempted to kind of perhaps start the ball rolling. Actually this is a good one to start with because this sits firmly in your area. One of the questions we had sent into us was, "I would like to find out from Peter and Rod if they or the ICANN Board or ICANN as an organization take and use RFC 1591 as an ICANN policy document?"

Peter Dengate Thrush: I'm thinking which hat to put on for that. But you asked about the Board and so I'll give you the Board answer.

The reality is that 67 delegations and re-delegations have been made I think since ICANN was formed and all of them have occurred after the publication of ICP1 and most of them have occurred after the promulgation of the GAC Principles. So for many of us, the ccTLD managers in the room, the key issue in 1591 is the delegation and re-delegation principle in it. There's some other key things that I'll come back to.

But the reality is that the practice that is what's important here and the Board's practice has been to use 1591, ICP-1 and the GAC Principles to develop a set of IANA practices under which delegation/re-delegations have occurred. So the answer is yes, it is part of the, it is a policy, but it's not the only one.

Chris Disspain: Okay. So just for the benefit of those who weren't in the delegation/re-delegation Working Group workshop the other day which Peter actually spoke, the delegation/re-delegation Working Group is currently doing a number of things and the main thing that it's doing is actually looking at all of the – looking at the stuff that's out there – RFC1591, ICP-1, etcetera – and analyzing whether there are any gaps, any disconnects between the three documents, any gaps etcetera, and we're working on that.

But what we're slightly struggling with and we'll have a session about this later today or tomorrow is that we can't – is that's it – there doesn't seem to be anything else. And so it appears as if the – it appears as if the – as you've actually said it effectively you're using those documents to create practice which is in effect policy because that's how you need to do it, as you go along. So I mean, this is obviously something that we need to deal with at some time.

I saw a hand up. Becky did you want to ask something?

Peter Dengate Thrush: Just while Becky is coming to the microphone, let me come back to the thing I said I would come back to.

> The thing that's survived through that – the key principles that 1591 that have survived – are things like the managers are trustees for their communities and it's not a question of sort of ownership, it's a question of service. Those principles have in fact survived and gone the way through. The things that have changed have been the relative importance of government in determining the conditions of that trusteeship if you like.

Becky Burr: The note that accompanies ICP-1, the posting on the ICANN or on the IANA site says, "Nothing here is intended to change 1591 and if there are changes in policy they'll come to the community for input." So I think we understand, those of us on the Delegation/Re-delegation Working Group, that there are those three documents that we need to work with. But we do have a clear statement on the IANA site that says ICP-1 is not intended to change, it's a re-articulation of that. And so I guess I just want to confirm that that's, that is still the commitment and an expectation that substantive changes in the policy would come to the community.

Peter Dengate Thrush: If I have anything do with it, yes.

> Remember that ICP-1 was formed at a time where there wasn't a ccNSO. At the time there was I think Chris a ccTLD constituency inside the GNSO. And the GNSO was not at all interested in developing delegation/re-delegation policy for those crazy ccTLD managers who met in another room.

> And so, those of you who know the history, that's partly why we took the ccTLDs out of the GNSO and put them in their own policy-making place so that there could be policy making about this issue.

> So this is the void that Chris is talking about. That statement that said if this is inconsistent we'll come back and do it in a proper policy place – at the time there wasn't an appropriate policy place. I think discussion about this – as I've said to Chris on a couple of occasions – you know, now is a very good time to get on with it. That's good.

Chris Disspain: Can I raise a point about that and you and I've had discussions about this many times in the past. And I raise a logistical issue if you like.

> We need to make a couple of assumptions to have this conversation. So let's assume that the Working Group comes back and recommends that there should be a policy development process to create, craft, shape the delegation/re-delegation and retirement policy.

Delegation is pretty easy, really. I mean, in the scheme of things. But re-delegation obviously is difficult and so is retirement.

Now the current situation is that we would then launch a ccNSO policy development process and there are certain requirements in our By-Laws about involving other SOs and ACs and specifically the GAC.

But my sense of it is that were we to do that, that would make the GAC extremely nervous. And I wonder whether it's something that we should be thinking about is to find a way of doing it so that they have, you know, something more than occasionally being asked for a bit of input which I think is what we use in our PDP. Can you, do you see my?

Unknown male: What was the last part?

Chris Disspain: That just occasionally being asked for some input which is the way it works with the PDP at the moment.

Peter Dengate Thrush: Yes, well, let me tell you about how the wrong way to do it first. Or a situation to avoid. Would be that the cc's on their own developed a policy without consultation with anyone else affected by that policy, because you have the authority under the By-Laws to make the policy on delegation and re-delegation. And you presented that to the Board and said, "Here, this is what we want, make this the law, make this so."

The very first thing that would happen would be an outrage from a number of parties including individual governments and the GAC collectively and then the Board would receive official advice which the GAC can do – that's what all the Advisory Committees do, they give the Board advice – and the advice in this case would be, "Do not follow this policy that you've made for these reasons."

And you'd be shifting the fight then between the Board and the GAC and the cc's to a level where you would have very little ability to influence the outcome.

The Board may accept the GAC advice and say to you, "No, we're not going to do what you've wanted, we're going to do something else."

So, as a matter of practical politics and effective policy making, you need to involve the people who are going to be affected or think they have an interest in this right from the very beginning. So as much as possible while you want to make it a ccPDP, I would strongly urge you to make sure that there are effective communication and participation mechanisms for all those parties who can prove that they have a sustainable interest in the thing. And then when it comes to the Board, the Board can take your side on that say, because

our job is look at that say, "Well, has this been properly? Have the right people been involved? Has it been properly resourced? Have the right questions been asked? And are the answers sound?" Those are sort of Board level questions.

And if we did that under that scenario, we'd look at that and say, "Yes, it's been done properly, the right questions have been asked, the right people have been consulted and yes we can live with this outcome."

Because something like this is always going to be contentious and there will always be people who are upset. Our job is to find, you know, what's been done the best, the most consistent and which means with the broadest sort of consensus.

So I hope that's sort of helpful.

Chris Disspain: It does. What about if we had significant push back from the GAC in even starting the policy development process?

Peter Dengate Thrush: Well, I'd probably quote a line from Macbeth at you and say, "Now is the time to screw your courage to the sticking place." You know, every now and then you've just got to man up and get on with it and your answer is there's a void, is it the Board is acting without proper policy direction, it's using, you know a cobbled together assemblage of documents, it's time to give them a proper one and get on with it.

Chris Disspain: Okay. Good. Any questions or comments on that at all before we move on to the next item? Okay.

I think I know the answer to this one already but, ah, here's Rod.

So we'll just wait for Rod to join us.

So we started without you but we dealt with some historical and very much Peter-centric delegation and re-delegation issues.

I have a question here, I'm just trying to find it, give me one second. It's from one of our African ccTLD manager colleagues asking whether you think that the review teams should contain people external from what we would loosely refer to as the ICANN community because you might otherwise be open to the suggestion that this is simply ICANN reviewing itself?

Peter Dengate Thrush: Yes, that's a very good question and it's a perception and a reality that we're very keen to avoid. On the one hand, the review has to be done by knowledgeable people and people skilled in doing reviews but on the other hand, the Affirmation actually prescribes who will be in the review teams and

it is representatives of the ACs and the SOs. There's three named slots – myself in the first case and Janis, the Chair of the GAC and a departmental official from the U.S. Department of Commerce. But the balancing of that Chris is the opportunity to put in independent experts and there's no limit to the number of independent experts and there's no real specification about what their expertise has to be in so what the Board thinks in relation to that is that we'll be able to put in, if we need them, if the communities don't throw up experts with review experience, we'll be able to get sort of professional review type people. And these people exist, for example Marco, who wrote the paper, is a professional review and restricting expert. And so we could put somebody like Marco in if we thought that was required.

If we thought there was not a sufficient expertise in relation to Board governance and many of you in the room sit on Boards and have been through Board review processes and you know there is a great deal of expertise in Board reviews so if we didn't think we'd got that we could put that in. And if we thought there was technical expertise, if we didn't get anybody who knew anything about the Internet, you know, we could go and get those.

So I think that's the safety valve in my view of making sure that we get the right sort of balance. But yes, we're very alive to the concept that this looks like ICANN reviewing itself.

Chris Disspain: Okay. Rod did you want to comment on that at all? You don't need to but if you would like to you're welcome.

Rod Beckstrom: Well, do you want me to speak to the review team issue or just…

Chris Disspain: You can take it. You can go anyway you like.

Rod Beckstrom: Because I really think Peter you're much more knowledgeable on those issues than I am.

And we've got to just work through as a community how we deal with those issues. And I'm more want to learn from your good leadership on the first review team so that I can contribute on subsequent ones.

I thought I would just make some other remarks as I kind of try to move ahead on the learning curve here as a new CEO at ICANN and still have incredible amounts to learn. This is such a beautifully complex field.

As I shared this morning at the Business Constituency breakfast, you know, coming into ICANN to serve as CEO is not like drinking from the fire hose. It's like trying to drink from five of them simultaneously while getting hit by 50 other fire hoses and some water cannons to boot. But it's all because of the

tremendous work that you do and that every one of the community groups does.

The amount of policy work, the amount of technical work, intellectual content that takes place in this community and through the processes, I think is phenomenal. And so I don't at all claim to be a master of understanding the issues that you face in running your Country Code operations, your technical challenges, your cyber security challenges, your business challenges. I don't yet fully understand or appreciate those and look forward to continue learning.

A few thoughts that I have. First is just thank you for keeping that running and going. I know it's very difficult for many of you in your domestic political environments with new demands that are being put upon registries, whether that's in Asia, in the Americas, Europe or Africa, that pressures are coming on to many Country Code operators. I think we seek to understand that and how can we better collaborate with you in educating politicians and legislators and staffs in governments around the world to understand this rich Internet ecosystem. Because you're keeping it running in those countries around the world.

So I think one of the things that we try to do even with the Strategic Plan is try to come up with a synthesized view and when we worked at that one pager and many people said who's the audience, I said, "Well, our community shapes the Strategic Plans and priorities but a big part of the audience are politicians around the world and government civil servants, people that can affect the ecosystem who we need to communicate to more effectively what we're doing as a community. Whether that's what ICANN is doing or the regional Internet registries but what are the different parties doing?"

And this is a great concern for me or project that I'm working on so in my presentation at IGF this year, my goal was in five minutes to describe ICANN's role in the ecosystem and what it does and doesn't do and briefly mention some of the other key players so that these policy makers and ambassadors and leaders could understand better what we're doing.

So I think that's an ongoing effort we need your help with. So I would personally appreciate your feedback, if you look at the one page Strategic Plan, if you try to share that with some politicians or people in your country and get their feedback. Does it help them understand? Or does it need to be simplified further to be presentable in a fashion that helps those parties?

Because I think that the entropy of the system, of course, is for legislative bodies to get further and further engaged in Internet issues and certainly some of your own issues. And I've heard that from some of you.

Secondly, I want to just thank so many of you for your active engagement in cyber security efforts. The Conficker Botnet presented perhaps the first global opportunity for the ccTLDs and other operators around the world with ICANN and other members of the Conficker Working Group to attack a global cyber security problem. Clearly my prediction is, that's not going to be the last cyber security challenge we face together. And so figuring out ways that we can collaborate effectively, what role ICANN can play, what role you play, how we do that together, is vital and important.

And one of the questions on the table will be, how should we proceed in doing a DNS CERT? The DNS CERT was approved by the community as one of the six top initiatives in the Strategic Plan. But it doesn't the question of where should that DNS CERT be or is it virtual, is it distributed, is it a 24/7 help desk that ICANN provides, is it a 24/7 help desk around the world one of you provides? I don't know. We're very open to learning but what I would observe today is there is no global DNS CERT. There is no global 24/7 help desk for registry operators that I know of, okay? There's a network of support amongst registry operators which is terrific.

So anyway, I look forward to learning more on that score and your views.

And the last issue is funding. You know, I was asked yesterday, you know, "What is ICANN doing in Africa? When is ICANN going to open an Africa office?" And I think that's a fair question. Because I would like to see and I know the Board would and Peter would, we would all like to see further internationalization of the operation. But the related question as well is, "What's the support coming out of the regions?" Most international organizations that work in supporting – whether it's a policy role or a standards role – get support internationally for what they do. ICANN doesn't. ICANN derives – I just asked the staff to pull the numbers – and apparently approximately 90% of revenues for ICANN comes out of North America only and out of the gTLDs. And I know this is an important issue to all of you and I just want to say for ICANN to be a global institution and to have support globally, we ask you to think about these issues. Because how can ICANN invest in Africa properly if it has no support from Africa financially? But political support which is appreciated.

So it's a real issue. One I care about as CEO and certainly I get the demand on a regular basis – you need to internationalize, you need to internationalize, you need to internationalize – and the reciprocal question is, and what's the model for supporting that sustainability in the future? And how do you balance that? And how do you have equity and fairness in the system?

So I don't know the answers and I know those issues, you know, you've considered for years, and I just ask you to help us in thinking about how do

we internationalize operations in light of some of those economic realities because you might be able to help us.

Thank you.

Chris Disspain: Thanks Rod. Just to pick up on your contributions point. We will be having some discussions about that.

But I think, I just wanted to make one clarification which is, and I'm assuming your number is correct that it's 90% then fine, but actually that's not 90% from America. Because the people who pay for those names come from all over the world. So it's not 90% from America.

Rod Beckstrom: Chris, you're absolutely right and that's the second question I've gone back with. So that's based on the headquarters of the parties we have contracts with. Absolutely correct that many of those customers are from around the world and I think we need to understand those numbers and that maybe a more accurate piece of consideration for thinking about internationalizing operations as well.

Chris Disspain: I have one more question or two more from here. But does anybody out here in this room with enough energy to come to a microphone actually want to make any comments or ask any questions on anything at all? Any topics at all, well preferably relevant to ICANN. Keith?

Keith Davidson: Keith Davidson from .NZ. Rod, I was interested in your comments about further regionalization and offices in Africa for ICANN and so on. I think we've seen ICANN go through a process before of appointing regional representatives throughout Asia Pacific for example, and I think the issue that we might have particularly when you start to allude towards funding and so is that perhaps some communication with the cc community about those sorts of positions or whether there might be better ways of achieving your goals through the regional TLD organizations and NICs is a very appropriate discussion rather than ICANN just doing it. Thank you.

Rod Beckstrom: First Keith, thank you for being one of the ccTLD operators that does provide financial support for ICANN. So we thank you very much and everyone involved in your registry. It's very much appreciated.

And I think that it's an excellent suggestion. I mean, first, I'm very proud of the regional liaisons we have. My sense is in general, super high quality, they're outmanned by other organizations that are out there, but absolutely we should tap into your knowledge and expertise when we look for people in regions and, more importantly, leverage your local knowledge and relationships in the work we try to do in the regions.

Keith Davidson: Sure, and please don't misunderstand me, this was not to suggest that the regional representatives aren't very, very useful people, it's just the process that was gone through to get them there in the first place that…

Rod Beckstrom: I guess you're suggesting that the positions were not publicly posted when they were recruited?

Keith Davidson: No, the fact that the positions were created without a discussion with the ccTLD community as to why there was a need or whether there was a better vehicle through the regional TLD organizations or some other way of doing that.

Rod Beckstrom: So more about the job definition or role or the overall need?

Keith Davidson: To a degree, yeah.

Rod Beckstrom: Okay.

Keith Davidson: But also, just the mere kind of best way of doing things. Particularly if there's an expectation that the ccTLD community would be expected to fund those positions, we should have some input into deciding the role of positions that we…

Rod Beckstrom: Sounds like a good idea.

Chris Disspain: Thanks Keith. Lesley.

Lesley Cowley: Hi, Lesley Cowley, Nominet U.K. Rod, you said about support for the Strategic Plan and the priorities in the plan and I think all of us in this room would support initiatives in terms of security and resilience of the DNS, but you also implied that that inferred support of DNS CERT. And I would just observe that within the community this week I've heard a lot of comments that indicate the community is not yet in support of that proposal. So I think that's one where hopefully we have some good dialogue this week and you'll get a better sense of some of the community concerns about that particular proposal please.

Rod Beckstrom: I appreciate that. I think it's one of the most controversial items in the Strategic Plan. I would say that. It was voted on online, it was voted on in the room I believe in Seoul, I've got to back, it was discussed at different forum, it definitely came up, I know it's very controversial how it's done. I will also share this though. ICANN, under its contract that formed our organization, has responsibility – it doesn't have authority – but has responsibility for the coordination of the security of the global domain name system. Which is a massively complex and collaborative enterprise. Without question, as an

organization in my view, we do not have the resources to fully fulfill that role today and I would say moreover, I feel the domain name system is extremely vulnerable to attack. And thank goodness so many parties have done so much work. And I just had a very good discussion with the SSAC group on this. You know, I think the primary reason the DNS system works so well is the architecture, right? The thanks goes to the ITF and to Paul Mockapetris and the other people that wrote the technical architecture. It's a beautifully decentralized system. But it is susceptible to attacks and I am very concerned. As CEO of ICANN and an organization that has signed a contract with some responsibilities, I think we all have a lot further to go.

How we go I think is an interesting question. But I am going to respond with one last question to you in the community. Given that there's not even a 24/7 help desk in the world for supporting a lot of the ccTLDs, okay, and other parties concerned in the domain name system, given the fact a lot of people agree there should be a CERT in this area but perhaps outside of ICANN, why has it not been done?

Lesley Cowley: Rod, I would just reconfirm what I said. I think there is support for improving security and resilience of the structure but it would be a jump to assume that DNS CERT is therefore widely support. In fact, many of us already act as help desks within our own community. So I think the analysis that was proposed as the initiative in stage one may well surface some of those informal and very effective arrangements that already exist too. Thank you.

Rod Beckstrom: Sure.

Chris Disspain: Lesley, just stay there for a moment. When you're finished…

Rod Beckstrom: The last bit I would just say is I think there is a fundamental division and dichotomy between the responsibilities that ICANN is contractually engaged in under the IANA contract and the wishes of the bottom up process. And the bottom up process from the stakeholders does not support the level of security investment from ICANN that the contract implies. And I think that's a fundamental dichotomy and I'm very open about it as CEO. The contract is open to the public, anyone can go read it. And I don't have a simple answer about it but I think that there's two different forces. And on the one hand we have the responsibility to respect a contract and on the other hand, we need to be a bottom up, we are a bottom up, community driven organization. So I don't know exactly how to reconcile those issues but I would posit at least that there's a fundamental dilemma here.

Chris Disspain: Lesley I asked you to stay because you will have noticed amongst others that we now have the Strategic Plan on a page. And that arises and I want to acknowledge your contribution that. That arose because you challenged me some time ago about our Strategic Plan and pointed me to your plan on a page

for Nominet. So I want to acknowledge, that's where that idea came from. I hear you, I took it to the Board and the Board has insisted that we have a plan on a page. There's a whole lot of supplementary documents so thank you for your role in simplifying and contributing to that.

Lesley Cowley: And I can identify your CEO's issues with a Strat Plan on a page that may be supported but then when you get to how that's going to be done you run up to some other issues.

Chris Disspain: That's my next point. And we've had quite a lot of conversation about this. We do have to work on the process. The Strategic Plan is setting very high level goals. What we need to do is come back now with that and say this is the costing of the performance of those high level goals and get another bite of input. And that's going on at the moment. We've released the Ops Plan. That's the place where I think this debate now needs to shift. You know, what is the level of spending that the community wants us to put into these individual projects and how do we prioritize them?

So if you're right and there's a great deal of just concern about the implementation as it stands, then as a political exercise, that's the place to tackle it. Make sure it doesn't get any funding because other issues are given priority until there's consensus about that spend.

Lesley Cowley: Indeed we just have a very interesting session with Kevin where we were realizing the financial situation of ICANN may actually also need an iteration of the Strategic Plan because financially the money doesn't match the strategy. Thank you.

Rod Beckstrom: Absolutely. And that's the DNS CERT that's proposed is fundamentally an unfunded strategic priority at this time. So, absolutely.

Chris Disspain: Can I just – one second Richard – I just want to clarify something because I may have misheard. I think you said that under the IANA contract, the DNS CERT is something you have to do. Is that?

Rod Beckstrom: The IANA contract says that ICANN is responsible…

Chris Disspain: Sure.

Rod Beckstrom: …for the global coordination of the security of the domain name system.

Chris Disspain: Yes. Right.

Rod Beckstrom: And I feel that we've not stood up, the organization has not yet fully stood up into that role. And, by the way, and I've disclosed that to parties involved.

Chris Disspain: Sure.

Rod Beckstrom: And that there's a natural dichotomy here between the domain name industry and the registries that only want to provide some level of support and an obligation entered into…

Chris Disspain: Absolutely right.

Rod Beckstrom: …that's an unfunded mandate.

Chris Disspain: So I understand completely, so what we are talking about effectively is an interpretation of a wide overarching clause that sits in the IANA contract, which is perfectly fine. I just wanted to make sure that that's what we are…

Rod Beckstrom: Yes and Chris I'd also say too, there's no simple right answer here. And the reality is, I mean, again, I think the domain name system runs pretty miraculously because of the architecture that the engineers built it on. It's so beautifully decentralized and distributed and because of the good work many parties in the room are doing. At the same time, I am extremely concerned about the fundamental security risk of the global domain system. And the more we do training and engagement with country code registry operators, other registry operators, other parties around the world, I feel that the concerns are warranted. The system is very susceptible to attack and the whole world is becoming dependent upon that system. And, you know, I do trust that working together on it we'll move forward. To my taste, having worked in cyber security, I still, I remain very, very concerned. Thank you.

Chris Disspain: Mateo?

Mateo: Yes thank you. I think it's very clear. Part of my question was actually taken by Chris, this clarification that the DNS CERT is for you sort of a top down project, an obligation for ICANN and I would just to call your attention on a couple of points on this.

And the first one is that CERTs and help desks in general work because people trust them. And whether it's an obligation or not, I don't think this initiative can succeed if it doesn't get full consensus commitment by the community. And the meeting we had yesterday with Yurie and Craig actually demonstrated that a lot of work still remains to be done.

And I fully share your concerns about the security of the DNS and the Internet in general and how we collectively must do more and better. But I think a number of questions were raised about how ICANN interacts with other parties in this respect and maybe some assumptions about the ability for ICANN to get trust by all stakeholders needs to be reviewed in light of this discussion. Whether you want to proceed or not, which is perfectly fine.

My second comment on the process and I think you've already went on this issue is that few people expressed concerns about the fact that, as you mentioned, it's an unfunded project yet. And what we are worried about is the things we have seen in the past sometimes about launching projects within ICANN and then turning to the community and saying, "Your financial contribution is not enough and you need to increase because we have launched this project." And whether we wanted it to be launched or not was not an issue but now we have to contribute further. So that's the second point I think it needs to be taken into account.

Rod Beckstrom: May I ask you a question? Does your registry support ICANN financially?

Mateo: We've been financially supporting ICANN from the start.

Rod Beckstrom: Terrific. Thank you. And I'd like to comment.

First, I agree with you vehemently on the trust issue. And I just discussed this with SSAC. Information on the security side moves through trusted relationships. Common pot approaches only work with basically public information that's downstream. And so trust is a foundation. However, I'm going to take a slightly different angle. You then went from saying it has to be trust-based, which I completely agree with, whatever's done in security whether it's DNS CERT or anything else. Then you just said everyone has to agree. I could not disagree more with that statement. Because what you need to trust in relationships is just two people to start an effective relationship to enhance security and everything else. So, in this community in particular, is not prone to unanimous consensus I have learned in my eight months here. So I think, the reason I am even advocating this position and I know it's somewhat controversial how strongly I feel about DNS security and my concerns about it and why I'm going to keep beating on the drum for a DNS CERT wherever it is, okay? It doesn't have to be inside ICANN. In my view there has to be one. And in my view in fact it's appalling, appalling that one does not already exist. This is such important infrastructure for the world. All of our devices…

So, anyhow, so I don't agree everyone has to be on board but I think that clearly in a consensual organization like this, it did get support in the strategic planning process, it doesn't yet have support in the financial process. Thank you.

Chris Disspain: Mateo, we do need to move on. I'm going to draw the line after these three questions because we need to go to – I need to draw the line and then – so these three and then wrap up, wrap up comments.

Lee Williams: Lee Williams with the financial community, good morning. I can't help but say something about security. The companies and the consumer advocates with whom I work are with you 100%. We believe that you're making critical progress here and urge you to continue to focus on it.

Now, what I actually came up to ask was that after a couple of days of hearing very good ideas about outreach on awareness of gTLD expansion and the public participation initiative, I'd like to know whether you could say a couple of things about where you think there are gaps in awareness or in participation. Who it is that we need to reach out to. And ask you what you think we should all be doing to help support that effort.

Chris Disspain: Could I, sorry, could I interrupt? I don't want to be difficult about this but – and everyone's welcome in this room – but this is a ccTLD discussion and we don't have a huge amount of time to wander off into areas that are to do with gTLDs – however, I would encourage you to use the public participation forum on Thursday to ask that question. I don't want to be difficult but we are running short of time.

Lee Williams: Let's save this time then and we can touch on that later.

Chris Disspain: Thank you very much.

Rod Beckstrom: Thank you Lee.

Chris Disspain: Annebeth.

Annebeth Lange: Hello, Annebeth Lange from the Norwegian registry. We do support ICANN as well, financially.

Rod Beckstrom: Thank you.

Annebeth Lange: So I have, as usual, a question about geo-names, as you are used to now.

My first question is, that in the public comment and analysis document, it's a certain system of keynotes and public comments and then analysis and proposed way forward or a proposed solution. It's not that, the last chapter is not in the geo-names. So I just I wonder why? That's one question.

So and the ccNSO sent in a quite thoroughly performed letter to the DAG 3 and we are still concerned about the questions we raised, especially I would like to know if you are working further on that post-delegation theme that we raised. What happens if the support disappears, if the registry given the support does not act in – they get the registry under certain conditions and then they break the contract. So we're looking forward to discuss that question further.

Chris Disspain: Annebeth, I have to say, we have the heat, the heat has gone off names for a while. But the post-delegation process has started, there is now a post-delegation challenge process, particularly in relation to communities, and I think we're thinking that ccTLD delegations have got a clear community so that's the avenue for dealing with that one. Have a look at that and see if that meets your needs. That was only released in February, February the 7th or February the 10th I think. So there is now two post-delegation challenges and one of them is, you know, breach of faith with your community. And if that doesn't meet that need, then come back to us or focus on that.

The one I have to say we've been focusing, we sort of put names including geo names aside for some time, we've been focusing on other aspects of trademark protection, vertical integration and other things. So it may be that your question is timely to get our eye back on that particular ball because you know, it's an important one.

Bart, I'm not sure whether you're able to help from the staff side on what we've done about that?

I know we had a discussion I think it must have been at the last meeting and we asked you to make your position clear on that particular one and I think it was the post-delegation issue that we left last time. So sort of my conscience coming today was clear, I think you'd raised a question and I think we had an answer. But maybe we've got to go back even further to deal with that issue.

Rod Beckstrom: And I know there was a, in this room yesterday, I think in the afternoon there was specifically a post-delegation discussion but I didn't participate in that. And I'm not the policy expert on it. I can have one of our staff members who's working on that specific issue get back to you if you'd like.

Annebeth Lange: Yes, thank you.

Rod Beckstrom: Thank you.

Chris Disspain: Finally.

Lisa Fuhr: Yes. I'm Lisa Fuhr; I'm from the Danish registry. And we're also paying financial support for ICANN.

My question is, I'm a relative newcomer in this business. I started first of May last year. And we have been participating in all of the consultations on the Internet – not all but in many of them – but we lack a kind of resume of all the issues that are raised in your consultations. We'd like to have a short document describing well, we had these issues raised but we didn't take them into account because this and this and that. I can't see why you're not dealing

with the issues we're raising and that was – my example was the strategic plan – we have raised some issues that are not dealt with and that's perfectly okay if we get an explanation.

Rod Beckstrom: Thank you. Well I know, I mean, with respect to some of the policy groups are certainly encouraged to write good analysis. I know the DAG 3 response for example was almost 70 pages of analysis of the comments. But I know that's outside the purview of what we're discussing in this room.

So I guess what you're saying is that there's been less synthesis and feedback on some of the ccTLD issues, on your registry issues and some of the related policy issues then maybe in other areas.

Lisa Fuhr: And also issues raised by others, by gTLDs, it's not necessarily the ccTLDs. It's very interesting to know why you take the choices you do.

Rod Beckstrom: Well, you know, in some defense of the staff, who I think work incredibly hard given the massive policy volume, if you look at the DAG 3 commentary analysis, the commentary analysis of exactly what you're asking for, is 68 pages. Just the analysis based on all of the feedback. So actually there's been probably hundreds and hundreds of pages published just in the last three months on, you know, analysis of, whether it's the EOI public comments, different public comments. But I guess, if you can help point me to some of the specific areas, maybe I can, you know, we can share with staff, so.

Lisa Fuhr: Yes. Just one last one. But the Strategic Plan that's very important to all of ICANN didn't have this resume of issues raised.

Rod Beckstrom: Thank you.

Chris Disspain: And finally, finally, Oscar.

Oscar Robles: Oscar Robles from .MX. We also have contributed to ICANN since the beginning, both financially and politically, which is I think more important than our money.

I just want you to warn you that maybe the centralized approach to attack the DNS coordination or try to solve the DSN coordination is maybe not the best approach. Because as you know better than me, that the nature of this centralized system as it is the DNS and the ccTLD operators. What I would recommend is to look at the regional liaisons and regional organizations of ccTLDs and try to understand first the nature of the ccTLD organizations and operators. Because this is too different and there is no way to coordinate in just one homogenous way. So maybe the centralized approach is not the only way to attack this responsibility and there will be a different way to approach it.

Chris Disspain: Thank you Oscar. I just – we're going to close this off now – but I'd just like to make one point. I am not particularly across the details of this DNS CERT debate, but it occurs to me that there are in this room, or in the membership of the ccNSO, a significantly large number of ccTLD managers who run a registry in their own country who have probably much the same obligations to their governments and their people as ICANN has or may have under the IANA contract – admittedly at a lower level but nonetheless – and that therefore I would have thought that these are the people who we should be very closely liaising with in the first stage of research, etcetera, to ensure that you get as much useful information as possible.

Okay. Any last words from Peter and Rod?

Unknown male: Can I get back to Lee's question about financial services?

Chris Disspain: No, we're out of time. We are actually out of time.

Rod Beckstrom: Maybe I'll have a remark and then Peter, you might wrap it up.

So first, thank you very much. And also make clear, I have no fixed view on this DNS CERT thing. The reason I'm being a championing it is I think it's really important we all do more. I mean, and I have heard from at least 20 registry operators around the world that they're just now beginning to focus on some of the deep security issues. I think we have a lot of vulnerabilities in the system. I mean, the Internet is intrinsically a beautifully connecting platform. But everything which is connected can be hacked. There's only a couple of pieces of important infrastructure in the Internet that holds everything together, namely the Internet Protocol Suite and the Domain Name System. Those are centralized architectures and the protocols around them are subject to attack. And so actually I completely agree with your decentralization thing. But fully appreciate your feedback. I think we're all in this together, we've got to figure it out together. And just thank you for the great job that all of you do and I appreciate the feedback that helps us to learn more. Thank you very much.

Peter Dengate Thrush: Thank you Rod. I'll just close by saying how delighted I am that the progress that we've made the IDN ccTLDs and I want to thank this community for all the work that went into that. We've now got the first four through, the others are coming. Tremendous excitement, tremendous progress, it's given us a fantastic piece of good news to go the rest of the world with. Because it is fantastically good news. I'm also delighted, as I've said, with the progress that you're making now with the Working Group as a precursor hopefully to a PDP on the delegation, re-delegation and retirement question. Fundamental to the formation of this group and key to the success of the relationships is to have security of tenure so that you know where you

stand and we all know what the rules are. That will be a tremendously piece of good news as well. Thank you also for the PDP that you're running on the full IDN situation so that we can put the Fast Track to one side and get on with the full policy work on that. That's tremendous. And finally, thank you to Byron and the other members of the group for the engagement in relation to the budget and the strategic planning process. That's a sign of great maturity and a very useful contribution.

So, looking at the ccNSO landscape, it seems to me that it's almost entirely good news. So thank you for that. And thank you for having us this morning.

Chris Disspain: Perhaps you'll all join me in thanking Peter and Rod.

(applause)

Okay, we're going to take a short break. We are due to start again at 11 but let's make it 10 past. Coffee I believe is out there, Gabby seems to think it might be. And please be back promptly at 10 past 11. We do have a lot to get through today and there's a couple of things we need to deal with pretty quickly. Thank you very much.

(music)

Ladies and gentlemen, would you please take your seats? We're going to start again in a couple of minutes. Please take your seats.

Okay everybody. We're going to start again.

So the next session that we were due to have was an update from Kim Davies on IANA. Unfortunately Kim is unwell today, he seems to have eaten something that disagreed with him or possibly drank something that disagreed with him, or too much of something that disagreed with him. But he's not very well so we've put off that session and hopefully if he's feeling better this afternoon or tomorrow he'll come in and do the IANA session.

So we're going to move on in a minute to our marketing session with Hiro and Juhani and this guy in the middle here who some of you may know, Giovanni.

But before we do, I wanted to address one point to do with money and ccTLD contributions. Many of you will have recently received a letter from ICANN requesting a contribution. Now I didn't get one because we contribute under the terms of an agreement, of a contract, but a lot of you will have received a letter. And I'm aware that there is a little bit of confusion and concern because the letters have previously been sent saying please some money but a much longer letter and very well written.

So, what I'd like to suggest, this subject of ccTLD contributions is obviously very important, it's running, there is all the work that Kevin has done with the budget and coming up with, you know, splitting up the costs and telling us that our share is $9 million dollars and so on and so forth. But I'm concerned that we're going to have to move into at some point a detailed discussion on our views on contributions. And in fact, I'll be suggesting that we do that in Brussels.

But, I think it would be very useful and sensible for us to make a statement of what we consider the present position to be. And the way that we would normally do that is by passing a Council resolution. And that would be tomorrow, tomorrow afternoon. And the resolution that I would suggest that the Council passes and the way that we do these things as you know is we talk to the members first and get their feelings for things before we rush off and pass resolutions. But we pass the resolution, reaffirming that we are committed to the current situation. The current situation is that on the ccNSO website there is a guideline that was prepared by the ccNSO some years ago about making contributions. And there is a table of what people contribute. It's obviously usually a year old because you can only know the contributions for the previous year. And in very simple terms the guidelines say, "We believe you should pay – if you want to be part of the community, you should pay, but that contributions should be voluntary and that, as a guide, here is what those ccTLDs that do pay actually pay."

So if you think your ccTLD is roughly similar to say, Canada, then you go to the guide and you have a look and you see what Canada pays and you might think, "Well, okay, I class myself as roughly a similar ccTLD to Canada so my contribution should be around that number." But it's entirely a matter for you, entirely a matter for you.

So unless there are any objections, I'm happy to have a discussion but unless there are any objections, my proposal is that tomorrow the ccNSO Council formally passes a resolution endorsing the current methodology used by ccTLDs to make payments to ICANN.

What that does is it puts our position clearly on the table. It doesn't say we're not prepared to talk. It doesn't say we're not prepared to enter into discussions about other ways of doing it and so on and so forth. But it clearly says, "We've actually done this work already. We came up with a methodology. It's published and it's being used."

So that's my proposal and I'm happy, as I said, to take comments from anybody about that and if we don't get any comments or if the discussion indicates consensus, we'll take that to the Council tomorrow. Does anybody at all want to anything?

Peter?

Peter: Hi Chris. This is basically just a question. The methodology that you refer to that is on the ccNSO website, how well is that followed up by the ccNSO members at this stage?

Chris Disspain: Do you mean how many cc's use it as a model?

Peter: Not as much as how many cc's but those that do contribute, do they take into account these guidelines or is it…?

Chris Disspain: I don't know. I mean, that's why they're there as guidelines obviously. I mean, I do know that some do, yes. I don't know how many do. But our point is, we have, well my point is, we have a published position which is what we recommend to our members – well in fact to and to non-members as well if they want to pay – what we recommend to them is a methodology for doing it.

                  Now some people will ignore that, that's what guidelines are about. So I mean, we can find out, we can ask. That's the current position as far as I'm aware.

Peter: Okay. I agree. Thanks.

Chris Disspain: Anyone else?

                  Keith. Okay, one second, Keith.

Keith Davidson: Chris. I'm just voicing my support for what you're proposing and I wonder whether it might be useful rather than looking for an objection, maybe a show of hands of who would be in favor of supporting your proposal.

Chris Disspain: Okay, no problem. Gabby, do you have a microphone or something or?

Gabby: Hi, so Patricio Poblete asks, "What is the current total contribution from ccTLDs and how does it relate to how much ICANN says that it spends on ccTLD related matters?"

Chris Disspain: The current contribution from ccTLDs as of July '09 is approximately $1.5 million dollars. And that has increased over the last four or five years quite significantly. The amount of money which ICANN currently suggests should be contributed by the cc's or rather the costs that ICANN says can be attributed to cc's is approximately $9 million dollars. So you'll note there is something of a gap between the current contributions and the amount of money.

Now, what we need to do – no one, I don't believe anyone in this room would walk up to the microphone and say right that's it, we should pay $9 million dollars – but clearly we need to do some work here and work out some sort of a – we need to come to the table effectively to discuss it.

But I want a starting point that is a very clear statement of where we currently think we are.

Anyone else online Gabby?

Okay. Patricio if you're out there and that hasn't answered your question then let Gabby know.

So I'm happy, if there are no other comments, I'm happy to take Keith's suggestion and just see if I can get ccTLD people in this room who are happy for the Council to reiterate our current methodology to raise your hands. Could you please do that? Thank you.

Okay, can I ask you if there any ccTLDs in this room who don't want us to do that? Excellent. All right.

Well I think on that basis we'll discuss it in the Council tomorrow and see how we go but if we make the decision we'll pass the resolution. Thank you.

So, Juhani is chairing so over to you. And I'm sorry to have kept you.

Juhani Juselius: Okay, thank you Chris. And while we had those previous conversations about ICANN contributions and now it's time to think about how we can make the money to contribute to ICANN.

So welcome to this marketing session. My name is Juhani Juselius. I work for .FI. And this is almost a traditional session because this is the second marketing session in a row in ccNSO meetings. We had the first meeting in Seoul or the first session in Seoul meeting and so this is the second on already.

And today we are going to have three presentations. One from Giovanni from .EU, one by Hiro from .JP and one by me.

But without further words, I will give the mike to Giovanni.

Giovanni Seppia: Thanks a lot Juhani and thanks to the ccNSO Secretariat and Chris for this opportunity to share our experience how to market .EU and generate awareness around .EU.

We all know that it's not an easy task to market a "dot." As I said in a past presentation, this is something you don't find on a supermarket shelf so it's

something that's more difficult to market. But at the same time it's quite challenging for all of us that are involved in this business.

My presentation will consist in two parts. The first part is what we have done in 2009. And basically that is much around the partnership we have created with our registrar community to better promote .EU in the various countries.

And the first part will end with a video which we produced and it's a video about the Erasmus students as one of the initiatives that we had in place in 2009 was to offer to a selected group of Erasmus students the possibility to have a .EU domain and therefore to put up there their experiences that they were doing via the Erasmus program. Erasmus for those of you who don't know is a program of the European Union which allows students to travel around universities in Europe and spend some time in another university to have courses and language classes in these foreign universities they choose.

So this is going to be the first part of my presentation. And the second part is what we are going to do in 2010 which is a follow up of what we have done in 2009 but also there are some new initiatives that we'll put in place.

The first part is an unspoken part in the sense that it runs by itself with some music on. So you can see some pictures and some quick slides of what we have done and then again the first part ends with this video.

So I'm going to put up the first part, I hope you like it.

(music)

So this is what we have done in 2009, it was a summary. I must say that not all you have seen generated the awareness and was as successful as we wanted it to be. But we took the good and the not so good and we think that we built on that for what we are planning for 2010.

And I also think that we tried different experiences, different ways to market. Some of them, they were extremely successful, others they were not. But we have taken everything into consideration at the time we started in Q4 2009 to plan the activities for 2010.

I think that out of what you have seen, most of the activities that could not be more successful are those that we have developed in strict cooperation with our registrar community. Those were really valuable, not only for the .EU itself but also for us as we gain a lot of added value and good experiences from those.

What are the challenges of 2010? As you have seen in the first part of the presentation, we got quite high satisfaction scores and this is something which

is going to be hard to improve. But we were quite proud of the responses which were given by our registrar community. And our registrar community had the opportunity to be surveyed online but also we launched a phone survey, telephone survey with a quite well known company in Europe who helped us to survey by phone our registrar community. And the responses we got were extremely positive and also that allow us to get some also feedback on the way they perceived .EU, if it's an easy "dot" to sell or what are the chances for certain sectors to choose and opt for a .EU against other sectors.

The 2010 challenges – they follow up on what we have done in 2009. So the three areas are – the three areas that we have started to work in 2009 – and the first group is "At Your Service." And it's related to registrars. And basically what we like to do is to vastly improve what we have achieved in terms of satisfaction scores but also to extend the account management scheme we have to the top 400 registrars.

We're also going to launch the (inaudible 02:30:48) .EU courses of (inaudible 02:30:50) in platform which you'll see in preview. And that is going to be at the end of this month. So there are going to be courses available to the registrars whenever they like to attend those courses.

The second part is related to registrars and registrants and is based on the co-funded marketing which we will continue in 2010.   And also to award registrants with best performances.

The co-funded marketing again has been proven extremely valuable to us.

As for the targeted groups which is the last part of the initiatives which we run, the first is to continue our participation in IT and ASIME's related events and also to organize some activities in cooperation with Info Point Europa in Brazil.

We also are going to have four new comic strips – last year we had eight – this year we're going to have four. And we are also going to partner with three main European networks, one is euroactiva for people working in the .EU field. The second is the European Business Network for small and medium enterprises. And the third one is InterACTA for cross border integration.

And then we are also going to have (inaudible 02:23:07) in almost all European countries.

And, of course, a lot part of our efforts this year will go to the hosting of the ICANN Brussels meeting. Which is going to take place, as you know, from the 20th to the 25th of June.

So basically again, we fully understand the challenges behind marketing our "dot." We also understand that we are among the newcomers in the market. But again, the 2009 experiences, some of them they were very good and we have learned a lot. We are happy to share what we've learned. And anytime you wish to ask me a question, you can do it now or you've got my e-mail address and I'd be happy, very happy to respond to your questions and also to share with you some data regarding our survey and everything that we have done.

So thank you so much.

(applause)

Juhani Juselius: Well thank you Juhani for this very interesting multi-media show. That was the first one I have seen in this conference and it was good.

So any questions to Giovanni?

Lesley Cowley: Hi Giovanni. I liked the music personally.

Do you have a feel for before this program the awareness of .EU in your potential market? And are you able to therefore justify what probably was quite an expensive program in terms of levels of awareness raising? And also I would ask to what extent you were able to see a growth in registrations or is that more of a longer term?

Giovanni Seppia: Thank you Lesley. This is an absolutely interesting question. And I was going to mention the fact that as was written in one of the slide, each activity was carefully monitored because that is part of our special framework we are working in and therefore before each activity we monitored what was the awareness rate in a specific area and specific region and what was the awareness rate after a few months since the activity took place. We have seen that some of the activities they generated a lot of awareness and therefore those are the activities that we plan to continue in 2010. Others they did not and that was also related to a cost-effective analysis because as you pointed out rightly there are some activities that cost quite a lot and they did not generate what we expected. But in any case, it was to us worth to try because we weren't, let's say, experienced in this regional marketing initiatives. So I can tell you that one of the activities out of what you have seen that did not reach the expected results was the Rasmus activity. And that was largely due to the fact that we put a lot of efforts in, we invested quite a considerable amounts of funds in that but unfortunately the coordination with the universities that were selected and involved turned out to be quite challenging for us. In the sense that the Erasmus students, with the exception of two universities out of the four that we were in touch with, they were quite – I don't want to say abandoned but they just receive a welcome letter and that it

is it – so it was quite difficult to outreach to those students to make them understand the potentialities of having your own domain for a year, given for free by a registrar. So that was really a good opportunity for them.

So just to summarize, I can tell you that yes, we monitored the awareness before and after each of the iniatives. We monitored also the growth rates of the registrations in the countries where the initiatives were taking place. As for the long term projection, we have seen that currently the growth rate of .EU is more in line with the gTLDs than with the ccTLDs. And that is again because .EU is still perceived as something that is not really related to a specific country but it's something more generic, more global. This is what we have seen. And we continue to study and we have regular studies every quarter done at the registrar level and also done at all the European level.

Lesley Cowley: Thank you Giovanni. Maybe a suggestion for a future session is what causes growth. Whether it's marketing activity or broadband penetration or other things perhaps. Thank you.

Giovanni Seppia: Yeah, thanks a lot of Lesley. Just to compliment Lesley, we have seen that in some countries, the growth was associated to the marketing activity, in others not.

Oscar Robles: Oscar Robles from .MX. Giovanni, two questions. One is it possible to know the percentage you allocate to marketing and communications strategies? And the second one, as a registry we are interested in promoting as many registries as possible but one question that it raises from this presentation is, are you concerned or do you take care of whether it is used or not used, the .EU domains or how is it used by the registrants?

Giovanni Seppia: Yeah, thank you Oscar. Out of our budget I can tell you that the pure marketing allocation is between 12 and 17% of the total budget. That of course does not include the account management part and for the account manager I also mean that the fact that .EU is by regulation supposed to provide customer service in the 23 official languages of the European Union and therefore registrars can get in contact with us in their official language if they are in the European Union. So that is also part of our efforts in the market.

As for the second, yes we do monitor also the use of .EU. And I have presented the results, the findings of an exercise which we run every year which is the website categorization. So we take 25,000 random .EU domains and we classify if they are used, so there is a site, so they resolve into a site, or if they are pay per click or if they, which kind of site, if it's a company, if it's a public authority, if it's an individual. And the results of this survey I'll be happy to share them with you. And they are, of course, known to our registrar community. And we do this as an exercise every year. What I can tell you is

that last year what we've seen is that around 70% of the 25,000 are used, so they resolve into a site.

Oscar Robles: And just a follow up question. Are you looking for some kind of mixture that you believe is the desired mixture of used/no-used or kind of uses?

Giovanni Seppia: I'm not sure if I…

Oscar Robles: Do you try to have some kind of a model of usage of the .EU domains?

Giovanni Seppia: No.

Oscar Robles: So you don't react to those statistics that you get from these surveys.

Giovanni Seppia: We react in the sense that last year we saw that .EU was quite well used among the companies that are doing trans-border activities in Europe and therefore we have planned a campaign for these kinds of companies to generate more interest for those companies which had not at that time registered yet a .EU domain. So in that case we follow up to the website categorization exercise we run. And we do that also with the other awareness activities which we have in place.

Francesco Cetraro: Ciao Giovanni. Francesco Cetraro from .MOBI. First of all, all of these efforts are very commendable so you're doing a great job. My question is, do you have or do you plan to have a public website where you list all the past and future marketing campaigns? And I'm asking because the video was really cool and I can't find it on your website. I can't find it on YouTube, so where is it?

Giovanni Seppia: Thank you Francesco. Yes, we have another video but for the time I was allocated to this presentation, I didn't show but it's through that which make our efforts more public and that is planned by Q2 this year. So those kind of things will be made public on the public site.

For our registrars, in the registrar accelerator, there are some marketing resources available and starting from this year, we are also going to publish and this is already published, the list of events where we are going to have a booth or be present as well as the regional initiatives that we are going to develop. So everything will be made public.

As for the video, the Erasmus video, we wanted to make it public quite a long time ago but we had to go through the copyright issue for the song and it was not so easy as unfortunately I decided to use – together with the director of the video – we decided to use an (inaudible 02:42:31) and apparently if you use a (inaudible 02:42:33), I'm not sponsoring or marketing Fiat but Fiat has very, very strict regulation if you use any kind of Fiat car in a video. And so that

made our, let's say, our challenge even tougher. But yes, the video, we'll try to make a sort of public video. The intention is also to place it on other channels.

Francesco Cetraro: Maybe next time you need to do greener video with a bike.

Giovanni Seppia: There is a bike.

Unknown male: Thank you Giovanni, this was really great. I enjoyed it. And I might hear from the financial service, what was your uptick in the first six months of your roll out? And what can you attribute to that?

Giovanni Seppia: Can you repeat the question because we have a sort of echo behind us?

Unknown male: Okay. I'm saying that what was your uptick when you rolled out .EU in the first six months and what can you attribute to that?

Giovanni Seppia: Again, I'm not saying that it was generated by what we did the last year. We analyze that more at country level. So at country level, as I said to Lesley before, we can see that in some countries like for instance Estonia, what we have done had a real impact on the registration volumes of that country. As well as in other countries of Eastern Europe or also central Europe, we had quite a strong impact on what we have done. I cannot, let's say, anticipate what is going to be in the next month. But we are now seeing because we have developed an awareness survey at the end of 2009, we are now seeing that the awareness in some countries is rapidly growing and is back to the level of the first year that .EU was launched when there was a lot of press activity done by the European Institutions around .EU. Therefore we gained back the position which we had in 2006 and 2007. So that we are quite happy about. And our goal and again, challenge is to keep the same level of awareness if not more for this year and the following years.

Juhani Juselius: Well, thank you for the questions. And thank you Giovanni.

(applause)

And Hiro is next.

Hiro Hotta: Okay. My name is Hiro Hotta from .JP. My presentation is not so entertaining. But let me talk about the market analysis phase for .JP.

So this is an overview of the research. Research on domain name market. This was conducted by Baker Consulting, it's independent from us the registry. It was in Q4 2009. The purpose was to identify a possible growth of existing domain name market and possible growth of potential domain name market.

And the background for .JP is that .JP, especially in Japan, there's a relatively low penetration rate of domain names in Japan. It means that, including the .COM, .NET, .ORG, .INFO plus .JP, there's only 2.6 million domain names in Japan. The population is 1.3, no, no, 130 million, yes. And the ongoing and emerging changes in domain name environment as you know, the growing in commerce, more diversification of usage and new TLDs coming. So this research was done independently from us but we sponsored them for the cost because nobody else wants to make this kind of analysis on their behalf. So we sponsored them but we did not give any pressure on them to get the result.

So approach – their approaches – three of them. Benchmark analysis and penetration analysis and positioning analysis. Maybe I'll skip this page because I will present them in detail in coming pages.

So the first, benchmark analysis. The market size in terms of the money – so U.S., Germany, U.K. and Japan is the seventh ranked domain name market. So they chose .COM in U.S. and .DE in Germany and .UK in United Kingdom and .JP in Japan. So they made a comparison among them. So analysis method – so the first bullet point was I already mentioned and two – they randomly pick up sample domain names for each benchmark and browse their websites by hand and divide them into thirty categories. For example, for resale – resale means that just a resale at the aftermarket or the parking. And for other advertising products for net shopping for such site, sites for blog and so on. And four – find big differences in the usage between .JP in Japan and other benchmarks. And look into the background of differences and they investigated whether such differences could be narrowed down.

So the usage of .JP in Japan. This is their result. The biggest one has been advertisement. 18% of the .JP domain names are for advertising. Advertising means that they are for product advertisement and company advertisement, company advertisement means that's just a company website. So these is the result of their sampling analysis.

They did this kind of analysis to .DE in Germany and so on, the three other benchmarks. And this is the result of the benchmark difference analysis. For resale in Japan, for example, if we put one .JP in Japan, in that .JP 315 times of money is used for resale. We read this table like that. So these 8 categories are the ones that have big differences.

So you see this is big. And these are also big. And maybe this is big also.

Possibility of usage expansion in these 8 areas. For each of the following usage with big difference, possibility of future usage expansion in Japan is studied by investigating whether the (inaudible 02:51:44) are big hurdles for .JP through comparison of .JP in Japan and each benchmark. Whether the

channels such as ISPs or the registrars are they difference? And promotion, can promotion make narrow, make the difference narrower? And how about the regulation, regulation prohibits the expansion and presents custom also.

This was the result given by them. Resale and net shopping are the possibilities for .JP expansion. So "A" means achievable, "N" means not achievable. All right?

So this is the first part and no existing marketing in Japan. In Germany they found that there is a unique service that ISPs give domain names to their subscribers by (inaudible 02:52:54), some ISPs do this. And large number of registrations of .DE in Germany and some in the U.K, in United Kingdom, but there is no such service in Japan.

So analysis – no big hurdles for .JP in Japan compared to .DE in Germany with regard to this kind of serve. So possible to be provided by Japanese ISPs. But I don't know whether they want to do this.

Okay, the second one, the analysis on the potential of domain names in each business category. Analysis method – pick up the market size, annual growth rate of the market and number or organizations – these three features for business categories from (inaudible 02:53:49) such as Japanese government white papers. And categorize Japanese registrants by sampling and identify the registrants in each business category. And calculate the penetration rate in each business category. Penetration rate is defined as the number of registrants per number of organizations. Make a table of potential of domain names in each business category by checking the combination of market size, annual growth rate and penetration rate.

And this was the result given by them. For example, for telecommunication area market size is not so big from the viewpoint of domain name. Annual growth is good but the saturation rate is, it's already saturated so it's not good for the expansion of .JP so the total operation is C. So in those business sectors, so these four blue shadowed lines, they are the ones that they recommend to be expanded.

So (inaudible 02:55:18) that's a growing market so it should be the target of the domain name registration. And wholesale and frozen drinks retail and professional services. They are the four categories they thought that it may be a good market for domain name registration.

And the last one positioning analysis focusing on domain name selection criteria. So analysis method was the registrants are categorized into the following segments – business, individual – and further, the business sector was categorized into six combinations – big company, medium company and small company and B2B and B2C.

So interview registrants to identify their criteria or their reasons in choosing domain names. So their choice, the biggest choice is (inaudible 02:56:34) .JP, .COM and .NET. And categorized the criteria into the reasons – reliability – because it's reliable and there's a trust in the domain name TLD and it's finally fashionable and regionality means that Japanese local companies or retail stores tend to like .JP. And popularity and price.

So this is the last slide of mine. Positioning on TLDs. It was a very interesting result that it shows that co.JP, the red triangle samples here it means the restaurants are insensitive to price, the domain name price and they like the reliability and trust. That's why they chose co.JP. All right? And it's very fixed, they have a very fixed position here, they're right up.

And the second group is .JP. And the pink diamonds are .NET and green squares rectangles are .COM, so they are overlapped. And it is interesting that the many of the registrants of .COM and .NET are also insensitive to price if they are a business, if they come from the business sector.

And the third group is here, the individuals. Some of them are very sensitive to price and .NET and .COM were chosen by the lower price than .JP. .JP is here. So it's an interesting. So if we see– we means our company sees this kind of picture - .JP has a brand for business here, regardless of the relatively higher price. So if we want .JP to be penetrated into the individuals, we have to this way. Right? So it means that we will lower our price but it will lose the reliability to trust because of the diverse of the users of .JP. So we are now thinking of how to promote our .JP.

Yes I think this is, yes, thanks.

(applause)

Juhani Juselius: Thank you Hiro. Any questions?

Hiro Hotta: Yes, this analysis was done by independent consultant so if you give me questions maybe I can answer some of them but some of them I have to liaise them to the consultant company. Okay.

Alberto Perez: Yes, Alberto Perez from .ES. Thank you very much for those useful presentations. And Hiro concerning the last slide, the slide I think it was 17, this, I don't know if you can get it back but you say that business have not sensitive to price which is probably the case because for them this is a very small amount of money. But maybe not only individuals have sensitive to price but also the registrars. As you mentioned the case of Germany where because the domain name is cheap enough ISPs are giving domain name in this case. So it's here, maybe the issue is not only sensitivity of the end

customer but of the registrars that are in the middle. And in that respect, you also mention familiarity to the domain name or reliability, up to which point registrants are taking decisions with this into account, or domain names are being pushed to them by the registrars and they are not really aware whether domain name is attractive, familiar or reliable but the registrar tells them they are not familiar enough and for them it's a good option. So I would like to know more about your view on this. Thank you very much.

Hiro Hotta: Okay. Thank you Alberto. From our interviews – our means .JP registries interviews with the registrars and the end customers – the overall perception of us was that the registrars don't seem to like domain names to separate them. It means that they don't offer .COM or .JP, that means that they only respond to the demand of the end customers that their registrants. So as Alberto said, the prices for the registrars is a big reason for registrars to sell the domain name to the end customers, yeah, I believe so, but the reality of the Japanese registrants was that many of them are not so sensitive to the wholesale price but they respond to the demand of the end customers. But we have to go deeper in this sense, thanks.

Juhani Juselius: Thank you.

Rudolf Meyer: Rudolf Meyer, .ML. Can you, is it difficult to get back the last slide? The one with the positioning of the different TLDs?

Hiro Hotta: Different TLDs? Not this one?

Rudolf Meyer: No, not that one. Okay, forget it.

                One of the last and I think it was even the last slide that you showed had the positioning of .NET, .COM and .JP on the Japanese markets.

Hiro Hotta: This is the one.

Rudolf Meyer: Oh yes. Thank you very much.

                So it seems that the two gTLDs are more familiar and more fashionable in Japan than .JP?

Hiro Hotta: Yes. Yes. I think so too.

Rudolf Meyer: And why, do you have, is the market share of .COM and .NET larger than the market share of .JP in your country?

Hiro Hotta: Maybe. My reasoning was that before 2001 the .JP registration qualification was very strict and just one company can have one domain name and no individuals could register, so .COM and .NET were the only domain names

they can get easily. So and as you know there was a .COM bubble before that, so I think it was the reason for familiarity and fashionableness. So it seems that yet the users think that .JP is very – not so flexible.

Rudolf Meyer: Yah, okay. I think there is your opportunity and I don't think you should start with consumers because if you get the Japanese companies to prefer .JP domains, the consumers will come across them far more often and for them it will also become in the end the most logical choice.

Hiro Hotta: Right.

Rudolf Meyer: Yeah? Okay.

Hiro Hotta: Thanks.

Juhani Juselius: Thank you. Obviously there are no more questions so thank you Hiro. Thank you for the questions that we had.

Hiro Hotta: Thank you.

                   (applause)

Juhani Juselius: And now it's time for the last marketing presentation. It's about our marketing, .FI marketing overview and basically I'm going to go through the list of our campaigns we have had so far. So I'm not going to go any deeper into any of our campaigns.

                   Yeah so basically I'm going to have this list of our campaigns and the last slide is I guess the most interesting one; it's about the short term results we have got from our campaigns.

                   So once again, that demo effect, I just wonder why it always happens with me. But well, that's life.

                   Yeah. Okay. Oh, the remote works, that's great.

                   Okay, so I know there are a lot of different kind of marketing strategies existing – academic ones and other ones – like 4 P's and 5 M's and so on. But there's a problem that we have only a very limited number of people working for .FI so that limits our chances to do some complete surveys and strategies.

                   So we are not having enough people for enough strategies for their implementations. But there's another method available and it's try and learn. So basically we are having campaigns and we are evaluating them afterwards.

And I will now start the list of our campaigns that we have had so far. There are not so many of them so I hope you will not fall asleep during that list.

Sorry, just a second.

Okay, so I will continue.

So, in 2004 we had our first campaign. We had banners on some IT focused news sites on the web and we had the campaign site but I can't show it right now to you but I will show it later.

And the appearance of this campaign site and our banners was quite (inaudible 03:13:20), well I will show it later, but it was quite boring one. But it was our first time we did some marketing and we didn't really know what it should look like. And the key message we had with our first campaign it was that, "Yes, we are low you guys not to have one to have a domain name." So even the message was not the best possible.

And due to this campaign's appearance and our message, we got very low number of clicks and low visibility.

And next year, in 2005, we had actually two campaigns, in spring and in autumn. And this time we had ads in Finnish newspapers and we also had some outdoor ads – not big ones but about some medium sized ones. And the key message in our spring campaign was that .FI is the domestic choice, it's reliable, it's safe. And in autumn our message was that IDNs are now available so we launched IDNs at the same time.

And our visibility was quite nice.

And actually I think that my computer is almost ready so I can show those ads online now.

Okay now it works so that's great. Thank you for your help.

So I will shortly now show that campaigns that we had in 2004. That's 2004 campaign, that quite boring one.

So this was our real campaign site in those days and while we used our official forms and colors and so on, the message was that yes, we allow you to have a domain name now.

Okay but then I'll go back to this is my presentation and this is 2005. So in 2005 we had those ads in newspapers and also some outdoor ads. Well as you can see, Finns are quite keen on ice hockey. So we had three different kinds of ads and actually this lady, she's working in our customer service, so if you

call to ask, there's a chance you will talk with her. But this guy is not working in our customer service, so don't be afraid.

So we got quite visibility with our campaigns.

In 2006 we had a campaign as well. We had ads not in newspapers but in magazines and we had a campaign site. And the idea behind our ads it was stories told by the private users, what kind of benefits they got from .FI domain names. But for some reason, I don't know, we got very lower or maybe medium visibility for our campaign.

In 2007 we didn't have any campaigns. But in 2008 we did some research. We had a marketing research survey, so we surveyed our current customers and potential ones. And so we found out what is our target group and what are their preferences.

And we had a marketing campaign after this study and that was targeted according to this study we just had. We had big outdoor ads, we had ads in metro, we had a campaign site and we also had fliers and actually these ladies here, they were distributing those fliers on the streets. So would you like to have one? Not any? Oh, okay.

So the idea of this ads was to show people looking exactly the same and we are asking in this ad that would you like to have your own identity?

So the key message was that hey, come on, now it's time for you to get your own identity. And we got quite nice high visibility with our campaign.

Then last year we had a campaign, it was right after the Seoul meeting. So we had ads in Finnish newspapers and on some most visited web pages, we had a campaign site once again. And for the first time we had radio commercials.

And the key message like in 2006 so we had private persons stories about the users where they can use domain names but this time we used much more simple examples than in 2006.

Here the translation might be like that I'm so tired with this.

So this was the kinds of ads we had and well, once again, for some reason, medium or low visibility, low click rate. But our radio commercials were ranked among the top eighteen last year in Finland and actually I'm going to play one of those commercials to you now. It's in Finnish but it contains music so it's nice to hear.

Maybe next time we're going to have a video too like .EU did but this time we didn't.

Okay and now it's time for that last slide. So what were the immediate effects of our campaigns?

So the campaign in 2004, well, no effect at all.

The next campaign in 2005, that spring campaign, no effect at all.

Third campaign, well yes there is some growth visible at that time. But we launched IDNs at the same time and I think that our campaign had no impact on this growth at all.

And the fourth campaign was in 2006 and there is real growth at the same time. But we open registrations for private users at the same time so once again, I'm afraid that our campaign had no effect at all.

And our most visible campaign in 2008 well, once again, no effect.

And last campaign, last November, well there might be some effect but it was not any significant anyway.

So the question remains, why are we doing marketing? So if we are not getting any money out of it? But I believe that there is this long term effect so we are doing brand building and who knows what this growth would have been without our campaigns.

So that was my presentation. Thank you.

Chris Disspain: Thank you Juhani.

Juhani Juselius: Questions?

(applause)

Chris Disspain: I'm really sorry but we actually, we're so running out of time that we need to move on. So is it all right if we maybe don't take questions? Is that okay?

Juhani Juselius: Yeah.

Chris Disspain: Because we need to get onto the next session. We've got people online waiting. Is that okay?

Juhani Juselius: Yeah, that's okay.

Chris Disspain: Thank you Juhani, that's very kind of you. Could you join me in thanking our three presenters of our marketing session? Thank you.

(applause)

Can I ask the wildcard team to come up here straight away here please?

While they're doing that, just so everyone is clear, we're going to, after this we're having a presentation from our lunch sponsors .ZA and then we're going to lunch and at 2 o'clock we are going to our joint ccNSO GAC meeting. It's in the Lenana hall which is one floor down from here. And that is at 2 o'clock. So it would be really good if everyone could make sure that they were there by 2 o'clock please. Of course, I can't guarantee that the GAC will be but.

So we're going to have our wildcard study group session now and I'm going to hand the chair over to Andre.

Andre: Okay hello everyone. After the multi-media session you have a session that will be slightly more technical and maybe a little bit boring in some sense. We'll be a little bit difference also in that sense that we will have two Chairs and there's a good reason for that. The first one is Young-Eum Lee from .KR, Korea; she's trying to set up her laptop. And the second chair is me, Andre Phillip, .CZ, Czech Republic.

Today we will have three presentations. First of all, we, me and Young-Eum will try to explain to you what the progress on the wildcard study group. And then we will have presentation from .NU, it will be done remotely, so I hope Bill you are on phone? Is it true? And the third one will be from Joel from .PH registry. Those two presentations after ours will explain why the TLDs are doing wildcarding, what's the reasons, what's the purpose of that.

So, are you ready? Do you want to say something?

Young-Eum Lee: I do want to check if she is online?

Andre: Yes I think, Gabby told me she's online.

Young-Eum Lee: Yeah.

Andre: So, I think I will start the presentation because we don't have very much time, so I will go quickly to the topic.

We have about six slides or six topics that we would like to discuss with you. First of all, some overview then the scope and the proposal of the Working Group. What we have done so far. There are some pointers to (inaudible 03:28:31), we are working with and some results, preliminary results we have. And also what we are planning to do in the future. So, if you can…

So, first of all, our study group was – okay thank you – the study group was formed, or the beginning of the study group was, or the study group was started at the Seoul meeting. It was decided by Council that such study group should be run. And we have a quite I think balanced participation. We have a lot of registries from different regions and more importantly also, from registries that are using wildcarding or redirection if you wish, and from registries that are not doing that. And that is also the reason why we have two Chair of the working group because I'm from a ccTLD which is not using wildcarding and Korea has some reason for using wildcarding so that's why we have two Chairs and that's a little bit special. And, of course, we have great support from the staff, ICANN staff.

So the scope of the Working Group is to summarize the issues that are associated with redirection or wildcarding. The second one is to liaise with SSAC to seek for further clarification or input. And third is to liaise with the ccTLDs that are using redirection. And to collect the inputs and reasons.

We are working on preparing a ccNSO meeting session about wildcarding and it's planned for the Brussels meeting. And also after that session we will write our final report and we will send it to the ccNSO Council.

So what we have done so far, as I said, the beginning of the study group was agreed or the scope was agreed by the end of December last year. Then we call, we had a call for members during the January I guess, and the Working Group started to work actually last month. So it's just one month of work.

But what we did is, we have members, we reviewed all the SSAC documents and we started the communications with those ccTLDs that are using wildcarding. We contacted all of them and we got some responses and the output of that communications are those two presentations that will come after our speech.

And that's basically all and I will pass the speech to Young-Eum.

Young-Eum Lee: Yes, as Andre was saying, .KR does involve, is involved in wildcarding. And so, although I was appointed as Chair, it was felt by the ccNSO Council that we needed a second Chair to make sure that we have a balanced view of this.

I'm not going into, I'm not going to go into detail about the contents of this, these documents, the SSAC documents, I'm just going to give you a brief overview as to why the cc's have been involved in, have become involved in the wildcarding issue.

Basically, it was a recommendation by the SSAC in June 2009, specifically mentioning cc's to prohibit the use of redirection and synthesized responses in

their discussion of new gTLDs. And it advised ICANN to take all available steps to prohibit redirection and recommended ICANN to communicate the dangers and so in that same month ICANN Board adopted a resolution and in October of 2009, last year, the SSAC came to the ccNSO meeting, if you remember, and gave a presentation of the eight reasons why it is undesirable to be involved in wildcarding.

You can refer to the content of each of the points in their document because that was very detailed explained in their presentation.

And in November of 2009, ICANN staff came up with a document called, "Harms of NX domain substitution." And they came up with nine reasons.

So I mean, basically the SSAC list and the ICANN staff list is very similar, just a little different on some of the points.

So, but that was not the beginning. Actually, in July of 2004, the SSAC started discussing the redirection issue because there was redirection in the .COM and .NET domains and found that redirection had adverse effects.

And in November of 2006, in response to the (inaudible 03:34:18) request for redirecting service, the registry services technical evaluation panel evaluated that request and found that there were adverse effects for security and stability. And that resulted in the SAC015 document, "Why Top-Level Domains Should not use Wildcard Resource Records."

And, they went further in their SAC032 document titled, "Preliminary Report on DNS Response Modification," which was published June, 2008.

And so basically most of the documents on redirection pointed out that there was a threat or adverse effect on the security and stability.

And so last year ICANN Board adopted a resolution. And so we were given this list by IANA, the cc's that are currently engaged in wildcards, and this is the list of countries. So what we did was, just to give you an idea of what these redirections results in, we tried using a very non-sensible domain .CG – Congo – and then tried to see what we came up with.

And as you can see, some of these pages mention that this is an NIC backed page. And although in the case of Congo and Rwanda, although it is, the NIC is mentioned, they also have ads. .KR is redirecting because of the heavy use of IE6 users in Korea and so in order to make sure that Korean .KR, IDN Korean .KR, is properly resolved, they just make, redirect the requests to check for, check to see whether it is an IDN .KR or not. And if it's not, they just give a standard "no page" response. Otherwise if it is in a legitimate IDN .KR domain, then they would map it and they would present that result. And

this is only for IE6 users because there's a heavy percentage, almost in the, over 95% of users in Korea are IE users. And about 50% of them are IE6 users.

As for .UA, you can see that they have other search things and they have advertisements as well. As for the Philippines, they don't have any advertisements, they just state that this is an NIC backed page. For .PW they also have ads and same for Rwanda. For .ST they just say the domain may still be available, there are no other ads. For .TK they have ads and they have other interesting things. Virgin Islands, I don't know why they were included in the list as wildcarding, but I mean, when we searched, this was the page we got. .PN gives out a page without, I mean, with some ads and it mentions that this is a page provided by .PN. .WS is, I thought was one of the most interesting, the image in the middle is actually a video and they really capture your attention.

And so, future action items for us. We're going to try to gather information from cc's. We have, as Andre has said, we have sent email to the cc's. If for those cc's that do not respond, we are going to try to approach them individually. And we're also going to try to enlist the help of the regional liaisons, the APTLD and AFTLD and so on. And we are also going to try to sample and ask some of the cc's that hadn't been using wildcarding and we were told that there were a couple of cc's in Latin America that were using but are not anymore, and so we are going ask them what their reason is for that is.

Apart from that, we're going to investigate, engage in activities like the one that I just showed you a little further. And we're going to try to assess, try to put in different names like "ggoogle," for example, and try to see what results we get. And we're going to look at the resolution time. And the IANA database of the registry to get a sense of what characteristics the registry has.

And although we have been briefly reviewing the SSAC documents, we still have to evaluate their list and try to agree, see whether we agree with their list.

And once we can get a general agreement on the list, we're going to try to map the cc's according to the various items on the list. And then we're going to submit a summary of the findings to the ccNSO Council.

And before we submit the final findings, we also have to determine whether we would to make certain recommendations or not. And so if we put this in a timeline, by the end of March we're going to try to gather information and summarize findings and evaluate the SSAC documents. And this will be mostly done through email and just personal approaches. And then mid-April we're going to hold a teleconference among the study group members and try to agree on the list, whether we agree with the list of the SSAC and try to come up with a mechanism for mapping the cc's.

And we're going to have more, we're hoping to have more online discussion and finalized mapping by the end of April. And start producing draft summary reports in early May so that any cc's or any other entities that would like to express their views would do so. And so draft final report will, hopefully will be by mid May and submit a final report to the ccNSO Council in June.

Thank you.

Andre: Okay, thank you very much Young-Eum. And I think we can continue and I'll take any questions if there are any later. So Bill, are you online, can you hear us?

Bill Semich: I'm online, can you hear me?

Andre: Yes we can. So please start your presentation.

Bill Semich: Okay. I did send a slide pack forward. Gabby or someone, do you have that?

Unknown female: If the online sound gets staticky, tell him he has to use his handset, not his speakerphone. Thank you very much.

Bill Semich: Okay. By way of complete disclosure, I should say that .NU domain is no longer using the wildcard in the zone and second, a brief explanation of the screen that Young-Eum showed that showed ads being served.

.NU domain serves the ads on all its parts and other kinds of pages that have been registered or reserved with IP addresses and the ad service basically was just presenting ads at it presents to all of our non-active or non – I guess one would say – unused domain names.

Andre: Bill, may I interrupt you please?

Bill Semich: Should I talk louder?

Andre: No, we have some strange sounds so could you use your handset, not the speaker, is that possible?

Bill Semich: Well actually I am using my handset and I don't have any other speakers on.

Andre: Okay.

Bill Semich: So maybe someone there has something on?

Andre: No, go on.

Bill Semich: Any improvement? Hello?

Andre: Yeah, please go on, go on then.

Bill Semich: Okay.

                  So that's the disclosure part.

                  One might ask why .NU started using the wildcard record and it's basically
                  was as a service to our user community, primarily non-English speaking
                  Internet users in the Nordic states, Northern Europe.

                  We began in the year 2000. This is basically the explanation. We wanted to
                  find a standards-based way to implement global internet services for non-
                  English speaking users.

                  I'm going to ask you to go forward to Page 4?

                  I don't have interactivity with this presentation.

Chris Disspain: It's okay Bill, you're on Page 4.

Bill Semich: Okay.

                  At the time we started doing this in 1999 there were basically three different
                  ways of using international domain names or URLs on the Internet. One was
                  the key word type of service, primary leaders were net3271, cnNIC real names
                  and IDNS.NET who are no longer there. IDNS is but real names, Microsoft
                  no longer does this. Next page.

Chris Disspain: Okay.

Bill Semich: Second alternative was to patch the DNS software onto the standards actually
                  under RFC1034, doesn't actually specify or require an ASCII host name. And
                  so several interested groups patched Bine and eventually I believe Bine 9,
                  permitted any character set besides ASCII and that was another solution in
                  1999.

                  And then, but a new domain launched what we called our multi-lingual web
                  address which I think Young-Eum also described something similar being
                  used by .KR. Which we developed in 1991 with the goal of meeting the
                  current Internet standards which we launched in 2000. Didn't require a
                  browser plug-in unlike the key word solutions and also didn't require putting a
                  local character sets or non-ASCII domain names in the zone.

Next page.

Chris Disspain: Okay.

Bill Semich: That's what I just described. Let's blast past that to the next one.

Chris Disspain: Okay. Next page please.

Bill Semich: And as I said, our goal was to stay consistent with the standards of the time and so we followed IETF W3C standards including only putting ASCII characters in the zone, using a wildcard "a" record which was specified on the 1034 as permissible and using web redirect application server that we developed which scans the query – if it's not ASCII it searches the database to see if it's a registered approved UTF-8 host name in our system and if it is, it responds with the IP address for the conjointly registered ASCII domain name. And this is how the system worked. Basically the DNS query comes in from the host in something other than ASCII, the wildcard responds with the IP address for our web redirect service, the browser goes the web redirect, it looks in the database to see if that's a registered non-ASCII name, if it is, it responds with the ASCII website. And the customer's web page comes up.

If you could go to the next page, I think it'll illustrate that.

Chris Disspain: Yep, we're there.

Bill Semich: Okay.

So let's blast past that to the internal of the database query engine on Page 10.

Is it just, oops, okay, well that's fine too. Page 11 is good. Page 10? Yep.

This is basically the team that put together this project in 1999 and 2000. Senior Technical Advisor for .NU domain is Paul Mockapetris who was the author of RFC 1034 and 35, invented the DNS and has been Chairman or former Chairman of several of the internet standards groups. Currently he's the Chairman and Chief Scientist at Nominum.

And it was basically Paul's energy and initiative that helped us move this project forward. I don't think we would have done it without his assurance that what we were doing was right. Or at least acceptable under the standards.

The Software Development Manager for the project was Marc Blanchet who was Co-chair of the IETF IDN Working Group in 2000-2001 which was I believe the IETF's response to a significant amount of pressure from Asian Pacific community as well as some ccTLDs like .NU to come up with a standard for IDN. Marc Blanchet authored the third of the current IDN IETF

standards, RFC 3491 and he's currently deeply involved IPv6 implementation and standards groups.

And then myself and I've been involved in ICANN since before ICANN, when we formed the Asia Pacific Top Level Domain group in 1998. And when we were involved in the international form for the white paper and so on, you can scan that if you like. But anyway, I've been deeply involved for a long time, including being a co-founder of the IETF IDN Work Group.

Next page.

So basically our use of the wildcard has gone through three phases.

The first phase was between '99 and 2003 when there was no IETF standard but when the development of our system took place consistent with the movement with the IETF working group so that any standards track documents that were underway would be reflected in our implementation.

And this phase, 1999 – 2003 was when we were basically just using the wildcard.

The registration process was two steps. First, you had to register an ASCII.nu domain name. And then once you'd done that and you know, it was needed name servers and all the other standard stuff, the customer could sign up for .NU multi-lingual web address which, through the redirect process, would be redirected to that ASCII.nu domain.

And there's an example of the typical WHOIS response in our WHOIS server. The primary name was listed as the ASCII name and then conjoined UTF-8 name was listed. And this is a customer who's been with us since 2002.

Let's go to the next one.

And this is an example of the registration page – I'm sorry it's missing the images but I had to dig it out of the Internet archive way back machine – from 2000 and you can see, if you look closely, where say how to do it. It says you first have to register an ASCII name and then you get your multi-lingual web address and voila, it works.

So again, this is an example. What was being promoted here was the registration of an ASCII name which was required in order to use this IDN/multi-lingual service.

Next page.

In the early days of phase one, a typical customer page might look like this – and I'm sorry to say my Swedish ain't so great – but it's OmVarlden.nu or something like that, I'm sure that the Swedes in the audience are chuckling.

Let's look at the next page.

And here I'm showing the actual source code for this page which is nothing but a frame URL redirect, some frame URL redirect code, which was served by our web redirect server once it was determined that this multi-lingual domain name had been – multi-lingual web address – had been registered and was redirected to a similar sounding name without the Swedish character "A" but with the ASCII "A".

Next page.

In phase 2 of our service, starting in 2004, of course the IETF Standards had come out but they were, they required that a plug-in be loaded into whatever browser the users were using and a lot of browsers didn't have these plug-ins so they had to be downloaded on the fly and it was not a very good experience for users. So even though starting in 2004 all our IDN registrations followed the IETF IDN Standards and we required – the customer actually registered the multi-lingual name which we then put in the zone as an ASCII-encoded "Punycode" domain name, we continued to use the wildcard serve on a transitional basis to make the experience satisfying for the customers so that if they registered an IDN name and their friends and relations didn't have these plug-ins on their browsers, they'd still be able to get to the website.

And here's an example of the WHOIS. If you go to page, oh, you've got it.

You can see the same website, only now we're showing the actual mixed WHOIS results that have the original, what we call conjoined ASCII name, elnat.nu and the UTF-8 domain name, and now we're showing the Punycode in the WHOIS result.

Next page.

So this is an example of a phase 2 user and this particular webpage is being shown on a browser that does not have the Punycode Plug-In installed so you can see that what it's showing on the address bar is the Punycode ASCII XN dash dash equivalent, not very satisfying for users who might wonder what am I doing here? I think there's some leakage phrase that describes that.

And then the next page is an example of the same domain name on a browser with the plug-in installed.

Next page?

Unknown female: Bill?

Bill Semich: Yes?

Unknown female: Do you have much more to go because we are actually running out of time.

Bill Semich: I'll blast right through the rest.

Unknown female: Yes, thank you.

Bill Semich: So final phase 3, we implemented IETS IDN as our full functioning system with no redirect at all. We removed the wildcard from the zone after transitioning existing users. Existing users were all required to transition whenever they renewed a domain name. And there is the WHOIS result.

Now we're just showing the actual domain name and then the Punycode form.

Next page.

And there's the new registration where you actually register an actual multi-lingual name and it shows the associated Punycode name.

Next page.

And there's an example of a user, a customer in Sweden, the town of Linkoping.

Next page.

WHOIS result under this example for Linkoping. And then next page.

Just the statement that we've successfully transitioned and wildcards no longer needed and it's been a long 10 years.

And then the final page just some quotes from myself in 1999, Paul Mockapetris in 2000 and Rod Beckstrom in 2009 about the importance of moving to IDN.

Thank you all.

Andre: Thank you very much. Thank you.

Bill Semich: I'm waiting for the next page. Did the next page come up? No.

Andre: Okay, thank you very much Bill. As I promised in the beginning, we were prepared to have one more presentation but it was done by Joel from .PH but he's not here and he couldn't connect remotely. So we will just show the presentation on the screen and it will be later in the download page on the ccNSO ICANN ORG, so you can watch it. I think it's quite self explanatory so I don't think we need to read it or comment on it somehow. And during the show of the presentation, I would like to just wrap up the whole session.

So I think you see the progress of the study group. We have started to work, we are collecting all the information, all the feedback and you can see some of those registries that are using wildcarding are communicating with us actively and some of them are even participating on the study group. So we are moving and hopefully we will have another session about wildcarding in Brussels.

And if Young-Eum don't want to add something, I think now is the right time for questions or comments.

Young-Eum Lee: Yes, as you can see, .NU and .KR had been wildcarding because of the IDN issues. The browsers not being able to resolve the IDN TLDs, not IDN TLDs, but IDN .KR and IDN .NU properly. But PH actually has a very different view of wildcarding and these are the kind of comments that we are looking for in the other cc's as well. And so we will continue to ask them for information.

If any of you could actually help us get more information from the other cc's that still have not responded, we would very much appreciate that. Thank you.

Chris Disspain: Thanks Young-Eum. Could you join me perhaps in thanking Andre and Young-Eum and Bill for their presentations?

(applause)

As I think we suspected last time around there are many different reasons why cc's might wildcard, some of which are good and some of which are bad.

We're going to, Michael would you like to come please? We're going to have a brief presentation from Michael Silber on behalf of our sponsors for lunch .ZA and then we're going to lunch, which is next door behind this partition. And then we're all going to be in the GAC room by 2 o'clock, please.

But first, on behalf of our lunch sponsors, South Africa .ZA, the ccTLD manager, general manager of .ZA Vika is unable to be with us but instead of which we have Michael Silber. Thank you Michael.

Michael Silber: Thanks Chris. Karbibuni to Kenya. I suppose as a resident of the continent I can say welcome to the continent even if I'm not a resident of the country in which we're meeting. But it's a pleasure to have you all in sub-Saharan Africa for the second sub-Saharan African meeting. And on that basis, we wanted to invite you for an African lunch. Of course there being no such thing as a free lunch, we felt that we should at least give you a little bit of an update in terms of what's happening in .ZA.

Am I going to be controlling these? Yes?

So just to give you an idea, some of you may have seen some of the tenders that have gone out recently. Our registry and registrar regulations were issued in draft, we've had a public comment period, there are certain changes that are obviously required by some public comments and input and those will be submitted to the Minister of Communications shortly to be promulgated as regulations.

We did a market survey to assess the views of our primarily local markets regarding the .ZA name space, what they felt about the various sub-domains, where they wanted us to go and there's some interesting results which are informing some of the decisions going forward and will be released publicly in due course.

In terms of work in progress, we're at the moment looking at establishing a central registry as you may have picked up from the tender that went out and it really would have been nice if some of you guys had responded. I've heard comments from one or two people to the effect that, "Well, we were thinking about it but we weren't sure," and it would be really nice if – obviously we understand that we need to pay – we're not expecting a free lunch unlike you guys – but the difference I suppose is that commercial operators have a key commercial reason for wanting to come in and do consulting work. Others, the fees they're going to generate from the consulting work or it's the work they're hoping to pick up afterwards. But when our colleagues in the cc community come and do work then we know that their primary responsibility is at home and they're looking to share and cover the costs of sharing their expertise. So if and when we release invitations to – but in the future I will make sure that a copy if not the full list – and selected people so that you're aware of it. Please let me know.

And then lastly, sorry, so that work is ongoing. We'll be selecting a bidder in terms of some of our business process documentation in terms of technical specifications for the central registry. And then, depending on the outcome of those, there will hopefully a build and implementation of a central registry that we're hoping will take place this year. The main reason being is we have four Directors who retire this year and they will be replaced and it would be

very nice if we could actually see some real progress before those Directors leave office.

On that note, hopefully if we don't see you in person, you'll be watching our country on televisions around the world following a little round ball as it heads around the screen. Now for a change it's not a dot, which is the center of our lives but rather a football. So if we don't see you in person, we hope you enjoy the FIFA 2010 World Cup in South Africa and we hope you enjoy your free lunch.

Chris Disspain: Michael, thank you. Could we please thank Michael and .ZA for our lunch?

(applause)

There are no tickets, there's no need, you just go next door. So can you please enjoy your lunch and we'll see you in the GAC room at 2 o'clock.