PANAMA – ccNSO: Strategic & Operational Planning Standing Committee Meeting
Monday, June 25, 2018 – 09:00 to 10:15 EST
ICANN62 | Panama City, Panama

UNIDENTIFIED FEMALE: Hi, Leo. Can you test your audio again, please?

LEO: Yes. Testing, testing, one, two, three. How's that for you?

UNIDENTIFIED FEMALE: Can you continue talking so we could try to adjust it, please?

LEO: Sure. What should I say? I don't know. I'm sitting in an office and I can see posters of the first maps of the Internet and the whole of the Internet from the late 1990s shown in autonomous systems and their connections. And I have a whiteboard with lots of things drawn all over it. Is that working for you?

UNIDENTIFIED FEMALE: Yes. Thank you, Leo. It's much better.

LEO: Okay, thank you. I'll put myself on mute now and then I'll unmute myself when you tell me that you're ready for me.

UNIDENTIFIED FEMALE: Okay, perfect. Thank you.

LEO: Thank you. Bye.

GIOVANNI SEPPIA: Okay. Good morning, everybody. We'll start in one minute sharp. Okay, now we start.

Good morning, ladies and gentlemen. Welcome to the ICANN 62 Panama ccNSO SOP Committee meeting. Thanks, everybody. We have quite a crowded room today and we have quite a lot of topics in our agenda. We have a request to finish quite on time, which is around 10:15, 10:20 to make sure that there is some sort of break and then there is a session about strategic trend analysis that will start immediately after this SOPC session.

This is the agenda. It was circulated via the ccNSO SOPC mailing list. Is there any other point? Any member of the SOPC would like to add to the agenda? No? In the interest of time, usually we do a roundtable to say who we are, but again, in interest, I'm going to skip it for today as it's a crowded room. I would like to leave the floor immediately to Xavier and Becky for an update regarding the ICANN fiscal year 19 operating plan and budget

and how the ccNSO SOPC comments have been taken on board. Afterwards, they will also speak about our comments on the replenishment of the reserve fund and how some of our concerns, and again feedback, are going to be eventually taken on board.

Thanks, again, to Xavier and Becky for participating in this meeting. Like in the past, it's really good to have this dialogue and this regular feedback. Xavier and Becky, the floor is yours. Thank you.

XAVIER CALVEZ: Thank you, Giovanni. Thank you, everyone. Good morning. We have just a couple slides to offer, just to give you a quick update on our financials as we stand now close to the end of the fiscal year for FY18, just so that you have a few numbers in mind. Becky will provide that. I will then go over the FY19 budget process, just as a quick update. Then we'll go over the reserve fund replenishment process that this group has also commented about. Becky?

BECKY NASH: Thank you, everyone. Good morning. This is Becky Nash from ICANN finance. Thank you for having us. We're first going to start with a quick overview of the FY18 financials.

This first slide is our year-to-date financials for FY18 through Q3, which is our March 31, 2018. As you can see on this slide, we have funding actuals of $98 million as compared to the FY18 budgeted funding of $107 million as of March 31, 2018.

As we discussed during the year, our funding is lower in 2018 actuals as compared to the budget, and for these nine months ending in March, you can see the variance is $9 million in funding.

In addition, over to the right, we have total FY17 year-to-date of $105 million. We, in FY18, are under in funding again by $7 million as well.

For actuals as of March, we had expenses of $93 million. That was for ICANN operations. Then we had IANA stewardship transition expenses, which would be the FY18 work stream two of approximately $1 million. That resulted in net excess of $4 million, meaning that the total expenses were lower than our year-to-date funding through March. Xavier would like to make a quick point.

XAVIER CALVEZ: Thank you, Becky. Just to put things in context a little bit, Becky just pointed out to the lower funding than budget. This pertains to also a comment that the ccNSO SOP Committee has offered

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for both the FY18 and the FY19 budget. It is mainly driven, as you remember, I think, by the lower than anticipated new gTLD transaction volumes, mainly, which is one of the comments that the committee provided.

Just as a [inaudible], we have used an internal forecast – we shared that forecast, but a forecast or reforecast of our expectations that is consistent with that variance. Basically, we are expecting to finish FY18 by approximately $8 to $9 million below what the budget was and we have that expectation since basically last July. So, in July, we had more recent history of transaction volumes for all TLDs, including new gTLDs, and at that point, we expected about $8 million less of funding for FY18 and currently we are tracking against that most recent expectation, which is mainly driven as we have already discussed by the lower volume of transactions than expected for the new gTLDs, the most recent TLDs. Thank you.

BECKY NASH: Thank you, Xavier. This funding and expense slide, again, has actuals as of March for FY18 as compared to the budget for FY18, and as Xavier indicated, we do have a forecast that is lower compared to FY17.

I would just note at the bottom of the slide, we do have the breakout between ICANN operations and IANA services, just as additional information.

Next for this presentation, we're going to jump ahead to a slide which is our funds under management. This slide is part of, again, our QSC as of 31 March, 2018, and provides a snapshot of total funds under management of $471 million of which the breakout is ICANN operations funds under management of $105 million and the new gTLD program related funds of $357 million in total. The $357 million is broken out on the right-hand side of this slide, again as of March 2018. It reflects the new gTLD funds of $120 million and that would be the remaining funds from the application fees that had been collected for the new gTLD program and then the auction proceeds which reflect $237 million are the auction proceeds as of March.

On the left-hand side, we have the breakout of the ICANN operations between the $104 million. You can see operating fund of $35 million as of the end of March. Then the reserve fund is $70 million. That's going to be something that we're going to cover later in this slide deck about the reserve fund replenishment strategy.

XAVIER CALVEZ: Thank you, Becky. One quick comment. I think one of the comments that was offered by this committee on the budget and on the reserve fund or replenishment I think was relative to interests produced by the investments. As a matter of systematic approach, the interests produced by any investment are returned to that investment immediately. So, they are never taken out of the investment and used for any purpose. They always contribute to increasing the capital, basically.

Of course, they are accounted for in our financial statements and we have a budgeted amount for cash flow purposes. But the interests are always reinvested. The interests, of course, vary in size, also based upon the types of investment policy that we apply, which all our investment policies we have, too, are of course very conservative, generally speaking. But one is much more long-term oriented. That's the reserve fund. And the auction proceeds and new gTLD application fees unspent follow much more short-term oriented investment policy. Thank you. We're going to go to the reserve fund.

Since we were talking about the reserve fund, as you remember, we have now completed two different public comment processes on the reserve fund. The first one was between October and November last year and it was focused on defining a rationale or updating the rationale for the reserve fund and updating as well the target level of the reserve fund. You

remember that this was concluded with a more decision early February to confirm the existing, at the time, target level of the reserve fund at a minimum of 12 months of operating expenses. This group, again, contributed to that public comment.

The second public comment that followed was then designed to offer an approach on a replenishment. So, once you've established that the minimum should effectively be 12 months of operating expenses and you compare that target level to the existing level of the reserve fund at the time, you notice that there's $68 million that's missing. There's a gap. So, replenishment.

The second public comment was offering a strategy of replenishment for public comment and a number of organizations contributed to that public comment and we have in the next slides an overview of the comments we have received.

Quick reminder of the principles that we have applied for this, we have suggested and offered for public comment for this strategy of replenishment. Defining a finite period felt something important so that it's not completely open-ended and doesn't last too long. It's important that the reserve fund is being brought to the desired level for sustainability and security of

ICANN's operations. Contributions from the ICANN Organization should not compromise the delivery of its mission.

What does that mean? In very simple terms, we could say, for example, if we would not apply this principle number two, we stop all operations until we have saved enough money to replenish the reserve fund and then we resume operations. That could have been a strategy. We could have said you know what? Priority is replenishing the reserve fund. We stop everything and save money, replenish. Once we've done that, then we resume activities. This principle suggests to not do that. It suggests to continue delivering on the mission, but also be able to replenish the reserve fund.

The third principle is suggesting to basically not raise fees on registries and registrars. It's very simple.

The fourth principle was to, obviously, take into account existing public comments. In the first public comment, there was a lot of comments also on replenishment, so we took that into account. And a number of organizations, you guys included, also provided comments as part of the budget on this topic. Next slide, please.

Just a reminder of the strategy that was offered in this public comment very quickly. Over five years, a contribution of the organization of on average $3 million per year over five years, but of a total basically of $15 million to [inaudible]

replenishment. Then, auction proceeds up to $36 million for the IANA stewardship transition expenses. I'll come back to that quickly.

Then, there's a remaining shortfall once you've replenished by the $15 million and the $36 million. There's a remaining shortfall of $17 million. We offered three different sources to be considered. Contribution from the new gTLD program leftover funds if there would be any. Additional contribution from the ICANN Organization in addition to the $15 million. And [inaudible] possibly an additional contribution from the auction proceeds. Next slide, please.

This is a quick overview of the comments that we have received. About 50 comments from about 12 different sources. As a reminder, the number of comments is simply resulting from us … When we receive a letter from a source, we break down that letter into the various topics that are being addressed within that letter. A topic from a source corresponds to a comment [inaudible] and that's helping us ensure that we respond to all comments.

At this stage, I want to acknowledge that in doing that exercise, we actually missed in the first iteration of our response of the report, we missed some comments. A few from the NCSG, one or two from the IPC, and one or two from another organization

who now I'm missing. Not intentionally, as Giovanni was reminding me. We missed those comments completely by error, so we reproduced a report that was published earlier this week to add those comments. By the way, those comments were not touching on different topics than those that had already been addressed. I want to acknowledge that. We have also sent a letter of apology to those organizations. Next slide, please.

If you bear with me a little bit, this is a slide where we have attempted to provide a little bit of a visual representation of where the comments have come in. If you look at the top, you have less on the right – sorry. More on the right and you have in the middle ICANN's proposal, which is the strategy that was suggested in the public comment document.

We have tried to map out for each of the components of that strategy that was offered where the responses stood. So, if I take, for example, auction proceeds on the second line, the four groups that are mentioned there being [inaudible] Coalition, Registrar Stakeholder Group, Registry Stakeholder Group, and NCSG, we are of a position that generally speaking says you shouldn't be using the auction proceeds for replenishment of the reserve fund.

When you go further to the right, you may remember that the strategy offered in the document was using $36 million of the

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auction proceeds for replenishment. The Business Constituency and the IPC are subscribing to that approach, but with a caveat that's indicated at the bottom of the slide.

On the right, At-Large indicated that they think that up to 25% of the auction proceeds could or should be used for replenishment of the reserve fund.

Further on the right, the ccNSO SOP Committee has suggested that all of the shortfall could be replenished through an allocation from the auction proceeds.

So, this is how this graph works out. As you can see, some topics receive a very broad range of response and others, very meaningful compromise.

[inaudible], for example, everybody is against it except At-Large. ICANN contribution, a few groups are "agreeing" with the $15 million proposal of the strategy. And I would say a majority of the groups suggest a higher contribution from ICANN than the $15 million suggested.

So, that's the mapping of those results. Let me stop there and see if there are any comments or questions from anyone on that. Just to go through it on that slide, this is what we will be using of course in the next few days and weeks to propose to the board an actual strategy of replenishment for approval that will be

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based on, of course, the ICANN proposal and the public comments that will have been proposed and that is represented here. Any questions or comments?

GIOVANNI SEPPIA: Thank you, Xavier. Any questions? Some of the working group members who participated in the production of the feedback to ICANN about the replenishment strategy were quite vocal about some points, especially the auction proceeds that, according to the comment we have submitted, should be immediately transferred to the reserve fund. Any specific concern you'd like to bring up again or share with Xavier and Becky as we have this opportunity? Before [inaudible]. Are we the first one to see the slides? No? Standards.

XAVIER CALVEZ: We are very transparent. So, it's public, these slides, but you're the first one that to whom it's presented directly.

GIOVANNI SEPPIA: Oh, okay. Thank you. That makes us feel really privileged. Nobody? Okay. If not, thank you, Xavier. Please move forward.

XAVIER CALVEZ: I just wanted and made a quick comment earlier with Giovanni, I just wanted to point out to the Auction Proceeds Working Group that has been working now for about a year-and-a-half about defining a mechanism for allocation of the auction proceeds. It's the CCWG auction proceeds chaired by Erika Mann and [inaudible], who is representing the ccNSO I believe. I just wanted to point out to the importance of that working group, and generally speaking of the broad input necessary on that topic from across the community.

The auction proceeds is, one, obviously touching on the topic of financial sustainability of ICANN. Two, it's also touching on really the mission of ICANN. What do we do with these funds considering what ICANN's mission is? I think everyone in the community is concerned with ICANN's mission. I'm hoping that across the community there will be a lot of input – vocal input – on generally what should be done with the auction proceeds or not. I would very much welcome that the ccNSO and this community specifically has the opportunity and the interest in commenting because I think your reviews would be extremely thoughtful, as usual, and welcomed by everyone in the community. I would very much encourage you to consider providing input. Thank you.

We'll move back to the FY19 budget process very quickly, and of course we'll be open to any questions there is. This should be as interactive as you would like it to be.

BECKY NASH: Thank you. So, this is a recap of the status of the FY19 planning process. On this slide, we have highlighted the current status. The ICANN board adopted the FY19 operating plan and budget on the 30th of May 2018, and the empowered community period launched for 21 days plus the 7 days, and we are currently approaching the end of that waiting period at which time the FY19 operating plan and budget would be effective then approximately on June 27th, which would be a few days prior to the beginning of the next fiscal year. Our fiscal year starts on July 1, 2018 and during the FY19 planning patients, as displayed on this slide, we attempted to ensure that the planning process would be ready to be presented to the ICANN board well in advance of the beginning of the next fiscal year in order to ensure effective budget at the beginning of the fiscal year. Budget approval, correct.

On this next slide, we are presenting the summary of the public comments. For the FY19 operating plan and budget, we received approximately 184 public comments. This slide provides the various topics that we received public comments on. As you can

see, the top few rows are related to community travel support and funding and community outreach engagement programs. The third is discussion about ICANN Org's headcount.

During the planning process, we did receive comments from over 20 different community groups and 19 individuals. The responses to public comment were published in a report on the 24th of April.

This next slide here reflects the summary of changes as a result of public comments received and new information received on several projects that were then incorporated into the FY19 operating plan and budget.

So, just walking through the summary of changes. One item was that the meetings sponsorship funding was reduced by $300,000 in the total FY19 funding budget. This was just due to the fact that the trend in meeting sponsorships has been decreasing and we wanted to incorporate that change into the FY19 funding budget.

Two other changes were we did update the rate of growth for the legacy TLD transactions, which means that we just had some updated information as it related to the funding for transactions from legacy TLDs.

In addition, we did, in response to public comments, have a decrease in the rate of growth for the new gTLD transactions. So, these were just new assumptions that were incorporated into the FY19 budget post-public comment period. We did have a modification and a decrease in the registry fixed fees due to some changes in assumptions. Then an increase in the registrar accreditation fees.

The total other changes that we had, as outlined here, related to expenses for fellowship program travel funding, which was increased by $151,000. Again, this was in response to public comment where we did have an increase per ICANN meeting of 15 seats per meeting, and allocation to the fellows for the SO and AC direct support during ICANN meetings.

Another change was an increase in the CROP program which is the Community Regional Outreach Program for $50,000. We reinstated support to ICANN-sponsored meeting. This does exclude sponsoring travel to non-ICANN meetings. So, this was an update, again, as a response to public comment. We did reinstate this program for half of the amount, $50,000. However, it has got some updated guidelines.

XAVIER CALVEZ: A little bit of background on the funding assumptions that relate to legacy new gTLD and registry and registrar fees. Some of you

may know that we have a billing cycle that is quarterly. So, we have a large amount of our fees that are billed on a quarterly basis. This is also the period [inaudible] by which we use the most recent billing information which is the most recent transaction or registration data that we have to update our funding projections. So, every quarter we revisit our funding projections which is why we're saying that we have revised our expectations for FY18 in July 2017 and every quarter we do that.

So, when we produced the draft budget on the 19th of January, the latest projections that we had had been produced at the end of October. After the public comment process on the budget, we benefitted from two more quarters of projections. So, that's basically what we've done is we simply used our most recent projections following the end of March billing to basically update our funding assumptions in the budget that resulted in effectively nearly no change to the total funding, but change the components.

As you can see, for example, there's a small downgrade, for example, of the new gTLD transaction volume by a few percentage points. Thank you.

GIOVANNI SEPPIA: Byron and then Peter.

BYRON HOLLAND: Thank you. My question is on this very topic. One, could you just provide some more insight into what the interplay is between your own projections and analysis from the work you do internally and what we see here, which you're saying these changes were as a result of public commentary. I'd just like to understand public commentary and how that would feed into your own internal projection. That's question number one.

Question number two is, based on what you just said, what I took away from that is historical trends guide your future projection. I'd also just like to understand that, as you project into the future – history is one element you can use, but what other metrics or elements are you utilizing to create as accurate as possible future forecast? Thanks.

XAVIER CALVEZ: Thank you. I'll preface what I'm going to say by saying that we have a group which is in the GDD organization that is dedicated to those projections. They're not done by me fully. They're done by the people who know most about the marketplace that drives then the funding.

The specific funding adjustments that we are reflecting here, as I just indicated, were resulting from taking our most recent

forecast. It happened so that – and that's why I wanted to point it out. These adjustments were actually going in the direction of a number of public comment that we received.

I think that we need to be really careful when we look at the public comment on, for example, funding projections because those comments are usually provided by participants that have a specific perspective of the overall domain name market, which is theirs. Of course, it's never exactly the one that ICANN has for the breadth of registrars and registries that we look at.

But, in this case, my point was we received a comment from three or four, two or three, organizations suggesting is the new gTLD growth not too aggressive and this is correcting it down. My point is that our projections also reflect or are "consistent" with the public comment. Relative to the projection.

So, I pointed out to – and thank you for that question because it's helpful to explain further – to the fact that we use the most recent historical data and cadence our projections revisions to billing information, which is, as you said, historical.

Of course, the historical data is a starting point. It's not the only parameter that is being used by the team that produces projection. That team is constantly in contact with registries, registrars, studies the market, the trends. The transaction volumes or the registration volumes are evaluated by TLDs, by

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each of the 1200 TLDs. You know, of course, the community type of TLDs or geographic type of TLDs will have a very different pattern of registrations than gTLDs that are more commercial oriented, for example.

So, the team is reviewing every single one of the TLDs and tries to derive both from historical trends and the market understanding of where the market is going. Therefore, the potential pattern of registrations in the future.

I would suggest at the next opportunity, we bring in the team that would provide a much more in-depth and expansive understanding of how they project, because I think that probably could be of interest to the group. We can make a note of that. I think they will be very happy to be able to present. It's Cyrus Namazi's team, and Mukesh Chulani particularly, who is producing that information. So, of course, historical trend is a very important pattern, but also direct market understanding.

I know, for example, that we take very clearly into account on a TLD by TLD basis [inaudible] registrations. We are assuming from memory between 10 and 25% of renewal for free registrations as opposed to what the pattern is for paid registrations, which is much higher than that, for example.

We had a spike in China-based registrations at the end of 2016. I know they largely eliminated the [inaudible] quotes from a

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GIOVANNI SEPPIA: Peter?

PETER VERGOTE: Thank you, Giovanni. Good morning, everyone. My name is Peter from CENTR. Thank you, Xavier, for the presentation. Indeed, as you said, I think it's [inaudible] to understand a bit better the logic behind, in particular, these slides. My question is related to the increase in registration accreditation fees. Would it be possible to identify the percentage that this increase represents in particular [inaudible] income?

Then a broader question is what type of feedback did you get in the process that led to this decision for change? From where we're sitting, at least in Europe, consolidation in that market would seem to suggest the exact opposite of increasing accreditation fee income. I'd be very interested to understand

what feedback you got that triggered this change and what percentage it is. Thanks.

XAVIER CALVEZ: Thank you. Becky will pull the exact percentage, and hopefully what I'm going to say is going to address your point about the trend of registrar accreditation. For us, it's relatively straightforward. The registrar accreditation fee that we are speaking about here is the $4000 that each registrar pays to ICANN annually.

We had assumed – and you may remember, this is not new in FY19. This is something we started reflecting in FY18. We had assumed that the number of registrars accredited by ICANN who pay fees to ICANN would decrease in FY18. We had made that assumption from the end of the first quarter. So, that would be basically end of September 2017 we had said the number of accredited registrars by ICANN is going to decrease by 750 from about 3000 to about 2250 registrars.

So, that happened, but a bit later and a bit less. So, it happened about in December and it happened for about 600 registrars instead of the 750 we had budgeted for. We had been a little bit more conservative than reality turned out to be. We simply, effective, if you remember, I said that in our draft budget our assumption were from the end of September and we didn't

know how much the reduction would be. We had basically used a similar of reduction of number of registrars of 750 to project for FY19. Since the number is higher, we simply adjusted that. It's [inaudible], if I may say. It's not a reflection of reading market behavior. Is that addressing your point? Do you have the percentage?

BECKY NASH: It's related to the projected ending number of accredited registrars at the end of FY18. There were a higher number than what we had originally posted in our draft budget.

GIOVANNI SEPPIA: Any other questions? I need to give Becky and Xavier two minutes to wrap up this part because we are running out of time. Thank you, Xavier and Becky. Two minutes if you can make a final rush.

XAVIER CALVEZ: Thank you. Very quickly, we'll go over other changes. The ICANN Wiki, if anyone is interested, can explain that further. You may have seen there were a lot of comments on the ICANN Wiki funding. This is the approach that is suggested for that.

The funding of reviews is also one change that resulted a lot from a number of conversations that occurred in San Juan about the reviews and the slate of reviews. What we have done here is, and simply, we have to remember that the budget is simply following an action plan that resulted from those conversations in San Juan that the conversations were about the number of reviews that are scheduled to occur as per the bylaws during FY19, which is 11 concurrently.

My cynical view of that is not that we don't want the bylaws to be respected, but we've never managed to carry out 11 reviews concurrently in the past and I don't see why wouldn't manage to do that further this year.

This is simply because when I say we, it's not me. It's we as a community. There's a lot of things going on. There's a lot of PDPs going on. I'm not even talking about GDPR, which at the time of the budget we didn't know about or not to the extent that we know about this year in terms of work load. So, between the existing PDPs, the GDPR work that we all participate to in 11 reviews, there's simply not enough bandwidth in the community to do that, let alone the organization.

So, therefore, there's been two public comments opened to talk about reviews. One short term about is there an opportunity to delay some reviews and what does the community think about

it? One longer term, how do we look going forward at the cycle of reviews, the frequency, the [inaudible] of those reviews, so that they can actually be … So that the overall ecosystem can actually carry out those reviews.

So, there's a matter of schedule [inaudible], but also "efficiency" of the reviews. Can we carry them out in a different fashion that is more effective, less time-consuming? So, that's what is currently going on.

In the budget, we have simply reflected that there was that public comment going on, so we have basically reflected two different positions in the budget. We have reduced the directly allocated funding of reviews by $800K reflecting potential outcome of that public comment, that there would be a delay of reviews during FY19. If you ask me, my prediction around a glass of wine, I'm pretty sure that the historical pattern is going to repeat itself, which is we're not going to manage to do, to progress on reviews as fast or as much as we are having a schedule for. But, we have also ensured that should the public comment process lead to not changing the schedule, we have the funds available to carry out the reviews that are in the schedule.

So, what we have done is we have reserved from the contingency budget $800K just for the purpose of reviews. If

those reviews happen, then there is funding to be made available for those reviews, and if it doesn't happen, then it stays in the contingency. Basically, the entire 11 reviews, as per bylaws, can be carried out as per the FY19 budget are funded for in the FY19 budget if need be.

GIOVANNI SEPPIA: Thank you, Xavier. Any question to Xavier and Becky about the FY19 operating plan and budget? The responses they have given to our comments. Quickly, a couple.

First of all, thank you for being with us today, as in the past. It's really valuable, Xavier, to have the opportunity to interact with you.

First point is that earlier in the year when the ccNSO SOP started working, we always ask if it was possible to keep the same format for the operating plan and budget, so that the brave volunteers who have some time available, especially as most of them, they do not own the language, they would be already somehow familiar with the format, and therefore, for them it would be much easier to go through the document and provide feedback. The fiscal year 19 was quite different from the past, so I think it's a request to try to keep the same format for at least a five-year period. I mean, it doesn't mean that you shouldn't refine, but just to allow and facilitate people instead of this time

to go through a different kind of document, while before there was one document. This is the first point I'd like to make.

Second point is that in the responses to some of our comments, we have committed to follow up. The main one I am reading that is written ICANN has initiated the process to prioritize activities to allow ICANN to stabilize resources.

So, we understand there is this project going on, which is a sort of a super-duper high-level project. Probably it would be nice, as this is not the only response without a timeframe to have a timeframe for these kinds of actions to be completed, like we try to do it by 2019, 2020 or something like that just to put some sort of deadline that can help the community also to follow-up and eventually ask you where you stand against these kinds of projects for follow-ups. Thank you.

XAVIER CALVEZ: Thank you, Giovanni. Regarding the stability of the format of the information, this is a very welcomed comment and we thank you for making that comment. It's important for us to take into account. Our mode of operation, generally speaking – I nearly want to say from a DNS standpoint – is to start from what exists.

So, we take the format of a previous year and then we look at it and say, "Should we do anything different?" In the consideration

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of your point about stability for ease of access of the information to everyone, we also try to take into account all the comments that were received on, "You should do this. You should not do that. Can you change this? Can you change that?"

We try to balance the concern that you're expressing of stability with the many requests for different information or different formats. And we, of course, sometimes try out a bit new approaches.

Last year, there were four documents. This year, there were six documents. The point of the six documents, to make it very short, was to try to make it a little bit easier access to certain parts of information, but yet, to your point, we have complexified then some other approaches of access of information. So, we'll continue trying to refine that and try to lower the bar of access of the information. But your comment is very welcomed from that perspective for sure, and this is a continuous exercise for us.

The prioritization. Please be mindful, which I know you're all agreeing with, that it's not for ICANN Org to decide what the priorities of the organization should be. It's for the community as a whole to be able to define what the prioritized of the organization should be.

The process that we are referring to, and the comment is mainly driven by the strategy plan development process, which is really where – the right forum where the priorities of any organization should be defined. Of course, it's a forum where the entire community is participating and will be continuing to participate, so that those priorities are the reflection of the bottom-up process of the multi-stakeholder model.

So, that's really, with a few little exceptions, the form and the process that will be followed and that process has been initiated. You, I think, will be participating. When I say you, the ccNSO will be participating to strategic outlook trend exercise, which is one of the components of the strategy development plan process. And over the next few months, with the target currently intended to have a strategy plan finalized, more or less approved by the board around March 2019, that's the timeframe during which that priorities should be defined. On the basis of the five objectives of ICANN today, the 16 goals that you know of, looking at this, what should be prioritized or not, by the way, in the next five-year plan?

As a reminder, the current strategic plan that we're under today does not establish any prioritization. Everything is important. That's something we want to be able to do better this time. Thank you.

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GIOVANNI SEPPIA: Thank you, again, Xavier and Becky. Thanks a lot and thank you to your teams for the support and feedback you regularly provide us. Now, I don't know how many miracles have to make to stick to the agenda and to make sure that I'm ending on time. We have two specific areas for discussion and we have Leo attending remotely. Thanks a lot, Leo, as well as Susanna. She's also attending remotely. Susanna, best of luck. Wishing you a speedy recovery and hopefully we'll see each other at the next meeting.

I would like to leave the floor to Leo for the first presentation. I understand there are some slides. Leo, the floor is yours. Can I ask you how long it will take for you to get into the accountability dashboard?

LEO: I will be as quick as I can.

GIOVANNI SEPPIA: Great.

LEO: Okay. Thank you very much. I'm going to talk about the journey from the KPI dashboard to the accountability indicators. I'm Leo

[inaudible]. One of the things I do is I lead the development of the accountability indicators.

As Xavier mentioned, everything we do is rooted in the strategy. This is developed five objectives, 16 goals. Each of those goals have a key success factor or multiple key success factors associated with it. And those key success factors or qualitative.

So, in order to manage towards those, we need to develop quantitative measures. we do that through the operating plan. We started with the five-year operating plan from FY16 and we developed key performance indicators for each goal beginning in FY16, and those were reflected in the KPI dashboard.

The KPI dashboard had a lot of good things associated with it. Many of the charts were segmented. Many of them were trended. Some of them have targets. However, I think only one of them had all three. We knew that we needed to improve and we got feedback from you and from other groups saying you should be making improvements there.

The feedback we got could be summarized as make the measurements more meaningful. Make it easier to understand the data and make it dynamic. We weren't able to make the KPI dashboard software present dynamic charts, but we found new software. We developed a new framework. And we believe that the new framework, the accountability indicators, has actually

delivered those first two with more meaningful measurement and measurements that allow you to understand the data more easily.

At this point, I'm going to go to a live demonstration. Here we go. I'm showing you the front page of the ICANN Org website. The main reason is so that I can just show everyone who doesn't know how to get to the accountability indicators. On the right-hand side, there's the quick links. The first of them is accountability indicators and it does genuinely quickly link you to the accountability indicators, which are structured according to the strategic plan with the five objectives.

Perhaps the most important thing is that we renamed them the accountability indicators. While we recognize that performance is important, accountability underpins everything that we do. That's what's essential. So, we should be accountable to you regarding our performance. So, we changed the name as well as changing the software and the format.

Let me go and show you one of the charts from the accountability indicators. Here we've got the chart for 3.2. As launched in the beta that we launched in August last year, this is focusing on ICANN's technical resources. You can see it's got different tiers that the data is segmented into. It's also segmented by the users of the services, whether it's the

community, contracted parties, IANA, or staff. It has trends. It has targets. It's got all of those good things all in one chart and you can go and click on the elements there and you'll go and see the information related to what it is that you're interested in.

We got feedback here, specific feedback on this chart. People said it's nice to see [up time], but maybe you could do something a little bit more meaningful. So, we developed new charts. These are new charts released in the last couple of months. We've got one here on our readiness for universal acceptance, and then here we have one on DNSSEC adoption. Obviously, DNSSEC adoption is important for the ICANN community. We have an implicit target that we would like to have all of our domain name portfolios signed with DNSSEC. Some of the domain name portfolio we can't sign because there are RFCs prohibiting it, so let's remove them from the chart.

Then, we can go and see there was a change here in the trend. In January, 48 domains were not signed. Here it's 21 in February. There was a significant improvement. You can easily go and see those numbers just by mousing over.

You can also bring up a context menu with right click. You can then go and save the chart as a picture. You can download the underlying data or you can share it on social media. Whatever you want.

All of these things help make us more accountable in the sense that it's much easier for you to understand the data, to analyze it, to share it and discuss it.

But, accountability starts with people. At the top of every single one of these charts, we have a picture, a name, a title, and a link saying feedback on this goal. You click on the link and it takes you to a very simple form where we ask you for your name, your e-mail address, and for you to provide some feedback. You click submit. It goes into a case tracking system and we go and track your feedback.

So, if I go back to the slide deck, this is the process that we use to track your feedback. It's the same process we use to track board recommendations. It's a robust process, and also it's efficient to reuse processes within the organization so that we can go and set them up quickly and efficiently, and if we make a change to one, we can easily reflect it in others.

The process has five stages. First, we go and let you know that we have received your feedback. Then, having received it, we tell you how we understand the feedback, and if we have misunderstood it, then you explain that to us and we reach a shared understanding, at which point we evaluate and consider. We might need to make a change to a service. We might need to

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make a change to the way we measure something or a chart in the way we present it.

All your feedback might not require a change or we might not be able to make the change. So, if your feedback was "good work, keep it up" then that's super. There might be an implementation phase. It might not. It depends. But, whatever happens, at the conclusion, we will be providing a substantive response to you saying, "This is what you said to us and this is how we understood it. This is our evaluation. This is what we've done."

We use the feedback that we get through this process to plan improvements. We have planned improvements scheduled for FY19. These include updates to some of the roadmap charts that we currently have. We're also planning new charts to provide better information about the accountability mechanisms we have in place and we also want to do some backend changes to add in automation for the transmission of data from our technical systems into the accountability indicators, so that the people can spend more time on delivering services rather than shepherding the data from one place to another.

At this point, I have a call to action. It would be great if you could go and visit the accountability indicators and you could share your feedback with us, go and tell us what you like, what you

would like to see improvements on, both in the way that we measure and report and also in what it is that we do.

At this point, I have finished my presentation, so I'm going to return the floor to Giovanni. Thank you very much.

GIOVANNI SEPPIA: Thanks a lot, Leo, and thanks for being so fast in getting us through the accountability indicator section on the ICANN site. It's really great work that you are doing for the community, and indeed, we'll get back to you with our feedback and input. Any first comment? No? Again, thanks a lot, Leo. And thanks again, Susanna, who is attending remotely.

The next one is Patrick. The reason we are having these sorts of insight in those two areas of ICANN is because, at some point, the ccNSO SOPC has made some comments on these specific areas and we thought it would be better to have the people behind, the people who are working in those departments and behind the content that is published in the operating plan and budget, which is assembled by the finance team, rather than asking directly to the finance team some clarification. So, I leave the floor to Patrick, who is going to speak about the global stakeholder engagement and is providing us an update, as they provided several updates over the last year starting from the Helsinki Policy Forum. Thank you, Patrick.

PATRICK JONES: Giovanni, thank you very much. Patrick Jones from ICANN Global Stakeholder Engagement. Just a time check. Do we have is it one minute left in this session? Sorry.

So, since we're at the end, probably the most important thing I wanted to convey is that we currently have out for public comment the draft community travel support guidelines. This is the first time since 2013 that the guidelines have been updated. I know myself and Carlos Reyes reached out to all of the SO/AC stakeholder groups earlier this year to collect initial feedback as part of a community consultation, since this was a topic that was one of the most commented sections of the ICANN budget for FY19.

Please take this opportunity to submit feedback on the revised guidelines, either collectively from the point of view from the ccNSO or individually from your own organizational perspective. If you receive ICANN community travel support to come to this meeting or to come to other meetings, you're directly impacted. So, please take that as an opportunity to provide your feedback on how the travel guidelines serve you, serve your community, your stakeholder group.

Otherwise, I believe the slides that I have presented are prepared. There's only four. They should be shared with the group. Since we're over time, I'll leave it there. Giovanni?

GIOVANNI SEPPIA: Thank you, Patrick. I think we can stretch ten minutes because we started ten minutes late. So, can you make it in ten minutes a quick overview of the four slides and then we'll share it with the group?

PATRICK JONES: Sure.

GIOVANNI SEPPIA: Thank you.

PATRICK JONES: So, the first slide that I have should be familiar to you. Last year, Goran published a blog describing the change of our regional office structure from three hubs to five regional offices. We now have been working under this structure for the past year. There are managing directors responsible for each of the regional offices. They are publishing … There's actually a budget dedicated specific to each regional office, and I believe that's

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published along with each fiscal year material. Xavier, you can confirm.

XAVIER CALVEZ: Thank you, Patrick. What Patrick is pointing out, with reorganizing our existing offices under the structure of five regional offices, we have also, from an internal standpoint, reallocated the resources that pertain to those offices under the responsibility of the office managers.

This is not new money. This is not extra spend. This is the existing rent, for example, or office supplies of those offices that is now under the responsibility of the office managers. It's just an internal reallocation of responsibilities including the management of resources under it.

PATRICK JONES: So, over time, you should see more clarity about the resources that are assigned to the regions, the staff that are dedicated to those regional offices, and that will provide greater understanding and transparency for the community of what we're doing at a regional level.

This is different from how the department that I am part of, Global Stakeholder Engagement, is organized. We're still organized around regional lines. The past few years that I've

been coming to talk to this group, I've been talking about how we've been improving the metrics and information that we present.

We are often asked, for example, to provide better metrics about the fellowship program. What's the return on investment that the community receives from having participants come? Where are the participants going after they participate in the fellowship program? We're also asked to provide better metrics on our engagement activities. So, where is the ICANN engagement team [inaudible] within ICANN Organization going? How are those efforts leading to support, more active and engaged participants?

The key focus of our team's work is to ensure that we are reaching a wide and diverse audience, that we're developing relationships with community stakeholders, and using those relationships to drive active participation in working groups in ICANN policy and ICANN technical work.

As a key focus for us, what we're trying to then do is make sure that that work, the outreach and engagement that we do, is more better reflected and easily understood by all of the stakeholder groups.

What we're trying to do also is better measure the outcomes of the engagement that we are doing by showing our trip reports,

which are now published on the ICANN website. If you go to the page that Leo described about accountability indicators, right now if you went to the section, it's not easy to find the information that we're publishing. We do publish regional newsletter. We publish quite a lot of information from our regional teams. It's not linked together very well.

There is an effort underway with the information transparency initiative and this will link together the data that is coming from our different regional teams, from different parts of the organization. The community will now be able to connect those things together and see what the engagement that is being done by the different parts of the organization, how that's leading to more active participation and better support for the community work.

GIOVANNI SEPPA: Thanks a lot, Patrick. Is there any question to Patrick? Indeed, as he said, there were quite a lot of comments on the operating plan and budget referring to the activities of the GSE team. Any comment, any point you'd like to raise with Patrick as we have the opportunity to do so?

Just to remind you, as response to our comment in the fiscal year 19 operating plan and budget regarding GSE, there is a response saying that the GSE, as Patrick just said, will work on

making sure that all these indicators are in place and are in one place only so that it's much easier for the community to have a look at them and see where they stand against their objectives and the actions they are deploying. Any other point you'd like to make, again, as we have Patrick?

BYRON HOLLAND: This is just a very small suggestion. When you actually go to resources for accountability and transparency, there's no link to the accountability indicators. It's great information. Just make it easier to find in more places. I know it's on the homepage, but under actually accountability and transparency, it's not there.

GIOVANNI SEPPIA: Thank you, Byron. Anybody else? No? So, thanks again, Patrick, and thanks to all the GSE team. We'll keep peeking on some and waiting for your answers and feedback. Thanks, again. We'll share the slides and we'll make sure that we provide input on a regular basis. Thanks again. Is there any other topic you'd like to discuss? Any other business? If not, no, yes? If not, I believe there are not, as we started ten minutes late, we are still on time. The meeting is adjourned. Thanks, again, to the finance team, to Patrick, to Leo, to those who attended remotely, to the ccNSO secretary, to Bart for facilitating the meeting and for facilitating

the participation of the different departments. Thank you, everybody. The meeting is closed.

[END OF TRANSCRIPTION]