



31 January 2018

RE: Response to Regular and Ongoing Issues with Registry Operator Invoicing

Ashley Roberts
Valideus Ltd.
Via Email

Dear Ashley Roberts,

Thank you for your submission regarding the ICANN organization's handling of registry operator invoicing. To provide you with this response, I've researched this issue and worked with ICANN's Finance team, who contributes to the billing process and coordinates the contributions of other ICANN departments involved in this process.

Your submission states that Valideus Ltd. has experienced regular and ongoing issues, dating back to 2014, related to the accuracy, timeliness, and consistent delivery of registry operator invoices issued by the ICANN organization (all subsequent uses of "ICANN" refer to the ICANN organization). While the Valideus Ltd. team has worked collaboratively with ICANN staff as we endeavor to produce accurate invoices that are consistently delivered correctly and on time, the issues continue. Your submission, detailed the following:

1. Inconsistent methods of receipt of Invoices: Some invoices are received by regular mail and some by email despite requesting all invoices to be sent by email;
2. Invoices delivered to the wrong address or registry;
3. Failure to deliver invoices;
4. Inaccurate and incorrect invoices received. Valideus has received a number of invoices for entities it does not represent and understand that some of its customer invoices have been delivered to other third parties;
5. Failure to cure these issues despite multiple notices of these issues.

ICANN is acutely aware of Valideus Ltd.'s registry invoice issues as well as the invoicing issues of other contracted parties. ICANN acknowledges the difficulties you've been experiencing and apologizes for the ongoing errors and the length of time it is taking to resolve them. We further acknowledge and appreciate the risks and adverse consequences that these mistakes create for Valideus Ltd. ICANN is accountable for the work it delivers, to meeting its obligations, and to continuous improvement, with an overall objective of achieving operational excellence. ICANN strives to be the very best it can be and complaints such as yours help us work towards achieving these goals.

Specific to your issue, ICANN is committed to improving invoicing so that contracted parties receive accurate and timely invoices. While various improvements have been implemented over the years, ICANN has now taken a more holistic approach to resolving issues. Therefore, in May 2017 ICANN created a cross-functional billing process improvement project team that is reviewing the resources, systems and processes used to produce invoices, collect payments and support requests from contracted parties. The team includes representatives from Finance, Registry Services, Registrar Services, Operations, Contractual Compliance, and Information Technology. The inclusion of all responsible contributors to the process in a cross-functional

team better enables us to identify and solve root cause, and its effects, rather than symptoms. Please see the ICANN's Response and Next Steps section of this response for more detail.

ICANN, inclusive of the Complaints Office, is committed to providing the utmost transparency. I disclose that in my previous role as ICANN's Director, Registry Services & Engagement, I was involved in various internal and external discussions regarding this issue. My previous involvement in these discussions does not make me an authority on the matter. I have thoroughly researched the issue and available information in order to provide a comprehensive, transparent, and unbiased response.

General Background:

This section provides basic, foundational information for contextual purposes. ICANN issues invoices to its contracted parties, gTLD registries and registrars. What is billable and the invoicing frequency is described in the contractual agreements between ICANN and each contracted party.

With the implementation of the New gTLD Program, the number of billable contracted parties and invoices that ICANN issues has grown since 2014, with billable parties increasing from 3,460 to 5,200 and invoices issued from 8,600 to 26,000 per year – 150% and 300%, respectively. Additionally, the structure for invoicing billable parties has become more complex with the addition of service providers, such as Valideus Ltd., interacting with ICANN on behalf of their customers, who are the parties contracted with ICANN.

This exponential growth created the need for ICANN to scale its resources, processes and systems. While the need to scale is not unexpected, ICANN has only scaled its abilities to manage the billing process in steps, sometimes insufficient, to adequately and timely support its increasing size and complexity.

Research Findings:

Following my research and internal discussions, I have learned that ICANN has made changes to address its invoicing issues. However, there is more work to do in order to fully resolve the existing problems. The remaining issues are:

- Manual steps are required to update billing contact information and to email invoices
- ICANN's enterprise-wide resource planning system and its customer relationship management system (the Naming Services Portal) are not yet integrated
- Additional personnel have been added to the department, including the recent addition of a dedicated billing manager in December 2017, however it takes time to fully train new team members
- Training of Billing and Accounts Receivable personnel to learn and apply best practices to improve quality and customer service
- Instituting more rigorous business and quality assurance controls
- Expanding process workflow documentation to include all steps of the process

ICANN's Response and Next Steps:

Over time ICANN has implemented a number of changes in order to meet its growth needs related to billing. These changes include, increasing the size and capabilities of the finance department personnel (2016-2017), changing its stand-alone, legacy billing system to an

enterprise-wide resource planning system (December 2016), and reconfiguring its processes (2016-ongoing). Although these changes are positive, there is still much work to do.

The cross-functional billing process improvement team mentioned above is responsible for identifying and overseeing all improvements to billing and accounts receivable. The team maintains a list of open issues, prioritizes the list based on internal and external feedback, and oversees the fixes through to completion. While there are many small improvements being made along the way, the major changes and the timeline for them to take effect are described below. It is important to note that these are not necessarily standalone changes, they are all intertwined and in order to fix one piece of the process you must consider the impact to others and proceed accordingly.

Item	Description of Change	Estimated Timeline
1.	Improve the manual process to ensure the most current billing contact information is used to issue invoices. This includes a multi-point quality assurance review and an additional approval step by the newly hired Billing Manager	Completed January 2018
2.	Improve the manual process for emailing invoices to those contracted parties who have requested it. This includes a multi-point quality assurance review and an additional approval step by the newly hired Billing Manager	Completed January 2018
3.	Automate the emailing of invoices from the enterprise resource planning system <ol style="list-style-type: none"> 1. Define system and process requirements 2. Establish implementation roadmap 3. Implement improvements *Note: Timeline for step 3 will be established once steps 1 and 2 are completed	1. 31 March 2018 2. 31 March 2018 3. TBD
4.	Automate updates to billing contact information by integrating the enterprise resource planning and customer relationship management (the Naming Services Portal) systems <ol style="list-style-type: none"> 1. Define system and process requirements 2. Establish implementation roadmap 3. Implement improvements *Note: Timeline for step 3 will be established once steps 1 and 2 are completed	1. 31 March 2018 2. 31 March 2018 3. TBD
5.	Provide ongoing and timely updates as to what changes are being made or will be made. This includes: <ol style="list-style-type: none"> 1. Email contracted parties to inform re: billing improvements 2. Outreach via webinars and ICANN meetings 	1. 31 March 2018 2. Ongoing
6.	Employee training and process documentation, <ol style="list-style-type: none"> 1. Expand documentation to represent the end-to-end process flow and all key invoicing processes 2. Department training to include: process, quality and customer service skills 	1. Completed January 2018 2. Ongoing
7.	Service Level Targets: <ol style="list-style-type: none"> 1. Establish department policy to respond to contracted party inquiries within 3 business days, 95% of the time 2. Determine systems automation and process to measure service-level-targets are being met 3. Implement measurement of service-level-targets. 	1. Completed December 2017 2. 30 June 2018 3. TBD

Thank you again for your submission regarding ICANN's billing process and issues Valideus Ltd. has experienced. I appreciate you taking the time to submit a clear and comprehensive accounting of what's happened. ICANN takes responsibility for the ongoing errors and the time it is taking to fully resolve them. We are committed to always working to increase our effectiveness and to provide additional transparency and accountability, all in service of ICANN's mission. As described above, we are making changes to improve the quality, effectiveness, and the efficiency of the billing process, and to be more responsive and provide better visibility into our process enhancements. Your willingness to submit this information helps us to achieve these commitments.

I appreciate your continued participation in ICANN, your contributions to helping us work towards being our very best, and the opportunity to provide you with this information.

Kind regards,

Krista Papac
Complaints Officer

Complainant Questions:

The below list of questions was included in the submitted complaint. The above response is intended to address the overall issues related to contracted party billing. However, the ICANN org is also providing responses to Valideus Ltd.'s direct questions to ensure the complaint is fully addressed. Please note, the below responses are based on the current status of ICANN's billing process to include improvements that have been implemented.

Q1/ How does ICANN's registry invoicing system work?

A1/ Below is a generalized, high-level overview of how ICANN's registry invoicing system works.

- Registry invoices are issued on a quarterly basis; invoices are issued by the 30th day of the month following the end of the period being billed.
- A list of new and changed billing contacts is obtained from the Naming Services Portal (NSP) on a weekly basis, and changes are manually entered into the enterprise resource planning (ERP) system; Changes are obtained and updated more frequently in the ERP just before invoices are issued; For quality control, one person on the billing team inputs the new and changed contact data; a second person validates the input changes
- At the end of each month the billing manager reviews the report of all new and changed billing contacts, and the invoices that are scheduled for sending as a final quality check
- Invoices have two primary categories of charges—fixed fees, and transactional fees
- Fixed fees are calculated according to the billing periodicity and the fixed fee stipulated in the contract; Transaction fees are calculated using the transaction fee stipulated in the contract, and the transaction data that is submitted by registries (only) to ICANN on a monthly basis via ICANN's Registry-Reporting Interface (RRI)
- The transaction data is ingested into ICANN's ERP system
- Invoices are automatically calculated once the data is present in the ERP system
- The ERP system automatically generates paper invoices for postal-mailing;
- The postal mailing and emailing of invoices is done manually by the billing team and now includes multiple quality assurance reviews and approval of the billing manager

Q2/ To what extent is the process of generating and issuing registry invoices automated and what is automated?

A2/ The ERP system automatically ingests the data submitted to the RRI, and the calculation and production of paper invoices is automated.

Q3/ Which elements of the process are manual?

A3/ Updating billing contact information in the ERP system, postal-mailing and emailing of invoices and statements, and responding to customer inquiries are currently manual processes.

Q4/ Does the system have the ability to pull billing contact data from the GDD portal or is that a manual step?

A4/ Pulling billing contact data from the NSP (previously called the GDD Portal) is currently a manual step. Once the data is pulled from the NSP, it is also manually updated in the ERP system.

Q5/ How often is the data pulled (whether manual or automatic), i.e. will it pick up recent changes to billing contact information in the GDD portal?

A5/ New and changed billing contact data is pulled from the NSP and updated in the ERP on a weekly basis. Changes are pulled more frequently and updated in the ERP just before invoices are issued. Therefore, recent changes will be picked up unless those changes are made just before invoices are issued.

Q6/ Do ICANN's finance team hold the billing contact information in a separate database?

A6/ Yes, billing contact information is currently held in a separate database from the billing system. The NSP contains the billing contact information, and the ERP system issues the invoices. The billing team's process for updating billing contact information in the ERP was updated to reduce the number of touch points and to institute stronger controls.

Q7/ How do the accounting team update changes to the contact information and ensure it filters through to future invoices?

A7/ This process was updated in late 2017 to the following: A list of new and changed billing contacts is pulled from the Naming Services Portal (NSP) on a weekly basis, and changes are manually entered into the enterprise resource planning (ERP) system; Changes are pulled more frequently and updated in the ERP just before invoices are issued; One person on the billing team inputs the new and changed contact data and a second person validates the input changes; At the end of each month the billing manager reviews the report of all new and changed billing contacts, and the invoices that are scheduled for sending as a final quality check

Q8/ Are any reports run or sense checks employed before invoices and overdue fee notices are sent out in order to try and identify obvious errors?

A8/ Yes, there are several quality checks of the invoices prior to issuing them. As part of the billing process improvement project, the team has updated its quality control checks to be more robust while minimizing the touchpoints and to include additional controls.

Q9/ How will ICANN address the issues highlighted in this complaint, and what are the estimated timelines for implementation of the solutions?

A9/ Please see ICANN's Response and Next Steps in the above communication.