President’s Overview (10 min) - Fadi Chehadé
Policy Update (10 min) – David Olive
Management Update (15 min) – Tarek Kamel
Financial Update (10 min) – Xavier Calvez
Q&A (30 min) - All
President’s Overview
Fadi Chehadé, President and CEO
Overview

- Third Quarterly Stakeholder Call

- Goal: Provide accountable and transparent way to follow ICANN’s progress towards fulfilling its mission, outside of ICANN Meetings

- Objective: Factual, detail-based reporting for the Quarter

**Topics:**

- Operational performance and excellence
- Contractual Compliance
- IANA Stewardship Transition
- Enhancing ICANN’s Accountability
- Community support
- Internet Governance
Operational Performance

FY15 Q3 HIGHLIGHTS

140 Registry Agreements signed

99 TLDs delegated

Global Customer Service Center:
  • 24x5 support via Los Angeles, Istanbul, Singapore hubs
  • Email, phone, online
  • Multi-language

- Posted draft FY16 Operating Plan and Budget for public comments

- FY15 Q3 financials- Revenues slightly below budget, more than offset by expenses

- Progressed globalization efforts:
  o Additional Customer Service Capabilities- from 1 June
  o New venues for arbitration in L-Root Hosting agreements (Geneva, Switzerland; Singapore; California, USA)
  o Currency options for payments

- Two independent Service Organization Control audits completed by Pricewaterhouse Coopers (PwC)

- Expanded EFQM Program (for Business Excellence)

- Stabilized staff growth; focus on staff development
3rd year of Contractual Compliance Three-Year Audit Program in the remediation phase

New Registry Agreement Audit (RAA) Program
  - Launched another round on 23rd March
  - 11 TLDs from 3 geographic regions were selected

Completed the interviews to identify additional standing panelists for the Public Interest Commitment (PIC) Dispute Resolution

Discussions ongoing with registrars and various community constituencies regarding the abuse report handling requirements under Section 3.18 of the 2013 RAA

MORE INFORMATION
IANA Stewardship Transition & Enhancing ICANN Accountability

Meetings held in Istanbul 23-27 March

<table>
<thead>
<tr>
<th>CCWG-Accountability</th>
<th>Outcomes:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>42</strong> Members/participants</td>
<td><strong>Substantial progress in areas:</strong></td>
</tr>
<tr>
<td><strong>3</strong> Advisors</td>
<td>1. Enhance the independent review process</td>
</tr>
<tr>
<td><strong>2</strong> External Counsel</td>
<td>2. Establish fundamental bylaws</td>
</tr>
<tr>
<td></td>
<td>3. Mechanisms for community empowerment</td>
</tr>
<tr>
<td></td>
<td>4. Enhance the reconsideration processes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CWG-Stewardship</th>
<th>Outcomes:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>35</strong> Members/participants</td>
<td>Progress towards converging on a single solution</td>
</tr>
<tr>
<td><strong>1</strong> External Counsel</td>
<td>○ Reduced possible number of potential structures/models</td>
</tr>
<tr>
<td></td>
<td>○ Topic-specific Design Teams reported progress in several issue areas</td>
</tr>
</tbody>
</table>
Community

WHY IT’S IMPORTANT

ICANN operates in a bottom-up, multistakeholder model. ICANN is committed to offering the tools, resources and programs to help this community do its important job.

- Working Group membership pilot project
  - Solution to manage onboarding in Generic Names Supporting Organization [http://goo.gl/8f2Z75](http://goo.gl/8f2Z75)

- Online collaboration tools and support


- ICANN Learn- approx. 1,200 active users per month [http://learn.icann.org](http://learn.icann.org)

- Fellowship Program
  - ICANN 52- 219 applications; 47 participated
  - ICANN 53- 344 applications; 50 selected
  - ICANN 54- Now accepting applications until 15 May
Internet Governance

**WHY IT’S IMPORTANT**

ICANN is one participant of many in the Internet governance ecosystem, and participates because it is committed to maintaining a single stable open and interoperable Internet.

**MORE INFORMATION**

http://www.intgovforum.org/cms/
https://www.netmundial.org

- **Preparations for World Summit on the Information Society (WSIS +10)**
  - Outreach and dialog with the missions in NY in advance of the dialog in the United Nations General Assembly (UNGA)

- **Preparations for Internet Governance Forum (IGF)**
  - Ongoing support from ICANN to the IGF Trust Fund and to the IGFS

- **NETMundial Initiative**
  - NETMundial Coordination Council meeting held 31 March at Stanford University
    - Communique: https://www.netmundial.org/blog/secretariat/netmundial-initiative-stanford-communiqu%C3%A9
  - Draft of Terms of Reference in public comment: http://comments.netmundial.org/
Policy Update

David Olive, VP Policy Development Support
Generic Names Supporting Org. (GNSO)

Q3 HIGHLIGHTS

- 1 motion adopted
- 11 Policy Development processes underway
- 50 GNSO sessions held at ICANN52

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

New areas of work in Q3

- Commenced discussions on a possible Cross-Community Working Group to deal with new gTLD Auction Proceeds

Completed work in Q3

- Inter-Registrar Transfer Policy Part D (adopted by ICANN Board)
- Adoption of the recommendations of the GAC-GNSO Consultation Group in relation to Issue Scoping on a trial basis
- Name Collision
- Input to Board Working Group Report on Nominating Committee
- Response to Board concerning future gTLD Application Rounds
- Response concerning IDN Implementation Guidelines
Continued focus on IANA stewardship transition and ICANN accountability

New committee: review internal rules and guidelines

Adoption of Interpretation of Policy Documentation (RFC 1591) for delegation, revocation and transfer (re-delegation) of country-code Top Level Domains (ccTLDs); submitted to ICANN Board

MORE INFORMATION
https://www.icann.org/policy
http://ccnso.icann.org/
LACNIC appointed new CEO, Oscar Alejandro Robles Garay

AFRINIC appointed new CEO, Alan Barrett

RIR Meetings in all regions upcoming, Policy discussions in areas of:
  - IPv4 and IPv6 allocation qualifications
  - Out of region transfer of IP addresses
  - Modification of AS number qualifying

2015 ASO Work Plan adopted, Board Seat 9 selection process underway

RIR communities continuing to discuss transition implications, along with ICANN Accountability considerations

Coordinating with IETF on protocol-parameter registry considerations for a post-NTIA managed IANA

MORE INFORMATION
https://www.nro.net/
https://aso.icann.org/
Internet Engineering Task Force (IETF)

HIGHLIGHTS*

- 78 Request For Comments published
- 572 new Internet Drafts published
- 1,225 Internet drafts updated
- 4 new Working Groups formed, 8 concluded

- Develops and maintains standards for technologies used to provide Internet service or to provide services over the Internet
- Technical standards published for registration data access protocol (RFCs 7480-7485)
- Internet Architecture Board (IAB) issued joint statement with ICANN Root Server System Advisory Committee confirming the ongoing liaison relationship

MORE INFORMATION
https://www.ietf.org/tao.html
https://www.ietf.org/proceedings/92/progress-report.html

*9 November 2014 – 22 March 2015
Preparations for IANA Stewardship Transition

- The IANA PLAN working group was formed to tackle the IANA Stewardship Transition for IETF.
- The IANA PLAN working group has produced one Internet-draft and that document passed IESG approval and was sent to ICG.

*9 November 2014 – 22 March 2015

MORE INFORMATION

- IANA Department Report at IETF 92 [http://goo.gl/cxM7Ge](http://goo.gl/cxM7Ge)
- IETF 92 Proceedings [http://goo.gl/GWtzHW](http://goo/gl/GWtzHW)

IETF and ICANN

- IETF and the ICANN’s IANA Department work together on protocol/parameter matters.
- IANA Dept. reviewed Internet Drafts during the Internet Engineering Steering Group’s (IESG) consideration phase to see if any IANA actions required prior publication.
Management Update
Tarek Kamel, Sr. Advisor to the President, Government Engagement
Executive Summary

- IANA Stewardship Transition & Enhancing ICANN Accountability update
- Information Technology update
- Global Domains Division (GDD) update
- Contractual Compliance update
- Stakeholder engagement and outreach activities
- Spotlight on Europe & Civil Society
Cross Community Working Group to develop an IANA Stewardship Transition Proposal on Naming Related Functions (CWG-Stewardship).

The CCWG-Accountability is very close to completing its first draft recommendations, which will then be posted for public comment.
## Community Participation to Date

<table>
<thead>
<tr>
<th><strong>200</strong></th>
<th><strong>250+</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings/Calls in the Working Groups</td>
<td>Events about the IANA Stewardship Transition and Enhancing ICANN Accountability processes around the world</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>365</strong></th>
<th><strong>17200</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours spent in Working Group meetings/calls</td>
<td>Mailing list exchanges</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>8</strong></th>
<th><strong>35</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Group Face to Face Meetings</td>
<td>Publicly archived mailing lists discussing the Transition</td>
</tr>
</tbody>
</table>
As stewards of information critical to the Internet community, we recognize the importance of being alert and vigilant at all times, which is a significant part of ICANN’s role.

**WHY IT’S IMPORTANT**

<table>
<thead>
<tr>
<th>Data security</th>
<th>Software security initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development and testing outsourced</td>
<td></td>
</tr>
</tbody>
</table>
### WHY IT’S IMPORTANT

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

- **DNSSEC Root Key Rollover**
  - Held the first face-to-face meeting of the Root Key Signing Key Rollover Design Team at the Dallas IETF
  - Instituted weekly Design Team conference calls exploring issues that may impact our ability to update the root KSK
GDD: New gTLD Program

**WHY IT’S IMPORTANT**

The New gTLD Program is the Internet’s largest expansion ever, introducing hundreds of new top-level domain names which could become available in the next few years.

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

**99 strings delegated**

In FY15 Q3

578 total*

**140 Registry Agreements Signed**

873 total*

**198 contention sets resolved**

of initial 233

- Vast majority have “self-resolved”
- 13 sets resolved via auction (ICANN’s method of last resort)
- Auction net proceeds to date ~ $58.8M

Auction proceeds are segregated from ICANN’s budget

- The community will be consulted as to how these funds should be used

**MORE INFORMATION**

http://newgtlds.icann.org

*as of 31 March
GDD: Internationalized Domain Name (IDN) Program Update

 WHY IT’S IMPORTANT

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

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

- **Internationalized Domain Name (IDN) Top Level Domains (TLDs) Program**
  - Community-based panels for different scripts to develop rules for forming IDN TLD labels – ensuring linguistic expression with secure and stable solution
  - Arabic community completed work; Chinese and Japanese communities making good progress; Armenian, Cyrillic, Korean, Neo-Brahmi communities organized; Others initiating work

- **IDN country-code Top Level Domains (ccTLDs) Process**
  - Completed five years of implementation
  - 46 IDN ccTLD labels successfully evaluated for 36 countries and territories; Armenia and Macao most recently announced
The Universal Acceptance Steering Group (UASG) has been formed

UASG will undertake activities to promote the Universal Acceptance of all valid domain names and email addresses

Includes all ASCII domain names, ASCII email addresses, IDN domain names and IDN email addresses

Universal Acceptance means that users globally can access any name in any top-level domain (TLD) from any web browser, email client, or other Internet application through a computer or other electronic device.

WHY IT’S IMPORTANT

Universal Acceptance

MORE INFORMATION

https://community.icann.org/display/TUA/TLD+Universal+Acceptance+Home

https://www.icann.org/universalacceptance
GDD: IANA Tickets

FY15 Q3 data compared to FY15 Q2 data

**NAMES**
- 395 requests
- 51% increase from FY15 Q2

**PROTOCOL PARAMETERS**
- 1,084 requests
- 13% increase from FY15 Q2

**NUMBERS**
- 1 request
- 0 in FY15 Q2

**GENERAL**
- 314 requests
- 21% increase from FY15 Q2

**Q3 TOTAL**
- 1,794 requests
- 21% increase from FY15 Q2
GDD: Customer Service Center Tickets

Case Backlog
Quarter End Volume Trending

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Inquiry Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>236</td>
</tr>
<tr>
<td>Q2</td>
<td>177</td>
</tr>
<tr>
<td>Q3</td>
<td>139</td>
</tr>
</tbody>
</table>

Case Volume Trending
Cases Created & Resolved

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Case Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2716</td>
</tr>
<tr>
<td>Q2</td>
<td>2110</td>
</tr>
<tr>
<td>Q3</td>
<td>2471</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quarter</th>
<th>New Cases</th>
<th>Resolved Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2668</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>2169</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>2509</td>
<td></td>
</tr>
</tbody>
</table>

Status Frequency
Communication & Updates

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Average Age in Days</th>
<th>% Within SLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>8.8</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>4.3</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>6.9</td>
<td></td>
</tr>
</tbody>
</table>

Resolution Time Target
Case Aging

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Average Age in Days</th>
<th>% Within SLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>7.6</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>7.6</td>
<td></td>
</tr>
</tbody>
</table>
GDD: Global Customer Service Center

Go-live: 1 June 2015

Los Angeles, Istanbul, Singapore
24x5 SUPPORT

Multi-language
Arabic, Chinese, English, French, Portuguese, Russian and Spanish

Email | Phone | Web
# Contractual Compliance – Q3 Metrics

## Complaint Volume

![Complaint Volume Chart](chart.png)

<table>
<thead>
<tr>
<th></th>
<th>Jan 2015</th>
<th>Feb 2015</th>
<th>Mar 2015</th>
<th>Q3 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Volume</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total New</td>
<td>3,694</td>
<td>2,826</td>
<td>3,353</td>
<td>9,873</td>
</tr>
<tr>
<td>Total Closed</td>
<td>3,806</td>
<td>3,727</td>
<td>3,179</td>
<td>10,712</td>
</tr>
</tbody>
</table>

## Closure Rates [Target >= 55%]

<table>
<thead>
<tr>
<th></th>
<th>Jan 2015</th>
<th>Feb 2015</th>
<th>Mar 2015</th>
<th>Q3 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Tickets</td>
<td>48%</td>
<td>65%</td>
<td>64%</td>
<td>59%</td>
</tr>
<tr>
<td>All Tickets</td>
<td>65%</td>
<td>78%</td>
<td>72%</td>
<td>71%</td>
</tr>
</tbody>
</table>

## Turnaround Time (days)

<table>
<thead>
<tr>
<th></th>
<th>Jan 2015</th>
<th>Feb 2015</th>
<th>Mar 2015</th>
<th>Q3 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received-to-Closed</td>
<td>11.8</td>
<td>10.9</td>
<td>8.8</td>
<td>10.5</td>
</tr>
</tbody>
</table>

**MORE INFORMATION:** [https://features.icann.org/compliance](https://features.icann.org/compliance)
Financial Update
Xavier Calvez, CFO
FY15 Revenue - ICANN Ops – 9 months

Driven By Domain Name Registrations

FROM REGISTRIES
- Transaction-based fee
  - $33M (46%)

FROM REGISTRARS
- Transaction-based fee
  - $21M (29%)

Driven By # of Contracted Parties

- Per-TLD fixed fee
  - $8M (11%)

APPLICATION FEES
- Accreditation fees
- Per-Registrar variable fees

OTHER INCOME: Contributions and sponsorships

- $2M (3%)

In millions, USD - unaudited
Revenue softness confirmed during Q3, driven by continued slower new TLD delegations impacting fixed fee revenue.

FY15 YTD BUDGET $75M

- **Transaction-based Fees**: $54M, -1.0
- **Fixed Fees**: $17M, -0.3
- **Other**: $2M, -0.2

**Total YTD Actual Revenue**: $73M

In millions, USD - unaudited
Careful management of baseline expenses.

**Operating Expenses and Other Income/Expense** (Baseline – excl. Initiatives & Hist. Dev. Costs Reimbursement)
- **$69M** YTD Actual
- **$6M** YTD Budget
- **$73M** YTD Budget
- **$101M** FY15 Budget

**Capital Expenses**
- **$5M** YTD Actual
- **$8M** FY15 Budget

**Approved Initiatives (USG Transition Project)**
- **$3M** YTD Actual
- **$7M** FY15 Budget

Initiative spend is accelerating as expected but remains well below Budget.

In millions, USD - unaudited
FY15 YTD Baseline Operating & Capital Expenses – ICANN Ops

Cost control and delayed discretionary expenses keep baseline expenses below budget.

<table>
<thead>
<tr>
<th>Category</th>
<th>Actual</th>
<th>Budget</th>
<th>Better (+) / Worse (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$35M</td>
<td>$36M</td>
<td>+5%</td>
</tr>
<tr>
<td>Travel &amp; Meetings</td>
<td>$9M</td>
<td>$9M</td>
<td>---</td>
</tr>
<tr>
<td>Prof. Svcs.</td>
<td>$11M</td>
<td>$13M</td>
<td>+15%</td>
</tr>
<tr>
<td>Admin.</td>
<td>$14M</td>
<td>$15M</td>
<td>+3%</td>
</tr>
<tr>
<td>Capital</td>
<td>$5M</td>
<td>$6M</td>
<td>+20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$74M</strong></td>
<td><strong>$79M</strong></td>
<td><strong>+8%</strong></td>
</tr>
</tbody>
</table>

Total Baseline Operating & Capital Expenses: $74M

In millions, USD - unaudited

Cost savings
Task force
Monthly budget monitoring
Hiring plan revision
**FY15 / FY16 Outlook**

Budget remains balanced, with revenues and expenses expected to be lower than budget.

<table>
<thead>
<tr>
<th></th>
<th>FY 15</th>
<th>FY 16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual/Estimate</td>
<td>$48M</td>
<td>$101-103M</td>
</tr>
<tr>
<td>Budget</td>
<td>$46M</td>
<td>$104M</td>
</tr>
<tr>
<td><strong>Baseline Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual/Estimate</td>
<td>$45M</td>
<td>$98-100M</td>
</tr>
<tr>
<td>Budget</td>
<td>$47M</td>
<td>$101M</td>
</tr>
</tbody>
</table>

In millions, USD - unaudited
New gTLD Program – Multi-year Forecast

Application fees collected

<table>
<thead>
<tr>
<th>Description</th>
<th>FY12-14 Actual</th>
<th>FY15 Forecast</th>
<th>FY16-17 Forecast</th>
<th>Full Program Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refunds</td>
<td>$135M</td>
<td>$30M</td>
<td>$53M</td>
<td>$56M</td>
</tr>
<tr>
<td>Application processing costs</td>
<td>$21M</td>
<td>$29M</td>
<td>$59M</td>
<td>$274M</td>
</tr>
<tr>
<td>Cumulative costs</td>
<td>$156M</td>
<td>$59M</td>
<td>$89M (including risks)</td>
<td></td>
</tr>
</tbody>
</table>

In millions, USD - unaudited

Remaining funds for unexpected expenses

FY15 Q3 | 38
FY15 Q3 YTD Progress vs. Budget – New gTLD Program

Refunds of withdrawn applications

- Q3 YTD Budget: $6M
- FY15 Budget: $10M
- Q3 YTD Actual: $16M

Application Processing

- Q3 YTD Actual: $19M
- FY15 Budget: $32M

Repayment of Historical Dev. Costs

- Q3 YTD Budget: $4M
- Q3 YTD Actual: $5M
- FY15 Budget: $6M

In millions, USD - unaudited
As of 31 Mar 14
- New gTLD Auction Proceeds: 23
- New gTLD Cash: 215
- Reserve Fund: 82

As of 30 Jun 14
- New gTLD Auction Proceeds: 15
- New gTLD Cash: 209
- Reserve Fund: 86

As of 30-Sep-14
- New gTLD Auction Proceeds: 16
- New gTLD Cash: 198
- Reserve Fund: 85

As of 31-Dec-14
- New gTLD Auction Proceeds: 13
- New gTLD Cash: 182
- Reserve Fund: 87

As of 31 Mar 15
- New gTLD Auction Proceeds: 17
- New gTLD Cash: 171
- Reserve Fund: 58

In millions, USD - unaudited
Thank You and Questions

SAVE THE DATE
Next Q4 Stakeholder Call:
20 August 1400 UTC
Email: engagement@icann.org
Website: https://www.icann.org/resources/pages/quarterly-reports-2014-11-13-en

twitter.com/icann
gplus.to/icann
facebook.com/icannorg
weibo.com/ICANNorg
linkedin.com/company/icann
flickr.com/photos/icann
youtube.com/user/icannnews
slideshare.net/icannpresentations