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

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
Contractual Compliance

- 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

**CCWG-Accountability**

<table>
<thead>
<tr>
<th>Members/participants</th>
<th>42</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisors</td>
<td>3</td>
</tr>
<tr>
<td>External Counsel</td>
<td>2</td>
</tr>
</tbody>
</table>

**Outcomes:**
Substantial progress in areas:
1. Enhance the independent review process
2. Establish fundamental bylaws
3. Mechanisms for community empowerment
4. Enhance the reconsideration processes

**CWG-Stewardship**

<table>
<thead>
<tr>
<th>Members/participants</th>
<th>35</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Counsel</td>
<td>1</td>
</tr>
</tbody>
</table>

**Outcomes:**
Progress towards converging on a single solution
- Reduced possible number of potential structures/models
- Topic-specific Design Teams reported progress in several issue areas
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

**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 IGFSA

**NETMundial Initiative**
- NETMundial Coordination Council meeting held 31 March at Stanford University
  - Communiqué: [https://www.netmundial.org/blog/secretariat/netmundial-initiative-stanford-communique%C3%A9](https://www.netmundial.org/blog/secretariat/netmundial-initiative-stanford-communique%C3%A9)
  - Draft of Terms of Reference in public comment: [http://comments.netmundial.org/](http://comments.netmundial.org/)

**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**
- [https://www.netmundial.org](https://www.netmundial.org)
Policy Update
David Olive, VP Policy Development Support
**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

**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/
Country-Code Names Supporting Org. (ccNSO)

Q3 HIGHLIGHTS

- 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

5 cross-community working groups (chartering organization)
9 ccNSO working groups
25 Council decisions
2 standing Council committees
20+ sessions at ICANN 52

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)

- 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
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 Structure and Internet Standard Process

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
Current Landscape

IANA STEWARDSHIP TRANSITION

- ICG
  - Protocol Parameters
  - Numbering Resources
  - Domain Names
  - Anticipated June 2015

ENHANCING ICANN ACCOUNTABILITY

- CCWG-Accountability
  - Community Empowerment
  - Review and Redress
  - Stress Tests
  - Legal

Cross Community Working Group to develop an IANA Stewardship Transition Proposal on Naming Related Functions (CWG-Stewardship).

7 Advisors to bring global best practices

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

- **200**: Meetings/Calls in the Working Groups
- **365**: Hours spent in Working Group meetings/calls
- **250+**: Events about the IANA Stewardship Transition and Enhancing ICANN Accountability processes around the world
- **17200**: Mailing list exchanges
- **8**: Working Group Face to Face Meetings
- **35**: Publicly archived mailing lists discussing the Transition
Information Technology Update

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**

- Data security
- Software security initiative
- Development and testing outsourced
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*

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

140 Registry Agreements Signed
873 total*

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
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
IDN Country Code Top-Level Domains

Countries/Territories: 36

ccTLDs: 46
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

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Requests</th>
<th>Change from FY15 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAMES</td>
<td>395</td>
<td>51% increase</td>
</tr>
<tr>
<td>PROTOCOL PARAMETERS</td>
<td>1,084</td>
<td>13% increase</td>
</tr>
<tr>
<td>NUMBERS</td>
<td>1</td>
<td>0 in FY15 Q2</td>
</tr>
<tr>
<td>GENERAL</td>
<td>314</td>
<td>21% increase</td>
</tr>
</tbody>
</table>

**Q3 TOTAL**: 1,794 requests

13% increase from FY15 Q2
GDD: Customer Service Center Tickets

Case Backlog
Quarter End Volume Trending

Case Volume Trending
Cases Created & Resolved

Status Frequency
Communication & Updates

Resolution Time Target
Case Aging
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]

- **Jan 2015:** 3694
- **Feb 2015:** 2826
- **Mar 2015:** 3353

### Total Volume

<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>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)
Global Stakeholder Engagement & Outreach

STAKEHOLDER GROUPS
- BUSINESS
- CIVIL SOCIETY
- NETWORK OPERATORS
- TECHNICAL
- ACADEMIA
- GOVERNMENT
- DNS INDUSTRY
- LAW ENFORCEMENT

Caribbean Telecomms Union 25th Anniversary Celebration
Trinidad & Tobago

Law Enforcement workshop
Washington D.C., USA

Briefing for missions
New York, USA

Grenada ICT Week
Grenada

Recife Summer School
Recife, Brazil

Commonwealth E governance Forum
Kigali, Rwanda

Middle East DNS Forum
Amman, Jordan

IGF
Yerevan, Armenia

Digital Pivot to Asia
New Delhi, India

Workshop on IG
Georgia, Tbilisi

South Asia Network Operators Group (SANOG) Conference - ICANN Update
Kandy, Sri Lanka

Africa DNS Business Exchange Programme
Singapore

APRICOT
Fukuoka, Japan

ICANN 52
Singapore

Commonwealth E governance Forum
Kigali, Rwanda

National ICT Innovation Summit
Nairobi, Kenya

STAKEHOLDER GROUPS
FY15 Revenue - ICANN Ops – 9 months

Driven By Domain Name Registrations

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

Driven By # of Contracted Parties

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

FROM REGISTRARS

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

- Application fees
- Accreditation fees
- Per-Registrar variable fees
  - $8M (11%)

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.

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

**FY15 YTD Actual Revenue**: $73M

**FY15 YTD Budget**: $75M

- Lower transaction volume
- (-) Slower TLD delegations
- (+) Higher new accreditations
- Contributions timing

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

Operating Expenses and Other Income/ Expense (Baseline – excl. Initiatives & Hist. Dev. Costs Reimbursement)

Capital Expenses

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

Approved Initiatives (USG Transition Project)

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>Total</td>
<td>$74M</td>
<td>$79M</td>
<td>+8%</td>
</tr>
</tbody>
</table>

Total Baseline Operating & Capital Expenses: $74M

In millions, USD - unaudited

Cost savings Task force
Monthly budget monitoring
Hiring plan revision
Budget remains balanced, with revenues and expenses expected to be lower than budget.

**FY15 / FY16 Outlook**

<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>$73M</td>
</tr>
<tr>
<td></td>
<td>$101M</td>
<td>$104M</td>
</tr>
<tr>
<td>Budget</td>
<td>$46M</td>
<td>$75M</td>
</tr>
<tr>
<td>FY 16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual/Estimate</td>
<td></td>
<td>$113M</td>
</tr>
<tr>
<td>H1 6 Mo</td>
<td>$45M</td>
<td></td>
</tr>
<tr>
<td>Q3 9 Mo</td>
<td>$69M</td>
<td></td>
</tr>
<tr>
<td>FULL 12 Mo</td>
<td>$98M</td>
<td></td>
</tr>
<tr>
<td><strong>Baseline</strong></td>
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</tr>
<tr>
<td>Actual/Estimate</td>
<td></td>
<td>$113M</td>
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<tr>
<td>Operating</td>
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<tr>
<td>Actual/Estimate</td>
<td></td>
<td>$113M</td>
</tr>
<tr>
<td>Budget</td>
<td>$47M</td>
<td>$73M</td>
</tr>
<tr>
<td></td>
<td>$101M</td>
<td></td>
</tr>
</tbody>
</table>

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

In millions, USD - unaudited
FY12-14 Actual
$135M
$21M
$156M
FY15 Forecast
$30M
$29M
$59M
FY16-17 Forecast
$59M
$53M
$56M
Full Program Forecast
$274M
$89M
Remaining funds for unexpected expenses (including risks)
Application fees collected
$362M
Cumulative costs
Refunds
Application processing costs
FY15 Q3 YTD Progress vs. Budget – New gTLD Program

Refunds of withdrawn applications

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

Application Processing

- $32M FY15 Budget
- $23M Q3 YTD Budget
- $19M Q3 YTD Actual

Repayment of Historical Dev. Costs

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

In millions, USD - unaudited
Funds Under Management

As of 31 Mar 14: 320
- New gTLD Auction Proceeds: 23
- New gTLD Cash: 215
- Operating cash: 82
- Reserve Fund: 1

As of 30 Jun 14: 311
- New gTLD Auction Proceeds: 15
- New gTLD Cash: 209
- Operating cash: 86
- Reserve Fund: 1

As of 30-Sep-14: 300
- New gTLD Auction Proceeds: 16
- New gTLD Cash: 198
- Operating cash: 85
- Reserve Fund: 1

As of 31-Dec-14: 310
- New gTLD Auction Proceeds: 13
- New gTLD Cash: 182
- Operating cash: 87
- Reserve Fund: 28

As of 31 Mar 15: 334
- New gTLD Auction Proceeds: 17
- New gTLD Cash: 171
- Operating cash: 88
- 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