Agenda

- **President’s Overview (10 min)** - Akram Atallah
- **Policy Update (10 min)** – Marika Konings & Adiel Akplogan
- **Management Update (15 min)** – Theresa Swinehart
- **Financial Update (10 min)** – Xavier Calvez
- **Q&A (30 min)** - All
President’s Overview
Akram Atallah, President and CEO
Overview

- FY16 Q3 for period ending 31 March 2016

**Topics:**

- Beta KPI Dashboard
- Operational performance and excellence
- Contractual Compliance
- Community support
- Internet Governance
- IANA Stewardship Transition
- Enhancing ICANN’s Accountability
Objectives & Overall Status

1. Evolve and further globalize ICANN
2. Support a healthy, stable and resilient unique identifier ecosystem
3. Advance organizational, technological and operational excellence
4. Promote ICANN’s role and multistakeholder approach
5. Develop and implement a global public interest framework bounded by ICANN’s mission

How to read and understand the charts:

- 0 - 49: Tracking significantly short of target
  Immediate corrective action needed
- 50 - 84: Tracking short of target
  Corrective actions as needed
- 85 - 100: Tracking to target
  Stay the course, no corrective action needed

KPI Dashboard:
https://www.icann.org/progress
FY16 Q3 HIGHLIGHTS

- **84** TLD strings delegated
- **5** Registry Agreements signed
- **1,860** total IANA Department Tickets

**Operational Performance**

- FY17 Operating Plan and Budget and Five-Year Operating Plan – public comment process closes 30 April

- FY16 Q3 financial position: revenues were higher than budget and baseline expenses were lower than budget, offsetting higher transition related costs

- First version of the Root Zone Label Generation Ruleset released for Arabic script

- EFQM Excellence Model progress - conducted internal assessment and working towards external assessment in FY18
Contractual Compliance

**REGISTRAR**

**2013 RAA**

**NEAR COMPLETION**

86%

Completed remediation and received final audit reports

**REGISTRY**

**2016 REGISTRY AGREEMENT AUDIT**

**AUDIT PHASE**

10

Registry operators In scope

**ANNUAL COMPLIANCE CERTIFICATION**

<table>
<thead>
<tr>
<th>229</th>
<th>Inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>220</td>
<td>Resolved/Closed*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>308</th>
<th>Inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>303</td>
<td>Resolved/Closed*</td>
</tr>
</tbody>
</table>

* As of Q3

**ENGAGEMENT & OUTREACH IN CHINA**

- 160 Registry & Registrar representatives
- **Topics:** Abuse, WHOIS, Inaccuracy, WHOIS format, registration transfers, dispute resolutions
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 work.

- ICANN Stakeholder Journey framework
- NextGen@ICANN- 27 attended at ICANN55
- Fellowship Program – 38 fellows at ICANN55
- Community Mentor Pilot launched at ICANN55
- ICANN Learn- 919 new users since we rolled out the upgraded platform in October
Internet Governance

Moving Forward: ICANN is planning to participate in the following events with the CCWG IG and in cooperation with sister technical organizations:

- **World Summit on the Information Society (WSIS) Forum** in Geneva in May
- **Committee on Science Technology and Development (CSTD)** in Geneva in May
- **Economic and Social Council (ECOSOC)** multistakeholder discussion forum at the UN in June
- **Organization for Economic Cooperation and Development (OECD)** Ministerial meeting in Mexico in June
- **ITU - World Telecommunication Standardization Assembly (WTSA)** in Tunisia in October
- **Internet Governance Forum (IGF) 2016** in Guadalajara, Mexico in December
  - In addition to continued support for and participation in National and Regional IGFs such as EUROdig; APrIGF; SEEDIG and others
Developing the Proposals

ICANN -> ICG
- CWG Stewardship Proposal
- CRISP Proposal
- IANAPLAN Proposal

CCWG Accountability -> CCWG Proposal
- Linkage to ICG Proposal

ICG Proposal ->
- Finalized at ICANN54
- October 2015

Proposals sent to ICANN Board at ICANN55
- March 2016

ICANN Board -> NTIA
- Board transmit proposals to NTIA at ICANN55
- March 2016

Finalized prior to ICANN55
- February 2016

NTIA Announcement and Criteria

WE ARE HERE
An Unprecedented Multistakeholder Effort

**MAJOR WORKING GROUP EFFORTS**
- 800+ Working Hours in Meetings
- 33,100+ Total Mailing List Exchanges
- 600+ Total Calls/Meetings

**A SUPPORTING GLOBAL DISCUSSION**
- More than 1,100 Events around the world where the IANA transition was discussed, debated, organized and planned
- Between March 2014 and March 2016

**ICG + CCWG ACCOUNTABILITY**
- **ICG**
  - 30 Members
- **CCWG-Accountability**
  - 203 Total Participants
  - 28 Members
  - 175 Participants
  - 111 Mailing List Observers

**REGIONAL REPRESENTATION**
- 30% North America
- 28% Europe
- 26% Asia
- 17% Latin America/Caribbean
- 10% Africa

**ORGANIZATIONAL STAKEHOLDER REPRESENTATION**
- 71 (no affiliation)
- 59 GNSO
- 30 GAC
- 17 ALC
- 16 ccTLDs
- 6 ASO
- 2 SSAC
- 2 RIR
- 2 ALAC
- 5 GAC
- 3 GNSO
- 2 ICANN Staff
- 2 WGs
- 2 SSAC
- 1 ASO
- 1 ICANN Staff

**THE TWO PARALLEL PROCESSES**
- IANA Stewardship Transition
- Enhancing ICANN Accountability for the Transition

**NTIA Announcement**
- 4 March 2014

**Coordination Group**
- Cross Community Working Group
- Work Stream 1
- Work Stream 2

The current ICANN contracts have contract expires on 30 September 2018
A Look Ahead: Phases 2 and 3

Phase 1
Community Proposal & Public Comment

Phase 2
NTIA Review & Evaluation
90 days
NTIA Review Process

Phase 3
Stewardship Transition
Finalize Implementation

ICG Proposal and CCWG-Accountability WS1 Operationalization
Bylaw Changes Drafted / Bylaw Changes Adopted
Accountability WS2 Proposal Process & Implementation
Transition Implementation Reporting

Follow updates on Implementation: https://www.icann.org/stewardship-implementation

ICANN's objective for implementation of the IANA Stewardship Transition is to be as open and transparent as possible, and to work with the community from the outset of implementation to make sure the transition happens in a timely manner while respecting the IANA contract obligations.

1. Latest Updates & Blog
   Be informed of the latest news and blog about the Implementation work

2. Meetings & Work Sessions
   Get access to the future meeting schedule and the past meeting archives

3. Document Archive & Links
   Download any documents related to the implementation work
Policy Update

Marika Konings, Sr. Policy Director & Team Leader for GNSO

&

Adiel Akplogan, VP Technical Engagement
New areas of work in Q3

- Adoption of PDP Working Group Charter on new gTLD Subsequent Procedures
- Initiation of Policy Development Process (PDP) on Review of All Rights Protection Mechanisms (RPMs) in all Generic Top-Level Domains (gTLDs)
- Adoption of PDP Working Group Charter on Review of All Rights Protection Mechanisms (RPMs) in all Generic Top-Level Domains (gTLDs)
- Drafting Team to develop a proposed charter for a Cross-Community Working Group on new gTLD Auction Proceeds

Completed work in Q3

- Adoption of CCWG-Accountability Supplemental Final Proposal on Work Stream 1 Recommendations
- Adoption of Privacy and Proxy Services Accreditation Issues Policy Development Process Final Report

MORE INFORMATION
https://www.icann.org/policy
http://gnso.icann.org/en/
Focus on IANA Stewardship Transition and ICANN Accountability: ccTLD community present in Marrakesh and ccNSO Council broadly supported CCWG-Accountability.

The ccNSO Council mandated the Guideline review Committee to develop processes and procedures to meet the ccNSO specific requirement flowing from CWG-Stewardship and CCWG-Accountability Proposals.

ccNSO Council 7 updated internal ccNSO Guidelines to meet the changing demands on ccNSO and its Council

ccTLD community started discussion on ccNSO policy development processes on retirement of ccTLDs and review mechanism for decision pertaining to delegation, revocation and retirement of ccTLDs. Launch of PDP expected in June 2016

MORE INFORMATION
https://www.icann.org/policy
http://ccnso.icann.org/
Number Resource Org. (NRO) & Address Supporting Org. (ASO)

- Election process started 30 September 2015 for ICANN Board Seat 10 (seat currently held by Kuo-Wei Wu). Four candidates have been interviewed.

- ASO Advisory Council is currently making updates to the election procedures so these are aligned with current ICANN Bylaws.

- ASO Approval to CCWG Final Report

- NRO currently in discussion with other Operational Communities on IANA IPR

- RIR mailing list and policy development participation
  - [https://www.nro.net/policies](https://www.nro.net/policies)
Number Resource Org. (NRO) & Address Supporting Org. (ASO)

- RIR-ICANN Service Level Agreement (Final version, 5.1 currently in negotiations with ICANN)
  - https://www.nro.net/sla

- All Service Level Agreement (SLA) processes and discussions documented at
  - https://www.nro.net/iana-oversight

Next RIR Meetings:

AFRINIC 24- Gaborone, Botswana- 6-10 June 2016
APNIC42- Dhaka, Bangladesh 29 September -6 October 2016
    ARIN 38 – Dallas USA 20-21 October 2016
    LACNIC 26- San Jose, Costa Rica 26-30 September 2016
    RIPE 73 Madrid, Spain 24-28 October 2016
Management Update
Theresa Swinehart, Sr. VP, Multistakeholder Strategy and Strategic Initiatives
Executive Summary

- Information Technology & Internet Technology update
- Global Domains Division (GDD) update
- Contractual Compliance metrics
- Global stakeholder engagement metrics
Information Technology Update

1. Application & Identity Management

2. Web Content Management System & Document Management System
Internet Technology / Office of CTO Update

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.

- Continuing and prioritizing work on DNSSEC Key Signing Key (KSK) roll over plan for the root zone
- Preparing for second Security, Stability, and Resiliency (SSR) review as mandated in ICANN’s Affirmation of Commitments
- Ongoing research on DNS related activity such as: middlebox and recursive resolver testing, analyzing anomalies in DNS traffic to authoritative servers, and exploring various instances of DNS abuse
- Identifier Technologies Health Indicators project commenced at ICANN55; collaboration with the multi-stakeholder community to develop indicators of Internet health
- Participated in anti-abuse and other security, stability and resiliency training and engagement sessions around the world
FY16 Q3 Contractual Compliance

<table>
<thead>
<tr>
<th>Total Volume</th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Q3 Total</th>
<th>Q2 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total New</td>
<td>3,326</td>
<td>3,996</td>
<td>3,449</td>
<td>10,771</td>
<td>11,749</td>
</tr>
<tr>
<td>Total Closed</td>
<td>3,905</td>
<td>3,820</td>
<td>3,929</td>
<td>11,654</td>
<td>11,322</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Closure Rates</th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Q3 Average</th>
<th>Q2 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Tickets</td>
<td>57%</td>
<td>59%</td>
<td>69%</td>
<td>62%</td>
<td>58.67%</td>
</tr>
<tr>
<td>All Tickets [Target &gt;= 55%]</td>
<td>72%</td>
<td>69%</td>
<td>76%</td>
<td>72%</td>
<td>70%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Turnaround Time (days)</th>
<th>Jan-16</th>
<th>Feb-16</th>
<th>Mar-16</th>
<th>Q3 Average</th>
<th>Q2 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Received-to-Closed</td>
<td>12.2</td>
<td>10.3</td>
<td>9.6</td>
<td>10.7</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Contractual Compliance Monthly Dashboard at: [https://features.icann.org/compliance](https://features.icann.org/compliance)
Beta ICANN KPI Dashboard at: [https://www.icann.org/progress](https://www.icann.org/progress)
The New gTLD Program is driving the largest expansion of the Domain Name System ever. Hundreds of new top-level domain names are being introduced into the Internet on a rolling basis.

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

**WHY IT’S IMPORTANT**

- **84** Strings delegated in FY16 Q3
  - **955 total***
- **5** Registry Agreements signed in FY16 Q3
  - **1,223 total***
- **3** Contention sets resolved in FY16 Q3
  - **214 of 233 total***

**New gTLD Program Reviews Updates**

- Initiated independent review of Trademark Clearinghouse and Competition, Trust and Choice review team discussions
- Held an online discussion and issued draft of “New gTLD Program Safeguards to Mitigate DNS Abuse”
- Published a revised version of the New gTLD Program Implementation Review
- Summary of public comments on Continuous Data-driven Analysis of Root Server System Stability (CDAR) Study
Internationalized Domain Names Program
- First version of the Label Generation Ruleset (LGR-1) supporting Arabic script is now available
- Korean Generation Panel became active

Country Code TLD Fast Track Process
- Total of 49 IDN ccTLDs, representing 39 countries / territories evaluated*
  - Bulgarian IDN ccTLD passed during the quarter
- Total of 43 IDN ccTLDs delegated*

*as of 31 March 2016

MORE INFORMATION: https://www.icann.org/InternationalizedDomainNames
Universal Acceptance means that Internet applications and systems must treat all top-level domains (TLDs) in a consistent manner, including new gTLDs and internationalized TLDs. Specifically, they must accept, validate, store, process and display all domain names.

- Quick guide for developers published
- Conducted all-day workshop and public session at ICANN55 in Marrakech
- Review of the most popular programming languages and browsers for UA readiness initiated.
- UASG will soon be publishing Introduction to UA Readiness white paper

MORE INFORMATION:  
https://www.icann.org/universalacceptance  
https://community.icann.org/pages/viewpage.action?pageId=47255444
GDD: IANA Department Tickets

- **542** Domain-related requests
- **1,002** Protocol-related requests
- **315** General Inquiries

- **1** Number-related event
- **1** Key signing ceremony

1 January to 31 March 2015
GDD: Global Support Center Tickets

Case Volume Trending
Cases Created & Resolved

Case Backlog
Quarter End Volume Trending

Status Frequency
Communication & Updates

Resolution Time Target
Case Aging
Engagement Events

FY16 Q1-Q3 total events: 397

Q1 - Q3 FY16

392 Regional Events

- EMEA: 159 events
- North America: 90 events
- Asia Pacific & Oceania: 78 events
- Latin America & Caribbean: 45 events
- Eastern Europe / Central Asia: 20 events

MORE INFORMATION:
https://community.icann.org/category/gse
Financial Update
Xavier Calvez, CFO
Total ICANN Overview

ICANN OPERATIONS

REVENUES

BASELINE EXPENSES *
(Operating & Capital)

OPERATING FUND

MULTIYEAR PROJECTS & INITIATIVES **

RESERVE FUND

New gTLD PROGRAM

REVENUES

EXPENSES

TOTAL ICANN

New gTLD FUNDS

*: includes the IANA Operations

**: includes the USG IANA Stewardship transition initiative
FY16 Year to Date Revenue

**ICANN OPERATIONS**

**Driven By Domain Name Registrations**
- **Transaction-based fees**
  - FROM REGISTRIES
    - $39.2 (42%)
  - FROM REGISTRARS
    - $26.3 (28%)

**Driven By # of Contracted Parties**
- **Per-TLD fixed fees**
  - $15.9 (17%)

**Application fees**
- Accreditation fees
  - $10.3 (11%)

**Transaction-based fees**
- Other Income: $1.5 (2%)

**Total Support and Revenue:** $93.2

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY16 Year to Date Revenue vs Budget and Last Year

Revenue ahead of target.

Actual: $ 93
Budget: $ 83
Last Year: $ 73

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
**FY16 Year to Date Baseline Operating and Capital Expenses**

**ICANN OPERATIONS**

- **Personnel**
  - $38
  - 51%
- **Admin.***
  - $11
  - 15%
- **Professional Services**
  - $12
  - 15%
- **Travel & Meetings**
  - $10
  - 14%
- **Capital**
  - $3
  - 5%

**Total Year to Date Baseline Operating & Capital Expenses:** $74

*Includes IT infrastructure and security improvements*

*Includes rent and other facilities costs and telecommunications*

*Includes contractor services, legal fees and language services*

*Includes travel and venue costs for outreach and meetings.*

*Excludes bad debt and depreciation*

Reflects a Year to Date baseline headcount average of 318, which excludes 28 average headcount allocated to multiyear projects and initiatives.

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
ICANN OPERATIONS

Timing differences of projects vs. plan.

- **PERSONNEL**
  - Actual: $38
  - Budget: $41
  - Last Year: $35

- **TRAVEL & MEETINGS**
  - Actual: $10
  - Budget: $12
  - Last Year: $9

- **PROFESSIONAL SERVICES**
  - Actual: $12
  - Budget: $16
  - Last Year: $11

- **ADMINISTRATION**
  - Actual: $11
  - Budget: $11
  - Last Year: $9

- **CAPITAL**
  - Actual: $5
  - Budget: $5
  - Last Year: $5

*Professional Services variance between actual and budget includes $2M of unused contingency.
**Administration excludes bad debt and depreciation.

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
## FY16 Multiyear Projects and Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Year to Date Actual</th>
<th>Year to Date Budget</th>
<th>Var</th>
<th>FY16 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>USG Stewardship Transition</td>
<td>$12.7</td>
<td>$5.8</td>
<td>-$6.9</td>
<td>$6.9</td>
</tr>
<tr>
<td>Public Responsibility</td>
<td>$1.4</td>
<td>$2.1</td>
<td>$0.7</td>
<td>$2.5</td>
</tr>
<tr>
<td>Hardening Critical IT Infrastructure</td>
<td>$1.2</td>
<td>$1.9</td>
<td>$0.7</td>
<td>$2.5</td>
</tr>
<tr>
<td>New gTLD - Next Round Assessments &amp; Preparation</td>
<td>$0.0</td>
<td>$0.4</td>
<td>$0.4</td>
<td>$0.5</td>
</tr>
<tr>
<td>Implementation of Reviews Recommendations</td>
<td>$0.0</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.3</td>
</tr>
<tr>
<td><strong>Total Initiatives</strong></td>
<td><strong>$15.3</strong></td>
<td><strong>$10.4</strong></td>
<td><strong>-$4.9</strong></td>
<td><strong>$12.8</strong></td>
</tr>
</tbody>
</table>

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY16 Year to Date IANA Stewardship Transition Costs

ICANN OPERATIONS

Total Year to Date IANA Stewardship Transition Costs: $ 12.7

- Personnel: $2.1 (17%)
- Travel & Meetings: $0.9 (7%)
- Other Professional Services: $2.7 (21%)
- External Legal Advice: $6.8 (54%)
- Administration: $0.1 (1%)

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
## FY16 Year to Date Resource Utilization

### Contribution to Reserve Fund Year to Date.
- Revenue ahead of target.
- Total expenses below target.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Var</th>
<th>% Var</th>
<th>LY</th>
<th>Var</th>
<th>% Var</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support &amp; Revenue</strong></td>
<td>$ 93</td>
<td>$ 83</td>
<td>$ 10</td>
<td>13%</td>
<td>$ 73</td>
<td>$ 20</td>
<td>28%</td>
</tr>
<tr>
<td><strong>Baseline Expenses</strong></td>
<td>-$ 74</td>
<td>-$ 85</td>
<td>$ 11</td>
<td>13%</td>
<td>-$ 69</td>
<td>-$ 6</td>
<td>-8%</td>
</tr>
<tr>
<td>(Operating*/Capital)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Multiyear Projects and Initiatives Expenses</strong></td>
<td>-$ 15</td>
<td>-$ 10</td>
<td>-$ 5</td>
<td>-44%</td>
<td>-$ 3</td>
<td>-$ 12</td>
<td>-420%</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$ 4</td>
<td>-$ 12</td>
<td>$ 16</td>
<td>134%</td>
<td>$ 2</td>
<td>$ 2</td>
<td>139%</td>
</tr>
</tbody>
</table>

*Excludes bad debt and depreciation

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
New gTLD Program – Multi-year Forecast

Application fees collected $362

FULL PROGRAM FORECAST

FY12-15 ACTUAL

FY16 FORECAST

FY17 FORECAST

FY18 & BEYOND FORECAST

Costs $221

Refunds $53

Costs $163

Refunds $39

Costs $24

Refunds $4

Costs $28

Refunds $9

Costs $19

Refunds $28

Costs $15

$203

$274

$362

$89

$28

$203

$274

$89

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY16 Year to Date New gTLD Program Costs

Processing costs lower than target driven by lower costs of contracting activities.

Actual: $13
Budget: $22
Last Year: $26

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
Funds Under Management

New gTLD Program

**New gTLD funds/Auction proceeds**

- **New gTLD Funds**: $162
- **Auction Proceeds**: $59

30 Jun 2015

- **30 Jun 2015**: $221
- **31 Mar 2016**: $252

ICANN Operations

**Operating and Reserve Funds**

- **Operating Fund**: $19
  - **30 Jun 2015**: $105
  - **31 Mar 2016**: $93
- **Reserve Fund**: $86
  - **30 Jun 2015**: $93
  - **31 Mar 2016**: $78

**Total Funds**: $346
- **Program-related**: $252
- **ICANN Operations**: $93

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
Thank You and Questions

SAVE THE DATE: FY16 Q3 CALL
18 August 1500 UTC

Email: icann.communications@icann.org
Website: https://www.icann.org/resources/pages/quarterly-reports-2014-11-13-en

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linkedin.com/company/icann
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youtube.com/user/icannnews
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