LOS ANGELES – SOP Working Group
Sunday, October 12, 2014 – 13:00 to 14:30
ICANN – Los Angeles, USA

TRANSCRIPT

SOP Working Group Meeting

Attendees:

Lesley Cowley, .uk
Lise Fuhr, .dk
Byron Holland, .ca
Roelof Meijer, .nl
Debbie Monahan, .nz
Roselia Morales.cr
Peter Van Roste, CENTR (telephone)
Giovanni Seppia (Chair)
Leonid Todorov, .ru
Mathieu Weill, .fr
Hong Xue, Nomcom

ICANN Staff:

Bart Boswinkel
Xavier Calves
Carol Cornell
Denise Michel
Kristina Nordstrom

Good afternoon, everybody. Thank you for the great attendance, and thanks -- Vikings in the room, please, thank you -- and thank you for the great attendance.

Unidentified Participant: (Inaudible.)

Giovanni Seppia:	Yes, is Viking -- Vikings the guest, Mathieu -- is a new Fox production. We're just around the corner. So, thanks everybody, again, for the great attendance, and thanks for the remote participation. We have one remote participant, if I'm not mistaken, yes, and that's Peter from CENTR. Thank you, Peter. It's after dinner for you. It's afternoon for us in Los Angeles, and thanks also to the Secretariat for facilitating the organization of this (inaudible) Strategy and Operating Plan Working Group.
	We have several items on the agenda, also several presentations and updates. First one, is everybody comfortable with the draft agenda, or is there anybody who'd like to add any other item on the agenda? Okay, so I take the agenda as approved, in quote. And the first item on the agenda is an update on the ICANN strategy plan 2016-2020 for which this working group provided several input by the closing date of the comment period, which was the end of May, and then there were some responses that were posted on the ICANN site on the 18th of July.
	And I'd also like to thank Denise and Xavier, who are here with us, and Carol from the ICANN staff, to respond and address possible questions of this working group on both the update on the ICANN strategy plan and also the fiscal year operating plan and budget. So, thanks a lot for being with us, and also thanks for coming back to us with some further requests of clarification, which allowed us to find out that Mathieu had the one-month holiday, and therefore he couldn't respond to these requests.
Mathieu Weill:	I will elaborate on this further.
Giovanni Seppia:	Thank you. But, so thanks a lot for coming back to us on these extra elements that you needed to clarify some of the points we raised in our feedback.

One point, and probably Denise or Xavier can provide faster update, is that I understand that the strategy plan 2016-2020 was supposed to be approved, or at least discussed, by the Board in their meeting in early September, and then the item was removed from the agenda at the last minute. So, in the responses that were posted in July, there was written that the strategy plan would have been approved in about two months' time from that moment, from the posting. So, if you can share with us some updates on this, thank you.

Denise Michel: Sure. Well, thanks for having me back again. I always enjoy speaking with this group. And as I think I've told you in the past, we sort of view this working group as an anchor for the community and providing us a high level of professionalism and guidance in our planning work, and in particular strategic planning.

So, the -- we are wrapping up what turns out to be a 20-month process to create a new strategic plan for ICANN. This started, if you recall, back in April of last year at the Beijing meeting, when we posed some very high-level questions about the challenges and opportunities that the ICANN community and the Internet would face over the next five years. So, after extensive discussions and brainstorming, two rounds of public comment and a couple of iterations of this text, the Board had a draft that it discussed at its Istanbul workshop. They had some additional really minor wordsmithing that they wanted to get an updated copy and make sure that they were confident that every word was exactly what they wanted. And so, on Thursday's agenda here at the meeting in L.A., the Board will be voting on the final five-year strategic plan.

And just to highlight this, and I'll send around to this group the links to this final draft of the strategic plan, as well as responses to all of the public comments that we received in the last round of comments on the strategic plan, and also links to the session we're holding Wednesday morning, to not only note the

contents of the strategic plan, but really get into a discussion with the community about our planning framework and processes, how the strategic plan links to the operating plan and the annual budgets, and Xavier will be speaking more about that, as well.

So, just to refresh your memory, the strategic plan for fiscal years '16 through '20 has a new vision. The founding mission that can be found in our by-laws, and five over-arching strategic objectives that you see here, and each objective has strategic goals. There's 16 in all. And then, each strategic goal has key performance indicators or outcomes, as well as strategic risks.

The additional element, phasing in particular and key performance indicators we've moved to a new element of the planning framework, a five-year operating plan, and we'll speak more about this with you today and really delve into it at our session on Wednesday morning. And this is the basic construct of the strategic plan.

I was asked to focus specifically on the comments that we received from this group on the draft strategic plan. Can you read this okay? And again, I'll send around the actual text. It's also posted on our website, but I'd like to just focus on the items -- the comments that were included in the strategic plan or that were addressed elsewhere so you have an opportunity to discuss this, since I know there was interest in focusing on this.

So, the first comment to focus on was the suggestion by this group that the impact of the IANA stewardship transition process and global market trends needed to be reflected and incorporated into the strategic plan. And these -- and we followed up on that recommendation by updating the plan in a few different places to make sure that we incorporated the -- at a high level various elements of the IANA stewardship transition process, with the understanding, of course, that there's a myriad of details that still need to be addressed. But, at a

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high level, they are now reflected in the plan, as is the general market trends and the need to create -- develop roadmaps for the DNS and do some forward thinking and make sure that's incorporated in both our strategic and operating plans.

The next issue was -- and do you find this helpful? I mean, I was asked to go through these comments. I don't know if you want to go through them one-by-one or just take a look at the link, or if there are particular comments that you'd like to discuss further. A majority of your comments were incorporated in the strategic plan. Some were more appropriate, frankly, to address in the five-year operating plan, and some will be addressed in the portfolios of activities and additional work that will be going on as part of the planning framework. Again, what would be most useful for the time that you have here today? If you'd like me to quickly run through these comments from this group, or we can talk more about the framework.

Giovanni Seppia: Thank you, Denise. What's the group's feeling about this? I believe that going through each comment one-by-one might be too time-consuming, so I don't know if you believe there are some comments -- just that the main one, the main points be brought to your attention, that you believe that should deserve to be further discussed, or a sort of summary. I know that there were some comments relating to some specific objectives, like objective two and objective three that have been taken on board, and we really appreciate that. But, if there are others that you believe there are more to be put aside, I would suggest that just give us some highlights. Leslie?

Leslie: Okay. Me to start? That's unusual. So, just to quickly say, I mean, we've been concerned for a while that some of the SOP feedback wasn't incorporated. So, I agree with you, it's not a good use of time for this meeting. But I think as a group, it would be helpful to have a good look at that summary that Denise is talking to, and maybe come back to you if we still have some queries. I mean, I know there's been some themes that have often been on our response,

particularly around milestones and key performance indicators, which maybe it would be particularly helpful to touch on. But in general, I guess this probably isn't going to be a best use of our time today.

Denise Michel: So, I just sent the link to all of the responses, as well as some additional material and the final draft of the plan to Bart and Gabby to provide to this list. And in considering some of the comments that you did provide, if there are ones that you are -- in particular would like to discuss further, again, all of them have been addressed in various ways, and I'm happy to address them individually if you'd like, or--.

Giovanni Seppia: --My suggestion would be for this working group to go through them. I've done this exercise for the response to our comments on the fiscal year 2015 operating plan and budget, so I've checked the responses from ICANN against our comments and entered one for it.

But, for the strategy plan, I think it would be quite useful to have a look at the strategic plan in the final draft that the Board is about to approve, and then also go back to the comments, the feedback we provided and see how eventually we can be even more constructive or straightforward for the next round of this exercise. But, it's a very good point that we should do this exercise to make sure that we have a global understanding on what was taken on board and what was, let's say, let's decide on that because, as Leslie correctly pointed out, there are some comments that we have been bringing to your attention since several years, so they are tactically (ph) (inaudible) for us.

Denise Michel: Right. And if I may, one set of comments or a theme that certainly came through in this group's comments was the importance of establishing a predictable framework and process and timeline and ensure that things were properly phased and opportunities for comment and robust replies were built into the process.

And so, one of the things that we'd like to talk about, and Xavier will address as well, is how the strategic plan is connected to this new element of five-year operating plan and how together the operating plan and the strategic plan will -- the five-year operating plan and the strategic plan will serve as a foundation for the annual operating plans and budgets. And one of the things we want to talk to the community about at the Wednesday session is the most effective way of engaging the community and this group on these draft plans as we work with the community to discuss them, have them reviewed, and then approved by the Board.

This diagram here, and I'll sort of give you a highlight of it, and Xavier I know has a number of issues he wants to discuss with you and Carol, is helping to manage this process, and we can go into further detail, if you'd like. But, as this shows the strategic plan sort of as a starting point for our planning framework, as I noted, we've developed a five-year operating plan that connects the strategic plan elements with the activities and budgets of ICANN. It provides -- it will provide the community with more detailed insight in how we actually plan to operationalize the high-level goals and objectives that you see in the strategic plan. And we'll be talking more about this at the Wednesday morning session, and we can provide you with some follow-up material on this.

And then, of course, these plans serve as a foundation for our annual operating plans and budget. We are proposing various methods and processes to elicit -- to discuss these elements with the community, elicit input, evolve drafts and finalize them with the Board. And then, an important component, and one that also has been a theme of this group, is to build in each year the progress reporting, sort of a stop and check on all of this work, assess where we are, whether any updates or changes need to be made before we move forward with the next annual planning process.

I'm happy to take questions on this, or if you'd like -- as Xavier I know is going to be going into more detail on some of these elements.

Giovanni Seppia: Mathieu -- or likes to take the floor.

Mathieu Weill: Thank you, Mr. Chairman. Thank you, Denise. I think it's striking what you said, that the whole process before approving the strategic plan and these five goals that we were shown, to about 20 months. I think it was part of our contribution to ask how relatively recent event, the declarations by the US government that it would transition its role in the IANA, and how would that impact, where would that feed (ph) an impact. The strategic plan was, I think, one of our questions, and I'd like to really understand, because it's striking to me it does not appear as one of the strategic goals of ICANN right now, that ICANN wants to succeed in a smooth transition for the US government role. And I'd like some insights about where is it and why has it not been given a permanent place in the strategy.

The second, even recently, was the renewal of the mandate of the president and CEO, and I've heard a lot of things about directions that were given by the Board to the CEO, and usually directions from the Board to the CEO are very close to strategic goals of the organization, at least we can hope so. And I hear a lot of diverse perceptions about what those directions were and what they mean for ICANN as an organization and the ways, moving forward.

And so, I'd like to know whether this is also incorporated in the strategic plan that's going to be submitted to the Board for approval, and so that's already two questions, but I'm adding a third layer. And last but not least, approving a strategic plan is a key milestone, especially after 20 months. But, it's only the beginning, because the whole thing of a strategic plan is to have everyone move in the same direction. And so, what my next question, and it's not about budget and operational planning, but how are these priorities going to be

communicated, and how are you going to -- are you planning to have them understood by everyone in the community, in the staff, stakeholders, is there a specific plan on that, because I would -- I have been in organizations and in charge of strategic organizations where strategic plans are not always well received and not always understood. So, that would be my third and last question.

Denise Michel: Thank you. So, the first question regarding the IANA functions transition, elements of the IANA functions transition can be found in both the strategic plan and the new proposed five-year operating plan, and in particular it's part of the strategic objective of supporting a healthy, stable and resilient unique identifier ecosystem. And within here you'll see it as a key outcome under 2.1, Fostering and Coordinating a Healthy, Secure, Stable and Resilient Identifier Ecosystem. It's specifically mentioned there. You'll also see references to it. And again, I think Bart or Gabby are sending around a link to this final draft strategic plan.

So, to answer your first question, it doesn't -- IANA functions and the transition of it doesn't appear as a top-level strategic objective, but you find it in the strategic goal -- second strategic goal area, and more details in the key outcomes. And then, we'll be providing you with a draft five-year operating plan. Again, you'll find various elements of the IANA functions and the transition detailed in the operating plan, as well.

If I can jump to your third question and then come back to your second, the -- and I think actually Carol will probably -- would be a good person to give you some more -- additional detail on, essentially how we're linking those strategic plan and ensuring follow-through on all of the goals and objectives, and how we're turning that into guidance and performance on the various portfolio's activities. Would you like to say a few words about how we're going to be tracking and managing all that?

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Carol Cornell: Sure. Thanks, Denise. Hello, everyone. No, I'll just talk to this point. For the past year, as you know, we've been working quite a lot on key performance indicators. In FY15, we have focused on the portfolio level and the goal level, coming up with the right set of key performance indicators and starting to collect data and start to, if you will, show charts and performance on each one of those and setting some targets. Since we don't have always all of the data readily available, it's very hard to put a chart up and say, "And here's the beginning," because we don't have all of it collected from the past.

But, I can assure you that, on a management perspective, we are internally working on these set of key performance indicators. We've actually acquired a beta tool for visualization, and we're starting to populate that so that we can use it. The first place you'll probably see some of these key ones in is in the quarterly stakeholder calls that are going to start in November, and that quarterly stakeholder call is going to include, if you will, performance indicators at a fairly high level, at the goal level, and then we will go from there in terms of developing a plan.

So, that's the first place you'll actually start to see that more focused results-oriented performance indicators. Additionally, just within our own management team, we are spending a lot of time working within our team to teach, learn, and understand how to build the right key performance indicators for each portfolio and objective, and we will be sharing that as we've evolved it. And you will probably see that in a visualization tool and how that comes about to answer that particular question.

Please? No, go ahead, you can go.

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Xavier Calvez: So, in addition to -- because I think your question was about the communication path, which is more than communication, probably is also training and understanding, the various parts of the overall community, whether it's Board, staff, or stakeholders, will have an integral part in delivering the strategy and the objectives.

So, the next step to the strategic plan, which is the complementary part of it, is the operating plan, the five-year operating plan, which is saying what are we going to do to deliver those strategic objectives. The strat plan has the objectives. The operating plan, five-year, is saying how we go about delivering those objectives, and so that's another very meaningful and important set of information that will provide the same, obviously, (inaudible) of objectives but now into (ph) milestones per year of achievement to demonstrate what is being done in order to achieve in year five the objectives.

And that's another element that will be then provided to the community to be able as a draft, of course, through public comment, to then put meat behind the strategic plan and its objectives in order to allow the community to provide input on the path and how the plan will be delivered. So, this is going to be, I think, a very important step into the communication of those objectives as well, then putting more understanding behind what those objectives, sorry, entail and require from all of us as a community to be able to be delivered.

Giovanni Seppia: Thank you, Xavier. Denise, would you like to--?

Denise Michel: --So, we haven't addressed question number two, and I'm not quite sure I understand question number two. Could you give me a little help there?

Mathieu Weill: So, question number two is, during the summer, the Board renewed Fadi Chehade's mandate, and there are -- there were some interpretations about

whether this -- about how this renewal included specific recommendations for the CEO and directions, including Fadi's declarations. For instance, Fadi -- I heard him say in the GNSO this morning that the Board has deliberately asked him to focus much more on operational matters. Is that -- was that part of a strategic discussion that impacts -- that stems from this plan, or impacts this plan, and -- because what I hear is different voices, different -- differences of opinion about what these directions mean in terms of priorities for ICANN. To be explicit, I hear some people saying globalization, not so important anymore. That's not the focus anymore. That's not what the strategic plan says.

So, how do you plan to address -- is there an impact of this discussion to the plan, which will -- and this discussion took place after the draft. That's first. And then, how is that going to be clarified?

Denise: Right. So, the five strategic objectives and the underlying 16 goals provide the sort of foundation for which ICANN and -- makes decisions about its portfolios of activities, resources, the focus of its staff, its executives, and of course its CEO. And Fadi, working with the Board, determined -- helped determine the best use of the CEO's focus and attention. And I imagine at various times the CEO's focus will shift depending on the performance levels and outcomes of the various strategic areas, and there is a process in place whereby, of course, Fadi has quite close consultations with the Board, and there's actually a process in place to review the priorities that they've agreed on for the CEO, and those are evolve -- are updated as plans evolve and are approved. And so, this is an ongoing process.

So, of course, the strategic plan has not been approved, and so that was not formally in place when Fadi's contract was renewed. But again, it's an ongoing process between the CEO and the Board of assessing performance, agreeing on priorities, that type of thing. And Xavier, did you have anything you wanted to add?

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Xavier Calvez:	No. I mean, very consistently with what you said, I think -- and I am not sure whether there was a direct question, Mathieu. It's not that the Board has assigned different objectives to the CEO than those that are the strategic plan. It's more about the current focus, or at least the visible future focus that I think their reading of the strategic objectives requires from the CEO so that the right progress are being made along those five objectives, but it's not operational excellence versus internationalization and everything else is left aside. It's more the focus to be able to advance as we should along all the aspects. Part of the challenge I think is that you -- when you look at the tactical focus that the CEO has or provides, there's some aspects of what Fadi has been doing over the past few months that have been extremely demanding, and it required a lot of his attention. In parallel, a lot of other things happened, but certainly his focus is an element for the Board to also ensure that all the other aspects of the strategic plan are delivered.
	So, I think it's a bit more tactical, and of course I don't to -- we don't want to speak forth, right, nor for the Board. But, I think that Fadi's presentation tomorrow will also help understand a bit better the direction that he wants to provide and that he's received from the Board.
Giovanni Seppia:	Thank you, Denise. Thank you, Xavier and Carol. I have Leslie. Anybody else? And then, I would like to draw this part on the strategic plan update to a close. So, Leslie and -- Leslie.
Leslie:	Thank you, Giovanni. Carolyn (inaudible), and so I think it's really helpful to have that update. I was looking back, and this group started in 2008, so I don't know where all that time went, but we've been doing this for a while now. And it struck me that your predecessors, not you, we had similar discussions about milestones and turning strategic plans into operating plans, and normal management stuff. Is there a milestone for that whole kind of process to be put

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in place? Because it seems to me, on reflection, we've been talking about that since 2008, which is six years ago-ish, and that should just be an element of this is how we do things, but then it doesn't really change no matter when your strategic plan changes. And I'm feeling rather frustrated that, scarily, it's been six years and it's still a very similar conversation.

Denise Michel: So, the -- so, we do certainly have some dates in place, and we have -- and we'd like to discuss with the community some more of the framework and the planning calendar, and more specific inflection points and dates for addressing some of these things. The strategic plan -- to be much more specific, the strategic plan we expect to be approved by the Board on Thursday. I think right after the L.A. meeting, we're expecting to post for the community's review the five-year operating plan. And both of these documents include the key success factors, key performance indicators, risks, measurements, proposed high-level phasing over five years. We'll also be going out to the community with a specific proposal of the community's role and the Board's role in these processes.

And the -- and Carol, I think when it comes -- so, we'll be finalizing the five-year operating plan, and then Xavier will follow up with the annual budget process. And--.

Leslie: --So, we understanding that these things will change each year. What I'm actually talking about is the system that underlies all of that no matter how often your plan changes, because I know Carol's spoken to us before, and your predecessors have before, and I still don't have that reassurance that there's that system in place no matter how often your plan changes. What's the date for that being done?

Carol Cornell: So, I'll have to say we've been working on an updated multi-year planning calendar that includes a repetitive yearly process, where you look at the

strategic plan, but we've changed the idea of the strategic planning being a five-year strategic plan, and therefore we're not going to update it every 18 months anymore. We're going to actually update it every five years, but we start in year three before to update that.

So, then the five-year operating plan will be updated annually, and you will take off the first year showing the results, and just go towards the five so they have that rotating cycle. And then, we have the yearly annual operating plan and budget, which will go through -- right now it's proposed two public comment period process to collect and produce and be bought off and approved by the Board. And we have this planning document to solidify and kind of go forward saying this is our routine. This is the process. This is the one that we're going to accept, but we're not going to just do it without going through a public comment process, and we're talking about socializing that and going out, having a Webinar and explaining all of that documentation is a follow-up, too.

So, one of the differences we've been doing some of that routinely, but not really showing it. Now what we're doing is more formalizing it and going to have a multi-year planning process calendar. So, I hope that explains, and we'll be talking more about that. Is that (inaudible)--?

Mathieu Weill: --So, when you said system -- when you said system, can you describe what you have in mind behind system so that we make sure we respond adequately?

Leslie: I'm sure we're all speaking English, but I'm probably not being clear enough.

Mathieu Weill: Not my first language.

Leslie: So, the responses are referring to a strategy process, yes? What my question was about is turning strategy into action, in effect. And what I was hearing from Carol earlier is the mechanisms by which we then ensure it's turned into action and the milestones are reached is still in development, which I understand. I was just asking when is that going to stop being in development so we have that reassurance that you can plan away all you like. If you don't turn it into action, nothing happens.

Xavier Calvez: So, the operating plan -- the five-year operating plan that's the -- provides the description of the actions that deliver the strategy over the five years, which is the next level down from the strategic plan, and the how for the what, we're intending to submit to publish it end of October so that we -- that the public comment process that will follow, that can happen then. I will let then Carol explain the dashboard that basically concentrates the KPIs that will be listed as part of the operating plan, so for each objective and goal and portfolio, there are a set of KPIs to measure progress.

In those KPIs are, of course, concentrated into a dashboard process, which Carol will explain further. That dashboard continues to be in development, but Carol will provide the milestones of completion. We're close to completion, but I'll let you go over that specific timeline, because I think that's -- I think that dashboard really materializes the daily monitoring of the actions that deliver the plan, really at the end of the day, because those KPIs -- and again, Carol will develop -- are going from the strategic objectives -- what is success for that one of the five objectives, what is success then -- what are the successes that make up the goals under the objectives, as well as the portfolios and the dashboard characteristics. So, I'll let you, Carol, speak about the specific timeline of the dashboard development process.

Carol Cornell: So, we have been -- as I said, we've built a visualization tool, which is taking the data that we've started to capture, put it into a visualization tool. The plan is, by the end of June of this year, that we will actually have it out and delivered and

be using it, if that's the specifics on the KPI and the dashboards. But, I do want to say it's really important to know that, besides having the five-year strategic plan, which goes to the five-year operating plan, which goes to the one-year, we also take the one-year and put it into a task, and we run the status through at task. We also are doing dashboards. So, I believe wholeheartedly that we've collected all of these systems pieces, and you're just starting to see the cycle, which Denise put here, if you could go back to the slide for a minute.

So, the point here is, on a yearly basis, you will see all these pieces are continually connected, and that quarterly report is one way of taking some of those -- sorry, the quarterly report is one way of taking those set of goals and objectives and showing how we're meeting against them on a routine basis and taking that data, collecting it on a yearly places (ph), and impacting the five-year operating plan, and ultimately the strategic plan.

Leslie: So, sorry to labor it. So, the date of that is June 2015?

Carol Cornell: Yes.

Leslie: Excellent.

Carol Cornell: Yes, June 2015.

Leslie: Yes. Okay, thank you.

Xavier Calvez: I think you have in your plan to share drafts of it in advance to be able to obtain input from everyone on those dashboards, right? And we'll use some of them

also during the quarterly calls, the quarterly stakeholder calls. Those of you who know public companies have shareholder quarterly calls after quarter ends, presenting to the shareholders the performance over the past quarter, the forecast of the next few weeks or months. So, the first of the stakeholder quarterly calls that Fadi has already announced will happen on November 20th and will be state of the affairs of the previous quarter that was closed, with a bit of financials relative to that previous quarter. We'll provide current views of where the organization is going during the next quarter, and we'll start leveraging the dashboard information that has started to be put together through the initiative that Carol has mentioned earlier. So, those milestones lead to the full dashboard completion.

Giovanni Seppia: Okay. I'm trying to draw this part of the meeting to a close, but it looks like -- no, it's okay. It's okay. I think we should acknowledge that now we have a plan and process in place, and okay, we took -- it took us some years, and the concept of time might be very subjective, but took us some years, but also took ICANN some years. But, we have a plan and process in place with someday assurances that it's going to be refined over and over, and we hope that ICANN feels comfortable with this kind of flow so that, instead of having changes every year or every couple of years, we -- there's a sort of commitment to stick to this, which will also (inaudible) produce incumbents and provide you with feedback in the various spaces. So, I think that's also important for us to have this process more structured. So, thanks again.

The very last comment from Jorge (ph), thank you.

Jorge: Not a comment, and don't even want to stretch any further on that topic, just that I personally haven't gotten where you currently are with respect to key performance indicators. So, has ICANN been able to define them, or have you already populated them? And if that would be the case, I would be very, very interested in seeing what ICANN has been capable of achieving with respect to globalization. So, are there any data charts and stuff like that?

Carol Cornell: So, yes, we've been defining the key performance indicators. We did them for last year off the four -- the 4 X 16 that we currently had for a 5-15, and we've been working on those, but we also now have the key performance indicators for the five-year strategic plan. And that's what you will be seeing in the draft operating plan. There is a list of specific key performance indicators in that plan. So, you will see them. Will -- are you asking me do I have data against all of those? The answer is no, not yet. We're still in development of them.

Giovanni Seppia: But, we'll see them in the next -- in what is going to be published by the end of October, this five-years operating plan draft.

Carol Cornell: Yes, you will see the key performance indicators defined in that, yes. I'm going to say this - it's a development process, so it will be continuous.

Giovanni Seppia: Yes, absolutely. Thanks a lot, and now I move to the next item in the agenda, and it's a presentation by Mathieu, who spent his summertime investigating some trends and is now very keen to share these trends with us. So, thank you, Mathieu.

Mathieu Weill: Thank you, Giovanni. And indeed, I started thinking about this during my vacation time. So, just as a -- yes, very studious, very -- you know how committed I am to the ICANN multi-stakeholder model.

                       Well, the idea came to my mind, and -- does anyone have the presentation, or do you want me to show it?

Giovanni Seppia: Is it going to be from his laptop?

Unidentified Participant: Do you have it on your laptop?

Mathieu Weill: I have it on my laptop. Okay. Okay.

Unidentified Participant: (Inaudible), because you don't have to take that off. You couldn't anyway, but--.

Mathieu Weill: --It's really glued, yes? Geez, it's probably Scary Movie style. (Inaudible.) Maybe a Viking can help me with this brand on the power. Okay. So, I was on vacation, and I was planning to relate this to the presentation we've just had by saying that what's striking in this strategic plan is no mention of figures in terms of finance, no mention of resources, no way to know how ICANN budget is going to look like in five years' time.

Unidentified Participant: Operation (inaudible)?

Mathieu Weill: No, strategic plans usually tend to address resources, and it can be in the operating plan as well, but I think it's best when it's framed at strategic level. And so, the questions I started having while, I don't know, walking in the mountains or having a nap on the beach, things like that, things you do on vacations, was basically -- well, I didn't frame it like this, but isn't there spiraling growth of ICANN costs, and how does that relate to how the industry itself is moving? And aren't we going to have an issue with ICANN budget going up and up and up while our industry is clearly slowing down?

So, I do love data, I'm afraid, so I turn to data, and I had great help from Loik (ph). A number of you must know Loik from AFNEC, head of market research,

does great papers on our website, really recommend you subscribing to our newsletter for that. And Patrick from CENTR, who is doing a lot of data-oriented work as well at CENTR. And we turn to the ICANN annual report and to the ICANN budgets for reference, and we turn to ICANN annual reports for gTLD domain names and CENTR reports for the number of other domain names to get our data.

So, how does that look on a historical trend?   You have in blue support and revenue for ICANN. You can admire the pike (ph) in 2013. So, it's fiscal year 2013, so it's probably July 2012, et cetera, for this gTLD program. In orange, the overall expenses from ICANN, and in what -- what is it, purple, whatever -- the expenses without the new gTLD program, because since 2012, we have a distinction with the new gTLD program.

So, what this shows is, between 2012 and 2015, it's roughly doubled, going from probably $55 million to $110 million or $120 million, right, significant growth in three years. If you divide the expenses, the overall expenses by the number of domains, by gTLD domains, that's my favorite because I think ICANN is the gTLD regulator, most of all, but I understand not everyone agrees with that.

So, I did both, but what we see is that, if you took the blue line, we're about $0.60 -- dollars-cents -- per the main that are ICANN expenses. And of course, all of this is ultimately paid by registrants, one way or another. And we have to remember that -- so, in France at least, retail price for -- the median retail price per domain is about $15, median. It's probably -- on average, it must be less than that, so it's a median we may count about our number of registrants. So, it's already quite significant.

Unidentified Participant: What's significant about it?

Mathieu Weill: $0.60, it's -- we're talking about several percent for coordination, and significant number of percent. If you take out the gTLD program, it's growing. It's still growing, and of course it's slightly less. My goal there was only to share these frames. If I had one request, it would be that, in the next budget exercises, our strategic exercises, we get trends, and we get to see how the forecasts plots not only against last year, or the current year, but against a longer trend. That's request number one. Request number two I know is quite harder, is what's the long-term vision for how much ICANN should cost its environment. How much are stakeholders willing to invest in a coordination technical function, or regulation, if you're speaking of regulation.

And to give you a reference, just did a quick exercise. It's just provocation, I know. In France we have a national regulation authority for telecoms. It's called RCEP. It has budget that's roughly five times less than ICANN, regulates a market that's roughly 10 times ICANN's. And believe me, Telcos, they have everything we have. It's critical infrastructure, there's security, there's market stakes that are significant, and they have government intervention, as well, with public policy. And so, I think at some point we'll have to ask whether the system itself is efficient, and we'd better ask this ourselves first before someone from the ITU, for instance, starts doing it, because that's certainly something that may come in the future if we're not careful about this.

Those were my thoughts. I have (inaudible). Provoking and shocking, so I have immediate reaction from Leonid (ph). Thank you.

Leonid: Well, Mathieu, thanks very much. I mean, this is very illuminating. I (inaudible) as soon as I realized that Mathieu will be doing this presentation, so -- well, flying too early, I had plenty of time, and I decided just to give you a very, very brief highlights on a very specific case which I developed. I mean, it just sort of struck me that there are some very shocking similarities of something which I am pretty much aware of, and some of my colleagues here, too, and that is I

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tried to -- have you ever heard the name of the company of a very -- I mean, one of the biggest Russian corporations, Gazprom? Everyone, right?

So, I tried to find -- I tried to find some trends, some similarities between Gazprom and ICANN. And I would love to elevate this issue a little bit, a little bit. I mean, I will just go a little bit further. So, let me be very brief with that, some very basic points.

So, both Gazprom and ICANN are natural monopolies. We should admit this fact. They are. Now, both monopolies are going through very substantial, let's say, a change of the market. So, for Gazprom, I'll be very quick. For Gazprom, it's just the change from the seller's market to the buyer's market in Europe, and for ICANN it's new gTLDs. This is a very serious market shift.

Now, both corporations have a lot of extra commitments. In case of Gazprom, they are mandated by the Russian government. So, for example, Gazprom sponsors the German team, Schalke 04, I mean among other things, while ICANN voluntarily embarked on a number of very ambitious project, projects like, for example, Net (inaudible) and some others.

Now, next point. Now, for Gazprom, prices are down in Europe, and this is a very critical point, I mean, for Gazprom's plans for the future, and no, for ICANN, a very critical challenge is new gTLD has -- Mathieu has already shown us. Now, for both companies, there are some things which I would call strategic miscalculations. Probably Xavier would correct me if I'm wrong. For Gazprom, for example, it's just that news was announced yesterday, or the day before yesterday, the cost of one of their most ambitious projects, which is called the Southern Flow, have been up by $7.5 billion just overnight. And for ICANN, instead of $33 million, second level domain names in new gTLDs projected for year 2014-'15, so we have around two million, if I'm not mistaken.

So, there are some lessons from Gazprom which I think we should take into consideration, and that is some market miscalculation, quite understandable. Gazprom overslept market shifts, fundamental market shifts. Gazprom -- well, somehow got -- have antagonized a lot of counterparts, and this is kind of political dimension we should bring into this equation. And for Gazprom, I'm not just trying to do some finger-pointing for Gazprom. The Board was not efficient in taking strategic decisions, and somehow has lost the lead in the game, and that resulted in a certain short-term practical tactical tasks which were taken into consideration rather than business -- I mean, purely business and strategic tasks.

And as a result, Gazprom is facing a lot of trouble down the road. So, I mean, just to complement what Mathieu said. Thank you.

Giovanni Seppia: Thank you, Leonid, and I would suggest we stop the comparison exercise here and move -- I have two people of the -- two members of the working group for some comments, and then I'd like to leave the floor to ICANN staff, if you like to comment briefly on the comparisons and on these statements on the, let's say, presentation made by Mathieu on those trends. So, I have Rolff (ph) first, thank you, and then Leslie.

Rolff: Thank you, Mr. Chairman. I'm so sorry that you now stop me from making a comparison, because I had this comparison with the Dutch royal family in my mind, because it seems they have a natural monopoly, as well.

No, but on a more serious note, first of all, I want to subscribe Mathieu's call for trend reporting in both budgets, and also financial reports over multiple years. I think that's a very useful exercise, not only for the community. But, I'm

wondering if the ICANN Board gets these kind of trends reported to them, and I think it's a very important aspect in governing an organization that you do.

Secondly, I wonder if we are approaching this from exactly the right direction, or at least I think trend reporting will have to be a bit more specific because, in his first exercise, what Mathieu did was adding all course of ICANN together, and we know from the budgets that the rough amounts that go into, for instance, internationalization, outreach programs and that kind of stuff, so I think one of the first exercises that ICANN should do is, if you look at the operational costs, running the IANA, running the general organization, not doing all these other new projects, but -- and then see how costs have developed.

And then, I have a question for Mathieu, because if you look at the increase in total cost without the new gTLDs, I wonder where the revenues come from to bear those costs, because it's almost doubled in I think you said something like five years, or three even, something like that.

Mathieu Weill: (Inaudible.)

Rolff: You had one with -- where you showed the cost without gTLDs. Was that this one?

Mathieu Weill: The (inaudible).

Rolff: All right. Yes, that one, and that's -- so, no, I don't mean per domain.

Mathieu Weill: So, this one is per domain.

Rolff: You had the previous one which just had total cost.

Mathieu Weill: And the purple one (inaudible) gTLD program.

Rolff: So, from 2003 it was under -- I can't see the light blue very well, but I think it was something like $30 million?

Mathieu Weill: 2003? No, that's 2007, I think. I haven't gone back that far.

Rolff: Oh, okay, 2007 it was something like $30 million, and now it's over $100 million, and I wonder where the increase in the revenues is coming from. I can't imagine that it's just--.

Mathieu Weill: --Increase in revenues? Oh, that's come from the increase of (inaudible) names.

Rolff: Especially the last bit, if that's true.

Mathieu Weill: It is.

Rolff: Are you sure there is no new gTLD money involved there?

Unidentified Participant: It -- sorry, in which part are you asking if there is new gTLD money?

Unidentified Participant: (Inaudible) -- the other kind of increase in the angle upwards in 2013, I think.

Unidentified Participant: You see another -- the line isn't up, but (inaudible).

Mathieu Weill: It's cost. It's expenses.

Rolff: I know, but they have to be covered by revenues.

Unidentified Participant: And revenues are in blue.

Mathieu Weill: And I wonder -- yes, but that's revenues including new gTLDs.

Rolff: Yes, so my question -- let me be more specific. Am I wrong if I assume that some of the new gTLD revenues are being used to cover the increase in non-gTLD costs? Because I can't imagine that the increase in registration is covering the increase in costs.

Xavier Calvez: Can I answer that?

Mathieu Weill: Yes, you're in a better position to answer that.

Xavier Calvez: So, the purple line is costs, right?

Mathieu Weill: It's expenses, yes.

Rolff: It's expenses of what, operations or total with new gTLD?

Unidentified Participant: Everything except new gTLDs.

Xavier Calvez: The purple one is without the new expenses associated with the new gTLD program.

Rolff: Okay, and the blue line is revenue with the new gTLD program.

Xavier Calvez: Absolutely.

Rolff: And the yellow line is expenses with the new gTLD program.

Xavier Calvez: Exactly.

Rolff: Okay, thank you. So, we don't have the revenues without the new gTLD program. I assume you have.

Xavier Calvez: Yes. Well, I didn't do this chart, so I don't. But, I have the numbers that are going behind that. So, the revenues without new gTLD program, that could be the line of the graph that's not appearing here that would be comparable to the

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purple or red line that is here, would have a relatively similar increase. The only thing is that, for the first time in 2014 actuals, expenses have caught up with revenues. I'll finish on answering specifically the question that you asked before.

In the previous years, and I think this is showing on Mathieu's slide up to 2012, you can see that the revenue slightly exceeds expenses. So, for the first time in FY '14, the expenses are approximately equal to the revenues, and I have a slide on that if we want to look at it later. The revenue up to -- so, the 2014 actual revenue, operational revenue of ICANN, excluding new gTLD, includes $2.7 million of prorated fixed fees from new registries, registries that have been delegated into the root. So, it's not new gTLD program revenue. It is operational revenue of new registries, new TLDs, basically. It's $2.7 million. It excludes any transaction fees. There's no transaction fee that appeared in FY14.

And so, that's it in FY14, and before that there was no revenue from the new gTLD program or from gTLDs coming out of the new gTLD program.

Rolff: I specifically asked the question because to me it seems that the trend of the purple line is opposite of the trend of global domain name sales.

Xavier Calvez: So, it's not because the global domain name sales as per the data that we receive from our registries on a monthly basis continue to increase.

Rolff: Exactly. So, you're moving into a dangerous area where you know that your revenues are not growing any longer very much, your revenues from existing gTLD and registrations, while your costs for existing gTLDs are increasing.

Xavier Calvez: So, we're not increasing the cost beyond the revenues.

Rolff: Okay, that's good.

Xavier Calvez: If you look at growth versus absolute value, because we had before an excess that we don't have in FY14, expenses were below revenues. Expenses have growth further. The revenues are relatively steadily growing at a minimal rate. And now, we are basically at touching point. So, the recent growth is higher of expenses than the recent growth of revenues, and now the expenses about match the revenues.

Unidentified Participant: (Inaudible.)

Xavier Calvez: And the -- yes, the expenses are basically going to -- and I have a -- so, then I'll answer Mathieu's question. Yes, you did. On the receiving in the trend of -- so, of data, yes -- so, and I'll try to address the comment that we were exchanging earlier on it's the strategic plan that should have numbers. I think what we should be doing is comparing what ICANN is using as a strategic plan plus a five-year operating plan, and the two together combine the elements of what I think you would or I would have in the past called a strategic plan, as well.

                          So, our strategic plan currently includes objectives but doesn't include the actions. The five-year operating plan is the one that can -- has the actions over the five-year period that deliver the objectives. So, the two together would make up what I think you would call otherwise a strategic plan, which I completely agree with.

So, in the five-year operating plan, we will have five-year projections of revenues and expenses. Now, the piece that you mentioned earlier, which is a view of resources, the challenge that we will need to face and that we have not yet resolved is that, in the five-year operating plan, we will have revenue projections, so the line -- the one -- the line that doesn't appear on this slide expands projections, the projections of the purple line that is here, over five years. And therefore, the contribution excess or deficit relative to that -- and of course the model is constructed on a balancing of revenues and expenses.

And the revenues are forecasted on the basis of assumptions of growth of the market, of the numbers of domain names, which is for historical registries considered to be 3% in the medium scenario on an annual basis.

Unidentified Participant: Over (inaudible)?

Xavier Calvez: Yes. So, the -- and the trend of the past few years is between 2% and 6%. So, there's a medium scenario, which we are assuming 3%. The low scenario is assuming 1%. The high scenario is assuming 5%. Now, this will be submitted for your review, so I'm sure you'll have a lot more to say about it, then I'm just trying to give you an indication of the information that will be part of the five-year operating plan when it is put for public comment. So, hopefully that answers the question.

And I will -- to Rolff's point, the Board has not seen at the same time together trend information on the actual revenue and expenses, the BFC, the Board Finance Committee has, but I think I'll try to in the future ensure that, in the budget data, we always have at least five years of historical data, which is very common information to put together, very easy.

Mathieu Weill: Thank you, Xavier. I have Leslie for comment.

Leslie: Okay, thank you. This comparison is helpful, but I think that overall comparison of the trends over the years is just only a starting point, in effect, particularly in this industry and particularly given the complication around GEs (ph) at the moment.

I had a couple of points to make. Firstly, the spike in costs I think is not unexpected, and for some years a lot of people have been arguing that there should be some more resource put in, in effect. So, that's not a big surprise, and in fact, in terms of our requests around operational excellence and resilience and so on, then that's good.

The trouble is, of course, that it's much easier to add costs than it is to reduce costs, which is particularly why that five-year picture I think will become increasingly important, because I would say that the industry figures I think are much more volatile than they have been for several years, and certainly whilst it's great to have the certainty of a five-year plan, no doubt that will add further need for new resource and new resources and so on. So, it's going to be very easy just to add, add, add as opposed to, hang on a minute, we need to stop, we need to cut, oh, gosh, what can we cut.

And incidentally, Xavier, I don't know if anywhere we have talked or have published ICANN's financial principles, or what I would call ICANN's financial principles. So, you said just then about balancing revenue and expenditure, which is always a good idea, obviously. I've not heard that stated as a -- this is an ICANN principle that this is what we're trying to do financially. And maybe there's just discussion around those somewhere.

Xavier Calvez: Sorry, I didn't catch what principle you were describing.

Leslie: Well, you said something just then about balancing income and expenditure as a -- what we're trying to do here, and I recognize that because I very much used exactly that same phrase in my previous organization. But, it struck me that we haven't anywhere financial principles for ICANN. Some people might say actually I don't think you should balance revenue and expenditure, for example. There should be a surplus that should be put towards reducing fees, or whatever one wants to put it towards.

Xavier Calvez: Thank you. I agree. I don't think we have any specific financial principles which maybe should be organizational principles rather than financial -- than just financial. But certainly, there is a very clear principle between the management when we look at the quantification of resources and revenues, to (inaudible) that we are constructing the budget on the basis of that -- of balancing the two. So, the principle is applied as opposed to being formulated, but I think it's a good idea to have it, because that should be -- the subject of increase of -- so, the increase of the expenses, to your point, in my views it's -- the figures are 10% of the subset. What is the scope of the objectives of the organization, and how these objectives are being delivered is really the way to look at expenses and revenues, because you could say it's increased a lot more than it should, or in -- absolutely not enough. It depends on the scope of what you want the organization to do. So, I think that's what needs to be looked at.

                         We'll have an interesting conversation, I think, after tomorrow morning, 9:30, after the introduction speech from Steve Crocker and Fadi on how we would like to try to work with all of us together on how to contain the scope, and therefore the expenses of the organization. Because again, the expenses are just a consequence of what we do. So, how do we manage together the scope so that we just stick to what we should be doing, and that's it, and I think we'll have interesting conversation on that later.

Unidentified Participant: Rolff (ph)?

Rolff: Xavier, just as a clarification, if you don't have -- if ICANN doesn't have -- I wouldn't call it financial principles, but financial strategy, if you don't have that, how do you judge -- no, how do you make your budget? So, what serves as criteria to give you the opinion that the budget you are proposing to the Board is a good one? And what kind of criteria does the Board use to actually judge the budget and approve it? I mean, that's what a financial strategy is about. We want to make an EBIT of so much. We want to have a reserve of so much. We want to have an efficiency in operations of this. So, if you don't have that, how does it work?

Xavier Calvez: So, the -- so far, the -- as far as I can tell, in the past, the budget has been focused on asking the staff how much they think things would cost, put that together, try to estimate revenue at the same time. And if I read correctly the past, we have always budgeted for a set of expenses that was below the amount of revenue, but not necessarily by a defined metric in the sense of we were budgeting for expenses at the same level, but not necessarily because it was allowing to generate a specific or defined excess. It was just the result of the process of aggregating together the expense estimates versus an expense -- a revenue estimate.

                          What we have tried to develop, as you know, over the past few years is trying to link the expenses estimated to the activity of the organizations through the goals, objectives, portfolios and projects that the organization is carrying out, so that then we can make the link between the resources and the delivery of the strategic objectives. So, that's how now we can ensure, or at least verify, and with your help, with the community's help, through input through public comment process, on saying the resources that are budgeted for deliver the objectives in this fashion. So, that's the link. And we've been missing the middle part of that strategic versus annual plan link, which is how do we go from the strategy to the annual set of activities that deliver that strategy. And for us, it's the five-year operating plan that will make that link. So, we have objectives. The plan delivers the objectives, and then, on an annual basis, we

can link the resource quantification to each of the objectives that are being delivered.

Rolff: I understand, but that's something different. That's linking finance to your strategy. But, I was specifically referring to strategic financial objectives. And if I understand your response well, it means that, from a luxury position, that you always fail to spend so much -- to spend as much as you go in, this was not a problem. But, there will be a time that you have to come up with an idea on what -- so I think the only criteria that I can use to say, hang on, we're not going to spend this money on this particular project, was a budget overshoot, so more costs than revenues. And in all other cases, it was always okay.

Xavier Calvez: I agree that was the reality in the past. So, now, linking the resource quantification to the delivery of the objective is the way to define that. What we spend money on is justified by delivering the objectives. The financial strategy is -- I think most of what you have in mind will be addressed through the five-year projections of -- that will be part of the operating plan, of revenue, expenses, defined excess as a result, or lack of excess on an annual basis. And that will reflect effectively, as Leslie was pointing out, the principle of balancing expenses with revenues.

The way I think -- the logical way I'm looking at it, but I think it will be useful to have everybody's opinion during the public comment process on, is what is the -- what are the strategic objectives of the organization, what does it take to deliver them, how much that costs, and do we have the revenues to cover for those costs. And if we don't, are we trying to increase the revenues, or are we trying to reduce expenses, and how does that affect the delivery of the objectives of the organization. Should the objectives of the organization be re-dimensioned to be able to absorb the costs with a lower amount of revenue?

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So, I think the parameters of -- or should we lower the fees, because the revenue trend is higher than the expense trends, and that's what should happen. So, I think this is what will be laid out as part of the operating plan, and it will be more clear as part of the operating plan.

Giovanni Seppia: Thank you. Thank you, Xavier. And just one thing, because we have -- I think have reached the time which should have been the end of this meeting, of this working group, so I'd like us to (inaudible) how long we can stretch with--.

Unidentified Participant: (--Inaudible--.)

Giovanni Seppia: Okay, just put a double-lock so they don't -- I have Lisa, and then Leonid, and then we draw to a close this part of the agenda with the very last word from Mathieu, we'll open the Pandora's Box. Thank you, Lisa.

Lisa: Well, I'll make a very short comment. As a member of the ATT-2 (ph), what you're asking for is actually embedded in the financial recommendations. And what we propose was also to have a benchmark towards another organization of similar type. So, I hope to see this in the future. It's not there yet, but this is actually what has been accepted by the Board. So (inaudible).

Giovanni Seppia: Leonid, and then (inaudible).

Leonid: Yes, very quick question also. I mean, I've just listened to Xavier speak. My question is, is somewhere in -- anywhere in that equation, what if? I mean, whatever what-ifs? We talked about risks assessment, if you remember last time or the time before that, but, I mean, this is serious, because what I just

heard was about some projections, and this is pretty much what Don Hollander would -- said, the tyranny of status quo, right? So, how about that?

Xavier Calvez: So, the -- I'll respond to your question, and then -- and make a comment on what Lisa said earlier. So, we need to further develop that, but the what-if is trying to be captured through scenario development, so we have a low, medium, and high scenario, not rocket science, but we also intend to develop risks, and put a list of risks and potential actions to be developed as part of those risks, and we've done the same thing for the FY15 budget, as an example.

Before I forget, you were mentioning there's only two million transaction at -- for a period. I think you meant FY14. There's two million transactions for the new registries being -- having been delegated since October 23. The budgeted number -- well, the assumption for the FY15 budget is $15 million, 1-5, not 33 anymore.

Leonid: But -- okay. But, of that two million, at least a good third came for free.

Xavier Calvez: Yes, absolutely, yes.

Mathieu Weill: So, first thing, I'm glad I opened Pandora's Box, because it was quite an interesting discussion, at least in my mind. And I -- what I hear is -- are two things. First, your revenue level is going to be challenged, and seriously challenged in the coming years, and that is changing everything about how ICANN builds strategy, budget, and operational plans, because you will have to anticipate for cost reductions, and not only short-term but long-term, and that means building the ability to reduce expenditures on some activities to the benefit of others, or to the benefit of none, and that is something ICANN has never done in my view. And it's -- we all -- number of us are CEOs in organizations that have seen growth slowing down, and it is a significant change

of culture, of management style, and of finance management. And it's a bit of a concern not to see that yet into the strategic plan, because -- unless it's taken a strategic level and carried on by the CEO himself, and the Board and everyone, it is going to be quite challenging. So, I hope we can pursue these conversations later on that I'm -- I think it's -- it was good to have this conversation.

Giovanni Seppia: Although I messed up with the schedule. Okay, because it was a very constructive and interested discussion in deed, so thanks a lot, Mathieu. And we got some more items on the agenda. I'd like to dedicate 10 minutes maximum to each of the items left in the agenda, considering that, for the very last item which is relating to the membership of this working group and from consideration about the future work, organization of the working group, we should dedicate to that at least 10, 15 minutes. So, the next one being the fiscal year 2015 operating plan and budget, and if Denise and Carol (inaudible)? Yes.

Denise Michel: Yes, I do.

Mathieu Weill: Just wanted to thank you again for coming and participating in -- yes.

Carol Cornell: (Inaudible.)

Denise Michel: Very happy.

Giovanni Seppia: Okay, thank you. So, for the operating plan and budget, we have submitted as Working Group our feedback during the comment period. The Board approved the fiscal year 2015 operating plan and budget on the 9 of September. It's a bit unfortunate to that the responses to the feedback provided by the different parties were posted only at the end of September, so much afterwards than the

Board approved the final fiscal year 2015 operating plan and budget. What we have immediately noted is that against the draft operating plan and budget have been significant changes in terms of the revenues, the projection of the revenues in terms of also the projection of the operating expenses, hiring of staff, so at really different levels.

Just to have this exercise, which I also have done during my summer holiday -- no, it's not true because it was posted a couple of weeks ago, so basically I analyzed the feedback provided by ICANN to the different comments that we submitted. And the happy smile is that basically 12 of our comments were fully taken on board, which means that they were not only noted but they were incorporated in the review process of the operating plan and budget. The 10 were so-and-so, in the sense that it was ICANN taking note of the comment but saying that it will be incorporated in the future, or considered in the future. And seven were basically not taken on board because it was clearly said that ICANN had a different view about these comments.

There are some comments that I've highlighted that to me they were a bit worrying, the main one being the projection for the revenues. The revenues for the new gTLDs initially in the drafts was based on the growth of $33 million and then was resized to $50 million. The sentences, the paragraph that is relating to that in the feedback provided by ICANN to our comment I think is a bit worrying because it's basically saying that ICANN doesn't have enough, let's say, data, statistics available to determine what's going to be the growth trend in the future. I think that we have now some sort of data set that we can look at not for the new gTLDs, but at least for the existing gTLDs to see how the market can grow.

And another one, it's relating to the multilingualism of ICANN. There is a paragraph dedicated to respond to our comment which basically saying to -- which basically saying that we should -- ICANN should start looking into how to address the request of multilingualism in terms of providing translations and so

on, and ICANN has responded to our concerns, saying that they will start to use -- start looking into that. I think this is an exercise that ICANN has done several times. So, instead of looking into what can be done in the future, probably would be better to look at what kind of request that came from the community in the past and see if ICANN has addressed them in terms of providing multilingual translations and so on.

That said, as you see in this -- just one slide, I believe that our work was very valuable for the ICANN staff, as many of our comments were incorporated, or at least they were taken into some sort of a Board by ICANN. But, I like to leave the floor to Xavier and Carol, if you like, to comment on the points that we have also included in the agenda, which is a bit more feedback about the process for reviewing and taking into -- taking on board the different comments. Thank you.

Xavier Calvez: Thank you, Giovanni, this is helpful. Can you repeat the categorization of the 10 and the seven? So, what is the 10, what is the seven, so that I'm clear?

Unidentified Participant: (Inaudible) noted--.

Giovanni Seppia: --12 is taken on board, fully on board, so that we expressed some, for instance, again the concerns about the revenues from new gTLDs, and that was reflected. 10 are so-and-so, so ICANN is saying we take note of that, but we'll basically -- in the future we'll address it, so in the future I mean could be the next fiscal year plan, or during the review process. And seven we basically -- the answer to our comment was not clear if it's basically dropped or taken to the next level.

Xavier Calvez: And this is what I wanted to make sure I understand, because what I would like that we can try to get to in these -- in the metric that you are suggesting here is

that all the comments are addressed, whether it is in the direction that was requested or not, but at least the answer is understood. So, thank you for that.

It would be -- I don't know if it's the result of a consensus work, but I wouldn't mind looking with you at the 17 so that we refine our understanding of what -- well, and I'll look at the 12 as well, because I'd like to know what works and what doesn't so that we can do more of what works and less of what doesn't. So, this is helpful. Thank you for that. And I'm glad that there's 12 that have. Certainly the revenue and expense change is I think one that was made consistently also by others.

Giovanni Seppia: There is another meeting that is starting -- that should have started 12 minutes ago in this room. So, we have been invited, basically, to leave the room, and I'm looking at the Secretariat if -- because there are some pending still matters on the agenda. If we adjourn to find another time, or we postpone it, I would like to note the availability not only of the people in this room, but also in terms of logistics.

Unidentified Participant: Seems like, according to the official schedule, seems like this room is actually free from 1545, so it seems like this room will be free, according--.

Giovanni Seppia: --What time?

Unidentified Participant: In one hour.

Giovanni Seppia: In one hour.

Unidentified Participant: We cannot guarantee, but according to the official schedule, it looks like it's free, so you can--.

Unidentified Participant: (--Inaudible.)

Unidentified Participant: Well, they're waiting. So--.

Giovanni Seppia: --Okay. So, is the working group okay to adjourn the meeting in this room at a quarter to four so that we can -- those of you who can, I mean, so we can catch up with the -- one probably of the hottest topic on the agenda, which is about this membership and the, let's say, review of the working group. So, we adjourn the meeting to a quarter to four, Bart, a quarter to four in this room.

Unidentified Participant: If it's free. We don't know.

Giovanni Seppia: If it's free. Okay. Can we check if it's free?

Mathieu Weill: Otherwise, we do it or not.

Unidentified Participant: We do it in a bar.

Giovanni Seppia: Okay.

Unidentified Participant: That's where meetings are to take place.

Giovanni Seppia: Okay, see you at quarter to four somewhere.

CLOSED SESSION

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