

GNSO gTLD Registries Stakeholder Group Statement

Issue: Proposed Framework for the FY12 Operating Plan and Budget

Date: 3 April 2011

Issue Document URL:

<http://icann.org/en/announcements/announcement-18feb11-en.htm>

The Registries Stakeholder Group (RySG) respectfully submits these comments addressing ICANN's Proposed Framework for the FY12 Operating Plan and Budget. We welcome the opportunity to submit questions and comments on this draft to ensure that the subsequent Operating Plan and Budget is clear and provides an adequate level of detail. The following comments cover substance, terminology and formatting.

The statement that follows represents a consensus position of the RySG as further detailed at the end of the document. The RySG statement was arrived at through a combination of RySG email list discussion and RySG meetings (including teleconference meetings).

- In looking ahead to FY12, the RySG would like to review and consider ICANN's FY10 Annual Report prior to submitting final comments on the FY12 Operating Plan and Budget. The RySG encourages ICANN to finalize, approve and publish the FY10 Annual Report as soon as possible, and prior to publishing the draft FY12 Operating Plan and Budget.

- Slide 5 "Vision of the FY12 Budget": We recommend that ICANN clarify the definition of "project" under ICANN's Operating Plan and Budget. Are new gTLDs considered a project? If so, why is it segmented by the dotted line? Some additional text explaining this would be helpful.

- Slide 8, "FY12 Budget Framework":
 - There was general confusion caused by the mixing of "New gTLD Project with Launch" and "New gTLD Project without Launch" in the same table. We recommend separating the two scenarios into their own distinct tables and addressing them separately in the draft FY12 Operating Plan and Budget.

- Are the new gTLD application fees considered revenue? If so, the revenue line and the new gTLD application fees line in column two should be sub-totaled.
- The expenses section would be clearer with a heading indicating they are expenses.
- There was some confusion caused by the inclusion of “New gTLD Projects” expenses in the column titled “FY12 Framework w/out New gTLD Launch”. After further review and discussion, we believe this \$6,790,000 represents ramp-up expenses that will be incurred in FY12 to build and staff New gTLD Project operations whether applications are accepted in FY12 or not. If this is the case, we recommend that ICANN clarify the table accordingly with some text or a footnote.
- In the expense section, there was some confusion around the definitions of “New gTLD Project” and “New gTLD Application”. We recommend ICANN further clarify the definitions to explain the distinction. What specifically is meant by “Project” and what is meant by “Application”? Perhaps different terminology could be used, i.e. “New gTLD Project Infrastructure” and “New gTLD Application Processing”. We note that Page 17 has a list of activities under “New TLD Application” and suggest this could be moved forward and also include the details for “New gTLD Project” as well.
- We look forward to reviewing the detailed breakdown of the \$6,790,000 in New gTLD Project expenses, particularly in light of ICANN’s intention to incur all those expenses even if New gTLD applications are not received in FY12. We understand the need to prepare and ramp up operations, but are concerned that 100% of the projected expense will be incurred and that a more graduated spend is not under consideration.

- We recommend that ICANN clarify the definitions and disposition of:
 - Application Refund - 8,260,000
 - Historical Development Refund - 11,480,000
 - New gTLD Contingency - 30,000,000

These do not appear to be listed as revenue or expenses in this table.

- Slide 9 “Revenue Assumptions”:
 - It would be helpful if ICANN provided the basis for the 2% growth under the registry and registrar Transactional Fees sections. What is the 2% based on? Also, why were registrar application fees increased by \$1,000 per application?
 - “New gTLD”: What assumptions are made for the number and revenue associated with any gTLDs that may be granted reduced application fees?

- Slide 10 “FY12 Revenue Framework”: We note that fees paid by gTLD registrants make up the overwhelming amount of ICANN’s revenue (over 94%). Rather than going down as a percent of total revenue, the prediction is that this is increasing. Does it make sense to subsidize almost all ICANN programs from gTLD fees while some GNSO community needs are going unmet?

- Slide 11 “FY12 Operating Expense Framework”: A 15% increase in expenses seems excessive considering there is only a 5% projected increase in revenue. We recommend ICANN clarify this.

- On slides 11 and 12, “FY12 Operating Expense Framework” we again recommend separating the 2 scenarios-- with launch and without launch -- into their own distinct tables and slides.

- Slide 13 “FY12 Operating Expense Framework”: 1) Spending for Security, Stability & Resiliency should continue to be a high priority; 2) GNSO support should be increased, including services for SGs and constituencies.

- Slide 14 “FY12 Operating Expense Framework”: Regarding SLA monitoring System development, measurement of ICANN service levels should be included.

- On slide 15 “FY12 Framework with New gTLD Launch”: We note the staff assumption that the ICANN Board will approve the launch of the new gTLD Communications Period at the San Francisco ICANN meeting. The RySG supports this. However, we also note that the 4-month requirement for the Communications Period is the minimum timeframe. Acceptance of applications may in fact begin at a time after that 4-month window. Therefore, we recommend updating bullet 2 to read, “The New gTLD program requires a minimum 4-month communications period before the first applications can be submitted”.
- Slide 20 “Contributions to Reserve Fund”: Instead of recovering the historical new gTLD costs, we recommend that it would be better to reduce application fees, especially for needy applicants and underserved language communities.

The RySG is available to respond to any questions or follow-up comments.

RySG Level of Support

1. Level of Support of Active Members: Supermajority

- 1.1. # of Members in Favor: 9
- 1.2. # of Members Opposed: 0
- 1.3. # of Members that Abstained: 0
- 1.4. # of Members that did not vote: 4

2. Minority Position(s): N/A

General RySG Information

- Total # of eligible RySG Members¹: 14
- Total # of RySG Members: 13
- Total # of Active RySG Members²: 13
- Minimum requirement for supermajority of Active Members: 9

¹ All top-level domain sponsors or registry operators that have agreements with ICANN to provide Registry Services in support of one or more gTLDs are eligible for membership upon the “effective date” set forth in the operator’s or sponsor’s agreement (RySG Articles of Operation, Article III, Membership, ¶ 1). The RySG Articles of Operation can be found at <<http://gnso.icann.org/files/gnso/en/improvements/registries-sg-proposed-charter-30jul09-en.pdf>>. The Universal Postal Union recently concluded the .POST agreement with ICANN, but as of this writing the UPU has not applied for RySG membership.

² Per the RySG Articles of Operation, Article III, Membership, ¶ 6: Members shall be classified as “Active” or “Inactive”. A member shall be classified as “Active” unless it is classified as “Inactive” pursuant to the provisions of this paragraph. Members become Inactive by failing to participate in a RySG meeting or voting process for a total of three consecutive meetings or voting processes or both. An Inactive member shall have all rights and duties of membership other than being counted as present or absent in the determination of a quorum. An Inactive member may resume Active status at any time by participating in a RySG meeting or by voting.

- Minimum requirement for majority of Active Members: 7
- # of Members that participated in this process: 13
- Names of Members that participated in this process: 13
 1. Afilias (.info & .mobi)
 2. DotAsia Organisation (.asia)
 3. DotCooperation (.coop)
 4. Employ Media (.jobs)
 5. Fundació puntCAT (.cat)
 6. Museum Domain Management Association – MuseDoma (.museum)
 7. NeuStar (.biz)
 8. Public Interest Registry - PIR (.org)
 9. RegistryPro (.pro)
 10. Societe Internationale de Telecommunication Aeronautiques – SITA (.aero)
 11. Telnic (.tel)
 12. Tralliance Registry Management Company (TRMC) (.travel)
 13. VeriSign (.com, .name, & .net)
- Names & email addresses for points of contact
 - Chair: David Maher, dmaher@pir.org
 - Vice Chair: Keith Drazek, kdrazek@verisign.com
 - Secretariat: Cherie Stubbs, Cherstubbs@aol.com
 - RySG representative for this statement: Keith Drazek, kdrazek@verisign.com