

Quarterly Stakeholder Update

FY18 Q3
For the Quarter ending 30 March 2018



8 May 2018

FY18 Q3 Update

- Executive summary of the full report
- View the full report and other materials here:
<https://www.icann.org/quarterlyreports>
- Q&A webinar on **14 May 2018** which is your opportunity to ask any questions

Executive Summary

Göran Marby, ICANN President and CEO

Financials and Long-Term Planning

- ⦿ **FY18 Q3 financials:**

- Funding continues to be below budget, consistently with our previous forecasts. Our careful management of expenses, which are also significantly below budget, allows us to show a small net excess.
- We expect these trends to continue through the end of our fiscal year in June.

- ⦿ **Draft FY19 Operating Plan and Budget**

- ⦿ Over 165 comments received - view org report to comments here:
<https://www.icann.org/en/system/files/files/report-comments-fy19-budget-24apr18-en.pdf>
- ⦿ Updated final proposal to be posted on our website mid-May
- ⦿ Anticipated Board adoption end of May

General Data Protection Regulation



- 3 May - the ICANN Board passed a resolution to begin the pre-consultation with the Governmental Advisory Committee on its San Juan advice regarding the GDPR
- 27 April – ICANN met with a group of contracted parties to discuss operational and technical aspects of ICANN’s [Proposed Interim Model](#) and compliance with GDPR
- April – Received helpful guidance from the Article 29 Working Party on several elements of our proposed interim model
 - Guidance did not include an extended timeline to implement the necessary changes to the WHOIS services.

More info: <https://www.icann.org/resources/pages/gdpr-legal-analysis-2017-11-17-en>

Policy Update: Supporting Organizations (SOs)



ccNSO

The ccNSO (Council and members) works on global policies relating to country code top-level domain name (ccTLD) policies (e.g., .br, .uk).

FY18
Q3

20 resolutions adopted
4 policy activities underway



GNSO

The GNSO Council is composed of 21 members — divided into 2 houses (contracted and non-contracted parties) — who work on generic top-level domain name (gTLD) policies (e.g., .com, new gTLDs).

FY18
Q3

3 resolutions adopted
9 policy development processes underway



ASO

The ASO Address Council is composed of 15 volunteers — 3 from each of the Regional Internet Registries (RIRs)— who work on global Internet Protocol (IP) Address Policy.

Supporting Organizations (SOs)

Three SOs in the ICANN community are responsible for developing policy recommendations in the areas they represent.

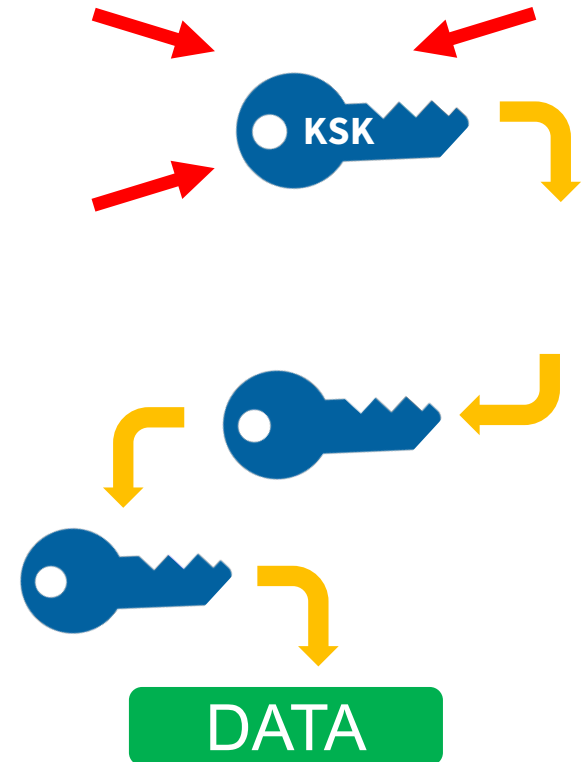
Address Supporting Organization (ASO)

Country Code Names Supporting Organization (ccNSO)

Generic Names Supporting Organization (GNSO)

Key Signing Key (KSK) Rollover Update

- ⦿ Planned date of rollover is 11 October 2018
- ⦿ Draft rollover plan based on community feedback was posted on 1 February 2018
 - Response to public comments were posted end of April



Information Transparency Initiative (ITI)

ITI FY18 Q3 Highlights

- ⦿ Built foundational architecture of the content management system (CMS) and document management system (DMS), and developed the integration between the two platforms.
- ⦿ Completed sixty percent of the audit and taxonomy, including Board, Legal, and GDD content.
- ⦿ Developed foundational workflow model in the DMS.
- ⦿ Launched feedback.icann.org (April 2018)
- ⦿ Updated definitions for 250 Acronyms and Terms. The new feature launches on the current icann.org on **30 May 2018** with more opportunity for more feedback at launch.
- ⦿ On budget for FY18, but there is some risk of needing ITI project contingency in FY19 and 20, as feature and content complexity increases.

Board Update

Cherine Chalaby, Chair of the Board

Board Update

- ⦿ General Data Protection Regulation (GDPR)
 - ICANN org will undoubtedly continue to engage until the last minute in constructive dialogue with the Article 29 Working Party, the European Commission and our community

- ⦿ FY19 Operating Plan and Budget. Based on public comments, three changes were made
 - Fellowship program
 - CROP request mechanism
 - ICANN Wiki

- ⦿ Uniform Board Member Integrity Screening Process

FY18 Q3 Report

January – March 2018

Policy Update

Generic Names Supporting Org. (GNSO)

Areas of Work in FY18 Q3

In addition to 9 policy development process in progress:

- ⊙ Adopted charter for the ICANN Procedure For Handling WHOIS Conflicts with Privacy Law Implementation Advisory Group (WHOIS Procedure IAG). The call for volunteers is to be launched on or after 1 June 2018.
- ⊙ Considering the proposed charter for an Internet Governance Engagement Group.
- ⊙ Working with ICANN staff on a post-implementation review framework to guide any reviews of implemented GNSO policy recommendations.

Completed Work in FY18 Q3

- ⊙ The GNSO Council adopted revised GNSO Operating Procedures and proposed a set of modifications to the ICANN Bylaws for ICANN Board consideration to address all the new and/or additional rights and responsibilities in relation to participation of the GNSO as a Decisional Participant in the Empowered Community and the new accountability mechanisms.
- ⊙ Nominated replacement candidate for Second Security, Stability, and Resiliency of the DNS (SSR2) Review Team.
- ⊙ Submitted its input to the proposed FY19 Budget, the proposed Operating Standards for ICANN Specific Reviews as well as the proposed incremental changes to the ICANN Meeting Strategy.
- ⊙ Withdrew as a Chartering Organization of the Internet Governance Cross-Community Working Group.
- ⊙ Agreed upon a detailed description of the role of GNSO Council liaisons to PDP Working Groups.

Country-Code Names Supporting Org. (ccNSO)

Areas of work in FY18 Q3

- ⦿ Participated in Country Code Policy Development Process 3 Working group on retirement of ccTLDs
- ⦿ Participated in GNSO Policy Development Process subsequent procedures work track 5 (geographic names)
- ⦿ Started the ccNSO Study Group on Use of Emoji in domain names
- ⦿ Reviewed implementation plan of risk mitigation procedure regarding confusing similarity under Internationalized country code Top-Level Domain Fast Track process

Completed work in Q3

- ⦿ Created of GAC-ccNSO meeting agenda committee, with members from GAC and ccSNO
- ⦿ Finished input to GAC Underserved Regions WG FAQ on delegation, transfer and revocation of ccTLDs
- ⦿ Decided not to participate in RDS/WHOIS 2 Specific Review: major reason was the need to understand the impact of the General Data Protection Regulation on WHOIS/RDS, and the recommendations of the first WHOIS review, first, before starting the review
- ⦿ Reviewed the ccNSO Meeting Strategy
- ⦿ Participated and produced statement on FY19 Budget and Operating Plan
- ⦿ Held elections for Chair (Katrina Sataki, .LV) and Vice-Chair (Debbie Monhan, .NZ) and Byron Holland, (.CA)

Management Update

Root KSK Roll Update

- Draft rollover plan based on community feedback was posted on 1 February 2018, KSK Rollover planned for **11 October 2018**
- Analysis of root trust anchor configuration data from ostensible resolvers continues
 - Modern DNS resolvers report trust anchor configuration to root servers
 - Preliminary analysis of this trust anchor report data was the basis for postponing the root KSK roll in September 2017
 - The number of addresses reporting trust anchor configuration is continuing to increase, as is the percentage of those sources that report not being configured with the new trust anchor
 - **However, subsequent analysis (not yet published) suggests that most of the addresses reporting trust anchor data are either not resolvers, or resolvers not used by any significant population of end users**
 - **The trust anchor report data is therefore likely not a good indicator of the actual level of readiness of real resolver operators for the root KSK roll**

Office of the CTO Update

- ⦿ [Continued progress on Open Data Initiative](#)
 - A Request For Proposals (RFP) to choose an open data Software as a Service (SaaS) platform was opened on 13 March 2018 and the team is on target to choose a platform by early July 2018
 - The team continues to hold meetings with internal data owners and stakeholders and is finishing work on an initial version of an ICANN data catalog, known as the ICANN Data Asset Inventory

- ⦿ [Identifier Technology Health Initiative \(ITHI\) project continues](#)
 - Data collection for six of the seven metrics for measuring the health of naming identifiers has begun, with details presented at ICANN61
 - Continued to engage recursive resolver and TLD operators to obtain Personally Identifiable Information (PII)-free data as input to these metrics

- ⦿ ICANN co-hosted IETF 101 in London, UK
 - In ongoing efforts aimed at supporting the Internet Engineering Task Force (IETF) and its work, ICANN co-hosted the 101st meeting of the IETF in London in mid-March

Information Transparency Initiative (ITI)

ITI FY18 Q3 Highlights

- ⦿ Built foundational architecture of the content management system (CMS), dotCMS, and document management system (DMS), Alfresco.
- ⦿ Completed sixty percent of the audit and taxonomy, including Board, Legal, and GDD content.
- ⦿ Developed foundational model of workflows in the DMS, assessment of translation model.
- ⦿ Launched feedback.icann.org (April 2018)
- ⦿ Updated definitions for 250 Acronyms and Terms. The new Acronyms and Terms feature launches on the current icann.org on 30 May 2018.
- ⦿ ITI is on budget for FY18. Current estimates for FY19 and FY20 project that ITI will remain on budget.

GDD Highlights

- ⦿ IANA functions audits Service Organizational Control (SOC) 2 and SOC3 completed (29 March)
- ⦿ The third version of the Maximal Starting Repertoire (MSR-3) was released (29 March)
- ⦿ Name Service portal (NSp) Registrar version 1.0 successfully launched (26 March)
- ⦿ Domain Name Registrant Blog Educational Series entitled ‘Do You Have a Domain Name? Here’s What You Need to Know’ continued; One additional blog published (26 March)
- ⦿ Call for experts to study the application of Root Zone Label Generation Rules (RZ-LGR) issued (18 February)
- ⦿ IANA Services Customer Service Satisfaction survey published (18 January)
- ⦿ Guidelines for the implementation of the Consensus Policy for Protection of Certain Specific IGO and INGO Identifiers for all gTLDs issued (16 January)

GDD: New gTLD Program

WHY IT'S IMPORTANT

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.

1,230

gTLDs delegated representing*:



Community: 52



Geographic: 53



IDNs: 95

1,245

Total registry agreements signed

* As of 31 March 2018. May fall into more than one subcategory

GDD: Internationalized Domain Names

WHY IT'S IMPORTANT

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

IDN ccTLDs allow countries and territories to represent their respective names in scripts other than Latin characters.

151

IDNs delegated into the root zone -
Includes 56 IDN ccTLDs from 38 countries and territories covering 33 languages in 19 scripts

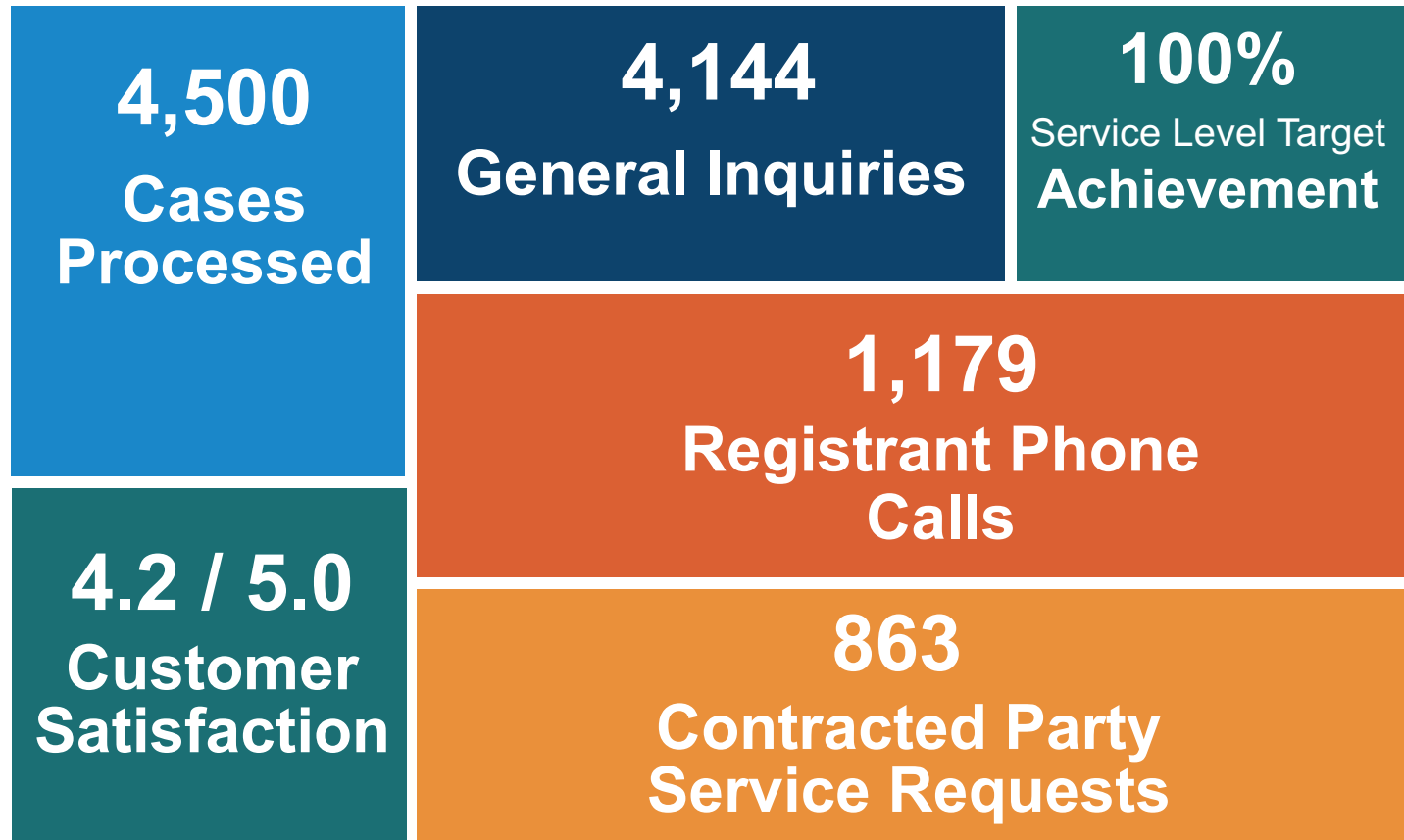
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Root Zone Label Generation Rules (RZ-LGR-2) released as of August 2017
Integrated Arabic, Ethiopic, Georgian, Khmer, Lao, and Thai

MORE INFORMATION:

<https://www.icann.org/IDN>

GDD: Global Support & Operations



GDD: Public Comment Activities

- ⦿ Proposal for Korean Root Zone Label Generation Rules (opened 25 January; closed 17 March)
- ⦿ Maximal Starting Repertoire version 3 (MSR-3) for Root Zone Label Generation Rules (RZ-LGR) (opened 17 January; closed 26 February)

PTI: IANA Functions

Name, Number and Protocol Parameters

993

Domain
related
requests

1052

Protocol related requests

1

Number related
events

1

Key signing
ceremony

337

General inquiries

Contractual Compliance

Audit Update

New Registry Audit round started in March 2018
 - 20 new gTLDs are in scope

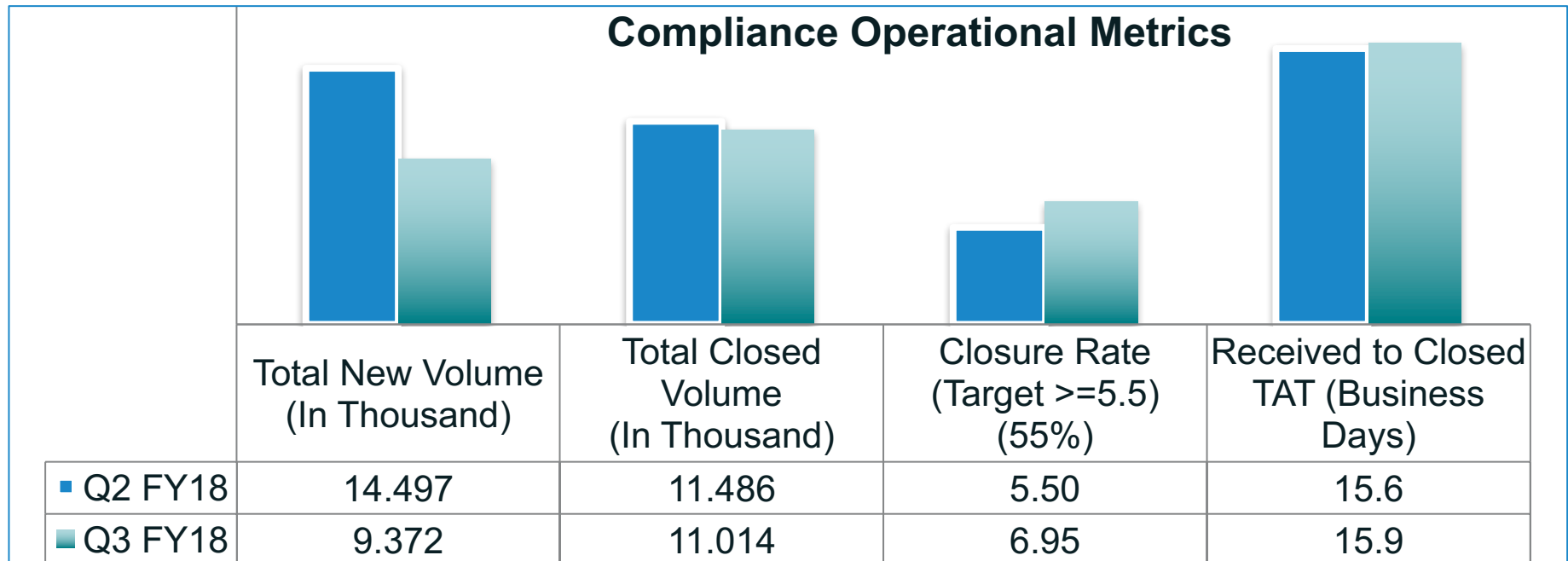
Registrar audit is in completion phase
 - 58 Registrars are in scope

Enhanced Compliance Reporting

(New) Quarterly Closed Complaints by Closure Code are now published [here](#).

Additional Information on Complaints Related to GAC Category 1 Safeguards is published [here](#).

Compliance Operational Metrics



ICANN Reviews Status

Find more information here: <https://www.icann.org/resources/reviews>

SPECIFIC REVIEWS

Specific Reviews Currently Active	Status	Additional Resources
Accountability and Transparency (ATRT3)	Five of seven Supporting Organizations (SOs) and Advisory Committees (ACs) completed their nominations. Next, the SO/AC chairs will assemble a review team based on the nominations received.	Find latest news and updates on the ATRT3 Review Wiki Workspace and historical milestones, outputs, and final deliverables on the ATRT Review Home Page on ICANN.org .
Competition, Consumer Trust, and Consumer Choice (CCT)	Review team is refining its final report and recommendations.	Find the latest news and progress updates on the CCT Review Wiki Workspace and historical milestones, outputs, and final deliverables on the CCT Review Home Page on ICANN.org .
Registration Directory Service Review formerly "WHOIS" (RDS-WHOIS2)	Review team had a productive 3-day face-to-face meeting in Belgium, during which they made good progress on substance related to work of the subgroups and finalizing evaluation of recommendations from the first WHOIS Review.	Find the latest news and progress updates on the RDS-WHOIS2 Review Wiki Workspace and historical milestones, outputs, and final deliverables on the RDS Home Page on ICANN.org .
Security, Stability, and Resiliency of the Domain Name System (SSR2)	An updated list of review team members was released on 13 April. Plans are underway for a face-to-face meeting in July 2018 where a facilitator will assist the review team to select their leadership, agree on means of working together productively to reach	Find the latest news and progress updates on the SSR2 Review Wiki Workspace and historical milestones, outputs, and final deliverables on the SSR Review Home Page on ICANN.org .

ORGANIZATIONAL REVIEWS

Organizational Reviews currently active	Status	Additional Resources
Address Supporting Organization (ASO2)	The NRO is currently assessing the Final Report of the independent examiner.	Find essential milestones, outputs, and final deliverables on the ASO Review Home Page on ICANN.org .
At-Large (At-Large2)	The At-Large Review Working Party has submitted additional information and clarifications of its feasibility assessment to the Organizational Effectiveness Committee (OEC). The Board will take action on the implementation of recommendations during ICANN62.	Find latest news and progress updates on the At-Large/ALAC Review Wiki Workspace and historical milestones, outputs, and final deliverables on the At-Large Review Home Page on ICANN.org .
Country Code Names Supporting Organization (ccNSO2)	A request for proposal to find an independent examiner to conduct the review will be published on 25 April; the review is expected to begin in August 2018.	Find historical milestones, outputs, and final deliverables on the ccNSO Review Home Page on ICANN.org .
Generic Names Supporting Organization (GNSO2)	GNSO2 Review recommendations are in the process of implementation.	Find latest news and progress updates on the GNSO Review Wiki Workspace and historical milestones, outputs, and final deliverables on the GNSO Review Home Page on ICANN.org .
Nominating Committee (NomCom2)	The independent examiner has published its Draft Final Report for public comment , closing on 7 May 2018.	Find latest news and progress updates on the NomCom Review Wiki Workspace and historical milestones, outputs, and final deliverables on the NomCom Review Home page on ICANN.org .

Fellowship and NextGen Programs

Fellowship Program

- There were 53 Fellows selected for ICANN61 from 44 countries
 - 33 were new to the Fellowship program
 - 20 were alumni

NextGen Program

- There were 15 participants for the NextGen program, from 5 different countries



The **Fellowship program** focuses on capacity building and fast immersion into the ICANN Community, bringing approximately 60 fellows to (2) ICANN meetings and 40 to (1) Meeting, which is the 'Alumni only' Policy Forum Meeting. Fellowship candidates must be at least 21 years of age with no other age limit; priority is interest in continuing engagement as a volunteer in the Multistakeholder Model after meeting the other selection criteria



The **NextGen@ICANN program** focuses on education, awareness and future engagement. Applicants must be between the ages of 18 and 30, live and be enrolled in some type of higher learning curriculum within the region that the ICANN Meeting is being held. Approximately 20-30 eligible candidates selected per meeting to engage in customized, topical discussions

Government and IGO Engagement Highlights

Held two capacity building workshops with the Government Advisory Committee (GAC)

- **Kathmandu, Nepal** - for South Asia regional GAC members and other stakeholders in February in conjunction with the APRICOT and APNIC meetings.
- **San Juan, Puerto Rico** – for Latin America and Caribbean stakeholders, on resilience and disaster recovery of the DNS, focused on Caribbean and Latin America
- Planning is underway for two additional events: for the Francophone African community in Dakar Senegal in May 2018, in conjunction with the Africa Summit; and the AFNIC meetings and for Latin America at ICANN 62 in Panama in June 2018.
- An evaluation of the capacity building programs will be completed at the end of FY18 and a preliminary report presented to the GAC for initial discussion at ICANN62.

Government and IGO Engagement (small sample)

- ITU WSIS Forum - Geneva, Switzerland - presentations and panel participation
- Participation in UNCTAD E-Commerce week – Geneva Switzerland
- Attending regional preparatory meetings for ITU PP-18
- Bilateral visits and meetings with many government officials including representatives from the UK, UAE, Egypt, Spain, Sweden, ITU Sec General and CTO Sec General in coordination with regional GSE teams

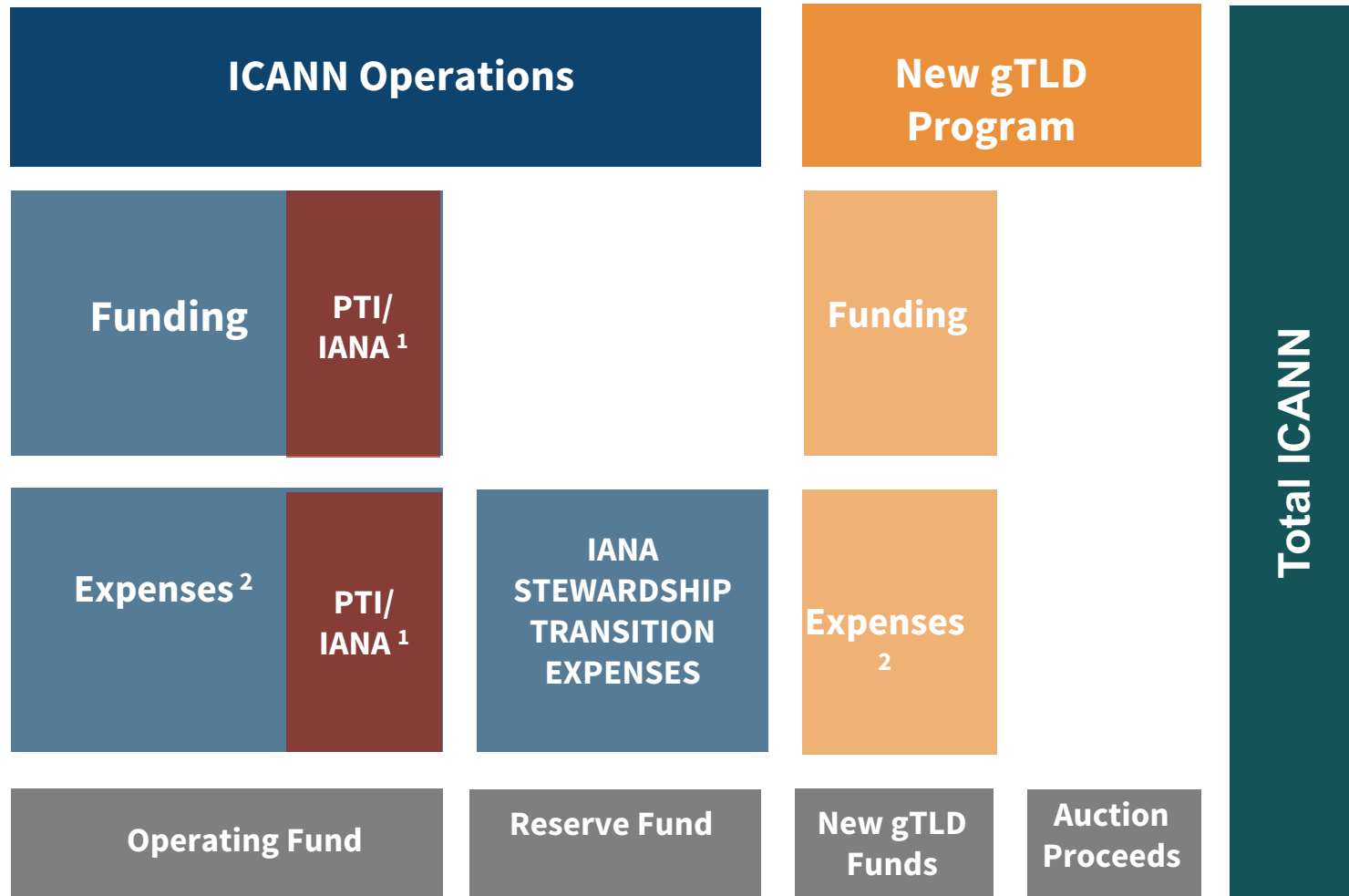
Participation in Internet Governance Discussions

- Internet and Jurisdiction conference – Ottawa, Canada; Mobile World Congress – GSMA in Barcelona, Spain; Big Data and Diplomacy event – DIPLO – Geneva, Switzerland

Financial Update FY18 Q3

For July 2017 – March 2018

ICANN Organization Reporting Structure



¹ IANA Services includes ICANN's and PTI's IANA Expenses


² Excludes depreciation and bad debt expenses

FY18 Year-to-date (Jul 17- Mar 18) Overview

ICANN OPERATIONS

Funding and Expenses below target.

	Actual	Budget	Var	% Var	FY17	Var	% Var
Funding	\$98	\$107	-\$9	-8%	\$105	(\$7)	-6%
Expenses	(\$93)	(\$105)	\$12	-11%	(\$89)	(\$4)	4%
IANA Stewardship Transition Expenses	(\$1)	(\$2)	\$1	-58%	(\$5)	\$4	-80%
Net	\$4	\$0	\$4	N/A	\$11	(\$6)	-58%

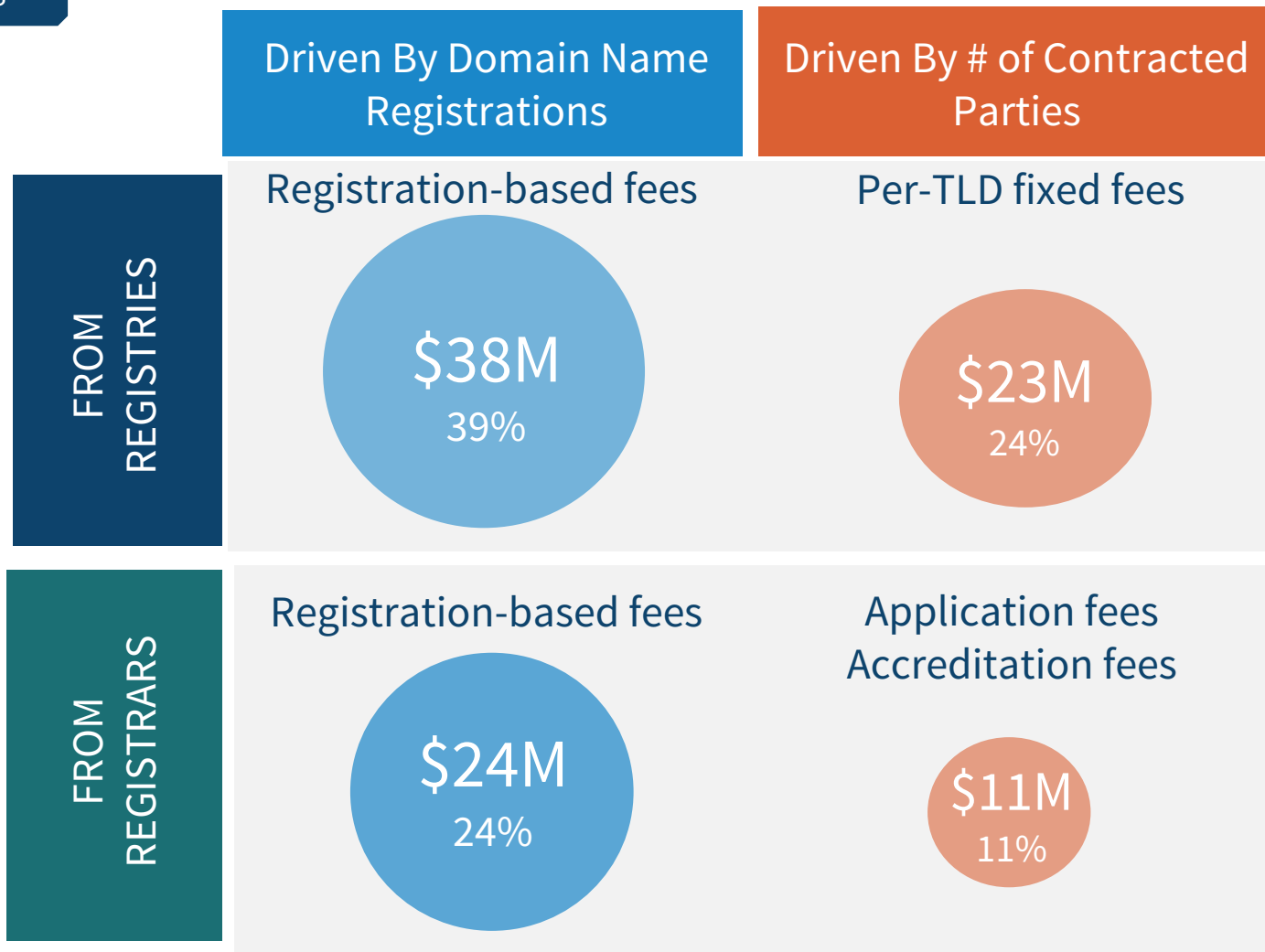


Breakdown of Expenses	Actual	Budget	Var	% Var	FY17	Var	% Var
IANA Services	(\$5)	(\$7)	\$2	-29%	(\$6)	\$1	-18%
All Other	(\$88)	(\$97)	\$10	-10%	(\$83)	(\$5)	6%

Note: Expenses exclude bad debt and depreciation and include capital expenses.

FY18 Year-to-date (Jul 17 – Mar 18) Funding

ICANN OPERATIONS



Other Income: \$2M, 2%

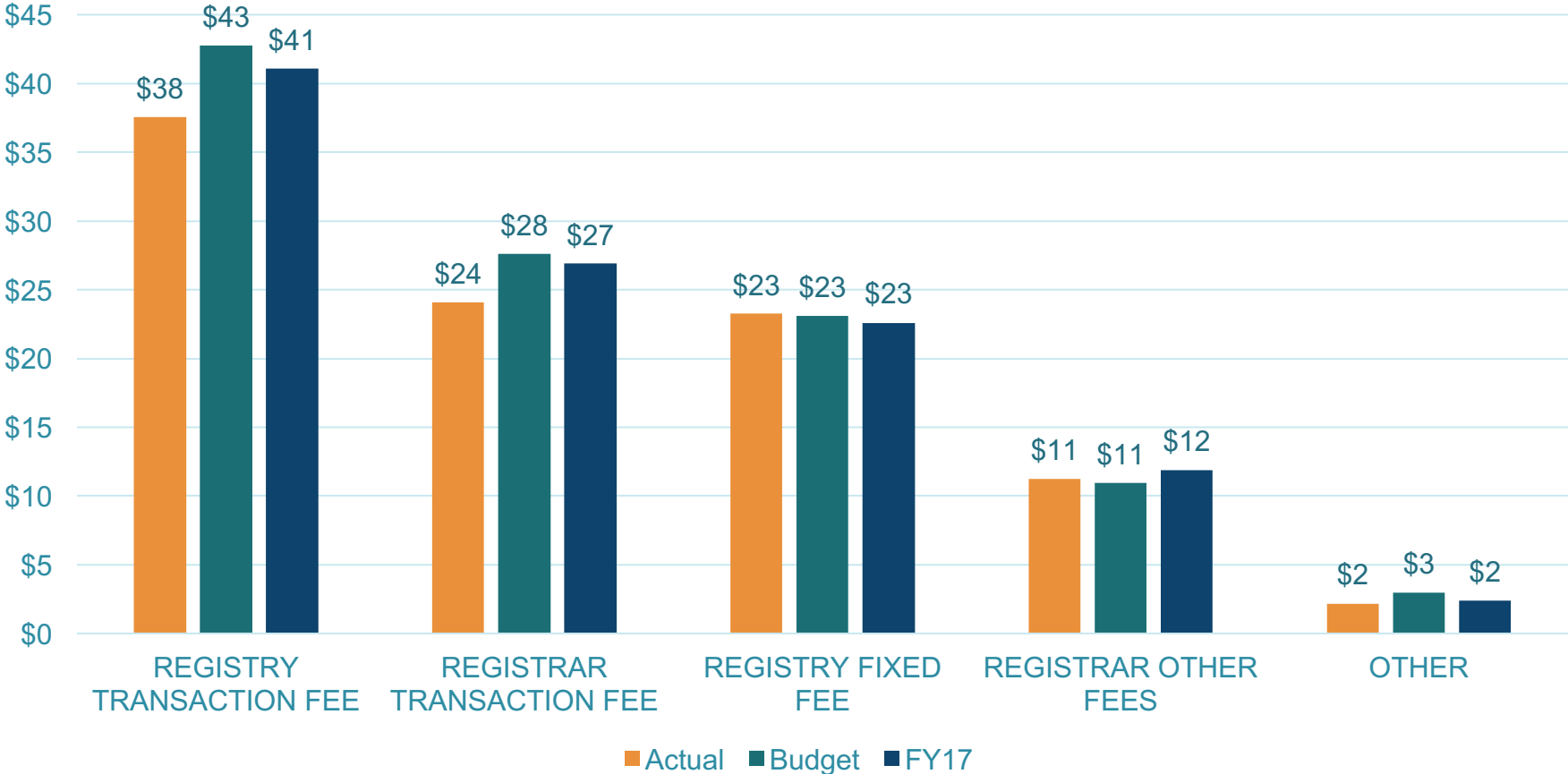
Total Funding: \$98M

FY18 Year-to-date (Jul 17 – Mar 18) Funding vs Budget & FY17

ICANN OPERATIONS

Actual: \$ 98M
Budget: \$ 107M
FY17: \$ 105M

Funding below target due to lower registration volumes

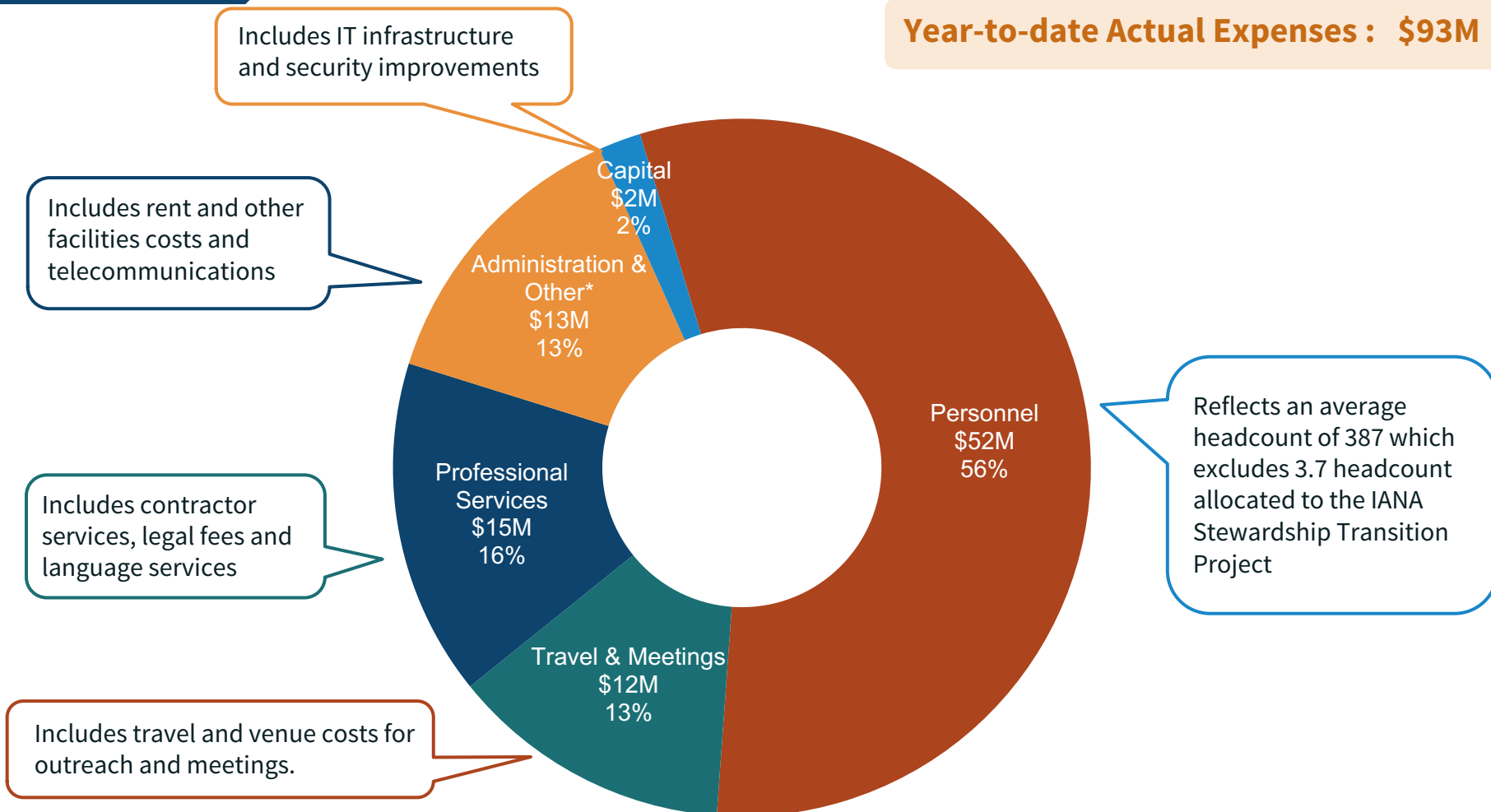


In millions, USD- unaudited – Scale and Arithmetic inconsistencies are due to rounding to the nearest million.

FY18 Year-to-date (Jul 17 – Mar 18) Operating & Capital Expenses

ICANN OPERATIONS

Year-to-date Actual Expenses : \$93M



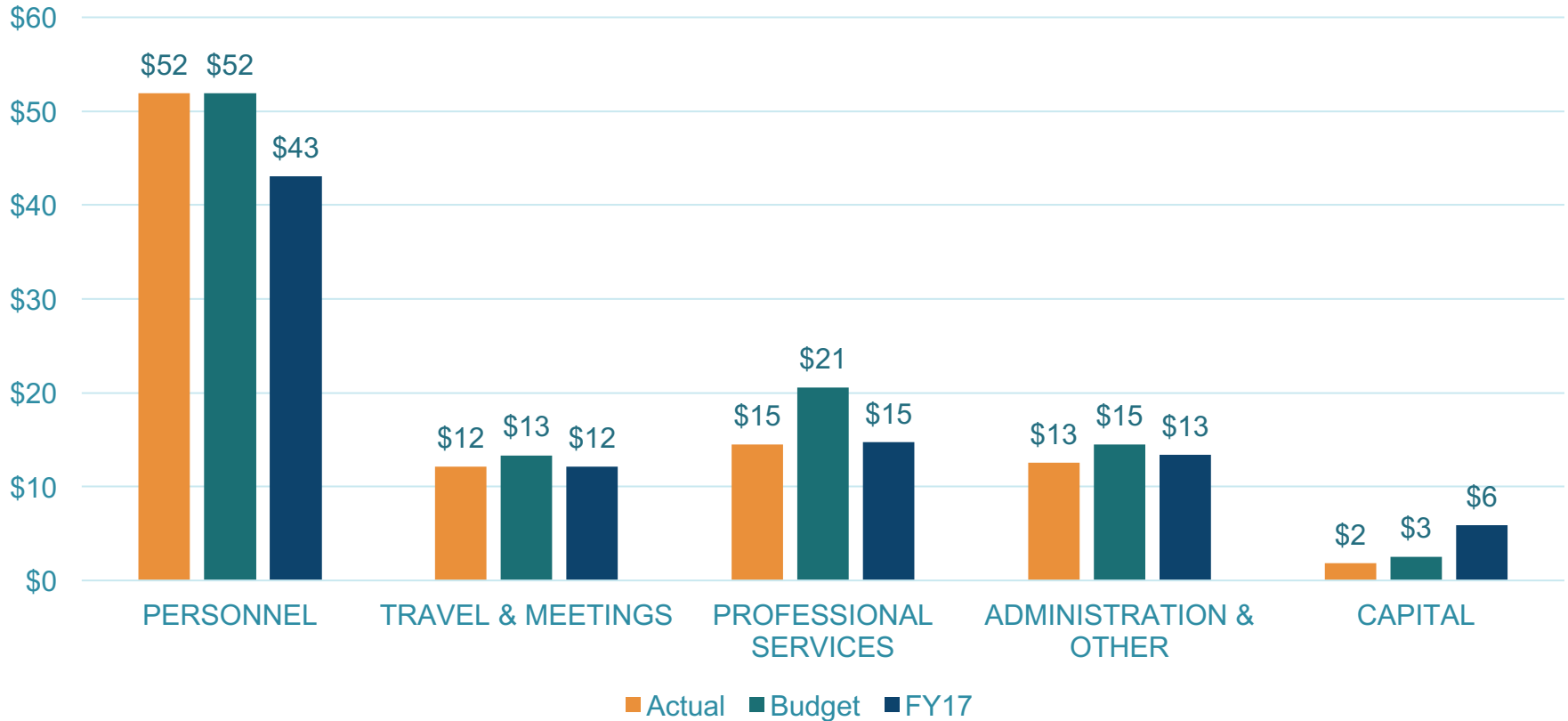
*Excludes bad debt and depreciation

FY18 Year-to-date (Jul 17 – Mar 18) Operating & Capital Expenses

ICANN OPERATIONS

Actual: \$ 93M
Budget: \$ 105M
FY17: \$ 89M

Lower professional services costs and timing differences of projects vs. plan.



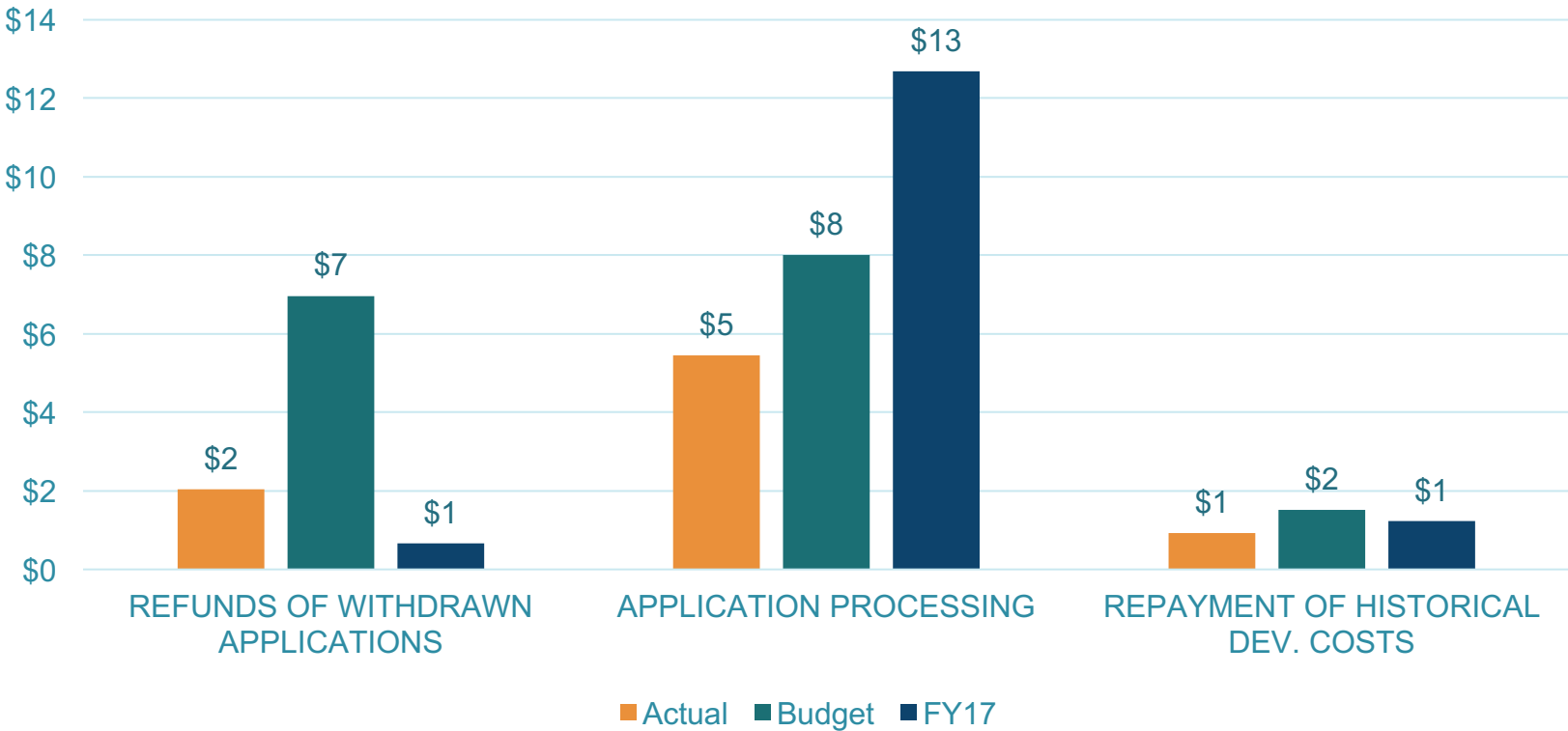
Activities covered by the contingency have been reported in the expense categories above based on the nature of the expense. The Contingency budget year to date is \$1.9M.

FY18 Year-to-date (Jul 17-Mar 18) New gTLD Program Expenses vs Budget & FY18

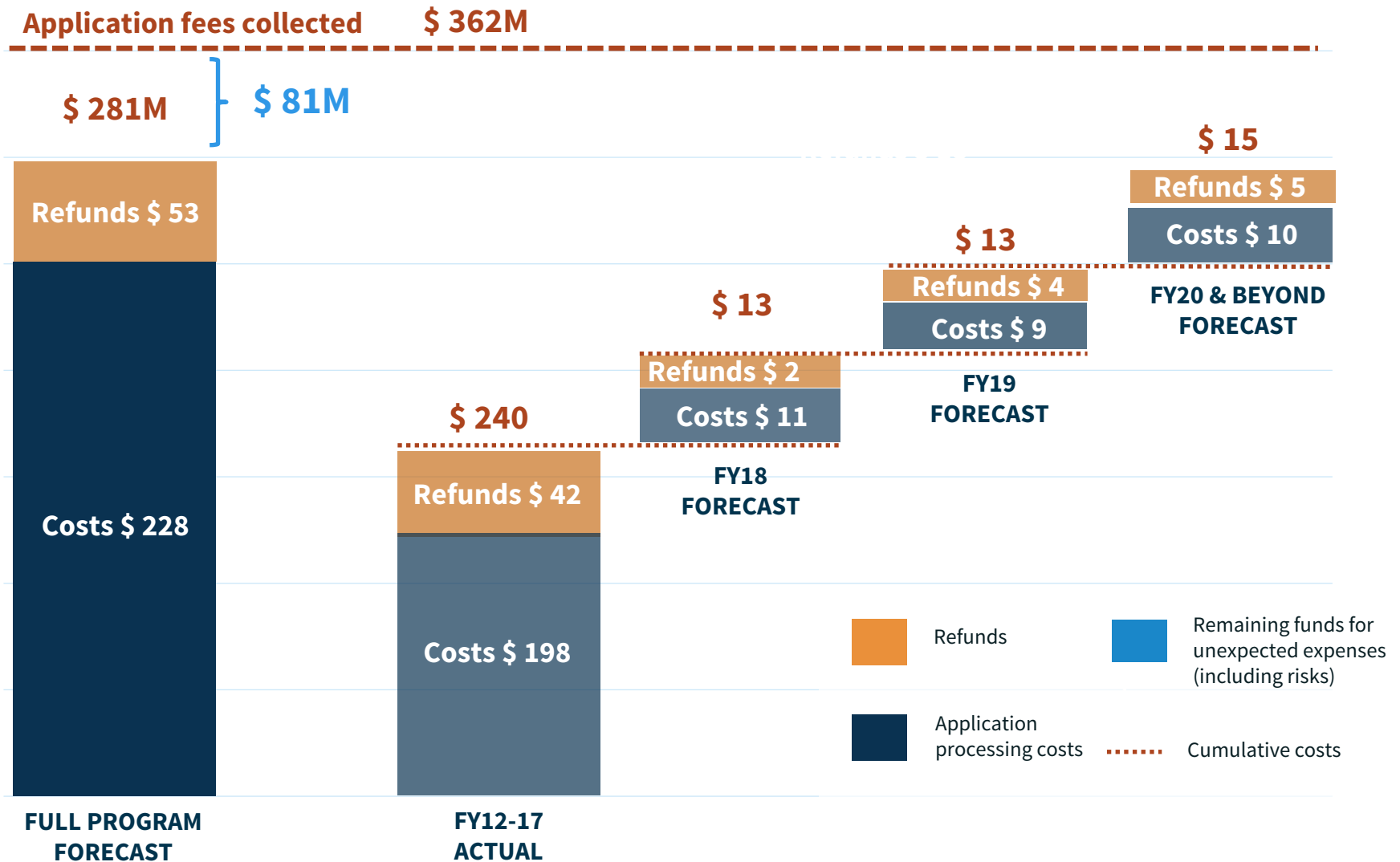
New gTLD PROGRAM

**Lower refunds of withdrawn applications.
Processing costs higher than target
due to legal fees.**

Actual: \$ 7M
Budget: \$ 11M
FY17: \$ 15M



New gTLD Program – Multi-year Forecast



FY18 Year-to-date (Jul 17-Mar 18) Total ICANN Organization Actuals

TOTAL ICANN ORG.

	ICANN Operations (A)	IANA Stewardship Transition (B)	Total ICANN Operations (A+B)	New gTLD Program (C)	Total ICANN Org. (A+B+C)
Funding	\$98	\$0	\$98	\$9	\$107
Expenses*	(\$93)	(\$1)	(\$94)	(\$5)	(\$99)
Net	\$5	(\$1)	\$4	\$3	\$8

Total ICANN Operations is the sum of ICANN Operations (A) and IANA Stewardship Transition (B). Total ICANN Organization is the sum of ICANN Operations (A), IANA Stewardship Transition (B), and New gTLD Program (C).

*Expenses exclude bad debt, depreciation and refunds for withdrawn New gTLD applications which are included in the Funding line.

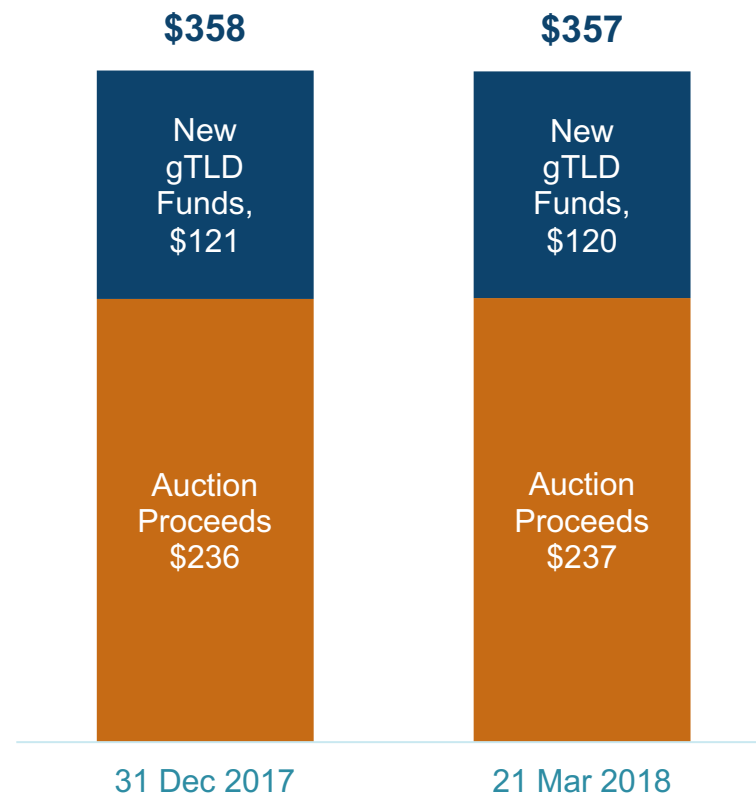
Funds Under Management as of 31 March 2018

FUNDS UNDER MGMT.

Total Funds: \$ 461M
 ICANN Operations: \$ 105M
 New gTLD Program-related: \$ 357M



ICANN Operations



New gTLD Program

FY18 Year-to-date (Jul 17- Mar 18) Overview - Forecast

ICANN OPERATIONS

Expenses below Forecast

	Actual	Forecast	Var	% Var	FY17	Var	% Var
Funding	\$98	\$98	\$0	0%	\$105	(\$7)	-6%
Expenses	(\$93)	(\$96)	\$3	-3%	(\$89)	(\$4)	4%
IANA Stewardship Transition Expenses	(\$1)	(\$2)	\$1	-42%	(\$5)	\$4	-80%
Net	\$4	\$1	\$3	N/A	\$11	(\$6)	-58%

Note: Expenses exclude bad debt and depreciation and include capital expenses.

FY18 Total ICANN Organization - Forecast

TOTAL ICANN ORG.

	ICANN Operations (A)	IANA Stewardship Transition (B)	Total ICANN Operations (A+B)	New gTLD Program (C)	Total ICANN Org. (A+B+C)
Funding	\$135	\$0	\$135	-\$7	\$128
Expenses*	(\$136)	(\$2)	(\$139)	(\$11)	(\$149)
Net	(\$2)	(\$2)	(\$4)	(\$17)	(\$21)
Funding from FY17 Savings (Approved by Board)	\$2	\$0	\$2	\$0	\$2
Net	\$0	(\$2)	(\$2)	(\$17)	(\$19)

Total ICANN Operations is the sum of ICANN Operations (A) and IANA Stewardship Transition (B). Total ICANN Organization is the sum of ICANN Operations (A), IANA Stewardship Transition (B), and New gTLD Program (C).

*Expenses exclude bad debt, depreciation and refunds for withdrawn New gTLD applications which are included in the Funding line.