

# Quarterly Stakeholder Update

**FY18 Q2**

**For the Quarter ending 31 December 2017**



12 February 2018

# FY18 Q2 Update

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- Shorter executive summary of the full report
- View the full report and other materials here:  
<https://www.icann.org/quarterlyreports>
- Q&A webinar on **22 February 2018** which is your opportunity to ask any questions
- View latest CEO report to the Board

# Executive Summary

Göran Marby, ICANN President and CEO

# Financials and Long-Term Planning

- **FY18 Q2 financials:**
  - Funding continues to be below our budget, and we expect this trend to continue through the remainder of the fiscal year.
  - Our expenses are also below budget, more than offsetting the funding shortfall, as a result of slower progress on reviews, and the positive effect of tightening cost control throughout the organization.
- Public comment: **Draft FY19 Operating Plan and Budget** (closing 8 March)
  - <https://www.icann.org/public-comments/fy19-budget-2018-01-19-en>
  - Funding for FY19 is \$138 million, which is below the FY18 budget of \$143 million by \$5 million.



**We want your feedback**



# General Data Protection Regulation



- ◉ European regulation that takes effect in May 2018
- ◉ Webinar held on 2 February
  - ◉ Watch the replay: <https://www.icann.org/resources/pages/data-protection-meetings-2017-12-08-en>

## Feedback on Draft Interim Models

Comment Type	Total
Comments on ICANN-Proposed Models & Community-Submitted Models	65  (60 published, 1 pending publishing confirmation, 4 not published by request)
Comments on Hamilton Legal Analysis	9

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  
Q1

**12** resolutions adopted  
**3** 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  
Q1

**8** 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.

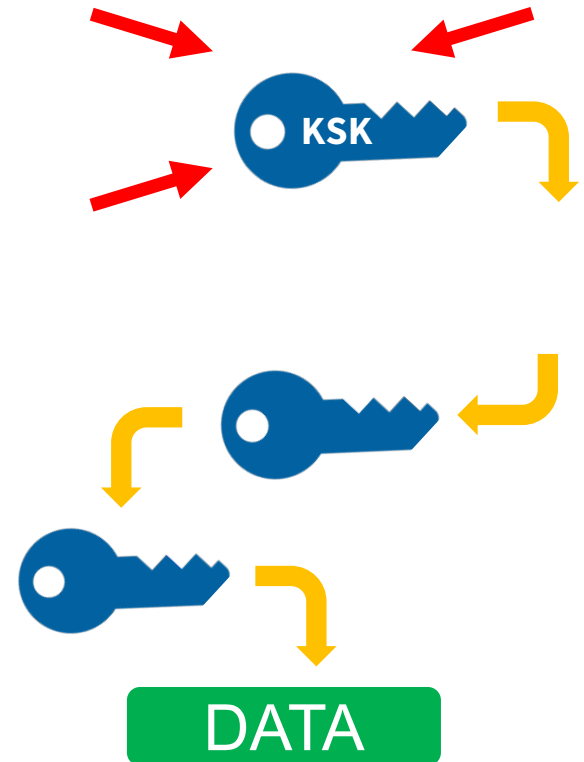
Address Supporting Organization (ASO)

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 plan is out now for public comment, until 2 April
  - <https://www.icann.org/public-comments/ksk-rollover-restart-2018-02-01-en>



# Board Update

Cherine Chalaby, Chair of the Board



# Board Update

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- ⦿ Board Workshop in Los Angeles in February
  - <https://www.icann.org/resources/pages/2018-board-meetings>
- ⦿ Also attended the Non-Contracted Parties House inter-sessional meeting, and the GNSO Council meetings in Los Angeles
- ⦿ Integrity screening of Board members complete

# FY18 Q2 Report

## October – December 2017

# Policy Update

# Generic Names Supporting Org. (GNSO)

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## Areas of Work in FY18 Q2

- ⦿ Referral of *Inter-Registrar Transfer Policy Part C Privacy / Proxy Registrations Implementation Issues to Privacy & Proxy Services Accreditation Issues* Implementation Review Team
- ⦿ GNSO Standing Committee on Budget and Operations (SCBO) adopted charter on an interim basis
- ⦿ Developed Council input on proposed Operating Standards for Specific Reviews
- ⦿ Developed Council input on proposed incremental changes to the ICANN Meetings strategy

## Completed Work in Q2

- ⦿ Confirmation of permanent GNSO Representative to the Empowered Community Administration
- ⦿ Selection and confirmation of GNSO liaison to the Governmental Advisory Committee liaison to the GAC
- ⦿ Adoption of the GNSO Review of GAC Abu Dhabi Communiqué for submission to the ICANN Board
- ⦿ Submitted comment on ICANN Reserve Fund – Rationale and Target Level

# Country-Code Names Supporting Org. (ccNSO)

## Areas of work in FY18 Q2

- Country Code Policy Development Process 3 Working group on retirement of ccTLDs well underway
- Participated in GNSO Policy Development Process subsequent procedures work track 5 (geographic names)
- Reviewed ccNSO meeting strategy
- Reviewed implementation of risk mitigation procedure regarding confusing similarity under Internationalized country code Top-Level Domain Fast Track process

## Completed work in Q2

- Nomination and designation Nigel Roberts (.jj & .ge) as ccNSO appointed Board member ( to replace Mike Silber after AGM 2018)
- Restructured the ccNSO Strategic and Operational Planning Committee
- Produced statement on draft Operating Standards for Specific Reviews
- ccNSO Council Elections (councilors to take their seats at the end of ICANN61)

# Management Update

# Root KSK Roll Update

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- Planned date of rollover is 11 October 2018
  - Draft rollover plan (based on community feedback) was posted on 1 February 2018
  - Public comment period closes 2 April 2018
- Analysis of new data since the decision to postpone (September 2017) does not reveal definitive actions
  - Modern DNS resolvers report trust anchor configuration to root servers
  - Attempts were made to contact operators of resolvers not updated with the new trust anchor
    - It was difficult to reach responsible parties
      - Only 20% could be located and responded
      - Of those responses, 60% were dynamic addresses (leaving no hope of finding more information)
      - For the remaining resolvers, no single cause for not updating could be determined.
        - This leaves no obvious actions or messaging going forward
- The number of resolvers reporting trust anchor configuration is continuing to increase
  - But so does the percentage of resolvers not updated with the new key
  - We are trying to determine the reason

# Office of the CTO Update

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- ⦿ [Continued progress on Open Data Initiative](#) (ODI)
  - Compiling the initial version of the data census cataloging all internal data. The public pilots remain active now with three data sets (two were added in late 2017).
- ⦿ [Identifier Technology Health Initiative](#) (ITHI) project continues
  - Metrics for measuring the health of naming identifiers have been developed and refined. Details were presented at ICANN60.
- ⦿ Successful demo of DNS object prototype
  - Research project coined "DNS Objects" to store and retrieve complex, structured data using DNS.



# Office of the CTO Update

- ⦿ Support for dismantling Andromeda/Avalanche malware families
  - Subject Matter Expertise provided to EuroPol and the FBI in action against Avalanche and Andromeda malware families. The action cumulated in the dismantling of the malware underlying infrastructure and command and control mechanisms.
  - Read more [here](#) and [here](#).
- ⦿ Emerging identifiers research continues
  - Continued research into Emerging Identifier Systems. A risk analysis of the Digital Object Architecture (DOA) and a technical introduction to Blockchain Technology was [presented at ICANN60](#)
- ⦿ [DNS Abuse Analytics and Reporting \(DAAR\) Project matures](#)
  - Renewed contract with developers for 2018 subscription service; many new features have been implemented. Working to define an API to help automate reporting, have completed work on a DAAR concept paper, and are pursuing third party review of our methodology.

# GDD Highlights

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- ⦿ Framework for Registry Operator's Response to Security Threats published (20 October)
- ⦿ Updated gTLD Marketplace Health Index published (14 December)
- ⦿ Designated an emergency interim registry operator for top-level domain .WED. following a DNS critical function failure as well as other failures, and successfully restored the service through one of the ICANN designated Emergency Back-End Registry Operator (EBERO) providers.
- ⦿ Domain Name Registrant Blog Educational Series entitled 'Do You Have a Domain Name? Here's What You Need to Know' continued; Two additional blogs published.
- ⦿ ICANN approved Hurricane Maria and other similar natural disasters as extenuating circumstances under RAA section 3.7.5.1.
- ⦿ Successfully completed String Evaluation of the proposed Internationalized Domain Name (IDN) country coded top-level domain (ccTLD) string for Mauritania (3 October)

# 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.

**1,227**

**gTLDs delegated representing\*:**



**Community: 51**



**Geographic: 53**



**IDNs: 94**

**1,244**

**Total registry agreements signed**

\* As of 31 December 2017. 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 US-ASCII characters.

150

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

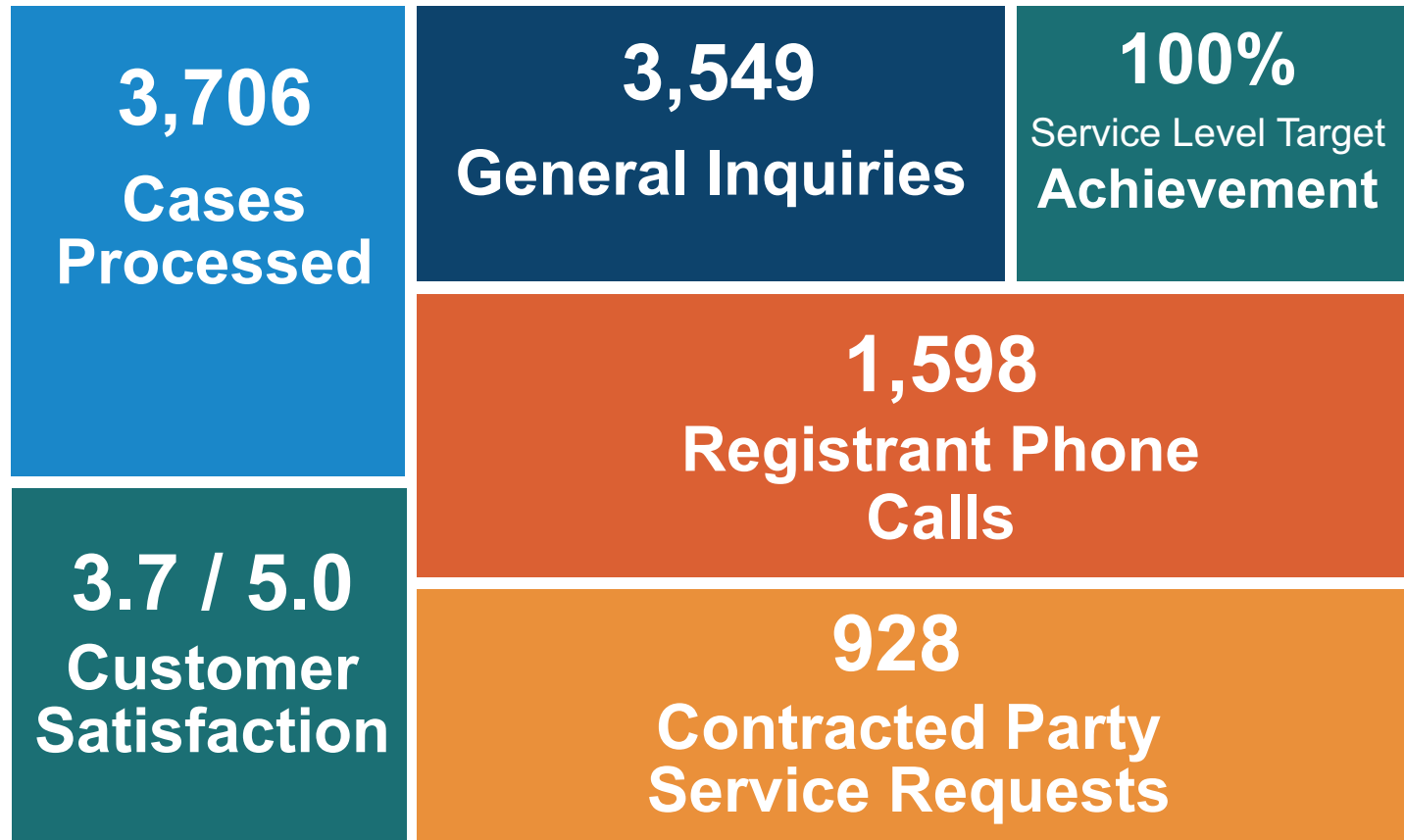
6

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

MORE INFORMATION:

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

# GDD: Global Support & Operations



# GDD: Public Comment Activities

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- ⦿ Statistical Analysis of DNS Abuse in gTLDs (SADAG) Report (closed 27 September)
- ⦿ Proposed Renewal of .MUSEUM Sponsored Registry Agreement (closed 3 October)
- ⦿ Draft PTI and IANA FY19 Operating Plans and Budgets (opened 9 October; closed 26 November)
- ⦿ Proposal for Cyrillic Script Root Zone Label Generation Rules (opened 17 October; closed 6 December)
- ⦿ Internationalized Domain Name (IDN) Implementation Guidelines Second Public Comment (opened 19 October; closed 16 December)

# PTI: IANA Functions

## Name, Number and Protocol Parameters

**407**

Domain  
related  
requests

**819**

Protocol related requests

**1**

Number related  
events

**1**

Key signing  
ceremony

**319**

General inquiries

# Contractual Compliance

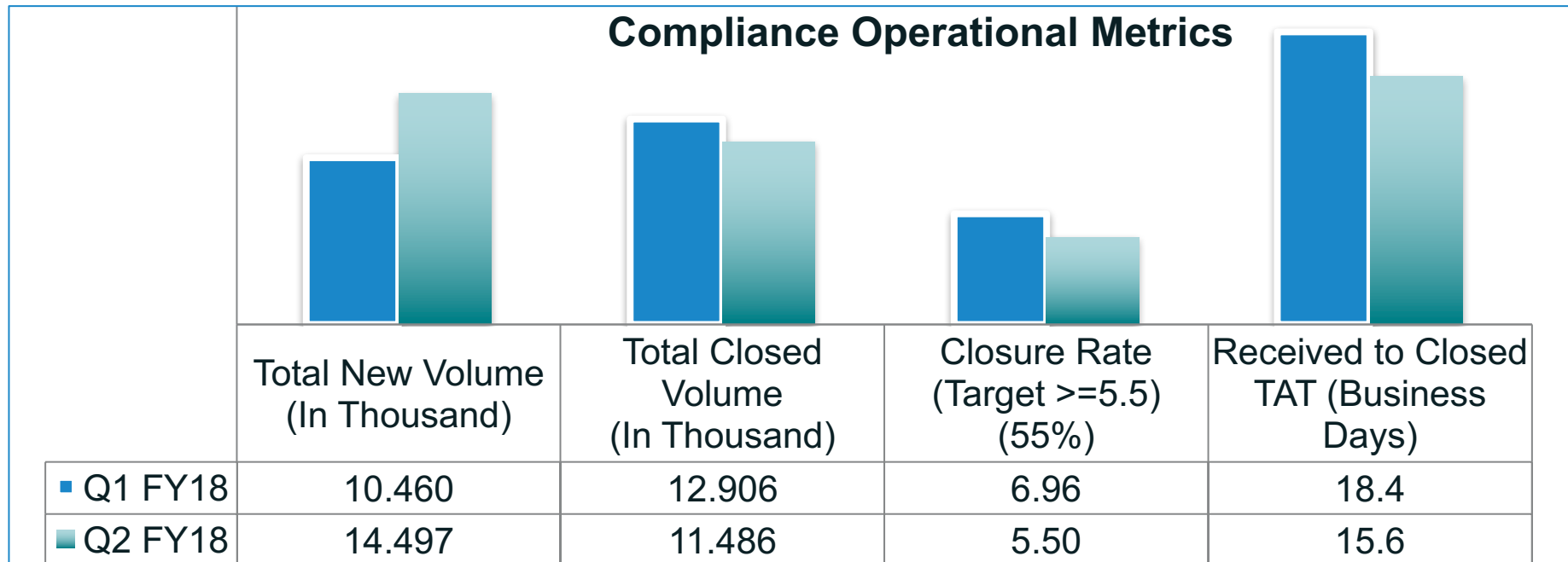
## Compliance Team Regroup

- Compliance team met in LA office the week of 27 November
- Regroup goals - Continuous improvements of the compliance function and the team

## Enhanced Compliance Reporting

Quarterly Updates and Metrics are now published [here](#);  
Quarterly Newsletter is published [here](#).

## Compliance Operational Metrics





# ICANN Reviews Status

See all status reviews here: <https://www.icann.org/resources/reviews>

## SPECIFIC REVIEWS

## ORGANIZATIONAL REVIEWS

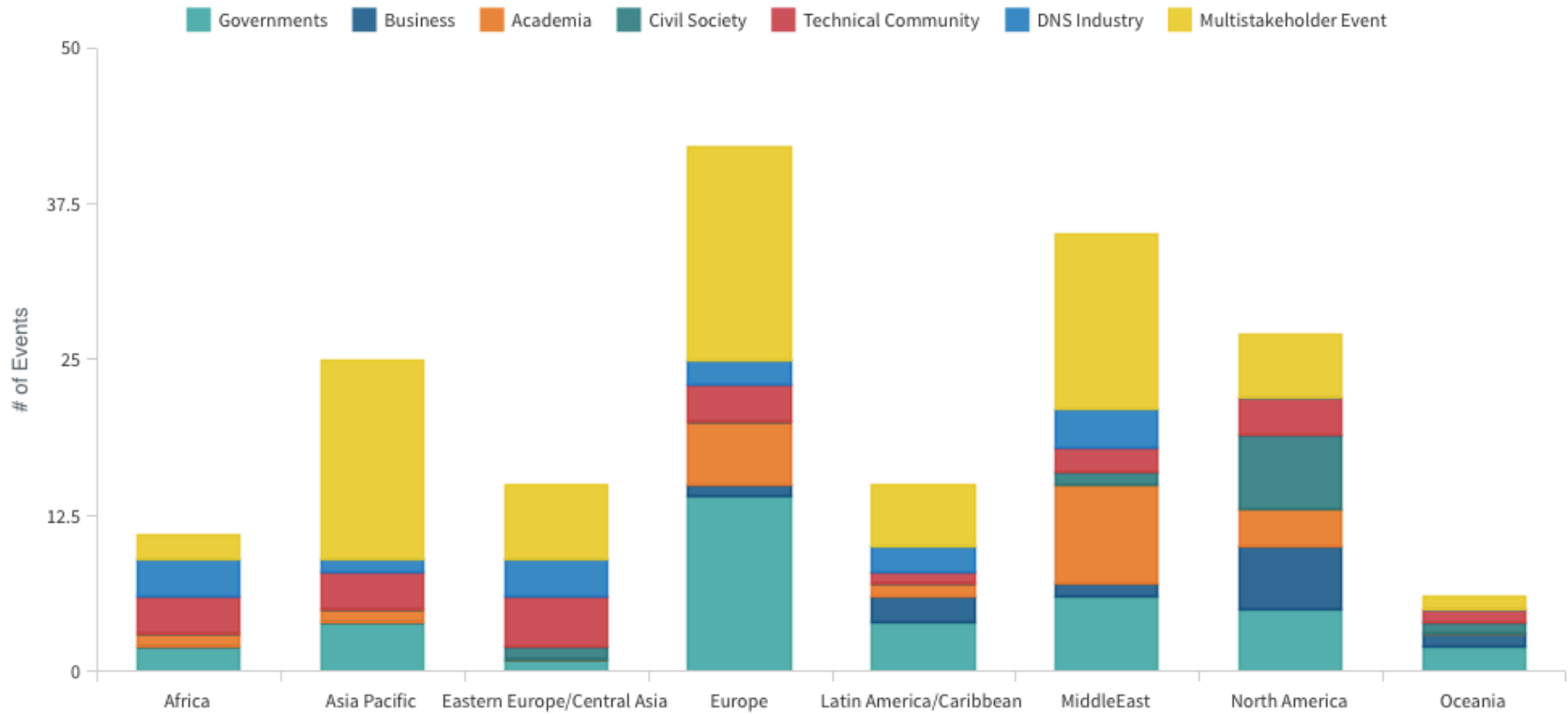
Specific Reviews Currently Active	Status	Additional Resources
Accountability and Transparency (ATRT3)	Three of seven SO/ACs completed their nominations. Next, the SO/AC chairs will assemble a Review Team based on the nominations from community groups.	Find latest news and updates on the <a href="#">ATRT3 Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">ATRT Review Home Page on ICANN.org</a> .
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 <a href="#">CCT Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">CCT Review Home Page on ICANN.org</a> .
Registration Directory Service Review formerly "WHOIS" (RDS-WHOIS2)	Review Team is finalizing its Terms of Reference and Work Plan and conducting its analysis.	Find the latest news and progress updates on the <a href="#">RDS-WHOIS2 Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">RDS Home Page on ICANN.org</a> .
Security, Stability, and Resiliency of the Domain Name System (SSR2)	Review work has been paused and the SO/AC chairs are working toward reactivating the review. Find the announcement on the correspondence page of the SSR2 workspace wiki page (or click <a href="#">here</a> ).	Find the latest news and progress updates on the <a href="#">SSR2 Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">SSR Review Home Page on ICANN.org</a> .

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 <a href="#">ASO Review Home Page on ICANN.org</a> .
At-Large (At-Large2)	The At-Large Review Working Party is addressing additional information and clarifications of its feasibility assessment requested by the Organizational Effectiveness Committee (OEC).	Find latest news and progress updates on the <a href="#">At-Large/ALAC Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">At-Large Review Home Page on ICANN.org</a> .
Country Code Names Supporting Organization (ccNSO2)	Review will start in August 2018; the procurement of independent examiner will begin in April 2018. ccNSO is conducting self-assessment work in preparation for the review.	Find historical milestones, outputs, and final deliverables on the <a href="#">ccNSO Home Page on ICANN.org</a> .
Generic Names Supporting Organization (GNSO2)	GNSO2 Review recommendations are in the process of implementation.	Find latest news and progress updates on the <a href="#">GNSO Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">GNSO Review Home Page on ICANN.org</a> .
Nominating Committee (NomCom2)	The <a href="#">assessment report</a> has been published and input is being collected from the community. On 18 January, the independent examiner conducted a <a href="#">webinar</a> on the assessment report. Find it on the NomCom2 workspace wiki page (or follow these links: <a href="#">Adobe Connect recording</a> / <a href="#">audio recording</a> ).	Find latest news and progress updates on the <a href="#">NomCom Review Workspace</a> and historical milestones, outputs, and final deliverables on the <a href="#">NomCom Review Home page on ICANN.org</a> .

# Events by Region

## ICANN Events and Participation

Regional Outreach Events: FY18-Q2

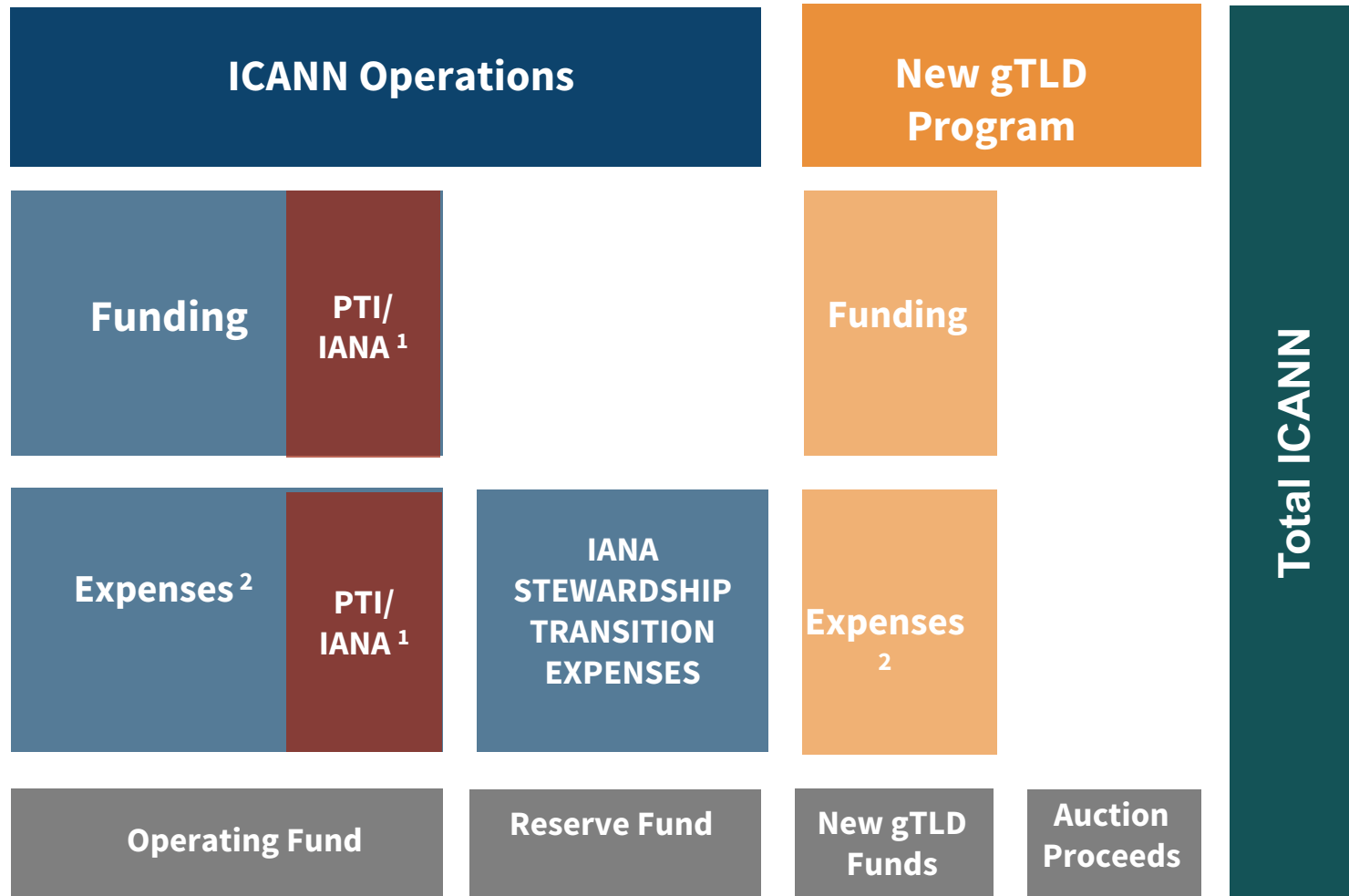


More information: <https://www.icann.org/accountability-indicators>

# Financial Update

For July – December 2017

# ICANN Organization Reporting Structure



<sup>1</sup> IANA Services includes ICANN's and PTI's IANA Expenses

<sup>2</sup> Excludes depreciation and bad debt expenses

# FY18 Year-to-date (Jul 17- Dec 17) Overview

ICANN OPERATIONS

## Funding and Expenses below target.

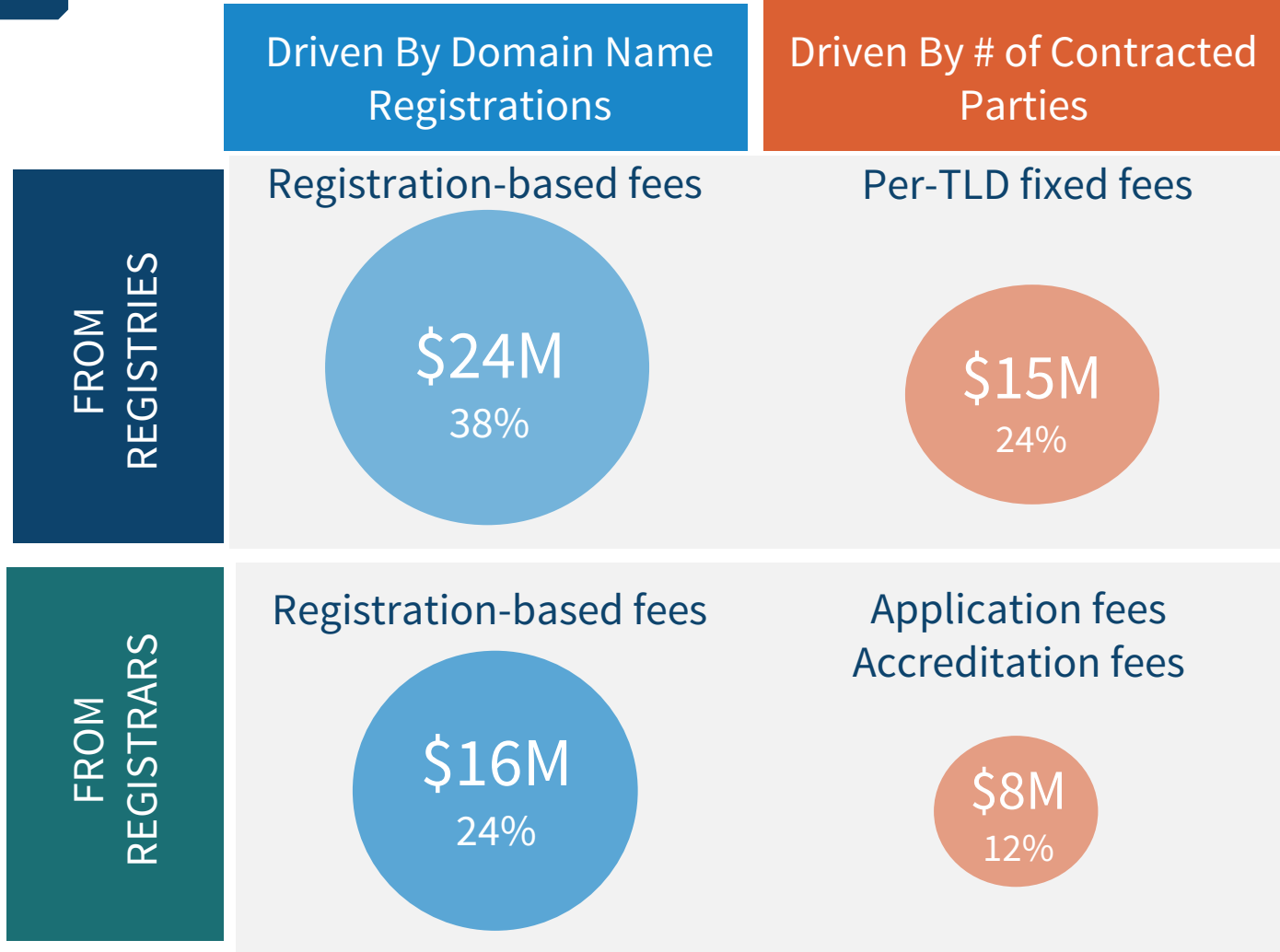
	Actual	Budget	Var	% Var	FY17	Var	% Var
<b>Funding</b>	\$65	\$71	-\$5	-8%	\$65	\$0	1%
<b>Expenses</b>	(\$59)	(\$68)	\$9	-13%	(\$57)	(\$2)	4%
<b>IANA Stewardship Transition Expenses</b>	(\$1)	(\$2)	\$1	-61%	(\$4)	\$4	-86%
<b>Net</b>	<b>\$6</b>	<b>\$1</b>	<b>\$4</b>	<b>N/A</b>	<b>\$4</b>	<b>\$2</b>	<b>58%</b>

Breakdown of Expenses	Actual	Budget	Var	% Var	FY17	Var	% Var
IANA Services	(\$4)	(\$5)	\$1	-17%	(\$6)	\$3	-41%
All Other	(\$55)	(\$63)	\$8	-13%	(\$50)	(\$5)	9%

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

# FY18 Year-to-date (Jul 17 – Dec 17) Funding

## ICANN OPERATIONS



Other Income: \$2M, 2%

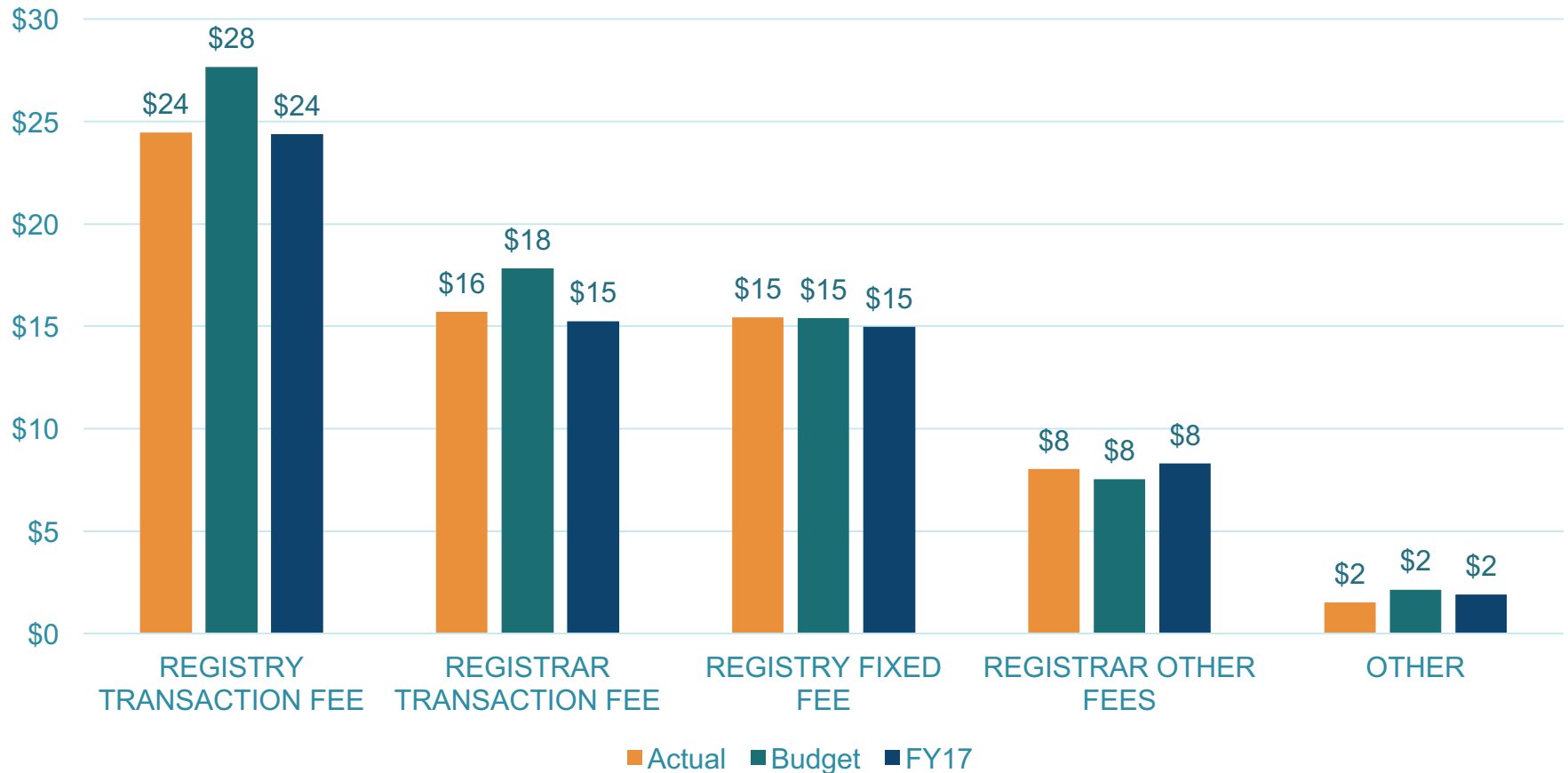
Total Funding: \$65M

# FY18 Year-to-date (Jul 17 – Dec 17) Funding vs Budget & FY17

ICANN OPERATIONS

**Actual:** \$ 65M  
**Budget:** \$ 71M  
**FY17:** \$ 65M

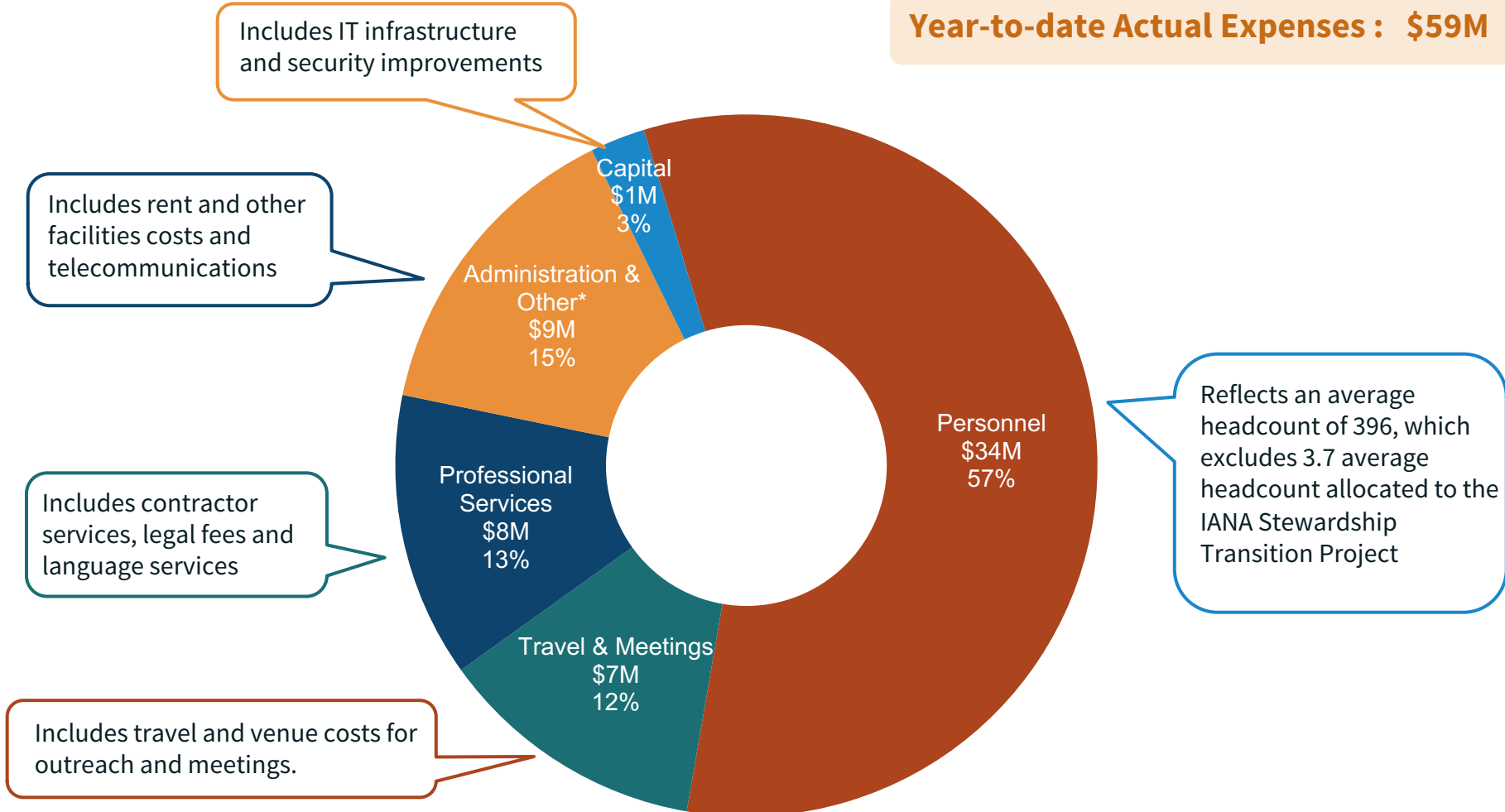
**Funding below target due to lower registration volumes**



# FY18 Year-to-date (Jul 17 – Dec 17) Operating & Capital Expenses

## ICANN OPERATIONS

**Year-to-date Actual Expenses : \$59M**



\*Excludes bad debt and depreciation

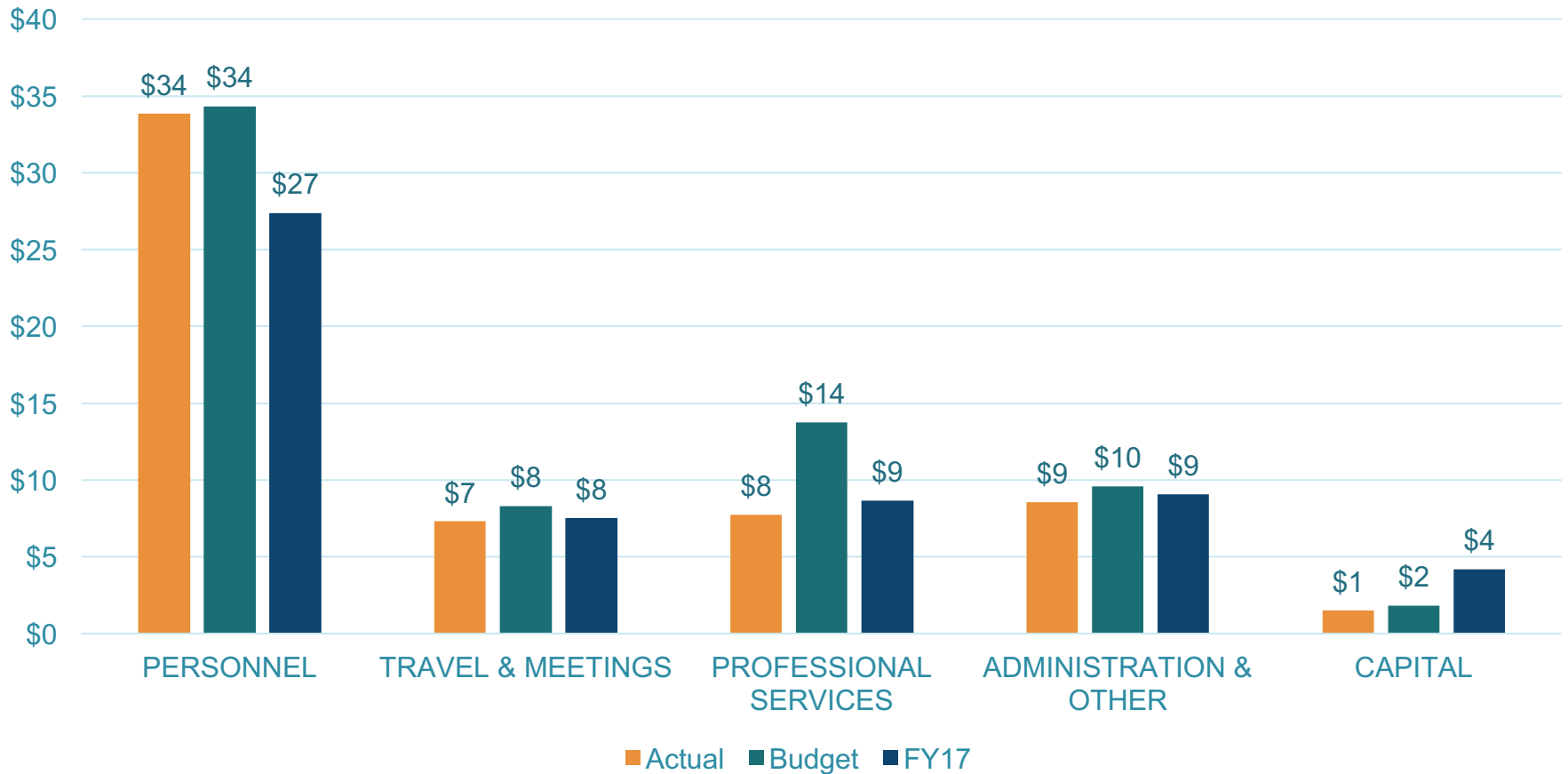


# FY18 Year-to-date (Jul 17 – Dec 17) Operating & Capital Expenses

## ICANN OPERATIONS

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

**Actual:** \$ 59M  
**Budget:** \$ 68M  
**FY16:** \$ 57M

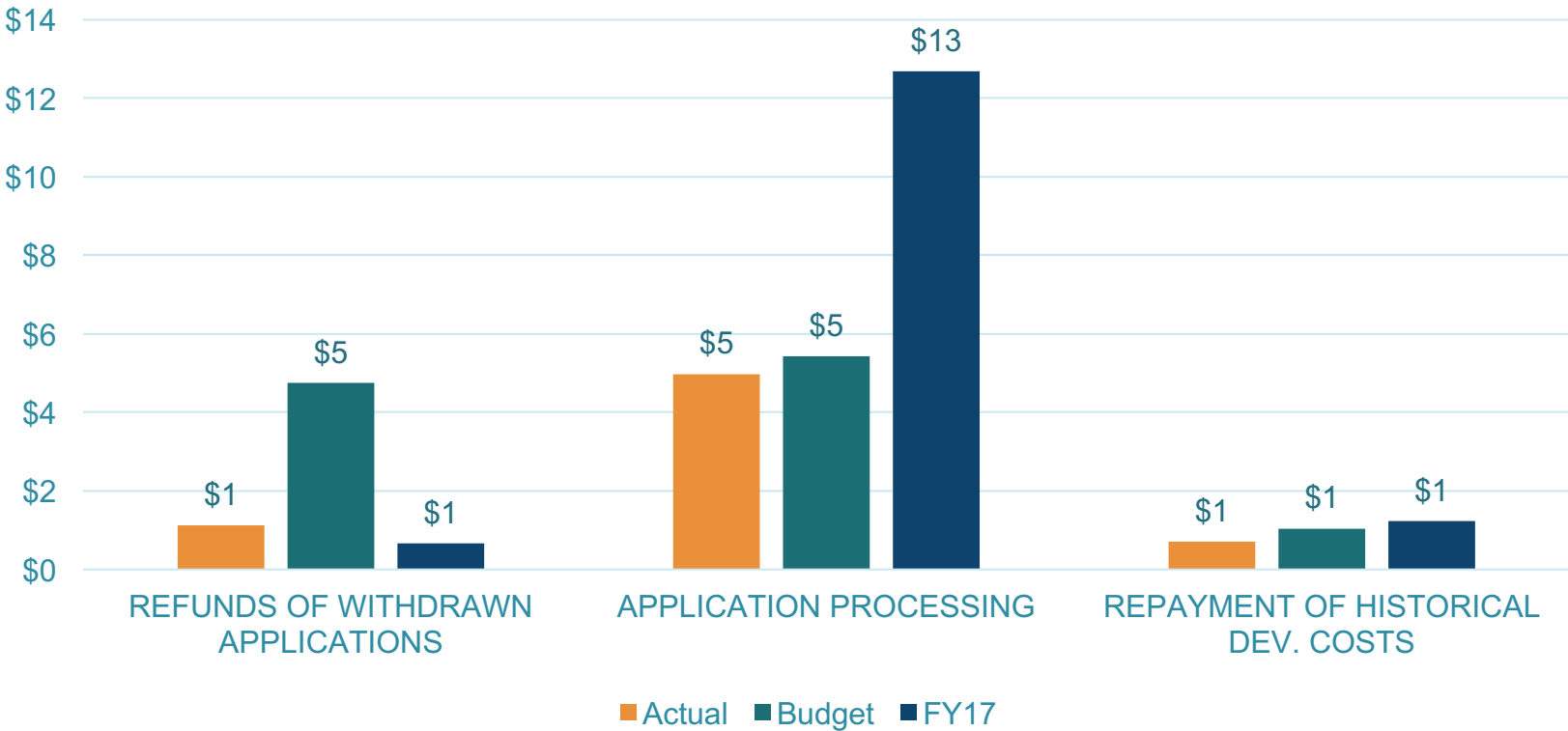


# FY18 Year-to-date (Jul 17-Dec 17) New gTLD Program Expenses vs Budget & FY18

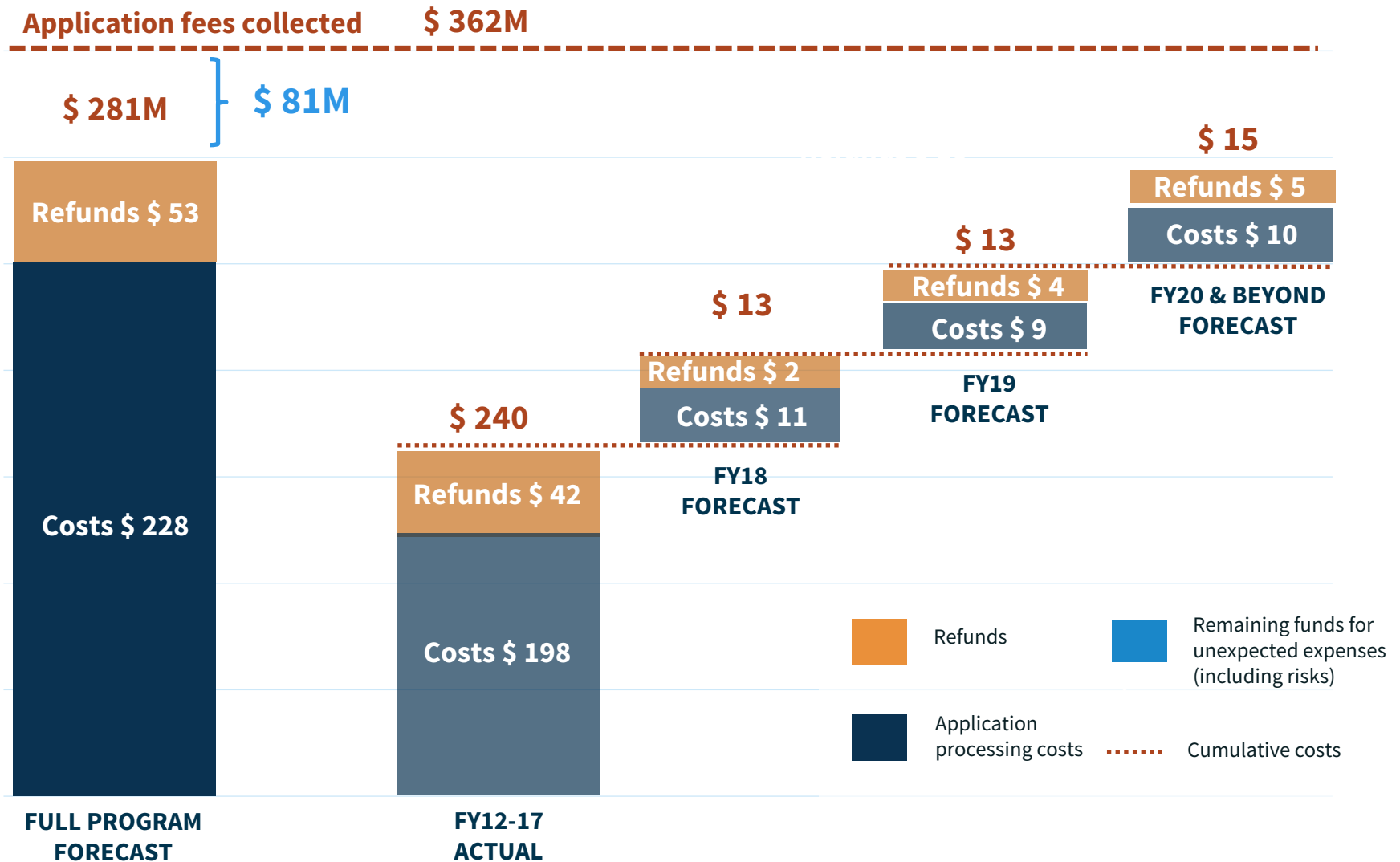
New gTLD PROGRAM

**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-Dec 17) 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	\$65	\$0	\$65	\$7	\$72
Expenses*	(\$59)	(\$1)	(\$60)	(\$4)	(\$64)
Net	\$6	(\$1)	\$6	\$2	\$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 Dec 2017

## FUNDS UNDER MGMT.

**Total Funds:** \$ 462M  
 ICANN Operations: \$ 104M  
 New gTLD Program-related: \$ 358M

