

**CEO/Community Leaders Conference Call**  
Tuesday, 18 February 2014 at 1300UTC

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David Olive: Welcome. My name is David Olive, Vice President of Policy Development Support. I want to thank everyone for joining the SO/AC and stakeholder leaders for our regular call with Fadi and other senior executives from the ICANN staff. Other people may be joining the call. I know we have representatives from the GNSO council, the chair, from the GNSO Business Constituency, the IP Constituency, NCSG, NPOC, representatives also from the registrar and registry groups, and we thank you for taking the time to be with us today.

With that, I will note that we also have some ICANN staff and senior staff onboard. Theresa Swinehart is with us today as well as from the strategy department and strategy group, and Jim Trengrove, with communications. We hope to also be joined by Tarek Kamel and of course Fadi is on the line and ready to start.

As you can see by the agenda we have today, and we have 60 minutes, I hope we keep to that, I know schedules are tight for everyone. But we also have some time to hear from our CFO, Xavier Calvez, who will be talking a little bit about an upcoming webinar he'll be hosting on the FY15 budget framework. He would like to draw that to your attention as well.

I also see we have from the ISP group, Wolf Ulrich Knoben. Wolf, Ulrich thank you for joining, who is standing in for Tony Holmes. At this stage I think we should start, with four minutes after the hour, and with that, again, I'd like to welcome everyone. I've gone through a brief roll call. I will not do that though in the interest of time, when we note as people come onboard. And again, this will be recorded and transcribed. I'll send those documents to you as well as posting them on our SO/AC/SG Wiki so that you can refer them to your group as a way of sharing information on what is said today.

With that, I would like to turn it over to Fadi who is on the call. Fadi would like to go through the topics on the agenda, basically major themes for the ICANN Singapore meeting. Some of the strategic panels are coming up with their recommendations and suggestions, and we ask to have people look at those reports, and we also have globalization and board workshop activities. Fadi, I'll turn the floor over to you.

Fadi Chehade: Hello, everyone, this is Fadi. I just want to first confirm that either someone in the chat room or something letting me know you can hear me all right. And if you can't, I'll either change phones or use Adobe Connect audio. How is that?

Unidentified Participant: We hear you all right.

Fadi Chehade: Very well, very well. Okay, well hello, everyone. Thanks again for taking the time, volunteering all of you for this work that we do here at ICANN. Thank you so much for coming to the phone. Just to remind everyone, frankly these calls are a result of some clear listening that I did and our team did after the Buenos Aires meeting. It became very clear that at the pace of things and the criticality of what's happening in our community and at ICANN, waiting three, four months to be synchronized may not be the best of worlds at this time. So we agreed to have these more regular

calls and I thank you for that. I really appreciate it, I know that all of you have day jobs and many other things to do, so much appreciated and I hope that these calls continue to be of value to you. And hopefully, frankly, allowing us to all arrive to our next meeting in Singapore with clarity as to what's on hand. And that's two ways. Not just me sharing with you what I think should be the themes. I'm hoping today that we leave enough to also listen to you and make sure I'm addressing and our team is addressing what you're hoping to have done in Singapore.

Let me start by telling you that since I talked to you last time, and despite the fact that maybe what you see in the news here and there about where I am and what I'm doing seems to center on my international travel, I have been heads down, extremely focused on operations. We have accomplished quite a bit on the operational side and I think that within, I would say, within one year cycle from now, we will be in a much more what I would call regular cycle of management systems.

We're still getting a lot of the pieces together. I spent a week with my team over early January to really discuss the operational excellence areas we need to work on. And at the base camp, for the first time, we produced in detail, using our four goals, four objectives and 16 goals matrix that you've seen many times from me -- we've broken that down to the portfolios. And then from the portfolios we developed key success factors. Then for each success factor, we developed key performance indicators. This was a tremendous amount of work. But for the first time, frankly, I see down to each portfolio level exactly how we're going to measure success. And now we're building all of this into, as I shared with you before, these executive dashboards. We've advanced quite a bit since then. And again, I'm hoping that these systems will aid us in making sure that the operations at ICANN continue to be tip top as you expect us to be.

One more thing about operational excellence and then I'll delve quickly into Singapore and the themes that I am hoping we can all coalesce around. We are tracking well; again, thanks to Xavier and Susanna, we now for the first time have the ability to have a real forecast on expenses and revenues that allow me to manage the organization within my commitments to you. And I have reviewed the latest financials in the last few days and I can assure you that my commitment to the community that we will not spend more than what we budgeted still stands. And it looks like we will be coming within that without any overage from the commitment I made a year ago when the budget was done. So that's good news.

We are starting the process at eye level of building the budget for next year, and I'll leave some of that to Xavier when he comes on the phone in a few minutes. But we have made slight adjustments to the process that I think will be improvements that all of you will appreciate. Again, I'll leave that in a few minutes when Xavier comes on.

Look, I think whilst the major buzz during the Buenos Aires meeting was about internet governance, I think that we need to, all of us, make an effort to insure that the Singapore meeting is really a look inside the ICANN community. And how we can continue to evolve ICANN so that ICANN is the mature organization it has become and continues to be. And I think that should be a big focus of the theme. If I would like to maybe characterize what people will come out with once they leave Singapore, frankly it would be that all of us as a community would leave ICANN Singapore feeling that this organization is definitely mature, is continuing to mature, and that means at all levels. At the structural level, at the strategic level, at all levels of this organization.

So if you net that down, it means the theme in Singapore should be on these three key areas. One is to frankly carry the strategic planning process, which has been going now for several months, to its final stages. Take all the input from the panels that the last three of them will issue, I think, Theresa, their reports by this weekend. So all four will be done by this weekend. They will issue their reports. We have the in parallel strategic planning process with the board and the staff and the community that has been going on, bringing all these things to a certain level that allows us in London to nail and seal the strategic plan for the next five years would be really good.

The second area of focus has to be the ATRT2 recommendations. As you know, we have received a substantive amount of input from the ATRT2 review team. And I think that it is a sign of our maturity and a sign of our readiness as an organization to face the future and all the things coming with it to embrace the ATRT2 recommendations fully. Understand what they mean for us. And to actually start showing a plan on how we're going to operationalize and compartmentalize the things that are recommended to us.

So to me, the ATRT2, just like the strategic planning exercise, is a second and very important theme that shows ICANN's maturity and ICANN's embrace of the key things that make us the organization we are and we want to evolve to be.

And the third and last area of improvement, pardon me, of focus and a theme for Singapore, would be the ICANN globalization area. This is an area that is increasingly coming into focus. Many of you I'm sure have seen for example the European Commission's report that came out this last week and the ensuing press about that. I think later this week when VINT CERF's panel on ICANN's role in the internet governance ecosystem also issues its report, there will be similar calls for ICANN's globalization. So I think the ICANN globalization theme is critical. And I can give you as our community members a heads up that there was a short board meeting yesterday and a resolution came out of that board meeting very specifically regarding ICANN globalization.

So these three themes are important. They're all about ICANN and I'll repeat them again. Strategic planning, ATRT2, and ICANN globalization. I'm hoping later when we chat together you would agree with me that these three, kind of almost ICANN centric, but also themes that show our maturity, deserve the focus that they need in Singapore.

Now I'm sure some of you are thinking, Fadi, does this mean we're not going to talk about Internet governance? So I think that we cannot stop the community obviously and all of us from discussing any subject we want to discuss. And it is frankly quite likely that we will talk about Internet governance. It is a subject that is central to a lot of the activities external to ICANN and some activities from ICANN this year. So yes, the subject will come up. But frankly, I'm hoping with your help that we don't end up having another meeting for a whole week consumed by issues of Internet governance. It's an important matter and we will discuss it, there will be sessions about it, but we should give it its own relative weight and not forget that what is important in the evolving internet governance ecosystem is for us to insure that ICANN has its proper and understood, and recognized as effective and legitimate role as any other time in history. And to do that, we need to continue showing the frankly importance as well as the effectiveness of our structures, our multi stakeholder model, and how it works.

I would like to continue encouraging, and I see that there is a number of questions about the board resolution, I will come back to that and give you maybe just some hint onto this but will reserve the full input on that as soon as the resolution is published which I believe is tomorrow. They are just defining some things and getting some input from board members about the rationale. But to continue on my remarks, I'd like to just note that the strategic panel reports will all be out by this weekend. One of them is already out, the one from the multi stakeholder innovation panel. But all three others will be out also this weekend. I encourage all of us to look at these to provide feedback on these. We have an open comment period on these until the end of April. It's very important that I hear from you, that we all hear from you.

Keep in mind as you comment on these that the strategic panel's recommendations are just that. They're recommendations. I can assure you we don't have a plan to embrace them as is. We plan to debate them, to discuss them, to dismiss those that don't make sense, to embrace those that make sense, and explore them further. I think it's very important to appreciate what these are. As I said before this is input that we can take or throw away. It's up to us. We're the community, this is our strategic plan, it's our ICANN, and we chose to use external views so that we can get external views that, as I'm sure you would appreciate, sometimes would be very useful and new

perspectives that would open new opportunities for us. And sometimes they would be off the mark and we would recognize that as a good community and deal with that.

But we should show the confidence of a community that deeply is proud of what we've done to date and therefore we can take input from anyone and we can deal with it just as we should, with wisdom and with care moving forward. But please, I do encourage you to lead, as our community leaders, to lead that debate and take us through it.

We had a recent board workshop in L.A. and the next board workshop also in May will be in Los Angeles. That board workshop had a number of themes and discussions, but I will just update you that of course we gave the board an update on our operational activities. The work we're doing on the financial side, the work we're doing especially on establishing what we call management systems of ICANN. And I shared with the board a very important strategy on how we're going to link all of our systems within ICANN. And I'm not speaking here about system-to-system integration. I'm speaking about ensuring that all of our systems are built on the same core set of frameworks that our HR system, our finance system, our project management system, our strategic planning system. We added a new system, which is kind of a business intelligence system. That all these pieces are linked using the same framework. I think most of you who work at companies and other more mature organizations would recognize most of these pieces that we're building in order for ICANN to institutionalize its operations. And frankly for me to insure that during my tenure, what I built and committed to do with the great team that we have on the staff level is to institutionalize and have sustainability beyond the tenure that I have here. So a lot of this is being done.

So we shared that with the board and I think we have received their support and also input to make sure these management systems meet the community's and the board's requirement. And I'll be sharing this with you in the weeks and months ahead as well.

We also gave the board an update on the Internet governance space, on ICANN globalization movements, and I'll come back to that in a minute. I'll update you on that. And we also spent a fair amount of time ensuring that as we, as I shared with you earlier, that the themes for Singapore are well embraced and well understood also by the board. So we spent time talking about how we're going to discuss, again, the three themes I mentioned, strategic planning, the ATRT2, and the ICANN globalization.

So let me finish my update by giving you a quick note on the ICANN globalization. After giving the board a view of how we see the voices emerging from friends and not so friendly places around the world, urging ICANN to continue to globalize, I want to emphasize that this is not a new theme. This is just an evolving theme that we discussed with the board. It is a theme that is very much rooted in the beginning of my tenure when I made globalization one of the four key objectives that I will focus on.

As you know very, very well, we have globalized to a large degree our operations with Singapore and Istanbul now up and running. We have in APAC, when I started we had two people, we now have 14 people. The hub there is coming alive with a lot of effort. And when I was in China last week, I received very positive feedback from the community. I met with the registrars and the registries and a lot of our stakeholders and they were very pleased with the growing support they're getting in their time zone, in their language, in China and in Asia. Very, very good progress for us.

Similarly in Istanbul. The hub is starting to grow. We have several people there now and I think we will reach our goal to have 15 people in Singapore; hopefully we'll meet that as well in Istanbul by the end of this fiscal year. And growing from there to our goal of 40 to 50 people within three years. Within three years, yes, from when we started.

So that's part of the globalization that the world understands. There are a lot of other things you're aware of we've done on globalization as well operationally. The center of excellence in India, the engagement centers in Montevideo and Beijing, in Geneva, etc. So that's all happening as well. But there are other parts to ICANN globalization that we discussed with the board. The globalization items that we discussed with the board center around areas that the world has been kind of clamoring for us to address. You saw most of these into the themes that came out of the European Commission as well. Things centered around for example our affirmation of commitment, which, like all of us would agree, these are commitments ICANN makes to the world, to the whole world community. I think there is a call for that document to be as necessary revised and enhanced. But more importantly, that we open it so that the world, not just the US government, can be a signatory to that document.

And I don't mean by that getting more governments to sign it, I mean to move away from a single government signing an affirmation of commitment of ICANN to having the multi stakeholder community, many of you frankly, commit us to these key elements of the AOC in an open, transparent and global and broad way. And I think it's time to do that. I don't view this as a moment of as some people say, "walking away from the US". Quite the opposite, this is embracing the years of stewardship of the United States and going beyond that now because of our maturity and ICANN readiness. Going beyond that to really broadening that global base.

The other elements of that would include really a look at how we're going to address the need to globalize some of the kind of oversight and management structures of the IANA functions that are managed by ICANN. As you know, today the US, again, acting as a steward of this area, has been the party that provided confidence to the world that ICANN is performing these functions. I think as ICANN matures and ICANN becomes operationally effective and globally recognized and legitimate as we are today, and growing that perception as well as that fact, I think it becomes natural for us to broaden again that kind of confidence, these confidence measures through global multi stakeholder mechanisms that assure the world that ICANN is accountable, fully accountable to its community for performing what it's supposed to be doing.

And a few other things, but in the interest of time I will stop there. But these are the core things. And I think what you will hear from the board tomorrow is just a continuation of their commitment and support to work with me and with the staff on these elements. And I have asked the board if they could form a number of advisory teams of board members, kind of 4 or 5 board members each, to work with me and our team on ensuring that the elements of ICANN globalization are looked at carefully, that we discuss them, we discuss them with you, with the community, and ensure that we move calmly and carefully. And I just -- what I didn't want is for us to continue being frankly on the receiving end of people telling us what to do. I think we should take as a community, as a board, as a leadership in this community, we should take that discussion at our pace, in our hands, and move at these things exactly the way we want in order to ensure continued stability and maturity of ICANN. And that's what you will hear from the board tomorrow.

So that's my 20-minute update. I will ask Xavier to step in just for a few minutes so that we can leave enough time for us to have a discussion. But Xavier, before you start, I just wish to set this up for you by saying simply that Xavier has been working with the staff on the budget for next year and he'll be sharing with you where we are and how we're going to go from here to hopefully implement it. I will share with you two things and then ask Xavier to give his update on the budget. So I'll steal two of your minutes, Xavier.

First, that I would like to start the process of slowing the rate of expense growth at ICANN already. So I think we have -- we are getting to the point where we are not going to lower our expenses, but we certainly need to start lowering the rate of growth. Right now the forecast is that our expense growth year over year from FY14, pardon me, FY13 to FY14, is going to end up at about 22%, 23%. That -- I have asked him to start with the direction that we should try and slow that rate by at least 20% if not more if we could. So I'd like to lower that rate by 20%, bring it

down to 16%, 17%, 18% maximum of growth rate. And then the year after, to slow it further, to low teens as well. So we are working to kind of start leveling off that growth rate and hopefully getting it to a point where it's just tracking to inflation, things of that sort. So that's kind of one main important theme I asked.

And the second one was that we needed a top down budgeting exercise as well as a bottom up budgeting exercise. So this time, Xavier has been spending quite a bit of time with all the budget owners within ICANN to say, okay, let's start from the top. If these are the four objectives that we set and the 16 goals under them and the 50-some portfolios of work under that, and based on the key success factors we set and the key performance indicators we set at the base camp, where do you see the need for resources change in these areas in the coming fiscal year? And do you see it kind of stay at the run rate, grow moderately, grow significantly, and why? We hadn't done that exercise ever before. So before we got into any numbers, we drove from the top down a view of where we think this is.

So then that view will be matched with a view we will hear from you in the days and weeks ahead. And then we can move towards putting numbers where they belong. So I hope this is helpful just to give you a sense of how we are managing the funds of the community. Please go ahead, Xavier.

Xavier Calvez:

Thank you, Fadi. Good morning, everyone. So just a quick update on where we are in the process. As those of you who participated to observing the process in Buenos Aires and a bit before, you remember that we are in a transition period from the perspective of strategic plan development. So we are operating under a now two-year-old version of our strategic plan while we are working on the development collectively of a new strategic plan. And as a result of this, we are currently in a transition period from a planning standpoint. Between I would say two versions of the strategic plan, the two year old one that we are operating under right now and the new version of the strategic plan that will come out of the several processes on strategic plan development currently undergoing.

As a result of that exercise and consistently with what Fadi indicated at the start of this call relative to the progress of the operational excellence programs that the staff has been working on intensely I would say over the past weeks and months, we are aligning basically across the entire organization the various pieces of the management system that Fadi described at a high level earlier. One of which is of course our planning system with the strategy plan, the operating plan, then and the budget. Then the monitoring of the organization's progress and performance. And as part of that exercise, we have ensured that right now in the FY15 operating plan and budget development, we reflected the progresses in the management system into our process this year. Even though it's a transition phase, we are starting to put in place the pieces of the management system that Fadi described.

So to put this into the context of the FY15 plan, you may remember that this overall plan includes a step, which is the one that we are right now of developing this framework. It's another word for basically answering the question, what activities are we carrying out next year prior to the set of saying, how much are those activities going to cost us? That's the budget. The operating plan is, what are we doing? The budget is how much is it going to cost? Of course, the logical process is these two steps result from the strategic plan which is what are we trying to achieve? The operating plan is, how are we going to achieve it? And the budget is, how much is this going to cost the organization and how do we put that in relation with our resources?

So the staff has basically been working on putting in place these four goals, these six -- sorry, the four objectives, the 16 goals, the 60 or so portfolios and of formulating the activities of FY15 as per this framework, breaking down the activities of the organization. As for the 60 or so portfolios, formulating what does success look like by the end of FY15, how do we measure the success with the KPIs, and describing the resource requirement at a high level that these activities

will trigger for FY15. And this as a preliminary step to be able now to quantify the budget and the resource requirement associated with those activities.

So we are at the process of finalizing a draft of this framework, of this operating plan. And we are in the process of developing a review with the SO and AC and multi stakeholder organization to provide visibility, understanding, and allow for input and comments on this step of the budget, operating plan and budget development process.

And we'll -- sorry, we will seek input and conclude the feedback on this framework in the Singapore meeting. So between now and Singapore ensuring that we provide a high level understanding of the framework and operating plan, allow for time for those members of the community interested in the process and participating in the process, to review and ask questions. And then conclude the review of the input and take into account this input by Singapore meeting second half of March.

Let me stop there. Fadi, if you have any questions or that you would like that I address or David, and then we can move onto some questions then.

David Olive:

Xavier, thank you very much for the update on the plan going forward for the FY15 budget, and of course Fadi for his comments. I would now like to open it to the floor for the community leaders. You can either put your hand up in the Adobe Chat room and I'll call the list, or you can just let me know. But basically in the chat room we've had some discussions from Patrik Faltstrom on some comments about the TMCH and the overall process as well as the need to address the conflict of laws issue so it's less US centric in clauses in various contracts with the registrars and registries. Keith Drazek commenting and supporting the focus on the ATRT2 including completing ATRT1 recommendations. And Kristina Rosette talked about consolidating and focusing the comments on the strategy panels into the ICANN public comment forum for a one-stop shop that she noted would be the best way to further engage input from the community.

With that I will stop that summary of the chat room and recognize Jonathan Robinson who has his hand up for a comment. Jonathan, please.

Jonathan Robinson:

Thanks, David. I hope you can hear me okay. Thanks to you and Fadi and the team at ICANN. These are very useful as I said in the chat, very much appreciated. And I'm sure the audio going out from this will be much appreciated more broadly. In particular, it's very welcome to have these three themes. And specifically the themes that you have picked are helpful I think. The ATRT2 is clearly significant and we need to respond to it, as is the work of the strategy panels. I think particularly contrasted with all of the buzz, if you like, and the activity around international internet governance, I think looking at focusing in and sort of sticking to the knitting and demonstrating both to the outside world and frankly keeping up the motivation of those who are in the trenches within the ICANN model, that their work is important for both of these two reasons. These themes are certainly attractive to me personally and I think align with some of the thinking I'm aware of in the council and probably in the GNSO more broadly.

So really appreciate both the insight into your thinking. I feel less qualified to comment on the internationalization. I think that's something, that's a theme that's clearly going to develop. And I suppose one other final comment, it's useful to separate out, which Fadi implicitly did, the difference between the recommendations of the strategy panels which are, if you like, some point of guidance for us, versus that of the ATRT2 which I would see as firmer and more concrete areas to respond and react to. And again, I'd emphasize that both on the council we are aware of both of these key areas of activity and actively engaged in either working on the council or working with colleagues in the GNSO to deal with both of these two key areas. So thanks again and that's my input.

David Olive:

Thank you, Jonathan. Anyone else with comments? Byron Holland, please.

Byron Holland:

Thank you, Fadi and Xavier, for the updates. Very helpful and I certainly think after Jonathan's comments, the three themes will be very relevant and appreciated. I think having in a sense unleashed the internet governance debate in a very material way in the last one, you'll be a little bit hard pressed to stuff that genie back in the bottle. As I think as part of trying to focus on themes that are more ICANN centric as opposed to global internet governance centric, it may be well worth your while trying to set those expectations in the broader community as we go forward in Singapore.

The one in particular, one element in particular that I wanted to pick up on was around budgeting, both in the comments that Fadi made as well as Xavier. As you well know, the ccNSO has been an active participant in the ICANN budgeting and strategic planning process over the last number of years and it's comments very fulsomely on every iteration of those over the past 5 years at least.

One of the challenges that we continue to experience and I think other community members have experienced is taking the time and making the efforts to participate in a meaningful way and yet not understanding the linkage between feedback, comments received by ICANN, and then the output in terms of the budget or operating plan that gets put forward.

And in fact, as you know, our community has commented regularly on the lack of transparency between the feedback the community provides, and I'll speak on our community in particular, and what that final budget and operating plan looks like. Can you give us an indication on this iteration of whether or not you'll be able to provide specific comments or feedback on how community input was listened to and accepted or rejected in a more fulsome way than has been in the past so that the community doesn't have the feeling that all their work and input goes into a void and unclear what happens after that? So will there be a more fulsome process to give the community understanding of how it was, how their input was factored in to whatever the final draft looks like? And that's my final question.

Fadi Chehade:

Byron, this is Fadi. I'll start and I'll ask Xavier if he wishes to add something. The budget process at ICANN has been to a large degree the same one until last year. I think this year with the focus of Susanna and Xavier and my support, we have completely changed the way the budget is being built. And as a central piece to that is the effort that Xavier will start shortly on listening and insuring that this is a budget that the community helps us put together. And I want to give you my personal assurance that this time around, as we receive your input and comments to both the webinar that will be happening soon as well as the public comment period, that Susanna, Xavier and me will personally be doing exactly what you asked for which is a clarity on how community input has been taken in, addressed, thrown out, embraced, whatever we do with it, needs to be immensely clear and why. So that will take place, you have my commitment to do that this time around.

I think it will take until FY16 which is the next budget until all of our management systems are synched the way frankly I would like. And I will share with all of you if you wish in Singapore or in London when we actually close on the FY15 budget, I will share with you what we're doing to ensure that FY16 and on these things are synched properly. But this is not to push the can down the road. This is simply to say we are building a more complete picture of how these systems, the management systems, will be synchronized. And in FY15, this budget, I give you my commitment that what you just asked for, which is most reasonable, will be done comment by comment.

Xavier Calvez:

Thank you, Fadi. Xavier here on the phone. Thank you, Byron, for your question and for pointing out this specific aspect of the process, which we need to continually work on. So consistently with what Fadi just indicated, to try to keep it short, there's I think two aspects to the answer to your question, Byron. There is a more tactical one for FY15 and there is a more structural one for the process going forward after the year of transition that we are in now.

Addressing quickly the long term first, what we need to be able to do as part of the overall work the staff is currently doing on the management system, is to integrate into this management system and the correct planning process overall, whether it's strategic, operating, or budget, into the entire planning process, the adequate steps and communication with the community to be able to provide information and receive information effectively.

So there is much more work to be able to do that adequately. I think the lessons learned over the past few years has been extremely useful. The input received by organizations like the ccNSO and others has been extremely useful to be able to structure a process that will be more effective in terms of communication and input going forward.

For FY15, as Fadi indicated, we want to pay particular attention to be able to take in the comments and have a thorough review and a response to those comments that both address what should we do more than may already have been done in the operating and/or budget to take them into account? And one other first step of course is then to be able to communicate the result of that review transparently on the output. What have we done? What have we not done? And why in either cases. We face this year a similar challenge to the one that we had faced in the past years which is why it requires restructuring, is the issue of timing. And we need to be able to, out of the public comment process that will come, will close early June on the operating plan and budget, we need to be able to generate these comments and be able to provide an in-depth rationale for each comment and the response that we provide to each comment.

So we have baked in the FY16 plan more time than in the past to be able to do so, and we have also put in place a review team that will provide the review of those comments and the response to the community relative to those comments so that, which we didn't do before, so that we can provide, documented, rational and in full as possible these comments, sorry, responses, to the comments provided by the community as part of the review process.

David Olive: Thank you, Xavier, and also Byron for the question. Are there any other questions or comments? Kristina Rosette, please, you have the floor.

Kristina Rosette: Thank you. This is also a budget related question. Something that we've been talking about within the IPC is what exactly is the budgetary impact on ICANN of all of these Internet governance activities? Including for example the time that's being spent on the vice senior executives, the cost for example of the high level panel on global internet cooperation and governance mechanisms which is not clear to us at least whether that's still reporting to ICANN. And finally, is there any expectation or indication that a revised FY14 budget will be released that identifies very clearly the costs of all of these strategy panels, engagement centers, and the sources of the funding for them? Thank you.

Fadi Chehade: Kristina, hi, this is Fadi. Typically you do not revise a budget almost at the second half of the year. I think what you meant is you don't want a revised budget, you want to see a more detailed expense activity against the budget. I assume that's what you meant. And if that's what you meant, then I think that we will release -- first of all, I can assure you as I committed to you and to the community, and as I just noted in the chat room, that I'm expecting to meet my commitment to keep all FY14 expenses within the budget as approved by overview and the board. So I will not be exceeding these expenses despite the fact that we've had a number of activities pop up that were not necessarily expected to grow at the speed and the intensity that they have in the international sphere. So we're okay in that regard.

As the year goes by and as we report on these numbers, we will continue doing the reporting that we have done in the past. If that reporting structure is insufficient, then I'd like to hear from the community in detail how we can advance that reporting. But I think that we are within our budget that the board has provided us and we are very careful to stay within that. And if anything, I shared with the board in the workshop that ICANN has started and institutionalized for the first

time, an actual cost saving framework where we are really chasing within ICANN from the top down some very clear cost saving activities and reviews.

I'll give you an example. We typically were expecting this year with the contracts we're getting on benefits, that our benefits costs will grow at the rate of about 12% which is a little lower than most US organizations are experiencing, given that most of our people are still in the US. And through some aggressive work, we have contained that to 2% which is a significant impact for us. We also are implementing internally a number of cost saving activities and controls. We have hired as you know a head of procurement under Xavier, which is reviewing things at a great detailed level, more than we have ever had the capacity to do. So quite a bit is going to insure that we stay within our budget.

As to our commitments to the international governance issues in ICANN, I just want to remind you and everyone that we are not doing these things because we'd like to. We're doing these things to protect ICANN and to ensure that ICANN at the end of the day has its communities' mission well understood and well recognized before the massive attacks that are coming at us. When you see what the European Commission is issuing and now where we are hearing that other countries will endorse, there is a storm that is brewing out there. Russia yesterday in a major conference also has asked very specifically for ICANN's functions to be moved to the UN at the plenty part. So there is a lot going on and I think it would be very prudent of us to watch our budget and watch our money. It will be equally prudent for us to not underestimate what we are facing.

David Olive: Thank you, Fadi. Byron, you have another question. Byron, please.

Byron Holland: Hi, thanks, and being sensitive to time, this is more a comment. But it does speak directly to Internet governance and some of the comments you just made, Fadi. And one is, or it's primarily around some of the thoughts or comments and even panels' comments around country code operators and how they may be governed and suggestions about that issue. As somebody in the thick of that, I would suggest that for the coming meeting that ICANN staff make sure that they're very aware of the guidelines and history of cc operators, the relationship between ccs and national governments as well as the relationship between ccs and ICANN. Because what I'm seeing leads me to believe that there is significant misunderstanding in this interpretation about the relationship between ccs and ICANN that I see out there on the broad community.

And the other thing is, taking it back to some of the comments you just made, Fadi, one of I believe the significant friction points in the global internet governance debate is how ccs are delegated, redelegated, managed and the relationship with ICANN. Very much misunderstood by many countries, many governments. And I think that it behooves all of us to make sure that that doesn't become a flash point or burr under the saddle that provides fuel or oxygen to the debate that is happening led by these comments coming by the Russians and others. So I would just suggest that as we go into Singapore that your staff and your policy folks and ours is very, very well equipped to educate on this, be very familiar with this issue. Because some of the comments coming out of even the panels who are full of educated, committed internet governance folks, are misguided and obviously don't have a clear understanding of the relationship between ccs, their governments and some of the underlying principles and guidelines that are already out there. Thank you.

Fadi Chehade: If I may, David, thank you, Byron, for this very, very important point you make. One that I second. It's very important, we all appreciate this. I think the way I describe this is it's very delicate. It's very delicate. And as a lot of things are in play in who is governing what, I think it becomes very important for us to understand the delicate nature of both ICANN's relationship with the ccs as well as the ccs' relationship in their communities. And that's a delicate balance that frankly we at ICANN need to understand and protect rather than unsettle. Especially at the time when so many things are in focus and in play in this area.

As you know, Byron, I've been one of the biggest proponents of bringing for example the ccTLD regional organizations leaders into the I-Star meeting and we succeeded. And this is the first time we had an I-Star meeting a few weeks ago where the cc community was represented with their regional organizations. And we've expanded that so that all regional organizations will be welcome at the next meeting. So we're trying to keep the leadership of these organizations close in the sense that we need to understand them and understand each other.

But just so that I'm transparent with you, in the resolution that the board, we will publish I think tomorrow, Wednesday, from the board on ICANN globalization, there is in there a mention that IANA needs to enhance and continue to improve its processes including the processes related to delegation and redelegation. But this is an internal comment simply to say as a service provider to that community in IANA need to continue doing all of this to serve this community very well. But this is just a heads up to you when this comes out.

And by the way, Byron, on your earlier point about a top down, I think I should not have used these words. What I simply meant was, at ICANN the way finance worked with the budget owners was to very quickly go to the what are the monies you need to achieve what you want? What we did this time is instead of asking them first this question, is to tell them, based on the goals that you are responsible for, and the key success factors you have outlined for these goals, and the key performance indicators that support these success factors, where do you think the resources and expenses needed for that particular area are heading in FY15 versus FY14? So we forced everyone to at least start thinking about this that way versus immediately going to the numbers.

Now we will next go to the numbers, but we wanted them to have that exercise coming through the framework of objectives, goals, key success factors, KPIs first, before we asked them to start putting other items. So that when they put the other times, we can match this with a view that is what I will call goal centric. I hope that helps clarify.

David Olive: Thank you. If we could just stay on for a few more minutes, we have one last question from Rafik. Rafik, please, you have the floor.

Rafik Dammak: Thanks. It's more a comment. I understand that some are wondering why we should focus on the Internet governance this year. We have many events, even I think 20. (Inaudible). And for us as community, we have that cross community working group on internet governance which is supposed to be the space where the community can discuss about internet governance issue. And at first they are trying to have input for the present meeting. That's not easy task. But I think that the first time to have the shared session for the community on Internet governance. And also we have in Singapore we should have a session, public session for the working group to do about public observation and get the community feedback. So we should keep this conversation. I understand that some wonder why we need to talk about ... There are some that have a lot of positions about, outside ICANN, having positions about ICANN and our contract and so on. And we cannot ignore that.

David Olive: Thank you very much, Rafik, for your comments about the work of the cross community working group on Internet governance. With that, I would just like to close the question period since we're a little bit over time and just provide a brief wrap-up. One, I'd like to again thank everyone for their time and appreciate their time and attention to this call. Some of the comments raised in terms of focusing people to the public comment forum to give inputs on strategic panel recommendations and suggestions. Theresa Swinehart has already sent a note around to make sure that that is coordinated within the staff and we will work with her obviously on that so that the one stop shop, as Kristina Rosette was asking about, be the public comment forum on the various recommendations from the strategic panels which will in turn be inputs into the strategic planning process.

In addition there were some questions raised about the trademark clearinghouse (TMCH) and the conflict of laws issues and Fadi had mentioned that he would refer that to the GDD for further review and comment. On the FY15 budget process, there was a comment by both Fadi and Xavier that they will take into account the community input and will also explain how they're incorporated or not in those next steps for the budget. And that Fadi mentioned that the FY14 expenses within would not exceed revenues as was budgeted and committed to. And that on the Internet governance issues, that ICANN is really doing it to protect ICANN. There was some commentary by Patrik and Heather and others about commenting on what Fadi had mentioned about an Internet governance view of things and the need to focus attention on what we're doing in the internet governance space to protect ICANN and the multi stakeholder role.

And finally, the notion of sensitivity, the very delicate balance of the ccTLD operators with ICANN and relationships with their governments and their communities needs to be understood and protected as a vital part of our ICANN structure and cc TLDs as members of our community.

With that I would like to again thank everyone for their participation. I remind people that we will send around the transcript and the recording. It will also be posted on our SO/AC Wiki page for future reference. Good evening, afternoon or morning to wherever you may be, and we'll see you in Singapore and on these regular calls as well. Thank you so much.