

ICANN

Moderator: Brenda Brewer

April 9, 2015

8:00 am CT

Coordinator: The recordings are started already. Please go ahead.

Cheryl Langdon-Orr: Thank you. All right, Chuck, I'm turning it over to you. We'll do the roll call based on the Adobe Connect room.

Chuck Gomes: Very good. Thank you, Cheryl, and thank you for Brenda, getting us all set up here. This is Chuck Gomes and this is Design Team O of the CWG, our last meeting of at least the pre-10-April work that we have to do.

So thank you, everyone, for joining. And we have on the call from staff Grace and Marika. And also we have Cheryl, Mary, Olivier and Xavier joining us. And thanks, Xavier for getting up early like me. I appreciate that very much.

So we have a fairly simple agenda today. We can change it of course so please speak up if you think we need to.

Our main goal is to discuss questions we have on the analysis that ICANN finance did with Xavier. A little bit of discussion has happened on the list already on that. And we will continue that discussion and see if there are any other questions that we have with Xavier and his team.

Thanks again, Xavier for - and your - and to your team for doing the analysis. I think it's something that the whole CWG will appreciate now.

In that regard, after we discuss the - any questions that we have and questions that have been submitted then we need to also, I think, come up with a recommendation in terms of how we handle this analysis. Do we send it to the CWG? Is - ever - I don't think that'll take too long.

And then finally we need to just do a final confirmation that we're ready to send our recommendations to the CWG. And if we are then I think that could be done today.

So I'll stop there. Any comments or suggestions on our agenda?

Cheryl Langdon-Orr: All good.

Chuck Gomes: Thanks, Cheryl. Okay.

So let's start off with the discussion with Xavier. Xavier, do you have any additional introductory remarks you would like to make? If so I'll let you do those now.

Okay, not hearing any unless you're on mute. We'll go ahead and start.

And in my case the question I ask about the headcount, Xavier has suggested that we - that they will take that as an action item to reconcile that and provide a little bit more information. That is fine with me. Any comments from anyone else?

Cheryl Langdon-Orr: Just wondering how long that might be.

Chuck Gomes: Good question, Cheryl. Xavier, any idea how long that might take?

Xavier Calvez: I'm - hello, can you hear me?

Chuck Gomes: Yes.

Cheryl Langdon-Orr: Yes.

Xavier Calvez: Yes, sorry. I would expect - in my views it's going to take a few days, being Thursday and off. I can try to have something in the middle of next week.

Chuck Gomes: Thank you. I think that's fine. (Unintelligible) somebody thinks differently they can speak up.

The - so appreciate that very much, Xavier. And then if and when we distribute this more broadly to the CWG list then if that question comes up we will know that we can just tell them that some things were coming on that. But thank you for doing that.

The other questions I asked were minor clarification of some acronyms. And that was done unless somebody else has another question.

So let me turn it over to Olivier, who's the other one who submitted some questions and also helped answer my - some of mine. So Olivier, why don't you introduce your question or questions please?

Olivier Crepin-LeBlond: Thanks very much, Chuck, Olivier Crepin-LeBlond speaking. And I need to find out the question that I asked because I've just sent you so many emails in the past 24 hours it's just one of these questions among many others.

Let's see. Okay. Here we go. So the question is as follows.

The cost that Xavier has provided us with are very helpful in determining how much it currently costs to run the IANA function and all of its associated costs and hidden costs and so on which we otherwise might have not seen from the budget straightaway. That said, when - if that function was to be assumed by an entirely independent organization the costs might be - there might be a premium for those costs because of the discounted nature of the current cost thanks to economies and scale, etcetera. And I wondered whether it was possible to evaluate those.

And I know that you, Chuck, in - actually made - extended this question by saying well actually we are looking at a - as a - at a fully owned subsidiary as well or a division and maybe we might have to try and do some estimating of those costs in those different scenarios. And that's the gist of the question.

Chuck Gomes: Thank you very much, Olivier. Chuck again. And Xavier, as I recall you suggested that we talk about this today. So let's do that now. Xavier, would you like to respond?

Xavier Calvez: Sure. Thank you, Chuck, and thank you, Olivier, for the question.

So this is a subject, I think, that we touched on the - during the other call earlier this week. And I think, Olivier, unless I'm mistaken, the question really at the end of the day is: what are the costs in - by difference versus what I have already provided? What are - what is the increase - potential increase of costs if we look at estimating the costs of operating the IANA function in a - on a standalone basis? Whether it is - and I didn't work yet either on the distinction whether the standalone is a standalone division of ICANN or a standalone legal entity that would operate the IANA functions.

It's also a different question than if it would be someone else taking over the operations of the IANA functions as well. This is also a different question.

So I want to make sure I'm understanding correctly the question. And I think I do. And I think that's what we talked about last week. It's -- sorry, last call -- it's one of those three scenarios that I was correlating. What are the standalone costs of operating the IANA functions?

To your point, Olivier, there is definitely a premium due to a lack of economies of scale. You could also argue possibly that some of the overheads that ICANN has may not necessarily be required for the sole purpose of the - operating the IANA functions by another entity. So there may be also separately, I mean, and opposite direction some costs that an entity that would be separate from ICANN would not necessarily have.

My presumption would be that the economies of scale or the lack of economies of scale would drive an increase of cost versus what I provided earlier. So that's on the substance.

On the - I cannot venture a guess, Olivier. You were wondering in your email yesterday, I think, is it 1%, 2, 5, 10. It's very difficult to guess like that

whether - if I tell you five or if I tell you ten. It doesn't have a lot of value I think.

I actually think that the value stands in the analysis itself because it will point out to the potential synergies that exist today and therefore those that would not exist on a standalone basis. So I would need to carry out the analysis to be able to provide an answer. And I think the answer would actually have value in the breakdown of those areas of synergies that exist today rather than in the number itself.

If I tell you it's 20% more the real interesting question or the real interesting answer is to the question of why is it 20% more, what are the drivers for the 20% or the 10% or the 5% or the 50% if that would be the answer. So I'm completely happy to carry out the exercise of calculating standalone.

And by the way, I'm volunteering that approach. But I don't have any ownership in defining what that number is because I don't - we - I don't - today I'm an ICANN staff member. I know what ICANN does. I don't know what a standalone organization would do.

I'm fine working with anyone interested in defining what a standalone operation would do and how it would operate. But I would have to make a lot of assumptions that anyone could have also views on, if you see what I'm saying. I don't have any ownership in the knowledge of what a standalone operation should carry out in order to operate the IANA functions.

But I'm very happy to help that exercise. I would actually, however, request that I'm not the only one working on that exercise because I don't want to have - to produce any information that would appear to be biased, if you see

what I'm saying, by the fact that it's an ICANN staff member who produces a standalone cost estimate for the IANA operations.

It would - I think it would be much more valuable if that exercise would be carried out by a group, even a small group, that would be recognized as independent. And I would be very happy to help and support that group with financial expertise and information. But I don't think I should be the only one carrying it out, if you see what I'm saying.

But I welcome your thoughts. You're a better place than me to judge on that point.

Chuck Gomes: Thank you very much, Xavier. This is Chuck. I think your suggestion is very reasonable that if and when we get to the point where we need to, for example, cost a fully standalone entity it would be helpful to not only have you and anyone from your team you want to have on there and some people from the CWG, possibly from this design team, working also so that we can assist in understanding what the - all of the parameters are.

Now in that regard it seems to me that it might make sense for us not to pursue this further at this time until we have more details. If anybody disagrees with that please speak up.

Now a question I have - thanks Cheryl, and I'll come to you in just a second, Olivier. By the way, is my volume better? Mary, can you hear me okay now?

So thanks for - thank you. Okay. I think my - I had my microphone turned away from my mouth a little bit.

So one question before I give it to Olivier is: am I in a scenario where it's a - where the IANA functions operator is a wholly owned subsidiary, an affiliate of ICANN? It seems to me that, like I said in my email message last night, that it - that most of services that are - that the IANA functions operator benefits from would probably be able to continue as they are now under an agreement with that affiliate.

Now in that case, Xavier, do you think that there would - are you - let me ask it this way. Are you aware of any added costs that might be occurred doing it that way instead of the way it's done today?

And I'll come back to you in a minute. Let me let Olivier jump in first.
Olivier?

Olivier Crepin-LeBlond: Thanks very much, Chuck. Olivier Crepin-LeBlond speaking. Can you hear me?

Chuck Gomes: Yes.

Olivier Crepin-LeBlond: Okay. Thanks. It takes a little while to unmute.

Chuck Gomes: I understand.

Olivier Crepin-LeBlond: Yeah. Thanks very much for this feedback, Xavier. And I wonder then and I agree with you it would be somehow not productive to come up with guesstimates on costs and on potential costs, especially since these might be guesstimates on costs today and we might be looking at this ten years or five years from now, in which case what we're guesstimating is completely wrong and out of the way.

I wonder whether a halfway point might be just helpful to put in asterisks or some kind of marking next to those costs which are likely to increase in case of a totally independent IANA so likely to be impacted. I don't think that all costs will be impacted. Only some might be. And that might be just an idea to just put an asterisk next to them so as to alert the reader about that.

That's all. Thanks.

Chuck Gomes: Thanks, Olivier. Before I give it to Xavier -- this is Chuck again -- am I correct that most of those would be in what is in the Excel spreadsheet, the kind of shared costs? And I'll let Xavier respond to that.

Xavier Calvez: Yes. I would agree. That would be the logical area where those costs that are currently shared because - let me rephrase. The cost that corresponds to a fraction of resources that are shared would make sense to be those where the economies of scales are for sure. The...

Chuck Gomes: So...

Xavier Calvez: Part that's a bit less visible, that's not explicit in the analysis that I have provided, are the costs relative to -- let me try to qualify this so bear with me for a second and then you may be able to help -- the costs that are pertaining to communication and governance. What I mean by that is that if you have, you know, today we don't do, for example, a completely separate audit - financial audit of the IANA function.

If - whether it is ICANN in the future or as a standalone entity if we would determine that a full, separate audit of the financial statements of the IANA functions, whether as operated by ICANN or as operated by a standalone entity, that type of cost would be added because today there's a synergy in the

audit. That type of cost is not appearing in the bucket of the shared resources today in my analysis. But there would be added governance there. If we would also have a separate, for example, legal entity there would be also, for example, corporate secretary costs added for legal entity management purposes.

So to be a bit more generic in my statement I think that there are also not only synergies that would not exist and therefore would trigger higher costs but also costs that currently do not exist that would be created by the separation. So that's one thing.

The last element that I would add that's also different than lack of synergies is also those costs that would be created by the need - by the fact that we have a separation. When you - in every organization that's done carve-outs or created divisions know that when you have one bucket you have at least twice as less work than when you have two buckets.

When you have two buckets not only do you need to make sure that everything pertain to either of the two buckets but then you need to make sure that anything that pertains to the two bucket is actually currently booked or pertaining to each of the buckets separately. So you're creating a new dimension of data capture and data management.

And that is something that would be incremental, entirely incremental, to the cost of the organization. What does that mean? In terms of reporting there would be specific reporting relative to IANA whether it is in terms of operations or in terms of financials or in terms of many maybe other aspects that are not currently operated or exercised and would need to be created.

So the costs - let me rephrase. The impacts on operational requirements of a standalone or a subsidiary type of format would be - would also include costs that do not exist today and that would be created as a result of that in addition to synergies that exist today with ICANN that would not be there.

By the way the - those lists of costs that I mentioned, there is a combination of those that is a bit different in the case of a standalone division of ICANN or a standalone legal entity that has nothing specifically to do with ICANN. That would - there would be a different combination of costs there. So each of the scenario has a - is a slightly different variation of the global scenario of standalone.

Chuck Gomes: Thank you very much, Xavier. This is Chuck. To me that's a very, very helpful response.

In fact, Grace, what I'd like to suggest is that we pull out the transcript of this response that - and so that it's readily available by itself in terms of what the cost impacts might be if we went a subsidiary route -- excuse me -- what the extra costs might be if we went a subsidiary/affiliate route versus - and also if we went a - with a standalone entity.

I suspect that that would be very useful information for the full CWG as it begins to narrow down what recommendations it's going to make. I think the general statement that we can conclude that even with a wholly owned subsidiary there would be some increase in costs. And the examples that Xavier gave just now I think would clarify that for the full CWG if they're considering that route.

And of course I think everybody understands that the increased costs with regard to a fully separate entity would definitely be higher but excellent and

very helpful response in my opinion. And that was what I was looking for with regard to the question I added to Olivier's.

Olivier, do you have any additional comments or questions on this? And let me ask you, Olivier, do you think - I - it seems to me that we don't need the asterisks on items because I think it's all of the items in the shared cost that would be asterisked. And that's actually broken out in the spreadsheet that goes with the analysis. Do you agree with that, Olivier?

Olivier Crepin-LeBlond: Thank you, Chuck. Olivier Crepin-LeBlond speaking.

Yes. I do agree with that indeed. And thank you very much for pointing this out.

It's - you're quite correct. And so I thank Xavier as well for pointing this out.

So I'm happy as far as this discussion - you're - is concerned. I do have another question that's unrelated to this one.

Chuck Gomes: Please go ahead.

Olivier Crepin-LeBlond: Okay. Thanks, Chuck. Olivier again.

So what I have noticed with regards to the shared resources are that as far as IT is concerned, IT resources, what - the website but also the processing, IT processing and so on, all of that is taken care of as a shared budget with shared resources with ICANN.

I didn't see any discounting or amortization of equipment there. And I wondered whether Xavier had looked at that in any way.

Chuck Gomes: Thanks, Olivier. But before I give it to Xavier, didn't the analysis say that it didn't include any capex costs? And wouldn't what you're talking about be included in capex costs? Anyway, let me let Xavier respond.

Olivier Crepin-LeBlond: Yeah. No. Chuck, no, this is not to say that I'm saying it's not there and it's wrong that it's not there. I just wondered whether Xavier had actually thought about the capex costs on these (unintelligible)...

Chuck Gomes: Oh I see what you're after. Okay. Thank you, Olivier.

Olivier Crepin-LeBlond: I'm well aware they're not on there.

Chuck Gomes: Oh okay. Thank you. Xavier?

Xavier Calvez: Thank you, Chuck. Yes. Thank you, Chuck. And thank you, Olivier, for the question.

And Chuck, I think Olivier's question is relative to the depreciation which is the annual operating costs of - that represents the usage of the assets that are being purchased. So the capital expenses is when you buy the assets. And the depreciation is when you actually recognize a fraction of the cost of the asset on an annual basis as part of your operating costs. So I think both have - both elements are relevant to this analysis.

So the - if I may be a bit technical, the depreciation would be a - an income statement type of cost. And the capital expenses would be a balance sheet type of cost.

So we have looked at that on a very high-level basis. Olivier, we did look at the costs - at the depreciation of assets.

We have put a placeholder into the costs that I have provided to you. I need to go back to the detail spreadsheet to see how much we have put.

And when I say placeholder is a very basic amount that's a bit more finger up in the air rather than the result of looking at the list of assets, their value, how much they are being amortized today and how much that aggregates and try to calculate fractions of usage (unintelligible) which would have been a much more complex analysis in the timeframe that we had - that we thought we had available for the purpose of this analysis.

So we have not done a bottom-up approach. We've just picked a number. And I need to go back to the detail document that I have so that I can determine how much there is in it. But there is something in it and I can qualify that further.

Chuck Gomes: Thank you very much, Xavier. That's helpful. And this is Chuck.

And so if I understand correctly then the estimate of the shared cost does include a guess of the depreciation cost. Is that right?

Xavier Calvez: Correct. It doesn't include the capital cost of creating the assets. But it does include a placeholder for the annual cost of paying for, if you see what I'm saying, the assets being used.

Chuck Gomes: Thank you very much, Xavier. I think that clarifies it. And Olivier, any follow-up on that?

Olivier Crepin-LeBlond: No follow-up from me. Thanks, Chuck. No. That's fine. That explains it well.

Chuck Gomes: Thank you very much to both of you. Chuck speaking again.

Now my next - let me ask now: are there any other questions of Xavier or comments? Okay. Xavier, did you want to add something else or is that an old hand?

Xavier Calvez: Yes, please.

Chuck Gomes: Go ahead.

Xavier Calvez: No, no. It's still a relevant one.

I just wanted to make sure it is clear. If you want to go back to the CWG about a standalone cost analysis I want to be very clear. And I think it would be helpful to the group that if you do go back to them you are clear also on the aspect of there's a lack of synergies and there's new costs that are created by the standalone aspect of the operations versus the currently integrated aspect of the IANA operation.

So it's not just that there would not be synergies anymore. There would also be added costs relative to the governance, communication, reporting, at least those, that are not anywhere specifically in the shared bucket today. I - as I think we have said earlier that the shared resources bucket would be the one that captures the synergies or their - where the synergies would actually appear currently. And a standalone analysis would be increasing those specific costs which I think is completely true.

My only point was in doing that standalone exercise there would also be additional costs that do not appear anywhere in any of the buckets of costs that I have provided in the analysis that would be additional to the lack of synergies. So just to have a comprehensive information to the CWG.

Chuck Gomes: Thank you very much Xavier. And so Grace following along the same line as I suggested before. I think this - the response that Xavier just made would be another one to isolate. And put with the other one in terms of an excerpt from the transcript. Because I think it's very helpful and would be useful for the full CWG to see in the detail of the words that he used. Because I found that could be very relevant to the full group. Anything else Xavier?

Xavier Calvez: Not for me. Thank you.

Chuck Gomes: Thank you very much. Now before we let him go let's talk about - let me ask him one more question. I'm assuming we will provide the analysis to the CWG. We're going to talk about that in just a minute. But my question for you Xavier. Would you like to do anything with the analysis? Make any edits to it? I'm not asking you for more work right now on terms of actually doing the analysis. But rather in presenting it. Would you - do you want to make any changes to it in terms of wording or anything before we would send it out? Or are you comfortable with it the way it is?

Xavier Calvez: Thank you very much for the question Chuck. I appreciate the opportunity to do that verification. I would actually like to take another pass at it. Simply to ensure that it's as - the language and the formulation of it is as clear as possible. The two calls that I have participated to speak with you including today were very helpful for me to also understand better the interest that the group has in that information. And I think that it makes me a little bit more

understanding the value of the information that can be provided. I would like take another pass at it if you don't mind. To be able to ensure.

Chuck Gomes: Thank would be fine

Xavier Calvez: Yes. Okay. And to your point that would be exactly just what you described. Slicing the existing information in language. It would not be changing anything or probably not adding anything other than comments that I think would be either better formulated. Or descriptions that would be better formulated to be more explicit and preempt maybe some of the questions that you had to ask.

Because the information was none to speak ideally or adequately displayed. So that would be - that would be the only thing I would like to do. But I would appreciate that opportunity. And I would hope that it's possible to get back to you towards Tuesday or Wednesday of next week. If that would be possible.

Chuck Gomes: I think that is fine. If others disagree they can comment. Because what we can tell assuming we decide to eventually send it to the full CWG then we could let them know that sometime next week we should be able to send that analysis to the full group.

And if you want I'm not - I'll let - It's totally your call. If you want to add a line in the spreadsheet that shows the guess -- maybe with an asterisk -- that it is a guess on the depreciation costs. That that's included in there. That would be fine. But I'll leave that totally up to you. Whether you want to add that guess in that spreadsheet detail.

Xavier Calvez: Sure.

Chuck Gomes: We understand it's in there. So we could always answer that question if it came up. That's your call. So anybody not agreeable to that approach? Okay. So now while Xavier's still on the call so he can contribute if there's something helpful he can say. Are we in agreement that we should send the analysis once Xavier and his team takes another pass it to send it to the full CWG? Is there anybody that thinks we should not do that? Okay.

So my suggestion then is that when we submit our recommendations to the full CWG presumably today that we just in our transmittal message that we say that the - that we will be forwarding on to the CWG a cost analysis of the existing IANA functions by the end of next week. Not later than the end of next week. So is it - does that make sense? Okay. Is there anything else we need to talk with Xavier about before we, you know, confirm that our document is ready to go? Olivier?

Olivier Crepin-LeBlond: Thanks so much Chuck. Olivier Crepin speaking. And I note that Monday and Tuesday are the high intensive work days. And I wondered whether it was going to be possible to at least - I wouldn't say discuss in any detail. But share with the group where we are with regards to a draft. I'm a little concerned on the timing. Thanks.

Chuck Gomes: Olivier Chuck. Let me get some clarification there. Where we are with what draft? You mean the draft of the analysis?

Olivier Crepin-LeBlond: The analysis. Yes.

Chuck Gomes: Well. He did give us the - he said he's a target of Tuesday or Wednesday. Xavier you want to respond. Go ahead.

Xavier Calvez: Sorry. Respond to what question?

Chuck Gomes: Well Olivier can you clarify for Xavier what you're asking there?

Olivier Crepin-LeBlond: Yes. Thanks Chuck. Olivier speaking. And we have our intensive working days on Monday and Tuesday next week. And I wondered whether we might have anything even a draft in our hands that we could share. Maybe not as a final document. And just say "look, this is where we are now." And find out if anybody is actually pointing anything out where we could actually respond to them rather than sharing them the full, final draft after these intensive working days. And maybe not having the ability to speak to them in a call.

Chuck Gomes: Does that help Xavier?

Xavier Calvez: I cannot decide for this group what to produce or when. I can try to do an internal review faster than what I indicated earlier. But I think it will - since we're already Thursday. So it's going to be a bit challenging to have an internal review of this document faster than early next week. And I understand that when I say early next week it makes a difference whether it's Monday morning or Tuesday night. Based on what you just described.

But I don't know if you guys feel comfortable indicating that you have a finalized - you have draft information that is - that I can staff as doing a last review of the descriptions and comments in light of the calls of last week. And that should come shortly. I don't know if that's something that's adequate for the purpose that you had in mind Olivier.

Chuck Gomes: So this is Chuck. Let me make a suggestion. If it is feasible. And we understand - and I understand the short time frame. And I also understand that you and your team have a lot of other things that you have to do. This isn't

your only task. My suggestion would be to if at all possible it would be helpful if we were able to get it end of your workday on Monday.

But if that is not possible and not possible to get it early Tuesday then I think the members of this team in the intensive meetings that we're having on Monday and Tuesday could at least talk generally about the understanding we have of the cost. And certainly we know what the total cost estimate is and so forth. So - and that in itself I think would be of some benefit to the whole group. So thanks Cheryl for the check mark in that.

And let me turn it over to Mary. Mary your turn please. Mary are you - looks like you're on mute. Okay. Go ahead.

Mary Uduma: Hello. Can you hear me? Hello.

Chuck Gomes: Yes. We can hear you Mary.

Mary Uduma: I don't understand it. Can you hear me?

Chuck Gomes: Yes. We can hear you.

Mary Uduma: Hello. Can you hear me? Oh no, I can't hear you.

Chuck Gomes: Yes. You can't hear me. But..

Mary Uduma: You can hear me now. What I was trying to pass off in that. We now have the basic information and the operating costs relative to the two-time operating costs of the - of ICANN as a whole. Could use - the IANA portion would be used to estimate what the costs like the depreciation aspect of the operating costs would be. The essence of the depreciation is just to put aside some

values that will replace assets whenever they (unintelligible). So for that reason I think that - I don't think it is so difficult for this thing to be completed within the time we are looking at. If (unintelligible) would look at that. Use extrapolation on the portion of IANA operating costs on the operating costs of ICANN. And we use the simple portion to estimate the cost and then it will give us a better idea of what the cost is like. But that way using internal or external model we still need to have what the two top costs of IANA (unintelligible) would be well informed. That's what I was trying to communicate. I hope you got it. Thank you.

Chuck Gomes: Thank you Mary. This is Chuck. Xavier please respond. Xavier you're on mute it looks like. Go ahead. Still not hearing you. Although it does look like you're on muted. Xavier. Okay Xavier is I think still - let's see what's going on here. Sorry for the pause but we'll let Xavier type what's happening. You know we're not hearing you. So not sure why. So and am I sounding faded to everybody else as well?

Xavier Calvez: Hello. Can you hear me?

Woman: Xavier we can hear you now. Yes.

Xavier Calvez: Okay. Can you hear me right now everyone?

Chuck Gomes: That's good. Go ahead.

Xavier Calvez: Okay. Sorry. I don't know what happened. So I'm - Mary. I have not understood very well your question. So I could not understand whether you were pointing out to an estimate of the (depreciation) costs in the operating costs of ICANN. And that is already included. And that is fine. Or there is a need to estimate the costs of the assets that ICANN currently operate - uses to

operate the IANA functions. And so I could not understand very well what your question was. And what you thought was relatively easy to do. I heard you say that. But I couldn't understand what you were referring to. I apologize.

Chuck Gomes: So Mary this is Chuck. I had the same problem. Because there was some interference on the line. So can you clarify? Were you suggesting that it would not be too hard to estimate the (CAPX) costs for IANA? Or were you suggesting something different from that. Could you go off of mute and try and clarify that?

Mary Uduma: What I said is that if the costs of - the proportion of costs of IANA operations relative to the ICANN operation costs is estimated is used to estimate the position asset of the operating costs? That it would just be in proportion of the total depreciation added to the costs. It give you a new or better view of an estimate of what total operating costs would have been. I was not referring to the effect at all. I was referring to the position. The costs of the position could be estimated by applying the same proportion of costs of operations as examined by Xavier to the total costs of ICANN operation. And use the same proportion to submit the position. That's what I said. Thank you.

Chuck Gomes: Thank you Mary. This is Chuck. I think I got it that time. So you're talking about the depreciation costs. And maybe Xavier can - they did do a guess. Now whether they did it the way you're talking about or some other way I don't know. But I'll let Xavier respond now.

Xavier Calvez: Yes. So first to - there is a depreciation cost that is included in the analysis that I provided. And so it's a fraction of the total depreciation cost for ICANN. Which we have very simply taken and included in the IANA cost analysis that I have provided earlier. So from that perspective the IANA cost analysis that I

provided, does include a depreciation component of the operating costs on an annual basis.

The estimate has - is a place holder. It's not a bottom up exercise from the perspective of looking at the value of those assets that are specifically used for the purpose of completing the IANA functions and extrapolating the depreciation from those specific assets. It's simply a place holder. By the way I can specify to this group now because I verified in the meantime that it's \$500,000.00.

That is included in the costs that have - that you have seen for depreciation. It's a top down place holder estimate. When we do the detailed calculation it could be either lower or higher than that. Or there about. But it's already included. It's not missing from the analysis. Is the point that we wanted to avoid with that? So hopefully it clarifies what the question was.

Chuck Gomes: Thank you Xavier. Chuck again. And if when you do your review and editing to the document if you could add a footnote or an asterisk or something on that line item. If you add that line item specifically in the spreadsheet. Just to say what you just said basically saying that it is a top down estimate instead of a bottom up estimate so it could go higher or lower.

And Mary I see your hand went down. I'm going to assume then that that addressed the issue you were raising. If not, please raise your hand again.
Thank you.

Mary Uduma: It is an old hand.

Chuck Gomes: Okay. Xavier go ahead.

Xavier Calvez: Thank you Chuck. I was going - in the relation to the conversation that we were having earlier with Olivier on the timing of producing the final draft. What I suggest is that I commit to issuing to this group the final draft after our internal review of language and slight adjustments. Like depreciation for example. That I commit to produce that by the end of Monday, California time. So that this group can have it for Tuesday morning. Then can share it during the two day meetings that you are having. If that will be helpful, then I will commit to it.

Chuck Gomes: That would be very helpful Xavier. Thank you very much. And end-of-day California time will just about be the time of our first meeting. The first meeting California time is midnight I believe Monday night. So I get to live the life of Cheryl on our Tuesday intensive meetings. I think I have a meeting at midnight, at 3:00 a.m. And then there's one in the morning following that. So - but that would be great Xavier. Thank you very much for that. Okay Cheryl. Don't enjoy it too much. Thanks for the smile. Okay.

The - so anything else for Xavier before we let him go back to his day? Okay well Xavier notice the smile from Cheryl and all of us really. In terms of your participation in this meeting and in the one earlier in the week. We all applaud like Cheryl's doing in Adobe and really appreciate your great cooperation in this. And the work of all of your team in this. And I'm sure we'll be talking again as the CWG begins to narrow down its solutions. So thank you very much. And you may go on to your day if you'd like. Or you're welcome to stay on. You don't have to leave. But I'm giving you that option if you'd like.

Xavier Calvez: Okay. For the sake of letting you guys pursue your conversations I will leave the call. But thank you for the opportunity to help. It's serving from my perspective on the technical subjects like that. It's useful to be able to provide as (important) information as possible to help you guys do the better - the best

work possible. So I'm very happy to have had that opportunity. So thank you for inviting me. Have a good day or night depending on what time you're in.

Chuck Gomes: Okay. So have a good day Xavier. And I think for the Design Team members we have basically to decide whether our document's ready to go as is. Is it ready to send? And then who will send it? Should we just have Grace send it? Or do you think it needs to come from me? I'm flexible either way.

And again we want to attach a message to it that says that "by end of the day California time we will have an analysis that we can forward on to the full CWG in terms of current IANA costs." Anybody want to comment on that? Is there anything else that needs to be done for the - in the recommendations document? Or whatever we're calling it. The Content Template. Or can it be sent shortly after this meeting to the full CWG list? Okay.

Woman: I think it can just get sent. I think the note regarding the Monday Pacific time additional information is fairly simple. So it's really up to you Chuck whether you want to pen it as Chair. Or you just want staff to take care of it. And then you can get back to other duties.

Chuck Gomes: Thank you. Yes. That's correct. I have a meeting even earlier tomorrow morning for (DTM). So and then we're still - I'm now working on (DTF) as well. I'm not sure where that one's going to end up. And you're on that as well. So Mary please speak up.

Mary Uduma: All right. Can you hear me?

Woman: Yes.

Mary Uduma: Reading through the (unintelligible) side of our recommendations. I'm suggesting that wherever we have IANA costs - can we say IANA service costs. Instead of general costs. Because it is the cost of the services that we are looking at. (Unintelligible). I don't know if I'm making myself clear.

Chuck Gomes: I didn't get all of that. First of all when we send this to the working group today it will not include any of the costs. Because Xavier is going to take another look at the analysis. Not to change the numbers. But rather to tweak the language a little bit. Now that he understands better where we're coming from. So that - the piece with the cost, the analysis, which will include the Word document and the spreadsheet that shows the shared - the detailed breakout of the shared costs. That will be sent to the CWG at the end of the day on Monday, California time.

But the - so what we're sending today would be the document that you see on the screen in Adobe. That we went over earlier in our meetings. And have agreed on the recommendations there. Now keep in mind the CWG has to review the recommendations. And will be doing that in the intensive meetings on Monday and Tuesday. They can come back to us and make - suggest making some changes or whatever.

So we'll all have opportunity to provide additional comment at that point. Cheryl let me let you jump in. And then I'll come back to Mary and see if that answered her questions. Because again there was some interference on the line. So I may not have heard it all correctly. Cheryl.

Cheryl Langdon-Orr: Thanks Chuck. Cheryl for the record. And due Mary's point. I put my hand up. I understand where she's coming from to requiring greater or clearer articulation on this language. And I understand from what she said the proposal was to identify these things as IANA services cost - service cost.

I would actually prefer IANA operations cost as opposed to services cost. Mary, mainly because it's in direct keeping with the case of language we've crafted over several years within the framework of interpretation working group. We're very clear to talk about the IANA operator. And so IANA operations cost seems like a nice handy (unintelligible) to me. So I'm just bringing that culture I guess to your comment. And thought that the rest of the group might want to consider those things when they are considering your proposal. Thanks.

Chuck Gomes: Thank you and are we - this is Chuck. Are we talking about the message that's going to go with the transmittal of the template? Is that what we're talking about? What term we use? Whether it be operations or services?

Cheryl Langdon-Orr: Yes. I'm not going to answer for Mary. It's Cheryl here. Within the actual template document as well as entitled. And in preamble I also thought.

Chuck Gomes: Okay. So Grace go ahead please.

Grace Abuhamad: Thanks Chuck. I think I understand the edits same as Cheryl does. There are a few places in the document. I'm looking over it now. Where we just write IANA costs. And I think what Mary wants us to do is change that so it says "IANA services costs" or in Cheryl's edit "IANA operations costs." Instead of just calling it out as simply IANA costs.

Chuck Gomes: Oh. Okay. Very good.

Grace Abuhamad: Its a few edits in the document. But if that's correct then I'll - if everyone agrees to IANA operations costs then I'll just switch the few places where that's the case to IANA operations costs.

Chuck Gomes: Thank you Grace. And Mary are you comfortable with saying IANA operations costs instead of IANA services costs?

Mary Uduma: Yes. I am.

Chuck Gomes: Thank you. Okay. And thanks for the suggested edit. I appreciate that very much. Cheryl.

Cheryl Langdon-Orr: No I'm just forgetting to put my hand down.

Chuck Gomes: Okay. Thanks.

Cheryl Langdon-Orr: I'll do that now. There you go.

Chuck Gomes: Okay. So I think our plan now - Grace since you're going to make those edits I think it's find for you - just once they're made. That you don't need to do a red line obviously. Send a clean copy of this to the drafting team as soon as you're ready. And then we'll all see it on the main list. Is there anything else we need to talk about on this call? Okay. Well thank...

Cheryl Langdon-Orr: Chuck the only thing is, you don't think we need - I don't think we need to reconvene. I mean we know what will be coming in on Monday from Xavier. But that really is your call.

Chuck Gomes: I agree Cheryl. Now I think we ought to just be honest with ourselves. We ought to - there is the possibility that the CWG would ask us as a Design Team to do something else. I'm not necessarily anticipating that. But for right now I see no reason to schedule another meeting. You know, unless we're requested to do so by the CWG.

Cheryl Langdon-Orr: Yes.

Chuck Gomes: Okay. Well it's been an excellent group to work on this. Thanks for the good cooperative effort. And we will I'm sure be listening and talking and reading chat from one another in the six meetings on Monday and Tuesday. So everyone have a good rest of the week and a weekend. Thanks again. And we can adjourn this meeting and end the recording.

Woman: Thanks Chuck.

END