

Adobe Connect chat transcript for 28 March 2017

Terri Agnew:New gTLD Subsequent Procedures Sub Team – Track 1 - Overall Process/Support/Outreach Issue call on Tuesday, 28 March 2017 at 15:00 UTC.

Terri Agnew:agenda wiki page: https://urldefense.proofpoint.com/v2/url?u=https-3A_community.icann.org_x_9rDRAw&d=DwIFaQ&c=FmY1u3PJp6wrcrwl3mSVzgfkbPSS6sJms7xcl4I5cM&r=DRa2dXAvSFpCigmkXhFzL7ar9Qfqa0Aign-H4xR2EBk&m=i_l-dP0VOvyrnTat_ONltdjqrWNaAEtw0MFMzJraXs&s=wNsJoXLd-bo2PWTZdo31sLs00OagjbkpxmtbiGTrGgY&e=

Sara Bockey:Good day all. I'm working from home today - having some work done on the house. I apologize in advance for background noise or dogs barking.

Emily Barabas 2:The slides are unsynced. Everyone can scroll for themselves.

Alexander Schubert:Why "cost recovery" in the first place? What if the cost goes down to 5k USD? We face hundreds of thousands of gTLDs?

Alexander Schubert:There must be a SUBSTANTIAL hurdle to overcome for applying for a gTLD. The easiest hurdle is a monetary one. If there is no entry barrier we will be FLOODED with applications by "hobby-gTLD-makers".

Trang Nguyen:One big development cost for the next round is the system development cost.

Steve Chan:I would imagine the development cost would be dependent upon the recommendations from this group.

Trang Nguyen:TAS has been retired so we would need to do new system development. Now much work depends on how many changes from the 2012 round there will be.

Jeff Neuman:@Steve - of course to some extent.

Donna Austin, Neustar:@Alexander, we did have some discussion about the challenges associates with setting a low application fee.

Jeff Neuman:But to be honest some of that "development cost" was not wisely spent....especially in trying to develop a home grown customized one time solution

Steve Chan:@Alexander, there is a question related to a pricing floor in CC2

Alexander Schubert:TNX

Jeff Neuman:I would really like for us to set forth all of the reasons for which we believe that a floor should be set (as that would be a change in policy)

Alexander Schubert:There is also a "cost" to "society", brands, the Intellectual Property community! If 100,000 gTLDs are being applied for because they "cost" only 10k USD - then the "cost" to the wider community is BIG!

Donna Austin, Neustar:@Greg, agree about getting the reserves back up, but ICANN shouldn't be using excess fees from a future round to do that. I know that's not what you were suggesting, but I just wanted to put that on the record.

Greg Shatan:Donna, I wouldn't consider those to be "excess fees." It's simply revenue. And I don't see why revenue should not be used to bolster reserves.

Greg Shatan:On this point, since the first round fees were so significant, a floor was irrelevant.

Greg Shatan:How far short is ICANN's reserves from best practices amounts of 110-120% of annual revenue? How does that compare to the \$90 million of "excess" fees?

Samantha Demetriou:One argument in favor of keeping the cost high is that it acts as a sort of gating mechanisms, where only businesses/organizations of a certain size can apply. Being able to foot a high application cost implies that these organizations are more financially stable. If this were to be replaced, the evaluators would have to look much more closely at financials and business plans included in the applications.

Michael Flemming:I agree with keeping the cost higher. Cost recovery is the right idea as long as that costs come back. My firm and I feel that for our customers, the value of a gTLD can be seen in its price. Brands in the first round paid a high price for a resource and that becomes minimized if the price of that resource goes down too much for future application windows.

Jeff Neuman:@Alexander - To sum up your concerns: (i) If too low, we may have unsophisticated Buyers of TLDs - threat to security/stability; (ii) If too low, we may have squatting activities, abuse

Donna Austin, Neustar:@Greg, they wouldn't be excess fees if the cost-recovery model was not applied, but my point was more that I don't believe it is appropriate to raise funds to bolster the reserve fund by opening up another round of TLDs.

Alexander Schubert:I suggest to ask whether we RAISE the amount to US \$500,000

Michael Flemming:Could we just see a list of hands to see who is for the cost-recovery model and who is against?

Jeff Neuman:@Michael - I think it is too soon for such a poll

Michael Flemming:Just an idea

Jeff Neuman:I think we should focus on the pros and cons of each method.

Michael Flemming:To grab the storm, because I am curious about who we are trying to convince to change it?

Greg Shatan:ICANN does plenty of things that cost money -- that's where the "excess" of revenues from any income-producing activity goes, as a generic point. Non-profit does not mean non-revenue-generating....

Greg Shatan:I am not suggesting ICANN turn gTLD applications into a "cash cow" but there's a big range between the lowest non-money-losing price and a massive cash cow.

Trang Nguyen:Does the concept of floor mean a floor above the cost recovery of processing applications, or some arbitrary floor? It's not clear to me.

Michael Flemming:Clarification to cost coming back: Meaning that the excess is used for an agreed upon benefit or that it is returned to applicants/registries.

Jeff Neuman:@Michael - but those brands that bought now have a huge first movers advantage (up to 7 years in theory). That is worth a higher price

Carlton Samuels:Given what we now know of the market situation, Is there a sense that a new gTLD program should be demand-driven? And, if we agree with that in principle, it would be a dead easy step to agree in principle the administrative costs to ICANN - the corporation - should be on a cost recovery basis

Michael Flemming:Yes, but those same brands don't agree to lowering the price.

Jeff Neuman:Trang - the floor means that essentially we would look at cost recovery, but if cost recovery is not as high as the arbitrary price floor, then the price becomes the floor

Trang Nguyen:Thanks, Jeff!

Jeff Neuman:@Michael - is this really a decision that should be made by existing registries (that may be viewed as a competition concern)

Greg Shatan:Maybe we turn every new gTLD application into a potential auction, i.e., applications are public and others can offer a higher price. Not suggesting this is a good idea, but it is an alternative to the current model.

Michael Flemming:When those same registries consider applying in subpro, yes it is a high concern.

Michael Flemming:applying for more, I mean.

Michael Flemming:I think we can move on.

Carlton Samuels:@Greg: Hmm.....maybe in conjunction with the idea of a floor price, we would work that in as an alternative

Christa Taylor:It's Sara who is speaking

Donna Austin, Neustar:@Trang, I think if we went forward with the current AGB, ICANN could also provide some kind of 'how to' guide based on the experience from 2012.

Trang Nguyen:@Donna, yes, absolutely

Phil Buckingham:surely the goal for Round 2 should be to minimise clarifying questions as much as possible. A huge number were re the Q50 question to which a solution will be found for Round 2

Jeff Neuman:This subject will be a primary topic for the next WT 1 call in 2 weeks

Donna Austin, Neustar:Christa, I think its an implementation issue.

Terri Agnew:Next meeting: New gTLD Subsequent Procedures Sub Team – Track 1 - Overall Process/Support/Outreach Issue will take place on Tuesday, 11 April 2017 at 20:00 UTC.

Michael Flemming:Great meeting!

Katrin Ohlmer, DOTZON:thanks, everybody - bye.

Michael Flemming:thanks