



SubPro WT 4: IDN / Technical / Operations

Meeting #24 1500 UTC 12 February 2018

Agenda

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Welcome, Opening
Remarks and
SOI updates

2

Financial Evaluation

3

AOB and closing

1. Welcome, Opening Remarks and SOI updates

2. Financial Evaluation

Financial Evaluation

- Recommendation 8: Applicants must be able to demonstrate their financial and organizational operational capability.
- 2012-round Implementation:
 - Questions and response based
 - Each individual application evaluated separately
 - Questions 45-50 (Q45: financial statements; Q46-Q49: projections template, funding and costs, contingency planning; Q50: COI)
 - 8/11 points needed to pass, no zeros allowed
- Challenges:
 - Despite supplemental notes before and during app submission, 90% of applications received CQs (Costs, funding/revenue, and especially COI biggest problems)
 - Difficulty to assess financial capability over all applications submitted (evaluated individually)
- **ICANN Org and WT4 both agree on revamping this area**

Financial Evaluation Models

- Straw-Mushin
 - No Financial Evaluation
- Straw-Bee
 - No Business Model or Financial Fitness evaluation, only Financial Wherewithals
- Straw-Beetle
 - Some level of self or 3rd-party certification, still without business model evaluation
- Straw-Cookie Monster
 - Comprehensive evaluation of business model and applicant financials

Financial Evaluation Models

- Straw-Mushin
 - No Financial Evaluation
 - Straw-Bee
 - No Business Model Evaluation, only Fitness evaluation, only Financial
 - Wherewith
 - Straw-Beetle
 - Some level of Business Model Evaluation, still without business
 - model eval
 - Straw-Cookie Monster
 - Comprehensive evaluation of business model and applicant financials
- Let's start from scratch, using what we got from WT members so far
- Little support for Straw-Mushin and Straw-Cookie Monster
 - Straw-Beetle with some simplifications and some additions looked more capable of achieving consensus
 - This output isn't consensus-grade yet, let's test it

“Middle-Earth” Model

- Criteria 1: It's up to applicant to identify if the proposed financials apply to all its applications, a subset of them or a single one
- Criteria 2: ICANN won't provide any kind of financial models or tools, just define goals and publish lists of RSPs and consultants
 - How to shield ICANN from liability ? Perhaps RSPs+RySG/BRG?
- Criteria 3: Goals are for applicant to demonstrate financial wherewithal and assure long-term survivability of registry considering stress conditions like not achieving revenue goals, exceeding expenses, funding shortfalls or spreading thin with too many TLDs
 - Goals are homogenous in criteria, different in implementation depending on revenue dependence of the TLD(s)
- Criteria 4: If an officer of the company is bound by professional duties in applicant jurisdiction to represent financials correctly, applicant is a publicly-listed company in a large stock exchange or is a current RO that has not defaulted and hasn't triggered COI, applicant can self-certify that planning was made toward those goals
- Criteria 5: Applicant is required to provide credible 3rd-party certification of those goals if self-certification above is not used or achievable

“Middle-Earth” Implementation mock-up

- Q45: “Identify whether this financial information is shared with another application(s)” (not scored)
- Q46: “Financial statements (audited, certified by officer with professional duty in applicant jurisdiction to represent financial information correctly or independently certified if not publicly-listed or current RO in good standing)” (0-1 scoring) (certification posted)
 - Warning: this exact requirement was one of the main sources of CQs and failed evaluations in 2012
- Q47: “Declaration, certified by officer with professional duty in applicant jurisdiction to represent financial information correctly, independently certified if not publicly-listed or current RO in good standing, of financial planning meeting long-term survivability of registry considering stress conditions like not achieving revenue goals, exceeding expenses, funding shortfalls or spreading thin within current plus applied-for TLDs.” (0-1 scoring) (publicly posted)
- No financial models provided, asked for or evaluated
- No COI; Minimum COI-equivalent value required along application fee and returned if application doesn’t get a contract

Financial Evaluation in Initial Report

- To include both “Middle-Earth” and “Straw-Cookie Monster” models, mentioning agreement (or lack thereof) level, and in the case of “Middle-Earth”, mention to possible simplifications
- To include, if provided, mock-up questions for each model. Since Financial Evaluation is getting a full rewrite, providing questions simplify and clarify implementation, although not required and not immutable



3. AOB and closing

AOB and closing

- AOB ?
- Which pending topics require calls and which can be dealt through mailing-list and surveys ?