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HYDERABAD – ccNSO Strategic Operational Planning Working Group  
Friday, November 04, 2016 – 15:15 to 16:45 IST  
ICANN57 | Hyderabad, India

BECKY NASH: If we could move on to more slides I'm going to give an update on the planning and budgeting.

Back one slide, please. Back. Thank you.

As an overview for the FY18 planning process we'd like to remind everybody of our process where ICANN sets objectives that are described in the five-year Operating Plan, and the five year Operating Plan is for FY16 through FY20. It covers the period of July 2015 through June 2020. And our upcoming planning cycle for FY18 is the Year 3 Update for the Strategic Plan.

Our work is identified and described in an accompanying five-year Operating Plan which is reviewed and updated each year, and we do a fiscal Operating Plan and Budget for each fiscal year as indicated in the drawing to the right.

Throughout the year the achievement and progress on the Annual Operating Plan and Budget happens by using ICANN meetings for engagement, webinars, dashboards, and an assessment of the portfolio management system.

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**Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.**

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Next slides.

This next slide provides an overview for FY18 planning calendar. One thing that I'd like to highlight is that for FY18 we do have two processes that are outlined here. At the top of the slide you can see the planning process for PTI, which is the new affiliate for the IANA services. And as indicated on the slide to the left one of the recommendations from the CWG was that the IANA or PTI budget start nine months before the beginning of the fiscal year, and as such you can see that during the September time frame there was a submission of the draft of the FY18 Operating Plan and Budget for PTI that was approved for publication. And that publication for public comment did happen on October 24th and it's under public comment period at this time.

At the top of the bar graph you can see then that the process will continue, where after public comment period we will have community calls in order to respond properly to any public comments that have come in. And then at the end of January, the PTI FY18 Operating Plan and Budget is expected to be approved by the PTI Board and by the ICANN Board Finance Committee and Board.

At the lower half of the slide you can see that the ICANN FY18 Operating Plan and Budget process has also started and has a similar calendar, where we are underway in community

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consultations. There is a Budget Working Group here at ICANN 57 that we hope that many of you will attend as part of our engagement. And then as the calendar indicates, we expect to have the FY18 Operating Plan and Budget submitted for public comment on or around the 5th of March. And the process then continues on with community calls and adoption by the ICANN Board of the FY18 Operating Plan and Budget expected for mid-June.

Next slide please.

An overview of the FY18 documents that are included in the FY18 Operating Plan and Budget. Again, we will have the ICANN Operations five-year Operating Plan update. It is year 3, where we will have updated portfolio KPIs, dependencies, phasing, and a five-year financial model.

The other set of documents are related to the ICANN Operations and PTI FY18 Operating Plan and Budget. And as you can see, we have many areas that are covered in this annual document and it includes funding, which includes our registrar fees. And funding is what we now call support and revenue. We will have schedules detailing out operating and capital expenses. We have a section on risk and opportunities, head count, and a multi-year view of the New gTLD Program, and we do have Operating Plan and Budget by objective goal portfolio and project. And two

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other aspects that we have are the SO and AC additional budget requests and then we do have a caretaker budget that will be presented as part of this annual Operating Plan and Budget.

This next slide gives an overview of how our financials are organized and that the documents will display all of these different segments of ICANN. I'd just like to point out that on the right-hand side we do have the green bar that indicates total ICANN. On the left-hand side of the slide we have ICANN Operations with our funding which again – footnoted that we previously referred to that as revenue – and our operating and capital expenses both for ICANN operations baseline, multi-year projects, and also for our entity PTI for the IANA services.

On the right-hand side of the slide we do have the New gTLD Program with its related funding expenses, and at the very bottom of the slide we do show all of our funds under management by segment as well, where we have our operating fund, our reserve fund, the new gTLD funds, and then the auction proceeds.

This next slide I'd just like to give an update to the FY18 planning process and its status. As I indicated earlier, the draft FY18 PTI Operating Plan and Budget has been completed and was published for public comment on the 24th of October, 2016. This public comment period will be for six weeks and is expected to

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close on the 10th of December. Again, the next step for the PTI Operating Plan and Budget is that it's on schedule for PTI Board adoption at the end of January.

For the ICANN Operations, the five-year Operating Plan update and FY18 Operating Plan and Budget process is well underway. We've had kick-off webinars, which started our community engagement, and again here at ICANN 57 we will be having a Budget Working Group session, and we are on schedule to publish for public comment in early March 2017.

The last step of the FY18 planning process is that the FY18 SO and AC additional budget requests, that process will begin in December 2016 and then follows along on the same calendar, with final approval on or around mid-June.

I'd just like to pause here to see if there are any questions from anybody.

Yes?

GIOVANNI SEPPIA: I see Debbie.

DEBBIE MONAHAN: Debbie Monahan, .nz. Just looking at your PTI budget and I note that it says it takes allowance for three FTEs to be hired and an

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increase of .5 million. I'm aware that the CSC is just getting established and it's got its first meeting right here in Hyderabad. I'm just wondering what the potential impact is if they have their meetings and work through how they're going to operate and increase the staffing. Or does this take into account that or is this a best guess or dedicated resource?

XAVIER CALVEZ:

Thank you, Debbie. The CSC is actually a function that's managed by ICANN. It's actually not a PTI function, and there is in David Olive's team there's a person who will support the operations of the CSC and the scheduling of the meetings and so on. It's yet to be determined what the indirect and consequential impact of the CSC's activity will be because until we have had the CSC operating it's difficult to know what the outcome of those meetings will be and what impact it will be on the staff in terms of follow-up analyses and so on.

At the same time, I'm not trying to speculate on that, the operations of IANA are relatively stable and well known and well documented, so I'm not sure how much more there will be coming out of the CSC. There's also the RZERC that will be supported by the same person from David Olive's team. So for now there's incrementally, due to these structures, there is one person in David Olive's team that has been handed and a

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fraction of the bandwidth of the three people that you mentioned added within the IANA Team is obviously going to help cater for the interaction with those committees and the support of the activities resulting through those committees.

GIOVANNI SEPPIA: Wafa please.

WAFDA DAHMANI ZAAFOURI: Yes, thank you. May I ask stupid questions? Okay. Can you please go back to the slide where you show the total ICANN? Could you please tell me here what are the incomes and outcomes, the incomes revenues?

BECKY NASH: Yes. So if you look at this slide, again the funding boxes on each segment which are just under the titles, that indicates the source of revenues or inflows, and then below that box the Operating and Capital Expenses, which also PTI and baseline ICANN Operations have both capital and operating expenses as well as the New gTLD Program, and those are the outflows.

Does that answer your question?

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WAFI DAHMANI ZAAFOURI: Just one other simple question. PTI does not stand anymore for Post IANA Transition. It stands for –

XAVIER CALVEZ: Public Technical Identifiers.

WAFI DAHMANI ZAAFOURI: Thank you.

XAVIER CALVEZ: It's a coincidence that it's the same.

GIOVANNI SEPPIA: Okay, any other questions? Thank you, Becky.

BECKY NASH: You're welcome. Just very quickly we're going to move to the next section, which is labeled as a financial overview. However I will be turning it over to Xavier. But if you go to the next slide, although we're not going to cover these slides, they are available. We do have financial slides that are published on our website after our quarterly stakeholder calls. So all of these schedules are available on ICANN.org as part of the quarterly stakeholder call process, and then down at the bottom of the slide I would just like to highlight that our FY16 audited financial



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statements have also just been published on our website and are available for review.

Xavier?

XAVIER CALVEZ:

Thank you, Becky. Instead of going over these two slides that we have there, following a suggestion from Giovanni on the agenda earlier today I think, or yesterday, was to address the concept of cost optimization that we have already discussed I think once or twice with this group and to try to understand a bit better how ICANN optimizes its cost. And I will suggest a couple approaches that I think address the question but obviously, this is for you to also react and indicate if you have something else in mind when we talk about cost optimization and to provide that input.

I'll take two examples. The costs of ICANN are very broadly split into two. We have personnel costs and we have third-party expenses. When you look at the third-party expenses, one significant and meaningful activity that we carry out that helps optimizing our costs is actually to carry out RFPs – Request for Proposals – simply because this is a fairly standard practice to obtain competitive bidding that helps ensuring that for a set or defined list of services you obtain the best possible answers or offers of services to address those needs.

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The way we look at it, though, is that when we have an RFP we don't necessarily pick the cheapest solution, we pick the solution that brings the most value to ICANN, and value is the result of both benefit and costs. And if we believe we have a lot more benefits with maybe a slightly higher cost solution, that may be the one that we pick. But this is also a way for us to optimize our costs so that we regularly put to bid a number of services that we require so that we ensure that we have always the most current or best pricing or best solution of services for the price.

I'll leave it at that for that example on third-party costs. On personnel, how do you optimize the cost of personnel? There's various aspects to that. I'll mention a couple. One, we have performance reviews for the entire staff. If you think about it, having objectives being set for performance, measuring that performance after a period of time, and ensuring remediation plans, corrective actions, improvement plans, these are standard mechanisms that actually help improving the performance of the staff. And if you think about it a higher performing staff and number equivalent of people provides a better service, a better outcome, better productivity.

So that's one example, and of course we also try to ensure what we pay the staff is the right amount of money, and what is right is obviously a factor of market, by geography. You may know

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that ICANN’s compensation policy sets a standard that ICANN should pay its employees at between the 50th percentile and the 75th percentile of the market for the positions and the geography in which those positions are being held.

So this is a way for us to ensure we contain compensation within market standards, and that exercise is carried out on an annual basis so that we don’t also use obsolete data that may lead to incorrect trends of compensation.

I’ve taken three examples – one across third-party costs and two across personnel to try to gauge the conversation and see how that fits the question. Giovanni, can you comment on that please?

GIOVANNI SEPPIA:

Thank you, Xavier. Indeed, the point of cost optimization was raised several times by this working group during the different comments we submitted to the Strategic Planning and to the Operating Plan. So it’s good to know at high level that there are actions in place to achieve this objective of trying to optimize costs as much as possible.

We also know that now you’re fresh from a CEO transition so I believe also there’s going to be input coming from high to all staff to further work on cost optimization and streamline certain

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operations. So we look very much forward to seeing in the future what is going to be development of the ICANN cost considering again the new phase under the new CEO and also the fact that we have gone through the IANA Transition process so there are also adjustments in the ICANN family to cope with the new obligations that are coming from the IANA Transition.

So I think it's at least to me has been those two are good examples of what you are doing and again, we look very much forward to seeing and analyzing the coming draft Budget and Operating Plan and provide further comment on this area if needed.

Sorry, I don't know if anybody else like to comment on this point because again, it was brought up several times by the working group members.

Silence. Okay. It was just water. Debbie was pretending to grab the mic but it was just grabbing the water. Okay, Xavier. The floor is back to you.

XAVIER CALVEZ:

Thank you. As Becky indicated, the slide that we currently have there is [present] in the quarterly stakeholder call that we have on a quarterly basis. I hope some of you have an opportunity to attend. It's a broad coverage of what the organization has been

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doing over the previous quarter, and there's a presentation of about 50 slides, 10 of which at the end contain a financial update.

I will move on to the next section, which is risk management. Just to provide a very quick update on risk management, there is a risk management function at ICANN. It was created a bit over three years ago. And as a reminder, it's a fiduciary duty of both directors and officers to actually manage risk, and that function has been carrying the work to ensure that these duties are fulfilled. The Board has recently completed an update of the strategy that it wants to ensure is in place at ICANN relative to the policy assessment, governance, etc., and has helped us define a target of maturity for the risk management function at ICANN. So we have now a plan in development for implementing this strategy.

Another point at the bottom is that we have been discussing actually twice today with the Board [whether in the risk] or with a full Board how to engage with the community on risk management and be able to disclose and engage with the community on what risk management activities exist at ICANN, how these risk management activities are carried out, and obviously also obtaining input from the community on risks, on possible mitigation plans, and have an ongoing exercise of communication relative to risk with the understanding that

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there's limitations to the communication that can be done on risk so that you actually don't increase those risks. So we can talk about the fact that we have legal risks, but we're not necessarily going to be able to share very detailed plan on how we address those risks, and that's a fairly common and logical limitation.

One idea that has been circulated for those of you who know this process, we have been having on a now ongoing basis at each ICANN meeting an ad hoc Budget Working Group. Becky referred to it. It's happening on Tuesday night in Hyderabad, and we are thinking about duplicating that process and then more specifically for risk management and maybe creating a group of interested people in risk management and be able to interact with that group. It would be an open group, completely open, as it is for the Budget and meeting at ICANN meetings as well. But we're developing this. We're formulate it. I'm already trying to advertise it with you guys so that we have a chance to get participation in the future.

This is an important and a bit technical at times aspect of managing an organization, but I know this group will have knowledge and input to that process and that will be useful.

With that, I would like to go to the subsequent section, not this one the next one, to the expense of time to make sure we have a

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chance to talk further about human resources and as a follow up to this session that we had in Helsinki, and Pallavi Ridout is here from our HR organization to speak about it. Thank you.

PALLAVI RIDOUT:

Thank you Xavier. I know we are very close to our time so I was thinking if we could focus on maybe two slides. If you can go to the next one, we wanted to present to you today was give you an idea of the total staff and how they are distributed across the globe given the nature of the community and how diverse we are. Right now we are at 358 staff. And Barrack had asked me this question in the last session that we presented, is how is this disbursement look like. So I have an answer for you today, Barrack. If you look at the last line, it's a very busy slide so the very last one which says for September of this year, as of September of this year we have if you look at the dark green one it shows you the [inaudible] other staff which is 33 people [inaudible]. Thank you, Xavier, for pointing out. And that's from Italy, France, Kenya, Benin, Switzerland, Egypt, Israel, Jordan, and the Netherlands. And then if you look up at the light green, which has 17 folks from Istanbul then followed by seven in Brussels, 21 in Singapore, and then in APAC other we have six – thank you, it's very hard to read that one – and that is India, Pakistan, China, Japan, and Australia. That is followed by the

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light blue, which is Latin America. That is eight: Saint Lucia, Argentina, Bolivia, Brazil, Costa Rica, Mexico, and Uruguay.

On the very top you see a dotted line with a very big number on it which is 266. That is really the North America staff which is remote as well. We couldn't represent it on a graph because that would have fallen off the charts. But as you are aware, we have a big concentration in North America which is approximately 78% of staff. So the breakup there is we have 208 staff in Los Angeles, 28 in Washington D.C., we have 29 people who work remotely in the United States across 19 United States. We also have one poor lone worker in Canada – not poor, he's a good guy – and that's a total of 266 folks.

That's the breakup across the globe. The other thing we wanted to share with you which we thought you would be interested in is diversity in terms of the male/female breakup, age groups, etc., that we have. So if you can go to the next slide. There's a lot of info here, too. So what I want to do is concentrate on the left side first and the bar graph on the very top which talks to you about years of service.

Our average year of service is approximately 3.6 years. It jumped up a tad bit from last year. So we have the majority of the population that falls in that, which is some 40% odd folks are in that range. And on the flip side, the folks which have the highest



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tenure, which is more than 10 years, is about 5% of the organization.

And then from an age perspective, for those of you who follow the generational divides and the Millennials and the Gen-Xers, and the Baby Boomers, if you look at the age you'll see that we have a majority of concentration in the Gen X category which is about 40-ish years. And then if you look at on the lower end of the spectrum, which is more than 60 years, we have about 6% of the population which falls there, which is the Baby Boomers as we qualify it. People are laughing in the room because there are some finger pointing going on here.

If you look at the pie chart, the first one on the top right, that shows you – I think this will bring smiles to I hope everybody's faces in this room – is there is a very nice, equal make-up of males and females at ICANN, the female population being just slightly higher. And from the executive front we have out of the 13 executives we have three females and the remaining, males. So that's our diversity make-up for ICANN.

Yes, sir?

XAVIER CALVEZ:

This is already an obsolete slide.

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PALLAVI RIDOUT: Yes it is because we have four females.

XAVIER CALVEZ: Because now there's four females and the personage has changed drastically as a result.

PALLAVI RIDOUT: Yes, with the four. It takes it to 29 point some percent. Are you impressed that I can do the math so quickly, being a HR person?

These are the two slides we thought we wanted to share with you. Any questions on the slides?

ANDREAS MUSIELIK: Andreas from DENIC. One question about the ICANN executives. What was the change from September 2016 to May 2016, because in the first pie chart you have a change. Here you can't see it with... Do you have some numbers?

PALLAVI RIDOUT: I do and I cannot recall them right now, but the female executive percentage was I would say similar because we've had one female executive leave us and the male was the same. So it hasn't shifted dramatically.

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ANDREAS MUSIELIK: So the male and the female were the same.

PALLAVI RIDOUT: It was the same, yes.

ANDREAS MUSIELIK: Just change [inaudible]. I'm just [starting] to go around –

PALLAVI RIDOUT: It's getting to be a very interesting session now [inaudible].

ANDREAS MUSIELIK: And I know at ICANN that's really [sensible] we skip that immediately.

XAVIER CALVEZ: Don't confuse her with the numbers.

PALLAVI RIDOUT: Yeah, we are in the same range in terms of numbers and percentages with the exit of the executives.

Okay. Thank you very much.

GIOVANNI SEPPIA: Thank you, Pallavi. Any other question about HR?

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Yes, Leonid.

LEONID TODOROV: Could you enlighten us of that ratio executive to, let's say, more junior staff?

GIOVANNI SEPPIA: That's a recurring question and thank you, Leonid. Just one little remark if you can identify yourself.

LEONID TODOROV: Sorry, Leonid Todorov, APTLD.

GIOVANNI SEPPIA: Thank you. Anybody of ICANN who likes to take it up?

PALLAVI RIDOUT: I just want to just ask a clarification question. Are you looking at different levels like managers, directors? Is that what you're looking for or a different kind of [make-up]?

LEONID TODOROV: To put it simpler, let's say vice presidents to junior staff ratio, for example.

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PALLAVI RIDOUT: While we have that, I don't have that handy right now but we can certainly look into that and let you know. There are many ways we can slice the data so we can provide that.

Anybody else wants to take that?

GIOVANNI SEPPIA: Okay. Anything else from Xavier and his team about all the points we covered in the first part of this working group meeting?

XAVIER CALVEZ: Just one comment. We skipped the Dashboard update to the expense of time, but of course the slides are there and there's a little bit of updates in there. So if there's any subsequent questions to those slides, feel free to ask them.

GIOVANNI SEPPIA: Thank you, Xavier. And I know that there might be some questions regarding the PTI Budget, as I heard some colleagues from the working group that might have the need to get some answers regarding some elements in the PTI Budget. So feel free to ask at this stage before we move on to the next item presentation from Sally and Patrick. Unless we have answer yourself overnight.

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UNIDENTIFIED MALE: My question is what is the breakdown for the PTI Budget because I couldn't really find a detailed breakdown. That's important for me.

XAVIER CALVEZ: So when you say breakdown, the PTI Budget is under public comment right now so there's about a 15 – 18 pages' document. So it's when looking at that document you would like more details on the expenses is what you're saying?

Okay, so I think that because it's currently under public comment what I think would be helpful is if you want to put that question and request as a public comment, then we will be able to respond to it. Thank you.

GIOVANNI SEPPIA: Thanks, Xavier. And indeed this was a question I had to the working group. If we would like to submit ccNSO Working Group comment on the PTI Budget, and the comment period if I remember will expire on the 10th of December, so we have about one month. If we like to produce maybe a high level comment as working group to the PTI Budget. I'm just looking at the working group members. I see the enthusiasm. I see really how much they want to produce this instead of a Christmas

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advent calendar, this [common] things we are heading to. But can we have a raise of hands about if the working group would like to submit a comment as a working group to the PTI Budget? Raise of hand?

No hands? So we are not submitting –

UNIDENTIFIED FEMALE: [inaudible]

GIOVANNI SEPPIA: Okay. [They're] becoming so brave over there [inaudible].

BART BOSWINKEL: May I suggest that because some of the members are not present that we do this by e-mail, and then if you want to break down into the timeline so people if they commit to it, that they know when to produce stuff?

GIOVANNI SEPPIA: Thank you, Bart. I was going to suggest that so that we – Roloff?

ROLOFF MEYER: Giovanni, thank you. I think you should have asked another question before, and that is if everybody who thought a separate

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PTI Budget was a good idea to raise their hands. Because if those people are there, then we can give them the job to look at it.

GIOVANNI SEPPIA: Okay, question approved. Barrack, please.

BARRACK OTIENO: Barrack Otieno, AFTLD. I'm just curious, now that the Public Technical Identifiers is a subsidiary of ICANN, are we going to retain the same working methodology where it is a department within ICANN or is it going to be treated as a separate enterprise with its own assets? Just some clarification on that area.

GIOVANNI SEPPIA: Xavier.

XAVIER CALVEZ: Thank you, Giovanni. Thank you, Barrack, for the question. I guess it's a little bit of both of the options that you've laid out. There is a legal entity that is separate from ICANN. So the PTI is a legal entity. What happens is that the IANA department that that existed pre the Transition contained of course the activities that were very specific to the IANA services and the employees that report to Elise Gerich, that you know. So the costs and expenses of this department will now be charged into the PTI. The



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employees, as you may have followed, and I think you have, Barrack, are going to be seconded so they won't change contractual relationship. They will still have a contractual relationship with ICANN as employees, but they will be seconded into the PTI, where they will perform the IANA services exactly in the same fashion after than they did before. And within a three-year period there will be a process to allow the transfer of the employees contractually from ICANN into PTI. But that's going to be a progressive transition.

So the activities don't change, but the PTI legal entity will now receive the activity and the expenses associated with the IANA services. And that remains obviously a part of ICANN in the sense that it's an affiliate or a subsidiary – a wholly owned subsidiary in other words – of ICANN. So when you look at the scope of activities of ICANN it' actually doesn't change, it's simply that a portion of it is now put into a specific legal entity. Does that help? Thank you.

GIOVANNI SEPPIA:

Before giving the floor to [Yoka], she has a question from a remote participant, I believe the fact that it is a legally independent entity answers also the question if I've not misunderstood it from Roloff as regarding if it is right that the

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PTI has an independent budget. Am I correct from a legal administrative perspective? I'm looking at Xavier.

Roloff.

ROLOFF MEYER:

My intention was not to reopen that discussion, but my reluctance to work on the PTI Budget in this working group stems from the fact that I think it's a bad idea from the beginning. I've been arguing against it. It's there now, so I think that if we have people that feel it's a good idea, then I think they are the best persons in this group to take on that work. And if nobody here feels that's a good idea, then that's a perfectly fine outcome and then we just look at the ICANN Budget. That would be my proposal.

Let's not reopen the discussion if it's a good thing that the separate budget is there because that doesn't bring us anything anymore, but this was just on who should do it and why should we do it or why we shouldn't do it.

GIOVANNI SEPPIA:

Okay. Thank you for clarifying. Barrack.

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BARRACK OTIENO: Just to agree with Roloff. I don't think we have the locus to discuss the PTI Budget by the fact that it's a separate legal entity. So I'm assuming that it has to convene its stakeholders to have a proper discussion on the budget. But as it is now, we can only discuss the budget under ICANN and see what can be disbursed to PTI.

GIOVANNI SEPPIA: Okay, as I said, I'll circulate a short e-mail about that and then I will see. But I understand that the sentiment of this working group is rather than we stay out of commenting the PTI Budget.

[Yoka], you have a remote participant.

[YOKA ARTUR]: Indeed, there was one question by Philip DuBois from DNS Belgium in the Adobe Room who is having a suggestion for the HR breakdown. "The breakdown per [hay] level and historical evolution would be interesting," he mentioned.

GIOVANNI SEPPIA: Is it an historical evolution of the executive or – I [fail] I don't know if Xavier has understood the question. Could you please answer if he can be a bit more specific in the question?

Any other comment or question. Yes, please.

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ALEXANDER [SCHUBERT]: Alexander, .rs. As an independent legal entity like PTI [is in a subject] like that, should its financial statement be independently audited?

XAVIER CALVEZ: Thank you. Hopefully the vocabulary that I will talk about is an important thing. PTI is not independent. It's an affiliate of ICANN. It's a wholly owned subsidiary. So it's not independent. It's a separate legal entity, but it's not independent. To the specific question that you have on audit, PTI is a non-profit entity and registered in California. Both these conditions make it a requirement that it has its own specific independent annual audit. Having said that, because it is an affiliate of ICANN, the ICANN auditors will look at the financial statements of ICANN inclusive of PTIs.

UNIDENTIFIED MALE: [inaudible]

XAVIER CALVEZ: Absolutely. As a consolidated [statement]. And if you think about it, it's quite logical that the fact that there is a separate legal entity doesn't change the fact that it's wholly owned by ICANN

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and therefore it's form over substance or substance over form. The auditors look at substance over form. And from a substance standpoint, whether it's in a separate entity or not, since it's fully owned and fully controlled, it's under the same scope of financial statements.

So there will be two audits conducted: one of PTI on its own and one of ICANN inclusive of PTI. Thank you. That was a good question.

GIOVANNI SEPPIA:

Thank you again, Alexander, for the question. Thank you, Xavier. Before we leave the floor to Sally and Patrick, have we received a clarification from Philip? Not yet, okay. [He keeps typing] so maybe a long clarification.

That said, I'd like to see if there is any other question on the first part. No. So, thank you, Sally and Patrick, for the presentation.

SALLY COSTERTON:

Thank you, Giovanni. I'm afraid I'm going to have to leave in about 10 minutes so I'm going to start. But we're going to do a – fortunately we did rehearse this just in case. We'll do a handover. I don't know if Jeannie is here yet, but – hi, Jeannie, she's here. Depending on how you are for time, at the end of the session you may well have detailed questions on some of the

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engagement techniques we're using, some of the KPIs, and so Jeannie is here. She's our guru on this subject and she will be able to answer your questions, I'm totally confident.

Let's just put a little bit of context around this. We met in Helsinki, which does seem like a very long time ago actually. And it was a very instrumental meeting for us on the ICANN Staff Team for a couple of reasons. One was it's the first time we really had sat down with a big community group and had a detailed discussion about how we measure engagement. And we did a lot of discussion on the staff on this and a lot of work, but this was the first time we'd really been asked to share that work. And so thank you for initiating that and for continuing this dialog, and I hope that we can prevail upon you to do that on an ongoing basis because I think it's really helping us to maintain momentum on what is actually really quite a difficult thing to do. And I'll come on to that in a second.

The second thing was that you asked us, in fact specifically [Mikhaili] asked us on behalf of the group, to start to think about how we describe and share the cost, the amount of money that ICANN spends overall on engagement with the ultimate goal – and I may be now putting words into [Mikhaili's] mouth but he and I have had several conversations on this subject since – to be able, and of course to say how much does it cost and what happens? In a way, what do we get for what we spend? And I

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know you haven't specifically asked the question that way but it's a pretty decent question.

And since we last saw each other in this format of course we have completed the Transition and we now have a new revised mission and an updated Bylaws. One of the key elements for my team and those of us on the Staff Team that work with the community directly in many community-facing roles, whether that's meetings, policy, engagement, communications, these kinds of groups, is to be very conscious that not just that the work that we all do together is compliant with the new mission, the Bylaws, but in fact much more of a challenge in my mind is that we're actually living up to it. I'm much less worried that we're doing things that are going to be out of scope because I think between us, as a large community, we have very aligned goals in terms of bringing more people to ICANN from different parts of the world, more diverse groups, different regions, different stakeholder groups, but the demand is big.

Global participation is a big deal. Representing global Internet users in ICANN is a big deal. And those of you who are – and no doubt all of you are very conversant with the new Bylaws on something like page 200 and something. Don't quote me on that but it's quite far down the document. When you look at the text, in the event of any IRP or something of this sort, we're asked to

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think about the impact on the global Internet community. So there's some really big stuff out there. So hold that thought.

So what have we done since we saw you in Helsinki? What we're going to talk about today is really give you an update on where we are with the measurement itself of the programs, how we do that not just in the Engagement Team. I think there can sometimes be a misperception, quite understandably, that all the engagement at ICANN is handled out of my Stakeholder Engagement Team and we just wanted to explain that a little bit. There are also links to how we measure the cost of it.

We will look at a little bit on the stakeholder journey which we introduced you to specifically at the Helsinki meeting. This really being the idea of not just looking at one-time engagement of stakeholders, through something like a NextGen program or a specific piece of outreach. But how do we make sure as a community that we are building a talent pipeline or a pipeline of talent – the right people from the right communities, the right parts of the world, that are properly skilled both in terms of their knowledge, but also in terms of their personal skills and their confidence, that they're properly enabled, supported, mentored, funded, in such a way that they can properly and actively participate in our work. And that's a whole package.

And then when they do participate, how do we make sure that they stay with us, that they don't get put off, that we make sure



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that there's a good pipeline for people coming through the system, for new elections, for beginning to become more active in SO/AC structures. In other words, that we don't just box tick.

I know this is very daunting. Probably you're listening to me saying, "Oh, my God. This is very hard." It is, but it's also kind of what we're here to do.

So if we could move to the next slide please.

The next slide. And the next slide.

Thank you. So just to say that we have different ways of looking at engagement in ICANN, both through staff across multiple departments, we have a series of offices and locations as you know in different parts of the world. And they are increasingly – and this is something we're actually working on now – is becoming much clearer about articulating the functions that are available or located within different offices. Pretty much all of them have engagement capability of one sort or another. Not all of them have operational capability. But that's an action on me working with the Executive Team and with Göran to become clearer about exactly what's going on in which office.

We have just published something for community members if they want to hold meetings in some of the ICANN offices, and that's now available.

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Next slide please.

As you can see on this slide engagement goes on right almost across the whole organization. Clearly, the Engagement Team does nothing else. So all of these other teams do other things but they also do quite substantial engagement activities. You're familiar with the CROPP program, and we also are quite involved in mentoring and onboarding programs, particularly through the DPRD Team and the extension of the Fellowship and NextGen programs.

Next slide please. Next slide please.

Measurement of engagement is quite difficult because – the easy bit is measuring process. The way I would describe our journey on measurement at ICANN of engagement is it's like building a house. I'm sure any of you who have built a house or even a patio know that you have to dig quite deep foundations or your house falls down. But the annoying thing about the foundations is it takes a lot of time and it costs a lot of money but you can't actually see anything. Really, now I would say we've moved beyond the foundation building stage and we're putting up some walls. Maybe we're starting to furnish the ground floor. I'm not sure we've got as far as the stairs and the bathrooms, and we definitely haven't gotten to the roof yet. And it may take us quite a long time.

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One of the reasons for that is because we have to think about how we measure soft things., really how we measure behavior change, how we measure attitudinal shifts. It's not just about measuring did somebody come to a meeting. We need to know is it the same person that came to the meeting last time. Are they now commenting on public comments? Are they joining working groups? And we don't have at the moment, for example, any kind of universal profile. So we have to keep going back to the source data and ask in a way different questions of the same participants and form some conclusions about whether we think there is consequence – causal effect – between some of these different activities.

So if you go to the next slide.

The other thing I would say is that I don't know if any of you are academically interested in this subject, but the concept of stakeholder engagement at all is quite new. Nobody really used this expression until about four or five years ago. So as a discipline, unlike things like measuring reputation, which is quite a well-established discipline. It's been around for about 15 years including things like how do you value an organization's reputation on a balance sheet, for example. This is actually quite a well-established discipline now in the world. Stakeholder engagement as a discipline, a kind of subset of communications and engagement, is relatively new, and the discipline of

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measurement of stakeholder behavior – in other words, the degree to which you have successfully engaged your stakeholders around whatever activity you do – is extremely new.

With that, we are in the tricky position, as we so often are at ICANN, of being in the vanguard, being at the front of new things. And that is both exciting in the sense that I hope that over the next two to five years we will establish a body of work here at ICANN that will not just be useful for us, but that hopefully will become a center of excellence for other types of organizations like ours, sharing global resources and multistakeholder models, global not-for-profits, trying to do some of the same things we do. But it unfortunately means that there's not much best practice to follow. That means it's quite slow and it's quite iterative. So we have to try, we have to pilot, we have to test, sometimes we have to reject and say, "You know what, we tried that. It doesn't tell us anything interesting."

So as we go through these meetings over the next months and years, I hope you'll bear with us if we show you the kind of less pretty side of this, but that's why.

Now, these are some of the things we can relatively easily measure, and if we go to the next slide, this is what we're actually measuring Jeannie, isn't it? Yes. I'm checking I'm not

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being misleading. These are the kinds of things we're measuring right now. Some of them we've been measuring for quite a long time because they are relatively easy to measure.

For example, we've been measuring meeting participants since the Buenos Aires meeting in 2014, haven't we? So that is quite a good data set now and we can see those figures and we share those figures and they're easily available. But some other things are newer and more experimental. The other thing that's worth mentioning and just if you're interested in these things, we are also using a platform to do this called Salesforce, which many of you may be familiar with. It's a very well-known CRM software platform. And we are working, over time, to pull in – I mentioned those multiple different teams that are doing different kinds of engagement – we're starting to bring in the teams that are involved in those kinds of engagements to the same Salesforce installation – that's not actually the right word is it – organization, thank you, so that we are not having data silos inside the ICANN staff and that we are beginning to tentatively step forward to have a more end-to-end view of stakeholder activity.

You can see in here these are also linked to – here the way their headlines are done, these are linked to some of our major goals and major... If you look at the Strategic Plan, these are fairly closely linked to our internationalization goals, to our technical

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mission goals. So in Salesforce, every type of activity that is documented, from the smallest bilateral meeting to the largest conference, the staff member in charge of the event enters a record and describes which strategic goal this rolls up to. Sometimes it's more than one.

Okay, next slide please.

What I just want to show you now is an example of two things we've done since we last saw you – well, one thing, actually – which is creating KPIs and goals for a new engagement center, relatively new. All of you know, I think, that we opened an Africa center in Nairobi earlier this year after many years of the ICANN community asking for ICANN to have a, if you will, a home in Africa. And we have a very small [regis] operation in Nairobi which is indeed that. And as we opened it we were then at the stage where we said, “Right, we want to do this properly this time. We want to start on the right foot.”

What you can see here in the Adobe Room in your slide deck is the key success factors that the team have set for the foreseeable future for this center, so how will we know if this is being successful? What are we going to look at? And you can see here, so we've got better Capacity Building, that we're doing it faster, that we're able to do more of it, that there are more opportunities that we're broadening the participation through

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collaborations and partnerships, and finally that we are improving the understanding of ICANN and ICANN's role with different stakeholders in the region who may not need or wish to participate but nonetheless have an influence over how ICANN operates. And we need to try and pick these three areas: Capacity Building, partnership growth, and if you will, greater education and understanding. And that's what we've chosen.

If you look at the next slide what you can see here is how – this is an internal [doc]. It's fine to share it. We're using this at the moment with our African stakeholders, who are very closely involved working with us on the center and the Africa Regional Strategy Group, it's essentially the same community group plus our three key Africa staff. So you can see here how we're turning those KSFs into measurable goals, milestones, that we can assess and say, "Well, okay, let's track on the first goal how many briefings are we doing? Are we making sure that we're hitting a regular cadence of using that center for holding briefings and who's coming to them?"

This comes back to this question of capturing the data about individual participants by saying, "Well, we could just tick a box and say, okay, we had three sessions in Nairobi. Great. Move on." But actually what happens if only two people came? And what happens if they're the same two people? I know it sounds slightly facetious, but really of course you want to know the

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answer. We want more people than we had before. We want more diverse people from more diverse groups. So this means it's more layers of data capture, but this is the richness, this is what we really all want to know is, is this stuff working? Are people being included more because we made these decisions? I'm a bit conscious of time, and my computer is telling me I need to run and I'm going to hand over to Patrick in a second. But before I do –

DEBBIE MONAHAN: Thank you. I'm just interested in this second goal there – increase quality and number. Increasing number, I can imagine measures, but how do you actually measure the quality?

SALLY COSTERTON: That's a good question. It's not like, are these nice people or nasty people, just to be clear. I think that when we use that expression what we're really talking about is – what's a nice way of putting it – the thing we've got to be really careful of with this is that we don't create unintended consequences with engagement, by which we mean people who are just hanging out. Do you know what I mean?

I get that that is subjective, but this is so community-based – this particular iteration is completely community-based. So I'm very



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confident that this is very bottom-up and this is very inclusive. But that's really what we mean. Are these people that we're deliberately trying to bring into our orbit because we need, for example – and I'm making this up but I don't think there are any African IP lawyers at ICANN. That's a slightly random figure. But for example there are some really obvious gaps, so it's not just about saying... We don't want quotas but we also don't want tokenism. It's getting that balance right and we haven't yet set any goals to say this is enough of these kind of people, because ICANN is totally open. I don't think we'll ever set goal. I can't imagine we would ever set goals really. With 3 billion Internet users around the world, I'm not worried that we're going to have too many people but I might be worried if we invested our money in the wrong way and unintentionally – I'm saying sort of discovered that actually we had far too many of one stakeholder group and none of another. So that's really what we mean by putting a little bit of a qualitative take on it.

I'm so sorry to – I really love this session but I have to go or I'm going to be in big trouble. But I will leave you in the hands of my much more expert than me colleagues, and any questions I'll look forward to seeing the discussion.

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GIOVANNI SEPPIA:

Thanks a lot, Sally. Yes, please, Patrick. If you can try to finish the presentation about seven, eight, minutes, if it's possible. Okay, and just to answer the question about how to measure quality when engaged with people is really you can also see that from perspective of how much proactive are people instead of just showing up, how much proactive they are. It's something we do when we liaise with some of our stakeholders in our TLD community.

So, okay. Sally, you're locked in and we'll give you the code if you stay.

Patrick, thank you.

PATRICK JONES:

Thank you, Giovanni. In this next part I will talk very briefly about how we're advancing our measurement to include understanding the stakeholder journey and how we're also tying that now to understanding how that impacts participation within ICANN, which is something that I don't believe there are other parts of the organization that are doing this yet and this is quite leading edge work that's happening. But it should give a clear picture of not just the life cycle of the community participants and the way that they come in to ICANN and advance along either into participants in working groups or to

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become leaders of different stakeholder groups – SOs, ACs – or advance on to the Board.

Up until now, we haven't had a very good way to track this and to tie how all of the good engagement work that we're doing in the regions is bringing new participants into working groups, to different activities, and how that is tying it together. These slides have been provided to the SOP Working Group, I believe.

GIOVANNI SEPPIA:

Not yet.

PATRICK JONES:

Not yet. So we're hoping that you'll take a look at them. I'm hoping you will also see this is quite an advancement of where we were when we gave an overview of our engagement metrics in Helsinki. And it will take us a bit of time to develop these. If you look at this, it takes quite a bit to understand people measurements, program measurements, and the process measurements, and all of the components of these areas. We will welcome inputs from the SOP Working Group if you have suggestions on how we should try to tackle this.

Maybe go to the next slide.

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This is a common example of successful measurement and what the components are. In the next slide I think we'll begin to show – yes, so we're going to begin looking at who's coming in through our engagement activity, where we're engaging them, and tying that to outputs. And hopefully this will begin to provide a clearer picture of how these elements fit together and really give a comprehensive view of the engagement process within ICANN.

Maybe at this point I should see if people have questions.

GIOVANNI SEPPIA: Thank you, Patrick. Please, Wafa.

WAFDA DAHMANI ZAAFOURI: Thank you. Just a question, on your strategy of engagement and measurement you know there's a difference between countries that are developed and developing countries, and each country you know there is a specific community who is influencing. I mean that for example for developing country, governments are the most influencing in the country and in the Internet ecosystem. When you set your strategy, did you target a specific population, a specific body, that you think is the most influencing in this region or this country in order to get in back some results? Because if you target the wrong population or

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wrong body in this region [or there] you will have nothing in back.

For example, for African country and the Middle East, North Africa Middle East countries, the leaders are the governments and they [are] aware that we have to work on the academic level because people academics don't know anything about ICANN or the ecosystem or the governance of the Internet. So I think in your strategy you should consider these elements, otherwise all what you are doing you will not have results at the end.

PATRICK JONES:

And as you know, in our work several of the regions have community-driven, bottom-up, regional strategies. So in Africa and the Middle East there's regional strategies that are built in close collaboration with the active stakeholders in the regions. So for your region, participants from the ccTLD community, from some of the governments, from the stakeholders that are already part of the ICANN community, have been participating with our regional Vice Presidents to help build an engagement strategy. And so we've been already working in collaboration with the stakeholders that are there and we still, there's quite a bit of work to do to take the strategy to the next step of bringing in new participants, activating them, tracking and seeing how

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their participation is growing over time, which is where the improvement will be.

WAFI DAHMANI ZAAFOURI: Just a little follow-up. When Sally said that you want to see the Fellows what they're doing after the Fellowship program, I think it depends on the program itself. You have to engage them within the Fellowship program before they leave, otherwise they will go and you will not hear anything from them.

And you know that these people are people who are looking for work to earn their life who have to find incentives to make them engage in ICANN work or PDP or if they should give their comments. It's really difficult to engage these people after these programs.

GIOVANNI SEPPIA: Yeah, Jeannie, and just to say that this is a comment that the ccNSO SOP Working Group made several times to manage and to measure how this Fellowship program works because at the end we made the comment several times that it is not how many Fellows you bring at an ICANN meeting but is the follow-up part that counts more.

So, Jeannie, please. And then I have –

JEANNIE ELLERS:

With regard to the measurement, and I think that one of the things that you were talking about was gap analysis and targeting exercises, and that's one thing that we are certainly focusing on and that's one thing that takes a long time. And so when you're looking at things like where the larger groups of stakeholders are in specific regions, it's going to certainly vary region by region and it's hard. And that's one thing that we are really, really, focused on, are those gap analyses for each of the regions because we know they're going to be different.

The first thing you have to do is you have to first do the gap analysis and then you can start doing your targeting exercises and seeing where those gaps are so that you can really do the outreach where it matters so you can bring new people in from the areas where the bar is low, so you can bring it up and bring new participants in. And with regard to the Fellowship program, that's when we're doing things like measuring our programs and our processes. And we can measure those things more easily than we can measure participants coming in.

Those are the easier wins, and saying we can measure our programs, measure our processes and seeing the follow-up. And so I think that's one place that we need to start for sure. So absolutely.

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GIOVANNI SEPPIA: Thank you, Jeannie. Please, and then Leonid.

ABIBU RASHID NTAHIGIYE: Abibu from .tz registry. I happen to meet the ICANN staff working with the ICANN wiki during coffee break today and one of the things we discussed and are probably going to execute in the future is about engagement of the students at the universities and colleges and also the user group through the ISOC Chapter. We do have quarterly events of making a public [lecture for them] with a selected university or college. And if we collaborate with the ICANN and also the ISOC Chapter, probably we might be able to engage fully the university students and the user group as well. And by doing so, probably we contributed to engagement of more user groups.

GIOVANNI SEPPIA: Thank you. And indeed, those are good input for future rounds of comments that we may submit to ICANN when commenting on the Operating Plan because I believe the way we are now and what ICANN has achieved now is also thanks to the input from this working group. So it really is not a process that ends at some point but is really building continuously on different working group input.



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I have Leonid and then Wafa.

LEONID TODOROV:

I have one suggestion and one question. The suggestion is that you may wish to consider such a criterion as coordination and coherence with the local stakeholders' efforts in terms of capacity building and outreach and communication. I guess that's important because if we ensure that consistency in such efforts, then we will certainly ensure some synergy effect, that's clear. I'm not sure if ICANN so far has been up to that task, and I think that it's very important to bring it to your attention.

My next question is – and I actually raised it in preparations for this meeting – is I'm happy to see these impacts and reviews boxes. So I was wondering if there has been any review of previously launched big initiatives like for example Hundred Dollars Computers for Africa and the NetMundial, and also the pledge to triple the number of registrars in Africa. I'm really curious if you measured that impact and if there has been any review of those projects and to draw certain lessons out of them. Thank you.

PATRICK JONES:

Thank you for the suggestion and for the questions. We'll need to come back to you on the measurement part of previous

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activities, but going forward now we'll be taking this into account for how we are looking at the programs that we do operate.

GIOVANNI SEPPIA: Thank you. Thank you, Patrick. I have Wafa and then Barrack.

Wafa DAHMANI ZAAFOURI: Just a little follow-up about what said Abibu and your comment. You know we have started an action with [inaudible] Middle East Strategy in Tunisia we already an event with the [academia] and universities about ICANN and the DNS, how it works. And it is good that ICANN people come to these countries. There was Tijani from Tunisia and one of my team who was also followed the [trainer] course of ICANN. We use these people locally to engage or to [own] leverage their knowledge and this ecosystem, it's already good. Then we can go to other steps onboarding steps.

GIOVANNI SEPPIA: Thank you, Wafa. Barrack.

BARRACK OTIENO: Thank you, Giovanni. I would like to propose that the local stakeholders be engaged in this review process because I've

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been involved in this process from the time the Africa strategy was drawn and I think the process of review and what I'm seeing here doesn't match. It seems every time we meet for a review we are proposing new ideas instead of trying to measure probably what we've been able to achieve in a manner similar to what has been presented by Sally. So probably I would say there is need for more capacity if it's a bottom-up process to capacitate the stakeholders to be able to conduct these kind of reviews themselves. Because then what happens is because there's an investment in this process, then the same stakeholders are the ones used for outreach locally and they contribute both materially in addition to whatever little support that ICANN provides.

So I think that should be taken into consideration so that we are not operating blindly, for lack of a better word. Otherwise, indeed we've seen some impact but I think with proper measurement then we can target our efforts as opposed to just operating blindly.

Then the last thing I would have liked to comment when Sally was here, is for lack of a better word, research-based engagement. I don't know whether this makes sense because I've realized that the more we go out there, the more you talk to people that you assume know about ICANN, and they don't seem to know about ICANN at all, especially after investing a lot

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of resources. So probably if we could do more research in our markets either through the registrars or resellers so that our efforts are more targeted, it would make life a bit easier.

GIOVANNI SEPPIA:

Thank you, Barrack. I would like to wrap up because we are a bit tight on time. What I hear is that there is an incredible demand to ICANN for more engagement. At the same time there is a need at ICANN to measure this engagement. And of course, there are different views. We have not one continent. There are many continents, and ICANN operates worldwide. So there is really this balance.

But I do believe that what this working group can do is to continue to feed in the process quality comments to help ICANN refining their existing procedure and also the existing measurement tools that have been put in place. And as I said, what we are seeing today in these two presentation is a great progress if we compare it to what we were looking at five years ago. So it's really a complete new order. And as Sally said, there's no best practice at present around to measure stakeholder engagement, so it's really difficult at some point to measure and sometimes it's really a bit tricky because what is the quality of stakeholder measurement? It's easy to speak about quantity but when it comes to quality it's more difficult.

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There are so many elements that I'm sure this working group will continue to contribute in the future.

Patrick, I'd like to give you the floor for three minutes. Okay?  
Thank you.

PATRICK JONES:

Thank you very much for having us here. I wonder if it would be useful to the working group for us to report back perhaps in a webinar or a call before we meet again in Copenhagen because the FY18 Budget process will be, at least from our side, we'll be closing out our contributions to the public comment process in late January. And so perhaps in February we could do a call before we all meet again at the next place or sometime in March before... Bart.

BART BOSWINKEL:

May I suggest if you want to do this you do it before the submission. One of the – going back about a year ago, one of the goals of having this type of discussion is to provide earlier input into ICANN's departments' or groups' budgeting efforts so they could have earlier feedback on the efforts and more on the operational side.

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GIOVANNI SEPPIA: I will liaise with you and we'll organize this follow-up call with pleasure. Again, what we have been hearing today is extremely interesting and it's work in progress above all. So we'll be happy to contribute during a call and also via e-mail.

I would suggest that we wrap up now. Is there any super-pressing question? Before I give the floor to Bart for some logistics, I'd like to thank really you, Patrick, Sally, and Xavier's team – Becky, Pallavi, Jeannie, all those from ICANN who have contributed to today's session and all the working group members as well as those who have been attending remotely in today's meeting.

Bart.

BART BOSWINKEL: I will say, it looks like there is a lot of [traction] for this topic. Tomorrow morning at 11:00 a.m. there is the SO/AC Outreach session and that is – I just checked some slides and there is a lot of overlap in what will be discussed tomorrow during that session as an introduction and what you've presented. So it would be probably very good to at least to be in the room and explain what you were doing so it's going to be a factual discussion.

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GIOVANNI SEPPIA: One last thing, I would also circulate – thank you so much, Bart. I will circulate if Patrick, you’re okay, and Xavier has already said it was okay, these slides that you have been presenting and also will follow up on the question from Phillip was typing while we were speaking to clarify his question. I will follow up on that question directly with Xavier’s team.

Wafa.

WAFDA DAHMANI ZAAFOURI: Just I want to thank [Mike] and Sally for the great work they are doing in term of engagement. And I want to tell you that we are begun to see the results in my country in Tunisia when we began to work with you we have many Tunisian people who are attending regularly ICANN meetings and they’re involved within working groups and they are applying for some leadership position. But they are doing good work.

GIOVANNI SEPPIA: And that’s also measurement. That said, thank you, everybody, again. Thank you, ICANN staff, and we adjourn to the next meeting and to e-mail. Thank you, everybody. Bye.

**[END OF TRANSCRIPTION]**