
JOHANNESBURG – ccNSO Strategic Operational Planning Working Group

Monday, June 26, 2017 – 09:00 to 10:15 JNB

ICANN59 | Johannesburg, South Africa

GIOVANNI SEPPIA:

Good morning, everybody, and welcome to the ccNSO Strategic Operational Planning Working Group Meeting at the ICANN59 in Johannesburg. Thanks to all those who made it this morning, and I'd like to ask the Secretariat if there is any remote attendees?

Not so far. So please let me know in case somebody joins. One person now? Okay. I should say more so maybe I get more people. Wow. I have this power.

Thanks again to everybody. As you may know, or at least some of you may know, this working group has recently provided comments on the ICANN Fiscal Year 2018 Operating Plan and Budget, and we at the beginning of June, ICANN staff has responded to their comments and provided feedback to the different comments that we made.

And so the first part of today's agenda is to discuss the ICANN Fiscal Year 2018 Operating Plan and Budget and the feedback we received from ICANN against our comments and the second part of today's meeting is about the working group organization and the option of revising the working group charter which has been in a sort of limbo not revised for some years. It probably is time to look at it again and eventually introduce some changes to make it a bit up to speed.

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Before going through a short presentation that I prepared, I'd like to say that I'm very thankful to Becky and Xavier for being here with us today and participating in the discussion, and also to the ccNSO Secretariat for all their support in liaising with ICANN staff and also preparing this session. So thanks a lot. Especially thanks to Bart and [Yoki] for all their support.

That said, on Friday afternoon I attended remotely because it was not so clear that it was publicly attendable remotely. I thought it was publicly attendable on the spot but it was publicly attendable via remote participation. I attended remotely this ICANN Board session that was preliminary to the approval of the Fiscal Year 2018 Operating Plan and Budget, and I must say that I have to be honest and I already anticipated some words [inaudible] I was a bit, I was advised to say "puzzled" by the way the Fiscal Year 2018 Operating Plan and Budget was presented to the Board at some point as there were some statements that were a bit awkward to me. I'd like to catch up on some of the quotes that I heard and I would say one, it's a quote – sorry, really it is sort of transcribed what was said.

First of all, at the beginning of the presentation the presentation was made by Asha, a Board member, to the Board as she's part of the Finance Committee.

UNIDENTIFIED MALE: She's the Chair.

GIOVANNI SEPPIA:

She's the Chair of the Finance Committee. She introduced the Fiscal Year 2018 Operating Plan and Budget by saying that they – ICANN received more comments than in the past and she interpreted that as a good sign, the fact that there were more comments for her, it was a good sign. I'm a bit skeptical that having more comments – and again, let's say quantity is a metric to interpret and assess that it's a good sign. But I'll move forward.

Then one of the other points she made is that the largest number of comments was about KPIs, and also she stated that every single year ICANN gets more and more comments about KPIs. And to me, this should be seen as a clear sign that there's something not going the right direction. But she didn't pick it up during this presentation to the Board. She just said that ICANN staff continues to work on KPIs, as we know.

Then, still referring to KPIs, she stated something that left me completely grounded because she said that ICANN does not focus on measuring activities. ICANN focuses on measuring outcomes. And I don't see how honestly there shouldn't be measurements metrics for activities, because at the end it's the outcome is the result of an activity of a project. But this is what she stated. And again I'm quoting, so I'm not, let's say, adding anything than my personal view at the end of the quote.

And then also she said that ICANN needs to start prioritizing actions for budget reasons, which is very good and which is something that this working group has recommended for several years. And there is

one element in that we probably have all missed – and it’s probably a communication big issue – that apparently all those who have submitted comments to ICANN for the Fiscal Year 2018 Operating Plan and Budget, they were supposed or expected to express a possible discontent against the feedback received from ICANN staff during a time window after ICANN staff published the responses to the comments.

Personally I failed because, and I understood from ICANN staff who was there that this is an extra layer of transparency, an extra opportunity for those who provided the feedback to, let’s say, express their feelings against the feedback received on the feedback from ICANN staff. But honestly, this was not clear to me and I was very much tempted, but then I was invited to contain, in the Adobe room to ask ICANN staff if there’s been any action by ICANN staff to invite those who had expressed feedback to provide again feedback on the feedback they received and if we are getting in a feedback loop. But personally, I don’t think there was this action so I think that if I interpret the feeling, if I may speak on behalf of this working group, I think there should have been an effort of ICANN staff to make sure that it was understood and clear that we could have expressed again sort of second round of feedback against what ICANN has responded to the different comments.

As a matter of fact, I think it was Becky Burr during the Board meeting that she asked ICANN staff to say if the community was and is happy. And it was a very short and clear question asking, “Is the community happy against the feedback provided?” And ICANN staff responded

that because there were no extra comments and because there was this period for extra comments, the fact there was [none] was interpreted as sort of happiness but at least there was no clear answer to me to this question by Becky.

Let's say that we acknowledge and we really appreciate there was an extra opportunity to provide comments, but honestly, that was not clear at least to this working group and probably to many of the other community members who submitted comments during the public comment period.

This is a sort of preamble before I go through the presentation. And I'm sure that we'll have time to discuss it with Becky and Xavier. But I think that if there is an extra opportunity for this working group, we would have appreciated to be told probably we are a bit busy or it was not so much time, but we didn't have the chance to understand that and so again, in the future, let's say, improving the communication flow would be beneficial for all those who have invested time and resources in providing the initial comment.

I don't know if Xavier want to say something now or after my presentation. This was the nasty part, by the way.

Okay. So we go through the presentation that I prepared. Thanks, [Yoki], for the next slide.

This presentation summarizes the key points we made in the comment to the Fiscal Year 2018 Operating Plan and Budget. And from

time to time there are some of the responses provided by ICANN staff to the different points.

One of the initial remark that we made is that there should be an extra effort by ICANN staff to improve the flow, the narrative, of the entire plan to make it more accessible to any reader. And if you're not familiar – so thinking that this is a plan that goes to public comment so anybody should be able to go through it in an easy way without having to guess or without having to understand where crucial information is. And we have already stated that many times that if I look back at the plan seven years ago, eight years ago, there's been a major improvement and we are really grateful to ICANN for having made a lot of work to make this improvement happening.

But at the same time, it still looks like a puzzle with areas where information is clear but other areas where information is quite fuzzy and rough. And so it is still clear because – we spoke about this with ICANN staff many times with Xavier – that his department is putting together the different elements coming from different departments. And because of time pressure, it's not possible sometimes to go back and ask the department to provide more clarity on certain points. And any reader can see that there is like different levels of narrative in the plan's structure and it would be preferable and desirable that the plan has more consistency in the narrative so that anybody can read it through in an easy and fast way.

As a matter of fact, we have reiterated the recommendation to have internal guidelines for collecting the input for the plan in process. I

think having those guidelines may help the different ICANN departments to produce what at the end the reader will be able to read in an easy way.

Regarding the plan's structure, we have highlighted the lack of timeliness, and the response of ICANN staff in the feedback to our comments is that timelines might be misleading or impact negatively on transparency. I will ask Xavier and Becky to further comment on it because I don't see how inserting a timeline can be misleading or impacting on transparency. I fail to understand this feedback.

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Regarding the funding, we have highlighted that the estimates in the draft Operating Plan and Budget for new gTLDs and legacy TLDs' growth were not in line with the industry current trends and performances, and we received the feedback that the projections will be reviewed and updated, and so ICANN did. Let's say that we have expressed also a big concern regarding the ICANN long-term sustainability, thinking about the saturation of certain markets and the difficult period the domain name industry is going through in certain regions where the growth is around zero or below zero.

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The head count is a sort of a recurring stomachache of this working group and we are not questioning the fact that ICANN as an organization has expanded, that ICANN needs more staff to meet certain goals and to deliver against certain task. But let's say that it

would be desirable again to understand the dynamics and the tactics behind a certain head count strategy. One of the comment was the need to clarify the head count division by function. It was all together, and the revised plan that was done. Another comment was that the cost per staff seemed to be very high, and the explanation of ICANN is that the cost per staff includes the salary plus the other costs relating to employing one HR.

One big point that I would like to really stress is that in the overall plan – no matter if it’s head count or funding – there is not one single time when the word “optimize” has been stated. We have said this many times. There should be, as ICANN operates in an industry whose market is shrinking at present, I think there should be an effort by ICANN to try to introduce optimization efforts and I think it would have been very good for this plan to have some actions to optimize the use of resources to optimize task, to introduce generic optimization efforts throughout the company.

One optimization could be seen in the list of projects that were not, let’s say, that couldn’t be supported because of resources issues, and there is this list of projects that was in the draft plan. But I think that that refers to specific projects and it would have been better to have, let’s say, the perception that optimization efforts are embedded in the ICANN staff for the future.

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KPIs. It’s really like having an old friend, meeting an old friend, every time. The working group expressed concerns again about KPIs. They

still need major work and refinement. We are saying this comment to here where we have Becky and Xavier. We know because we were told that KPIs are defined by department and that Xavier and Becky and their team, they're compiling the plan. So it's not up to Xavier or Becky to say, "This department must have this kind of KPIs." At the same time, we hope that the outcome of the work of the ccNSO Strategic and Operating Plan Working Group is also shared internally so that those departments whose KPIs are not looking good are invited to further work on those KPIs.

Some examples of KPIs – the first one is for Operating Plan 1.2 objective – is "Bring ICANN to the world." The response of ICANN staff is, "Likewise, we are looking into metrics to measure how outreach carries over into policy work and hope to be able to report on that during Fiscal Year 2018."

Regarding 3.2 objective – "Ensure [structured] coordination of ICANN technical resources." That was very [hopeful] comment – "Expect to see something in Fiscal Year 2018."

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Then we go into the indicators and indexes, and I realize that if – I don't know why but yesterday – and it was not intentional. It was put in my papers in order and I looked at the ICANN Fiscal Year 2015 Plan and there were some indicators and indexes that are no longer available or they went somewhere. They might be somewhere in the dashboard. And the first one is the Identifiers Technologies Health Indicators which was launched at ICANN55 and the fact that this is not

clear for this working group. The feedback received from ICANN staff is that, “As soon as those metrics are defined, the ICANN organization will provide more information.”

And then the other indicator is the Domain Name Marketplace Indicators, the response to the lack of clarity is that, “ICANN staff are currently working with a community advisory panel to evaluate and identify measurable factors to serve as Key Performance Indicators for the domain name marketplace.” And they are referring to the project community wiki for looking for updates on this domain name marketplace indicator.

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Then 3.3, the objective was, “Develop a globally diverse culture of knowledge and expertise available to ICANN Board, staff, and stakeholders.” And as I wrote in the headline, I made a note of it because ICANN staff committed to publish the updated KPI on the dashboard in August.

And for objective 4.1, “Encourage engagement with existing Internet governance ecosystem at national, regional, and global, levels” – “New charts are being developed.”

And objective 5.3 – “Empower current and new stakeholders to fully participate in ICANN activities” – ICANN committed to provide the updated KIPs in the dashboard to be published in August.

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That said, again, this working group highlighted that there is still quite a lot of work to be done in the area of KPIs. We had provided at the end of what we have done which it was new against the past is that at the end of the comment provided by this working group, there was an Annex which was including the list of questions that were formulated during in the comment paper and ICANN staff has responded to those questions sometimes not at the level that this working group would have liked to see, but there are responses to the different questions.

The working group is really committed to work together with ICANN to improve this process as we have done in the past, but I believe I express the sentiment of this working group by saying that we would like to see some actions to take place in a, let's say, faster way rather than keep being said that, "We'll work on it," or, "We'll provide it to you in the future," or, "We hope to have it ready by this date." Again, I think we are all in the same boat. We are working towards the same direction. We do not like to step into ICANN way of working but we just like to provide constructive input about the way this process is managed and this is what this working group is about.

I'd like to thank all the working group members now for the excellent comments provided because we have done a great job. Again, let's work together to continue to improve the process together with ICANN staff.

That said, I leave the floor to Xavier who's going to kill me. I'm saying that because you kill me it's on the note. It's recorded, so just in case – and Becky. Thanks to both again for being here.

Xavier.

XAVIER CALVEZ:

Thank you, Giovanni. And thank you for the opportunity to come and work with you in this working group.

We have a quick presentation as well, but I want to address some of the comments that you shared relative to the open session of the Board that happened on Friday afternoon which you referenced to, and to provide context. This is a session of the Board that happens before the Board votes on the budget, which it did on Saturday morning. And those sessions are normally there to provide the context and information to the Board members to let them be prepared to vote for or against a decision. So most decisions, not just about the budget, are the subject of a session during which the Board is provided with the latest information on the topic in question.

Relative to the budget, the Board received a detailed presentation of the budget for over two hours during its workshop that happened in Copenhagen, and then an update in April. The session that Giovanni attended to, which is an audio remote open session, it was simply the session that “closed the loop” of the process that happened after the public comments during which we ensured that the Board receives feedback on the public comments because that’s really the last element for them to determine whether or not the budget should be approved or rejected.

A few comments – you mentioned the quote from Asha. Asha Hemrajani is the Chair of the Finance Committee and she provided the feedback to the Board on the public comments and on the changes made as a result of the public comments to the budget. You were pointing out to one of her comments being that she indicated that there had been more comments and that’s a good thing. So there’s been less comments in numbers but coming from a broader set of sources.

Last year we had 153 comments. This year we had 134. So it’s less in numbers but last year it came from 12 different sources. This year it came from 16 different sources. So there’s been a bit of a broader participation.

She indicated that generally this is a good sign. We do view more comments as a good sign – very clear. I’m not sure why you don’t think it’s a good sign. For us it’s a sign of participation and interest, and those comments, not only are more numerous in volumes now but also in quality because now we – and to the point that you made earlier about the content of the budget having improved in quality – now we have migrated this public comment into a very substantive types of comments that we received from the community. And that’s been the case from the ccNSO SOP Working Group who in the past was left with commenting on the lack of quality of the information or process and now your comments are very substantive or on the content – less on the process but much more on the content. And the number of comments that your group has, has increased over the years because now you have something like 25 or 26 comments just on

KPIs, for example. You didn't have those comments a few years ago because there was no KPIs.

So we have seen that the growth in the number of comments in our views is reflective of better content that allows to comment more substantively. And we have seen also the audience that participates to the commenting process to increase. So I definitely view that as positive, but if you think it's negative to have more comments, I'd like to understand why because I think it's positive all of the way.

The number of comments on KPIs, I think there is both the aspect of there's more and more KPI information and there's more and more people interested in the KPI information. I think your group is particularly competent at evaluating the quality of the KPIs or lack thereof and, as Giovanni said, you have constantly commented on those KPIs because you know the importance of those KPIs in driving the improvements to performance. That's why we very much welcome your comments. I know that from your perspective, it may feel a bit frustrating to comment repetitively on the KPIs and not necessarily see as much improvements as you would like or as much improvement as the comments offer to make.

I would simply say that for us, one, we take this very seriously. I'll comment back on what's going to happen in August with the dashboard. We take this very seriously but we're learning. And Giovanni and many of you in this group know that if you think about it, fairly recently in ICANN's history that the KPIs have been

implemented. We can really say that it's mainly over the past two years.

So for us it's a journey. There's no question that the individual quality of KIPs is of various quality and we're learning through, and your comments are extremely helpful in helping us improve those KIPs. The improvements, I'm sure, is not going necessarily as fast as you would like. But certainly this is something we take seriously, that we try to improve. I want to emphasize one aspect which I know you have input on and that is important – there's many KIPs that are on activities that are very often not measured across the world. What I mean by that is, engagement is an activity that's very difficult to measure. We have been researching other types of organizations who do engagement to see what kind of KIPs they have.

I'll come back to one comment that you made. Asha talked – and you quoted that – that ICANN does not focus on measuring activities but measuring outcomes. I'm not too sure that's exactly the way she meant it but you want a KPI to measure the outcome because measuring an activity that's ineffective is, you can fool yourself in doing a lot that's completely ineffective so you need to measure the outcome. And the KIPs try to measure the outcome.

I'm talking about that topic because when you look at engagement it's great to say, "We've been at this many meetings. We've had this much engagement," but what does that produce? What's the value of it? What does it do? What does it bring? And so in many different areas, notably relative to engagement, we find very difficult to develop KIPs

that are meaningful on how effective our activities are. Measuring the effort is a bit easier. It's easier to say, "We've been to this many regions, to this many meetings." You just count. But how effective is it, is what the KPIs are trying ultimately to measure. It's the performance. The performance is not measured by the amount of activity. It's measured by how effective that activity has been.

We struggle a lot to measure that second part. Again, measuring the activity and the effort – what I'm calling the effort – is a little bit easier. Measuring how effective the activity is is a lot more difficult. And that's what we're trying to do in many areas.

Sorry, there's a comment on that.

GIOVANNI SEPPIA: Pablo, please.

PABLO RODRIGUEZ: Thank you. Pablo Rodriguez from .pr in Puerto Rico. I strongly believe that while it is true that measuring outcomes, it's important, and at the end of the day that's where we want to arrive. It is important to make sure that the activities are aligned with the objectives that we want to do. So if it is not clear what are those actions that need to be taken in order to arrive to the outcome, how would we know if we are doing what we're supposed to do?

I believe that there should be a clear path of the actions that directly affect the outcomes that we want to achieve. Therefore, we should be

able to specifically align those actions with those objectives and say, “We are performing this activity because it complies with achieving this particular objective, and now we have a clear path of that.” I believe that one thing doesn’t affect the other but if we do not talk about the actions, we will not be able to know how are we getting there.

GIOVANNI SEPPIA:

Thank you, Pablo.

Xavier.

XAVIER CALVEZ:

I cannot agree more. I completely agree with what you’re saying. I think that what I was trying to emphasize and I think Asha’s comment may lead to think that we don’t care about measuring the activities. That’s not true. The issue is that when we are challenged to find a Key Performance Indicator as opposed to key activity indicator, more often than not most people – and it’s not just us. Everybody does the same – when you can’t measure the outcome you then measure more the activity, whether that’s a reflection of performance or not. At least you measure the effort that you put into it. The question is, is that effort effective?

We have many KPIs that are simply measuring the activities and we have those KPIs when we are actually unable to measure the outcome. So the engagement is a very good one. The KPI that we’ve been using for a while on engagement in the Stakeholder Engagement Group is

how many meetings have we done in which regions and so on. And that's the KPI.

The question is, how many new community members are created, come in after these meetings have happened? That's the measurement and that's a lot more difficult to measure. I'm not saying it's impossible but it's a step further. But I completely agree with your comment. What is the activity that is carried out to try to achieve what objective? And I think ideally for any area where we measure performance we should have one of each – a KPI on activity and a KPI on outcome. I think that's ideal because it also helps to see the correlation between how effective the activity is to improve the KPI because sometimes, of course, in many outcomes you have much more parameters than simply those that we can influence.

The Engagement Team does not control how much funding we provide to constituent participants so the amount of participants that come in is very much dependent as to whether they're funded or not. They can have talked to a group, convinced them to come, but that group does not have the means and is not going to come. There are many parameters affecting an outcome.

I'll move on to other comments. Yes, thank you. Five minutes.

You pointed out, and I fully agree with that, so we have... Giovanni talked about the publication of the report on public comment and the ability of the community to use afterwards that report to provide further comments on the responses received and the appreciation or lack thereof of how adequate those responses are. One preliminary

comment – for every public comment process there is a report. It's not specific to the budget. Every public comment process has a report. The report contains the answers. So for those of you who are commenting on other aspects of ICANN's work, I'm sure it's of no surprise that there's a report because there's always one.

We have tried to “advertise” the publication of that report to allow for the possibility of community members who had commented to see how their comments were addressed and what responses were received. To Giovanni's point – that action is simply to make available information. It's not an active engagement [stead] that starts then to say, “We're going to have a webinar. We're going to have a meeting. We're going to organize...” We are not having any active engagement activity to provide that feedback.

That's definitely something that we can try to organize. We'll need to think about the logistics. But we can try to look at how we can further inform and engage the community, if possible, between the time that that report is produced and the approval of the budget by the Board.

Right now we're talking about 2nd of June is when we publish the report, 24th of June is when the Board approved the –

GIOVANNI SEPPIA:

[Inaudible] the publication of the report was not second or [inaudible].

XAVIER CALVEZ:

The 2nd, wasn't it? It's on the 2nd that we published the report... public comments. I thought it was the 2nd. Anyway, but there's a relatively short window of time.

So we're providing the opportunity but we're not organizing a full review of the comments. That's definitely something we can look at. I want to emphasize that the logistics of organizing meetings is putting a burden on everyone including you guys. We have done many calls where there was not a lot of participation simply because it's not easy. By the way, when we organize calls like that – let's presume it would be a call because I doubt that it could be a meeting – then we need to organize several calls so that we allow for different time zones and offer options to the participants rather than just one time frame. And it's also something that triggers a lot of logistics. If it becomes public comment on the public comments, we'll go in an infinite loop, as you were talking about earlier. But I completely agree with the point that Giovanni made that the data, the information, is simply available. We had not organized an active engagement activity on it more because of the lack of timeframe really than because of any other reason.

“Happy or not happy.” That was my note. So Giovanni was pointing out to the discussion during the Board meeting as to whether there had been reactions to the public comment report published early June or not.

Actually, it was Cherine who asked the question. Sorry, Becky asked the question and Cherine and I jumped in on that topic. And Cherine and I purposely said the lack of reaction is not a sign that people are

happy. So we actually had that very discussion. It's not a sign that people are unhappy. Simply the lack of reaction is the only information we could provide to the Board in response to Becky's question as to whether there had been reactions. So the lack of reactions is simply either people didn't see the report or didn't have anything to say. It's difficult to draw from that a conclusion that people are happy with [it].

I'll make a comment that may be either welcome or not. Likely not welcome. But in my views – and I'm happy to be corrected with your comments – the public comment process is designed to help the organization that puts out information receive public input. It's not a format to receive orders or to address specific requests but to collect public input on what it puts out. If we would literally listen and react and address every single comment that we receive we would be doing one thing and its exact opposite exactly at the same time. That's usually the comments that we receive. The more specific the comment is the more often we receive input that is asking us to do one thing and its exact opposite at the same time.

Input in public comment is something that we take into account to help us go in certain directions. The more specific the comment is the easier it is to address directly or to indicate why we cannot address it. But I want you to realize that making the commenters happy does not seem to me what the duty of an organization that puts information out is. So that's not a KPI, in my views. But certainly improving what we do on an ongoing basis as a result of the input received is definitely something that I think we should do.

Go ahead.

GIOVANNI SEPPIA:

Xavier, because we've got more than five minutes and I need to leave the floor to Becky for a presentation and then move on. About this point about happy or not happy – honestly, this working group has been working for about now 10 years and it never cross our mind to think that there was a moment for us to express our happiness or discontent after the feedback received on our comments from ICANN. But everything was triggered by this Board member comment during this public session saying is the community happy about what we have put forward, and about the comments that were provided to them in response to their remarks, their observations.

That was honestly the first time that I thought about that and it was also the first time, as I said, that I heard that there was this sort of additional window when we may have provided further feedback against what we received. So if it wasn't for that trigger during this public session, I wouldn't have thought about that any time because again, it's a sort of [inaudible] [outdated] process so far but at the same time it's true that now ICANN has entered a new phase with the PTI, with all the changes that occurred in 2016 so eventually I think the community should be given an extra opportunity to express concerns or happiness or whatever in maybe the feeling and again, that's because the framework now compared to 10 years ago is quite different. And there are also some, let's say, procedures that have

been enforced like the Empowered Community and others that empower the community to express these kind of feelings.

Again, I believe we are all working the same direction on the same boat so that's my message.

XAVIER CALVEZ:

One specific question then – do you think it is useful to try to organize – and I don't know yet how we would do it but we can work on it – to organize a more proactive engagement to obtain feedback on the responses that will have been published? Is it useful in your views?

GIOVANNI SEPPIA:

I think first of all it would have been useful in the e-mails that circulated when ICANN published the feedback to the comments, if there was just one line to say, "If those who have submitted comments have strong sentiments against some sort of feedback that was provided to them, we are happy to hear from you again and it's just a matter of communicating," and there was not such line in all the communication I received in this community. So I think that extra line may have helped this community understand, and I don't think there would have been strong sentiments against something but at least it's an opportunity.

I have Bart and then... Bart first.

BART BOSWINKEL: Good morning. Just as a matter of, say, an item we can have on the agenda later on I think this type of interaction would help the members of this working group to see what their input has brought forward and to understand how their input is used by ICANN staff so it might help the engagement and involvement of the membership in the SOP as well. So from that perspective, it might be very helpful as well.

GIOVANNI SEPPIA: Thank you, Bart. Please.

BARRACK OTIENO: Thank you, Giovanni. Barrack Otieno from AfTLD.

Two comments to make. I think the public comment process is only as good as the feedback management process. On average we receive a lot of information from ICANN that we need to handle from different constituencies, and I think we need to simplify the feedback process. And as we talk, I'm thinking of the process of automation.

There is a lot of manual intervention that is happening which leads to fatigue. That's why on average sometimes if you ask me for feedback and maybe I'm on the plane, by the time I'm landing after a 10-hour flight, I have 150 e-mails to deal with, it becomes very difficult.

But if we automate this process – and I'm thinking starting by uploading the budget process – so that when one comments you can

be able to trace this comment to a particular person and when you give feedback, the feedback goes back to this individual.

What this will do is it leads to satisfaction. I think what we are discussing is when the community is satisfied with the feedback – which may not necessarily be that it is happy – then it means the process is efficient. So my proposal is let’s look at ways of automating the process and even making it in different languages because I’m sure those who are speaking French may not find it easy at times making their comments purely because of language. Thank you.

GIOVANNI SEPPIA:

Thank you, Barrack. Xavier – one minute.

XAVIER CALVEZ:

Thank you. We’ve been looking a little bit at more automated solutions for the public comments a little bit in the sense of what you’re talking about. Certainly, we don’t have today the technology to be able to have basically an uploaded version of the budget where really people can insert actively on the webpage basically a comment on a specific point which is then easier as well for us to be able to answer because we know directly where it is, it’s very specific, and then we can provide an answer and so on.

There are obviously systems to do that. We’ve been talking about it with our team in the IT area and the product management area. There’s just a list of preceding priorities, let’s say, that come into the mix but certainly I agree. This would be much easier for the

community to be able to comment on and even on small portions of the budget and it would be also more effective and efficient for us to provide responses.

GIOVANNI SEPPIA: Yes, Barrack.

BARRACK OTIENO: I think I'm happy to share some solutions that I've come across in other Policy Development Processes that can help automate that outside the meeting.

GIOVANNI SEPPIA: Okay. We'll discuss it off –
Becky, the floor is yours. In five minutes. Can you make the miracle?

BECKY NASH: Yes, I will try.

GIOVANNI SEPPIA: Thank you.

BECKY NASH: Good morning. This is Becky Nash. Thank you, Giovanni, very much. Thank you everyone for having us here.

We have a short presentation that includes the FY18 Operating Plan and Budget. We have a section regarding the public comments overview, specifically the comments that were provided by the ccNSO SOP with some statistics and then we have two topics related to the next steps after the adoption of the FY18 Operating Plan and Budget.

Next slide please.

This first slide, we just wanted to highlight the process in summary. The FY18 planning cycle, as many of us know, started back in really prior to September, 2016. But we've had several steps through the process where we have focused on engagement with the community throughout the process, but the one thing I'd like to highlight that we've talked a little bit about here with Giovanni mentioning it is in the bottom row there was a new step inserted into the process where after the staff report on public comments was published and the proposed FY18 Operating Plan and Budget was reviewed by the Board Finance Committee, we then inserted a step to republish the Operating Plan and Budget and the IANA Budget, which was included all in the same document, and the five-year Operating Plan Update back out on the public comment webpage so that those that wanted to see what was going to be presented to the Board as a proposed budget could be viewed and that was a step that we labeled as increasing transparency.

More information will come on how effective this was. However, it was a new step that we did insert into the process and then, as we were speaking about earlier, there was a public session where the Board

previewed the proposed Operating Plan and Budget and it was open to the public. We've taken note to advertise that because we would like to encourage more participation should those sessions come available again via remote participation. And that took place on the 23rd of June and then, as we've announced on our website, the Board did approve the adoption of the FY18 Operating Plan and Budget, the IANA Budget, and the Update to the Five-Year Operating Plan on the 24th of June.

Next slide please.

This next section we're going to cover just a high-level summary of the public comments. From ICANN Org's standpoint we highlighted four top themes that we'll see in subsequent slides that came out of the public comments. One of them – "Improving the calculation and explanations of the KPIs." Another theme was "Concern over head count and expense growth." The third theme that we've highlighted is the "Request for more community outreach and engagement programs." And then the final topic that we listed as a top theme is "The growing demand for travel support."

Next slide please.

This slide gives an overview of the number of comments in total which were 134 comments received by 16 different groups or individuals that submitted comments. This gives a breakout of the number of comments by group and, as we discussed, the document that was submitted by the ccNSO SOP resulted in the largest number of public comments and we do have a slide to talk through the structure of the

comments that were submitted by your team here. But this is a good view of all of the different groups from the community that submitted comments.

Next slide please.

We inserted just a quick overview of the ccNSO SOP public comment document. It was highlighted to us that this year the public comment document was submitted and was divided into two different sections. We thought it would be a good idea just to mention this so that we could continue to have dialog about this. As the document indicated in the text, there was a section that was first presenting general comments. Then there was feedback on the financial overview. And then there was a second section which was feedback by objective. And then the final, I think, new step this year was that there was a schedule called Annex 1 where there were similar comments, I believe, but with a request for more clarification and more in-depth responses.

We've highlighted that we took note of this process or the new step and the new structure of the document and definitely for future years we will hold a call to make sure that we clarify exactly what the questions are and where more information would be needed in order to improve the quality of our responses.

Xavier?

XAVIER CALVEZ:

Just a quick comment to – this year, as we had done over the past two years, we have offered to the communities who had submitted

comments to have a call to be able to discuss the comments, and that's been proven helpful in the past and we've had this call with Giovanni and this group in the past when desired.

This year we didn't have it. We felt it was not necessary. Giovanni didn't want to speak with us. But in hindsight I think it would have been helpful probably to have a quick call and it would have helped us understand better the structure of the feedback received.

And just to be fully transparent – and Becky would talk about it in the next slide – we did miscount the number of comments from the ccNSO because we duplicated in the number that we've reported in the previous slide some of the comments so it's not 49 comments that you provided but it's 39 comments that you provided. You are still at the top of the list and Giovanni wants a trophy so we'll need to think about it.

BECKY NASH:

Thank you. Next slide please. One back. Thank you.

So just as Xavier mentioned, this is a breakout of the public comments by theme by the number of total public comments received by theme along with how many were submitted by the ccNSO SOP by that particular theme. We thought this would be useful to see how all of the comments were dispersed by theme and then where the specific comments by the ccNSO SOP were listed.

As Xavier indicated, based on the slide preceding this where we really did review the entire structure of the document, we did list each of the

comments in the Annex A as a comment but just to note that only made a difference of 10 comments and the ccNSO still had the most comments by submitter.

Just a quick overview here, as we've heard from Giovanni's presentation earlier, the KPI definition and structure was definitely the highest quantity of comments overall, and based on the focus from the ccNSO SOP, we did then list by section here the disbursement and we can see that the second largest area from the ccNSO SOP is head count, staffing, with seven out of the 13. But we thought this would be a useful slide just to see how all the comments were disbursed across the themes.

Next slide please.

This slide presents the FY18 Operating Plan and Budget and the changes that were incorporated into the final budget. The key highlight here is that this is for total ICANN operations which is made up of baseline ICANN which includes ICANN Operations and the PTI IANA. And as you can see that the total funding is \$142.8 million and total expenses for baseline in that first column is also \$142.8 million, resulting in the fact that the adopted budget is a balanced budget for ICANN Operations.

The key changes we've highlighted to the right that were incorporated after the submission of the public comments resulted in \$.5 million of additional expenses included based on public comment and some changes from staff. However, those expenses were offset by a reduction in the contingency. So the major change, basically the

budget remains balanced and the change was an offset between an increase in expense and then a reduction in the line of expense called “contingency.”

Contingency for FY18 is still within an acceptable range to anticipate any unforeseen expenses that we could not estimate at the time of budget development. And that is due to the timeline of the cycle of budget development, that ICANN Operations begins development of its budgets back in the December/January timeframe, and as a result there may be things that occur in FY18 that were not fully planned for or understood at that time.

I’d just like to highlight then that the next major change from the draft publication to the adopted budget is the inclusion of the IANA Transition Work Stream 2 expenses that are highlighted there in the middle column where there are additional expenses of \$3.1 million and resulting again in the total ICANN Operations expenses including Work Stream 2 of 145.9. We’d just like to highlight, as we do in subsequent slides, that the Work Stream 2 is an extension of previously approved funding from the reserve fund and it’s basically a movement from FY17 into FY18 and there will be no anticipated overruns on that particular project and the FY18 amounts are fully offset by a reduction against budget in FY17.

Next slide please.

This next slide just gives a total ICANN final budget that, again, was adopted on the 24th of June by the ICANN Board. It just gives an overview of total ICANN including the New gTLD Program which is the

third column from the left, and then we have the total ICANN budget that was submitted and approved by the ICANN Board.

Xavier?

XAVIER CALVEZ:

Becky mentioned it earlier, I just want to make sure it's clear to everyone, that the IANA Functions PTI are in the first column. They're included in the first column that's called "ICANN Operations." The second column that's called "IANA Transition" is simply the project of the Transition work that started in FY15, went all the way through this current year, but is now extended into FY18 for the WS2 work. So the \$3.1 million here is simply the WS2 work during FY18 that was not finished in FY17.

As Becky indicated, between the two years 2017 and 2017, WS2 will have spent what was originally planned to be spent in FY17. So there's no overrun versus the original plan. It's an extension of the work into FY18, but not to an expansion of the dollars. And the IANA PTI Functions are included for approximately \$10 million in the first column that contains the \$142.8 million. Just wanted to make sure it's clear to everyone.

And the New gTLD Program is the cost for the program in its fifth year now to conduct the remaining processing of the 40 or so applications that are still in the queue.

BECKY NASH:

Thank you. Next slide please.

This next section we just included on the agenda as the “Next Steps” to the adoption of the FY18 Operating Plan and Budget. This discusses the fact that with the new Bylaws and we have the Empowered Community, that the approval of the FY18 Operating Plan and Budget becomes effective 28 days after the Board’s adoption and based on the fact that the FY18 budget was approved on the 24th of June, the earliest effective date would be 28 days from that approval and thus that would be approximately 23 days after the beginning of the new fiscal year for FY18. As a result of the timeline as it relates to the Bylaw-driven new Empowered Communities’ rejection process, the FY18 budget will be effective later than the beginning of the fiscal year and as a result we have the Caretaker Budget both for the ICANN budget and the IANA budget to be in effect during the first approximately 23 days of the fiscal year.

What that means for the Caretaker Budget as published in the FY18 Operating Plan and Budget document is that there are some procedures that will take place where there are no new positions that will be posted for hire and that the travel and professional fees will be reduced by 10%. ICANN will manage this with a limited operational impact in part because it’s the first 23 days of the fiscal year and also right after a major ICANN meeting so that there will be a lot less travel in those first few weeks. But just to highlight that, as we’ve made an announcement, the FY18 Caretaker Budget will be in effect.

The major outcome of this is the last bullet point on this slide, is that because this was the first year of transition we now are starting with the second year FY19 planning process and we will be sure to have Board approval of the planning documents to be at least 30 days or one month in advance of the beginning of the fiscal year. So we are making an effort now to put into the planning process a more accelerated timeline in order to ensure that we would not have a Caretaker Budget should there be no rejection process that takes place.

Xavier?

XAVIER CALVEZ:

Thank you. One quick comment on that. Irrespective of the existence of the rejection power in that process, it would be a best practice to not have the budget approved days in advance of the beginning of the fiscal year anyway. Last year, the calendar was such that the Board approval of the budget happened on the 30th of June for an effective date of July 1st. It's not appropriate really honestly at the end of the day. So we've been trying to think through the process to advance basically the conclusion of that budget process so that – and this is simply another good reason to do it – is simply that the delay of effectiveness between the decision and the effective date is such that concluding one month in advance would be appropriate.

I just want for those of you who participate from close to the process know that it's already a very tight process with a lot of steps. We feel honestly – and Becky could be talking about it a lot – we're on the

clock 11 months per year. There's no question. There's no slack in this process. It's very tight timing. You see only some steps of it but it's a very tight process.

Just as an illustration – it's going to sound strange – but our budget process lasts 15 months. Just want to make you guys understand that. We have started working on FY19 three months ago. So it is a demanding process and finishing one month in advance is going to take some re-engineering and hopefully with as little as possible impact on you guys. So we're going to try to find one month somewhere.

But it's necessary. It will happen. It's just not going to be a simple task and hopefully we will minimize the negative impact on the community as a result of that.

GIOVANNI SEPPIA: Becky. Quickly.

BECKY NASH: Yes. Thank you. We can move to the last slide which will be the next slide please. Thank you.

Just in conclusion on that point about the timeline, for the FY19 planning calendar, I just would like to highlight that in the bottom right hand corner we do have a step there for the ICANN Board adoption which, again, is for the FY19 Operating Plan and Budget and the FY19 IANA Budget. We are projecting that it will take place by the

end of May and thus so that it results in the fact that the Empowered Community rejection period will then have enough time to elapse and the budget could have an effective date of no later than the beginning of the next fiscal year.

Just as a quick overview on this timeline, the FY19 planning process has already been underway and it will continue, in part because we have two major planning processes – one related to the PTI Operating Plan and Budget with its own public comment period and approval process at the top left-hand part of the slide, and then we go into a more focused ICANN planning and ICANN Operating Plan and Budget development and again with a public comment period resulting then in Board adoption to be no later than the end of May. We will continue to refine the detailed steps in order to make sure that we have this approval prior to the end of May.

And that’s all that we have for this update. So thank you very much.

GIOVANNI SEPPIA:

Thanks a lot, Becky. And thank you again to Xavier. Is there any comment from the working group? Questions?

Andreas?

ANDREAS MUSIELAK:

Andreas from .de.

I have a question or remark to slide #8 – so if we can go back to slide #8 – because Xavier mentioned the beginning or Giovanni mentioned

that the quantity is not the right level to measure the success of the budgeting process. But I think here we can see probably should add also the thematic breakdown from the last year budget or if we start with FY19's probably we should add then we see how this is changed. That's one of my suggestions.

And then just I would be curious to know for full year FY19 what is the base for your budget? What is your starting point? Is it FY18 or is it FY17 already? Just one final remark from my side.

XAVIER CALVEZ:

Thank you, Andreas. Thank you. It's a good suggestion to try to track the quantity of comments. And to be clear, between quantity and quality, the quantity is what we measure in the sense of – of course, it's easier to measure the number of comments than measuring the quality of those comments and I'm not even sure I want to go into measuring quality – though generally speaking, as I said earlier, I feel that the substantive quality of the comments has increased a lot and, of course, as a result of the content having increased in quality itself. So now we talk a lot less about the process and we talk a lot more about the content, which I think is great.

There were more KPIs comments last year, for example. For logistical reason the IPC last year spent a lot of time on the KPIs and the person who commented for the IPC this year was on her own as she didn't have any help so she focused on a few comments and didn't have time to spend on KPIs. But that's just an illustration. But we'll try to track that. The themes are those for each year, so we will need to think

about a categorization of the themes that we can carry forward on an annual basis.

So every year since we have a five-year Operating Plan, the Operating Plan is the basis for planning the next year. Just so that everyone is clear, FY18 for example, is year number three of our five-year Operating Plan. So when the organization is starting to plan for FY18, it used both the FY17 status of activity, but that was in November/December which is three or four months into FY17. So it's a very limited input, if you think about it, to plan for FY18 but we use it and, of course, we use the Operating Plan year three of the five-year Operating Plan as the basis for planning.

This is also why, of course, every year we go through an update of that five-year Operating Plan so that we adjust it for what effectively happened in the past and reflect changes into the future if there should be any. So if we're in advance or late in an activity, how does that influence the rest of the period for that activity? That's what the update of the five-year Operating Plan is.

That's the three documents that we produce – the Annual Operating Plan and Budget, the Five-Year Operating Plan Update so that we update that, and that's the basis for planning the following year. And it's at the portfolio level and it contains KPIs as well.

ANDREAS MUSIELAK:

One final remark – to be precise, for example, head count here on slide #8 so if we can see there is a decline next year, for example, then you

can really see okay, you improved your quality of answering to the public comments. That's why I think it's a good idea to track this.

XAVIER CALVEZ:

I agree. There's another parameter if there would be a decline is that less people have commented. But you're right. It's not a perfect correlation but it's a useful indication. I agree. Thank you.

GIOVANNI SEPPIA:

Is there any other comment from the working group or any of the attendees? If not, thanks again to Xavier and Becky. You are released.

Just going quickly on the last two points – as usual we have to rush on the last two points that are always penalized. The last two points is about the subworking groups organization and the ccNSO SOP Charter review. For subworking groups organization, with this round of comments on the Fiscal Year 2018 Operating Plan and Budget of ICANN, I understood from some of the subworking group's Chair they would have liked to have more input from some of the subworking group members and on the contrary, some of you had to rely only almost on yourself for coming up with some comments to the Fiscal Year 2018 Plan and Budget.

I think this is something that we may review and we may have a sort of a e-mail discussion to think about how to review this process to make sure that we are all on the same page and above all, when we commit to be part of a subworking group or even the ccNSO SOP Working Group, we are at least committing to spend some time proactively and

actively engaging in what are the different comments that we are expected to provide.

That is also linked to the charter review – and I’m looking at Bart. The charter, I don’t know old is the charter at present I think it was revised something like eight or nine years ago, something like that. Less? Six or seven? I don’t know how many of you had time to look at the charter. It’s a very simple charter, I must say. It’s one page charter. It’s extremely to the point, I must say. And it may benefit of some changes, some, let’s say, incorporating some elements of our current way of working. This is also something that we should start this working group and then subsequently we can have an exchange of views how to make changes, and then at some point to propose a new charter to the Council for approval and all the next steps.

I have Bart and we have the pleasure to have the ccNSO Chair with us – Katrina, please.

KATRINA SATAKI:

Thank you so much, Mr. Giovanni. In this case I would like to say some comments in my capacity as the Chair of the GRC – Guidelines Review Committee. We have reviewed and updated several charters so we are experienced – no, not yours. Actually, that’s just because we didn’t know if they had a charter, or at least I didn’t. Meaning that we would like to propose to help you with the charter since we have experience and we have some general guidelines how our internal documents should be written and some structure. So we would be happy to help and probably our two groups could work together. Thank you.

GIOVANNI SEPPIA: Thanks for the offer, Katrina. With pleasure.

Bart, would you like to [complement]?

BART BOSWINKEL: Yes. To say, first of all, the dates. This one was updated in August, 2010, so seven years ago. The second thing is – and probably this is already where the input of the members is needed – if you already know of some issues you came across, send an e-mail to the SOP Working Group list so we can identify them and start working on it in the charter in one way or the other. I was going to say [se there is this] and I will circulate this to the working group as well the Guidelines for working Groups so you can have a look at it and what the impact will be, what the GSE has done over time. And one element that's going to be very important probably for discussion in Abu Dhabi and maybe before is the role of the SOP with respect to the rejection action process.

GIOVANNI SEPPIA: Thanks a lot, Bart.

We'll start this process by e-mail and then we'll also come up with a timeframe for this process to be developed. And thanks again to Katrina for offering their help for the charter review.

Is there any last minute or very last comment from the working group or again, any attendee today? What's the sense of happiness about

against what we received as feedback from ICANN as this was one of the requests from the Board? Okay. I'm not going to get into that. That's it.

Thanks, everybody. Thanks to those who participated remotely and we have an apology – Roelof of .nl apologized that he couldn't be with us today. He sent an e-mail to me earlier today. And thanks, everybody, again. We'll stay in touch by e-mail and thank you again for your valuable contribution to the ICANN planning process.

Thank you. Bye.

KATRINA SATAKI:

Thank you very much. GRC, are you ready to... Okay. Let's break for three minutes. And yes, biological break for those who were in SOP and are on GRC as well.

[END OF TRANSCRIPTION]