

TRANSCRIPT

SOP Working Group Meeting in Durban 17 July 2013

Attendees:

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Paulos Nyirenda
Lesley Cowley
Roelof Meijer
Leonid Todorov
Sabine Dolderer
Pierre Bonis
Byron Holland
Oscar Robles
Hong Xue
Debbie Monahan
Giovanni Seppia
Allan MacGillivray
Mathieu Weill (phone)
Peter Van Roste (phone)

ICANN Staff:

Xavier Calvez
Denise Michel
Kristina Nordström
Gabriella Schitteck

Apologies:

Rosalia Morales, .cr

Roelof Meijer:

Okay, everyone. It's 1530. I suggest we start. Sorry about the confusion about the starting time of this meeting. I learned too late that it was (unintelligible) a long time ago to 1500. I communicated yesterday to all the members of the SOP the previous time, 1530, so we just waited until 1530 to make sure that all those people that are going to come in now could be here from the start of the meeting.

We have two points on the agenda, the first point being conducted by Xavier on high-level reaction on the comments that we felt on FY14 ops plan and budget. And second on the agenda-- and I don't know at what time she's coming, but I (unintelligible) us. We will have Denise Michel here explaining to us the highlights of the strategic plan framework and the planning of the strategic process and how we as SOP can best contribute to that process.

But I would like to start with Xavier. Xavier, thank you for being so patient, waiting/working or working/waiting here. You have the floor, please.

Xavier Calvez:

Thank you, Roelof. Byron kicked me out earlier, so I had to make up the time.

Thank you for the opportunity. What I was going to suggest to do is, first, provide a quick feedback on the process for the public comments and, then, use the executive summary of the comments that are provided by the ccNSO, which had listed four bullet points. And I suggest, then, to address each of those four to a high level and leave it at that. And then you will ask any question or make any comment that you would like.

So, on the process, we have taken a first pass at responding on the public comments that had been provided by the 20th of June, which was the end of the public comment period. And I think the ccNSO comments have come maybe a day or two after that. We are including in the ccNSO comments in the second pass of public comment and responses that we will provide, probably after the end of this next week that's coming; so, so after the end of Durban to be able to provide answers or complement of answers on comments to this. A number of organizations with who I've had some discussions already and who would like to have more information than the one that we have provided so far to the public comments. So we will include the ccNSO public comments provided in that second round of answers.

The first of the four comments in the executive summary was about the-- I'll just read it because I didn't try to prepare a presentation I can plug in if we'd like. But the comment is about the draft plan being a significant improvement from previous draft operations and things and budgets. As before, the SOP working group urges ICANN to include quantitative and/or qualitative, measurable milestones, goals, and deliverables for the various activities and projects in the plan.

So thank you for the feedback. I will ask to understand better than-- we don't necessarily have to do that now. But what is considered a significant improvement in the new format of the information, just so that I'm clear as to what you see a better format and better information. I had similar discussions with other groups, and I know that there's a certain amount of, I think, frustration in the new format, probably more because it was new than because of the way it's structured currently. I think the fact that there was more information and in a different format represented a challenge to a number of organizations to be able to grasp the information and be able to comment effectively on it. So I know that's a comment that I've gotten. So I'm welcoming a better understanding of what value you see in the current format, what challenges, potentially, you guys have

had as well. But your positive comment was leading me to want to make sure I understand it correctly.

Regarding quantitative and qualitative and measurable milestones, goals, and deliverables, the various activities and projects, as we had indicated when communicating on the format that we were going to use, which was the representation of the at-task system that we are now using, the system requires each project to be associated with a timeline, a set of metrics, deliverables, descriptions, owners. So I think that the system is helping us taking a step towards that objective. That request from the SOP working group obviously is not new. You guys have been making these comments for a long time. And I think we're getting in much closer today with the system that we have in place to being able to formalize and produce on a recurring basis this information.

As we had also indicated, we are the very beginning of this process. This is the first time, the first year, that this too has been implemented, has been documented. Honestly, the organization is learning to use this tool, and I think the information is imperfect, at best, today. But it is a good basis to continue improving upon. There's an increasing amount of training of the staff that is ongoing since the past two weeks and will continue to be happening on project management capabilities. I think about every single member of the staff will go through it and definitely will benefit from it. And I think it will help us documenting better in that task the projects, these deliverables, the descriptions, the timelines, and so on. So I think we're making progress towards it. There is a lot of work still to go, but I think it will be from now on information that will be provided, hopefully, with better consistency and quality.

The second comment was about-- I'll just read it to make it more simple. The plan shows a strong increase in expenses for the ICANN operations. Understandably, the professionalization of ICANN will cost money. But, in a situation of global economic recession and difficult domain name trading conditions, such an increase should be clearly justified.

So I see two different aspects to this. The justification of the increase-- obviously, you have seen in the (unintelligible) presentation the page 22 that was aiming at providing a high-level understanding of what the variances are, which is not a justification of what the variances are. And I want to recognize that. I'm not trying to say that the page 22 should justify anything but try and at least provide an understanding. Because of the format changes that we have introduced this year, it is also, understandably, making it more difficult to actually compare year on year the information, whether it's for revenues or for expenses. And that's a shortcoming of the first-year implementation that we have done.

Obviously, one way to mitigate that would have been to reformat the previous-year information in the same format so that we have, then, a comparable set of data. We were not able to retroactively implement that task, and nor did we try. So, yes, we are missing that information. We have tried to partially mitigate that issue with the variance analysis that we have seen in those slides by category of perhaps providing comments and sometimes amounts on the main variances by categories of cost to try to help mitigate the lack of consistency of the data year on year. That's about the budget.

In my views, addressing the fundamental rationale behind this comment would be best and better addressed with what we have already discussed several times, which is a much more comprehensive strategic planning process because, in my views, the budget is the how much. At-Task, I think, is helping us putting a

what in front of the how much. So what are we doing, which I think is helpful. What we are missing and which we are now starting to address is the why so that then we can have the why, the what, and how much. I think the strategic planning process, which requires to not only formulate what I was filling in the previous session of the finance working group, a little bit of a wish list of things. Our previous strategic planning was one page of a lot of things to do without plans, without timing, without objectives, without deliverables. So I think we're gearing ourselves up to complete a strategic planning process that's much more comprehensive and that, in my views, will upon completion help make a much better link between what are the missions of the organization, how we intend those missions to be accomplished, and what is therefore the action plan put in place to accomplish those objectives and how much that action plan actually costs.

So I think we have a missing link today. It's not new. And, again, you guys have been making that comment in the past as well. But I think that we are now gearing ourselves up to be able to have a more documented and more comprehensive strategic planning process that will provide the ability to make the link between the objectives and the actual budget. And I think that will help justify increases or variances or lack of variances.

The third comment. I'm assuming I'll be interrupted with any questions.

Roelof Meijer: I understand what you said. But it's not only the why question and linked to the strategy which would explain the amount. But it's, I think, within our group. And I think, within the community, there's also the question. Even if we understand the why and when we understand the how, if it actually has to cost so much money, if you need so many people to do it.

Xavier Calvez: I didn't get the question.

Roelof Meijer: It was not a question. It was a remark, because you seem to say-- I got from your feedback that you find that, as long as we haven't properly answered the why question, it will always seem the expenses are too high. And my point is that, even if you have made very clear to us why certain things have to be done, I think this group and more people in the community still wonder why it has to cost so money. I mean it's the question in any organization where you want to do a certain task. How much will it cost? How many people do I need to fulfill that task?

And I for one am under the impression that ICANN has a tendency to quickly increase the number of staff if the number of work increases. But you can also prioritize or maybe put a bit more pressure on people or improve efficiency or effectiveness. And it's also one of the points we make that is fairly related to this. An increase in staff can be a good, although unwilling, (unintelligible) for inefficiency and effectiveness. We need more people because we're not getting things done. So it is obviously too much work for the number of people we have. That's a conclusion which is always very easy to draw because then you don't have to address the people and say that they have to work harder or be more efficient or prioritize better.

Xavier Calvez: That's a conclusion that also results from the presumption that the increase is not due to increase of volume of work, but it is coming from inefficiencies. I'm not necessarily making the presumption that--

Roelof Meijer: I'm not presuming that because it could be a combination of the two.

Xavier Calvez: Absolutely. So, as it relates to the notion of efficiency and productivity and performance, which is the fourth item in the comments, which I was going to get to--

Roelof Meijer: (Unintelligible). Kristina, you had something?

Kristina Nordström: Yes. I just wanted to remind you to say your names before you speak for the transcript. Thank you.

Xavier Calvez: Xavier Calvez for the record.

As it relates to that fourth point about individual productivity and performance or lack thereof, I think that what I see being performed more and more in the organization is to ensure or to help ensuring productivity and performance. Productivity to me has a little bit of a manufacturing-oriented term. We don't have a lot of volume-driven activities (unintelligible). We're not an organization that produces volumes of output-- of homogeneous output. So there's not a lot of productivity in measurable metrics like you can have in a manufacturing type of organizations, which doesn't mean that there shouldn't be a notion of productivity.

So I think that a number of activities are being carried out in the organization to help improving individual performance and collective performance, of course. So I'm not going to always use that same subject. But At-Task is a tool that helps improving performance and efficiencies because it's a tool that helps working better together in a more coordinated fashion and, therefore, wasting less time.

There's some-- we have engaged this over the past few months into a business excellence program, which, for now, consists essentially in two parts. I mentioned one before, which is the training on project management. I think we've talked about it. When you set goals, you define the timeline, you define the metrics and the outcome and who are the parties. And you plan that ahead and monitor it which are the project management practices, and it helps efficiency and it helps planning, as well as it will allow better prioritization. So the improved capabilities of the organization to project manage, I believe, will help continue-- help to improve general productivity and performance.

The second part of the business excellence program is what may appear to be unrelated. But it's process documentation and process documentation across a number of functions. So the first functions that have started are finance, HR, IANA, and IT - IANA over the past two or three years, IT last year, finance and HR this year. Process documentation is-- for those of you who know, it's very similar to what the sovereign (unintelligible) standards are. It may seem unrelated to productivity and performance, but, when you document processes, you have to come quickly to the conclusion. Is the process adequate or not? Are there improvements to the process that are required and how to implement those improvements. And I think this is a process that will enable the organization to also identify those inefficiencies in the process.

We have engaged with that aspect and documented-- we have listed ten processes to document. We've documented four as is. Now we're getting to the improvements identification for those processes, and we'll make process changes. We have-- so that's the second aspect of the business excellence.

There is also a lot more substantial thinking being put around our systems infrastructure. What systems do we use? Rationalizing the systems that we use-- we had a little bit of-- it may be exaggerating a little bit, but I think the image will be telling. The patchwork approach or lack of approach in the past by identifying one need and addressing that specific need with a specific application, a little bit in isolation. So now we're documenting the application list that the organization uses and try to migrate those applications to (unintelligible) platform, which happens to be salesforce.com for now. And that is going to help us rationalize the systems that we use and be more efficient in, honestly, reducing, basically, the cost of maintenance of all those applications because we're going to have less applications, much more integrated. So we're also expecting it's going to help the efficiency and performance of the organization.

We are also strengthening the individual performance measurements of the individuals on a trimester basis. The objectives are being set and being evaluated. That's been a process that's been present for a certain amount of time, but it's now been more tightly managed. The objectives of each individual will actually be linked to their projects in At-Task. So, if you have a project that you're participating in At-Task where there's a number of deliverables, that will actually be tied to your individual evaluation and to your performance, and your bonus is actually calculated on that. So that will help strengthening the immediate sanction of performance or lack of performance on the daily job of the organization.

So I think that's a number of actions, sometimes unrelated to each other but that I think help mitigating and enhancing lack of-- mitigating lack of productivity and performance and enhancing productivity and performance. I'm sure I'm not listing all the actions that are being carried out, and I will not necessarily try to have a completely exhaustive presentation on the subject. But I think those are-- more and more of those activities that we think are going to help.

That doesn't take away the notion that I think we need to be looking from a strategic standpoint at the permanent challenge of why we spend money, why we spend it the way we spend it. And how can we do with cheaper and better?

Another thing that we are doing is treating what may appear additional cost but I'm sure it will pay for itself, the sourcing function-- a natural, professional sourcing function, which is critically missing in (inaudible) today. We don't have the sourcing function. So we have procurement guidelines. We don't have a professional sourcing expertise in house. And anywhere that function is implemented with obviously a competent resource, it's a 20% saving on the external cost. So we think this is something absolutely critical and that this could help, as well, at reducing very immediately costs on what is being done. So it doesn't necessarily challenge what is being done. It challenges the cost of how things are being done.

I'll leave it at that and let you react on what I said if required.

Roelof Meijer: Any reactions from the room? From the phone? Mathieu, are you still there? This is Roelof speaking, by the way.

Mathieu Weill: Yes. I am still there.

Roelof Meijer: Okay. This was all perfectly clear to you?

Mathieu Weill: It is clear and interesting.

Kristina Nordström: Peter is on the line as well.

Roelof Meijer: Hi, Peter.

Peter Van Roste: Hey, Roelof.

Roelof Meijer: I was just going to say, if you'd (inaudible), Kristine. Okay. Carry on.

Xavier Calvez: The third-- This is Xavier, for the record.

The third item that was listed in the-- we've just addressed the fourth. The third item that was listed in the executive summary relates to-- and I'll read it quickly. In many cases, the (inaudible) is that the At-Task system does not provide sufficient information to assist in the need for an efficiency and effectiveness of significant expenses on specific programs. Based on the information provided it is often unclear whether programs, meaning either recurring activities or contained projects, with a duration beyond FY 2014.

This comment was also made by a number of our other organizations, and I think it's completely true. The level of granularity that we have provided with this budget process this year is the program level. In the hierarchy of At-Task, it's the third level, and there's a fourth and a fifth. The fourth is the project level. The original intent was to provide the project level in detail, which I think will answer a lot of questions, not necessarily all of them but will answer, nonetheless, a lot of questions as to what are other projects that make up a program?

So, for example, there's a program that's called Outreach. There's, I think, an amount of between \$5.5 million and \$6 million in front of it and no further detail than that. So, of course, it's not very telling as to what the actions are within that line item, nor within that amount.

So I agree with the comment. The intent of the organization was originally and is still to provide the project level of detail, which is therefore the next level down versus what has been provided for FY14. The reason why we provided the program level instead of the project level for FY14 is that-- because of how recent the implementation of At-Task was. And it's been implemented starting from the top down. The level of completion of the project level was not sufficient at the time we produced the information to be able to be shared. And, as I said, the intent is to be able to share the project level next year so that there's more understandable substance provided along with the budget information.

Now, let's be careful. The project level-- it's not a hundred programs anymore. It's five hundred projects. So it's a lot of information, and it has to be possible for the organization also to-- I don't want to say the organization-- the community at large to be able to process that information. So providing more information needs to come with a methodology, a sequence of events, and the time to be able to do that, which we need to be able to, as originally intended for FY14, provide earlier, maybe by smaller bites throughout the process so that it can be reviewed and assimilated.

So that's going to be a challenge, but I think it's the right direction. And, hopefully, we'll address a lot of the need for information that has been expressed through this comment and others.

Roelof Meijer: Any questions? Xavier, if ICANN cannot give us the insight on the project level yet, do you have that insight as CFO?

Xavier Calvez: Yes, I do.

Roelof Meijer: -- because I think it's why we-- the four points of our executive summary are interconnected. And I think, if you add them up, especially for us as a group and, I think, for other parts of the community as well, it's a rather alarming combination. If you see a more than 20% increase in expenses and you don't actually have the insight in-- if operations are executed effectively and efficiently and what those operations and projects really are-- and are they there for just a year, or are they multiyear projects? Those things together make it very difficult to judge for us-- not even judge but to get an impression if the money is well spent or not, I could imagine that, as a CFO-- I think any CFO would be very alarmed by over 20% increase of expenses, even though we realize that ICANN's revenues have, let me say, significantly increased through the gTLD program. We know that that program is on a cost recovery basis, so it is logic that costs also increase. We see a lot of increased costs that are not directly related to the new gTLD program.

Xavier Calvez: So we look at revenues and costs for the new gTLD program and for the operations of ICANN that are not the new gTLD program separately. So we don't assume that the revenue of the program helped finance operational activities that are not evaluation in costs. I'm not sure this is clear to everyone. But there's a very strong Chinese wall between the program and the operations. So the program, to your point, is on the cost recovery basis. It has its own financial statements. It has its own bank accounts. It's completely separate. The ICANN operations are looked at on a standalone basis with an amount of revenue and an amount of costs.

Yes, the increase year on year is significant. It's not that different from the year-on-year increase from the previous few years, which can be either viewed as something consistent or something alarming at the same time, to your point.

Roelof Meijer: Something consistently alarming.

Xavier Calvez: Consistently alarming. There's a trend perspective that I'd like to bring. We've never had more documented information about what we do not only with, now, At-Task but the timeline, the resources, the content of projects and activities. And, as a result, I'm more comfortable than I was before as to what the content of the budget is. I think that the budget process this year has been relatively long and painful internally, more than you have seen, for a number of reasons; notably, along the lines of an increasing amount of activities driven by either the new gTLD program, fine and which we know, but also by launching some-- a number of strategies that had been put on hold over the past years-- notably, internationalization. I'm not trying to get into the debate as to whether we should have (unintelligible) or not right now. But there's a number of programs that have determined the needs of actions or resources. And I feel reasonably comfortable that we have better information than we ever had to document and support this.

Now, does it make it simple to deliver on all those projects and activities? No. It is still a challenge. And this is part of why the organization is strengthening its management layer, to be clear, as well as its practices to monitor and carry out activities.

Mathieu Weill: Roelof?

Roelof Meijer: Yes, Peter.

Mathieu Weill: This is Mathieu speaking.

Roelof Meijer: Sorry, Mathieu. Yes, Mathieu.

Mathieu Weill: No problem. Yeah, I think that the concern that we have is that increase in costs within ICANN is difficult to relate in an effective manner to the increase that we are not challenging in activity. What I mean is we have a lot of financial documentation now, and I think that's a significant improvement, as you said. But we are not in a position in any way to see where this is going to stop. Is ICANN budget going to increase 20% or 25% a year for ten years? Why? When are we going to, basically, reach a new threshold?

And that is what we are trying to say when we say that we would need some activity type of metrics that we could relate even if ICANN obviously is not a manufacturing organization. As you said, it delivers products or services or whatever. And our concern is that, right now, we don't have any control over this. And we're not-- we feel that you're not as an organization, ICANN, or we are not as community members in any position to see where this is heading and where this is going to stop. And when you are a regulator-- I'm sorry to say ICANN has a role of regulation-- it's basic economics that you tend to increase your costs forever. So how can we hold you accountable for that and stop this at the right time, not too early but not too late either?

Xavier Calvez: This is Xavier, for the record.

I think it's completely reasonable questions, concerns, and comments. My personal answer to the subject, which I will qualify should not be the only one that you obtain, by the way, relating to previous comments from Leonid, as well, that we should talk about, is that I'm a little bit narrow-minded on the notion of strategic planning process and maybe a little bit too focused on it. But I generally understand and agree with the concern that you expressed. And I think that, as an organization, we need to develop a strategic planning process that gives an understanding of that, at the minimum. You may then not agree necessarily with the assumptions that are driving that strategy. You may not necessarily agree that a physical presence across the world is necessary. No. But at least you understand how the strategy has been formulated, what it implies, and how the costs are driven or revenues are driven.

So I don't want to have a single answer to all the questions. But my sense is that we would have a different conversation if we would have a much more developed strategic plan, which I agree is what we need to do. And take my word for what it is. I think we're closer than we've ever been to be able to develop. Now we're at the beginning of it, not at the end of it. We don't have it yet. But we have been starting it, and Denise will be able to speak a bit more about the strategic planning process, that's in progress with the intent of it to be-- to have a natural, multiyear plan with objectives quantified financially and with non-financial metrics as well to be able to give substance and give a long-term understanding and answer to the concerns that you are raising, Mathieu.

(Multiple Speakers)

Mathieu Weill: (Inaudible) strategic issue more than an implementation budget issue.

Roelof Meijer: Okay. Thank you, Mathieu. Oscar?

Oscar Robles: Thank you. This is not a question but a concern. We provided some comments about the lack of metrics on the operational expenses. And you were telling us that there were some different-- a different level of information on this regard. But I don't think that you failed to provide us the goals for the operational expenses. My concern is that you actually don't have those goals, because those are very important to actually see what are you trying to do with all those (unintelligible). You're expanding on this. So that's my real concern that a \$100-million company has been enabled to work for the past-- I don't know-- five years, I guess, without no goals, no metrics on the operational part. And you haven't done anything with that. What are you controlling?

Roelof Meijer: So this is a question.

Oscar Robles: I don't expect an answer because I don't know what are you controlling. My concern is: Are you controlling, actually, the expenses? Under what basis?

Xavier Calvez: Let me count them. This is Xavier. When you say controlling, can you qualify what you mean by controlling? Are you staying on the controlling work-- it may have different meanings.

Oscar Robles: Well, first, my main concern is with the organization, not with your responsibilities. So the lack of metrics-- that's what I would like to have your answer. The controlling part is that, in some of our organizations in Mexico, we have the controller, which is looking for the good application of money, of expenses, with some specific goals. When you have just good wishes in the plan, there's no way somebody can limit the way people are spending the money.

Xavier Calvez: Okay. Thank you. I think I understand a little bit better. The controlling part of it has been-- it's not about what I've done. It's about always-- has been mainly managed through the budget process. So, when we say controlling whether the expenses are consistent with what should be done or not done, that's basically the budget that drives that. Do you have-- I'll come back to (unintelligible) part of what I'm going to say. Do you have a budget or not for this intended expense? Yes or no? Is something going to be controlled? We have a procurement system. We have an approval process for any expense above \$2,500. There's a number of processes to enable the control of the consistency between an intended expense and the budget. So that's once you have a budget.

Of course, now we're going back to the discussion of when you build a budget. You need to have an adequate consistency and eligibility between the strategic objectives of the organization and the fact that the budget helps achieving those objectives.

Then that speaks to the-- generally speaking, to the upstream part of it. I don't know that we have time to elaborate further on controlling. But I think the main tool, historically, in the organization to control the output of the organization has been the budget.

Oscar Robles: Thank you. I got the part of the controlling. But what about the main concern? What about the lack of metrics?

Roelof Meijer: Oscar, we have to keep it a bit shorter because Denise has just (inaudible). But what is your specific question?

Oscar Robles: The lack of metrics.

Xavier Calvez: So, there was no metrics in the past. I think what we're trying to say is that we're implementing systems that put in place metrics for projects and activities, objectives, timelines so that we remediate that.

Unidentified Participant: (Inaudible).

Roelof Meijer: Any other questions? Or any other comments from Xavier?

Okay. Then we go to the second item on the agenda, the strategic plan. Thank you, Denise, for joining us. For those on the phone, Denise Michel has just joined us, and she will talk us through the strategic framework and the planning process, and I think we also specifically asked you to indicate how you think this group can best configure to ICANN's strategic planning process. Go ahead.

Denise Michel: Thank you. It's always a pleasure to talk to this group. Well, you've already been a big influence on how ICANN approaches strategic planning, and I've talked about it enough. It's usually not a problem for me. So I've sent Gabi and Bart a slide that illustrates the timeline that we're using. But to give you a quick overview of the process, if that's a good place to start.

Roelof Meijer: Yes, I think it is. Go ahead.

Denise Michel: Okay. So in April at the Beijing meeting, Fadi unveiled a video and the start of a community conversation about considering the challenges and the evolving ecosystem that ICANN is facing over the next five years. What are some of the key forces and issues that should be considered as we start thinking about creating a new vision in five years, a strategic plan for ICANN?

That online conversation, as well as brainstorming sessions with various community groups, yielded a very rich and diverse set of challenges and issues to be considered. That was considered by the Board and CEO and helped create what we're calling a framework for conversation, so we have eight topic areas that were posted last month in a strategic planning Web portal. We want to make the strategic planning process as accessible as possible to the largest number of community members.

So we opened up a Web portal. We've posted eight topic areas in particular that we are seeking community input to help us built out a proposed strategic plan. Those are on ICANN's website, and people can comment online. We're also doing outreach in all of the regions to solicit input for a strategic plan as well as running an interactive community brainstorming session tomorrow in the ballroom immediately following Fadi's opening remarks.

So this process of soliciting this targeted community input, if you will, on the key topic areas runs from now--let me see, if I get my dates here--and there's a, if you'd like to send that slide around, it's also online, but we have an illustrated timeline that goes through these steps.

So now through early September, we're seeking community input for the proposed five-year strategic plan. Then, in early October--October 7 is our target date--we plan on publishing a proposed or draft strategic plan for public comment. That public comment period is expected to run from October 7 through November 25.

We'll also be having an open discussion at the Buenos Aires meeting as a final opportunity for input to the proposed strategic plan. Again, these public comments and community input will be synthesized and the plan will be finalized and provided at the end of the year to the Board for consideration and a final vote. And as Xavier may have mentioned, the operating plan--the strategic plan, of course, will lay the foundation for and inform the development of the operating plan. So that's the basic process.

So input on the eight key topics that are online, that will be featured in tomorrow's strategic planning exercise, will be particularly useful to receive from the ccNSO. And then, of course, your substantive comments on the draft plan that will be posted in early October and open for comment and discussion on that proposal also will be a key point of contribution.

Again, this is also online. It gives you a sense of the timeline for the development of the strategic plan.

This might be a good place to stop and answer questions.

Roelof Meijer: Okay, who has any questions? Oscar?

Oscar Robles: Denise, when you arrived, we were talking about the lack of metrics in the current process. So will we be expecting some metrics definition at the strategic level in this process, within your planning process?

Denise Michel: That's a good question. And I think this is a great group to get some guidance on that point, because the intention and the previous input that we've gotten, particularly from the ccNSO, has been that the previous strategic plans have been more like an operating plan--a collection of programs and projects, if you will--more than a visionary, high-level guidance for the organization.

And so our intention with this strategic plan is to keep it at a high level and make it an overriding, sort of guiding plan that informs the development of the new operating plan. So I would think that the operating plan would actually contain the specific metrics that can be used to track ICANN's progress. But I'd be interested in the input that you have.

And in thinking about the high level we want to maintain with this strategic plan, I don't know that addressing metrics in the strategic plan is the right place to do it. I think we will certainly build in some language that reinforces our commitment to have measurable objectives and results in the strategic plan, but I don't know how much detail would be appropriate to go into. What are your thoughts?

Leonid Todorov: Denise, thanks for coming, and that was most informative. I have a very naive question. I mean, to get back home to better orient freshmen, if you could just formulate the strategy in one simple--the ICANN strategy--in one simple phrase, what would that phrase be?

Denise Michel: I don't have one. If you're asking for one sentence that encapsulates ICANN's strategic--?

Leonid Todorov: Yes.

Denise Michel: Well, the process we're going through right now is to actually build a vision and strategic plan. So I don't have a sentence at this time; that's being drafted.

Leonid Todorov:

Right. So my understanding is that we've been following some weird logic. I mean, Xavier was all the time with us and we discussed that the budget was never absolutely correct, from my perspective, observations that we're talking budget, a multimillion, multiyear budget, without some clear guidance as to where it would get us. And in this regard, my concern is that, okay, some strategic process, any strategic process, would probably imply, first of all, some review of the previous, of the past experiences which was done. This I understand. Then some challenges, which Fadi identified already. Some solutions, and also some consequences.

So I was wondering, okay, we don't have that ultimate goal, but we do already have some experiences down the road which might be reviewed in the interim. And I was just wondering, what is your take on, let's say, that Istanbul case, for example? So it was announced that there would be a hub in Istanbul. And that would serve for that region, a very vast region, as a center for expertise, excellence and whatever, knowledge and technical aid.

Now, Istanbul is in trouble; I mean the city itself. So ISOC has just cancelled their ceremony there. Everybody knows that there are new clashes. Was there any Plan B in such a situation? Or would there be any Plan B for such a thing? Because there might be some other turbulences of a global scale for the ICANN.

Because my understanding, and we've talked about that with Xavier, in person and over email, is that my sense is that ICANN tends to concoct or come up with some strategy, not formulated as yet, in some perilous, ideal environment where no turmoils, no social whatever, economic and some other things happen around. I understand that, well, in budget there are some contingencies. But are there any precautions? Have they been made for that strategic planning?

Denise Michel:

Well, that question encapsulates a number of issues. I can touch on a few points that are relevant, and then perhaps turn it over to Xavier, who I think, at the more programmatic and risk level, can address the specifics of Istanbul.

So the risks and fall-back plans for an Istanbul office is something that would specifically be addressed in a strategic plan, which we're trying to keep it at a much higher level. I can tell you that the strategic plan will be looking at the regional plans that have been developed thus far in the various regions and incorporate them appropriately in this new strategic plan as well as consider the global engagement strategies that have been developed. So those will certainly be reflected in the strategic plan.

We also have a Board Risk Committee that addresses issues such as you're raising with Istanbul, so those are being addressed through that. So I think I've addressed the issues that relate to the strategic plan, and Xavier can answer more specifics.

Xavier Calvez:

A couple of comments I wanted to have is as it relates to the risk part of the comment that you made, Leonid, we are creating--actually, last week it was created--an enterprise risk management function in ICANN which role is, like for any of those functions in any company, to be able to assess and manage and mitigate risks across the organization, and any risk. It's not just financial; it's any risk. So that function has been created to give substance to a comprehensive risk assessment and support it as part of this strategic planning process as well, which is, like any ERM process, should be able to address. So I think that's a portion of answer to your question.

I don't want to be too facetious in addressing Istanbul, but if you know a place that will not have any issues, whether tectonic, social, demographic, economic or military in the next 10 years, you tell us. Part of the, I think the subject is distributing over more than one headquarter is actually a risk mitigation strategy.

Now, the circumstances of the past two weeks make Istanbul look like the wrong place to go, but I think we are trying to look at it from a more strategic standpoint than tactical.

Roelof Meijer: First I want to give the floor to Leslie, and I think then to you. And then to you, Sabine.

Lesley Cowley: Okay. I apologize. I have a half-past four meeting, so this is not me commenting and then walking out in a huff. So I have a clash that I need to go to. I was just going to make two brief points to the original question a while ago about metrics. And you quite rightly said many of those you'd expect to see in the operating plan. I guess my response to that would be it depends on what the strategy is.

So one of the areas is about domain name industry engagement. In this, for example, the goal was to increase that, which I assume is not to reduce it. If the goal is to increase that, then you might say, we would like to double it, we would like to increase the number of participants by 25%, or we would like to increase the diversity, for example. So you might well have the opportunity to put some metrics in there.

The other point I was going to make is about what a strategic plan is and what it isn't. And I had the benefit of spending some good time at business school recently to remind me about that. And I just wonder that, given the previous versions of the strategic plan have been very operational, then there would actually be a need to manage expectations about what this strategic plan is going to be and what the operating plan will be as well. Because I think, because this has been a variable feast over the years, there's some work to be done there in managing expectations, but also giving greater clarity as to what it is and what it's not going to be. And I would recommend that.

Denise Michel: Thank you. That's really useful. Yes, and your point on the metrics is also very useful. So when we started the conversation in April, we actually explicitly said, and if you recall the website there, we explicitly said that our current strategic plan is really more like an operating plan with a collection of programs. And what we're expecting to develop is a very high-level aspirational vision and plan, around eight pages at the most, to try and give people a mindset. And I think it's great advice, and we'll continue to, I think, be more specific and descriptive of what we're trying to achieve.

Xavier Calvez: As part of this definition--sorry, I just want to make a quick additional comment. I think we're going to have to have clarification on the vocabulary as well, right, because we're talking about a strategic plan today and yesterday. I think the level of what these two plans intend to address are different. If the strategic plan that we are looking for ahead of us is higher level than is the operating plan becoming a multiyear operating thing, which it has never been so far. So I think, then, at the end of the day, it doesn't really matter what we call what, as long as it's clear, one; and then that all the levels of granularity of the information are represented somewhere in the planning process, whether it's strategic or operating or budget.

So what Denise and I are trying to make sure we do is connect the dots on the tail end of the strategic planning process so that we have, right immediately there, the starting of whatever process, whether operating plan process, or budget process, or whatever you want to call it, but that it will start from there so that we don't miss what we are missing today, in my view, which is everything in the middle. We have the high-level strategy, we have the budget, but we don't have the actual multiyear plan with objectives and metrics to be able to demonstrate and to ensure that we monitor the progress as we're getting there.

Roelof Meijer: Okay. Thank you, Xavier. Giovanni?

Giovanni Seppia: Thank you and thank you, Denise and Xavier. My question is if there is a plan behind this plan and is that catching up on what we just talked about? And the fact that I've been involved in the ICANN strategic and operating plan at different levels from different perspectives in 2005. And my wish, and at the same time is a concern, is to see again the start of a process that in 18 months' time or one year's time, or even earlier, it's going to be changed again. And to me, it's quite a fear.

And I understand the big pressure you are, and I think that the job you have ahead of you is really enormous, because distinguishing between what people have been given so far, which is a mix between strategic and operating, is really, really, critical stuff. And also, as Lesley was saying, balances the expectations, because when you submit something that is in between the strategic and operating, people expect the same for the future. But then you like to move to that upper level.

So my question is if there is, let's say, a plan to make the process of drafting and submitting to the community and then have it approved by the Board and then all the next steps, the strategic and operating plan, if there is a plan in process to make this happen regularly for the next three to five years, and possibly even longer timeframe. And what are the challenges that you might face, and what is the support that we might provide you?

Because just to be very practical, in the past three or four years, we have been given different kind of documents, different kind of presentations, and we were asked to submit input. But then it's very difficult, because at certain points you're given something extremely detailed, and at other points they're giving sometimes just one sentence and say, "Provide input." On one sentence, it's like, it's tougher. And then you must be really visionary to provide input on just a couple of sentences. So again, my wish and my concern at the same time is also a question if there is a plan behind this approach.

Roelof Meijer: Thank you.

Denise Michel: We also have a slide that we'll share with you that maps out our expected process plan over the next five years of how we're connecting the strategic plan and the operating plan and budget. So Xavier and I will work to get that to you as well. Our hope, as well, is for certainty over the years. I appreciate that we're using a different approach this year with a new CEO, and we also hope for stability, uniformity, and a greater amount of predictability from year to year with the community. But I take your comments to heart, and we'll take care to articulate more precisely what you can expect over a longer term as we connect the strategic plan with the operating plan and budget.

Roelof Meijer: Sabine, yours?

Sabine Dolderer:

I'm a little also, because (inaudible) 5 p.m. the (inaudible) and the strategic plan poses as you put it forward, it's very much that there are a lot of questions in there how to take the plan to the ICANN commission on the long run. Maybe that's not, could not be framed in strategic roles, but should be something different, because I think there is, at least currently an understanding what ICANN's role is about, and then a lot of what I read in the proposal when it came to role clarity, not to say it's not the role clarity. It's very much about extension of the role. So actually, heading to new place, go further, outreach and do other things than currently agreed.

So my question, actually, would be, first of all, what, where, actually, or if there's a sort of a--what is the idea how, actually, this process can become legislated in a way that stakeholders like, of course, now we want to do outreach with (inaudible). If I look on the website, you have now role clarity for ICANN and you can see the nice comic, and when I would show the comic I would say call it anything, the unique identifier system of the Internet. Nothing mentioned about that at all, but it's security, coordination, commerce, public interviews, and then policy, which can be completely different than what I saw as ICANN was founded and why ICANN was actually set up, and which is actually also buried in the bylaws of ICANN.

So do you foresee any process what will actually happening when, actually, we follow all your process and the outcome is okay, ICANN is doing more in security and also it's now responsible for the (inaudible) of the world and for the empowerment of marketplaces in South Asia. And when the Board actually decides upon that, is how is that foreseeing the other process? Because it's very much about what a bullet point that this, really, broadening and widening ICANN's scope. Isn't that a mandate for the Board to decide on first?

Second, if that's part of the strategic process or it's the part of a review of the organization and their mission and goals, and shouldn't it be named as something else, and not strategic plan? The strategic steps for forfeiting our mission, but not having our mission. That's a completely different process. And maybe that should also be differentiated in the publishing.

Denise Michel:

Yes, thank you. That's a really helpful comment. So the eight topic areas and the questions that are included in the topic areas are pulled from the broad community input, key conversations that we've received thus far. They're not in any way intended to indicate that's an issue or any kind of decision that will be in the strategic plan; rather, they are topic areas for which the Board and--that the community has raised and that the Board in particular wants further conversation and input on. So these were drawn from the input and the conversations we've had thus far with the community. They are not to be taken in any way as decisions, but rather areas where more conversation and input is certainly needed. So I think it's important to keep that in mind.

And so the inflection point for--and also, they're not comprehensive. So if you don't see addressing and numbering on the slide that addresses ICANN's role, again, the questions raised there are intended to reflect some input and questions and suggestions that we've received thus far and to raise the questions and to help advance the conversation.

But the inflection point for community input on what is actually in the strategic plan, as I noted, will be the input on these topics and any other topics that you feel, and input you feel is warranted to be considered for the development of the strategic plan. And then the draft strategic plan will be posted in early October,

will be also another important inflection point and another point of input for the community. Does that answer your question? So what have I missed?

Sabine Dolderer: For me, it's just the question, where's the accountability? Because currently, the ICANN Board has a clear mission and there's council to the commission to fulfill that mission. And for me, there is a lack of understanding how actually a Board will play a mission and accountable to that mission if they were to evolve the mission to wherever they want to go to.

Denise Michel: Yes, I see your question. So I don't think that's the point, Sabine. And if the community input we received, and the decision of the Board was that we needed to, as a community and an organization, revisit the mission and core values that are in ICANN's bylaws, then that would start a new and separate process that would very much involve the community in a consideration of whether ICANN's bylaws should be amended.

But it's a very prescribed, very community-intensive process, so I think that should be kept in mind as well. There's the strategic planning process that is incorporating a number of ideas and conversations and input that we've gotten from the community thus far. It shouldn't be taken in any way as short-circuiting a very specific process that would be used if and when the Board felt that ICANN's mission should be in any way reconsidered. Does that answer your question?

Sabine Dolderer: I think you did.

Denise Michel: Okay.

Roelof Meijer: Thank you, Sabine, for being so considerate. Paulos and then Debbie.

Paulos Nyirenda: Thank you. When did you find out the thinking behind the planning process with respect to the regional diversity that is being brought into the system? So far a number of regional strategies are being considered and the one in Africa is complete, but we are waiting, as stated, for the other regions. What is the thinking and the process on how this will be integrated and what it is?

Denise Michel: And so we're very much looking at the regions that have completed regional plans to look at appropriate ways of incorporating that in the new strategic plan. We're also using the regional staff at ICANN to conduct additional engagement to develop input from all of the regions to factor into this strategic plan. So fundamentally, we're using that approach to make sure that we capture regional needs and input for this strategic plan.

Paulos Nyirenda: Do you expect all the regional plans to be in place by October?

Denise Michel: You know, I'd have to check with Tarek and Sally on that. I'd be happy to get back to you on the schedule that they're targeting.

Roelof Meijer: Is that okay with you, Paulos?

Paulos Nyirenda: Yes.

Roelof Meijer: Okay, Debbie.

Debbie Monahan: I just want to pick up on what Lesley started and some of the concerns that Sabine--.

Roelof Meijer: Maybe you can just tell who you are?

Debbie Monahan: Oh, sorry, Debbie Monahan. I think Lesley started off by talking about--you know, we keep asking for accountabilities and to make metrics and other such things, and Sabine's just said we had some of it actually stuck together, and we have it consistent and right, she thinks a total mix. Because what's missing is what ICANN is seeking to achieve by actually using those particular things as strategic goals. So we want to do this in order to, or to enhance, not the specifics of going right down into the details, because I agree with Sabine that it's actually the operating plan.

But there's no real target as to what exactly ICANN's vision is in respect of these things. So when you go through and you read it, while you're justifying doing this because it's not clear what you're all seeking to achieve. And so, again, it's very hard to turn around and say, well, how is your mission is going to succeed when you actually haven't said why it is you're actually doing it? And I think that those very high-level, in order to achieve that, is actually one of the key things that's actually missing from the current strategic plan.

Denise Michel: Thank you. That's very helpful. I agree.

Xavier Calvez: Yes, I very much agree, and I think that's even something we commented on in earlier plans, because I think formerly, your previous plans, ICANN's mission is One World, One Internet, which sounds like a nice payoff, but it doesn't really say anything about ICANN's role in it, especially in the One World bit, I don't know what ICANN can do there. So that's a very cogent point, and I think it should be addressed in the same process.

Unidentified Participant: I have a simple question. ICANN has developed a couple of regional strategies against our friends in Africa, another one in Latin America. The CEO said in the last meeting in Beijing that there will be an Asian strategy after appointment of the new VP in Singapore. So my simple question is, is ICANN going to develop regional strategies for all five regions, including Europe and North America? And are you going to set up more than regional or parishional hubs and engagement centers other than Beijing? I don't know they're operating. It's very much (inaudible).

Denise Michel: Stephanie plans to develop more regional engagement plans, and I'd be happy to get the latest from Sally and Tarek and provide you with more information on that. And I don't know, Xavier, if you have anything else to add?

Xavier Calvez: You mean more hubs than the Istanbul, Singapore? So those are three hubs covering all the time zones. They're more designed to cover time zones rather than regions. I don't know if that was clear in the past. But engagement offices, as Denise says, there's plans for more, and I think that's also something that needs to be the result of this strategic formation of why we think we should have engagement offices in different places. And I believe there's a number of plans by the--I know Nigel Hickson is working on developing a European strategy as well. But I don't know yet what this exercise will entail in terms of resources and time. But each of the regions should have their own strategy, irrespective of how extensive the work that it takes to do it is.

Roelof Meijer: Okay. Denise, thank you for being so patient with us. When you entered and said it's always a pleasure to be with this group, I thought, "Oh, dear, I hope that she still feels that way through the end of this meeting."

Denise Michel: Of course I do.

Roelof Meijer: I know that we're putting quite a bit of pressure on you, and I just hope that you trust that this is out of a sense of shared responsibility and not just to give you a hard time.

Denise Michel: No, I absolutely do. I actually look forward to this group.

Roelof Meijer: Along in my personal comments, and this is about the process, one of the things that I find really difficult is--and I think also Giovanni touched upon that--is the plan behind the plan. The approach that you've chosen, asking very open, very wide questions, the whole process started off in April with these questions on the MyICANN website. I know that we filed our answers. I don't know--I've been on holiday, so maybe I missed it--but I don't know if there's been any feedback on that to the community, but now we have a new range of questions. I just went through the website and saw that part of them still had zero comments.

I think you're asking quite a lot from the community. And in my personal opinion, I would find it much stronger if ICANN came out with a clear vision, and then used community input on that theme and enhanced that vision. But all these open questions give the impression that this multi-million, 200-plus full-time equivalent organization doesn't have a clue about what it's doing. It knows what it's doing, but why is it doing it, it's asking the community why are we doing what we're doing? And I don't think that's--in my opinion, that's not a very strong approach.

So can you elaborate a bit more on why you choose this approach? I understand about getting community input, and I applaud you for that. I think it's very important, and I can see that you're very focused on that. But maybe it is a bit too much of a "just tell us what we should do" approach.

Denise Michel: Yes. We did get the ccNSO input as well as a lot of other input from a number of different community groups, individuals across the organization. Those are posted and were used to inform the direction the Board decided to go in creating a framework for a more formal community conversation on strategic planning.

The Board felt that because of, I think, the pace of growth and the challenges for ICANN, in a range of factors, that it would be the right time to--and also because of the vastly different perspectives and priorities that we see in so many different communities within ICANN. What is role expansion for Sabine is, "We told you to do this 10 years ago. Why aren't you?" from another group.

And so part of this, I think, is the Board really challenging the community to--well, the Board embracing some very broad ideas and input that the community has given them and reflecting back some key areas that the Board would like the community, the cross-community conversations to occur in, and to get some deeper comments and input and sort of surface some of these challenging requests and input that the Board's getting from the different communities and try and intensify the cross-community conversation on some of the more challenging areas that the Board's facing.

So the Board specifically chose this approach of having an open framework for community conversation at this point before it narrowed down into a proposed, clear vision statement and a proposed strategic plan, which will be a very concrete document for the community to comment on. So that's the reason that the Board chose this particular approach and the questions that you have posted. But you'll get a much more traditional vision statement and proposed strategic plan to comment on in early October.

Roelof Meijer: So just for the record, this is Roelof Meijer. Denise, I understand what you're saying, but now you're just painting the two extremes, the open questions and the concrete plan, and there's something in the middle. Isn't there, at this time, something like a half-project that you could share with the community so that we at least get a bit of a view of what is being done with the input we've already provided? What the Board thinks about it, what the vision of the Board is?

Denise Michel: So what we did with it is synthesized it. The Board considered it, spent several days with the input and the products, and the takeaway from that was to focus the community's conversation on the eight topical areas. And at this point, that's as concrete as it gets. And the Board also wanted very much to support a bottom-up conversation on this as well, and not to close down or go to a specific decision or statement at this point in the process.

So we don't have anything more specific or definitive for you, other than the Board really seeking much more in-depth input from the community and more consideration in these eight topical areas. And then we'll have a very concrete document for you to react to in early October. And as I said, Xavier and I will follow up and give you a much more long-term plan so you can see, over the next five years, how we plan on addressing the strategic plan and the operating plan and budget.

Roelof Meijer: Thank you. That's clear, at least. Any other questions?

Denise Michel: Well, you have my email address if you think of any after I leave. And I'll follow up on the information that you asked me before.

Roelof Meijer: Yes, we will definitely know how to get hold of you, that's for sure, yes. And the guys on the phone--are you still there?

Operator: Yes, they're here. No additional questions. Thank you. Roelof.

Roelof Meijer: Okay, then, a special thanks to Denise and Xavier for spending so much time with us and taking a little difficult questions with patience and understanding. Thank you very much for that.

Denise Michel: You're welcome. My pleasure. Thanks for having us.

Roelof Meijer: Thank you all for being here, and thank you, too, for being with us through telecommunications. And you'll hear from us.