

PRESIDENT'S REPORT

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*"Come, come
Whoever you are
Just come..."*

These are the words of the beloved 13th century Persian poet, Mevlana Rumi. They were shared with us by the Chief of Cabinet to the President of Turkey a few weeks ago in Ankara, and they echo the philosophy that has brought us together once again: *ICANN's door is open*. It is open to everyone - no matter your nationality, your language, your position, your level of expertise or your opinion. It is open because your unique voice matters to the future of the Internet.

Welcome to ICANN 41, and to wonderful Singapore. It is a living example of the transformative power of technology. In 2011, for the second year in a row, Singapore was ranked the second most connected country in the world. ICANN's first public meeting was held here back in 1999, and we are very pleased to return to your warm welcome.

We welcome our special guests who honor us with their presence today: Ms Grace Fu, Senior Minister of State for Information, Communications and the Arts.

And Ms Aileen Chia, Deputy Director-General of the Infocommunications Development Authority.

They have spearheaded a national effort to ensure Singapore's smooth transition to IPv6. The Singapore Internet Exchange is a now major Internet hub in the region, serving our interconnected world.

And I would like to recognize Asia's Internet leaders, including Professor Tan Tin Wee of Singapore for his pioneering work on internationalized domain names; Dr. Wu Jianping of China, winner of the 2010 Jon Postel award; Professor Kilman Chon of Korea; James Sang, for his contributions in advancing the development of IDNs; and Professor Jun Murai of Japan's WIDE Network, who have done so much to advance the Internet.

They are a reflection of Asia's legacy of achievement in the high-tech field – a legacy based on engineering excellence, ingenuity, creativity and hard work.

We are deeply grateful to Leong Kung Thai, the Infocomm Development Authority of Singapore and the Singapore Network Information Centre for their generosity and unparalleled hospitality in hosting this meeting, and for the attention they have paid to every detail to ensure the success of this key event in ICANN's history.

As we gather here, we face a number of important issues. A decision is expected shortly on new Generic Top-level Domains. Recommendations of the Accountability and Transparency Review Team, including implementation plans, are due for action by the Board of Directors. And a new Chair and Vice Chair of the Board will be elected this week. This is truly a significant moment in ICANN's history.

Internet impact

According to a recent study by McKinsey Global Institute, the Internet contributed about US \$1.7 trillion to global GDP in 2009, and accounts for some 3.4 percent of GDP worldwide. In more mature economies, 21 percent of all economic growth in the last five years can be attributed to the Internet. At a time when the world needs more jobs, our efforts to open up and advance the Internet and the DNS can be a contributing factor.

For every job lost through technological advances, McKinsey reports that 2.6 new ones are created. That's a good ratio. This increase in employment and the resulting productivity boost have led to higher living standards and greater wealth worldwide. They have become key factors in international efforts to alleviate poverty in developing nations, and this is a potent argument for keeping the Internet open and unified.

The Internet advances economies through innovation. It provides a global launch pad for the ideas that will generate tomorrow's great economic opportunities. It empowers creative thought and risk-taking. And never has innovation had a more fertile field to grow in.

Here in Asia, you have much to be proud of. South Korea and Japan enjoy the fastest broadband speeds in the world, reportedly far surpassing the United States and many European countries. In Japan, the average speed is 84 Mbit/s; in the United States, only 17 Mbit/s. Asia has 42 percent of the world's Internet users, or over 800 million people - 400 million of them in China alone. That's a 600 percent increase since 2000. According to Cisco, global IP traffic will increase fourfold by 2015, and Asia could account for 42 percent of that. China alone is expected to have 670 million Internet users by 2015.

The Internet's mega economic impact, and its potential for greater growth and influence, make ICANN's role even more relevant. Our collective economic future

depends on maintaining a stable domain name system , in order to provide the foundation for continued innovation. ICANN must be part of the dialogue to ensure this role is understood, and to advance our common goal of a secure, stable and unified global Internet.

A key element of that dialogue is the Internet Governance Forum. Through the dedicated work of many stakeholders, the IGF's mandate has been extended for five years, thanks to the efforts of many of you. At the same time, the UN called for changes that could profoundly alter the IGF's form and function. ICANN is contributing to their development through the Commission on Science and Technology for Development, and we look forward to participating in future IGFs, including in Nairobi, Kenya, in September.

Engagement with governments is also fundamental to ICANN's role, and to the very future of the Internet. In representing governments at ICANN, the Governmental Advisory Committee, or GAC, continues its growth, indicating that governments are increasing their participation in our work. The GAC's significant role in ICANN, of course, complements many other groups.

This constructive international engagement was well demonstrated in the Board-GAC consultations in Brussels and in sorting through 80 complex and challenging issues related to new gTLDs. It demonstrates once again that the multi-stakeholder model is working.

And now for today's big news.

New Generic Top-level Domains – a turning point

Every ICANN public meeting is important. But this meeting is particularly important for an obvious reason: this morning the Board of Directors will consider whether to approve a program to introduce new generic top-level domains into the DNS.

It has been a long, hard road. But here we are - almost six years after the formal policy development process began - facing a decision today on whether to move ahead with one of the most significant changes in the history of the Internet and the DNS. A lot of people thought we would never get here.

If the Board votes to approve the new gTLD program, the name space of the Internet could expand dramatically, with the promise of significant economic impact. Many organizations with an online presence will be affected in some way. This represents great opportunity as well as some risk that we must and will manage.

New businesses are already poised to move forward. Consulting businesses to advise applicants have sprung up. Over 120 organizations have publicly said they intend to apply for new gTLDs, and nearly 90 declared applicants have active websites marketing

their ideas and concepts. This is innovation at its best. They are proposing all types of gTLDs: city names, community ideas, branding opportunities for internationally known corporations, IGOs and others. This demonstrates the rich platform for innovation that new gTLDs represent. Others are preparing to take advantage of the upcoming change even if they do not intend to apply for a TLD themselves.

Development of the new gTLD program continues to be conducted in a highly transparent, inclusive and comprehensive fashion, and this has continued here over the last several days. The community has gone to tremendous lengths to address the concerns of all interested parties and to seek balance among them.

Some claim that ICANN stands to profit from the new gTLD program. This is not true. The program will be run on a cost recovery basis, as approved by the community and adopted by the Board.

As CEO I have neither advocated nor opposed this program. Now that this phase has been completed I will be raising my hand to vote. This was a strategic decision I made when I came to ICANN. I saw my role as fostering the environment, processes and skills to develop the program's framework.

When the ICANN community develops and implements policy, everyone gets a say, and the close cooperation among the community, staff and board was particularly beneficial in the development of the *Applicant Guidebook*. This careful and extensive consultative process – especially on detailed matters of such consequence – takes time, but the result reflects a well-considered community consensus.

We have reached the end of the policy and implementation planning phases of new gTLDs. Now the real hard work begins: program launch and execution. Application processing will proceed according to our policies, the *Applicant Guidebook* and ICANN's bylaws. The ultimate decision, following staff processes and independent panel findings, comes when the Board chooses whether or not to delegate the string into the root.

We have an obligation to represent the global public interest in every aspect of policy development, implementation and execution. But each of these phases is distinctly different, and ICANN and this community must acknowledge that once the decision is made to move forward with implementation, one chapter has closed and another has begun.

The open-door process of private industry and other parties promoting specific outcomes - which contributed so much to the policy development process - must now come to a close.

Application processing must be neutral and objective - and be seen as such - with new and clean lines of separation among community, applicants, board and staff on all issues related to applications.

As applications are evaluated, we must maintain the integrity and transparency of the process so that all stakeholders can have confidence in this program.

ICANN already has clear confidentiality policies and under my leadership we will continue to enforce them.

I am proud of this community's achievements in developing this incredible innovation and in bringing this issue to a conclusion. Huge technical and political challenges have been overcome through inclusion, cooperation, diplomacy, compromise and a lot of hard work by many, many individuals, a lot of them in this room. We thank you.

No one thought it would take this long, but the commitment – some might say endurance – needed to bring so many conflicting interests into balance to produce a credible and well-grounded program has never wavered. It reflects the very best of the multi-stakeholder model and of this community.

Internationalized Domain Names

Internationalized Domain Names make it possible to access the Internet in scripts other than Latin-based characters, and their successful adoption has been one of the ICANN community's great successes.

The new gTLD program will enable additional IDNs. One pending issue is the potential delegation of variant top-level domains. Some scripts - Chinese, for example – exist in multiple forms, with several ways to represent the same concept. IDN variants would allow their use at the top level. On Saturday the community started work on case studies of variants in Arabic, Chinese, Cyrillic, Devanagari, Greek and Latin. These community-led teams plan to finish their report to the Board by year-end.

IANA

You will recall that at the Silicon Valley meeting, I called for the widest possible range of voices to respond to the US Department of Commerce's Notice of Inquiry on the IANA functions. No matter what your view, in keeping with the multi-stakeholder model it was important that everyone be heard.

It was wonderful to see so many people, organizations and countries come forward.

Over 80 organizations and individuals offered their views on this critical issue. The comments indicate strong support – over 80 percent - for ICANN's performance of the IANA functions and for keeping those functions together. The call for greater

transparency and greater multi-stakeholder involvement in and oversight of the IANA functions was also strongly supported.

Further evidence of support comes from the IETF, the Internet Architecture Board and the Number Resource Organization. At their request, we have begun discussions about ICANN managing and operating the single Global Trust Anchor for Internet Number Resource Certification.

As you many of you are no doubt aware, the Department of Commerce has asked for additional comment on enhancing the IANA functions. This Further Notice of Inquiry seeks input on more detailed proposed changes to the IANA contract. Again, I urge the entire community to submit their views, no matter what they are. It is imperative that the performance of the IANA functions receives the support of the global Internet community. We thank NTIA for providing the community with multiple opportunities to provide input.

Transparency and Accountability

ICANN continues to implement the recommendations of the Accountability and Transparency Review Team. We created a team of executives to focus on this area to ensure that adequate resources were dedicated and that the work got done.

We have proposed that all 27 recommendations be adopted. The Board must take action by the end of June and allocate the necessary resources. We have been conducting the analysis, listening to community input and developing implementation plans for Board consideration. Many operational improvements have already been implemented.

ICANN has a strong foundation of accountability and transparency-related achievements, and we will continue to build upon this.

Security and Stability

The Internet has tremendous capacity to improve lives through greater economic growth. But its capacity for good also has a shadow: the capacity for harm.

The new gTLD program includes many new protections for rights holders and measures to mitigate malicious conduct. But the work does not stop there.

The GNSO is reviewing concrete recommendations to address domain name registration abuse in gTLDs, including cyber squatting, malicious use of domain names, fake renewal notices, uniformity of contracts and Whois access problems, among other issues. The community is developing a discussion paper on non-binding best practices to help registrars and registries address these matters, and a workshop is being held here in Singapore.

Whois data includes registered domain names, registrant contacts and other critical information. The GNSO Council is working with ICANN's policy staff to conduct Whois studies to provide a more factual, data-driven foundation for future policymaking. One is reviewing previous GNSO Whois policy issues and current and potential technical requirements. A strong Whois database is a priority as ICANN increases its collaboration and engagement with law enforcement.

Law enforcement has a key role to play in our multi-stakeholder community, and Interpol is an important international leader in this field. I was privileged to visit Interpol headquarters in Lyon, France, last month, where I met with Secretary General Ron Noble to explore avenues for closer collaboration on Internet security. We were pleased to learn of their interest in joining the GAC as an observer.

The ICANN community is also part of a wide-ranging discussion on the Registrar Accreditation Agreement to better address the concerns of the security and law enforcement communities, enhance protections for registrants and provide better compliance tools. I hope that more progress can be made this week.

This meeting will also bring together a broad spectrum of community experts on DNS security and stability, a full-day working session of the AOC SSR Review Team, workshops on DNSSEC implementation and technical sessions with the ccTLD community.

Preparing ICANN for the future

As always, ICANN continues to face a massive global agenda. We must have the leadership, professional skills and experience to meet these increasing demands. While we have made solid progress, the challenges continue to grow, and we must redouble our efforts.

These past two years have been a period of significant transition for ICANN's staff. Many changes have been made to ensure that we can continue to serve this community and the public interest to the highest professional standard. I was explicitly given this challenge when I was hired.

Our need for different leadership and processes does not diminish the enormous contributions of previous staff members, many of whom have moved on to other organizations where they continue to contribute to the ICANN community from a different perspective.

We have a true success story to tell.

We are building a world-class organization. We have upgraded policy development support, created a Communications Department and enhanced IANA processing. We strengthened the security team and contractual compliance.

The changes to date have also produced a mature and cohesive senior management team that functions at a very high level of quality, productivity and teamwork, and continues to grow in its scope and abilities. Simply put, we have a great executive management team.

We continue to bring in many individuals with diverse international backgrounds that help to globalize this organization and extend our language skills.

We're also building new tools so our staff can do their jobs more effectively: a new financial system, the TLD Application System, a new and more effective Intranet and an efficient document management system.

All of this has been achieved while keeping turnover below the industry norm. A normal rate of turnover in the high tech and non-profit sectors is 20 to 25 percent a year. Despite material upgrades in numerous key positions, ICANN's turnover in 2010 was only 11.62 percent. In 2011, overall ICANN turnover is tracking at an annualized rate under 13 percent - still below average.

But it is important to note that turnover is likely to increase if new gTLDs are approved. We will be substantially augmenting and improving the new gTLD program office. And we could see a rise in departures as our highly qualified staff are recruited by other organizations for their unique expertise in this emerging area. This would be a solid endorsement of our staff. Not unexpectedly, the first such resignation has already occurred. I am pleased to hear the community begin discussion on whether ICANN's Ethics and revolving door policies need to be strengthened.

Conclusion

The past two years have been a tremendously rewarding period in my professional life. What we have all achieved together in only two years is truly remarkable.

If new gTLDs are approved, it will be our fourth major achievement of global significance since my arrival two years ago. Together we completed the Affirmation of Commitments. We completed IDNs and the fast track program not long after that, and then DNSSEC was successfully launched last year and rolled out around the world. Everyone in this community can be proud of these achievements.

And of course we have seen a significant strengthening of the multi-stakeholder model through enhanced relationships around the world.

We did all of this while ensuring 100 percent accuracy in IANA delegations and redelegations and maintaining the stability of the Internet's root.

Our work is not done.

I will not stand here and pretend that any of this has been easy, or that there have not been naysayers. I am proud to have led this organization through such a productive period under such enormous pressures and change.

Peter Dengate Thrush and I are very different people. We have different talents and work styles, different backgrounds and interests. But together we forged an extremely productive relationship that has always been focused on performance, delivery and quality. Peter sharpened this focus in the Board; I did it with the staff. We have worked closely together on countless occasions to ensure that the public interest was served.

The power and stability of that relationship will be gone on Friday as Peter completes his term as Chair of the Board. It has been a great platform for Board, staff and community success. And I am thankful to Peter for all he has contributed.

I look forward to building that kind of relationship with the new Chair and the new Vice Chair. Today we face a fateful decision for ICANN. Our reputation and the future of the multi-stakeholder ecosystem depend on how well we respond, and I am confident that the new Board will rise to this challenge.

The new gTLD program will be a crucial test of our ability to execute and to stay focused on what matters, not on the noise that can distract us all. We are dedicated to delivering this program - and all our responsibilities - to the highest possible standard, and we will.

I would like to thank ICANN's incredibly dedicated staff, who have worked so hard and with such professionalism to bring us to this moment.

The new gTLD program may be ICANN's most important achievement yet. For the community, the Board and the staff - for everyone who has worked so hard to make this happen - this is an historic moment. The moment that together we can and will make history.

Thank you.

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