Byron Holland: Okay. Well, with that, we’ll start this working group meeting. Apologies for being a little bit late, but there was a few challenges because of the schedule change as well as I think the location people are still sorting out where in this building they’re trying to get to. I want to thank Xavier for being here to start with. I know you’ve got a bit of a challenging schedule, so although I have put out an agenda, we’re going to supersede the agenda as it’s written with some words and a brief presentation from Xavier.
But before that happens, I just wanted to do a quick summary of where we're at right now and I'll do that as soon as we just review the agenda and make sure that the agenda is okay and if there are any other issues that people wanted to add to the agenda, recognizing that the first edit will be a presentation and discussion with Xavier prior to the agenda items that you've already seen. Are we okay with the agenda as it's written? Okay. So -- I probably didn't state my name right out of the gate, did I? For the record, it's Byron Holland from CIRA, Chair of the Finance Working Group.

Just in terms of where we're at today, obviously at the last meeting in Prague there was a bit of a change in direction, shall we say, in the expense area grouping reporting. It was determined to not be the right tool for the job. Xavier was quite forthright in basically stating that he no longer believed that that was the appropriate way to move forward for this working group, or at least in terms of the data that ICANN is going to be required to supply in order to for us to come to conclusion for work of this group.

And I think it's important to note at this meeting that one of the things that came out of Prague and moving forward was perhaps a change in the philosophical direction that we were taking. The dialogue up to Prague had primarily been around a service-oriented model. In other words, ICANN says, "We provide X services and therefore the CC operators should provide Y financial contribution." And in a sense, the whole dialogue was in and around if we get something then we should pay in due course for those services. Subsequent to Prague -- in Prague, in particular, I had a number of conversations and I know there were a number of conversations about is that even the right or appropriate model -- a very service-oriented model? And one of the things that became clear to me and I think a number of people here was that perhaps a pure fee for service or a fee for service-oriented model really didn't capture the nature of the relationship accurately. And what started to take shape organically in conversation was a notion more of a value exchange-oriented model. So it's not just we get (inaudible) service, our share is X, we write a check for that, but more what is the holistic relationship that the CC community and ICANN have together and what is the exchange of value that we provide each other? Without a doubt, ICANN provides a number of services and resources that we use, but of course, the CCs are an integral part of the community and we provide a significant amount of value back to ICANN, not the least of which, of course, is just hosting meetings like this, which is near and dear to my heart right at the moment. But I think out of Prague, that notion really started to crystallize with myself and with others, and out of Prague, too, there was an idea that maybe we should have that conversation more directly with Xavier, which I did over the course of the summer and reflected that in the last conference call that we had -- that is there an opportunity to get to, in a sense a different approach -- different philosophical approach to the contribution model, and that's one of the more holistic value exchange than just a pure fee for service. And for those of you who weren't on the call -- most of you were on the call during the summer -- there was a general acceptance if that made sense. So it's with that notion that we've moved forward. I had provided some documents along with the agenda which captured some of that notion -- what does the value exchange look like? And really, those were called fundamentally from the survey research we did a few meetings back and trying to map what was in the survey to what could be considered a very, very preliminary version of what the value exchange from ICANN to the CC community and from the CC community to ICANN might look like, both from a quantitative and a qualitative perspective. So we've tested it out. I think this is a first stab at that approach. Certainly Xavier has been pretty open and forthright about what that would look like from ICANN's perspective and he's going to share a bit of that perspective with the whole group. And the idea here is it's -- it really is the beginning of a conversation around value exchange and what would that exactly look like. Now, when I say the beginning, I don't mean another 18 months of dialogue, but just the beginning of taking a look at this model. Much of the work has been done so I think that there's an opportunity to make a course correction here but nonetheless keep us moving with an end target to come to a
resolution on this issue at the next ICANN meeting. So we will, without a doubt, be a meeting late, but I believe there's still good opportunity to only be delayed by one meeting.

So with that preamble, I'm going to turn it over to Xavier to walk through a presentation that he's prepared just to give a sense of, from the ICANN perspective, what might a value exchange methodology look like. Xavier?

Xavier Calvez: Thank you, Byron. Thank you for the invitation and the opportunity to speak in front of --. So right away, I think we'll just get into trying to describe in parallel and collaborative approach with what Byron described the thinking had been in Prague. We have tried to give a view and Bart has -- and I have worked together to try to put on paper a perspective on a value-based model, and this is the next (inaudible).

So we don't necessarily have to go into the details of each line item here, but just to speak about the structure of this document, what we've tried to do -- and when we've discussed with Byron and Lesley and Roelof -- is let's try to list out what we think ICANN delivers to the CCs and what we think the CCs deliver to ICANN so that we have a full picture of the whole thing, and try to draw out of that what we think makes the most sense to try to move forward. So this is really the result of putting thoughts on paper and trying to have a reasonably comprehensive view of what the items that make up this value are, and that's what led to what is on the page here.

So on the left, it's the value of -- that ICANN delivers to the CCs. On the right, the value that the CCs deliver to ICANN. I think it's important to note (inaudible) overview of this, that it is quite obvious when you read these items that some are reasonably specific -- tangible, I would say -- and others are more conceptual and more subjective. And, of course, I'm saying that with my finance mindset -- probably more difficult to measure as well. But nonetheless, I think the words formulate a notion that correspond to a value. Even if there is a quantification challenge in that value, nonetheless the value exists. I don't know if there's any questions at this stage on this. I didn't necessarily expect to just go into details of each at this stage. I just wanted to present the work that we have done to try to formalize the value approach or at least the basis of what could be a value approach.

Any questions or comments at this stage or should I just move on?

So to try to take the next steps to this value approach should we determine that it makes sense to move forward with it, we thought that it was helpful to try to see what those next steps could potentially be so that we can shape a little bit of substance to that effort. So we thought that, in looking at those value items on the previous page, conceptually -- and for the sake of getting to a point where we can evaluate them financially -- it was helpful to try to -- I'm going to use a word that I'm not sure is a word -- to bucketize them -- so to define buckets that we can assign qualifications. So we thought in the value that's delivered, there are some items that are, as I said earlier, specific, probably fairly some controversial, reasonably easy to measure, and that's the first bucket at the top there. And also, in that bucket, we've tried to formulate whether or not it's directly supporting the CCs as well as suggesting that that bucket would be an exclusive benefit to the CCs. So that's a -- that's the easiest one to define.

Once you've passed that stage of simplicity, I would say, then there are values that are on the slide before but that are not delivered only to the CCs but also to others. And that's what is in the shared concept here in the middle of this page. It's still reasonably tangible types of services -- reasonably defined in -- that can be evaluated, but it's not exclusive to the CCs. And then when you look at those values on the previous slide, there are, I would say, notions or more subjective values -- more intangible -- that pertain
to the mission and -- of ICANN and that, conceptually, I think we can agree or at least
discuss the existence of a value. But from a purely valuation -- the quantification of that
value -- much more challenging, though I could imagine -- and I don't have a specific
example in mind right now, but I could imagine that we can agree on a way to formulate a
specific value and try to say, "Well, we're going to measure it like this" and though it could
be a subjective decision, we could try to make our lives easier for more difficult matters to
just say, "Well, we're going to decide (inaudible) together that it's going to be like that."
But we thought it was helpful to try to qualify those because I think the mechanisms of
evaluation down the road will be very much driven by this.

And going to the next slide, what we wanted to explain with this is that those concentric
circles that are on this side are the three buckets that we just talked about. And when we
started thinking through that a little bit, it's obviously clear that there's not very defined
boundaries between everything. There are some items that are very clear. I think travel
funding for the CCTLDs representatives that are funded to come to ICANN meeting is a
reasonably narrow subject -- easily definable and very easily measurable. But a lot of
those items become -- we can start seeing that they're not always clear cut. And
sometimes they're in the boundaries of -- they're between shared and global. When Bart
and I were looking at this, sometimes just he and I were not having the same view at the
beginning on certain items. So if you take two persons, you have two different
perspectives; you take 10, you have potentially 10 different perspectives. But I think that
can be resolved by just trying to justify and document the decisions that we make which
can change as well.

Lise Fuhr: I'm sorry to interrupt. Lise Fuhr. I just want to know when you're saying "we", is it you
and Bart or -- because you show the (inaudible) and the first one was "we" including
Byron, Lesley and Roelof or -- and then the two next ones -- is that also --

Xavier Calvez: No. So the two next ones -- the next steps to the laying out the values is something that
Bart and I have worked on together to try to formulate those next steps with the intent of--
it's going to help us understand this notion of value better. And by just walking the path,
we learned about it. So we thought it was helpful to share with you as well. Bart?

Bart Boswinkel: (Inaudible) from this slide on, we're only talking about ICANN to ccTLDs. That's what you
will see because that's what we understand and it's -- one of, say, one of our goals
is to make clear why this approach might be helpful and others not, and just -- we can do
it from an ICANN perspective. So this is just part of the equation.

Xavier Calvez: (Inaudible.) Thank you. This was -- same thing -- just an attempt to show when you take
the IANA function -- and that we have, for now, suggested to put in the shared bucket --
so not in the most global, not in the most specific, but in the shared one. Taking that
example and a snapshot of the components that we have (inaudible) that function today,
and with the -- this is not trying to give you every -- the understanding of every single line
item. It is just to show you the level of detail that we've been working with to try to
formulate a little bit of a measurement of those functions. So this is a draft and this is in
progress. There are, for example, components of this that we have not reflected in this
slide, and I think that if we would go down the path of assessment and if we would go
down the path of the value model, we would need to formulate. Just a quick example,
the IANA function in ICANN is carried out by a number of departments, for example. You
have an IANA department and you have the legal department, you have an executive
department. That also contributes to the IANA function to making some decisions.
There's a policy department that contributes to it as well. So I think that this is -- it's not
necessarily making easy the measurement exercise, but I think we conceptually need to
recognize it. And this is -- you will relate, I'm sure, to the budget. When we provide a
functional view in the budget presentation, each function that's shown there is the result
of several often contributing departments to that function. So we'll just have to be mindful
of that down the road if we go down that path to have that comprehensive view of a function from the contributions of several departments. So that's just a snapshot of the level of detail. (Inaudible) understand the coding in front of each line is the -- what we call the Budget ID. So it's a little bit of a definition of the purpose for the items that are being budgeted. (Inaudible) is the IANA department. P means Professional services and then it's a sequential number. When you see down the road S after the 3 first digits, it means that it's Staff costs. And there are other codings. But this is giving you just a little bit of a snapshot of part of the detail that we have in the budget. Yes, Bart?

Bart Boswinkel: Another reason for putting this up and to make very clear this is shared is what you see here. This is, excuse me, the snapshot from IANA (inaudible). What makes it difficult is -- and you can see it already -- that what the ccTLD community has been asking for -- what are the costs for the ccTLDs for IANA function -- is very difficult to separate out of this. It's because the IANA function has more than one role. It's not just ccTLDs (inaudible) zone management. It's about GTLDs. It's about ccTLDs. And (inaudible), it's currently about IBMCCTLDs and will be in the future about GTLDs as well. And that's carried out by the same people. In addition -- and that's what you see there as well -- the IANA function also is the protocol registry -- so currently dealing with the ITF. That's the same bunch of people. And also with regard to the numbering and ASN numbers, again, that's the same bunch of people. So it's very difficult, and that's, again, to show why it's in shared and not directly in ccTLDs -- is to show you this snapshot.

Xavier Calvez: Next slide? So to give a little bit more views on what we started to do with that evaluation model is -- you remember a couple slides ago, we had those three buckets? So right now, we're giving you a snapshot of what could be the global bucket -- probably the most difficult to capture, to narrow down to evaluate. And we've listed there just a number of functions that are carried out by the organization and that deliver value to be discussed to the CCs. IDN variant, SSR, (inaudible) local presence. Of course, that concept, for example, of local presence, would need to be defined. We can go into details, but again, this is just showing you the method. DNS (inaudible) is also a value. This is a department of ICANN so it's a little bit easier to measure for us. But then what is the part of the DNS (inaudible) that benefits the CCs is a more complicated exercise. I'm assuming that if there are questions, people will signal them to me and we'll interrupt me. Please don't hesitate.

Next slide? We're now showing the shared bucket and a few of the items that could find their way in there. I think meetings logistics is a reasonably obvious example of there are costs for meetings that CCs participate in them and others participate in them. So it's a really shared cost. Logistics of -- the costs of the meeting is a reasonably specific one. Just to comment on there as well, I think we will have to be careful in if we go down the path of this method -- to have common sense in how we approach this. The meetings logistics -- we could go down to the most minute level of detail to try to extract the piece of the cost that corresponds to the ccTLDs. I can try to start measuring this room and determine out of the cost of the total bill of the hotel how much has been effectively used by the -- so -- but I don't see the value in that. But the point is you see -- but -- so I think there's a way to go about it, and we're not trying to say what method we should retain. I just want to point out to you advantages and difficulties of the model (inaudible).

On the specific side -- next slide? It's a little bit easier, I think, with policy support plus travel. That's the cost of Bart, (inaudible) -- that's their travel. That's reasonably defined, narrow, (inaudible) support right in front of you. The work on the IDN or this ccNSO travel support to the meetings, for example. It's relatively fairly defined (inaudible). So just because that was all so easier to measure, we've given an attempt at measuring it -- that bucket -- the specific ones. And so that's what we have in the next slide. The -- you want to go over that first? Yes. Okay. You mind taking that one, Bart?
Bart Boswinkel: I don't mind. In your -- say, Byron sent out a document with what you see there -- the comparison on value benefit categories. Say, the left-hand column is -- in that document the left-hand column, so benefit as assessed by the (inaudible) survey. The second column is the benefit as identified by ICANN. And what you already see there -- there is no -- there is a (inaudible) change in concepts. And then on the right-hand side, you see the value category we view that -- what we think in which of these buckets that we've identified it should be. So that's either specific, shared or global. One of the interesting observations we had during the preparation of, say, (inaudible) presentation is that, for instance, if you look at what is called (inaudible) management in the benefit assessed by the (inaudible) survey, it's called IANA functions and services in ICANN internal jargon. What is also interesting, if you -- and this is where some of the miscommunications comes in -- (inaudible) management as it is is also, say, from an ICANN perspective, a specific project on the automation on some of the IANA functions. So -- and that's why -- so that's why I wanted to highlight this. I can go back to the slide of the snapshot and you can see it. On the value category, this is again, say -- and I know this just came up in the previous conversations of, say, whether ICANN could provide numbers for these core categories identified by the CC community. And because of the different value categories they're in -- for instance, again, IANA function is the shared value. It's very difficult to provide you a number, or you can provide a number but that's very debatable, on what is -- on the value itself. And that's just to clarify this why we can't -- we don't -- or why we don't provide that number at this stage. So now that leaves the explanation of this slide going back to, say, one of the documents that Byron has sent around that I could share with Xavier in preparation of the meeting. So I didn't share the other one, so you know.

Now we can go to the (inaudible). Sorry.

Xavier Calvez: So I tried to give a shot at evaluating that specific bucket item. We've taken just the components that we had listed before and grabbed the budget values associated with those items and put them in front of you here. Again, that's the easiest bucket to value (inaudible) can gather the costs, they exist, they're itemized like that in the budget, and we can -- once we've determined those -- we can just grab the information. It's readily available. So we've had to (inaudible) provide that and start showing what the method could look like. I have an itemized next level of detail of that (inaudible) for those of you who are interested. Not a problem. But just wanted to give those numbers just to show the substance and make it a little bit more tangible for you.

Unidentified Participant: (Inaudible.)

Xavier Calvez: This is this current fiscal year's budget number -- the one that was just approved in June.

Unidentified Participant: (Inaudible.)

Xavier Calvez: I don't know. (Inaudible.) Considering what those buckets are, I don't think they would be very different, but --. Any other questions or --?

So again, that was just trying to give you a little bit of an overview of if we go down this path, what could that look like and how we would start attacking it. Obviously, there would be much more work, notably on those least tangible items. What we haven't done yet, for example, here, even in that number, is take into account overheads -- so HR, finance, IT, (inaudible), rent -- that we haven't formulated that in that number. Those are -- consist of that type of cost. So I think we should layer that out as well when we do that exercise at -- more detailed and more completely, just to (inaudible).

Byron Holland: Thanks, Xavier. Byron Holland. So the idea here was just to follow on after Prague and the last conference call, that if we went down this path, what might it look like. And
Xavier, I think, fortunately, went back and did some homework on the suggestion of a value exchange model, and this was -- this is what came out of it. What it could look like. You'll see that it certainly bears a resemblance to the documents that I sent. The two don't mesh perfectly by any stretch right now, but you can see how there is an opportunity that we could start to bring those together, and I think that is just giving us an idea in terms of the art of the possible. That's not meant to be a conclusion per se or a final output but certainly gives us, I think, a pretty good sense of what ICANN might be able to do. I guess the question I have, Xavier, is in terms of the value exchange model in general, what's your sense of senior management and essentially the board's appetite for something like this?

Xavier Calvez: Before answering directly the question, just quick facts. Bart and I have shared with the management the discussions that we've had, the outcomes of those discussions of this value model. I also included this item as an update to the board finance committee. That includes, among others, (inaudible). I think that the board, one, is -- the BFC and the board -- and if there is a distinction between the two, I'll specify it -- but for now, the BFC and the board are satisfied with the fact that we're working on it to begin with, that we're working on the process of finding a following to Prague. So they're happy with that. The notion of value expressed in three sentences to them made sense to them. I think they appreciate and value, if I may, the notion that we're looking at a reciprocal set of values. There's the value of ICANN to the CCs and there's the value of the CCs to ICANN. And I think that approach makes sense to them and they like that we look at that and that we have a comprehensive view of it. I think that they believe it is interesting. I think they're expecting us to continue working together on what can we do. I think, from the comments of two members, that they're expecting it's going to be difficult to implement from the perspective of these calculations, which I can only agree with. But at the same time, it's as complicated as it is when you have not entered into it. You know when you start making the next step, you can see that it's maybe not that complicated or that there are choices that can be made to make it more simple. But that's the sense of the board so far and the management so far has also thought the idea makes sense. I think everybody's kind of expecting to see how it's moving forward before having a more substantial "yea or nay" type of approach on the subject.

Byron Holland: (Inaudible)?

Branislav Andjelic: Yes. I just want -- this is Branislav from the serving registry. I just want to understand something about the specific calculation that you made.

Xavier Calvez: Yes?

Branislav Andjelic: This is -- since this is a value exchange proposition, would we now hear (inaudible) specific -- very specific value that we bring to the ICANN in this particular area. You say here meetings and travel. We spend money on meetings and travel to come here. So we would put these two things together with each other, right? You've shown your side and you're expecting us to put our side on, right?


Byron Holland: Mathieu?

Mathieu Weill: Mathieu from (inaudible) Cross. I apologize since I missed the last conference call, but I'd like just a clarification about what we're calling valuation value model here. Usually what you call valuation is value for customers, not costs. Here we have -- it seems to me we're more on the cost exchange model than on the value exchange model, which is a marketing term of how much are customers prepared to pay. Am I correct when I'm saying this or am I missing something?
Byron Holland: Mathieu, I think when we look at the documents that I sent, there's a quantitative and a qualitative piece. So the way that I broke it down in that document was value from ICANN to the CC community, both quantitative/qualitative, and value of the CCs to ICANN, quantitative/qualitative. And to me, it's those four different components that will make up the holistic picture, and that should be able to capture value exchange where it's not necessarily just hard dollars, which -- what we have been shown is -- as I said, it's just meant to be an example of if you buy into the notion of a holistic value exchange, here is one piece of how it would look and work, and that was strictly around -- here's the easy one to get to. Actual direct cash dollars spent by ICANN on behalf of the CCs. And I think --

Mathieu Weill: What you're saying, Byron -- I just want to make the wording clear for me because I'm not sure I understand. You're saying quantitative (inaudible) qualitative. This is what you call quantitative. Is that right? So quantitative means cost for you, and qualitative would mean something in dollars but that would appreciate from our own willingness to pay. Is that what you're saying? I'm feeling a little big confused.

Unidentified Participant: I think the best answer to his question is yes.

Mathieu Weill: It's always (inaudible) answer my question.

Byron Holland: That's what my --

Mathieu Weill: -- Reformulate.

Byron Holland: Staff (inaudible).

Mathieu Weill: No. It's a funny answer, but I'm still serious because what (inaudible) asking is are we talking about the costs of things that we contribute or receive or the value, and they're not automatically the same. For instance, the cost of an ICANN meeting -- we can calculate. The value of an ICANN meeting is very difficult to calculate. So I think we'd better stick to the cost and hope that the value is at least as high as the cost.

Byron Holland: So that description helps me understand the question better and I think it's --

Mathieu Weill: Thanks (inaudible).

Byron Holland: So let me -- and that's a fair point. That's a fair point. Let me try two different words to try to get to where I was coming at it from, which is the objective elements -- which tend to be more hard fact-based, specific dollar-based -- and the subjective elements in the exchange of value, which might be around CCs. Our community has 133 members around the world so we provide, in a sense -- (inaudible) or a substantial amount of the notion of internationalization in the ICANN world is provided by us because we're the ones who have -- and I think in the document that I sent -- boots on the ground. We're the ones with real offices in different countries bringing an international perspective. Can you quantify that? No. Is that a subjective value for ICANN to have us be part of this community? Absolutely. So that, to me -- when I was talking about -- that, to me, is when I speak of subjective and objective, that's trying to get to the same place in terms of value exchange. Does that make sense?

Xavier Calvez: In addition to what you just said, Byron, one clarification. What we've shown here is the whole thing, not just the costs part. What I mean by that is the slides, for example, that we're looking at now -- it is the overall model, quantitative and qualitative elements included. The slide where we put numbers is only a very much narrower view of one of the components and assuming value for those items as measured by costs. So I confirm
what I think you’ve understood is the piece for which we’ve provided numbers in these slides -- those numbers have been determined on the basis of costs and assuming that the value is the cost, or is at least as much as the cost.

Byron Holland: Yes. And that -- I think that that's a very good point to make. There is a fundamental assumption that the cost associated with it is the value being provided, which I think is where you’re going. So that's another layer to it. And what I would suggest there is that's Roelof's problem over in the SOP. So the actual "are we getting bang for the buck?" question -- I'll punt that over to the SOP. My pleasure. Gift to you. Bart?

Bart Boswinkel: Just to be clear, going back to, say, the finance working group call -- the previous finance working group call when, say, Byron introduced the notion and the results that are in the document, there was a clear request made from the finance working group to provide basic numbers in order to have a sense of what we're really talking about -- say, the real basic numbers. And in order to get that -- so this is only, as we've just said, part of the equation. This is only providing you the basic numbers which make sense in, say, from ICANN's perspective because we went through the exercise of going from global to shared to specific in order to drill down to the real concrete numbers, which makes sense.

Xavier Calvez: But I think if we go down the road of that model, I think it would make sense to be more explicit about the assumption of how we measure things and how we identify value with costs or not, and I think Mathieu's point is very helpful in that model description.

Byron Holland: Lise?

Lise Fuhr: Lise Fuhr (inaudible). I just have one question then because you might have said it. So you're providing us with some numbers, but will you also provide us with the value cost? Were you saying that the (inaudible) is valuable to you?

Xavier Calvez: I'm not sure I understood your -- do you mind --

Lise Fuhr: But we were talking about dividing this into costs and into value and saying value's not the same as the cost, so you might have issues where you find -- okay -- we might cost you some money, but that gives you an extra value.

Byron Holland: Can I just say -- just jump in there. Not replace it, but I think that's -- that is where -- if they want to -- if ICANN itself wants to come up -- here we think are a bunch of things that you do that provide us some value, I would encourage Xavier and his team to do that. I think that's probably primarily up to us to say, "These are the things that we believe we deliver to the community" and make sure that we can sell that notion, but I would also encourage Xavier to populate that list if possible. Lise?

Lise Fuhr: I just -- well, in my opinion, if we want -- we have agreed on changing the model, and you came at the Prague meeting and saying we needed to be more philosophical about the numbers. I would like the philosophical part to come from ICANN, too -- to come from (inaudible) the group. Of course, we would like to give some of our views, but we'd also like to know the ICANN part.

Xavier Calvez: So I think that -- not speaking about a validation process or approval process within ICANN of this slide, but unless I misunderstand your question, there's certainly the beginning of an answer from this slide because if I take this slide across ICANN's management, for example -- if we want to try to look at (inaudible), I think that everything in there will be recognized -- probably most likely completely accepted -- by the staff of ICANN which is trying to use that work. So I think that -- so the way I'm looking at it, Lise, is more that in whatever model we come up with, we're in it together. I can't start
formulating a value if you don't see it. There's no value, right? And vice versa. So I think we've tried to capture through this -- in this document values that we thought we share, and I think that's a premise to trying to define a model is I can define my own model, but what's the point if you guys don't agree? And so I view this exercise as collaborative, right? And at the end of the day, we need to work together to define what it is and put in it what we think makes sense collectively because (inaudible) things that make sense are the ones that make sense for both of us, in my view. So at the end of the day, there's not you and me anymore in this exercise, in my views.

Lise Fuhr: Just sort of a quick one. Well -- yes, but then I see, as you say, we should -- it's very important that this is going to show that we have trust and transparency and we believe in each other, and if we should do that, we should go both ways saying, "You're valuable for us and we thank you" -- not only talk (inaudible), but you give us value. And we tell you, "Well, ICANN gives us value here and we spent money on this (inaudible.)" Like we make the surveys and said, "Oh, we use a lot of money on travel and (inaudible) arrangements." But we also need to tell you the value we find from ICANN, but ICANN also gets value from (inaudible).

Xavier Calvez: Sorry to be thick, but I think, for example, here -- when I -- what we've tried to formulate here on this second line -- the (inaudible) that says "meeting hosts, sponsorship of meetings and events" -- to me, that's -- there's a tangible cost to that, but it's the recognition of the value of the CCs' organizing, hosting meetings just like (inaudible) is doing this year now. And maybe we need to formulate it also a little bit differently in the sense of whatever amount of money Byron's organization has paid to host the meeting is an element of that value, but it's also bringing the quality of the knowledge of the CC in the meeting and in dealing with local partners. There's -- so I think I understand your question, but I'm not sure because I think that the answer to your question are largely maybe not completely or necessarily well-formulated but are largely on (inaudible).

Byron Holland: I have Peter and then Branislav and I'm just going to ask, since we do have a considerable amount more of our agenda to go -- those will be the last two questions and then we'll move on.

Peter Van Roste: This is Peter Van Roste from Center. Thanks, Xavier, for your presentation. I see why people are struggling with the -- or the difference between value and costs. I do, too. I think we will make our lives difficult if we keep on calling it the value exchange model. And we already in this brief discussion -- I think it becomes clear that only the costs are (inaudible) what we can put on slides and what is measurable. I'm just not -- I'm not picking on the example that you gave as a way of thinking about this whole thing, but if you look at the last slide, there is IDN plus travel equals 300,000 euros -- dollars, approximately. On the cost side, whereas I think quite a lot of people would see that the efforts that the (inaudible) of the CCs have put into the IDN (inaudible) will be actually of incredible benefits to the whole ICANN society while it still ends up as a cost sector on our final (inaudible). So I think we should be very careful with using -- determine what you've valued in cost. So for the sake of clarity, I think we'd better stick to costs.

Byron Holland: Brani?

Branislav Andjelic: Yes. I feel similarly to what Peter said and I'm sorry I didn't think about this before, but Mathieu has kind of thrown a grenade into the conversation. Yes. It's -- if we take a simple thing like the cost of our travel to ICANN meetings, which is 6 million plus -- okay? -- the question is what is the value -- not the cost -- the value of us coming to the ICANN meetings for us, and what is the value to ICANN of us coming to the meetings? What would ICANN lose if we didn't come? And that's the value basically that that opportunity costs basically -- the value to ICANN of us coming to these meetings. And it's certainly not the entire 6 million. On the other hand, for us, it's not (inaudible) 6 million pure cost,
because we also draw some benefit from coming here. So it's very -- taking that one example, it's very difficult to say, "Out of the cost of 6 million, what is the value to us? What is the value to ICANN?" and how we calculate this into the value exchange model. So while I like, on a philosophical level, this value exchange -- it's nice and it's, I think, as Xavier said, it's us that makes us (inaudible). It's not them (inaudible) value exchange. I also think that we should concentrate as much as we can on those items that we can on the cost basically -- try to assign a cost. And then where we cannot, then we can discuss how to value that. Thank you.

Byron Holland: Thank you. Xavier, thanks for joining us. Thanks for providing that. Obviously it has stimulated some thought and dialogue and we'll continue on within our working group. But thanks for joining us again.

Xavier Calvez: Thank you for the invitation.

Byron Holland: So why don't we transition to the part of our schedule that does not include Xavier. But before you go, since you're in my backyard now I figured I'd better give everybody a little taste of Canada here, so this is a -- also, I have a side benefit. There's lots of sugar so it will give us a quick rush. There's a very famous company in Canada called Tim Horton's which is our coffee company in Canada. You'll see them everywhere. There's literally hundreds, thousands just in Toronto. And this is a little delicacy. I assure you they're good for you. They help you lose weight and they're good for your teeth. But -- so just pass these around. Feel free to grab a couple and you can (inaudible). Are you talking dollars or fat content? Have another. Yes. And nobody leaves until both boxes are done, so --.

Okay. So we'll carry on with the agenda that was actually sent to the group. And there were three components on it, but really the key overlay to them all is at the end of the day, how are we going to come up with a number? What's the number and how are we going to equitably distribute it? And we're only scratching the surface of the left half of that equation; we haven't really even started to discuss in a meaningful way the right side of that equation. But anyway, with that in mind, I'm taking a stab here at some principles -- some general principles -- that should hopefully govern us as we go through the process. And one of the reasons that I wanted to do the general principles up front is easier to do them up front when we're talking about just the principles before we really get into the details, because if we can have agreement on principles, I think that'll be very helpful in guiding us forward when we try to actually unpack how are we going to distribute the number, whatever it may be.

So with that, I had put forward some principles as one of the documents and I was hoping to have some discussion on the principles. I think in first part, is there anything here that is not true? That there is disagreement with, don't believe it, think it's crap? Lesley, on that note, something came to mind?

Lesley Cowley: (Inaudible.) I apologize for being late earlier, so I was delayed by somebody from somewhere in the (inaudible) country. I'd just like to clearly (inaudible) into A, so I know what I think would be fair and I suspect colleagues at (inaudible) would say, "No, that's not fair." So I wonder if the use of fair will work going forward. So in my mind, I think justifiable or defendable or something along that may be better in the longer run because I suspect if -- when we eventually come up with numbers -- on whatever basis we come up with numbers -- there will be a number of people who would say, "That's not a fair proportion."

Byron Holland: Well, that's probably a fair point. I know. Sorry. Couldn't resist. That's not an unreasonable point. I think one of the reasons it's in there -- twofold -- is it is trying to convey something, but also, as you just pointed out, it's what we would call a weasel
word in that there's lots of room within it. So it has a downside, that it's not specific. The upside being it provides a fair scope of maneuverability within it. Now, I guess the question that you rightly point out is does that get us into more trouble at the end and, as a result, it's not worth it? Or does that amount of maneuverability give -- provide an advantage as we go through the process? Mathieu?

Mathieu Weill: Adding on to this, I would question whether it's a principle -- that the contribution of CCTLDs should represent whatever proportion of ICANN costs. If ICANN gets into TLDs thousands and thousands and maybe hundreds of thousands in the future, why would that proportion remain an issue? I am -- I'm not at all convinced that this is something that should be even monitored. What is the share of CCTLDs in ICANN? What needs to be -- I'm more convinced that it reflects the benefits of CCTLDs (inaudible) and so on. That is valuable principle. But I don't think we should focus on the proportion of CCTLD contributions.

Byron Holland: Any other thoughts on that?

Mathieu Weill: I will be sending out donuts before the (inaudible).

Byron Holland: You're not allowed to throw the donuts, okay? (Inaudible)?

Unidentified Participant: I don't know if I understand Mathieu correctly because -- normally I do, by the way. But if we get a lot of new (inaudible) then the proportion of costs that the CCs should contribute will be smaller.

Unidentified Participant: Yes.

Unidentified Participant: But this is not a significant metric because it depends on whatever ICANN does elsewhere. So it's not a key principle that -- at the same level of the costs or contribution that is related to the benefits. It will always be in proportion, whatever it is, but it's not a principle level, in my own opinion.

Byron Holland: Peter?

Peter Van Roste: Would it help if we somehow get into -- Peter Van Roste from Center. Would it help if you somehow get into the set of principles and notion that the contributions should be calculated on services that CCs have actually requested from ICANN? Would that help, Mathieu? Because then you missed out of the GTLD part, for instance. Or you miss out on services ICANN provides that (inaudible) would maybe not agree on that -- that are valuable to them.

Byron Holland: Maybe if I can just add, Mathieu. I think that it comes down to taking two different paths. One is saying -- which is what I hear you saying -- that we should pay a fair justifiable amount of dollars to ICANN strictly for the benefits that we receive -- if I could make it a little clearer -- versus what's here, which includes more of the ecosystem. I guess one of the questions that I would have is do we only want to pay for what we receive or something close to that? Or do we believe there's a broader ecosystem within the ICANN fold that we should be contributing to as well? And that's, to me, where the proportion relative to the whole ecosystem or other stakeholders comes into play. And I think you rightly point out, that is a key principle. Are we going to pay -- we get X, and generally speaking, whether it's qualitative or quantitative, we're going to pay, or do we say, "There's a bigger picture here and we're going to pay some piece of it in conjunction with other stakeholders"? Lise?

Lise Fuhr: Lise Fuhr (inaudible). Well, in principle, I think we should part of the ecosystem, but I find it difficult to go all in this model because what I've seen is that ICANN does a lot of things
that is really transparent, not accountable, and I think the whole CC -- the whole GTLD --
new GTLD process really makes me worried. So having that in mind, I'm a bit biased
about this because I think I would like them to show me a path that I can (inaudible) -- I'm
a part of this of this ecosystem and I want to contribute. But they need to show me. I
know we have a new CEO that might help that (inaudible) but -- I don't know. It's -- when
we go into this value model, you get a lot of the feelings, too. So if you only had the
costs, you would -- you could keep out the feelings. So now I put in the -- you say no?
(Inaudible) said no. But no. To me, it's easier -- okay. I can go home and I can argue for
the costs, but it's difficult to argue for being a part of the ecosystem that we don't find is
doing what's best for the internet community in general. (Inaudible) that's what happens.

Byron Holland: Mathieu?

Mathieu Weill: I really think the ecosystem also is part of the benefits. The way it's worded right now is
benefits, not covers to costs. And so it includes this. And I think in setting the principle,
we should aim at having as few principles as possibly. Obviously, as few principles as
possible.

Byron Holland: Should we make that a principle?

Mathieu Weill: I think we should make that a principle.

Byron Holland: Because I -- I make light of it, but I agree.

Unidentified Participant: (Inaudible) and I share it.

Unidentified Participant: So Mathieu, you're saying that your main principle is we -- as few principles as you can
be?

Mathieu Weill: No. A single principle as possible. Not (inaudible) principles.

Byron Holland: So in terms of having principles that give you enough room to maneuver but are -- give
you also fairly clear direction, if -- just one second. If we consider what you just said --
that the ecosystem -- because principle number one is it's voluntary and, therefore,
people will have their own flexibility in making up their minds while we try to provide
guidelines -- right -- that benefits accrued will be different in different people's minds and
some people will see the benefit of contributing to a broader ecosystem and some people
will not. And that can be captured in to be -- if we did something as basic as just simply
changing the word fair to -- I think the suggestion was justifiable or appropriate -- does
the rest of it then flow to at least capture the notion of the ecosystem or not? Roelof and
then Branislav.

Roelof Meijer: Yes. Sorry to take you back one step. Because it's the first principle that I have a bit of a
problem with and I think quite of few of you know. If we can come up with a good model,
then I really doubt that having the principle -- this contribution should be voluntarily and
should still be joined in -- the principle should still be valid because you will have 2
communities -- well, 2 (inaudible). There's one community that (inaudible) and 2 of the
existing UTLDs. There is no such thing for them as voluntary contributions. The new
GTLDs -- there is no such thing for them as voluntary contributions. And then there's the
CCs. They have come up with a model in which they can finally calculate if they have to
(inaudible) contribute to ICANN and if they have to, how much? And then they still
maintain a voluntary -- they still maintain that that should be a voluntary contribution. I
think that's not a very good principle on the condition that we can come up with a good
system.
Byron Holland: But the challenge is the CCNSO have no enforcement power to make anybody pay anything. We can strongly encourage. We can highlight. Name and shame. There's a range of tools.

Roelof Meijer: No no. Byron -- but that's true. But if you state in your first -- in your lines of principle you wrote, for instance, the first one is that it's voluntary, that is a clear message to the community. If you said it should not be voluntary, you can't -- still won't enforce it, which is a completely different message.

Byron Holland: Mathieu and then Lise?

Mathieu Weill: Just supporting the first principle as it is because this is how it works in real life. You don't get to pay a service if you don't want a service unless you're absolutely obliged to by law or regulation, which is not going to be the case. So I think it is key to the outcome of this group's sustainability or -- I'm grasping for another word -- but if we want the result of the work we consider credible, and this work is translated to reality afterwards. And reality is CCTLDs are only willing to pay if it's voluntary. And I think it's fair. That is a good measure of whether ICANN is succeeding or not. And it's a good measure as long as it's voluntary. And so I think this is -- I like the fact that it's (inaudible).

Byron Holland: It's a follow-up?

Unidentified Participant: Yes.

Byron Holland: Okay. Follow-up and then Lise. Branislav?

Unidentified Participant: Mathieu, you say it's a fact of life that if you take a service that you pay for it and that if you don't take the service you don't pay for it. Right? But it's not a fact of life that you take a service and then you decide if you will pay or not. I never come across that kind of a service -- that I take and I can still not pay and have somebody else pay for the service that is provided to me. That's a very strange approach. So my -- that's exactly the reason which is behind my issue of not being voluntary. If you take a service and that service costs money, you should pay for it. Or (inaudible) special arrangement that some other groups have agreed to pay for you.

Mathieu Weill: It is public interest service which is very different.

Unidentified Participant: I agree. And it's the same resolving (inaudible) domains and still registrants and registrars. And those (inaudible).

Byron Holland: So let's let some other voices in here right now. So I have Lise, then Branislav, Eduardo, Lesley and Peter.

Lise Fuhr: Lise (inaudible). Well, I do strongly support the first principle (inaudible) and I find it's fundamental to the multi-stakeholder model. And in my opinion, it's a premise (inaudible) for the multi-stakeholder model for the CCTLDs.

Byron Holland: Thanks. Branislav?

Branislav Andjelic: Sorry. If I may go to the item two, I have a problem with item two because this is supposed to be an exchange of values and here we're talking only about the values that we are receiving from ICANN and the basis of payment based on those. You're not talking about the values that ICANN receives from us. So all these A through D -- I think that ICANN gives us and we pay them in exchange for that. It doesn't mention anything about the other way around. So I think it -- you need to build into these principles also the other side because this way, it's only one-sided, basically. There's no value in what
we do. So I don't have a concrete suggestion, but I just think when you work on these principles, somehow we need to work out that other direction as well.

Byron Holland: Okay. So that -- actually, that's a good point. So there were two things that I wanted to look at when we did the -- when we reviewed these guidelines. One is anything that's not there and one -- anything that is simply not true or we can't agree on. So I think that's a good potential add of is there something missing, and that certainly may be one. Eduardo?

Eduardo Santoyo: Hi. This is Eduardo Santoyo from (inaudible). (Inaudible). That -- I guess we need to complement it. And I am going to (inaudible) Branislav because I agree with him that (inaudible) in the second point, we are not expressing what are we giving, what are we putting on the table. We are -- what are we proposing to contribute? And (inaudible) we can say that we are not receiving from ICANN and (inaudible) of the model in general. We are willing to support -- we are willing to pay for (inaudible) to maintain this multi-stakeholder model. We are willing to work with the rest of the community in order to build and to maintain this multi-stakeholder model. (Inaudible) we can reinforce that voluntary basis model of contributions, making more clarity that -- our responsibilities, our commitment in order to build this community as a whole. (Inaudible) that is the modification that we can introduce in this second point and it's not (inaudible). We are making the full (inaudible) expressed as we are paying for services. We are committed in order to build together with the rest of the community this thing that we call ICANN.

Byron Holland: Thanks, Eduardo. Lesley?

Lesley Cowley: Thank you. So the wording needs -- should be voluntary, yes? And "should" doesn't mean "must be" voluntary. So if you wanted to enter into a contract with ICANN, you're perfectly able to. It doesn't say "will be voluntary", so we're all agreeing it will be voluntary or it will be contractual. I think "should" gives enough wiggle room that if people do want to enter into a contract, then they are perfectly able to do so, and there are some CCs that have done that. There are CCs who probably don't want to remain in contract with ICANN, and "should be" voluntary also gives them the room or maneuver to do that. And I think a large number of CCs would be really concerned if, from this discussion, we came out with "will" be contractual or "will" be voluntary. "Should" gives room either way.

Byron Holland: Thanks, Lesley. Peter? Roelof, did you have a comment after? Okay.

Peter Van Roste: Peter Van Roste from Center. I think most of it has already been said by the speakers since I raised my hand, but adding from a model that I'm quite familiar with -- the voluntary model for (inaudible) contributions -- that that does work. And especially in some regions, that is a service when you receive a service and --

Byron Holland: Sir, can I just -- just for clarification. When you say "that does work", maybe I just missed something. What --

Peter Van Roste: The voluntary contribution model.

Byron Holland: Strictly voluntary.

Peter Van Roste: Yes.

Byron Holland: Okay.

Peter Van Roste: In some regions, that means that quite a few of the members are not expected to pay for a service that they will be using, and this is not based on a contractual agreement where somebody else takes over the fees or somebody else is obliged to pay for. And then just
on making sure that you realize that anything that would not be voluntary would probably not be realistic. Some regions ask $150 for their membership and some CCTLDs are struggling to even pay that. That is a real figure that they cannot afford to pay. So anything that would be diverging from should be voluntary. And this other principle, I think, should be (inaudible).

Byron Holland: Thanks, Peter. Roelof?

Roelof Meijer: Maybe first a reaction to Lesley. I agree that "should" gives the possibility to parties to go into a contract and make the contractual contribution and for other (inaudible) to not to do it and not pay at all or if they (inaudible) pay for voluntarily. And as a principle, that's exactly my problem because it's not so much the amount. I agree there are parties that (inaudible) can pay more easily than others, and if it's involuntary, that doesn't mean that suddenly that whole system disappears as well. So you can still maintain a system where you look at the capacity to pay instead of only the cost of the services provided or the (inaudible) you deliver. But the principle is that it's not your charge completely to either pay or not to. And Peter says that it works well in Center. I think in general it works well, but I think also it's probably a bit short to say that all members to the maximum of their capacity. There are members that pay far more than others while some of those others (inaudible) pay significantly more and so that the others could reduce their contribution. So a voluntary (inaudible) model, I think, normally will always have this kind of a good side where parties that have a very low capacity to pay contribute very little and still receive services, and that's a good thing, and others, but -- for that reason -- are paying for them, and there's no problem in that. The downside of it is that there will always be parties that could contribute more and don't. And I tried to avoid the term "free-rider" here, but we all know it and they are there.

Byron Holland: Thanks, Roelof. I do want to be conscious of time, and clearly, we could spend a while on this. But I think we have a reasonable sense of the room right now -- or I do, at least. I'd like to get off 1 and 2A if we can and just keep moving on a couple of -- just to get feedback. I'm not saying we are concluding, just to be clear -- not concluding this discussion right now but I want to keep moving to get a sense of -- or feedback on some of the other principles, as well as there are other items on the agenda. But I think what this conversation has served to highlight is how important it is to at least have consensus. That doesn't mean unanimity. Consensus on principles, because if we can't even have general consensus on a fairly generic principle, we will be in tough shape when it comes to actually coming up with a method. Okay. 10 seconds, (inaudible).

Unidentified Participant: I agree. And I can live with a consensus because I realize that the majority of the community is not yet up to accepting an involuntary contribution system. But my -- I think it will come. I think it will --

Byron Holland: Okay.

Unidentified Participant: I think it will come eventually because it has to do something with emotions, things that happened in the past and all those kinds of things. So I think one day --

Byron Holland: Alright.

Unidentified Participant: This might change.

Byron Holland: We'll leave it to you to be the advocate for progress in that area. In number 2, beyond A and B, just looking at 2C and 2D, is there anything there that is either missing or should be added? Or extraneous, because I do take Mathieu's point -- and I think it's a good one -- that principles should be few in number. Bart?
Bart Boswinkel: Do you really need principle C if you maintain this the CCTLDs' contributions that I think should be voluntary?

Byron Holland: Which, in re-reading C again, was one of the reasons I made the comment is that is it one of those potential principles we could do away with here?

Unidentified Participant: (Inaudible) redundant with 3 as well --

Byron Holland: Okay.

Unidentified Participant: Because they are (inaudible) to A.

Byron Holland: And I think D -- we would all probably assume to be true without having to state it, or maybe we don't want to make that very clear. You could go either way.

Unidentified Participant: I'd like to second Roelof (inaudible).

Byron Holland: Okay. Bart?

Bart Boswinkel: Again -- and maybe this goes back to the discussion of (inaudible). I think this one is very valuable if you go into the values exchange model because it's -- it seals off the value exchange is no direct relation anymore.

Byron Holland: Yes. That's a good point. Number 3? Do we need to state that?

Unidentified Participant: We need a statement about how different CCTLDs have different voluntary contribution.

Byron Holland: Something to the effect of "reflective of their national something or other." Okay.

Unidentified Participant: There's room for maneuver about what you mean by size, and that's fine.

Byron Holland: Sensitive national requirements issues.

Unidentified Participant: There is another thought to this one. The actual fee model should be reflective of the overall size. It's -- this is more looking into distribution than the (inaudible) amount. So it's a bit strange in this set of principles. It's -- if you -- you're talking about the overall amount from the CCs -- that the CCs will contribute, how that is divied up is something else. And this is more looking into --?

Unidentified Participant: Isn't this (inaudible) our scope as finance working --

Unidentified Participant: Yes, but that's another discussion. You've got -- say there are two discussions. One is what should the CCTLDs voluntarily contribute to ICANN as a whole. And the second step is how do you want to distribute among each other? And this is looking into the distribution.

Byron Holland: So I agree there are two conversations. We talk about what's the number and how do we divvy it up. What I was trying to get to on this particular one is just a recognition -- not so much -- and maybe that's why it's phrased wrong, though the point, I think, is still relevant. It's that however this happens, it needs to be sensitive to the local CC. And I don't have the word. I'm grasping for what the right words are right now, but it's the notion that each of us are different or many of us are different in many different ways and that the arrangement has to reflect that. And the proxy in this sentence became size, but it's not just size. It's funding model, price, a whole bunch of different issues. Eduardo?
Eduardo Santoyo: Thank you, Byron. Yes. We can (inaudible) this but we -- I think we need to separate it because we are having here two different points. One is the size of the individual (inaudible) and the other one is the ability to pay because it's not exactly the same. Probably we can have one try to stress that the contribution model should be in proportion of the size of the (inaudible), but we need to discuss because we also are going to have another one, then the contribution will depend on the ability of the (inaudible) to pay, but we can't have it -- this together.

Byron Holland: Lesley then Vika?

Lesley Cowley: Thanks, Byron. Maybe there's something there around diversity of registries and also diverse (inaudible) business models because you may have a business model that doesn't give any money to pay or you may have a business model that makes you very profitable and that are able to pay.

Byron Holland: Good point. Vika?

Vika Mpisane: Thanks. My name is Vika. I think (inaudible) probably isn't the (inaudible). I would have said it at (inaudible) in a more relaxed manner or (inaudible) models chosen should take into consideration the size, not that it be reflective of the size because if you say a reflection in terms of (inaudible) impression, then you're talking about the (inaudible) independent model already where you say if you have an X amount of domain names then you fall within this category. So I would make it a bit more relaxed. But also, it reminds me of the initial debate we had when we started and this part about CCTLD contributions -- financial and non-financial -- to ICANN and also to (inaudible), for example. So it would be one thing to have an X amount of domain names and then -- and they're expected to pay within a second category, but if that does not take into consideration as well the fact that there are other financial commitments that, say, achieve (inaudible) that would have to APTLD or (inaudible) would have to APTLD. Then that principle itself is (inaudible). So I would just point out to that one. And also, echo what Lesley said that some of the models can be very misleading and may have (inaudible) names (inaudible) that you'll find that other (inaudible) thousands paid for names. The other hundred thousand -- I'm giving them away.

Byron Holland: And I actually think that's a good point and speaks to the notion of maybe having diversity is the word there because I know I charge for every single one. I don't give anything away. So maybe I should have to pay a little more for that. Okay. Number 4. Fee models that should undermine the existing funding arrangements from other stakeholders. (Inaudible) do we care?

Unidentified Participant: I'm not sure I understand this one.

Byron Holland: As a general principle, would we want to do anything that upsets the apple cart? That's an expression. Obviously not a helpful one.

Unidentified Participant: You read my (inaudible).

Allan MacGillivray: Sorry. It's Allan MacGillivray here. I think the plan is to have a discussion about looking at the fee model from the perspective of ICANN itself, and I think at a certain point we're going to have to start to limit the types of fee models we'll look at. An important way to look at that is if we favor a fee model that suits our needs but we know is going to upset the fee model for GTLDS, then ICANN is unlikely to look favorably on that. So I think it's important to have this discussion (inaudible) to understand at least that point, even if it's (inaudible).
Byron Holland: So I think that is part of the discussion but maybe not a principle. For those of you who don't know Allan, Allan is a recent addition to the CIRA team and he is leading our policy group. He comes from a long and distinguished career at Industry Canada, which is our government department that is tasked with all things internet and telco and ITU and that space -- privacy, e-commerce, etc. So he brings to CIRA quite a wealth of experience and background. So I think the point is relevant. As I read it again here, I'm not sure that it is a principle though, but I solicit feedback. You can't get away from not having any (inaudible). A Canadian delicacy. Okay. Can we move on to number 5? The goal should be a multi-year arrangement. And again, I think certainly a lot of a goal -- important. Is it a principle.

Unidentified Participant: I agree with (inaudible) that we should invite the need for continual discussions on the issue. (Inaudible). Maybe just would be another way to phrase it rather than multi-year arrangements which may lead to understanding that they are our contracts or other agreements -- that we just focus on the fact that these principles should be re-examined, but only after 3 to 5 years, not every year (inaudible). We give these principles and the outcome of the work a certain validity -- (inaudible) validity when it's significantly more than the time that we've spent on the working group.

Byron Holland: I definitely agree with that last point. Okay. Branislav?

Branislav Andjelic: Yes. I actually like how you formulated your comparison of CCTLD funding models paper, which in the beginning has like 4 principles, and they're very short. They are the same as these principles, but I think that it's a good model how we should formulate our principles basically. (Inaudible) should be predictable, sustainable, consistent and committed. Perhaps we can rework the principles paper to be short like that and very up to the point, and I think that that would satisfy Mathieu in the brevity of the things and the number of things, but it will also give us some explanation of what it is. The way that the paper is now written is just too big to be the principle paper. And I agree that all these things are important, but we somehow have to compress them into something more like 1, 2, 3, 4 -- bullets.

Byron Holland: Okay. Thank you. I'm going to wrap up this section because we're clearly behind schedule. I'm also going to suggest that number 3 -- the model review -- was meant to be more of a thought exercise to walk through and I'm going to suggest that we take that online and that you'll have an opportunity to put your thoughts to it. I'll explain it just before we go and, as a go-forward action item, ask you -- just do the exercise and then provide it back to us. We'll just give it a minute. I'd like to go to number 2. We've certainly limited the time we can spend on number 2, but I think this, again, was to be more -- meant to be more descriptive as opposed to a full-blown discussion right now. And number 2 is with respect to the document that has the title "Assessment of Relative Benefits of CCTLD ICANN relationships." If you printed it out, that's what's on top. It shows a matrix -- a table on the first page. And really, the goal here -- and we spoke to it a bit while Xavier was in the room -- was to look at what were the benefits to the CC -- from ICANN to the CC community and from CCs to ICANN and what did we see from the survey material? Benefits as assessed in the CCNSO survey and -- versus benefits as identified by ICANN, i.e. taking out from the EAG or the -- really the budget that they've proposed, and trying to marry the two so that we could see how they work together and can we find commonality from which we can then have a discussion on the relative value. And that first table was just to take a look at where in the survey we had indicated -- received value or perceived value -- received versus provided -- and also just to look at it through the context roughly of size of registry. That's what you see in the table and you can see that the number -- as we talked about previously when we looked at the survey -- dropped off pretty fast. Once you get out of the IANA (inaudible) management space and the policy space, the perceived value of CC members of what ICANN is providing drops quite quickly. The other 4 tables -- and I think this is probably where it's worthwhile
coming up with what the wording is that we want to continue to use going forward -- because the other 4 -- the 4 tables here really represent the quantifiable and -- versus the qualified benefits from ICANN to CCs and from CCs to ICANN. So if you think, there's 4 sets of information or data, half of which we can relatively easily put a number to and half of which become much more difficult. So if you look at B, non-quantifiable benefits, otherwise known as qualitative or subjective benefits -- and that's the problem here. We've got 3 words trying to get to the same meaning. But the subjective benefits CCs receive from ICANN. One would be the perceived influence over ICANN governance.

That's important to us because they're part of this ecosystem. Can you put a number to that? How do you monetize the value of influence over a governance system? Very, very difficult to monetize it. Therefore, almost impossible to put a specific number to it, but I'm sure, as leaders in organizations, we can all appreciate that having influence over the governance of an organization has significant value. And that's going to be -- this is the fundamental challenge with this exercise. How do you value subjectives or non-quantifiable elements? So this was an attempt to cull the information from the survey, marry it with a little bit of common sense and the data as provided by ICANN thus far through their forecasts and budgets -- not their financial statements, but through their forecasts that we've seen and their operating plan and strategic plan -- and put them in 4 separate tables that could hopefully provide some guidance and value and allow us to start to have a conversation around -- are these the right things? And I've done the quantifiable or objective ones. Can we start to get to a number to build that baseline foundation? And if you just look at the model that Xavier presented, particularly around the specific or shared things which are going to be the most straight-forward to quantify.

So recognizing that, to be honest, I've blown the timing of this meeting, or at least we've had a much richer discussion than I anticipated -- but I think it was very much worth it and I'm -- it's unfortunate we're not going to get to all of these items, but I think the conversation was definitely letting -- worthwhile letting running free for a bit. What I would like to suggest is that please take this document away and look at the tables and see if you have anything to add or subtract. What -- again, what am I missing? Is there anything that you disagree with -- shouldn't be there or that has clearly been missed and should be there? So going forward, this is very important to us to be able to start to bring this into focus -- this piece of it into focus -- so I would really strongly encourage all of you to take a good look and provide all the feedback that you can. I know we all have busy schedules and organizations to run and once we leave these 4 walls it can slip away, but I'd strongly encourage you to provide all the feedback that you can. And then we can turn it around and reincorporate it into a next version. Agreed. Are there any questions on that? Pretty straight-forward? So the other piece that I am going to assign as homework is number 3 on the agenda, and maybe I'll just get Bart to bring that up, and really, that was meant to be a thought exercise to help us get to the discussion around most appropriate models. And again, it was really just to start to get to the point -- of all of the models that we looked at a year ago now, are there ones that are obviously not going to work for us? So really what I'd been hoping to get to is can we winnow it down to maybe 2 or 3 that we can then start to really examine in some detail and start to throw some numbers against to see how they would look? What would fall out of the bottom of them once you start to put numbers in? And the proposed criteria through which to view any of these models, without looking at the numbers per se, but the assessment criteria of is the model a worthy one for further investigation -- where around predictability -- you can see the list here. Predictability, consistency. Does it achieve commitment? Is it sustainable? Is it fair? Is it justifiable? Yes. And then one that is going to be equally important -- will it fly? Is it going to be acceptable? It may be an elegant model but maybe it has no chance of passing scrutiny in our community or the broader community. So this was just a basic table. You have it. It's been sent to you as a Word document. You can look at it yourself. I would ask that you just go through the thought experiment of walking through it. And I think for most of us who have been around the space a little bit, you don't need to do a deep analysis per se. It's something that you should be able
to just go through and have an intuitive response to it. And an easy way to do is just use the plus 3, minus 3 model. Is it really good? Good? Satisfactory? Or the reverse. Negative, completely unacceptable, etc. And I just use the plus 3, minus 3 scale to give it a sense of where they stood relative to each other. Lise?

Lise Fuhr: I just wanted to add another word. That was transparent -- because (inaudible) understandable. This is a model that's transparent to our -- to the members.

Byron Holland: Okay. Okay. So we'll resend it out and all you have to do is plug-and-play with the numbers. And it's really just to give you a sense of are these -- which ones are clearly not going to cut it, and if we can come to a conclusion there then we can spend more efforts delving into the 2 -- hopefully only 2, maybe 3 that make the most sense.

The next meeting is Beijing. It's quite a ways from here -- both literally and figuratively -- but certainly in terms of time, it's a long stretch between ICANN meetings. I would very much want -- like to get through these two pieces and have this done and completed before we get to Beijing. So we are going to have 2 or 3 conference calls along the way between here and Beijing to work through some of these issues.

Okay? Being sensitive to time, it is 3:00. Are there any final very, very brief comments? And Bart and I will follow up with documents and a how-to guide and slightly revised versions of it and a revised version of the principles for further discussion. Peter?

Peter Van Roste: Just for our homework, am I missing something? You mentioned that we should evaluate allocation models. While there are still some (inaudible) that have compulsory (inaudible), if we use our first principle, we can already remove these. Or am I missing something?

Byron Holland: No. That's a fair comment. I didn't edit the list at all yet. This is the first cut and some of it may -- it may just be pure form that we're going through the exercise, but part of it is -- okay, we'll go through the full exercise and then let's dismiss them -- clearly dismiss them.

Unidentified Participant: That's (inaudible) the criteria of (inaudible) then.

Unidentified Participant: Right.

Byron Holland: Roelof, did you have a final final point?

Roelof Meijer: Since we kind of have to start all over again, is it -- is there -- I don't know how much progress we're going to make between now and Beijing, but perhaps -- my suggestion would be to see if we can have either a longer working session in Beijing than this one or have a Sunday session and have another working session somewhere in the week. And maybe we can even look at the possibility to still have a working session within this week -- within the coming week -- because I think we -- although it's not our fault that we have been set back a long way and I think it's in all our benefit if we come up with something useful now as quickly as -- no, not as quickly as possible. The most important thing is it's a good thing, but we can't afford to have it dragging on another two years.

Unidentified Participant: Pick up the momentum.

Roelof Meijer: Yes.

Byron Holland: So I think that's a -- I think it's an excellent point and I'll work with Bart and Gabby on our abbreviated ICANN meeting schedule now to see if we can do that. Thursday is really the only day that that can happen here, and quite frankly, even in Beijing that's probably
the truth, unless we can organize a longer session on a Sunday, but that's -- I'll take that away. Thank you. Thank you, everybody. And with that, I'll close this meeting.