

## DOC3. NEUSTAR'S RESPONSE TO THE EVALUATION OF TECHNICAL CRITERIA BY THE ACADEMIC CIO TEAM

### NeuStar response table

Error	Reference	ICANN Staff required action
3.1 CIO Team Evaluation incorrectly concludes that the ISOC bid has a strong, low-risk organizational model.	CIO Team Evaluation, page 2	The ISOC proposal should be rated in the second category.

#### 3.1 The CIO Team Evaluation incorrectly concludes that the ISOC bid has a strong, low-risk organizational model.

The CIO Evaluation incorrectly concludes that the ISOC bid has “[A] strong business and organizational model.” It also states; “Organization appears well prepared to operate registry without significant organizational risk.”

These conclusions are unsubstantiated. In fact, the organizational model proposed by ISOC raises a number of questions and concerns (presented below) that would suggest very real business and organizational risks that could potentially place the timely transition and stability of .org at risk.

Under the ISOC proposal, the ISOC organization would have very limited, if any, involvement or responsibility for the .org registry. A separate legal entity that ISOC calls PIR (“Public Internet Registry”), and not ISOC itself, will be the contracting party and will have overall responsibility for the .org registry. This has been confirmed in a recent statement issued by ISOC and posted to its Web site (<http://www.isoc.org/dotorg/icann-response.shtml>), ISOC states the following:

“ISOC will form a new not-for-profit company to run the .ORG registry - the "Public Interest Registry" (PIR) - whose Board will be appointed by ISOC, but which will operate independently...As a separate, not-for-profit entity, PIR will support .ORG operations, service improvements, and the marketing and other outreach programs detailed in the proposal.”

Based on the above, other than selecting the Board of Directors for PIR, it is unclear that ISOC itself, “the applicant of record”, will play any significant role in the .org registry. Although ISOC will not have any significant role in the registry, throughout its proposal it relied upon its own credentials and qualifications to respond. This calls in to question whether evaluators should have even considered the ISOC organization in their evaluations. In fact, considering this very limited role, it is not clear that ISOC is the applicant.

Putting aside the organizational ambiguity, there are a number of issues that call into question PIR's business and organizational model, and the organizational risk associated with PIR including:

- Unformed organization;
- No directors, management, or staff;
- No articles of incorporation or by-laws;
- No existing funding, and complete reliance upon a line of credit provided by a potential sub-contractor;
- No offices, phone numbers, or website;
- No bank account;
- No operating procedures;
- No working relationship with the current .org registrars;
- Has yet to qualify for legal 501(c)(3) non-profit status; and
- No definitive agreement with the registry sub-contractor.

The activities required to responsibly transition the .org registry are sufficiently challenging and complex even for an existing organization with the proper resources in place. In addition to the technical, logistical, and operational challenges, the selected registry operator will have to negotiate and finalize an agreement with ICANN. Doing so, while addressing the issues above, may prove impractical, thus placing the timely transition and stability of .org at risk.

Financial stability is also a factor. ISOC does not plan to provide any funding to PIR. According to the ISOC proposal, "Afilias will provide a \$250,000 line of credit to PIR". Given the scale of the .org registry and level of activity required to ensure the timely and stable transition of the TLD, and the other business formation activities noted above, a \$250,000 credit line will not adequately support the transition. In its evaluation of criterion #10 (VeriSign Endowment), ICANN states that ISOC "appears qualified" to receive the endowment. For many of the unresolved formation issues outlined above, receipt of the endowment is not certain and therefore should not be considered in determining level of organizational risk associated with PIR. Given the above, the CIO Team should have considered the additional financial risk that the ISOC organizational model for PIR introduces to the successful transition of .org. This financial risk does not characterize a "strong business and organizational model....without significant organizational risk" as stated by the CIO Team in their evaluation.

Further, under the current schedule, there is less than a 90-day timeframe for transition of the .org registry. The additional unknowns and major formation tasks associated with PIR introduce a great deal of unnecessary risk and uncertainty to the transition of the registry, and ultimately to the stability of .org. Although some might argue that PIR's potential contractor (Afilias) can accept responsibility for all activities associated with the transition, ultimately PIR—the organization described above—will be contractually responsible and accountable for the transition.

Given all of the unknowns that surround PIR, including the identity and credentials of the people who will ultimately be held accountable for its administration, the CIO Evaluation Team should not have concluded that the ISOC proposal includes a “strong business and organizational model” or that PIR is “prepared to operate registry without significant organizational risk”. The unformed organization described would have been more appropriately described as including a “complicated organizational...or technical plan that was judged to carry less than 100% chance of execution”. The CIO Evaluation Team placed organizations that fit this description in a second category and described them as “...not being as strong as those given the highest endorsement”. Accordingly, ISOC should have been placed in this second category and should have received a scoring associated with this lower rating.