
MARRAKECH – Competition, Consumer Trust and Consumer Choice (CCT) Working Session

Wednesday, March 09, 2016 – 09:00 to 17:00 WET

ICANN55 | Marrakech, Morocco

JONATHAN ZUCK:

Good morning. This is Jonathan Zuck, welcoming you to Marrakech. And do we have anybody on...? Calvin is online. All right, great. So welcome to the second face to face of the CCT review team. We have a pretty good room full of people here at the ICANN meeting in Marrakech.

Calvin, thanks for being online as well. Thank you for gracing us with your presence, David. And so I think we're going to devote the majority of the time over the next two days to the sub-team work actually. And we have a high priority on identifying supplemental research that we want to have take place so that it, whoever is doing it, whether it's a staff project or an outside project that needs to go through a RFP or something like that, then it can be started sooner rather than later.

I think that in a way, we set down the work on the application process, but there may need to be some research there too, so we're going to try to set aside some time to reconvene that uber sub-team that everyone is on to discuss that. And Jeff Newman, who is one of the chairs of the PDP on subsequent procedures, is

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actually going to come and join us, and talk to us a little bit about what their team are talking about doing, so we don't end up being redundant in our work and we find a way to be as useful to their effort as they can with ours.

So that may affect both of our schedules and how this, our teams work. So I should call up your agenda to remember all of the things I was supposed to talk about. Yeah, I can't read it.

So one of the things I was going to do was talk about collaboration tools, but I don't know what other housekeeping I should do before that. So let me just...

The music?

So we're trying to cool down the room. So we're going to close the doors. Is that what we decided? Okay.

All right, so I guess next on the agenda here is talking a little bit about collaboration tools. And so I, maybe I'll come down there and try to throw some things up on the screen. But generally speaking, we had a brief conversation about this in Los Angeles, and I just wanted to talk about it a little bit more, and have us make some decision about it.

It's not an insignificant decision because whatever we decide to do here will be new for a lot of you, and will certainly be, you know, at least in some measure a headache for ICANN staff that

haven't had to deal with these tools in the past. So it's nothing I want to do light heartedly.

I just... I personally feel like email is a poor method of communication for these kinds of teams. And so tools exist, which facilitate better communication, better organization of communication. And I was going to talk about a couple of them, and then we'll just have a conversation about that and see if you all agree that it's worth, the learning curve both on our part and on the part of staff to make the change, or if we keep it moving.

Yes, Eleeza?

ELEEZA AGOPIAN:

This is Eleeza Agopian. So just the one point I wanted to make on that. It's not so much that it's a headache to use, we just want to ensure that there is a way to capture the conversations that are happening so that they can be publically archived, so that all of your proceedings are transparent. So just something to keep in the back of your mind as you look at the different options.

Think about how these can be captured. And I know Jonathan, you've thought about that.

JONATHAN ZUCK: So I'm only going to talk about ones that can be captured.

ELEEZA AGOPIAN: In some way. So...

JONATHAN ZUCK: Right. So that part I'm aware of, and so...

ELEEZA AGOPIAN: I just wanted to bring it up [CROSSTALK]...

JONATHAN ZUCK: It's important to bring up, but it will be a different method of working for you guys as well as us. So I'm just saying it's not a decision to take lightly, that's all.

Welcome, welcome. Have something to eat, yes. So I'm going to come down there I think, and maybe drive that laptop.

RECORDED VOICE: Meeting recording has started. This meeting is now being recorded.

JONATHAN ZUCK: Is that close enough for Calvin to hear me?

So this is one of the apps that I wanted to talk to you about was something called Slack. And basically a software company built this team, this application for their internal teamwork and software development process, and then their software product failed, but the tool they built for their internal use became wildly popular and is now one of the fastest growing applications out there. So it's kind of a funny genesis.

But they built it for their own use, and then it now became their product. But the way to think about this, and this is the internal Slack of my association. Over on the left hand side, you see these things called channels. So for example, there is a channel called encryption, there is one called in the news. There is one called intellectual property.

We have a thing for educational apps called [inaudible], so there is [inaudible] inside dash general, [inaudible] inside dash research. So it could be a big topic or you could divide things down into a smaller topic. And each of them is a, basically a kind of a chat. And hopefully you can see this okay, where you compose links and files, etc. and so that whole conversation stays together on that topic area.

So that's the, one of the principle challenges with email is that you, the threads get broken and things like that, and things all over the place. So I mean, it's very simple in a way that all of

these things then are grouped into these channels, and they are therefore easier to go back to and to pick up that thread of conversation about that particular topic.

As well, if you... You can go to view shared files, and I chose a channel without shared files. Let me... You can have files that are associated with that channel as well, so that those things are together. And one of the other nice things about Slack is that they've done a lot of work in terms of integration with other software. So there is email integration so that you can email directly into it and out of it.

So to some extent, you can mix email and Slack together if you want to. Project management software, this is another thing that we might want to discuss, that I didn't really come prepared to discuss is how we manage our tasks and things like that, and assignments, and who is responsible for components of the document, or deliverables.

But there is integration with those things as well. You know, being able to assign a task to somebody and, you know, find out where it is, being able to see the tasks you've been assigned to you. So there is good integration with other outside tools in Slack as well. There is really good searching capability, and then every document that is added, and even if that document is added from say Google Docs, it's indexed in Slack so that you

can do a search, and that search can result in finding a document that is on Google Docs.

So you can put a Google Docs link in here, and make it readily available, but it's also indexed to be part of the search process on Slack. So that's the principle concept behind it. You can do direct messages to individual people, if you want to. And you can also mention people in messages. And so why we've found that powerful, is that you can set up your notifications to send you an email, if somebody mentions you in a message.

So I don't know if you have a situation where there is lots and lots of emails from a particular project or something like that, and then somewhere in the middle of the email, it will say something like, "Jordyn, hey, can you check on this to make sure that's true?" And unless you're reading every single message in the, you know, along the way, you're going to miss the fact that there was a specific question asked to you.

Whereas here, by putting the at Jordyn in there, I would get a specific notification that says, "Hey, you were specifically mentioned in this message." And then you need to make sure to go and check that message directly.

And I guess mostly it. There is the ability... Two things are possible, as far as our compliance issues. One is that they can be made public. So they can be made available as a read only

form by the public, so that you could let people look at it real time. So it becomes an online archive in of itself.

There is also an enterprise version of the tool, which is \$15 per month per seat, or something like that, that allows you to do a dump of the entire archive if you wanted to be able to say, post it on the Wiki or something like that. So both of those options are available as to deal with the issue of transparency from within Slack. Yes?

ALICE:

We have a... Alice, for the record. We have a comment from Calvin in the Adobe Connect. "My only problem with Slack is more than 10,000 messages requires a cost. As each press of the enter key is a message, it adds up quickly."

JONATHAN ZUCK:

Yeah. So, I mean there is some issue that... There is a free version, but I suspect we wouldn't use the free version. If for no other reason, then they have a free version of the non-free version available to non-profits. So there is something called the standard version, that you get can for free if you're a 501c3, which ICANN is.

We may even want to go beyond that, as I said, to get to the enterprise version so we have that core dump version of it for

transparency anyway. So I think, Calvin, that will address the issue, that notion of it's starting to cost money doesn't become an issue if you're paying money from the onset. Yeah. Of course, go ahead.

MARGIE:

This is Margie. I know that we use Slack internally. So if we're looking at a couple of systems, it might be easier for our IT folks to jump on something that they're already using. I don't know what the license arrangement is, and you know, whether it can be used externally, but that's just something to keep in mind.

STANLEY BESEN:

Who creates the channels in this? Who sort of manages the process?

JONATHAN ZUCK:

You can have as many administrators as you want on a team. And so then they would manage the, be able to manage the channels. But for the most part, we would try to establish those upfront, not get overwhelmed with a number of channel necessarily, right? But make those...

I mean, maybe down to the topic level within the... I'm trying to find... I did a quick version for CCRT, and I'm not seeing it on my...

Not seeing it on my channels right now, but I did a quick one for CCRT, but basically all I did, I mean it's nothing brilliant, I just put, for example, trust underscore, or no app. Sorry, for the application process, app underscore developing, for the developing world.

App underscore GAC for the role the GAC played, etc. So that, you know, get to that level of granularity so that maybe for each team, there is maybe four or five channels of discussion that might take place. Any other questions about Slack? Because I may know the answer even though I'm not thinking to say it.

So then the other thing I just wanted to put in front of you, is that the European Commission has created a tool as well, that Megan made me aware of. That they use for their own interest groups, but it can be used by outside citizens as well. So they need to, you have to contact the commission for permission to create an interest group, but we wouldn't have difficulty doing that especially with Megan's participation on our team.

And that again, has a file library, and then they have a concept called newsgroups, which is something some of you may be familiar with. It's more like a classic forum structure, where you

know, you would create a forum, you could decide whether it's moderated, and then you could create a topic within that forum, and then have a conversation that's going on inside of that.

And so, you can see up here, maybe you can see up here on the right hand side, newsgroups, improvements, and then you know, when you create a post inside of it, the online editor, you know, that sort of thing, so there is sort of a hierarchical view that allows you to sort of track these conversations that have gotten started, and it's, in fact, searchable as well.

And this is an, that's an environment that's probably familiar to most of you, even if you haven't, don't know it. News groups, public forums, things like that, you've used software like that, you know... There was even discussion about ICANN implementing something like that for public comments. But if you use Adobe, you know, for example products, there is forums associated for answering questions and things about them.

And so this is a similar in that way, and in some ways, it allows for more threads that you can kind of create on the fly, and by creating topics of discussion. I would say the primary... So in that way, it's a little bit even more granular organization. I would say that... And it has also imbedded events capability. You have calendaring that's built into it.

Slack, as I said, has integration with other tools so you can easily get calendar and functionality, if that's important. I suspect it's not that important for us because we have this great stuff that are kind of keeping us on our toes from a countering standpoint. But the primary drawback about this is that it's just a website.

So it's not as mobile friendly, it certainly is not offline friendly, but it's available, it's free for the public to use, and it does have compliance oriented, the ability to do archives and things like that as well. So that's another tool that's available, that uses a more classic forum structure. Stan.

STANLEY BESEN:

Stan Besen. Which would be easiest to use if, for the purpose of creating a final document? I sort of, are exchanging drafts among one another. It seems to me that's important that we have a tool that really works well for that.

JONATHAN ZUCK:

Two different questions. So Stan's question is about document creation. And I would suggest that neither one of these is specifically about document creation, but about managing our conversation. And so I think where we're headed is probably toward Google Docs, as a way to have a shared editable document.

And so, in both cases, you can have a space here in this helpfully named, CIRC ABC tool from the commission, that is [inaudible] that could be a series of links to Google Docs, and you could also have links to Google Docs that you are able to get to from within Slack.

I suspect that's where we headed. We should have that conversation as well. But that's for like jointly editing and managing a document itself, this is more about the conversation. Any other questions? Carlos, go ahead.

CARLOS RAUL GUTIERREZ: Just to make sure, I mean, supposed the policy development process is here, we expect to be playing with lots of data. So just to make sure the same question as Stan posed, this is not going to be a tool where we can manage different sources of data, right?

JONATHAN ZUCK: Well, it depends on what you mean by that, Carlos. Good question.

CARLOS RAUL GUTIERREZ: I mean, to make [inaudible] clear, time series. I mean, that means matrixes that have some variables on the column, and on the top we have...

JONATHAN ZUCK: Right. No, no, no. I know what you mean...

CARLOS RAUL GUTIERREZ: We call it time series.

JONATHAN ZUCK: Right, exactly. Again, I think for metaphor purposes, that's going to fall into the document category. So depending upon the complexity of that, some of that data can be uploaded into, if it turns out we're using Google Docs, it can be implemented via the Google Spreadsheet functionality, for example. And we can get to it that way.

But there is no integrated data base capability in either one of these tools. So we will be going to some external place, which will either be a standalone database file, which is probably going to be a spreadsheet. It could be something like an Access Database, if the data really got complex. But I don't think most of the data that we're doing is that level of complexity, that we're trying to do a full relational database.

I think we're mostly going to be doing pivot tables, and cross tabs, and things like that that can be done inside a spreadsheet. So that's one option for that, for having shared access to data, but it will be something that's outside of this in either case, as it would be with email. Right? I mean, it's not...

So it doesn't offer any advantages in that respect, except having a central location. I mean, a perfect example is just having these things, these files off to the side, it makes it very easy to get to them as opposed to doing a search to remember the email from Alice that had the link to the document that you were trying to edit for the, or the email from Eleeza on the work plan, right?

What was the link to that work plan, right? That sort of thing. And where do I find that? Now the caveat to that is that the staff are also maintaining this Wiki, which does have those links on it, so that it's only another click away to, with the email solution, email based solution, to go to the Wiki and see the same Google Docs links, the same Excel spreadsheet links, or whatever it is, the versions of documents, etc.

That they'll probably be put in there anyway because it's how the public, the ICANN public is used to consuming that information. So it's not like it's that foreign, it's just a habit that we would need to form to go find them as opposed to looking through our email inbox, which is what I'm in the habit of doing.

Any other questions or comments? Yeah, Carlos, go ahead.

CRLOS RAUL GUTIERREZ: So, it looks good. Slack is for the conversation. Docs, spreadsheets, we would handle with Google Docs or something similar. What about the timeline management? Agenda management or project management? You mentioned that, but I don't remember exactly if project management is to be integrated, or if this offer has kind of an agenda with target dates or...

JONATHAN ZUCK: So there are people that do simple project management inside of Slack, by essentially favorite things, you know, putting stars on things. They create to-do lists for each channel. So things that are up at the top of the channel because these to-do lists, and when you finish them, you can un-star them.

That's like the most basic. But there are other types of project management tools that are available in varying levels of complexity. So at the low end of complexity is something like [inaudible], and I don't know if you're familiar with that tool, that a lot of people are using as basic project management, all the way through higher end project management tools.

All of which can be integrated with Slack and tasks flow back and forth, etc. So one of the benefits of Slack is if we made the decision to use a dedicated project management tool of some sort, there is integration with that tool. But we haven't had that conversation yet about how to do project management, or whether we need to.

Usually it has been a staff driven exercise, where they're driving, creating the Gantt charts, and circulating them to us. I don't know what tool you guys use internally to create those, but my history with project management has been that it's mostly been a staff driven exercise. And it has been sort of macro-level, in other words, I haven't had the experience of it incorporating the individual task team members, and that may or may not be something that can be brought into the system staff currently use.

There is really a quick and easy to use kind of...

PAMELA SMITH: I'm sorry Jonathan. This is Pamela Smith. Just a warning that it's almost 9:30 and we do have a breakout session of some of the group at 10. Just so...

JONATHAN ZUCK: Okay, thanks. Okay, all right. Yeah, Margie.

MARGIE: Yeah. With regards to project management software, we do have stuff that we use internally to manage all of our projects, and we do have the ability to create Gantt charts and all of that. I prefer that we use that, because otherwise it will be really complicated. We'll have to be doing, we're going to have to do it anyways on our side, and we're doing duplicate systems which wouldn't make sense for us, if there is any way we can, you know, encourage the group to go in that direction.

JONATHAN ZUCK: And are we, Margie, able to take that down to more of an assignment level? So that you can produce, in addition to the overall Gantt charts that we see a lot in slides and things, can you produce a task sheet dependencies, a little bit of....? If we decided to get to that level of granularity, I don't know if we will, but do we have the capacity to do that on our behalf?

Here is the list of tasks, and here are the things Jonathan agreed to do, these are the things that Carlos is behind on, you know, that sort of thing.

MARGIE: Yes, we use Work Front, and we do have the ability to go pretty far down in tasks. We don't, we stay at a much higher level

internally, but that doesn't mean we can't do it, it's just, it's certainly possible to do it.

JONATHAN ZUCK: Yeah, I just mean like assignments, to do lists, and dependencies. Like this can't start until this finishes, that sort of stuff. Okay. Any other questions? Carlos, go ahead.

CARLOS RAUL GUITERREZ: Yes, I think it's very difficult when you have a lot of emails to have the appointments for calls also as an email. There is [inaudible] request from on task is, can you get a message in Slack? The call is in two days, you haven't read your paper, or you haven't produced your draft, or... Very simple, but really related to the process.

Or are we going still to be depending to get three emails for the meeting. One for the time, one for the room, one for the food? Which is great, but I think it's very, very inefficient. Thank you.

JONATHAN ZUCK: So I mean, again a lot of this has to do with how you decide to organize. Like there could be a calendar channel, for example, in Slack that, where all of those messages go that you would

know to go right there. And the most recent message would say, what room it's in, or that sort of thing.

I think the benefit of getting the emails is obviously it gets integrated into whatever calendaring system you're using at home. So I'm not sure I would want to give those up entirely, but there is integration with the, with Outlook, and Google Calendar within Slack as well.

So you can have things reflected both places at least. Yes, Carlton.

CARLTON SAMUELS:

This is Carlton Samuels for the record. I wanted to mention the fact that the calendaring system. I have a calendaring system, I do all of the work. I am a volunteer here. So I really prefer to have an email because I can include it very easily into my calendar.

JONATHAN ZUCK:

Right. I think we're all there, Carlton. And yet, there is a central place in Slack so you can have your calendar items reflected in Slack, or you can drive them through Slack, etc. if you want to have them in one place, Carlos.

Any other questions? So I guess, I don't know the best way to proceed. Do people...? Are you convinced that this is something worth doing? Or does it just feel like it's foreign and you know how to handle emails and you'd rather just do that? Again, I don't want to steamroll here, I just want to make the suggestion. Laureen.

LAUREEN KAPIN:

So, my question is, how user friendly it is, because if it's something that's going to be great, and keep us all organized, and I don't have to get really frustrated learning how to use a new system, that to me would weigh in favor of it.

But if I'm going to have to expend all sorts of effort and become very frustrated with learning yet another new system, then I'm thinking... So that's just my pragmatic question.

JONATHAN ZUCK:

At a practical level, the basic use of it is entirely simple. It's some combination of Twitter and Messenger, right? I mean, that's what it was. It's a chat. And when I put files there, they get taken put into a separate section automatically for you. So if you send a file to somebody in Facebook Messenger, you have to go back and find that.

In this case, puts it aside and says, oh this is a file you uploaded here. And then site Twitter, and you might go at Lauren, in the middle of a conversation, and that's what would trigger a notification to that person that they were mentioned. Things like that you want to get used to using, because you want to draw people's attention to the fact that you asked them a question in the chat.

Does that make sense? So beyond that, it's really just a chat function when it really boils down to it.

UNKNOWN SPEAKER: [Inaudible] speaking. Also just to report to duty, because I missed last time in Los Angeles. Well my question is project that's not exactly a joke. For a person who never had access to Facebook and Twitter, how long would you estimate it would take to learn it?

JONATHAN ZUCK: Have you used any kind of instant messaging? The chat function in Google, or Microsoft Instant Messenger? Anything...

UNKNOWN SPEAKER: Sorry. No access to Google either.

JONATHAN ZUCK: IRC or something? If you've had some background. Just the idea of chat.

UNKNOWN SPEAKER: China, because We Chat, I'm not sure...

JONATHAN ZUCK: It's like We Chat, which has the same, yeah.

UNKNOWN SPEAKER: Okay, thank you.

UNKNOWN SPEAKER: There is a comment again from Calvin in the Adobe Connect. "If there is a budget, I think we should try Slack. The learning curve, in my experience, has been easy."

JONATHAN ZUCK: So Calvin said that if we have the budget for it, we should try it because it's pretty easy to learn. That was his comment. Other thoughts? Does anybody object to this? I don't want to do it, that feels...

I don't know the best way to approach this. How do people feel about this? I guess, raise your hand if you think it's a good idea to try and use a tool like Slack.

All right.

Okay. I mean, that feels like a consensus in the room. I don't know if staff put their hands down intentionally or because they thought they didn't get a vote. All right.

So yes, of the people that are non-staff in the room, there seems to be a rough consensus to give it a shot. So I will flesh out some channels to get started, and then we can add more and then I'll invite everybody to it, and we can start to...

And then I'll have a conversation with staff about what version we need and things like that. Okay? All right, great. Thanks everyone.

UNKNOWN SPEAKER: Follow-up to Laureen's question. We need a tutorial at the outset of this process. I assume we won't just be dumped into the pool.

JONATHAN ZUCK: I might [inaudible] about a tutorial. I might just dump you into the pool because I think it's that easy, but if it's not, if there is feedback that you want to do an actual tutorial, I'm happy to go online and do a webinar or something like that. But I believe that you'll find it that easy.

And Alice, I don't know if you wanted to quickly talk about the Wiki. I'm sorry this took longer than I intended.

ALICE:

Okay, this is Alice again. So regardless of whether or not you'll be using Slack, we will continue to update our super exciting Wiki. So the Wiki is up on the screen right now, and you all should have links in your inboxes as we've been using that as a repository for all of the information.

So on the first page, as you will notice, there is a calendar which Pamela will be populating with all of the meetings, planetary meetings, but also sub-team meeting engagement session. You also have the genesis mandate, composition pages, information that are available on the Wiki for anyone to look at.

All your documents, economic studies, other reading lists information are also available on these pages. For instance here, you've got the background materials. Let me show you... There you go.

So Eleeza has been populating that page of all of the information, so there is a central page for all of that. And then we've got all of the conference calls, all the data would be posted here for instance. So Los Angles, you've got a page, a

dedicated page here where all of the discussion documents, the archives, the action items, everything is posted here.

And then we also have sub-team pages. You should already have received the links for that as well. For instance, Neilson sub-team. So we'll be capturing all of your documents and call archives on these pages as well. So, yeah. We'll be updating these pages on a regular basis, and making sure we have everything in one place. The outreach and engagement, for instance, is another feature of the Wiki. So we're posting all of your activities in terms of reaching out to the community.

For instance, Jonathan's blog here is available. The engagement sessions that were conducted this week of the GAC, GNSO, all the archives are posted here. The interviews that [inaudible] and Jonathan did in LA are here as well. So we'll be keeping this alive, and we look forward to your contributions to the Wiki as well.

If you have any ideas or suggestions on how to enhance it, we welcome those and happy to make any adjustments as needed. Yeah, go ahead.

LAUREEN KAPIN: This is Laureen. That's very helpful, Alice, thank you. Who is the primary point of contact if we have questions or we want something added?

ALICE: So I think the easiest way would be for you to use the staff list. There is a CCT review team staff list. As I'm in a different time zone as my colleagues, so maybe I can make the adjustments for my colleagues and so on. So I think it's easier for you to use a central mailing list for staff.

JONATHAN ZUCK: This is Jonathan. We generally get a message back that that's a moderated list, I guess. Oh did you? Okay.

ALICE: Jonathan, are you saying that you're getting...?

JONATHAN ZUCK: Jordyn said they don't have it anymore, but I think it's a closed list that we aren't technically allowed to mail to. And so we would get a message back that it was pending, pending approval.

ALICE: Okay, I was not aware of that. Well, so we'll change the settings of that list. I was not aware of that. Thank you for flagging.

UNKNOWN SPEAKER: One more quick question. So what's the easiest way to find this? Is this just on the... I mean...

ALICE: It's on the ICANN Wiki. So what I can do is send you all a link, and maybe give you screenshots of what the different pages are. So I can work on that and send that to you here in Marrakech.

UNKNOWN SPEAKER: Alice, can you show them like how to get to it from the ICANN homepage? Just, because sometimes I think people may not even... Has everyone been on our Wiki?

Yeah, so go to the ICANN homepage and just kind of walk them through how to find it, because that's probably... That's what I would do.

Go all the way down to the... Keep going down, keep going down. See, right there? Community Wiki in the blue bar. See the blue bar? That's how you get to the community Wiki, at the bottom of the homepage.

And then you go to the accountability section, right? That's where we are. Scroll down, you'll see CCT. Okay, then that will lead you to the pages that Alice mentioned.

JONATHAN ZUCK: You can also Google ICANN CCT, and the first result will be this Wiki page.

ALICE: Or you can learn it by heart, if you want.

Alice again. So Margie was just reminding me, you can also have a Wiki account if you wish to use a Wiki page to post documents and so on, updates. That's feasible. We usually do it as staff because it's easier that way, and we want to avoid you going through all of that, yeah.

But if that is something... You read my mind. No, it's just that if you wish to have a Wiki account, we're happy to accommodate that as well, and for you to make all of the changes.

UNKNOWN SPEAKER: Just, having Googled myself to find this earlier, I just want to say that on the new gTLD ICANN dot ORG page, where we've got the competition, consumer trust, and consumer choice review,

you've got the link to the Wiki there, and that goes to a different Wiki page and not this one.

UNKNOWN SPEAKER: I think it goes to the implementation advisory group.

UNKNOWN SPEAKER: It goes to two which have moved. [CROSSTALK]

ALICE: All right, that's it from me. Thank you.

JONATHAN ZUCK: All right that might be it for introductions. This is Jonathan again for the transcript record. I guess I want to remind everybody in your sub-team meetings, etc. to state your names when you speak, because apparently, going back through the transcripts for some people was a little bit confusing, even though it felt like we were reminding each other all the time in LA.

So just try harder to remember to state your name. Are there any other questions about kind of your objectives for your sub-teams? I mean, the number one objective is to finish your conversation, or at least your interim conversation about topics.

Laureen, Jordyn, and I will be at the engagement session this evening presenting the topics as they currently stand.

So it's about freezing for that presentation, and we may get some feedback from the audience that expands those lists, or helps to prioritize those lists. And then it's... And then from there, it's about resources. What inputs do you need to answer those questions?

Where do you go to for those answers? Including what we have and what we might need in addition. And those are the high priority tasks for the group. Any questions about that? Okay. Then let's break up into our... Which team are you taking?

ALICE: Safeguards and trust team will be moving to a different room. The [inaudible] room.

JONATHAN ZUCK: Don't act so happy Jordyn. All right, thank you.
Dot Wiki? Oh I see. As opposed to review?

UNKNOWN SPEAKER: One more thing. What time are we reconvening? Or how long are we...?

PAMELA SMITH: Pamela Smith here. We'll be reconvening at 11 AM, in an hour. Back to this room.

ALICE: If you are on the competition sub-team, please remain on this line bridge. And the safeguard trust will be going to a different room, so the conversation in this room will stay with competition.

PAMELA SMITH: My apologies. We will reconvene in this room at 11:30 because there is a break from 11 to 11:30.

JORDYN BUCHANAN: That's correct.

Let's start with this, whoa, turn that off.

Let's start with this doc. My take from the doc that Carlton and Kylie sent was it mostly poses supplementary questions or... In many cases just reflects parts of the conversations that we already had, that didn't get reflected as questions here.

We can make another pass through if Kylie wants to make sure that stuff gets included, as we can go through right now, then we

can certainly do that too. All right, so I have two principle goals out of the next couple of days.

It's good that Jonathan is here so we can make sure this aligns with the overall timeline objective. But I would like to do two things. Number one is to, I guess it's three goals. Two goals leading to a third goal.

Number one, as we've discussed, identify what we think the pieces of data that we need are in order to answer the questions that we've identified. Secondly, I would like to actually try to triage our questions. I think it's unlikely we're actually going to be able to answer all of these in the scope of this review.

And so, start to identify which ones we think are the most important to answer, which might be nice to have and which we think are, you know, maybe some of them we can look at right away and say, well these are really good questions, but they're perhaps impractical to answer over the time period that we have.

And then third, I think, just start to use that to put together a rough work plan with milestones and specific objectives over the rest of the review period, or at least until we merge back into the final report stages. Does that line up with sort of where you're expecting the sub-teams to get over the next couple of days?

JONATHAN ZUCK: Definitely. So I mean, you use the term triage, but maybe prioritize or something like that, the topics, realizing that we may get feedback about that prioritization, but I think having prioritization as a strawman for the, you know, the engagement session would be a great thing if we can pull that off, because then people can come and do that as well.

Oh, why are you prioritizing this so low? Or whatever. So I think that's probably a good plan of attack.

JORDYN BUCHANAN: Okay. So given that the engagement session is this afternoon, it seems like maybe we should start with the prioritization effort and then go to the data requirements effort, as a secondary thing that we still want to accomplish, but we should start with prioritization.

JONATHAN ZUCK: Yeah, this is Jonathan. I have to remember to identify myself. The challenge is going to be that some of the prioritization maybe driven by the level of effort to get the data to answer the question as well, right? So we may end up bouncing back and forth, but definitely will be great to have some priorities by the end of the day.

JORDYN BUCHANAN: All right. Any...? Sorry, this is Jordyn again, or for the first time announcing. Jordyn Buchanan. Anyone have any other feedback on objectives or things that you'd like to make sure we get out in the next two days?

KAILI KAN: Well, first of all, maybe you caught this [inaudible] or whatever. I'm sort of new to the industry as well, as new to ICANN. But sort of more background on economics and telecom regulation. Well, I also though [inaudible] but I have [inaudible] some simple questions.

I don't want to be looked at [inaudible] like rocking the boat. My question is that as each TLD, no matter new gTLD or not, is by nature unique. And this uniqueness, does that constitute a natural monopoly? So that means, like for example, if in a [inaudible] market, if somebody is selling apples, and he is the one and only selling apples, if another guy comes in to sell apples, that is competition. But if another guy comes in to sell oranges, does that constitute competition or not?

My understanding is that because no TLDs are exactly the same, apples and apples, they are at most, oranges versus apples, so they're not complete substitutes. So may not, in my economic

thinking, they will not constitute exact competition. So I believe the new gTLD program is good because all of the legacy ones, it has been like that, full capacity saturated is over.

And also, the end user, consumers, would like more choices. They're right, but does not necessarily mean that competition has been introduced. As a matter of fact, as I gather from many channels, the new gTLDs create problems, like for example, BMW. BMW was registered with dot COM.

But there not BMW has to register with dot XYZ, dot whatever. And that will be reflected [inaudible] the data we have collected, and that data does that, those like BMW dot XYZ, BMW dot whatever, is that a real market demand or that is distorted data that we may collect?

So anyway, so still, because I'm a newcomer and a late starter. So again, my personal understanding, starting from square one, is that this new gTLD program has effectively introduced competition or not. Or in other words, the TLD or domain name industry, what sends should be considered a natural monopoly, and treated so, are rather than just competition.

Because in telecom industry, it's so often that introducing competition does not work at all. Thank you.

JORDYN BUCHANAN: So yeah. I'll make a brief comment then Stan. I was going to point at Stan anyways, because I know that we've had some discussions along these veins in any case. You touched on several questions actually that we've already identified in the list, I think. One of them being, what do we consider a market for the purpose of looking at competition.

I think maybe I'll ask Stan to speak to that in a moment because I know there has been some prior art on this very question. And then secondly, you know, also whether the benefits of the choices available to consumers outweigh the costs that are imposed on the system, either in confusion or defensive registrations, etc.

So those are definitely, I think, germane topics, that I think we've already identified as important to look at in our research. But Stan, do you want to speak to the markets question?

STANLEY BESEN: This is Stan Besen. I think the way we thought about it when we met the last time, I hope I convinced my colleagues of this, is that, at this stage of the process, we should not be definitive about the market definition. And by the way, that's both product market definition, and geographic market definition.

Just to give you some background. Back in 2004, the United States Department of Justice said it was going to treat each domain as a separate market. Consistent with your view. For some purposes, the analysis group, in its report, the one, the report that produced a year or so ago, or a few months ago, treated the domain name, or at least the gTLD firms as one big market, which I also think is probably too strong.

If you look at the report, there is a section in which they grouped TLDs, from what, arbitrarily I guess, TLDs that look as if they're direct competitors, but based on their name. I think at this point of the process, we should collect data in a way that permits us to define markets in a number of different ways, and analyze concentration in each of them, because I think even at the end of the day, it will be very hard to be definitive about competition.

So for example, probably on your point about monopoly, I argued that the analysis group should collect data, for example, separately for the number of registrars in each registry to look at retail competition. Okay. But for other purposes, we may want to consider markets that are broader than that, the groupings that analysis group has created or other ones we might think of.

Or we might want to think for some purposes of a single large market. But at this stage of the process, I think we want to be flexible in terms of collecting data so that we can define markets

in different ways as the process proceeds. And that's my view at this point.

JORDYN BUCHANAN: Sorry. Then we've got Jonathan.

JONATHAN ZUCK: Thanks Jordyn. Jonathan Zuck for the record. I think those are good questions as well, and there may be a question where, at the end, we come up with a technical definition of a monopoly in each market, but a practical one that sits outside of that, because if you think about it, the market for which you were trying to create competition would be the equivalent of that business, right?

And so then now the competition in Europe, and you sell apples. And so the competition that's been created for dot business, is dot fruit and dot apples. And so the question then becomes, if I created a viable alternative to dot business, through greater specificity, rather than everything having to be under dot business.

So that's part of the way using your... Right, exactly. So it might be less about apples competing with oranges, but more about dot apples competing with dot business.

And then I was going to mention the retail competition as well, which is the other issue that we're going to address with...

KAILI KAN:

Kaili Kan for the record. Yeah. I agree that at a registrar level, it is indeed [inaudible] competition, because registrars, they sell [inaudible] exactly the same thing, apples versus apples. However, there is a street level, okay. Well, for example, certain apple and certain oranges is not the full direct full complete competition against each other.

However, there are still some similarities just like dot COM versus dot business. Right? Well, however, in the same marketplace, said an apple, and said [inaudible] quite remotely, quite remote, quite different. Hardly anything at all. However, even between certain apples and certain bicycles, because the consumers have a limited resource, because maybe say money.

And then, if that guy buys apples, wouldn't be able to buy bicycle. Buying bicycle wouldn't be able to... So anyway, that the similarity or difference, differentiation between the different products, or in our case, different TLDs, they always exist. The harder there is a measurement, of competition versus non-competition. Whether it is apples versus apple, apple versus oranges, apples versus spice so that however it is very hard to

make an exact measurement of to the similarity and to what degree is the competition or non-competition.

So my... But look at the data, last time we have seen, how they can convince me that there is strong competition, at least I wouldn't say strong competition. But even the amount of legacy TLDs, I would say for example, dot G-O-V does not compete with dot COM. Or hardly.

I will say, about 99%. So, but in our case, the new gTLDs we have hundreds and hundreds of them, okay. To what extent? For example, my understanding is, the reasoning of introducing the new gTLD program is there is a strong feeling about maybe VeriSign is making [inaudible].

There is a feeling of that. But why? Is that because the lack of competition, or VeriSign still has owned a natural monopoly, and of course they make money, just like for the, it's about recognizing the world among all of the economic economists that company is natural monopoly.

Nobody in the world ever think about introducing competition against tap water companies. Okay? And treat it as utility. So in that sense, whether ICANN we should treat VeriSign, you are tap water company, instead of introducing competition against it.

So that is somewhat more fundamental [inaudible]. However, so I fully agree that we do need to look into market, how the market is defined and to what degree as [inaudible] competition. But this issue, not only is the very foundation of our study, our review, but also even is related to the, our decision to go over the new gTLD program five years ago.

Or even further before, whether ICANN or even the NTIA has done the right thing to aware VeriSign the natural monopolistic resource. So that is sort of a far reaching, it's sort of fundamental. So that's why I don't want to look like, rocking the boat.

That as a newcomer, I do feel that I need to understand something before I can effectively proceed. Thank you.

JORDYN BUCHANAN:

Thanks. So I've got Stan and then I've added myself to the queue, and then I'm going to try to wrap-up this conversation so we can get to the prioritization and data exercise. And I think Kaili, we will definitely be discussing these questions throughout the course of the review, because I do think they're central to some of the conclusions we are eventually going to draw, and how we look at the data. Stan, go ahead.

STANLEY BESEN:

Yeah. Look... Stan Besen. Market definition is generally not an easy thing to do. It's especially difficult in this context. I think perhaps we should defer some of this more detailed discussion, particularly when we talk to the analysis group. I recommend everybody look at table 12 of their report, and how they identify, how they decided to group TLDs.

And that's a useful conversation. In effect, they're saying that this might be a way to think of you as a potential registrant that you might, and you are a lawyer, and you might consider dot attorney, dot lawyer, or dot legal as alternatives.

And therefore, they compete. But that's a conversation to be had. I don't think we can resolve it here. It's going to have to be data driven, but they've tee it up nicely here when they grouped TLDs for the purpose of calculating market shares.

JORDYN BUCHANAN:

Thanks. And it's Jordyn Buchanan. Yeah, the one last point I was going to make is I'm definitely not an economist, I'm just sort of try to plat at engineer, talk to them at least and build products for users. But therefore, I would like to try to take a look at the user perspective.

And I think, for me, the answer is whether these things are natural monopolies or not, whether if a user was going to set out

to register a domain name, whether they, what would they consider the valid choices that they would consider buying. And if they would, if they saw, if they really only wanted dot COM, then you know, that tells us something.

And then we need to think about dot COM in a different way, then if they would say, oh I could get a dot COM, or dot photography. I want to get big shots dot photography. You know, I could get big shots photography dot com, but I would rather get big shots dot photography, because it's shorter, or something like that.

And so, if consumers presented with various options... The registrant class of consumers [LAUGHTER]. Yeah, so if the registrant class of consumers, you know, presented with these options think that they're valid alternatives, then I think there is competition, and if consumers don't think they're valid alternatives, then there is probably not.

Anyways, so, oh... I'll give Kaili the last word and then we're going to move on.

KAILI KAN:

Sorry. I'm trying to make up my last time I was in there, I just try to make up. Also...

Thank you. Thank you, thank you for... Thank you for thinking that way. Okay. My other question, I think last time, I raised by typing in is because last time, we were told that the, to get a domain or a registrant to pay for, that's sort of minimal cost to the person or whoever company to have a webpage or so forth.

So therefore, that if the cost for this is minimal to the website owner, then that means it is lack of price elasticity, because for example, nobody in the world, well most of the world would care how much salt will cost, they care about meat, they care about vegetables, but nobody cares about salt. It's minimal. You know, entire full budget.

So therefore, we have concentrated that much on price. Competition. If we caught the competition in price, but that might be a little bit misleading. For the, what we talk about [inaudible] level consumer, okay.

We need to, exactly would stimulate more competition. It may or may not be this, of course, if we had looked at VeriSign making so much money so easily, that's another question, but that really means depending from what angle we look at this problem. Thank you.

STANLEY BESEN: Just one, 30 seconds. The concept alluded here is the... Stan Besen. It's something called the importance of being unimportant, is what you are referring to here. And that's basically, the concept is, if you're a small part of the cost of a product, the tendency if for the elasticity demand to be low. And what you're alluding to here is exactly the concept.

The question is, if these were monopolies, they would in fact be able to raise the price a lot over their cost, because they are a relatively small portion of the total cost of [inaudible]. That's all I have to say.

JORDYN BUCHANAN: All right. So, I'm going to take us now back to our lovely document.

You can also.... Do you have the link to the doc itself?

All right, I've just posted the link to the doc into the chat on Adobe Connect, so you can feel free to either look in Adobe Connect itself, or you can link into it. That's a little bit better. That's much better, yeah.

Sure. All right, so I'm going to ask us to take a rough swag at prioritization as we read through this, and then we can come back and I think Jonathan is right, the level of effort on the data

may end up influencing the balance between sort of absolute prioritization and practical prioritization.

But we'll able to do that as a second pass. But just as a reminder of the questions, I've roughly segmented them into three buckets. One competition, most of the questions relate to competition. We have a couple of questions related specifically to consumer... Why did I say consumer trust? Consumer choice. And then we have another topic that's related, considerations.

And within the competition question, we basically started out with, I think, with three fairly central questions which are, has the expansion of gTLDs been effective at promoting price competition? Has it been effective at promoting non-price competition? And what are reasonable definitions of markets?

I feel like, we need to answer the third in order to probably get to the first and second, but hopefully most of us agree. That's a very leading statement. I would argue, and I would like to get the sense of the room. If we don't answer those first and second questions, I feel like we won't have done a very good review embracing the competition elements of our view.

Does... But let's read through the rest briefly. And then we can sort of make conclusions about where we want to spend our time.

Yeah, the recipe on the first three big bullets. So then beyond that we have basically a look at different types of TLDs, been able to provide effective alternatives. So then trying to drill down into how are community TLDs are working versus brand TLDs versus GOs, and there are different types of applicants more or less effective as competitors.

So as a single TLD operator able to be just as effective as the portfolio operator, etc. And then we have the question, I think, that both Stan and Kaili, and Jonathan, everyone has pointed to, which is what is the effect on competition amongst registrars as well, and particularly, how were registrars competing in these new TLDs?

Stan has separately raised the question about the minimum viable scale for... Oh, okay.

That's right. Stan reformulated it as minimum viable scale. That's great. So Kaili originally raised this question, and it has been formulated as, what is the minimum viable scale? We have a separate question is, is a new TLD a valid choice for a registrant if there isn't universal acceptance of it.

Are consumers sufficiently aware to allow for competition? So do people know about these things? Like I said before, if we're focusing on the user, and they don't know about them

obviously, they probably wouldn't consider them an alternative to legacy TLDs.

And then I raised this last question of our domain names being more allocated more efficiently to registrants who will use them well? Which is the notion that, you know, maybe some things that the new TLDs are doing in terms of pricing, or allocation schemes, are they helping get TLDs in the right hands, essentially, from an allocation efficiency?

Then within consumer choice, we have two, just two questions that we have identified so far, which is, something that Kaili started to point to in his... No. The second one is that.... First one is, is the further segmentation of the regulation of the name space valuable to users that are navigating?

So this is the Internet user's side of it, like is it useful to know, you know, I mean... You raised dot GOV earlier, but is it dot GOV versus dot COM, is it helpful to know that dot GOV is going to be a government website or something like that, versus a more generic one.

And now, these days, is it helpful to know... Is it helpful that there is dot photography? And I guess a follow-up question, is it helpful that there is dot photography? Is it also helpful that there is dot photo and dot photos? And you know, but then there is maybe more specialized things like that dot pharmacy is

a helpful, that there is something that is restricted like dot pharmacy might be to...?

JONATHAN ZUCK:

This is Jonathan. And part of the question will be where the boundaries between a competition question and a trust question. In other words, the availability of dot pharmacy and dot bank, may speak more toward consumer trust than it does actual competition in that there maybe there wasn't a need for competition for the domain names of banks, but the fact that there is a more trusted place, has a trust implication.

JORDYN BUCHANAN:

Yeah, correct, and this we actually, there is actually a specific sub-question that we have here, which is do Internet users expect different TLDs to have different types of registrants? And that sort of flags something that might overlap very much with the safeguards and consumer trust working group. So that's something we have to keep an eye on, I think.

And then the second consumer, sorry Stan.

STAN BESEN:

Stan Besen. I want to make a radical suggestion and then ask a question. I think this list is fine. We can refine it, but I don't see

anything that I would really want to do in the future that would be prevented from anything on this list. So I guess, I think we're reaching diminishing returns to refining it.

The question I have is, and I have, I would answer this, should we be looking at the secondary market? There is nothing here, except maybe indirectly, about talking about the secondary market. I think we shouldn't, but people may have different views about that. So maybe we should say...

I would like to know what people's reaction to the question of, whether the secondary market is within our purview?

JORDYN BUCHANAN:

So Kaili and Jonathan. Okay, first Kaili.

KAILI KAN:

Talking about the secondary market, I think, at least from what I've learned, it's very, very important right now. I'm talking about in China. Not only Chinese people, also internationally because the market in China is very large, so internationally, people come into China and buy up tons of domain names.

And as well as registered domain names, and it's like a purely for speculation, and the profitability is 100 times profit or more already. So that is secondary market. And right now, according

to my friends in China, they tell me that is a large, large portion of the new gTLDs are of this nature.

So I think right now for the new gTLD program to succeed, I think we need to look into this, and then see if ICANN will do something about it. It's a very important [inaudible]. Thank you.

JONATHAN ZUCK:

Yeah. I guess I'm inclined to agree that, and Stan you brought this up in the past... This is Jonathan Zuck for the record. The likelihood of finding price competition with legacy TLDs that have price caps on them is quite low, and we've all read that, etc. that the nature of the regulated pricing means that there is not a lot of, it's not a market based price to begin with.

And so where you are going to see, if anywhere, price competition is going to be in the secondary market. So once I got my dot com name for \$7, and it now sells for \$5,000 in the secondary domain, that number may drop to 2500 and may actually reflect the kind of price competition that we wouldn't see in the primary market.

So I too am a fan of incorporating the secondary market into our competition analysis.

KAILI KAN: Well, but of course, I think... I'm trying to really understand, read your mind, is that is indeed hard to do. And like data collecting and so forth. And that is indeed, sort of more difficult, but personally I feel at least what we do is simple for a few markets...

Well, we do not need to get to exactly numerical results in order to make some conclusion and provide some valuable reports to ICANN to consider.

JORDYN BUCHANAN: Stan and then I'm going to throw myself in the queue again.

STANLEY BESEN: I don't want to suggest that there is not a lot going on in the secondary market. There clearly is. I guess my question is, is it something ICANN should worry about? Just let me, I mean, there is sort of... The way I think about it is, and I think there is somewhere in here, maybe something that Carlos circulated a while back, about premium domain names.

And the sort of like, picture two states in the world. One is the registrar, the registry collects a lot of money from Jonathan because he has a name that he really, really wants, and they charge him a lot of money. That takes place in the, quote, primary market.

The alternative is, I get it from them at the original \$7 price, and I go to Jonathan and I charge him the really high price. And the only difference between those two situations is, who gets the [inaudible]? Jonathan gets, in terms of resource allocation, the main goes to the guy who values it most highly, and should we care where all of the dollars end up?

Let me just, one more point, which is related. Here is the case where I think this secondary market issue is important to our primary question. In the data I've seen, a very large number of the domains, the new registrants and the new domains are part. Okay?

It's like 50%, okay? Those are people clearly buying them for speculative purposes. For both, okay. But let's suppose they're for speculative purposes. There seems to be a lot of that. Okay. That effects the way we think about market shares. I was thinking of this this morning, sort of, as if General Motors produced a lot of cars. A lot of cars were bought, but they're parked on the side of the road and nobody is driving them, and they only have bought those cars in the hopes they'll sell them in the future for higher prices.

Question. Should we count those in the output of the new domains? It's a tricky question because they show up as registrants, but they're not being used for the purpose that we

think registration is for. So it's a subtle question in thinking about market shares and number of registrants.

The deal with the parking question, and I think that's where the two things, at least for me, they come together.

JORDYN BUCHANAN: All right. I've got Margie then Jonathan then me then Dan.

MARGIE: Actually, if you guys are responding to Stan on this issue, then take me out. I have a separate topic on this.

JORDYN BUCHANAN: Okay, so I'll do Jonathan, Dan, Margie, me.

JONATHAN ZUCK: Yes. Stan, so I guess... Just briefly. I agree that who gets the [inaudible] doesn't matter, the question is whether or not the, if we're trying to find some example of price competition, is the amount of that [booty?] ends up mattering?

In other words, have we led to, you know... Some premium name like Wall Street dot COM went for a million dollars, fight? To somebody. So there are names like those that are out there

on the secondary market, like on [inaudible] and things like that where you have options, etc.

And so if the availability of Wall Street dot market on that secondary market also, or on the primary market changes the price expectation for Wall Street dot COM, isn't that the introduction of price competition? That's separate from... I don't care who makes the money, but it's less money being made, I think is the question about price competition.

DAN:

Dan for the record. I'm not sure that secondary market is the correct term. Probably more parallel market, it's definitely not black market, but secondary market...

And also I'm not sure how is it connected with the competition, because in that case, the one who is selling domain names is registrant, one who buys regularly from the registry or registrars that domain name, and he's selling not on the market. Some of them are offering public their registered domain names, but many of them offering through some informal channels.

And it can be part of the market.

JORDYN BUCHANAN: I'll make my intervention there, because it's a little bit in response and then we'll jump to Margie. So I think.... I mean, once again, I think this comes back to a question of what the valid options for consumers are. If I'm going to start my business and I want, you know, I wanted my business, Joe's Coffee, or something like that. And I go to buy, maybe I want to get Joe's Coffee dot COM, I go to buy it, and it's not available on dot COM in the primary market, but it is in the secondary market.

That's a choice for me, and it might be priced \$2,000 or something like that. But then now I have these new TLDs, and now that I have these new choices, maybe I'll be more willing to you know, buy one of these things instead of paying the \$2,000 for Joe's Coffee dot COM.

So I do think we... I mean, I [inaudible] exactly where Kaili said, which is, I think it's important, I think we need to take a look at it in order to understand the consumer experience, the registrant class of consumer experience. But the data collection is going to be really hard, and so it's probably going to be more sampling and more like anecdotes than you know the hard data that we're going to try and look at in other places.

But I think we can certainly probably get some picture of what it looks like. And this is why I've been pushing an analysis group a

little bit to try to like take into consideration like what are people registering, not just how much the cost, you know, there were N transactions for this many dollars, it also matters what they're registering, what the quality of the names were, etc.

So hopefully we'll get there. So Kaili has got another response here. Eventually we'll get to you Margie, I promise.

KAILI KAN:

Kaili Kan for the record. And also I think when collecting data, I think we would, for including the, not the secondary but the primary market to start with, we can probably try to distinguish difference between the true, real market demand for new gTLDs versus defensive ones, okay, versus speculative ones. And that, I think, would be very important information that we can draw conclusions as well as recommendations to ICANN and the Board. Thank you.

WAUDO SIGANGA:

Thank you. Waudu. I just wanted to add to the remark that Stan made about dealing with the cyber squatters, the example he gave about General Motors, people going and buying cars and parking them on the side. I think it would be very important to try and capture, at least estimate that kind of data. And I

think [inaudible] in our last meeting, we had discussed methodologies that could maybe give us some estimate.

One of them will be, for example, the domains that are not resolving, that could give an indication that there has been some patches of domains that have not been utilized. So I think that kind of, that I think will be very useful for our work.

JORDYN BUCHANAN: Thanks Waudu. So, Stan to answer your question, it seems like, having gone around the room.

It seems like, having gone around the room, it seems like we are going to try to take something of a look at the secondary market, even though it may not be as definitive as the data we're able to get from the primary market.

STANLEY BESEN: I think it's hard, but my argument against doing it is somewhat different, which is I am not sure it's something that ICANN should worry about.

JORDYN BUCHANAN: So this is Jordyn. Just to respond to that briefly. I think, sort of forget ICANN... Because when you say what ICANN should worry about, like there is ICANN the not for profit corporation, there is

ICANN the community. In this case, I think, you know, if you look at the charter...

If you look at what we've been asked to try and figure out, I think it's essentially has the introduction of these new gTLDs had a beneficial effect in various, you know, in various angles. The competition, consumer choice, consumer trust, and potentially part of the answer to that is the effect on the secondary market, or the effect on giving consumers options outside of where they would normally go to the secondary market.

And so I think that's why we have to take it into consideration. I don't think ICANN has very much responsibility other than ensuring that the, you know, consumers don't get ripped off in the secondary market. I don't think ICANN has a lot of responsibility for caring about like pricing and stuff there, but I don't think we can answer our question without taking a look at what's happening there.

KAILI KAN:

I want to say, plus one.

STANLEY BESEN:

Stan Besen. Just for everybody's curiosity. Somebody put me on a mailing list, or forward me something, domain dot COM, I don't know if you guys get this. And it reports on the secondary

market all of the time. We can easily get distracted in all of this stuff, which I think is not what we're supposed to be focusing on.

JORDYN BUCHANAN:

So Stan, I don't think we want to have it in... I don't think our goal is to really dig deep into the shadows of the secondary market. It purely is to understand how the names in the secondary market are, one of the alternatives available for registrants.

Correct, yeah. Finally, Margie.

MARGIE:

Okay. So when you look at the questions for consumer choice, it's completely different subject. I think you're missing areas that you might want to look into. I mean, just from an ICANN perspective, you know, we have nothing here about different languages, different regions.

You know, when you're talking about consumer choice, is it really choice for a potential registrant if something isn't available in their language or script. So you can certainly choose not to add questions, but it just strikes me that we have been focusing a lot on, or you've been focusing a lot on the competition side of things, and not the choice side of things.

JORDYN BUCHANAN: Thanks Margie. Stan first.

STANLEY BESEN: Yeah, I think... I may be read this incorrectly, but I read that segmentation to be linguistic geographic, so I would hope that we would already be thinking about under that rubric. So I didn't rule out the linguistic or the different character sets or whatever, and I think I argued before that we should be looking at not only product market definition, but also geographic.

So one of the segmentations is, you know, Europe, Africa, whatever, or groups like photographers or whatever and so segmentation you would do in a lot of different ways. And that plays back into the market definition question.

MARGIE: Do you want to add something specific about that? Because I would image that would probably come up in the session this afternoon. You know, and then you look at things like, you know, are there, you know, registrars are able, to you know, to sell into that region, and offering languages. So even if a registry might have the ability to do it, is there a way to actually get to the consumers?

And again, it's not a competition question, it's more you know, a geographic. Okay, but it's also choice, you know, it's also a choice issue, you know. Do consumers have the ability to go to a registrar in their native language and script?

JORDYN BUCHANAN:

Thanks Margie. So I think it's a really good observation. I think some of the things you're capturing, I think if you go up into the competition questions. In some cases we're hitting on some of that. There are elements of choice in some of the competition questions. Well, for example...

But I don't think they're actually touching directly on the things that you're saying. Stan pointed at geographical, we do identify geographical issues as one of the possible market segmentation issues, but I think you're raising, I think, two slightly separate, like you're coming at it from two ways, as I understand it.

One way is you're saying, I think, are we adding choices for users sort of in various different regions, right? Like so it could be because most of these TLDs are... The vast majority of them are English words or brands, one of the two, you know, maybe people in countries that don't speak English aren't actually getting the same level of choice that people that do speak English are.

You know, similarly, people that use non-Latin scripts, you know, are they getting the same advantages out of the program that people that use Latin scripts are? I think those are interesting questions that probably do belong in the consumer choice area. And that you've also raise like the registrar question. Do they have access to register them?

And then separately, I think you're asking another question coming at it from the other direction, which is, maybe this gets to the registrar topic, but so even if they had, you know, even if this was a valid option for them, do they actually have a way to access the market?

And so those, I think, I think you're right, that we probably want to reflect some of that somehow, yeah. Stan?

STANLEY BESEN:

Why don't you just go back to the consumer choice and just add after segmentation, perhaps, parenthesis, and if you have some examples as illustrations.

JORDYN BUCHANAN:

So I read the segmentation question a little bit differently. I read that as like, are the domain names themselves useful in segmenting the namespace as opposed to market

segmentation? So that's why I tend to agree with Margie that we haven't quite covered this here.

So I think we should probably add in another question here, which I'll do in real time.

How do we want to phrase this?

STANLEY BESEN: It is related to the market definition question, but maybe you want to put it specifically down here and say, are there relevant consumer segments for, by language, geography, interests, whatever categories you want to use as...?

JORDYN BUCHANAN: Can you rephrase that? Can you...?

STANLEY BESEN: I'm not sure I can do that.

ELEEZA AGOPIAN: This is Eleeza. So are there relevant markets....?

STANLEY BESEN: No, no. We don't want, I'm sorry, market [inaudible] should be in the top, should be down here. Do consumers have expanded

choices in various segments? E.g., linguistic, geographic, what other categories are there? Interest.

JORDYN BUCHANAN: How does that work?

STANLEY BESEN: Good.

Are there any other categories?

MARGIE: This is Margie. It's the access, like is that...? Do you think it's picked up already in languages and scripts? Or you know, in order, it's the purchase side of it, right? So where does the consumer go to purchase domain name, you know, in their region or language?

And so... Or script?

STANLEY BESEN: One way to think about that is, and we'll come back to this later. My principle objection to the analysis group report was they're treating the market for registrars as one big worldwide market. They calculate market shares for that.

And you're giving one specific example of a case in which that's not right for some particular registries, it's always the registrars for them that count. Go Daddy can be selling something else, but they're not available to somebody in part of Africa. That affects the competition among registrar and the ability, and the choice and availability to consumers.

MARGIE:

This is Margie. And that's why the options of purchase is a good question, because it's not just registrars, it could be resellers. You know, like a reseller could be able to provide the service and language needs, a reseller of say, Go Daddy or Network Solutions, could do it in Africa, as long as they kind of localized their services, you know, be able to take the currency and you know, and set up the web, you know, to provide content for consumers.

So that's why I was looking at it from that perspective. So I think that's a good question.

JORDYN BUCHANAN:

Have we captured that with this new bullet and sub-bullets Margie?

MARGIE: Yes.

JORDYN BUCHANAN: Great, thank you. Yeah, Stan.

STANLEY BESEN: I agree about the reseller point. We're not collecting data on resellers. It's not obvious how we would do it.

MARGIE: I believe we... Did we ask analysis group to think about how we might be able to look at that? Because we identified that as something that was missing in the first version, but we didn't have data at the time.

ELEEZA AGOPIAN: This is Eleeza. Yeah. We did ask them to look into it. It's not easy to collect. So, but we're looking for it, they're looking for it. And I think you can talk to Greg about that this afternoon.

JORDYN BUCHANAN: And this is Jordyn. Again, we may end up with this whole topic area. It may look a lot like where we end up on the secondary market, which is we have to look more at sampling then trying to get a comprehensive view of the situation.

All right, so Stan asserted originally that we had a good list of questions. Margie wanted to add one, we've added that. Does anyone else think there is still missing? Kaili.

KAILI KAN:

Can you go back to the top? Say competition and, yeah. Or [inaudible] further. Yeah. I think before you said that these are the top two to be answered first. I sort of would prefer to have the third one, placing the definition of markets, because we just discussed.

And with this, I am not expecting a complete answer to this question, the definition of markets. However, and these would get some basic understanding, and then we may come up with not one but maybe two or three various different definitions, and then according to different definitions, and then we study the first and second topic.

So at least that is like... What is a reference or something? At least we know what we are talking about. So, what I'm suggesting is that maybe we first go with the definition of markets. Maybe with two or three or different definitions, and then under each definition, we study the number one, number two, and so forth.

Then probably we would have a clearer idea.

JORDYN BUCHANAN: Yeah. So thanks Kaili. I see Waudu agreeing. I actually agree as well. Stan and I had talked about this a little bit offline, and I think we came to the same conclusion... So what I meant to say earlier was that I think if we don't answer questions one and two, I think it will be hard to say that we've done a good job at assessing the, doing the review, but we have to do...

I actually think we have to do number three before we're able to do a good job of one and two. And so I do think it's a predicate and therefore probably step zero in the process. Go ahead Kaili.

KAILI KAN: Well, to answer, well to answer to number one and two, it might be a different answer, saying that, okay, number one and two are not important at all. We stop studying it furthermore. And there we focus on other issues, like [inaudible] competition and so forth, because... Well, we've talked about this.

JORDYN BUCHANAN: So, number two is exactly non-price, right? So I think, but yes. I agree that how we approach the first two questions will be significantly influenced by what the analysis on the third one looks like. So I'm going to try to come back try to take a rough swag at prioritization here.

I guess the question is, how do we approach that? There is a few ways we could do this. Number one is we could do sort of like, we can do like a voting mechanism. At least, not to actually do the prioritization, but in order to help us... Here I am going to say triage. In order to perform some triage and sort of say if everyone thinks, if no one raises their hand and says something is important, then that's probably a good sign that it's not that important.

And we can use that to inform further conversation. Another is we could just like talk through each of these, and try to assess importance, or we can try to create a stack rank in real time. I would be inclined to go around and do a quick...

The problem is, show of hands isn't quite good enough because it's probably not binary in terms of whether we think these questions are important or not. I wish we had stickers. The way we often do this exercise is we give everyone some stickers and put them out.

Oh really? Yeah. Post-Its might be a solution. Stan, go ahead.

STANLEY BESEN:

Actually, maybe the question is going to be answered here. A bunch of these tasks are ones that, my understanding is that analysis group is going to be doing. That it's going to be

updating their prior work. And so is that the starting point, I mean, we don't have, if they were to commission to do much of this stuff in terms of calculating market shares and all of that.

We have to, it is being done, it's already a priority.

JORDYN BUCHANAN:

So what I'm suggesting is... What I'm trying to get at today is... So I don't think that's necessarily true Stan. It is possible that stuff that's being done is not actually a priority, but we didn't know, at the time, that that was the case. And so that would be unfortunate, and not necessarily a great use of scarce time and resources from an analysis group, but I don't think it necessarily follows that just because it has already been worked on that therefore it's a priority.

More importantly, I think, analysis group is providing us data and analysis, and I think what I'm trying to get at here, like what are the most important questions that we're trying to answer over the next, hopefully...? Jonathan has already expanded the timeline in public presentation, so I guess over the next year and a quarter or something like that.

A year and a bit. And that's somewhat different from what work that we need to do in order to answer those questions. Does that make sense? Cool. So...

All right, I'm going to combine two... So we're meeting back here at 11:30? Is that right.

MARGIE: Yeah. So we had scheduled a break from 11 to 11:30, but basically we can run over a little bit, I think.

JORDYN BUCHANAN: Are we reconvening...? How much more time do we have as a sub-team today?

MARGIE: So we have another hour blocked off today, and then tomorrow we have... We have an hour and a half tomorrow.

JORDYN BUCHANAN: Okay. So, assuming everyone wants their break, why don't I suggest this as a way to head off into the break? Take a look at each of the high level that is in this doc. And how are we going to make...?

Yeah, why don't we...? Can we magically turn this into...? I think we can just magically turn this into a numbered...?

It works. All right.

Perfect, all right. So yes, now they all have numbers. So now, for each of the numbers, I'm not going to force people to have finite votes or anything like that. But why don't we say for each of the numbers on a scale of one to 10, one to five, I like one to five.

Scale to one to five, with one being the least important and five being the most important, how important do you think it is that we answer each of these questions?

JONATHAN ZUCK: Are we ranking or doing one to five? So you...

JORDYAN BUCHANAN: You can make them all five, but that will be the, you know, will fall into the, you know, will fall into the, if everything is important, nothing is important trap if you do that. But it's totally up to you how you...

Yeah, yeah. That's why I said I'm not forcing you to like allocate points, or anything like that. No. I think that will be a little too complicated.

UNKNOWN SPEAKER: And we take this in consideration of competition and consumer interest, not other related aspects.

JORDYAN BUCHANAN: Correct. Just for the purposes of our sub-team, correct.

UNKNOWN SPEAKER: How small are the segments that we're rating?

JODRYAN BUCHANAN: Just the one that have numbers on this document. So not the letters, just the numbers. And so for each of those numbers...

UNKNOWN SPEAKER: Yeah, let's use these boards here, that's why we have them right? To... So use your Post-Its, right?

JORDYAN BUCHANAN: So maybe Eleeza can go right down, one, two, three, four, five, six, seven, eight, on the board, and then so you write on the Post-It what your number is for that thing and then you go put it up there, and then we'll add it all up. And then our next...

And so I'll do a little...

JONATHAN ZUCK: We could just go write on the paper.

JORDYAN BUCHANAN: Or you could just write on the piece of paper, either way. A precious Post-It, yeah that's true. We also have the entire break to do it, so yeah. So think about it, either take a Post-It up or go write on the thing, between now and 11:30, make sure your votes get in, and then I will tabulate the results.

I will use that at the start of our next hour when we have that available. And I'm hoping by the end of that hour, we'll have [inaudible] this and maybe started to talk about the data that we need, and then tomorrow we'll really focus on data...

Five is most important, one is least important. It's not golf. All right.

Yeah, you, Stanly you can come look at my computer, Eleeza's computer. Yeah.

If you have a computer, you can look at the Google Doc.
[CROSSTALK]

UNKNOWN SPEAKER: And I was going to add, the 11:30 session is going to start later, because Christine and Xavier are both ending a meeting at 11:30,

so by the time they get here, it will be like 11:45. So we do have a little...

JORDYN BUCHANAN: So what I was going to suggest is, why don't we...? Let's still come back 11:30 or a little earlier, and then we'll use that last little bit of time to go through the results really quickly. So you've got half an hour now to goof around.

UNKNOWN SPEAKER: And we're waiting for the others to come back so we have the room. Might as well make use of the time.

UNKNOWN SPEAKER: Testing, one, two, three.

UNKNOWN SPEAKER: Hey Jonathan, should we get started?

JONATHAN ZUCK: And we're back.

CHRISTINE WILLETT: Thanks Jonathan. This is Christine Willett. I met some of you in Los Angeles, for those of you who were in the LA office for the

meeting, I was there, but wasn't able to connect with everyone. I have been overseeing the new gTLD program operations since 2012, and what I'm going to talk to you today is, give you an overview and some background on the financials behind the new gTLD program.

We're going to start by talking about the application fee, the \$185,000 application fee, where that came from. And then Xavier is making the long hike from the conference center. His meeting is ending momentarily, so he should be here shortly.

He'll be able to take us through the current reporting. There is a variety of reporting, quarterly and annual reporting on the new gTLD program, financials and accounting, and talk, will be able to walk you through everything that's already out there publically available for your review.

So let's start, if you can go to the next slide. We're going to start with this first slide is really, talks about the financial model that was used to determine the \$185,000 application fee. As you see here, it was, the \$185,000 was defined in 2008, long before the applicant guidebook was approved, before all of the details of, evaluation details were approved.

So we had policy, but we didn't have...

So, and that 185 was based on three categories of cost. Historical costs, we knew that we had been, ICANN had been putting a lot of money into the development of the program over time, and we anticipated that would continue.

The application processing costs. We knew there was going to be a fair amount of expenditure to process the applications, perform evaluation, contract, etc. And then as you might, with any project, we expected that we would not have enough information in 2008 to adequately and in detail forecast every possible cost for the program.

So that is what was the third category of unanticipated costs. So this was, it's broken down here, at \$25,000 per application was estimated to cover historical costs. \$100,000 per application for processing, and \$60,000 per application for things we could not foresee, unforeseen, unanticipated costs.

So it's sometimes I know, folks have said the 60K, that's the risk bucket, that gets lumped into this risk idea, so I will let our CFO to go on to talk about some of the specific details and accounting principles, gap standards on that.

But in general, it yes. Risk is part of those unanticipated costs, litigation, there will be many reconsideration requests and IRPs are coming out of that, that money. But this was really the... The takeaway here is that this was the premise behind the

structure of the \$185,000 fee, this is not how the program budget and financials are being managed.

So the other thing to take note of is that when the model was produced, we're also, it was assumed that we would have 2,000 applications. So 2,000 applications and that hard to predict cost of 60K per application, is where we had the \$125 million bucket of money, that sometimes gets referenced and called this risk fund, or the risk reserve.

But there is no such thing. It's just a breakdown of application fees. If you go to the next slide. Okay. So, if we look at how those 2,000 applications, that model for 2,000 applications... Yes.

CARLOS RAUL GUTIERREZ: You want to keep using as a denominator... Yes, this is Carlos for the record. You want to keep using the 2,000 applications, or the effective 1600? Okay, he will come? I'm sorry.

CHRISTINE WILLETT: We're going to be talking about that, yes.

KAILI KAN: Well, the previous page please. Yeah. Historical cost, 25K per application, historical, what is historical? What is the

[inaudible]? My understanding is that, well before this new gTLD program there is only the legacy ones. There were limited numbers and so that was how much we charged VeriSign for?

CHRISTINE WILLETT: So the historical costs, it is to recoup the investment that ICANN was making in the development of the program. By the time 2008 had come around, by the time this model was developed, ICANN had already spent several years working on policy, new gTLD policy.

And after this, ICANN continued to work with the community on developing the applicant guidebook and all of the implementation work. So all of that work happened before we got one application.

KAILI KAN: Okay. So, that means it is basically the cost of policy development, not real hardware like, or that kind of... There is a policy development cost, if I, is that understanding correct?

XAVIER CALVEZ: If I may. This is Xavier Calvez for the record. It's a bit more than policy development, simply because there were activities to develop the applicant guidebook, so there was all of the logistics

about developing the applicant guidebook, basically. And the fact that the program effectively got approved and started later than originally anticipated, expanded the period over which those costs were incurred.

But that's what that is, is the work to develop the program. And in case it's not clear to everyone, the reason why a fraction of the fee included the recoupment of those costs, it's so that it is the applicants to the program who pay for the cost of developing the program, and not the old, in quotes, customers of ICANN, if you see what I'm saying.

It's not the registrants and registries that the registrars and registries that we, contributing to ICANN while the program was being developed, that paid for it, is those who will benefit for the program, namely the applicants, that pay for the cost of the program. That was the rationale for it.

KAILI KAN:

I just try to repeat it to make sure that I understand correctly. So the historic cost, 25K per application, is the pre-Board voting that approves this program to go ahead? The cost before, and the 100K per application is after the program started, how much cost we would expect, anticipate.

And that is based on 2,000 applications. So that is, for the historical, a [inaudible] cost before the program going ahead, that 2,000 applications times 25K, the total cost before go ahead was how many millions?

CHRISTINE WILLETT:

So think of it a bit more simply. If you are estimating a cost for any project, there is costs to plan and prepare for the project, there is the cost to execute the project, and then you say, well, I don't know everything. There are things I can't anticipate, I'm going to have some contingency.

And the less, the more potential for unknowns, the greater the unknowns, the greater contingency. So those are essentially the three buckets. The work to prepare, the work to execute the project, and then the unanticipated.

KAILI KAN:

Yeah. I agree with you. Yes. So I'm just trying to [calculate it?]. So the cost before go ahead, is that 25K, and each, and that's based on 2,000. So the total cost we spent before the going ahead was 50 million US dollars. No?

XAVIER CALVEZ:

No. Let me stop you guys for a second, because we're looking at things on the per application basis, which is the result of an intellectual exercise rather than what the real tests are. We are saying the historical cost is what was spent to develop the applicant guidebook, which means, it's the cost that were spent before we start the program.

Therefore, we didn't know how many applications would have been coming into the program. So the cost is actually 32 million. The actual costs incurred over the five year period, is 32 million. That 32 million, is 32 million whether we would have one application or 2,000. Right?

Right. But the... No, no, but it's confusing to everyone, but that's how it has been...

No, no, but whether you're an economist or whatever else, it's confusing to everyone, but that's how the fee, that's how the fee was designed. We think we need to recover the historical costs. We need to cover for the cost of application, and we need to cover for whatever risks there will be. How do you define that up front? Very difficult.

So, I want to come back to this because I want to try to help you understand how this came about. And why we need to look at it differently now.

CHRISTINE WILLETT: So this is a model that we used for the 185. We're going to go talk to you about budgets and actuals, and what has the actual costs we have incurred. So in the coming slides.

XAVIER CALVEZ: Right. But we want to demystify the notion of the 25K, the 60K, and the 100K. So, we've talked about the historical development costs. At the time the fee was designed in the applicant guidebook, at the time the fee was designed in the applicant guidebook, that was 2008, unless I'm mistaken. Wasn't there, but I think it was 2008.

That the 185 was designed. The 185 was designed on that basis. We think we're going to have 12 million of historical costs, and if we use 500 as the number of applications, it gives you 25K. So eight years ago, five years before the program starts, this is the calculation that was made.

Maybe it is going to cost 12 million to develop the program, and maybe we're going to have 500 applications. Here you go. 25K. That's what the 12 and a half million, divided by 500 is 25. Okay? And that's how the 25 came about. Separately, a risk assessment exercise as done.

What are the risks of the program? Again, 2008. Three years before it starts, the program, there was an assessment using a risk management firm, an external consultant, that helped define what we think maybe the risks of the program. The risks are multiple, right? It's complications, we didn't know what things would occur, we would have some litigation, then we would have some reputational type of problems, and so on.

I mean, a broad range of speculation as to what the risks could be. That exercise led to a cost estimate. That cost estimate, again, was done without knowing the size of the program. It was done actually irrespective of any number of applications. It was not based on a number of applications.

It was based on the existence of the program. That evaluation led to an estimate of 30 million. It's not 30 million for X amount of applications. It was 30 million. And then, same assumption then here, if you take a program where we're going to have 500 applications, then 30 million divided by 500 ends up by being 60.

And that's how the fee was designed in the application guidebook, resulting in one fee of 185. Not three fees. One fee of 185. Is that clear to everyone? Is there any questions? Because this is helping us now get to the next slide, next slide.

Where we replicate the same bar, the top, that was on the previous slide at the bottom, but now what happens? Now we

are in the program. Now we didn't receive 2,000 applications, and by the way, the 2,000 applications was not the model that was originally was taken, it was 500 applications.

But in the budget of 2012, if you remember for those who were there, we used a scenario of 2,000 applications. We used three scenarios, right, do you remember? 500, 1,000, 2,000. It was not entirely haphazard that we use 2,000 because we knew by the time that we had received 930, that it was not public.

So we used that 2,000 scenario. This little space here tells you that we didn't receive 2,000, we received 1930. So [inaudible] is not 1600, it's 1930 applications that we got. And that's defining the total amount of funds, 1930 applications times 185 is 362 million, and that's the money that we got, by the end of June, remember 2012, we got the 362 million on our bank account.

And then, what happens? I told you, historical costs, 32 million...

...per 32 million fixed amount. So that portion... So the funds, the total funds here, are being used to pay back that 32 million. We are estimating that there is going to be about 53 million of refunds for withdrawn applications.

We've already refunded about 40-ish, I think. Then there is just the evaluation, all of the panels, all of the work of evaluation,

estimated at 187 million. You remember the 100K per application, 2,000 application or 1930? 1930 times 100K would be 193 million. We're actually reasonably close. It's a bit of luck, but we're reasonably close on that front.

And then, the remaining funds after we've done all of this, why is it remaining funds? It's because it's the net of all of this versus the 362 that we got. And of course, why is it that much? It's because we knew that we had put into the structure of the fee, coverage for potential risks.

And risks are, as Christine said, hard to predict costs. We have a definition in the plan, from 2008, of what hard to predict cost is. It's basically anything that's different than the plan. Did we miss a step? Did we mis-estimate the cost of a given step? Are there going to litigations? Or are there going to be new steps that we just didn't know would be required?

And we've had that. That occurred, right? The GAC, the work with the GAC on what involvement the GAC would have, turned out to be completely different than what was in the applicant guidebook already. So there were costs associated with that, that were never planned for. Jonathan.

JONATHAN ZUCK: Thanks. Jonathan Zuck for the record. So, I understand that conceptually, is there a point at which you will consider those risks mitigated? Is that a protected fund? I mean, what ends up happening to that money when those risks don't occur, when they're done occurring or something like that? And what happens then?

MEGAN RICHARDS: Thanks. I had a similar question to Jonathan. It's Megan Richards for the record.

Yeah, it's me. I wanted to ask, I've forgotten now what I was going to ask you. [LAUGHTER]

Exactly. Drat....

XAVIER CALVEZ: It will come back to you. We'll make sure to come back to you. So make sure you remember it.

CHRISTINE WILLETT: Christine Willett. So before he answers the question on the risk. What I want to do is be clear about the program operating expense. So that 187, as well as the 53 million for refunds, that's not our to date costs. Both all of our actual costs to date plus

what we are projecting through the end of the program. So these are the full program, yes.

So this is what just got published this week.

MEGAN RICHARDS:

Sorry, it's Megan again. I remembered what I was going to ask. And that's why I jumped in just after Jonathan. So in the projected costs, or unidentified costs, does that also include costs to ICANN of IRPs and things like that? Is that also included in that part?

CHRISTINE WILLETT:

So it, the point I was making, this is Christine. The reason I wanted to highlight that that operating expense includes everything with forecasting, is that things that we know about, we are able to forecast. Current work, current commitments, the trademark clearinghouse, the need to continue pre-delegation testing, through the duration of the program.

Things that we can predict are there. New litigation, new IRPs, things we don't know, we cannot predict. Those are future unpredicted costs.

XAVIER CALVEZ:

Just the definition of hard to predict costs when that was, yeah. And therefore, this is a bucket of money to try to start answering Jonathan's question, designed to cover for what, we don't know. So then the issue is, trying to answer Jonathan's question, as to what's going to happen with that and when?

And the question is, what are the risks of the program that are going to materialize in the future? Which then goes back to Christian's point, we can't predict that. Now, we're going to need to find a way together, to say how do we then manage this?

You could argue that over time, the risks decrease. So if the risks decrease, if none has materialized, because if you've had one or two or three or five lawsuits within a six month period, you could actually say, now we have a pattern. Right?

But the point is we need to monitor what are the risks that materialize to be able to determine how long do we think this is going to last, and how much potential leftover we're going to have? At this stage, it's really difficult to predict lawsuits, to be very clear.

And no one wants to do that. I certainly don't want to. So the bottom line is, we're going to need to find mechanics, I think, that we agree altogether on, how do we look at this? And is there a way, we had discussed that with Steve Crocker two years

ago. Is there a way to say, we have 90 now. We've used five this year, let's say, for example.

So there is 85 left. On the basis of the fact that we are out and we'll see the timeline later, out of completely evaluations, we have only a few cases, we think we're not going to use the whole thing. There could be a lot more risks, but we think we're not going to use the whole thing.

So maybe we say out of the 85, we think there is 35 that is access, in quotes, and that we keep 50 for risks. Next year, we've used nothing, no risk anymore. Maybe we're just going to release another 20, and then we're going to keep 30 for the future. No risks....

JONATHAN ZUCK:

If I understand the principle, so in practice, are you saying that will be a community discussion, or internal? That's more what I was getting at, is that, right now, as of this moment, it's protected and can't be used for anything other than...

XAVIER CALVEZ:

Covering for those risks.

JONATHAN ZUCK: ...those risks outside, so there is no risk of it getting squandered at this point, and anything done with the money, other than what's listed in the unintended, the unpredictable risks, any use of it beyond that will be something that will be a product of discussion.

XAVIER CALVEZ: So defining that there is an excess, and what we do with it, needs to be a community discussion.

JONATHAN ZUCK: Okay, that was my question. Thank you.

XAVIER CALVEZ: Yeah. I think we have Jordyn and then Carlos.

JORDYN BUCHANAN: So Xavier, I guess my question is like, at what point, like, sequestering... Like, independent of the sort of discussion of excess, it feels like at some point, you're getting further and further away from the inception of the program, and having a forecast for unanticipated costs for this particular program, starts to feel.... Like, why don't...?

At some point, it just feels like you just move this into the reserve, and say like, oh, there is all sorts of stuff that ICANN has

unanticipated costs for, and this is one of them, and why do we keep like a special pool for just this particular set of risks?

XAVIER CALVEZ: Thank you for making that point, that's an option. That's an option. Honestly, I like it because it's simple. It's simple, it's a simple option, but this is something we should all agree together, right? I mean... Carlos.

CARLOS RAUL GUTIERREZ: Carlos for the record. I want to add to Jordyn's comment. The way I understand is when we talk about full program, is the application program. Once it's delegated, they're out of this list.

XAVIER CALVEZ: Yes.

CARLOS RAUL GUTIERREZ: Of course, because that's the cutting point. And the funds that we have projected, they are outstanding, they have not been delegated, program operating expenses is that we are in the process of preparing, discussing auctions...

And once we have finished our delegations, the fund will be available for all possible legal suits against ones that were not delegated, not yet delegated, too early to delegate, whatever.

So we would have like, under this lower line, a calculation of the nominator, what I call.

We're not talking about 2,000 applications modeled, but in the first box, the light blue, we didn't know. The [inaudible] we are calculating that we might be talking about between 300 and 500 applications. And the third box we have delegated already 900, and we have 300 outstanding.

XAVIER CALVEZ: No, no, no. This, as Christine said, I'll let her continue, this includes all of the costs of evaluating...

CARLOS RAUL GUTIERREZ: No, no. I understand. I just want to have under this box, the relationship, how many have been already delegated.

CHRISTINE WILLETT: So, as of today, it's either...

CARLOS RAUL GUTIERREZ: And how many are outstanding, I'm sorry.

CHRISTINE WILLETT: Yeah, so this is Christine. As of today, I believe it's 934 or 935 delegated TLDs. However, program operations, the

responsibility of the program, does extend beyond contracting, because we have to go through pre-delegation testing, but the program also prescribes, the trademark clearinghouse is part of program costs.

Operating the trademark clearinghouse, the sunrise and claims periods, are after delegation. So those are also costs after delegation. So just because 935 are delegated, doesn't mean there are no more costs, for those applications.

We expect that there will be roughly 1260 TLDs ultimately delegated. So you're talking about 330 left, but even of the 933 delegated, over 200 of them, I want to say, haven't gone through the sunrise and claims periods.

So there is still work to do to support approximately, I can find the number. We track it. 200 more of these delegated TLDs through their, what we call TLD startup phase.

CARLOS RAUL GUTIERREZ: This is Carlos. Thank you very much. That was the figure I was looking for. Your expectation of the 1200 plus that the date is not delegation, but the date is after sunrise, and so on. Okay, thank you. That's excellent. If at one point we can keep looking at those figures, it would be excellent.

CHRISTINE WILLETT: The other thing, and Xavier had mentioned this, that two years ago, we started a risk assessment, and I think we published what? About a year ago? The risk assessment? And that risk assessment, for the entire program, what were all of the potential risks. Operational risks, legal risks, all dimensions of risk.

And we published a report on that. We can make sure that the review team has a copy of that. I want to say that it was roughly, was it 85 or 87 million?

XAVIER CALVEZ: It was a range 85 to 100 million, dependent on the level of probability that you associated it because it was a statistical exercise. So an 80% confidence level was 85, and 100% confidence level was 100 million. Which, because it's a statistical exercise, giving a very precise number is not relevant, but the bottom line is, it's in the same range at this stage.

Of course, we're all hoping that this is going to be lower, in that we're not going to have to spend all of that money, and that there is going to be something left. And the question is, what horizon will we know it by? Jonathan.

JONATHAN ZUCK:

Jonathan Zuck for the record. They may be opening a can of worms as well, but the auction proceeds is another bucket of money that a lot of people are eyeing in the ICANN community right now, but it occurs to me that just as you wanted, through the historical costs, recovery portion of the application fee to make the primary beneficiary to the program, the people that pay for the program, the argument could be made that the program itself ought to be the primary beneficiary of excess funds in the form of auctions as well.

And I raise that because we may be looking at a very, in our review team, barriers to, you know, artificial barriers to success to the program, which might involve consumer awareness, for example. It might involve issues surrounding universal acceptance.

And that's already an issue for ICANN, but we may intensify that issue as a result of this review, if universal acceptance is one of the primary barriers to the take up of the new gTLDs. And so it may very well be that we try to make recommendations that have costs associated with them, and it may make sense that the program, that the primary beneficiaries of access costs ought to be the people that paid for the program.

XAVIER CLAVEZ: Quick question on that. Was your point that the auction funds could be used for those type of programs that will help the program? That it...

JONATHAN ZUCK: Exactly. As opposed to thinking them as general funds for ICANN, they might more be better spent as funds to promote the program since those people pay for them.

XAVIER CLAVEZ: And better suited, in your views, than possible remaining funds here?

JONATHAN ZUCK: Well no, maybe in addition to, I mean, that's my thought on those funds as well. But the access of those funds is probably going to be in increments over the next five to 10 years, right? And so it's, because of the risk management associated with it, right?

You're going to have a de-escalation of your risk assumptions over time that get access to those funds, but I just... So I lump the two of them together in a way that they are in fact, both potential sources of excess funds that were provided by the

participants in the program, and if we find deficiencies in the program, it may be worth recommending.

I don't know if I'm getting too far ahead of us. I was just trying to get, brainstorm a little bit.

MEGAN RICHARDS: It's Megan again for the record. Another thing, and not to get too far off on this track, but it's something that's raised quite frequently on the GAC, and that is the excessive cost of the application for, let's call it, less privileged people, less privileged areas, less privileged countries, etc.

And there we really have to make some effort at finding ways to make it easier to access. So this is another aspect that could perhaps...

XAVIER CLAVEZ: But you're talking about next round, right?

MEGAN RICHARDS: Yeah. But, yeah, next round it has to be.

I was just saying next...

XAVIER CLAVEZ: It's a grassroots here.

MEGAN RICHARDS: New gTLDs. But the existing funds could potentially offset this.

XAVIER CLAVEZ: I can't even spend 25 cents on my own.

JONATHAN ZUCK: So just that... Just so the points got lost, Megan was adding to the potential of funds that maybe required to shore up the success of the program, and one of the things we're looking at is how well it served the developing world, for example.

And so that may be another place to allocate funds.

XAVIER CLAVEZ: If I may? I don't want to go too far down in how to use the remaining funds. We're trying to give you a good view of what the costs of the programs are. And I'm very happy that this team is willing to take on the work of opening the Pandora's Box of what we're going to do with this, because then we're going to be right behind you. Carlos, and then we'll move on.

CARLOS RAUL GUTIERREZ: Carlos for the record. I think Jonathan raised another point, and you're looking at your costs, but from the point of the view of the

applicants, we have to keep track how expensive the program was for the applicants, and that should include the auction costs. By all means, and because in the GNSO, when the discussion of the use of the funds has been discussed, some people have said, give it back to the applicant.

I mean, that's another point of view, so it's very important that when we do our work, we keep track of the overall costs to the applicants. Thank you.

XAVIER CLAVEZ:

Can we move on to... Oh, sorry, go ahead. And then there is another question there.

CARLTON SAMUELS:

Yes, I wanted to record, it's Carlton Samuels for the record. That the question of the funds from the auction has been a great discussion in the At-Large community. And just to make a point that there is strong feeling on the ground, that there are elements that are yet to be embraced, that will make the new gTLD program a better success factor for users.

And so we would just want to put a flag on it, that we have some ideas that we will talk about.

XAVIER CLAVEZ: But this is an idea for the working group that works on auction's proceeds. That works on auction's proceeds. Whatever idea you can have, and everyone has ideas, on how to use the auction proceeds funds, please convey that through the working group that's designed for that, that's happening in the GNSO, that's open with everyone.

That's why, I just want, to save the time we have here to let you go through the financials. You had another question and then Christine.

WAUDO SIGANGA: Yeah, just a short one. How did the applicants support program feed into this model? Waudu here. How does the applicant support program feed into this model? Because you talk of 2,000 projected applicants, each \$185,000, but I know the applicant support program meant some applicants paid less.

One. But I'm sure the model was done before we knew the numbers.

XAVIER CLAVEZ: So the Board had designated, meaning said, that they would offer up to \$2 million to help supported applicants, to your point, pay for their fee. Which means that the fee remains 185,000 for those applicants, but the funding of that 185,000 for

those applicants would be supported by the Board, up to \$2 million in total.

Three applicants applied for that support, one got it, and that one withdrew, I think, unless I'm mistaken. So very little funds were used as a result of that. And so that ended up... And that's why the few people here were saying, we need to fix that is that support ended up by not being effective, at the end of the day?
Carlos.

CARLOS RAUL GUTIERREZ: Carlos for the record. Have all the costs been waived for applicants? And in that case, should we have an accounting line for all of these adjustments and where did the rest of the two million go? Did they go to the fund, or did they go to their cash flow?

CHRISTINE WILLETT: So, as Xavier said, the Board set aside \$2 million that could support these applicants who applied to that program. We only received three applications. The applicants who applied to the applicant support program still had to pay, I want to believe, it was 15...? Sorry, 45,000.

Less than \$50,000 as their application fee versus 185. So in essence, anyone who was successful and gained applicant

support, which was won. Received a subsidy of roughly \$135,000. So that one instance of \$135,000 is within the \$187 million. And the other two million, it's...

XAVIER CLAVEZ:

Okay, so let me talk about that because the Board did not put aside \$2 million, pile like this, of bank notes, put it in a bank account and said... That's not what happened. Let's be very clear. The Board passed a resolution to say, if there are supported applicants, we will pay for \$2 million of fees to help them.

That's all the Board did. I didn't move money around to do that, right? It's a decision, it's an intension. So there is not like 1.8 million left somewhere, sitting there to be used for whatever. It's the Board decision that says, we're going to reserve fund for that, and if it happens, we will pay for it.

And since it didn't happen, that line in our net equity, in our net assets, where we said out of the equity of ICANN, we're going to reserve two million for that, that line [inaudible] meaning, we're not reserving that anymore.

So it's back, simply, in the net assets of ICANN. Right. It was the Board saying, if it happens, we will take money away from our

equity and pay for it. It didn't happen, it's back there is all. You see what I'm saying? It's not like it is sitting there unemployed.

Let's move on, right? Next slide. So just for your information, every three months this information is produced in the quarterly stakeholder call, public information to anyone who wants to participate. I hope some of you do participate, and if you don't, please do.

Over an hour and a half, you have an overview of every quarter of all of the activities of ICANN. All of them. KPIs, the event that occur, everything, across all of the activities of ICANN, and you have a financial section at the end, which I speak to, that includes this slide. Every quarter. Every three months. The last one was January 28th.

So in this section, you can see the total program. The \$362 million of fees that I mentioned to you, and the total estimated costs of the program. This is the version from last January. Since then we've updated the forecast, but you see that we have 89 million there before, and in the proceeding slide you had 90.

So this is just because we've slightly updated the forecast since then. So the remaining funds, the refunds, and the cost of the program. To evaluate the program, including, this includes the historical cost development reimbursement.

Now, this is how it breaks down in history. So between 2012 and 2015, fiscal years, we had this much refunds, this much cost. That's the core of the evaluation that occurred that time. Now we continue. We had more refunds in the FY16, currently in this current year. This is a forecast for the end of the fiscal year, and we're estimating 34 million of costs.

And so on. So 17 and beyond, this is what we're expecting to happen. The refunds here, of course, add up to the 56. This is simply a breakdown here of the total, and this is by the years. Clear?

Just take a minute on the refunds in case you have this question. The refunds are the amount of money that we pay back to the applicant who withdraw from the program. There are milestones that define a decreasing percentage of the amount of the original fee that is refunded.

You withdraw at the very beginning, you get 70% of the fee back. You withdraw at the end, you get at most 30 or 20, depending on the case, 20 or 30% of your fee back. So which also means that when we say, for example, I'm going to educate you because I'm going to use your help later, the 125 million, supposedly, of a risk that people that there was. There is not 120 million anymore, because there is a fraction that got refunded, right?

It's true for each category of the costs. But you guys now understand that, which is where I'm going to use your help, now that understand, that you're going to help me and Christine explain that to the rest of the community. Because now you have received knowledge, you have received knowledge, therefore you have powers, therefore you have responsibilities.

Absolutely. Okay. Any questions there? No. Next slide please. I think we're nearly at the end there, aren't we? Oh, so just so that you know, more information, more detailed information about all of this, exists in the budget. Okay?

You have the, that's under public comments since last Saturday, for 56 days. This is the link, and I'll show you an extract of the information that's there. There is more information, an extract is next slide please.

So this is the years of the program, and this is a little bit breakdown of the fee and how that fee is recognized. So 362 million, the 53 million of refunds, net 309 million. And that's how it is recognized over the years. I'm not going to try to make you accountants, but we didn't recognize as revenue the fees when they came in.

That's cash, and then we recognize that as revenue, as the program went along, as the costs were incurred, because that fee was simply meant to recover the costs. So we incur costs, we

recognize revenue. We incur costs, we recognize revenue. That's why it's distributed, but this is the 362 million, less the estimated refunds.

And then it's the breakdown of the costs, initial evaluation, extended evaluation, quality controls, stream contentions, objections, pre-delegations, program administration, etc.

Initial evaluation is broken out here between backgrounds, screening, [inaudible], geographic names, string similarity, DNS stability, registry services. The next slide [inaudible] down becomes an invoice by vendor, to be clear.

Just so that you know what is available. This has been available every year in the budget presentation, since the beginning of the program. If you would like to drill down on that, please have a look on this. There is a bit of information on the variances, year on year of the program, in the budget presentation. Then if you have more questions on any of those lines, then we're happy to help.

Carlos.

CARLOS RAUL GUTIERREZ: Sorry between 2008 and the first application you got, you were using money out of a specific fund? Or out of...

XAVIER CLAVEZ: Cash flow, the reserve fund.

CARLOS RAUL GUTIERREZ: The reserve fund. Okay.

XAVIER CLAVEZ: That's where the recouplement of the historical development comes, goes back to.

CARLOS RAUL GUTIERREZ: I was not aware because I wasn't here either. And the second one, could we have this moving target of applications and dates added to the process?

XAVIER CLAVEZ: What do you mean by moving targets?

CARLOS RAUL GUTIERREZ: These number of applications, 2,000 applications. How many are left? How many are returned? How many are in process? How many are in sunrise? How many...? Just to... Every time we look at the numbers, I would like to have this projection of the number of applications, delegations, sunrises, mornings, evenings, etc.

JONATHAN ZUCK:

This is Jonathan for the record. I guess, I would like to make a general comment that we have a room full of intensely curious people. And we want to make sure that we tie everything back to our mandate to the extent possible, that we spin our wheels about.

And so, I feel like we're going to end up asking higher level questions, not lower level ones. Like, and so, I think it's instructive for example, that you have projected application processing costs are fairly close to what the actual seem to be.

I'm interested in whether or not the historic costs recovery is turning out to be... Because the big question we might ask is, did you charge too much, for example, and was that a barrier to entry? Right? And so that's the kind of question that I think this group is going to ask, and I think we need to all just monitor our own curiosity about general accounting of ICANN and things like that, because we're going to be asking much higher level questions.

And ask for data to try to answer those kinds of questions. And I feel like, at a high level, it's going to be, was this program too expensive for participants? And if so, what are the ways...? That may be because through joint applicant support, it may be

something else. But I feel like it's those questions at those levels that we are going to be most interested in.

JORDYN BUCHANAN: Jordyn Buchanan, briefly. And it's worth noting, as Xavier said, that they review all of this with the community. There are separate tracks of work to go over the budget and decide. And so anyone from this group can go dive into those other tracks of work, if they want. But we shouldn't necessarily conflate those other tracks of work with ours.

XAVIER CLAVEZ: Makes a lot of sense to us.

CHRISTINE WILLETT: So, this is Christine. Carlos, to your point, when I met with the group, what? Two or three weeks ago? I provided you with this statistic, that it's out on our website, but I gave you all of the statistics. It's 1930 applications, the number delegated in contracted changes we tweak, but that's all out on our website.

So can the support team make sure that the group has that?
Okay.

XAVIER CLAVEZ: And to your point Jonathan, this is process, right? This is phases of the process. At the end of the day, it's 1260, they were talking about, and that's probably the information that will be most useful for you guys at that level. The rest, it's just a matter of time that we get to that number for all of the phases of the program.

I think we're done.

JONATHAN ZUCK: Right. I mean, the result may be you didn't charge enough, because the process of evaluation needs to change or something, and that may be another suggestion that comes from this group. So I mean, I'm just saying, those are those kinds of high level questions are where we're going to vector into this discussion of the budget.

Thanks a lot for joining us, and we appreciate you coming by.

XAVIER CLAVEZ: Thank you. It's a great opportunity to be able to explain this to you guys, because it's a challenging information, and there is a lot of misconceptions in the community, which is why I'm saying I'll engage you into helping to communicate that across, because this is not easy, and with the information that you have now, it's making it a little bit easier for you guys also to help us

communicate through the community what the reality is. Thank you. Another question.

DAVID TAYLOR: Yeah Xavier. David Taylor for the record. Trying to keep it high level as well. I have a couple of low level ones which I've now dismissed, obviously.

XAVIER CLAVEZ: You can send them by email.

DAVID TAYLOR: Yes, that's fine. But at a high level one, I'm talking about dispute resolution. One of the things, obviously, which we're going to be looking at, is appeals, whether that should be in place. Was there any consideration, obviously when you were going through, in the past where there should be an appeal process?

Not the pros and cons of it, but the financial cost of it? Did you have any value put to that at any point in time, which could be useful for us to have a look? Or was that not a reason that was ever considered as not having an appeal process?

CHRISTINE WILLETT: So I'm going to... Karen, could I ask you to address the thought in thinking behind an appeal process as the guidebook was

being developed? I mean, because I can say from... This is Christine, from a program operations perspective, since there was not an appeals mechanism in the applicant guidebook as part of the program, that was not something we were forecasting.

But I think your question goes to, you know, what was that thought through...

UNKNOWN SPEAKER: ...was it part of one of your risk factors, was it elsewhere? But it sounds like it wasn't.

UNKNOWN SPEAKER: There was, there was a sort of appeals process created for, at least, a small number of cases on screen confusion. So at least it might be instructive to look at the actual costs on that.

CHRISTINE WILLETT: So yes, there were a few situations where objection to terminations, some panel evaluation was sent back for reevaluation.

UNKNOWN SPEAKER: So the Board authorized a special process in a specific cases where there were inconsistent string confusion determinations

on the same string, just different applicants. And that, essentially amounts to some sort of an appeal process. Which, or what the community has been talking about as an appeal process. And so, looking at the actual costs involved with that, may be instructive to think about what an appeal process would cost.

CHRISTINE WILLETT:

So thank you. So, Christine. I don't think about that as an appeal, I think about that as a reevaluation type cost, so yes. You're correct. So those costs, when we have reevaluated, send it back to an objection panel, those are, those end up in our operating costs.

DAVID TAYLOR:

Thanks. David Taylor again for the record. I think part of the reason I was asking that question was because if we've got a lack of an appeals process, we've seen the use of the accountability mechanisms, the reconsiderations, of course, IRPs being used as a surrogate appeals process.

So there is a large cost in there, which perhaps may not have been, or would not happen in the next opening.

JONATHAN ZUCK: So that’s lunch. And I just wanted to... Because we’re all going to be a family here for the next 12 to 18 months, I thought I would introduce you to my wife Betsy. Those of you that haven’t met her. [APPLAUSE]

And so she may hang for a part of lunch until the conversation gets too boring, and then go to the room. But I just wanted everybody to introduce themselves to her. Thanks.

UNKNOWN SPEAKER: Everyone? Can I have your attention, quickly? The safeguards team is meeting at one in [inaudible], which is in the conference center. It’s on the lower level of the conference center. Yes, we have the room from one to two.

So take your bag and... And then we’ll reconvene in here at 2:30.

So for the remote participants, we’ll reconvene online in 15 minutes. So if you’re in the safeguards team, you’ll need the dial out information, and if you’re on the competition team, just stay on the line and we’ll be in this room.

JORDYN BUCHANAN: Right. While we wait for the recording, I’m going to suggest that we... Since we have Greg here, we use this hour to talk about

mostly some of the data related efforts that we're working on. At some point between four, we need to talk about the prioritization effort and whether we want to convey that into tonight's public engagement session.

Okay, great. So welcome back everyone. This is Jordyn Buchanan again, chairing the sub-team on competition and consumer choice. We also have visiting us as a guest... Greg, what's your last name?

GREG RAFERT:

Rafert.

JORDYN BUCHANAN:

From analysis group, and... We will spend most of the next hour, I think, trying to start to think about what sorts of data we're going to need in order to answer the key questions that we have identified. If I was a better chair, I would have done this exercise that I planned to already, which I think maybe for each of our major questions, we may just want to start identifying the key data sources that we need.

And in some cases, I think, this is where I don't think we have good metric ninjas yet, but fortunately we do have Jonathan here and we do have Eleeza here, so that may help. We can start to say, oh yeah, analysis group is already getting that, or that's

one of the existing metrics that are being tracked, or I heard someone, somewhere, once had something like that.

Or identifying the places where we need additional data. And so I'm going to try to, on the fly, map this into a little bit of... But no one will be able to see if I'm doing it. I was going to make a new spreadsheet, and then for each of our big questions, we could start to enumerate things.

But maybe for now, because spreadsheets are more complicated to edit on the fly... You know what we can do? Let me make a copy of this thing, make a copy clean copy. All right. And then, we can just edit this. I'll turn this whole thing into a table. Let's see if this is going to work.

Let's see if Google Docs is going to anticipate what I want to do, two by eight. Come on, work please.

That did not do what I wanted to do at all.

[CROSSTALK]

For now, we'll just make it ugly, yeah. If you can pull up the Google Doc that will be great. Does that sound good to everyone? We'll just start working through question by question, start to think about the things that we need?

And in some of these cases, we have sub-bullets, and we can work under the sub-bullets actually because they often refer to data already. So for example, the question number one we have is, has the expansion of gTLDs been effective at promoting price competition between the TLD operators? Sub-bullet A is consider data on retail and wholesale prices.

We probably need to be more specific. What do we think we need here? Stan.

STANLEY BESEN:

Stan Besen. My understanding is that we actually have wholesale prices because the registries are required to report those to ICANN. Is that correct?

JORDYN BUCHANAN:

That is correct.

STANLEY BESEN:

So that's not an issue. The more complicated question is the retail prices. I actually have some questions for Greg. I read this report multiple times. Your table eight reports retail markup distributions, apparently you're able to get retail prices for 69 new gTLDs. And I guess, well, from reading this, this sounded like a laborious process. Is that fair?

GREG RAFERT: It's fair, yeah. So we manually... So one point analyst that was working with me had to go to each of the, basically websites and enter in a fake domain name, and then see how much it cost for various gTLDs. So it was very laborious process.

STANLEY BESEN: I guess the sort of follow-up question is, suppose we wanted a lot more observations. Why did you stop at 69?

GREG RAFERT: Because it takes a long time. But I agree, I think in an ideal world, we would have received more observations and in a very ideal world, we would have received data from the registrars.

STANLEY BESEN: Just a question for the staff, if I may continue. Someone told me last night, but Jonathan corrected me this morning, the person I spoke to last night who I thought would have known, says that the registrars, what do you call, contracted parties with ICANN, that in fact, he believed they were compelled to provide you with the data. Is that wrong?

UNKNOWN SPEAKER: You're talking about retail pricing.

STANLEY BESEN: Correct.

UNKNOWN SPEAKER: They are not compelled to provide us with any data. Contractually, they are not compelled.

STANLEY BESEN: And so what we're reduced to doing what the analysis group did, which is to laboriously collect...

JONATHAN ZUCK: Or begging them for data. [CROSSTALK]

STANLEY BESEN: Getting it isn't a problem, but even a problem here with the sort of randomness of the sample. But I guess my vote would be, if we could spend more effort to collect more retail prices, that seems to be the biggest data gap in the report that the analysis group did before. Do you agree Greg?

GREG RAFERT: Yeah. That's certainly, I think the big area that we were hoping that we were going to receive much more data than we did,

because we really didn't receive anything. There wasn't a lot that we can do with it. So I agree.

STANLEY BESEN: But you could with more laborious effort, have collected more.

GREG RAFERT: Yeah. With more time, we could have collected, you know, essentially data for every single gTLD, from every single, you know, the 100 biggest registrars or something like that.

STANLEY BESEN: I happen to think that's the biggest gap, and we should invest in some resources or have them invest resources in acquiring more of those data.

JORDYN BUCHANAN: Thanks Stan. All right, so this is an area where we may... Let's flag this as may need more retail data. And it sounds like we have a couple of potential options. One is we go back and ask the registrars nicely again, and see if we can get any data which will be more comprehensive, but hopefully, relatively comprehensive data.

And option two is, we say, poor analysts, go spend even more time and get even more data than we have previously. Waudo.

WAUDO SIGANGA: Sorry. Just confirm. You said you have data from 63 registrars.
69. Out of how many contracted?

Thousands. So just a small...

GREG RAFERT: So we targeted larger registrars, thinking that, you know, since
most of the registrations occur at this registrars, that would be
somewhat representative the consumers were facing, but it
obviously does miss a large number of them.

STANLEY BESEN: This is Stan again. Actually that's an interesting point, which is,
it's only 69, but if they're disproportionately large, it's a better
sample than it looks like if you just count the 69.

GREG RAFERT: This is Greg. And that's correct, yeah.

STANLEY BESEN: And so it might be useful to give us some idea of the sort of
volume of registrations within the registrars for which you have
collected data, to give us some, you know, greater feeling that
this is, this is, it covers more users, or more registrants.

GREG RAFERT: This is Greg again. And I think that's a good point. I'm trying to recall, I don't remember the number right off the top of my head, but it's something we could easily do.

JORDYN BUCHANAN: It's Jordyn. I'll just add, even though there are thousands of contracted registrars, the majority of them, and maybe the significant majority of them, I'm not 100% sure, do not have independent retail operations. There are many, many registrars that exist for the sole purpose of what's called drop catching, which is trying to like get names as they're deleted through a very inefficient reallocation mechanism.

And so those registrars wouldn't, there wouldn't be any way for a retail customer to go and purchase from them in any event. So, I think actually we're getting much better coverage than... Even better coverage than it looks like as a percent of registrars, because the ones that don't have retail operations sort of immaterial, the fact that they exist for the purposes of this study.

UNKNOWN SPEAKER: This is a statistically significant sample. I mean, I guess that we need to document that. Is there a way to look at it as a percentage of registrations and see...?

STANLEY BESEN:

Is it a large enough sample so that the results of an analysis would be statistically significant? Actually, this may be a time to propose a study where we could... If I could talk about it just for a minute. Study of how we would use these data to answer an economically meaningful question?

So I'm going to try something out which the analysis group has been resistant to, but I'll try to go one step further here, if I may. The question I'm interested in, for the purpose of this discussion is, competition among registrars for the same TLD. It's a sort of narrow question.

And by the way, Kaili said this morning that he thought that was an important question. That is, they're selling the same... They're all selling apples or all selling oranges, and they compete. The question is, you might think of that as a market. I know there is some resistance. Okay.

So here is... I sent you guys a piece that I did a couple of weeks ago, but let me just describe it. There is economic literature that relates prices to various measures of competition, numbers of competitors, concentration ratios, HHIs, etc. If we had good retail price data here, and if we knew, the number of competing registrars for the same TLD, we could see whether

having more registrars leads to lower, be like markups, which seems to be an interesting, important question.

I actually think, I'm going to try to entice Greg into this now. I think this could produce a publishable article. There is a whole literature on, are there more wireless carriers? Do they lead to lower prices? If there are more airlines serving the same city pairs? There is a whole literature on this.

This will be a very nice database, if we could collect decent price data, and decent data on the number of registrars for each domain, and ask the question, we could say, gee... If there were at least five registrars we think the prices are going to be low, and if there are only two, the prices are a lot higher.

That will be the interesting question to answer, and I think it's potentially doable with data that we have or will collect.

JORDYN BUCHANAN:

So this is Jordyn. It seems like then we need two things. One we've already identified, which is what's the price that each registrar charges for a given TLD. And then the other would be, what's the number of registrars selling a particular TLD.

So we've already talked about the first one. Does the analysis group have that, or ICANN have that second piece of data?

GREG RAFERT:

Yeah, so I think... This is Greg. Sorry, I think that's, I think we have that in the monthly transaction reports from ICANN. Yeah, so I think that component is relatively, I don't think we already have it in our possession. In terms of the prices, we've obviously collected some retail pricing data, we might need to be a little bit more targeted, or change the way in which we collect that data to think about, you know...

You can imagine a world where we look at five TLDs where there is very little competition among registrars, and five TLDs where there is a lot of competition. It's possible given the way that we've collected retail pricing thus far, we wouldn't have kind of full coverage for the low competition group and the high competition group, but that's something we certainly can think about doing.

STANLEY BESEN:

This is Stan again. You could do it with a regression. I mean, if you had enough... You have 70 observations, or 100, or 200, or whatever you're going to have here, you could, you would be able to take into account whether they were a legacy to control, whether they were a new one or a legacy.

You could control whether the registrar is vertically integrated with the registry. And you could take various, you wouldn't have to only count the number of competitors. You could do concentration ratios, or HIs, or some other measure of... There is a lot of things you could do with this.

The basic question is, how much competition do you need to get... The way this usually works is, the second, the third competitor has a smaller effect on price than the second did. The fourth one has still a smaller effect. And eventually, once you get past five or six competitors in most markets, the effect of additional competitors is diminished.

That's the kind of specific question you could answer, potentially answer, with the data that we have here. Nice, straightforward piece of economic analysis.

JORDYN BUCHANAN:

All right. Thanks Stan. So I've added that bit down in the section below where we have the discussion of registrar competition. I'm going to pull us back up to this one now, on the retail and wholesale prices. It seems like that's all the data... I guess the one question I have for Greg, did you guys...

I know there is some mention of premium pricing in the report, but do you guys have any...? Like, what data do you guys have on registry and registrar premium pricing?

GREG RAFERT: So we have no data on premium pricing, but it's something that we are requesting this time from registries.

JORDYN BUCHANAN: Okay. So that might be... Are you planning on then looking at the markups on premium pricing across registrars?

GREG RAFERT: Yes, to the extent they provide that data. That's something that I think is interesting.

JORDYN BUCHANAN: Yeah, okay.

STANLEY BESEN: I'm sorry, I didn't understand the question.

JORDYN BUCHANAN: So, some domains, as we determined earlier today, like CCT dot reviews, or gTLD dot auction, those are priced above the standard wholesale pricing by the registry.

STANLEY BESEN: By the registry.

JORDYN BUCHANAN: By the registry. And then, registrars may also change their behavior as to how they mark those up to consumers as well.

STANLEY BESEN: It's a different question I mean, in the sense that the retail markets, easier to think about, the premium prices are much harder. There individual prices. I will put it as, you cannot look at the price, because there is no the price. If every product is uniquely priced, it just, it's a different, you know, much more complicated analysis.

GREG RAFERT: And this is Greg. I think to look at the markups from the registrar's perspective, we would actually need to get the data, you know, some type of kind of propriety data from the registrars, which...

JORDYN BUCHANAN: This is Jordyn. I think you could use [inaudible] methodology using... If you get the... If you get the premium enterprise from the registry, and then you go... Or at least you have... You know which domains are premium, and then you go look across different registrars and see what's happening essentially, right?

STANLEY BESEN: If Greg had come to me with this as a proposed dissertation topic, I would discourage him from doing it.

JORDYN BUCHANNAN: Sorry, I'm not... So at the moment, it seems like... Greg, can you tell me...? It seems like there is a potential follow-up question here on the retail side, if pending on what you get back from the registries, but from the registries, what specifically are you asking for in terms of premium pricing?

GREG RAFERT: This is Greg. So we're asking for, to the extent that they're willing to provide it, the list of premium names that they have and the price that they are charging for each of them.

To what extent they actually provide that? I'm actually not sure. This is maybe a question for the ICANN staff, whether they're

contractually obligated to provide that information to us? The registries.

UNKNOWN SPEAKER: So my understanding, and I don't know the contracts as well. My understanding is they're required to provide all wholesale prices. I don't know that they...

No, I know. But I mean, but then to segment out what they are categorizing as premium.

JORDYN BUCHANAN: So let's, we'll find that out as a follow up question.

UNKNOWN SPEAKER: I don't disagree with you, but...

JORDYN BUCHANAN: So was there anything, any other price data that people think we're missing here?

Greg.

GREG RAFERT: So I think another set of data that we had hoped to receive was secondary market transaction data from providers like [inaudible].

JORDYN BUCHANAN: Actually, that's our very next bullet. Maybe let's jump down to that. So, consider secondary markets. What data do we think would be useful...? Oh, go ahead Jonathan.

JONATHAN ZUCK: But do we have enough data to make any kind of geographic assumptions about pricing as well? Because that's a question that is going to come up quite a bit, is what the price points are in the global north versus the global south, things like that. Yeah, wholesale.

GREG RAFERT: So this is Greg. I would have to go back and look at the geographical distribution of the registries from which we collect the data, and whether TLDs are primarily located, or to what consumers they might be pitched. So I don't know the answer to your question right now. My sense is, for some regions, we'll be able to look at differences, you know, North America versus Europe, for example.

But if we get down to, for example, Africa, I think it might be a little harder to really say anything.

JONATHAN ZUCK: And I think North America versus Europe won't be that interesting, unfortunately. So it's about trying to figure out the differences between Latin America, Africa, and...

JORDYN BUCHANAN: This is Jordyn. Jonathan, can you remind us? I think there is only something like 47 new TLDs from the entire global south. So there is not much to work with.

JONATHAN ZUCK: No, sure. But I mean, I guess we still have got to look at them as we try to figure out....

JORDYN BUCHANAN: And I'll further add, most of those are brands. So...

JONATHAN ZUCK: Which we don't care about.

JORDYN BUCHANAN: Yeah. Stan?

STANLEY BESEN:

Stan. Actually I had a follow-up on this question. There is a very interesting table in the analysis group report. It's table 12. This is the one where they constructed, I guess, possible alternative, relevant markets. These are defined by products, not geography. But they could as well have been done by geography.

And I think, if I understand the project that Jonathan is proposing, I always like to think in terms of projects, the question is, is there... For example, we have all of these different product markets. We could do it for geography as well.

You're asking the question, do prices...? These are wholesale prices here, we're talking about. Do they differ across markets? In a sort of a predictable way. So, if you had this, and you had sort of the, I don't know, the [inaudible] like this for these collection, you could analyze what facts cause wholesale prices to vary across these product groups, if in fact, they vary.

And to follow up on Jonathan's suggestion, you could do the something if you were to divide this by geographies, which I think we'd actually like you to do. We're interested in geographic market definition as well as product markets. And so if I could propose on behalf of the group a project of, do something like this for geographies, and then the next step

would be to follow up on Jonathan’s point, to analyze price dispersion across different quote markets. [Inaudible]

UNKNOWN SPEAKER: For the record, show that I’m not offended.

JONATHAN ZUCK: This is Jonathan again. I guess, if I were to guess how that data would turn out, that there wouldn’t be significant wholesale price differences in geographic markets for those same generic TLDs. It’s the other ones that, for which there aren’t very many, that were specifically created for those other markets, where there might be a difference.

That’s more... There might be retail price differences, more likely, but not wholesale, just because of the world economy market we’re working.

STANLEY BESEN: I thought your proposing, at least what I’m proposing is, they could do this, what the call all of the TLD groups [inaudible] markets. And they...

JONATHAN ZUCK: On a different set of TLDs.

STANLEY BESEN: They could do... This is not a comprehensive list of every TLD. They could do this, we can give them some advice and say, we understood, you know, this is the set for Africa, this is the set for Latin America, so whatever. And they could ask the question, do wholesale prices vary at all? And if so, in what way across...

JONATHAN ZUCK: We're on the same page. I'm sorry Stan. I thought you meant do a geographic analysis of those same TLDs.

STANLEY BESEN: The alternative way of...

JONATHAN ZUCK: Agreed, agreed.

STANLEY BESEN: ...the data. You could do that too.

JORDYN BUCHANAN: This is Jordyn. I'll just note, we probably need to consider both where the registry operator is, as well as what the TLD's target towards, right? So you can have a TLD operator in Europe, that

is nonetheless operating like a Thai IDN, or something like that, or Ethiopic IDN.

STANLEY BESEN: It's the latter we care about, it's the target registrant.

JORDYN BUCHANAN: Right. It's just, that will be hard to discern unless it's just like obviously in a language from that market, right?

STANLEY BESEN: You know, again, these are doable research projects with data that we probably could get, that would be even better if ICANN can get the data, the retail price data from the registrars.

I'll having a running stipulation at this point.

JORDYN BUCHANNAN: This is Jordyn. We're nearly halfway through our time, and one sub-bullet into our first main bullet. So, not doing well so far. So on secondary markets, I'm going to call our attention back to this. What data do we think would be useful here? Greg, have you already identified specific data that you're looking for from the secondary markets as a starting point?

GREG RAFERT: We with ICANN's help had contacted [inaudible], with the hope of obtaining essentially the entire set of their transaction level data. Since there are a large kind of entity in that environment. Obviously, there are other providers we could think about contacting. So to the extent the group has either suggestions for alternatives, or happens to have a very good connection with [inaudible].

That's what we're looking for.

JORDYN BUCHANNAN: Right. So can anyone think of anything other than transaction level data that would be useful for secondary markets? I cannot. Stan.

STANLEY BESEN: Not a data point, just a follow up on something you said this morning. I'm sorry, this is Stan. I've been a bit resistant to the secondary market question, but you posed one question which I thought would fit our mandate fairly well, which is, secondary market transactions for the legacy gTLDs might be a very good place to look for the impact of the new gTLDs. That is, the first place they're going to show up is somebody speculating in a dot COM name, might have to reduce his price substantially if in fact, the new gTLDs were really competitors.

So it might be the first place that is a manifestation of competition. That's a little harder. I mean, you sort of what to know what the price of something was before the new gTLDs were introduced, and something after, and say, gee, it went down by 50%.

That will be...

JORDYN BUCHANNAN: So, Greg, just a second. So we got Margie, then Greg, and that's it.

MARGIE: This is Margie. I kind of gave some thought to this as we were talking to the analysis group in the past, and one of the things that I thought might be interesting would be, you know, right now, if you think about... If you've got the data, you would probably see all of the, a lot of the resale prices are high in the dot COMs in the old.

But what's the percentage that are new? In the secondary market. And are the price points getting higher for the, you know, resale of whatever dot XYZ or something? You know, and so, so I think you want to have the string itself, and the price, and then you probably want to do some...

You would want to think about doing some analysis comparing whether the resale price in the new gTLDs is getting closer to the resale prices in the existing TLDs, right? Because that kind of shows...

STANLEY BENSEN:

I'm sorry. That's just much harder. I'm thinking of the same product that was before the new gTLDs were produced, sell you a secondary market. It would be nice if, in fact, you collect historical data and say, gee, the price for something that is identical changed over time when new competition was introduced.

In your example, you have to control for the differences in them, and that's much harder.

UNKNOWN SPEAKER:

The problem is, I mean, how often do domain names change hands? Maybe Jordyn has more information on that, that you may not, you know, be able to identify that [inaudible] data available is my suspicion.

JORDYN BUCHANNAN:

So this is Jordyn. I'll just add, one thing that we might be able to ask for, this is another data source that might help us, is if we

could get changes to listing prices, right? Because then they wouldn't necessarily be, because I think Margie, you're right, the don't transact often enough that we're likely to see patterns emerge, but if we see that suddenly everyone has to like ramp the prices that they're trying to sell for down, that might be a useful signal.

All right, sorry Greg.

GREG RAFERT:

This is Greg. I think all I was going to say earlier, so Stan, your suggestion was one of the things that we really wanted to look at, and was the reason why we're attempting to get the data.

JORDYN BUCHANAN:

Fantastic, all right. I'm going to say that's what we need for secondary markets. Prices in ccTLDs versus legacy gTLDs versus new gTLDs. You analysis groups already looked at legacy versus new gTLDs. Did you include ccTLDs at all?

GREG RAFERT:

We wanted to include ccTLDs, we asked them for their pricing data, and not a single ccTLD responded.

JORDYN BUCHANAN: All right. So ideally, we would get the same data from ccTLDs as new gTLDs. We'll have to figure out how to help you get that, or have, or something.

MARGIE: So you're looking... If you want data on ccTLD prices, I assume there could be some analysis done by going to the ccTLD website. Usually the wholesale prices are listed... It's very manual. It's like what you did for the registrars, and then you go to the registrar side, once you actually sell the ccTLDs, and see what they list on their website.

So, it's a labor intensive process, but I think that it should be available.

JORDYN BUCHANAN: And we may be able to ask our CCNSO reps within the review team if they could maybe carry back to the CCNSO's request, a more cooperation as well. All right. And the next question is the effects on price caps. I think we've already previously discussed the important piece of information here, which were what were the price caps at any given time, and how they may have changed over time as well.

And the price, the wholesale price relative to the price cap, right? Is there any other price cap related data that we think we need?

All right. Any other data we think we need related to pricing? Or for price competition in particular?

Okay. So the next area is non price competition. Jonathan.

JONATHAN ZUCK: I'm sorry. I don't mean to be jumping back in. We only looked at wholesale retail, but the other thing the analysis group looked at was bundled services and things like that, which was still part of price competition, I think, right?

GREG RAFERT: Are you talking about those services that registrars offer? So like email, hosting, or things like that?

JONATHAN ZUCK: So it falls under the rubric of price, that's the only reason...

GREG RAFERT: Yeah, we manually script that data as well.

JORDYN BUCHANAN: So [inaudible] data, bundled services, pricing. All right. Non price competition. We have only one sub bullet right now which is a, competition is not founded on price, what services should be identified for competition? What data would we need for

this? I guess it would be what additional registry services are offered for any given TLD?

MARGIE: Are you... This is Margie. Just registry or registrar too?

JORDYN BUCHANAN: That's a good... Like I guess, if somehow it was tied to a TLD, like dot Wiki...

MARGIE: You want it to be... [CROSSTALK] specific instead of like, you know...

JORDYN BUCHANAN: Yeah.

MARGIE: Websites building... They identified some... The analysis group had some in the report, correct?

GREG RAFERT: Yeah, this is Greg. That's right. So there was a whole... Basically, the full suite of services that registrars provide when you're buying a domain name.

JORDYN BUCHANAN: So I guess there is another question. I don't know how anyone would figure this out, but do registrars offer custom services for specific TLDs or something like that?

GREG RAFERT: Yeah, and this is Greg. I mean, my sense is that I think we're more likely to find interesting results on competition, kind of the wholesale and retail price level, as opposed to these bundled services. But it was something that we wanted to include just on the offhand chance that there is competition going on there.

JORDYN BUCHANAN: Yeah, and here we're just, we're now starting to think about non price competition factors, and like what are differentiating these, the new gTLDs, and so it could be that either the registry or the registrar would offer different services on the new gTLDs than they have in the past. All right. I've got Jonathan then Stan.

JONATHAN ZUCK: So this is Jonathan again. So I guess a lot... There is a lot of different angles on this. It seems to me this is part of where you say may be disputed, but the numbers that came out of

Doughnuts that said people were buying the dot photography, big shots dot photography instead of big shots photography dot COM, right?

That's a form of non-price competition, which is an easier lexicon or something like that, right? So that's another form of competition that, whether or not it's created an effective substitute, then the, as you said, I guess you would add registry services. And I don't know whether things, the picks back, etc. amount to a type of registry service, right?

So the protection of bank is that created competition, pharmacy other things like that, or things like that where there is a certain amount of authentication and validation that's happening of the registrants, that makes that a more competitive domain within that area to the alternative in dot COM, dot NET, dot BIZ, etc.

Does that all fall under registry services? Or do we need...

JORDYN BUCHANAN:

I just added another data element that would be helpful to have, which would be a registrant is buying a name in a new gTLD, when the same string was available in another, either a legacy gTLD or a ccTLD.

JONATHAN ZUCK: So that’s one of them. It’s just the presence of it, by itself. What about these other things? Like authentication, validation, whatever.

JORDYN BUCHANAN: ...starts choosing to register in new gTLDs, because of like policies or...

JONATHAN ZUCK: Yeah, I guess.

JORDYN BUCHANAN: Well, we can do that through the registrant survey, right? We could ask, have you registered in a new gTLD? Why did you do it, right? And one of the answers could be like, oh, they have rules that... I really wanted people to know that I was really a lawyer, so I chose dot real lawyer, or something like that. [CROSSTALK]
....dot lawyer actually checks whether you’re a lawyer or not.

JONATHAN ZUCK: So we’ve been talking about that in the context of price, but there is sort of a competition aspect. If I’ve created competition by essentially offering a new kind of registry service associated with that TLD, which is the authentication of registrants.

Am I now, by registering in this, and going through the extra effort and cost, am I now part of more rarefied air that people that have a greater trust of? That's a form of competition.

JORDYN BUCHANAN: So really we just want to get at... It seems like in the registrant survey, we want to get at, if you registered in one of these new TLDs, why did you do it? Some people say like, oh it was cheaper. It wasn't available, or something like that. And some people will say, oh there is some characteristic of the TLD that they like, and that would be some form of non price...

JONATHAN ZUCK: Right. And do we ask that as a hypothetical as well? If people haven't done much of this yet? I guess that's part of the issue. And then is this another opportunity, the non price competition, is that, this thing with [inaudible], right? That I do things with dot video instead of YouTube or something like that.

Have I created competition by creating an abstraction level above other products and services or something like that? I don't know how well framed that is, but I mean, in theory increasing competition between YouTube and [Vemio?] by offering dot video. Does that make sense?

JORDYN BUCHANAN: No, go ahead Stan.

JONATHAN ZUCK: It's ill-formed, so I apologize.

STANLEY BESEN: This may be too simple, but I think of all of these as, the mere existence of these new domains is in fact a form of non price competition. I mean, I don't know that a dot attorney, and dot lawyer, and dot legal are primarily competing...

Sign up on dot attorney, our prices are 10% lower than dot lawyer. These are differentiated products that have different characteristics, and people may pay for or the other. And presumably, to a large degree, they're competing on the basis of not primarily of competition, but of, I don't know, appearance or reputation or whatever.

Aren't these guys primarily involved in non price competition? And so... It's hard to know, but when we first started to talk about this, at the last meeting, people said this is probably not much... People said they didn't expect much effect of the new TLDs on prices. Okay? And I take that as a given for the moment.

I think that they're saying, nonetheless, there is competition. People might leave dot COM or dot biz or whatever, not because they get a lower price from another domain, but because they like, they prefer to be on it for whatever reason. And you're right, they're inherently more complicated to measure within price, but these guys are all involved in a form of non price competition all of the time.

It's their existence is the non price competition.

JORDYN BUCHANAN:

It's Jordyn. I'll note, I suspect we're seeing both effects in the marketplace right now. In that, if you look at the most popular of new gTLDs, some of them, like some of them are very cheap. Some of them are much cheaper than what you can generally, what the wholesale price of dot COM is.

And some of them are quite expensive. Like dot guru and dot photography, are actually well more expensive than a dot COM. And I suspect, you're getting different types of registrants attracted to those two things, and in some cases, there actually might be price competition. It might be someone really wants a 99 cent domain, and so they can only get that in the new gTLDs.

And there is other people who the attraction is, you know... Someone is not paying \$30 for dot photography for price

competition because they can get that same name in dot COM. Jonathan could have gotten the exact same name in dot COM cheaper, but chose not to, and so that's obviously not price competition.

DREW BAGLEY:

It raises the other question which is, are there some domains where the price is just very high? They're not competing on the basis of price. They think they were differentiated product. They think they can get a premium. Can we...? I mean...

JONATHAN ZUCK:

This is Jonathan. I mean, part of what we need to delve into is, what is it that's attracting people? And how do we define that competition? So it's the mere presence... Is it about the market segmentation and association with like businesses? The other question I have, and Jordyn, you may know the answer to this, even, is whether or not any of these new gTLDs are attempting stuff like dot museum?

Like are the attempting like taxonomies, etc. that are creating an organization principle that's different? Is some of that stuff happening in the new gTLD program?

JORDYN BUCHANAN: There is very small amounts of that.

JONATHAN ZUCK: Just another registry service...

JORDYN BUCHANAN: I would consider that to be another example of an additional registry service. So we should capture that if we actually able to look at what additional registry services are offered. Stan?

STAN BESEN: I actually have another quick project for Greg.

GREG RAFERT: I think I'm done guys.

STAN BESEN: Not a chance. You're going to have data on wholesale price of every gTLD. Right? Okay. And some of them will be low, and some of them will be high. What explains the variation prices? Not a straightforward, as easy question as the one I posed before about competition among registries, because you're selling homogenous products, or retailing.

But in fact, it might be interesting to look at what factors there are that cause wholesale prices to vary. I mean, they're going to

vary a lot for the reasons that you suggested earlier, right? And it will be interesting to know why they vary.

And high prices will suggest a differentiated product, and they're getting business based on the product, not because they're charging a low price. I think that will be a fascinating thing to understand, why some are higher priced and some are lower.

MEGAN RICHARDS:

It's Megan. I just have a question. Maybe we shouldn't get too far in this, but is that not also a factor of exclusivity? I'm just making this up now. Let's say there are only 100 banks in the world, and dot bank, therefore by definition, can attract a higher price because you've only got 100 potential clients.

That's a hypothetical, obviously. So that's another factor that they have to look at, isn't it?

STANLEY BESEN:

I would say, if we had a collection, we had a dissertation student, we would turn him loose on, no offence, we'll turn him loose and say, okay. What is it that explains the variation in these prices? This is a very interesting market with highly differentiated products. Prices are going to be all over the place. This is not like figuring out the price of corn, which makes it fun, and hard, and that will be worthwhile doing.

And that will tell you something about competition. This is not quite right, but products that fetched roughly the same... Be careful here. There is a concept in economics called the law of one price, which is, a market exists if in fact the same product sells at the same price everywhere that's a market.

You can't quite turn it around, but it would be interesting to look at products that fetch the same prices and ask whether, in fact, that's a way of thinking of them as being in the same market. Not necessarily, it doesn't guarantee it, but it might give you some idea that, either they're in the same market or the underlying competitive conditions are similar in them. Either one of those.

So this would be a great project.

JORDYN BUCHANAN: All right. I flagged the project in the notes too. Greg, did you have anything to add?

GREG RAFERT: Yeah. I mean, I agree that I think it would be interesting. It's probably an area where it would be helpful to get some feedback from the larger group as to what factors you think would be interesting to include. And then we'll need to think a little bit about whether we can actually collect those data, or

whether it might be something one should think about kind of including in the consumer choice survey that Neilson is working on, but I agree.

JORDYN BUCHANAN: Right. Any other non price considerations before we try to spend a little bit of time talking about the market definition stuff and what we would need to look at here?

JONATHAN ZUCK: This is Jonathan. We may have... This may be encapsulated in what we did include, but just the non-availability of the name you want, is that it's sort of the...

JORDYN BUCHANAN: Right. So I guess...

JONATHAN ZUCK: It's about the availability of the second level domain as opposed to the newness of the first level.

JORDYN BUCHANAN: Yeah, I guess it's encapsulated...

JONATHAN ZUCK: ...slightly different.

JORDYN BUCHANAN: I put the question up, are registrants choosing to register new gTLDs because of the...? Oh no, sorry. When the string was available on another TLD. I guess there is the inverse of that of just knowing what availability looks like. So really what we need here is availability in various TLDs.

MEGAN RICHARDS: ...sorry, further complication to that issue. It's Megan again. Another non price factor, which I think is important in this context with a view to the future, is also availability in different languages and different scripts. That's another factor that I think is non price specific, but is very important, particularly in China, India, Africa, etc. where we have huge growing markets, new Internet users, and yet perhaps very limited interest or access to, I don't know, dot bank, or dot food, or whatever it may be.

JORDYN BUCHANAN: So, what data like... Framing this as a data gathering exercise, like what we would want to look at in order to try and answer that question?

MEGAN RICHARDS: Well, for one thing, you could look at the prices of the new gTLDs in scripts other than Latin. Other languages. You could look at the number of users. Is there a high number compared to other cases? You could look at the equivalence in Latin and/or in English, so you have bank and *banco*, or game and *juego*. I think *juego* is one.

So you could make some comparisons. And I think that could be quite interesting, particularly with a view to the future.

JORDYN BUCHANNAN: All right. So we already had... Yeah, no, no. It's fine. I think... We already had above trying to look at TLDs targeted at specific countries, but maybe languages is another good consideration. And then I just said, added another data point, compare prices of equivalent words across different languages.

MEGAN RICHARDS: ...come back on that as well. It's Megan again. Would it be useful...? This is more of a question. Would it be useful to compare ccTLD use in, I don't know, dot China, dot CM, to dot bank equivalent in China, compared to other things. Is that something that would help? Or is that something...

JORDYN BUCHANNAN: ...a really good segue into the market definition discussion, which lead us into right now. Yeah, Eleeza.

ELEEZA AGOPIAN: So some other data points that we're collecting that kind of compliment this is registrations across scripts, registrations across languages, across geographic regions, and as well as uniqueness of strings. So how many unique strings are there in new Gs? How many of them are duplicates of second level strings in what we're calling legacy TLDs?

So we have some other data points to compare.

JORDYN BUCHANAN: Thanks Eleeza. All right. So, what are reasonable definitions of a relevant market, of relevant markets, we might use to analyze competition? We have 10 minutes to try to talk, start to talk about some of the data that we might use to drive this discussion. And Stan wants to kick it off.

STANLEY BESEN: I thought we already talked about this.

JORDYN BUCHANAN: We did?

STANLEY BESEN: Yes, in effect, the previous discussion was about classifying domains for the purpose of doing analysis of prices, but implicit in that is, is defining the markets in which you're analyzing behavior. And so I think to a considerable degree, we've already done this.

JORDYN BUCHANAN: Right. So I think what you're saying is this is just a lens that we're going to use to view various other bits of data that we already have gathered.

STANLEY BESEN: I think so. I want to raise one point, which is one I raised this morning, Greg wasn't here so I would like to raise this, the market share stuff. And I did not realize this when I read your paper, and I didn't realize it until a couple of days ago.

One of the public sources of data has information on how many of the new registrants parked, I think they used the word parked. And it turns out it's an enormously high percentage. And my general question is, how does that effect the way we should think about market shares?

Do we count a parked share parked domain as a sale or something else? I don't have the answer to this, but it certainly makes thinking about market shares, and concentration, and... Once you define the market, want to define, want to look at shares, it makes it much harder. I'm not sure how to think about it.

JORDYN BUCHANNAN: All right. We got a queue now. So we've got Dan and then Jonathan.

DAN: Dan for the record. It's a bit connected with the park domain name. Some of registry have at least forbidden or reserved domain names. So maybe it's interesting to include in your analysis, if they are not available for registrants there, there are no competition.

JORDYN BUCHANNAN: Yeah. So that's a great suggestion. Greg, you guys are asking for premium data. Are you asking for reserved lists as well?

GREG RAFERT: We were not planning to, but it's something that's easy to add to the request. So I think that it's something we should.

DAN: It's usually published website, on websites of the registries, sometimes. Not very often, but for ccTLDs, are, yeah.

JOANTHAN ZUCK: Yeah. So I think Stan is right. For the majority of these things, they're going to represent experimental lenses through which we look at the data, which raises a question about the availability of the data. In other words, you're going to deliver it to us in sanitized format and tables and charts. So a broader question is going to be, not about collecting different types of data, but how you might deliver it to us in such a way that preserves whatever confidential requirements are, etc.

That we can, in fact, look at it through these different market segments. If we need to get these to you, or you need to get data to us, that's something we're going to need to talk today, but I just wanted to bookmark it.

So one example from this list that I believe, in fact, involves broadening the collection of data potentially, is the incorporation of competition from outside the DNS. So I mean... So whether or not we do that is still an open question, but that's one example where it's not just another lens to look at the same data.

We do have embedded in here this question about competition from social media, from third level like square space, and stuff like that, where people aren't getting their own domain name, but are using a subdomain, you know, from a service, a blogger dot COM, and that's their actual presence.

And in fact, a lot of people are using just... Your homepage can be Twitter now too, right? And that ends up being your presence on the web. And so, I have no idea how to tackle that, and it may be a separate research project that we decide is important, but that is one area where it's not just another lens on the same data.

JORDYN BUCHANAN:

Thanks. This is Jordyn again. Greg, I know you guys... I asked a similar question to this in Dublin. I know you guys have been thinking about this some, but have you made any headway in thinking about how to tackle this particular question?

GREG RAFERT:

So the short answer is no. We haven't given much time to it yet. I think it is a really interesting question. My sense is that it would require a pretty large data collection effort, but maybe there is kind of a creative way of getting around the large data collection problem.

JORDYN BUCHANAN: This is Jordyn. I do think this is another area where the registrant survey may be a better tool and necessarily would announce what this group is going to do. But to the extent, if anyone comes up with ideas here, one thing I plan to do is... I'll work with Eleeza. We'll massage this into some sort of giant grid of data things we're looking for and what's already being in progress and so on.

And people can add requests for additional types of data that we need. So as you noodle on this, think about adding it to the grid ones once we build it.

JONATHAN ZUCK: So just as a note, as a data source, we all have through the ICANN community connections to a lot, a number of these services. So it's possible that there is some way to get some kind of data out of Facebook. It's possible to get data out of Twitter potentially. And they tend to know an awful lot about their users.

They may, in fact, know how many of them also have websites or something like that. So there may be some easier sources of data that we can get to. I know Denise is already expressed a willingness to try and track down some data inside of Facebook.

JORDYN BUCHANAN: This is Jordyn. And it may also be others, there is good third party analysis of this already done. I'm sure there is some analyst out there who is already been sort of curious about the trends of like how people build their presence online and so on, so we might be able to...

JONATHAN ZUCK: And if there isn't, and we think it's important, we may this a separate research effort that we contract an analysis group, or someone else, to do. So.

GREG RAFERT: This is Greg. I can imagine a kind of very well designed survey getting at this, and whether it's what Nielson is doing, or whether it's another party. That's kind of the approach I would take. But I think, kind of your point Jonathan, about either relying on contacts within the community, or third party research, is a good one.

JORDYN BUCHANAN: Okay. There are several other cleanses below, for example, community versus standard versus brand versus GO, or single

TLD versus portfolio registries. That analysis is only possible if an analysis group knows how to categorize the columns, yeah.

Do you guys, just looking at this list here, do you guys feel like you have most of the characterization data that you would need in order to...? At least for these next two bullets.

GREG RAFERT:

So I do... This is Greg. I don't think that we do. I would need to go back. My guess is we'll need some assistance from the group.

JORDYN BUCHANAN:

All right. So I think ICANN should have the, should be in this third party sources for CTLDs. I don't know if I can... In your... It only is in the big tracker, it shows roll out by portfolio, right? Like for Doughnuts, you guys aggregate...

Right, all of that. So then we can give that list to...

ELEEZA AGOPIAN:

This is Eleeza. Yeah, I think we can think we can sort these by the TLD sample.

JORDYN BUCHANAN: All right, so yes. The staff probably has this data, so we just need to match up what staff has with what... And apparently announce that this group has done some of it.

GREG RAFERT: We have a sense for what the community TLDs are? I think going down to the brand level or some of the other classifications, or something that we have not yet done or thought about.

JORDYN BUCHANAN: Okay, thank you. Then we have a question. How do we evaluate success of TLDs that are targeted for small consumer segments? So this would be like the dot cat example, or I don't know, someone applied for, I don't know, what's a really specialized thing? Dot mesothelioma.

Yeah, dot calligraphy or something. Do we need additional data to try to...? I mean, I guess we can get... Something we will have to eventually look at is to try to, when we segment, when we try to say this is targeted to a particular community, size the community, but that doesn't seem like a standalone sort of data gathering exercise at this point. Greg.

GREG RAFERT: Yeah, this is Greg. I think it depends on how you define success. So if you're going to define success only as a number of registrations, we have this data. But if you're going to think about profitability, or kind of, metrics like that, revenues, etc. then it's data that we don't have, and probably would be difficult to get.

STANLEY BESEN: I actually looked at the list of 900 or 903 new domains, and it lists the number of registrants. And so you can actually look at how... I'll give you a number. More than a half had fewer than 1,000 registrants as of last month or two. So there is at least, in the objective data, you know, something about the distribution of these.

And some of them are appealing to very large groups, and some are out of the tail. It goes back to the question of who is going to fail?

JORDYN BUCHANAN: Yeah, but it may... This is Jordyn. It may be hard to... It may be early to draw those... Like we Googled registry has, I think, 46 contracts, and probably about 40 TLDs delegated, which three are available for registration. So 37 of them are just sitting waiting in a launch, basically.

So they would show up in your chart as zero, but it's not because no one... It's not because no one wants to buy them, it's because they're not allowed to right now.

STANLEY BESEN: None of these were zero.

JORDYN BUCHANAN: One, actually.

STANLEY BESEN: None of these were zero. They all had some number, but less than 1,000.

JORDYN BUCHANNAN: Sure, these would all be one, because ICANN requires one particular name in everything.

Yeah, I think this is a good... We're going to have to... I think this particular question and what success looks like, we're going to have to think about quite a bit more. You know, we may want to think about metrics other than registrations, like how many, how many popular websites are there on them?

But for a TLD like dot email, that's not going to be very useful either. So we'll have to... This is going to require some thought as to what success, what we think success looks like.

MEGAN RICHARDS: Sorry, it's Megan again. Now that I had this thought, I think it is a dumb one.

I was just thinking, a success factor is... What do you call them? I don't know how you call them in ccTLDs, but it's re-registrations, or... Renewals. That was pretty easy. But it's perhaps too early to tell that on the new gTLD round, isn't it? Renewals. Are there any that have renewal, we can't tell...

But that would potentially be an interesting factor.

JORDYN BUCHANAN: Yeah and so, but even now it would probably be, start to be telling. And certainly, when we're looking at a phase two study that's looking back a year ago, we could certainly look and see what the renewal rates were. Like, how does it compare...? How do things look compared to a year ago?

And we could compare that to legacy, you know, dot com numbers or something, something like that. So I've added

renewal rates. Are you...? Greg, is that planned...? You guys are planning to look at renewals?

GREG RAFERT: We are, yes.

JORDYN BUCHANAN: Okay.

Did someone else? Did I hear...? Stan?

STANLEY BESEN: It's just about enough time has passed, but if you were doing this over a long period of time, you'd ask, you know, how, look at survivor rates if you like. You would like to know how many survived over a period of time, and how big you had to be to make it through 10 years. And but we're not going to have enough years of data to do this.

But somebody should be thinking about this over the long term.

JORDYN BUCHANAN: So for the TLDs as a whole, that's true, but the renewal rates in dot COM I think are sort of the 70% range. So every year you see a reasonable number, a reasonable amount of turn in at least

the legacy gTLDs. So even with a year's worth of data, you should be able to get some indication, in that TLD, of...

STANLEY BESEN: I'm actually thinking of aggregate number of...

JORDYN BUCHANAN: Yeah, yeah, yeah. I'm saying, you're talking about... We're talking about slightly different... I agree we're talking about different things, but it's... I think Megan's point was correct. The renewal rates tells us something about how registrants are valuing their registration in the TLD.

STANLEY BESEN: But it's a different number, and it could be that you have a high renewal rate, but hardly anybody, and over a period of time, you'll go out of business.

JORDYN BUCHANAN: Correct. So yes, you're talking about the minimum viable scale question, and I think we're talking about... This is a... Is the TLD successful from a delivering value to registrant's perspective?

STANLEY BESEN: Different questions.

JORDYN BUCHANAN: Yeah, different questions. Yes. All right. So there is... This next question is, to what extent have new gTLDs displaced legacy gTLDs and ccTLDs? And is this good for competition or price? I think the one question here... And I don't remember where we landed in our discussions was, can we look at new registrations versus just overall size?

And I don't know where we landed on you guys taking a look at that.

GREG RAFERT: So I think that's something... We had done a little bit of that work for phase one. It didn't ultimately end up in the report, but it's something we have the data for, and I think we could look at it again to see if there is any interesting trends in the data.

JORDYN BUCHANNAN: Yeah, I think that would be helpful. You might... My intuitive sort of look at what's happening is that new Gs are taking... Like a lot of people who would register in NET or ORG, are registering in the new gTLDs instead, and therefore you see the growth rate on NET and ORG has dropped significantly.

Well, about as much as the new gTLDs are growing, are adding. So if that's really true, then even though they're small, it tells you something about like what the market for them really looks like. Go ahead Stan.

STANLEY BESEN:

I propose this for a... This is Stan. I propose this for a, one of the questions for the Neilson registrant survey. So you can ask people who registered in the new domains, did they drop a legacy domain? As one of the questions that we can ask, and that's not going to be fielded for four months, as I understand it.

JORDYN BUCHANAN:

Yeah. So that's a slightly different question, because I... My belief is that switching costs are really quite high for a domain, right? The cost of business... Just has one pack of business cards, is probably about the cost of a domain name registration. So there has to be a really compelling reason to change your domain name, whereas if you're a new registrant and don't have a, haven't printed your business cards yet, then you've got relatively more choices as to which...

STANLEY BESEN:

It would be nice to confirm that in the Nielson survey.

JORDYN BUCHANAN: Yeah, no, absolutely. That's what... We may also be able to see that if we see that the legacy gTLDs, people are staying in them, renewing the same as before, but new registrations are being diverted to the new TLDs, which we should be able to see through the transaction, through the port data.

Because the registries do report new registrations versus renewals.

JONATHAN ZUCK: This is Jonathan. I would only add that because of the low cost of a TLD, that even if I'm going through the process of switching to a new one, it's very unlikely that any time soon I'm going to get rid of the old one.

JORDYN BUCHANAN: Go ahead Stan.

STANLEY BESEN: Do I understand that we can answer this question just with data that ICANN already has?

JORDYN BUCHANAN: We can distinguish between new registrations and renewals with data that ICANN already has.

STANLEY BESEN: Can I answer the question, okay you registered in dot XYZ, did you drop dot COM?

JORDYN BUCHANAN: No, well, no.

STANLEY BESEN: That's the question...

JORDYN BUCHANAN: So I agree. That particular question we can't, we could look at the overall trends of where new registrations are happening versus renewals, but we can't look at any individual decision...

STANLEY BESEN: ...something Neilson could do.

JORDYN BUCHANAN: Correct. Waudou.

WAUDO SIGANGA: Just to follow on that question from Stan. What would be the motivation to drop the legacy registration? Just because a new registration in the new gTLD. I think as Jonathan has said, the cost is really low.

STANLEY BESEN: Well, A, I think it won't happen very often, but if it did, it would be either for price or non price reasons. That if you like the other name better, because it fits your use better, or they charge you less.

JORDYN BUCHANAN: Greg.

GREG RAFERT: To Stan's question. I think it's a really interesting one, and it's the reason why we want a transaction level data from the registrars, because it would allow us, if we got enough data. We could then look at that.

JORDYN BUCHANAN: Yeah, Kaili?

KAILI KAN: Or just to pay attention to that, if creating a new gTLD and dropping a legacy one, that means direct competition to each other. That's how define competition, the market. Thank you. Sorry that was...

JONATHAN ZUCK: But similarly a plan to drop the old one represents competition, and whether or not I've done it yet, has more to do with the fact that there is existing customers, or something like that, that might still go to the old one accidentally. So I may not drop it immediately, that's all.

KAILI KAN: Kaili Kan again. Yeah, I agree with Jonathan. Yes, so if we cannot ask the question where they have indeed dropped or not, can we ask whether they have the intention to? I mean...

[CROSSTALK]

Well we do want to get into competition [inaudible], but where is the boundary? Because this, as we discussed this morning, but definition of a market as well as competition, are you want to say the foundation of our study.

So if we can convince this in clear, that's very important to us. Yeah.

JORDYN BUCHANAN: Thanks Kaili. Yeah, Jonathan, you're saying we want to see if registrants have substituted the use. Like, you know, they've changed the website that they print on their billboards to the new domain, even if they haven't dropped the old one, that would show that it's a substitute for the previous one.

KAILI KAN: Right. That's more, well they're not buying oranges and dropping not instead of buying apples. Although they're [inaudible], but that is in itself, competition.

JORDYN BUCHANAN: Right. If they start eating oranges instead of apples, even if they're, for some reason, are still buying them...

STANLEY BESEN: Actually be a little careful here. Simplest case, I drop dot COM and I go to dot XYZ, that they're substitutes. Second question is, I stayed on dot COM and I go onto dot XYZ, and I my question is, why did I do that?

One possible is defensive registrations. Another possibility is they're not substitutes, they're compliments, that is I expand the market in which I... And so you want to know whether they

dropped, in which case you have some information, you want to know what they added, in which case now you have two paths to go down, which is, why did they do it?

JONATHAN ZUCK: Stan, this is Jonathan. All I'm suggesting is that instead of talking about dropping, did they substitute use? Is the equivalent of dropping in such a low price point market... So in other words, I have, my original domain name was competitive technology dot ORG, and then we got act online dot ORG.

If I had you my card now, it says act online dot ORG instead of competitive technology dot ORG, but I still, 10 years later, I'm renewing competitive technology dot ORG.

STANLEY BESEN: Why is that?

JONATHAN ZUCK: Defensive, habit, in case anybody has it left in an email or something like that.

STANLEY BESEN: This just makes the analysis this much harder.

JONATHAN ZUCK: No, but the point is that I made the switch, instantly. I made the switch of business cards instantly. And I feel like that's the more relevant question.

JORDYN BUCHANAN: Greg and then I have a procedural question. Greg?

GREG RAFERT: So I apologize, but I unfortunately need to leave. I have another meeting in five...

JORDYN BUCHANAN: That's my procedural question. We're 10 minutes over time. What's the next thing on our agenda?

ELEEZA AGOPIAN: This is Eleeza. Yeah, so you had a break, have a break from two to 2:30, and then the full team is going to gather in this room again at 2:30 to kind of report back on progress on where things stand.

JORDYN BUCHANAN: Okay, thanks. So we'll bid farewell to Greg. Can I impose on...? How do people really need...? Well, some people time for five

minutes of the break. So we'll cut our break in half. Hopefully it will be five minutes. We'll see how efficient we are.

I want to just run through the prioritization exercise that we did previously.

We're not done with the data exercise, we're definitely coming back to that. But we have a... This afternoon, we have to present in the public engagement session, and we're not going to be talking about data gathering there, I don't think. But we are going to be talking about the questions that we're trying to answer.

And so therefore, I want to just briefly discuss the prioritization exercise that we did to see if we can communicate that out to the community.

We will meet with analysis... Yes, there is a separate sub-team that meets with, that's guiding the work of the analysis group. We will continue to have conversations about what data we would need in order to answer our questions, because we didn't get through a lot.

It's not just third level domain. We didn't get through a lot of it.

JONATHAN ZUCK: Guys, this is Jonathan. We're not starting the break yet, so let's try really hard not to start side conversations. Jordyn is still trying to push forward for another five minutes. Thanks.

JORDYN BUCHANAN: So let's try to do this quickly. So in... If you look at the prioritization exercise. If I was really lazy, as a strawman, I might say, so we put average squares on those bright yellow cards, and they're also now reflected in the Google Doc. You'll see at the end of each of the major numbers, or that start at each of the major numbers.

There is a number between one and five, which is the average score that was assigned based on people's votes. And what I saw is, you know, we can make a somewhat arbitrary cutoff at about the number three. Or anything below four essentially. And I actually think it results in a medium good prioritization cut.

So let me just share with folks what that would look like and see how controversial it seems to say. To just basically split into high priority questions versus lower priority questions. Not to say, we're not going to look at these things for now, but these high priority ones are the ones we really want to answer.

So the high priority questions would be, the two... Price competition and non price competition. The markets... What's the market definition? The effect on registrars and resellers, and is... Are consumers sufficiently aware to allow for competition? And then under consumer choice side, is further segmentation regulation of the name space valuable?

Have the benefits in an increasing choice outweigh the potential for costs of confusion? And do consumers have expanded choices in different regions, languages, and scripts? Those would be the high priority questions. And then the lower priority questions would be, have different types of TLDs been able to provide different alternatives to other TLDs?

Are some TLDs, like communities versus standard, communities versus brand, better or worse at competing than other types? Or some type of applicants better or worse at competing with other types? The minimum viable scale question would be a lower priority topic.

The efficiency of allocation question would be a lower priority topic. The universal acceptance question would be a lower priority topic. And then the [inaudible] influences of new technology and the, is this too soon would be lower priority topics.

The last one is a little weird because if it's too soon, we can't do any of this. But I guess that's just saying that we're just assuming that it's not too soon, because otherwise we're wasting our time. Megan, go ahead.

MEGAN RICHARDS: It's Megan. Just on the last point, I also put it as low priority, not because I think we shouldn't be doing this, but because I think it's too soon to have a full robust and perfect analysis. I don't think it's too soon to start or to do something.

So that's why I put it as well. And I think it is a lower priority issue, but just that we keep in the back of our minds so that everything we bring in should be...

JORDYN BUCHANAN: So, my question is, does anyone disagree with that general taxonomy and continental divide that I've just outlined? Jonathan.

JONATHAN ZUCK: Yeah, so not to cause trouble. This is Jonathan for the record. I guess the other question we need to ask ourselves is the extent to which these questions are all at the same level. In other words, as we look at whether or not it has been able to provide

price [inaudible] price competition, and if the answer is no, we're going to ask ourselves why.

And one of the answers to that may be universal acceptance. So in other words, I don't know that I put universal acceptance at the same level of question. It's more of an explanation why one of the other questions that is high priority, turned out the way it did. So that's my only caveat to your taxonomy.

JORDYN BUCHANAN:

Thanks Jonathan. I actually agree with that. And that actually maybe the reason why we put it low priority, because maybe it's not worth investigating until we answer some of the other questions, right? If we find that these are super effective at competition, then all of our possible explanations for why they're not, like we don't really need to spend a lot of time looking at that, right?

And so, at least this is saying, we're going to focus our early work on the higher priority questions, right? Does that sound reasonable? Stan, go ahead.

STANLEY BENSEN:

I think that while the scale is important, but I think for the same reason as Megan gave. It's too early to tell. We will have these guys, they're too new to know how big you have to be to survive.

So I think it's an important question, but I don't think we'll have the data to...

JORDYN BUCHANAN: Right, right. So we're not really trying to say importance, we're saying priority of our investigation. Where are we going to spend our time at least early on in the process? So everyone okay with that taxonomy? Kaili.

KAILI KAN: Kaili Kan speaking. Yeah, about, I'm sort of still curious about the cost structure. Yeah. And not exactly that, not high priority, but at least get sort of get a rough idea about what is the fundamental cost structure, fixed versus variable, and whatever it is, like just [inaudible] right before [inaudible].

We're told that basically what I see as most costs for ICANN's new gTLD program. Yes, policy developed. So yes, that was consulting fees, or something. And for these registries, registrars, or whatever, what is their cost structure? That help, what help me, I don't know, others maybe to understand the industry.

JORDYN BUCHANNAN: Yeah, so Kaili, can I suggest...? I'll suggest two things. Number one is, I actually think we're going to have to take a close look at that cost structure question, not necessarily here, but when we go back and look at the application process, and particularly where we say, how do we get more participation from different parts of the world?

Because if we don't understand the cost structure, it's going to be impossible to say, oh let's get these people that didn't participate in round one, participating in round two, because we'll have to look at ways to make the costs reasonable.

And number two is, I think we can do some of the educational efforts on this without necessarily trying to answer the question about minimum viable scale that I think it's hinting at.

Yeah, so absolutely we can definitely organization something like that. Stan?

STANLEY BESEN: Yeah. I think we get, to some degree, by the observation that we'll observe multiple registries under the same owner, which suggests there are some economies in combining them. We may see the same thing for a series, for registries under the same ownership, we can see that. What?

And yes, so to some degree, the organization, the ownership structure may tell you something indirectly what costs look like, particularly the roll of fixed costs.

JORDYN BUCHANAN:

All right. We only have 10 minutes left before the... We only have 10 minutes left before the break time is over. I'm going to, I'll close this down for now, but I will mention, remind you guys once again, that the, there is a group of both registries and registrars who have volunteered themselves to make their time available if people have questions about the industry and the operational side of things.

So, we can definitely arrange a briefing Kaili, with that group, that could help answer some of your questions. And with that, we're going to close this down for now. We're going to go with the high versus low priority differentiation in the engagement session tonight, and to guide our work early on, absent contrary feedback from the engagement session.

I'm going to give everyone 10 minutes to bio-break and so on, and we'll resume at 4:30. Thank you.

2:30. Yeah, I'm real, 2:30. In 10 minutes. 10 minutes.

JONATHAN ZUCK:

For the record, we're waiting on Jamie Hedlund.

Well you're not too far off. So we spent most of the day in, with the exception of a presentation on the new gTLD program budget, with which you're probably intimately familiar, most of the day was spent in sub-team exercises trying to harden the lists of issue areas, and to begin to look at what additional areas for research might be in preparation for the engagement session that we have this evening at 5:15, where Lauren, Jordyn and I will be sort of presenting these issue areas and hopefully them up for feedback from the community.

So what we're doing right now is, getting summaries for Lauren and Jordyn as to what the output of their sub-teams were. So I don't know who would like to go first? My guess is Lauren is more prepared than Jordyn, so we'll just go...

Since the competition team lost its break, I can only assume that that's the case. David, go ahead.

DAVID TAYLOR:

David for the record. We did have a little discussion about what it is that we always get pushed, and it wasn't initiated by me, into the other room. Didn't we Lauren?

LAUREEN KAPIN: We did, and for the record, we are laying claim to this room for the next breakout session, and [inaudible] we'll know you'll enjoy what [inaudible]. As much as we have.

DAIVD TAYLOR: David for the record again. We are in a negotiating mode here with the competition group, and if you want to listen to our report, we are given our report in the other room, unless you're happy to move.

LAUREEN KAPIN: So, this is Lauren for the record. Thank you for representing our position so well, David. Regarding the substance of our session, we had productive discussions, and special thanks to Drew and the rest of the team for continuing in my absence at times. And we started with our initial document, but we tried to flesh it out a bit more.

And speaking for Carlos, he wanted to make sure that this list is understood as sort of a preliminary brainstorming list that may evolve as time goes by, and we further assess the issues, and I thought that that was a fair point. So we really haven't changed any of our subtopics, but we have added some.

And I see that that's on our, our document is up on the screen now. So you all are welcome to take a look. I'm not going to

read the document, but I am going to highlight some of the things that we have added or refined. So, you'll see that there is a reference to consumer literacy now, under our consumer and end user behavior.

And... [Unknown speakers talking without mic].

UNKNOWN SPEAKER: That was David for the record.

LAUREEN KAPIN: And the thinking there was that the extent to which the public actually knows about gTLDs is an important issue that cuts across many of our topics. And we thought it made sense to have that stand as a separate sub-point under the consumer and end user behavior, because if we... Because it may bleed into other things otherwise, and we'd rather look at it alone in terms of certain data needs.

So you'll see some of the sub-points under here, and the first one was David's excellent point. We've talked a lot about the regulated gTLDs and how that might create expectations for the public, but there is also a much broader question about how the new gTLDs in general create expectations for the public.

What does it mean when you see, you know, dot bike? Or dot camera? Does that mean the gTLD necessarily has to relate to bikes or cameras? So we talked about the sort of range of new gTLDs from the regulated to the unregulated, and what consumers, what messages consumers are taking from those domain names.

Also under consumer literacy, with regard to new gTLDs, we wondered whether consumers know where to go to report problems, and whether consumers are aware of the additional safeguards present in the new gTLDs, and as to that point, that is something that is specifically asked.

It's specifically an issue in the Neilson survey, so we should be able to get some good information on that. Then moving on to developing countries, we fleshed that out a little bit more also. We talked about awareness, awareness of the new gTLD application process in general, and then what type of outreach was done, how much researches was devoted to that, especially as compared to other things, and how the outreach was implemented.

And Carlton spoke to many of those issues and concerns. Some of these other bullet points were in our original document. And you'll see this data point that I just mentioned highlighted. Yeah.

JONATHAN ZUCK: This is Jonathan for the record. Are you making a distinction between this portion of the review, and the portion of the review that is specifically about the application process? I know it's easy to forget that it exists, and we'll be meeting as a whole on that tomorrow, but it seems like this entire section might find its way into the application process review, that we're all, for which we're also responsible, as opposed to trust.

LAUREEN KAPIN: No, we are very much aware of that, but Carlton, go ahead.

CARLTON SAMUELS: Yes, we are very much aware that they bleed into each other, but what we want to ensure is that the spaces, a space holder is there for the trust related section. We wanted to make sure it was covered.

JONATHAN ZUCK: So I, this is Jonathan again. So I feel like that would require greater specificity of these questions, to make them trust related questions. Because I read them now as being application related questions. That's all I'm saying. So I'm not even arguing, there is probably embedded in there, like people in developing

world trust the application process, but there might be some specificity needed to turn these into trust specific questions. That's all.

CARLTON SAMUELS: Okay. I take that, yes, we will put greater detail into it.

JORDYN BUCHANAN: Is it...? When we're talking...? We think about our definitions of consumers and consumer trust, I actually just don't understand how the application process fits. Like, why do we care whether consumers trust the application process? Like we might care that applicants trust the application process. We might care that consumers trust that the successful registries are actually doing a good job, or something like that.

But I don't understand why we would care that the consumers think that the application process per se was trustworthy.

LAUREEN KAPIN: So this is Lauren, Jordyn. I think this goes to the definition of consumer, which my understanding is that it would include the, to put generally, the folks who were using whatever system is at play. And in that regard, the applicants would be the consumers

of the application process, so to speak. Unless I'm misunderstanding the breadth of our definition of consumer.

UNKNOWN SPEAKER: That was a discussion that was brought up, and as I understand it, we expressly included them. And maybe I'm not remembering, but I'm sure that we were careful to ensure that the definition for consumers was as broad as possible, and it included everybody who touched on the DNS in one way or other.

JORDYN BUCHANAN: I don't... So I'll just make this point. I also just think, to Jonathan's point earlier, this just stretches the definition of consumer. Like, saying do people trust the application process, is just, it just contorts the definition of consumer trust to just be purely about the application process itself, which we already have a work stream to cover.

I just, it just doesn't seem like... Like if we're asking a question about whether the results of the application process eventually resulted in TLDs that engender consumer trust, that absolutely seems in scope. But if it's just a question of whether the process itself was trustworthy, that just seems squarely in the other track of work.

CARLTON SAMUELS: This is Carlton. Well, you would have to look at the end results. That is exactly the reason why you have it there, because it's, if the results of the process reduces trust along at the end, then it should be included. That is a position that we have taken.

LAUREEN KAPIN: Go ahead.

MEGAN RICHARDS: It's Megan Richards. I'm just wondering if, and this is something that we did in our group under Jordyn's excellent control and guidance. We rated the questions and the issues by priority. And I'm wondering... I don't think it's a non-issue, but I'm wondering if it's more of a secondary nature for your issues.

So something that can be looked at as a secondary issue, not a non-issue.

LAUREEN KAPIN: So let me... There are a couple of points on the table now. This is Lauren. First, is the definition of consumer, and I'm looking... This also reminds me that we didn't quite come to closure, at least as I recall, on our terms of reference, because I know, for example, that there were some lack of clarity as to

what the last version of the document was, and I don't recall us ever going back to that.

But I would like to raise that it would be helpful to go back to that, to make sure we have a final version, because I don't think we do yet. Particularly as to the definition of consumer, for example. But as I look back on the last draft, I do take Jordyn's point, certainly in the last draft, the concept of applicant is not there.

So I'm just reflecting what's in the document. And as to Jonathan's point, is this more appropriate in part for the application process, I think probably a lot of it is, and we need, as a sub-group, to go back to this and put our heads around how this effects how these issues with outreach and ability for the developing world to participate, how that has an impact on the public at large.

I think perhaps that is our task, and I'm looking to Carlton to jump in here to make sure I'm expressing this in a way that the group supports.

CARLTON SAMUELS:

This is Carlton for the record. I agree with you Lauren. We concede that there is some element of it that is probably in the application process on the competition side, and we are happy

with that. But we still believe that there are some elements that involve trust, and maybe what we need to do is to tease it out a little bit, and we'll do that.

JONATHAN ZUCK:

Thanks. This is Jonathan. And I guess that's all I'm asking is, is to look for that specificity and let's pull the other things into that, that don't fall... I mean, the only thing that I can hypothetically imagine is that if word got out that applicants from developing worlds were unsuccessful, that that may lead to a distrust in ICANN and in the DNS generally among consumers, because it became somehow publically...

People were... It became publically aware of the fact that that was the case, that we don't get a break, right? My local business tried to apply for a TLD, and they didn't get one, and so we think the whole system sucks, right?

That might fall under your purview, but remember that the degree to which we serve the developing world is one of the top level questions in the application process portion of the review. So all of those would be exact questions that we would ask, so that's all I'm asking is to find the finite variations that would belong in this section, that's all.

LAUREEN KAPIN: Right, and that's fair. And just so you know, I mean we're... This is still very much a work in progress, and I like the idea, Jordyn and Megan, for prioritizing. We didn't get a chance to do that yet, but we want to.

So, moving on. The last issues, as you can see, were procedural issues. We had some of these down before, but in terms of fairness of procedures, which you'll see is the last bullet point, we got into a little more specificity about what dispute resolution procedures we might be looking at.

For example, the pick dispute resolution procedure, the post delegation procedure policy and then the uniform rapid suspension procedure. And that's basically where we got to as far as I said, it's still a work in progress.

JONATHAN ZUCK: Yeah, there is another page of things there, right?

LAUREEN KAPIN: We started identifying some of our data needs. Those were pre-existing... The data needs, particularly with the developing...

We did talk about this also. Thank you, thank you colleagues...

JONATHAN ZUCK: Jordyn, I'm sorry I slighted you earlier.

UNKNOWN SPEAKER: What did you say for the record, Jonathan?

LAUREEN KAPIN: Might not be organized enough for you Jonathan. Is this just not up to your high standards?

JONATHAN ZUCK: I'm just teasing.

LAUREEN KAPIN: Regarding confusion, which is exactly the right word for right now, there was a very good issue brought up about international IDNs, internationalized domain names, because those can be used in a deliberate way to create common misspellings that don't look like misspellings, and the public is misdirected to a sight that's not where they intend to go, and it's often a site where bad things may happen.

Then also, a confusion issue is, can consumers distinguish between a legacy gTLD domain from a similarly new gTLD domain? These issues of abuse, I believe, were in our original document, and really go to the comparison between the level of abuse in the new gTLD space, and the legacy gTLDs, and we're getting... There is data on that.

Privacy policy, we had already, we had already had this in our original document. Can you scroll up? I just want to make sure I didn't skip anything else. No, okay. Scroll down, thank you Alice. And if you can continue to scroll down.

Right. And then we started talking about data needs, what else do we need? And we're aware that ICANN compliance is going to be a good, a good source of data for us, and that's one of the outreach efforts that we want to make to ICANN compliance, is to see if we can get some complaint data.

And this gets into more nitty-gritty issues of things we're considering in terms of data needs. That's it for now.

JONATHAN ZUCK:

Thank you very much Lauren for your presentation.
[APPLAUSE]

My only additional request, is sometime before four, trying to make some modifications to your slides, and get to those Alice. Is that right? Okay. That we'll all have to do prior to, by four I guess was the deadline we were trying to set, just to make modifications that you can.

I mean, that's not critical but whatever you can do. Thank you. Jordyn, go ahead.

JORDYN BUCHANAN: Can I send a link to someone on the presentation laptop to present? Who and how? To Alice. Do you have a Gmail that I can share with?

Well because...

This one is shared for my work, so I have to actually... You can... What's on... I just need something that I can share this with. All right, hold on. Can I just come and plug this in? Pardon?

That's probably the most efficient.

All right. This is Jordyn Buchanan for the transcript. So the competition and consumer choice team spent most of our time doing two things. Number one, just sort of verifying that the list of topics that we had previously identified was still the ones that we were happy with.

In general we agreed yes, with the exception, we added one more topic to consumer choice, which I'll get to in a second. Then after that, and some illuminating discussion around markets and competition, and so on. We engaged in two exercises. Number one, as Megan mentioned, we made an attempt to prioritize the topics that we identified, and we roughly divided stuff into two categories, a higher priority and lower priority, with the intent being that we are going to focus

our work on the higher priority, and also recognizing that in some cases, the higher priority questions may lead us to some of the lower priority topics.

I can give you an example of that as we talk through it. And then the second thing we did, and we're not nearly done with this exercise, is, and it sounds like the other team was doing the same, start to identify what are the data elements that we need in order to answer these questions.

And we spent some time with Greg from analysis group, understanding what they're looking at. We did get through three core questions regarding, well two and a half core questions, regarding the competition element, but still some more work to do tomorrow.

So just to bring everyone up to speed, what I've done on these slides, and they still need to be massaged a little bit before we present them, but it moved the high priority questions into the body of the slides. So now we're just... You're just seeing the questions that we've identified...

Just seeing the questions that we've identified as high priority here, and then I've got it at the end, the ones that we've identified as lower priority. They're actually just, generally sound a little bit more [inaudible] in any case. So the first three

questions that we posed, are basically what I consider the core competition between registries questions.

And so they're essentially, has the introduction of new gTLDs resulted in more price competition between TLDs? Has it resulted in more non price competition between TLDs? And then, what are the, how are we thinking about what the markets are in order to even analyze whether there is competition taking place or not?

So those three questions will, I think, will actually composing a large part of our analysis on the topic of competition. But then related to... In addition to just competition between TLDs, there is the separate question of, how has there been competition? Or has it changed the dynamics of competition at the retail level as well? So then we've got a question of what the effect has been on competition between registrars, or resellers, as another consideration.

And then the last question that we've identified, and actually... Now that I think about it, we may want to have this conversation in the group, but this question actually feels very much like a set of questions we moved into the lower priority stack. But it is, are consumers aware enough in order to allow for competition?

And there is some sub-topics from that, like if not, who is responsible...? Or just generally, who is responsible for

promoting the TLDs? But those are the core competition questions that we'll be looking at the high priority level.

I've never done this before.

JONATHAN ZUCK:

Is this better now? Okay, yeah. So the only other corollary to that, on the market's question, is that another part of the analysis by the team is that won't end up being a single answer. That part of what we're doing is... And that's why it's plural there, but just to really clarify, we'll end up doing the analysis over several different market definitions, and probably making all of them a part of the report.

JORDYN BUCHANAN:

Yeah, thanks. That's a great clarification Jonathan. And to answer your question Eleeza, as soon as my computer is done downloading the Adobe Connect add-in, I will be able to share my screen. But that is going on at the moment. I will certainly... These are the slides that we'll be using later this afternoon, so we will, everyone will get a chance to see these slides.

And does this work?

All right. On consumer choice, we have three high level questions that we're seeking to answer. There basically is

further segmentation and regulation of the name space valuable to consumers in navigating the name space? So is it helpful to, especially to Internet users, you know, to know that something, you know, you're going to dot dentist and it's going to be a dentist?

Or to see that dot photography might be about photographs, or you know, just to be able to tell from looking at the name, something, some more information than you might have today. Is that helpful? And then the second question is, have the benefits in, of the increase in choice as a result of the introduction to new gTLDs, does that outweigh the costs? And particularly, the potential cost of confusion.

And so I think, Stan put this well, says normally speaking, having more choice is just good, but in some cases, this may be one of the cases, like the fact that either... There is the facts of registrations, or that suddenly the DNS is more confusing than it needs to be, may outweigh that general good that we associate with having more choice.

Do you have a question Jamie? You look like you do.

JAMIE HEDLUND:

Sorry, this is probably... This is Jamie Hedlund. So, this may be a silly question, but when you say, expanded choices in different

regions, these names resolve globally. So how do you...? If it's not [CROSSTALK] script.

JORDYN BUCHANAN: You're jumping ahead to our next question, so let me jump... But that's a great segue, thanks. Yeah, so then the third question we ask is, do consumers have...? As a result of the new gTLD interaction, do consumers have expanded choices in different regions or languages and scripts?

And what we mean by this, is it's not actually phrased very artfully, so we should probably work on that before we put this out in public. But do consumers, as a result of the new gTLD program, do consumers in different parts of the world have more and better choices available to them in terms of registration?

And that can come about in one of two ways. There could be TLDs that, you know, that you could, if you were in Africa, and now there is dot Africa, you might think that that was a good choice for you, that wasn't available in the past, and that would be for your particular region.

And similarly, like if it was in your language or something. Those are more obvious, probably. But you know, like the GEO TLDs will be another good example... The GEO TLDs are a good

example, but all sorts of TLDs that might target a specific region. And I think we, the discussion that we had within the group was, this is not where, necessarily where the registry operator resides, it's where the TLDs targeted at, where the choices prefer for the consumer becomes available.

And the other element of this, and this is the dot, dot, dot at the bottom, is has this had an effect on the ability to actually buy a domain. So, you know, is there a local, is there a local registrar? Is there a reseller selling your language that's able to take payment in your country? Etc.

And we want to take a look at the effects of the new TLD program has been on the ability for consumer, for registrants in particular, to actually purchase the names. This also may have an effect on whether they're able to be... The TLDs are able to serve as a viable choice if there is a TLD targeted at your region, but there is no registrars in that region, it's not necessarily going to be very helpful for you.

All right. And then the topics that we have in the other, the lower priority bucket, I think generally are either a little bit more specific, or in some cases, may be are untimely, or may be... In some cases, they may be things that we want to look into, depending on the answers to some of the early question.

So for example, if we decided that there wasn't very good competition produced, as a result of the new gTLD program, we might ask why. So for example, there is a question here about, is a new TLD a valid choice if there isn't universal acceptance of it? So universal acceptance could be a reason why the competition hasn't been effected so far.

But in any case, these questions break down into, the first two are, the first one is, have different types of TLDs been different in terms of how effective they've been in terms of alternative...? So are community TLDs more effective at providing competition or serving their community than standard TLDs, or brand TLDs more effective at introducing competition, etc.?

This is the interesting question but a little bit more specific, and so we want to get through the general questions of competition first. Second is, are domain names being allocated more efficiently to registrants who will use them well? This is essentially just a question of, a lot of the new TLDs are trying to do...

You know, they have different mechanisms of allocating them then first come, first serve necessarily. They might have auctions early on, or they might have premium price lists, etc. Is that resulting in the domains getting allocated to people who

are actually making better use of them than you might see in legacy TLDs?

Once again, that's an interesting question, but not quite as central to our investigation. Another question that has been floating around in I think the discussions of the review team as a whole for quite a while, is like, what are the effects of new technologies? Like the fact that people are using apps now, people using social media.

How is that effecting the take up of the new TLD program? There is still some of this in our market definition question, because we want to look at how TLDs actually compete with these things. But we've decided to move this down into lower priority, just in terms of investigating the effects of those technologies on the TLD program itself.

Another question that we decided to move to lower priority is, is it too soon to answer these questions? And I think, Megan put it well, it may be that it's too soon, but this is not an overriding consideration. We can still get some data out of this, and we don't need to burrow too much into this particular question.

And then there is another question of minimum viable scale. What sort of registration volume or a business does a TLD need to do in order to continue to operate? And I think we mostly decided this, it's too early to try to answer this question,

because most of the business haven't been around long enough to really establish.

And then as I alluded to earlier, the universal acceptance question we downgraded, because it really only makes sense to spend a lot of time looking at it if we find that there are barriers where competition is not as effective as we had hoped.

So that's a rough summary of where we ended up in the prioritization exercise. We spent quite a bit of time with the analysis group looking at data sources as well. I think we probably won't bore you with that, but it was a lively discussion. We've still got quite a bit more of that to do, and that's where we will be spending our time tomorrow when we regroup.

Any other questions? All right.

JONATHAN ZUCK:

Thanks Jordyn. So the third category obviously is the application process, but because we haven't reconvened, that document hasn't evolved since where we left it in Los Angeles. So that will go up in front of the public in its current form. And we'll be working on it more tomorrow.

STANLEY BESEN: Probably... Stan Besen for the record. I've gone back and looked at... We originally did define consumers as to actually users and registrants. I still find that a bit confusing, and maybe it's always here in the context that we're talking about registrants, but sometimes if the term consumer is used, I think most people, we like to think that we're looking at final users, and not as registrants.

And so if it's not... It probably is too late, but I would prefer to refer to registrants as registrants, and not as just the class of consumers, because I think it tends to be confusing. When people see that term, and they're not likely to think of registrants when they think of consumers.

JONATHAN ZUCK: Stan, thanks. That's a good point. Part of... We're somewhat constrained by the fact that we're looking at increases in consumer choice and consumer trust. And we want to include registrants, and so we weren't asked about registrants separately. But Jordyn go ahead.

JORDYN BUCHANAN: Yeah, so Stan, I agree with you. Part of... I helped try to carve out the initial definition here, and the... I just capital R registrants and capital IU Internet users in an attempt to give us

words to talk about those specific subclasses. And so maybe we should just get it, like they're all kinds of consumers. I think we've agreed that there are all kinds of consumers.

And so when we mean one type or the other, we should just start using the right, you know. Are we talking about Internet users? Are we talking about registrants? Or, in some cases, we may be talking about the broad, everyone version of consumers.

STANLEY BESEN: The analysis refers to consumers in there, but they really mean registrants, not final...

JORDYN BUCHANAN: Yeah. So we may want to ask the analysis group to try to finalize on the terminology that we use in our internal definition as well. That might be helpful to avoid confusion.

JONATHAN ZUCK: That makes sense.

What's next on our agenda?

ELEEZA AGOPIAN: Breaking glasses. This is Eleeza. I was trying to type. John Jeffrey is coming here at 3:30, so we have some time. 18 minutes to do whatever you like, let me put it that way.

Take a pause.

JONATHAN ZUCK: Because everybody but Laureen and Jordyn can take a break. You have to stay after school, just because we need to try and get slides done, I think.

RECORDED VOICE: Hello. You have been conducting a meeting for a long period of time. If you need to continue meeting, press one now. If not, I'll end the meeting.

ALICE: Hi Jonathan. So we don't have any specific, cast in stone details yet, but we're looking at scheduling potentially a meeting in Amsterdam, towards May 20th. And if that doesn't work out, probably early June in the D.C. area. That's what we're looking at right now.

I'll get back to the group with an update as soon as possible, but that's what we have on the fire.

What's not to love about Amsterdam?

DAVID TAYLOR: Alice, just to let you know, the 21st is INTA meeting, in Florida. So that would mean, if it's that specific weekend, there is no way, because that's all set up, certainly for me.

JONATHAN ZUCK: Well then we need to meet then, we'll give up on David in order to have a birthday party, I think. No, so generally speaking, not to put you on the spot, but what are the requirements for a meeting location that we aren't aware of in terms of why it couldn't be anywhere that we had access to a venue, you know, in his law firm at Google, or if they had good Internet to do Adobe Room.

What is it that...? What is the meeting team's requirement that we might not be able to satisfy in a random location?

ALICE: As you pointed out, we need bandwidth for all the Adobe Connect equipment, and we need some, you know, all the AV going, all the AV, the venue, preferably an ICANN office, prefer ICANN offices, are a venue we've already contracted with.

But yeah, so these are the requirements. We're working, we're trying to make things easier for you guys, but if you have venues that you want to suggest, we're happy to consider those.

DAVID TAYLOR:

David here. I think Google has got good bandwidth. And apparently they're now outside of America. That's not for the record, this is being recorded by the way.

But I've offered before, but I'll offer, we can certainly host that. We've hosted many meetings and we've got video links and bandwidth and everything. So that could be in London, or Paris, or Brussels, or whatever, but I'm saying London because it's probably one of the easiest.

ALICE:

So, if David, if you could send me an email with those details. And if anyone else has another suggestion, I'll get those to our meeting's team fairy, and she'll figure it out with the equipment, the AV, and all... Because there is a lot of shipping involved as well. You've got to ship all of this stuff, you know?

So we take that into consideration.

DAVID TAYLOR: I was just... [Inaudible] as well, we bake our own cookies. And if we wanted to have a dinner there, we have also got our own chef, who is French. So I'm not kidding. I mean, Paris office, we have nothing like that. In London, yeah.

That's a little bit far from London, but that's possible as well. We've also got San Francisco and LA, so we can...

JONATHAN ZUCK: We'll fly in the chef instead of the gear.

ALICE: And I also recall you saying at the start of this meeting, so inconvenient to me during ICANN meetings.

JONATHAN ZUCK: I object to that characterization.

...take discussion, to schedule something before or after, unless I'm missing something. We could have randomly chosen Helsinki as our meeting location, right? Right.

Like I think that's what we were thinking before you even cancelled Panama. I think we were thinking Helsinki before then, right?

UNKNOWN SPEAKER: So I think we're ready to get started, right? Everyone? Are we recording?

Yeah, go ahead, we have John here to talk a little bit about the, what's it called? Conflicts of [CROSSTALK], and to follow up on the conversations we had in Los Angeles about the word ancestor, I think is what the issue was.

JOHN: So I can start, or I'm ready for a question. How would you like me to go? I can talk about the word ancestor in the conflicts policy if that's useful. What that be helpful? Is that the beginning or is there a different point?

All right. The simple answer, and I went back and looked at this specifically because the issue had been raised, is that this is a best practice in a nonprofit situation. You will find the wording ancestor in the IRS form for conflicts of interests for nonprofits.

So the American Internal Revenue Service. You'll also find that with American nonprofits, this is a word that tends to be used in most major nonprofit conflict interest scenarios. Major hospitals, foundations, universities. In one Google search I found about 45 instances, which were some very significant institutions.

So, with that, I'm happy to answer a question.

UNKNOWN SPEAKER: So what does it mean?

JOHN: It means that if you have an ancestral relationship...

UNKNOWN SPEAKER: Which is what? That's my question.

JOHN: Okay. There is a common definition for ancestor.

UNKNOWN SPEAKER: Right. That's why I'm confused about. What is that?

JOHN: Are there multiple definitions or you would like me to clarify?

UNKNOWN SPEAKER: No, no, no.

JOHN: Because it's a common definition, my understanding.

UNKNOWN SPEAKER: That's not my understanding.

JOHN: So the common definition in most of these... Sorry. So the common definition in most of the conflicts of interest, most conflicts of interest policies that I looked at, do not define it. It's a relatively common known word.

UNKNOWN SPEAKER: So, I mean, as an attorney, that's like what I would expect to hear from someone on the other side who wants me to sign something that I don't really understand and that it makes me uncomfortable. I mean, I'm not trying to give you a hard time, but it's, to me, I'm not sure of what it means.

And I generally, and I'm sure you feel the same way, don't like to sign things where you're not sure what you're agreeing to. So if I have a better sense of what that means, as you understand it, I would feel more comfortable signing this.

KAILI KAN: Plus two.

UNKNOWN SPEAKER: I am on the queue. Who is holding the pen?

UNKNOWN SPEAKER: This is serious.

UNKNOWN SPEAKER: This is serious.

JOHN: Then I'll be happy to define it, and we can draft a definition in. Because frankly, it's, there is a number of different common interpretations of ancestors. I would think that it relates to your ancestral chain, your parents, grandparents, people that would exist in your family tree. If you... If there would be some instance where you think there is someone in your family tree that would have, that would cause you to need to disclose it, a disclosure is not an inappropriate thing to be more than would be required to meet a conflicts of interest policy.

If there is a specific instance where it's a confusing element because of the commonly defined term, then it's typically not something, I mean, we do lots of conflicts of interest policies across many different groups. First time I've ever heard the question, and I'm in part, surprised by it.

DAVID TAYLOR:

So John, David for the record. It's interesting as well, because Laureen is picking up on Laureen's US based. For me, as a UK based, all I've ever seen ancestor in a policy that obviously, from your examples there, there are many policies in the US with it as an example. But, I didn't know you were going to talk on this, but I've looked up after our last meeting, because it was a serious discussion which we had, and I looked at the UK position on it, and it might be helpful because it, there it defines a relation instead of an ancestor.

I think the term ancestor to me is just a little bit bizarre because I think of Neanderthal men, and tusks.

JOHN:

Yeah. So the common... Commonly referred term would be an ancestral ancestor in an ancestral tree, which would mean people that are in your familial relationship.

DAVID TAYLOR:

Well, and that's it. And it's... The definition here is of the relative may be a child, parent, grandchild, grandparent, brother, sister, spouse, or civil partner, or any person living with the person as his or her partner. Which actually I think is a pretty good definition.

So I'm happy to ping that to you if you want. I'm not saying redo it, but I'm just saying...

JOHN: I think most of those people would be included under a common definition of family as well.

UNKNOWN SPEAKER: I'm sorry.

JOHN: ...an Internal Revenue Service form policy.

UNKNOWN SPEAKER: I'm neither a lawyer nor an American subject to the IRS rules, but based on the examples that you gave, it seems to be related to entities that are endowed by gifts from the families, or that kind of transition. So my question is, what has that to do with a corporation that doesn't depend from any endowment, gift, or family relations like ICANN? Thank you.

JOHN: ICANN is a 501c3 under the US Internal Revenue Code. What that means is that we're a charitable organization. So people can, in fact, give us grants, or other things. So it is a consideration in

ICANN's conflicts of interest, to consider those factors. And that's why we follow best practices for similarly situated nonprofits, which under our status is 501c3.

JORDYN BUCHANAN: John, I think, the reason we're potentially getting into trouble is that there are at least some common dictionary definitions. I think probably don't match your understanding of the term in that the first match you find online, like Merriam-Webster says it is someone in your direct line of descent, but more than two generations out, right?

So your parent and grandparent would not be an ancestor under that definition. That's probably not what you intend, and I would rather not get into a fight with you about...

JOHN: Yeah. Actually more often than not when we're considering conflicts of interest, when we're communicating with Board members, people in supporting organizations, advisory committees, or in working groups within ICANN, we actually encourage you to apply terms like that in the broadest sense, because what we're seeking is not information about you.

We're seeking things that might influence you, that could change your, the view of those around you, or you, in how you're

doing the work. And so, a broad interpretation is a fine interpretation, when you're thinking about conflicts of interest, because the idea is actually over disclose as opposed to under disclose, so that we're provided with the widest possible breadth of conflicts to consider for you and your peers when they are considering their inputs.

JORDYN BUCHANAN: Yes, sorry, let me just clarify. The definition I'm talking about is not a broad definition, it is... Oh you're saying, if there is multiple ways of interpreting the term, we should...

JOHN: If there are multiple ways, I would encourage you to interpret it in the broadest sense.

JORDYN BUCHANAN: Sure. It just seems like this seems like an easy case where, as you suggest, defining the term might remove any lack of clarity.

JOHN: That's true, but what I'll do is to define it in the broadest sense.

JORDYN BUCHANAN: That's fine.

UNKNOWN SPEAKER: My comment would be when I hear terms like family tree, and I'll say anecdotally, my husband is starting to do all of this research on family trees and he's fascinated by it, but it leads to, you know, branch, and leaves, and twigs, and there is a lot in the family tree.

And that's the part that I'm actually am concerned about because I wouldn't even be aware of a lot of people who under your broad definition, you know, are defined as an ancestor, and that's what I'm concerned about.

And I think what I had expressed to your colleague in an earlier meeting is that, you know, if push comes to shove, I would sign a document like this to the best of my knowledge, and leave it at that. But I do think that we are being serious when we raise the issue that the term ancestor can be so broad as to be problematic.

And that, I think, is what we're getting at.

JOHN: So another way to say it is, if it's not within your awareness, it's obviously not a direct conflict on you. So that's probably another way to think about it. We're not asking you to go research your family tree to the 17th degree and figure out what

your ancestor relationships might be in the short span of ICANN's existence.

That's, you know... Actually it's kind of... It's a funny term for ICANN, because of our short tenure, right? But I think that makes it, should make it less of a concern rather than a greater concern. And whatever I can do to help you not focus on this, but work on the very important tasks that you have in front of you, I'm happy to do it.

So if you want me to provide a definition, we'll have one to you today.

UNKNOWN SPEAKER: Just for clarity. So you wouldn't have any problem with us signing, you know, something like this to the best of our knowledge, if you're going to use that broad a definition? I assume that that's fine.

JOHN: Yes, but I assume you're doing that with, in good faith, with the best possible... I just have to be clear when you ask me a question like that, because I'm a lawyer too. So I think you have to do that in good faith, and with the best of knowledge, and you know, if it's a little bit of research to figure it out, then you should probably do that.

UNKNOWN SPEAKER: Sure. That makes sense and that's reasonable.

JOHN: Are there any other questions on conflicts that I can provide? Would you like me to provide a definition? Which, by the way, would be unique.

DAVID TAYLOR: I just circulated one on the list, which is the one I read out. So, yeah, just taking [inaudible] just to ancestors dot definition.

JOHN: If you like, I will pull aside for two minutes with Erica and confirm that that's an acceptable definition. Would that be useful? And then we can attach that to the back of your specific conflict of interest form for this group. I don't want to do it for everybody, and then when you're on other groups, you can raise the issue again.

...mean for this specific review team, I think the issues of this review team are very unlikely to be about conflicts of interest for your ancestors. Is there anything else I can answer on conflicts or any other issue?

And as always, what we tell everyone on conflicts of interest, if you see something and you're confused by it, if you're wondering whether it's a conflict, I suggest over disclosing. If you don't feel comfortable over disclosing, and you want to talk to Erica or me or any of my team, we're available to you to consult.

Thanks everyone.

JONATHAN ZUCK: Thanks for stopping by.

JOHN: Maybe next time, a more complicated issue.

JONATHAN ZUCK: Okay, everyone. Thanks, and I'm glad we were able to get some clarity on that. So another area of clarity that we're going to try to begin to achieve today, is in the potential overlap between the, particularly the research efforts of our review team, and the new PDP working group on subsequent procedures for new gTLDs.

And so, Jeff has been made aware of the swear jar, so he won't use the R word in his discussion here.

Historical... As a reference to the past. That's exactly right. And so the... Just to give you some context, Jeff is one of the three co-chairs of a fairly large group. It's 150 people on that, or I think something like that, that will be looking at how to improve the process, including the application process, that we are assigned to review.

And they have started their work. Their work will probably take longer, because there is 150 people, and their mandate is broader than just the part that overlaps with us. But in brief conversations, Jeff and I realized that we would be asking in this narrow part of our review, asking some of the same kind of questions.

And in a perfect world, his review wouldn't start until our review is done. And so, but it not being a perfect world, it's starting in tandem, and so what we got Jeff here to do is to try and look at what those areas of overlap are, and if it's possible to coordinate on research, or for Jeff's group to postpone the things that we'll be specifically focused on so that they can benefit from our research rather than duplicating it.

That's the conversation. I don't want to make it any more structured than that, but that's the idea. Does anybody have any questions about that, that aren't familiar with the two...?

MEGAN RICHARDS: Thanks. It's Megan Richards for the record. I don't have a question, but I have a comment, and that is that, as you probably know, this has been discussed a little bit in the GAC as well. And also, in our discussion between the Board, the ICANN Board and the GAC.

And, okay, good. So you know the issues. So I can stop, good.

JONATHAN ZUCK: I guess the only thing that I would add is that, in somewhat anticipation of this but not in a very specific anticipation of this, we had built into our terms of reference and work plan, the notion of interim recommendations. In other words, if we were able to identify things that were largely non-controversial, that might be recommendations that required further policy development work, we might try to make those recommendations sooner rather than later, so that again they could feed into the work that Jeff's group is going to do.

So that's part of this conversation as well. Whether or not it effects our timeline, to maybe try to prioritize some recommendations specifically for his group, which will also be going on for a year, I'm sure. And just figuring out what the best workflow is, and avoid conflicts and redundancy. That's the idea.

JEFF: Thanks. And also, Carlos is a member of the team, and is a liaison, so hopefully that will help with the communication and making sure that our groups talk to each other. Because when you see some of the areas, and hopefully the slides will be up there in a second, you'll see that there is a certain potential for overlap.

And I'm not 100% familiar with... I was following remotely, some of the discussions that you had in LA. I was probably like the one person, maybe there were two. Just so I can listen in and hear. And it sounded like, from some of the brainstorming sessions that there is certainly areas that I think there is going to be overlap and how we can help each and work together is just something I would love to find some solutions to.

Well I'll wait until things go up, unless... Where is the...? No, no.

CCT, subsequent rounds. Oh! [LAUGHTER]

DAVID TAYLOR: And Jeff, if you don't have change, feel free to drop a 100 in.

JEFF: I got flustered. Okay. So a dollar is worth 10. Anyway, I'll get started because I know we have a shortness of time and at five,

we have to be at the other building. So as Jonathan said, I'm one of the co-chairs. There is three of us. Myself, many of you know Avri Doria, and the third is Steven Coats who is with Twitter.

So we actually have, they call me sometimes the old timer, I'm the old timer, Avri is the mid-timer, and Steven is the newcomer. So we've got a diverse group of participants or of chairs, and as Jonathan said, we so far have 100 people signed up as full-fledged members, and so far 30 people signed up, or 35 people signed up as observers.

And I'm sure after the meetings this week, we'll probably have, in fact I know we'll have some more people that haven't signed up yet that will. So it's a very large group, diverse. We have representatives from every constituency in the GNSO, from the ALAC, from the GAC. Individuals that have not indicated an affiliation.

So we have, and a broad geographic representation too around the world. So, with that, ya'll know the background. In 2012, or after the 2012 round, the council, the GNSO Council formed a discussion group to discuss the experiences gained from the 2012 round, and identify subjects for future issue report, that would lead to changes or adjustments in the subsequent application procedures.

So the PDP was initiated towards the end of last year. And a charter was prepared and approved towards the beginning of this year. And the basic premise, or the initial premise that we start with is that if the PDP working group were to determine that no changes were needed, then the existing gTLD policy recommendations from the 2007 round would still apply and remain in place. So we have a baseline, we're not starting from scratch. We're starting with the 2007 recommendations. Okay, while it's still coming up.

We've only... I know that Jonathan said we started work. We actually only held two calls so far. So we're still at the very beginning of stages and really our first task is to develop a work plan. And so we've decided that based on the charter, there are some overall issues which we'll all work together, as a group, to work through.

And then after working through some of those overall issues, we'll break into different work streams. And so what I did, and you'll see eventually when it comes up, starting on slide four, is just a breakdown of the different issues that we're going to address. Just to go back for one sec to the original policy recommendations in 2007. The GNSO Council, and of course, the Board approved, the consensus policy, which had a...

If we go to the fourth slide there. Yeah, there we go. So the original policy recommendations that were adopted, were designed to produce a systemized and ongoing mechanism, an ongoing mechanisms for applicants to propose new top level domains. They remain in place for any subsequent rounds, unless the GNSO community decides by consensus to change those recommendations.

So overall, the issues that this group is going to address is really to clarify, amend, or override existing policy principles, recommendations and implementation guidelines. Those three terms are fairly broad, if you just looked at a loan, but as I think tomorrow you're going to have a session with actually the PDP working group to look at the 2007 report, and that report is broken down into overall principles, recommendations, and then implementation guidelines for those recommendations.

And then obviously the group can decide to develop new policy recommendations or to supplement or develop new policy guidance. So that's overall the mission. And if we go to the next slide, these are the overall questions that the discussion group came up with for this group to work on.

And you're going to see overlap, not just with your group, but overlap with other efforts that are going on, either with... There is a cross community working group on geographic names.

There will be a policy development process, probably as we speak with the charter that has been adopted, I'm assuming, at the GNSO Council meeting, for a policy development process on rights protection mechanisms, which includes the ones for the new TLDs, like the uniform, the URS, the uniform rapid suspension, and the other dispute policies that were developed.

The trademark clearinghouse. But also to take a look at things like the UDRP, as a whole.

What's that?

It was not adopted.

What's that? It was deferred.

Okay. Sorry. I guess what they said was the GNSO did not adopt the charter, but it was...

What?

Okay. So there seems... We'll find out when we get to the building, whether it was adopted or not, it's anticipated that it will be adopted either at this meeting, or maybe defer the next one, but either way, it's a policy development process that our policy development process will look towards for those issues.

So overall, I mean, there is just the general question of, should there really be new subsequent procedures? Or should there be

new TLDs? Or should we discontinue the program? I mean, that's kind of an overall question. I will say that the base policy assumption is that there will be subsequent procedures, there will be new TLDs. That's the baseline. That's where we start, because that was the 2007 policy.

If there are, and everything afterwards assumes that the answer to that is yes, if there is a new round... Oh geez. [LAUGHTER] I actually have, I can say it two more times. I can say it two more times.

If there are subsequent procedures... So one of the overall issues is in this current 2012, I can call that a round, in the 2012 round, there were a number of issues that arose after the applicant guidebook was developed. And so there were a number of different mechanisms that those new developments, how they were incorporated into the program, and so this overall issue that we need to tackle is well, we recognize that there will in the future be issues that may arise after a program starts, or after procedures are introduced.

So how is, how can we provide a predictable mechanism to account for those changes after those procedures start? So that's one overall issue. Competition, consumer trust, and consumer choice, that should sound pretty familiar to you all. So did the program meet these goals or discourage these goals?

And for that, we are going to really rely on you all, and your assessment. Community engagement, how can participation from the community be better encouraged and integrated during this policy development process and the implementation, execution of the program?

We will look at overall TLD differentiations, so should TLDs be broken down into different categories? Brands, geographic, community. Maybe there is an internationalized, a whole host of potentially other classifications. Should they be differentiated? If so, what does that mean? Does that mean differentiated agreements? Differentiated requirements? Fees? All sorts of implications of that.

And if there is differentiation, should there be certain types of applications that are received before others? Should we focus on applications from underserved regions? Should we focus on brands first? I mean, there has been a lot of comments certainly in the community of how you can do these things.

That's overall. That's just the overall issues. We haven't touched the real specific ones. And we anticipate breaking into work streams for the next five groups. And some of these groups are really large, some of these groupings are smaller. So with respect to work stream one, which we call kind of the overall

process, and outreach and support areas. We'll look at things like the applicant guidebook.

Is that really the right way to implement the GNSO policies? Or is there some other way to implement it? Is it appropriate? Should we create different guidebooks, or whatever we want to call it for different parties? So do you have one for those that want to be front end registries?

Do you have a different set of guidelines for those that might just want to be a technical service provider at the back end, or escrow providers? In other words, do we have to combine everything into one book, or can we give out separate guides to different types of players?

Where that may play in is, I'll skip a couple just to the fourth bullet, which is an accreditation program. So, we know what while there were 1930 applications, there were probably 40 maybe 50 back end registry service providers, and so with that said, in this, in the 2012, and I can say it, round, the back end service providers, or each application was a evaluated separately.

So even though you might have a company like New Star who supported 350 plus applications as a registry service provider, they were technically evaluated 350 separate times. Was that

efficient? You know, those are the questions that we're going to look at.

Is there a better way to say, hey let's just have these service providers come in, get accredited as an acceptable service provider, so that if anyone wants to choose one of them as their back end provider, they don't have to go through that technical evaluation every single time.

That may reduce costs, that may be reduce time. It's certainly not trying to say that those are the only providers you can use, but maybe there is a way to streamline the process a little bit. We would look at things like application processing. Should there be, the bad word, rounds? Or should it be an ongoing process?

Should it be first come, first serve? Or should there be another way of processing these types of applications? The systems that were used. There were a number of systems that ICANN used in the application process and going forward. There was a system called [TAZ]. There was another system, we have the centralized zone file data service system. We have another, a GDD portal. All of these systems are being used by applicants slashed registries, and you know, are these robust?

Are they efficient? Is there a better way to do it? So we're going to take a look at those types of things. Fees, of course, is

certainly something that will be looked at from, you know, what's the methodology that was used? Basically having a cost recovery basis plus a certain reserve for potential litigation, you know, is that the right way to set fees in the future?

And then, a very important one, even though it's listed last year, which will, I'm sure, cover a lot of time and a lot of people are interested in working on is, support for applicants from developing countries. You know, what did we do right? What did we do wrong? And what can we do to encourage more applications to the extent possible from developing countries without sacrificing the technical requirements and financial and other types of requirements?

That's just work stream one. Work stream two is a legal and regulatory stream. This is going to look at things like the reserved names list and the mechanism to release reserved names. And that includes everything from two characters to IGO names, to the Red Cross names, if that's not decided in any other process.

Will look to country names, and everything that's included in that specification. We'll look at the base registry agreement. See what changes, if any, need to be made to that. Do we have different base registry agreements for different types?

We already have a specification 13 for brands. And we have some unique provisions for inner-governmental organizations. Is that the right way to go? Or do we have separate agreements? There is lots of questions raised by the agreement picks, public interest commitments. Was that the right way to implement...?

Is this the right way...? Is that the right way to implement restrictions, or is there a better way to do it? This was kind of created sort of on the fly after the process had started, and you know, is there a better way to implement the safeguards? Is there a better way to implement other types of protections?

Or, you know, how do we do that? Registrant protections. You know, are there additional protections that we should incorporate in the agreements? Or are we good? Contractual compliance. So, you know, there is certainly a large contract compliance department now. It will take a look at, is this the right focus, the way that they're doing the work.

Is that right? Or should things be changed going forward? Really big issue in the 2012 round was registry registrar separation, and the rules around that. Vertical integration. I assume that's something you all probably look at for competition? I'm not sure if that's one of your issues? I'm looking. It's not?

JORDYN BUCHANAN: We haven't yet flagged that as a topic, but it's probably worth thinking about whether we should.

JEFF: Yes, and that's a pretty big...

JORDYN BUCHANAN: Yes, thanks for flagging that Jeff.

JEFF: Yeah. Good.

JORDYN BUCHANAN: This is the sort of stuff we're hoping to get out of the engagement session tonight, is to figure out what we're missing from our topic lists.

JEFF: Yeah, okay.

KAILI KAN: Actually this morning, we briefly touched this topic, because if the registry, or say the TLDs are natural monopolies, then well, it should definitely be separate, separated from the competition side, which is the registrars. So registries should be treated as

an utility, or even to be [inaudible] directly by ICANN, and that is the separation process.

And whether it can be implemented or not, that is another issue. So there is certainly to be considered. Thank you.

JEFF:

Yeah, and no. That was certainly one of the issues that was considered in the 2012 round. And you know, but now there is different types of top level domains. So would the same rules necessarily need to apply to a brand TLD, which is basically, it's not selling domains to the public, but it's just using it for our own internal purposes.

There is lots of issues around the registry registrar separation, and competition is certainly a huge factor to consider in that policy discussion. Registrar non-discrimination, that's sort of related to registry registrar separation, but you know, there is a policy now that says that registries, at least the open registries, need to treat all registrars equitably.

And you know, is that still relevant? Is that really needed? Can a registry discriminate in terms of registrars that it wants to do certain marketing programs with? You know, does it actually have to be...? Does it actually have to treat registrars equally?

Because in the normal, unregulated world, you can treat your resellers any way you want, as long as it's not a monopoly, right?

You're free to favor certain resellers over others. You know, what are the policies here? They'll consider things like... I don't know why this says RPCs, it should be RPMs. Second level rights protection mechanisms. For that, there will be a heavy reliance on this other policy development process that's, well that hopefully, is underway, or will be underway shortly.

The definition of global public interest, bless you. And that's something that's actually being looked at in a number of different areas. I know the GAC is looking at that area, ICANN itself is looking at that area. And where that relates to is, you know, what is...

There was a lot of GAC advice given, right, during the current round. Is that still appropriate? You know, are there other things the GAC should advise on? Or are there things that maybe the GAC doesn't need to advise on? So there are all sorts of policy issues involved in that.

What's that?

UNKNOWN SPEAKER: No, I was just interested by your comment. Are there all sorts of things the GAC shouldn't advise on? By definition, the GAC is to advise on public policy.

JEFF: Right. So if something doesn't fall... Right. I don't want to get into the debate, but you know the discussion that happened was, if something isn't in that definition of global public interest.

Right. Yeah, well anyway, it's an issue that needs to be discussed. IGO, INGO protections. There are groups that are already discussing these types of things, and so we'll rely on the output of those, to the extent that they have finalized outputs.

The whole issue of closed generics. I mean, that raised, that wasn't something that was contemplated very well prior to the 2012 round. And so you know, we decided as a group, based on government advice, and based on community input, that for the 2012 round, that we wouldn't allow closed generics.

But maybe we take a closer look at it. Maybe closed generics can be in subsequent procedures, if under certain guidelines. Maybe it's not a terrible thing. We'll take a look at those. Work stream three, looks at string contention objections and disputes, as it relates to issues like freedom of expression, you know, does

the current objections and string contention disputes, is that in any way impact freedom of expression?

We'll take a look at that. We'll look at reserve names and the policies around that. Does that implicate freedom of expression as well? We'll look at the string similarity evaluations, and the dispute in the back, or the objection on the back end.

You know, was that effective? Was it fair? We all know we saw plurals and singulars, go through saying that they were not deemed to be similar in the string similarity review, right? So we allowed both of those to go forward in a number of situations.

Should we do that going forward? If there is a top level domain now that's a new one, let's say, what's a good one that was established now, that doesn't have a plural? If there is one... Let's just say, if there is one now that's been established, and that's going forward, should we prohibit the plural of that one going forward in subsequent procedures.

UNKNOWN SPEAKER: Dot ninja.

JEFF: Right. So do we allow dot ninjas as plural going forward, because in theory, someone could say, well that was fairly

successful. Dot guru was fairly successful, so I'm going to go for dot gurus. Right? Dot pharmacy was successful, maybe someone will say, and I want to do dot pharmacies, plural.

Should that be allowed? Objections on the back end. You know, what do we think of what happened? You know, we'll review the rules, we'll review the outcomes, we'll review fees, because a lot of people think that in the objection process, the fees were for certain types of objections, were pretty large.

I know for community based objections and/or for whatever we called the public morality one, whatever we ended up calling that one. What's that? Limited public interest, right. I actually happen to work with a company that filed a response and ended up winning an independent objection based on that ground, and that still cost the company over \$250,000.

Right? And they won, so they got some of those fees back, but not all of it. I think ICANN had to pay for the fees for that one because it was brought by the independent objector. So we'll look at the independent objector and the role. Was that the right way to go about this type of objection from the community? Or is there another way to do it.

We'll look at, you know, there were no appeals, really there were no appeals built in, mechanisms. Yes, there is the reconsideration process, there is the ombudsman, there is the

independent review process, but should there have been some other mechanism to appeal rather than going to the standards of what a reconsideration request was?

Community applications. This is a big issue. I know the GAC has discussed it, I know the ALAC has discussed it. You know, there was very stringent community priority evaluation criteria that were assigned. You know, is that the right criteria? Should it be lucent? Should there be different criteria?

We saw very few community applications going through. Was that...? Did that achieve the goals? Is that what we wanted? You know, there is lots of different things that we need to discuss around that.

If you go to the next one... Yeah, sorry.

MEGAN RICHARDS: It's Megan Richards. Before you go to the next one, could I just ask you a question?

JEFF: Yes.

MEGAN RICHARDS: About the difference between the first bullet, which talks about community processes and reserved names, and the very last

one, which is community applications and community priority evaluations. And then I have a secondary question as well, but I don't want to get into the discussion.

JEFF: Yeah, yeah, because I'll go back...

MEGAN RICHARDS: I'm just curious about freedom of expression versus GAC advice, as though the two are contradictory. I think that is perhaps an unfortunate....

JEFF: Label.

MEGAN RICHARDS: Exactly, exactly.

JEFF: Understood, understood. And that's... I didn't write it. It was, it came out of the discussion group, but certainly, I take your point, right. As far as the difference, I would have to go back to the final report to look and see what exactly was meant by, this was just kind of just trying to pick out the headings. But I would have to go back to see what that...

I think it might have been the community input to GAC advice, and how, how we dealt with GAC advice in this process. GAC advice went to the Board, and in some cases, the Board made a decision, didn't necessarily go back to the community to get input.

So that's, I think, what was meant by that.

Sure. There is a lot of different views from different organizations. I'm hoping to not sound like I'm, I'm trying to be as neutral as I can. If I'm not being, let me know. I'm trying.

Work stream four, if you want to go there. Internationalized domain names. This is, it's actually a smaller work stream, an important area, smaller work stream, less things in there, simply because not too many other subjects went with that. It was hard to put that into another group.

But really this is, how do we encourage the adoption of internationalized gTLDs? Do the rules account for, for internationalized domain names, account for recommendations from the IDN working group?

There are certain policy guidance that's needed to implement IDN variance. So that's really going to look at all of the issues around internationalized domain names, probably one of the areas I'm not as up to date with.

And also what we put into this group is universal acceptance, which there is ongoing work with the UASG. I think I got that right. The steering group, and there is also efforts from the...

JONATHAN ZUCK: ...running in completely in parallel, feels like more than a cooperative effort. I think, unless we literally just arbitrarily divide up research efforts, which is also possible as well.

JEFF: Not arbitrary. So I haven't seen all of the areas that you're planning on doing. But I guess it was the view of the GNSO, that the CCT review would be much more narrow than the way it seems like it's heading. So at one point, we should... Before you commence all of this work, is we should probably get together, and decide, is this really a CCT review issue?

Or is this actually a subsequent procedure issue? And I think we may find some areas that, that we have in ours that are more appropriate for CCT, but I think we might find some areas that might be more appropriate for the GNSO.

And I know that sounds controversial because I'm surrounded by everybody on the CCT team. But I don't think, I don't think, you know, going back to the original affirmation of commitments, I don't think it was the Department of

Commerce's intent to have every single aspect of the gTLD program included in that AOC review.

Now we don't, you know, there is no way to go back in time, and there is different interpretations of that, but I think putting history aside, I think we can go through areas, like Jordyn said, with, you know what?

For example, geographic names. Geographic names is not a consumer... I see that as a policy issue. In fact, the GAC sees it as a policy issue because they've been looking at it. I see rights protection mechanisms, whether that's on its own or incorporated with us, that's a policy issue. Could also be a consumer issue.

We need to divide up that work. Right?

JONATHAN ZUCK:

My point is, I would concede that everything we are doing, is eventually a policy issue, absolutely everything. Within our scope, the only reason to have a review is to effect policy. It's not just meant to be something that is an interesting conversation to have in the parlor, it's all meant to inform policy.

So you would get, everything would be a legitimate policy issue, and we're not meant to be a policy body. So the point is, has to

do with a level of detail, or something like that, where we're saying, here is where the emphasis should be, in other words, if one of the issues is the developing world, I keep coming back to that example, and there is 10 ways that we might improve the application process to better incorporate the developing world, we might say, here is the four we think would be most impactful, now take these things and develop those into policy to get the detail of that out.

So it's not a question of whether or not something is policy or not because everything we do is meant to inform policy.

UNKNOWN SPEAKER:

Because I think, I want to emphatically disagree that what Jordyn was saying was a philosophical position, and you said it. Everything that this review team is dealing with, could very well be considered a matter of policy issue. But what, I think Jordyn at least my understanding was, is the recognition that there is so many overlaps in the substantive issues that were put upon the screen, that may be it would be important for both teams, both groups to get together, and create a prioritized list of the issues and see how we navigate them.

So that we get to a place where we do good to each other. That's where I think it was going.

JONATHAN ZUCK: That is my entire objective, is to get together to figure out how to proceed in tandem. And so, exactly. So I'm just a little more flummoxed by that prospect that I had hoped that I would be, based on the list that you had there. That's the only issue.

JEFF: That's why I went to you yesterday. I'm like... Because I'm also... I was flummoxed weeks ago, and I even with Jordyn, I'm like, we've got to get together because this is just duplication. Right. And so like if you, and I know things like, if you all had in your minds, you wanted to go out and do interviews with applicants, then that's a great idea, and we should jointly talk about the different subjects that we would want asked, which may be different than the ones you would want asked, because we can't bother applicants with multiple sets of interviews.

So that's why Jonathan and I were like, yesterday when we were going over this...

JONATHAN ZUCK: That's why you're here. That's right.

UNKNOWN SPEAKER: Quickly, we, just a time check. Our session starts at 5:15, it's now eight to five. So we really, we need to wrap this up. At least five. The [inaudible] room, in the main room. So maybe five minutes and wrap up, I would encourage.

KAILI KAN: Yeah, Kaili Kan for the record. Yeah. Well, I do not agree with saying this is a policy issue to be resolved by a GNSO led effort. Well because when we need a review, okay, nobody can review his or her own work. Past doing...

JORDYN BUCHANAN: ...of the review teams, and the policy development process interact properly, because this is not the only case. The WHOIS review, the next WHOIS review is about to start, and we have the next gen IDS policy going on right now. And ICANN can't slow down to the point that we need to like do everything in series.

So it has to be possible that we provide the right inputs that you need in order to eventually produce the proper policy outcomes. And that means that you need to... You guys need... You should treat us as an extension of your work, or a predicate to your work.

And that means that, you know, like you said. If there is stuff that you're going to want out of this review, or out of interviews

with, you know, out of our data gathering exercises, out of interviews with applicants, etc.

Like we just need to know that, and then we can make sure we get you the right stuff. And in the meantime, you guys should focus on like the questions that aren't going to be impacted by this review, and then it will all sort of come nicely together at the end.

JEFF:

First next step is to get together and to figure out what are those issues. What are those issues we can get started on right away? And what are those...? Because I mean, now you know what we're looking at. I don't yet know what you're looking at. Right.

So that's good. So I'll be there. And it's also why you'll see me remote in on a bunch of the calls, so I can, at least for my own education, figure out what you all are doing. But yeah, I think that's probably the next step.

JONATHAN ZUCK:

Carlos, go ahead, make it quick because we're trying to get out of here, I think.

CARLOS RAUL GUTIERREZ: Yes. I don't see the conflict. I think we are asking different questions. It's not so much how to divide the issues, but I don't see so much conflict. I mean, we expanded the space. Was it good policy or not? We expanded the space, but nobody is using the names.

Is it a faulty policy or is it a market structure? So I think each issue can be addressed by both groups. It's simultaneously, under very good coordination. So I see no conflict in having the two groups...

JEFF: One thing that might be... Look, there are, and again, I don't know if you've discussed this at all. But there are some brands that are asking for another chance to apply. Is that something you all are looking at? Not looking at? You're fine with going straight to having the GNSO develop policy on that?

Because I think that... Well, I heard what you said. There is no one using the space, but certain... Yeah, anyway. There are debates that could be had about what use of the space is. So, I guess my last point is that if you're not concerned with brands or something, then is that something that the GNSO can then take up to see if that's something we can move forward with?

Rather than waiting five, six years or however long this all will take.

UNKNOWN SPEAKER: I'm sorry. Just since we're wrapping up here. Tomorrow, as a reminder, you're starting at 9 AM in the [inaudible] room, with Jeff's PDP working group. We will not be in this room, it's in...

[END OF TRANSCRIPTION]