ICANN Transcription

Operation Update

Saturday 5 March 2016 at 1215 UTC

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(James): …eating or queued up for some food if you could just at least maybe just keep the background noise to a possible minimum and with the conversations. And we'll proceed with (Xavier)'s update while everyone else is getting situation. Thank you. (Xavier) whenever you're ready sir.

(Xavier): Yes thank you (James). Thank you everyone for the invitation to speak with you. We – I'll try to go as fast as possible in the slides so that we keep as much time as possible for questions and answers. And if I have gone too fast through the slides then we can address that during the Q&A and come back on whatever topic is of interest.

(James): Sorry to interrupt. Could we just also folks in the other room there if we could please put the conversations in the background so we can get assist going with (Xavier). Thank you.

(Xavier): Thank you. I don't know if it's a good thing or a bad thing you can't hear me but we'll see. Okay can we go on the agenda please? I have put together a few subjects to talk about. The first one is the operating plan and budget, second dashboard, third operational excellence which really in this case consists of the FQM process, a bit of information on our enterprise risk management activities. I thought it may be of interest to some of you to talk about the IANA transition project costs and any other topic of interest. Again I'll try to go very quickly on all those slides and keep time for Q&A. Next please. Next.

This is the timing of our the calendar of our – a budget process overall. To make it quick we are sitting on March 5 about in the middle of this graph at ICANN 55. And March 5 is the date of the publication of the operating plan and budget for FY '17 for public comment. The next step is obviously the public comment phase. The closure of that public comment phase on April 30th and the response phase following that to address the comments prior to potential revision of the draft that will then submitted, be submitted to the board as a final step for approval.

Next slide. That's not the latest presentation. Forget it. We'll go through. So you may have noticed that we're the 5th of March which is the intended date for publication of the budget. And it was published earlier this morning. So you have two documents to look at that contain the five year operating plan update. FY '17 is the year two of the five year operating plan. So we have updated the five year operating plan and it is submitted for public comment.

The other document is the FY '17 operating plan and budget. And both are on the Web site available for public comment since earlier this morning for 56 days which is the longest we've managed in – as far as I know to offer the operating plan and budget for public comment. It's also two weeks earlier than last year, nine weeks earlier than the year before. So we're trying to

allow as much time as possible once the publication has occurred for comments and responses to comments. And hopefully it will be useful and welcome to the community. Yes that was that. So simply here you have a picture of the public comment page where the – you can see at the top the draft ICANN FY '17 operating plan and budget and five year operating plan update. Those two documents are available for public comment this morning. Next.

The quick overview of the budget I will actually go much faster than originally intended on this. The bottom here you may see some numbers. We have – we're forecasting for FY '16 the fiscal year that we are currently in. And that finishes at the end of June. The higher amount of revenues than we originally expected a slightly lower amount of expenses that we were originally expecting and therefore in excess for the year.

FY '17 is planned to be balance with also an increase in revenue and also an increase in expenses. These numbers are explained in the first 15 or 17 pages of the document. That's under public process. I won't go into details at this stage. Next slide.

I thought it would be useful to show you just an extract of the IANA's functions cost. That is the section of the FY '17 operating plan and budget. The funny thing with the outlook in PowerPoint is that the numbers that are in the box there should be not blank but should be saying 5.4 million. And the title of that column is the name which we should normally be right on the left of the numbers. It's only because when you look at that very document that is being projected you see the numbers. So it was not intentional but we had the same problem yesterday.

So this is we have included in the budget as originally intended. And the plans are with the budget working group. The IANA functions costs first and second we have split these IANA functions costs between the three operational communities that it serves. We have done that through a description in allocation of the costs of the 13 activities that are listed there that provide actually the next level of detail versus what the CWG had requested that the IANA costs are being produced with. But we went a bit further because it was actually more explicit to have those activities describe clearly.

So there's more information in the document. This is just an extract for your view. There's a lot more information in the document that is for public comment. Next.

Our operational excellence activities include the dashboard. You may remember that our dashboard was offered as a better version in August. That number of changes and improvements have been put into Version 1 that was published on the 29th of February. And we're working on the Version 2 that will be ideally released September or October knowing that we do the updates on a monthly basis. So you have the link up there on the slide to be able to access the dashboard. And you have a snapshot of the top part of that dashboard here on the slide that gives you the scoring of the five strategic objectives and the KPIs that are included in each of those five strategic objectives. And of course when you click on each objective you drill down to the next level and you drill down all the way to the KPIs as you wish. Next.

There's been a lot of feedback offered on the dashboard and on the KPIs. It continues to evolve. It's more a journey then a destination. And we will continue to improve it with your input. So please keep it coming. Next. The FQM we have applied the EFQM methodology to – for organizational

excellence. This is a methodology that a number of organizations use. Some CCs use it as well to plan and organize their work in a best practice fashion.

We have applied in a pilot manner this EFQM methodology to IANA starting in 2012 I think. It was quite successful. And we are now intending it organization-wide with an intent of the next milestone is to have an external audit and assessment being done during the fiscal year '19 because the implementation process takes about three years.

Next, ERM. We created, so we created an ERM dedicated department, an enterprise risk management department at ICANN July 2013. And we conducted a assessment so about two years after, to check and gauge how far how well this activity had been carried out as a dedicated department in June 2015. It resulted in a workshop that the board (a risk) team members had in September 2015 to basically define a risk management strategy and all the complements of that risk management strategy and that this strategy will lead to a three year roadmap to achieve a – the next level of sophistication in our risk management activities at ICANN. Next slide please.

So the risk management activity will be defined through this strategy across those various layers that are here. The strategy and appetite, the governance, the risk culture assessment and measurement, management and monitoring, reporting and insights and data and technology, what systems do we use to help us manage risk for example.

The arrows on the left that are horizontal indicate the level of maturity of our ERM function at ICANN as assessed by the end of June 2012 with an external consultant who came in and looked at what we do, what we don't do and determined that we are either not too much weak anymore or sustainable but

we're certainly not mature and we're certainly not integrated or advanced in risk management.

The boxes in blue indicate the target that the risk workshop with the board has indicated we want to reach as an organization. So in terms of risk strategy and appetite we want to be integrated. In risk governance we are still working on defining whether we want to be either integrated or advanced. And the balance between going from mature to advance is a level of sophistication, a level of resources as well. It simply takes sometimes a lot of effort. And we also need to understand what is the value for the effort that we need to put in place.

So there's a lot of work there. It's a three year road map that will result from this strategy. And the next assessment will be about in a year from now to see how much progress we will have made. But in the meantime we will continue communicating on what that strategy looks like so that we can obtain community input on it as well.

Next, yes, IANA stewardship transition costs. On this slide I wanted to make sure everyone knows how to get there.

Man: Don't look at me.

(Xavier):   You just were in my line of site by mistake. The – we have published the most recent quarterly update of the – of this Web page that is offered for anyone to look at. We are updating it quarterly. The last update was in October. This update covers the period up to December 31, 2015. And we will then update it again early May for the period finishing at the end of March 2016.

When you're on icann-org you click on that little link there, you arrive then on the page that's below. And on the link box on the left you have the transition project costs link. Next slide please.

And when you click on that link you are on this page. We offer cost summaries at the top. This next section is a drill down on professional services. That's – Stephanie is not here but it's a question that she had last time in October when we met. The next section is focusing on legal advice costs. And we provide there the costs by firm, by month, by the group whether it's CWG or CCWG with the number of ours for each of those month and costs and of course by firm as well if I didn't mention that.

I'm suggesting just to see the type of information that's available that we focus on the professional services section that's in the middle. If you click on that link you'll get to the next page please which provides the breakdown of the costs by further categorization, the name of the service providers or vendors and an aggregated amount of expenses for each of those buckets.

You don't necessarily see the amount by vendor because we are bound by contracts that don't necessarily allow us to be able to display the expense for that vendor by contract. We have however for the legal firms we have obtained specifically from the legal firms the approval to be able to display the total amount of the invoices by month as well as the number of hours.

We do share with the co0chairs of each of the CWG and the CCWG the detailed invoices with the itemization of the costs by 15 minute increment and the corresponding value of that as we have obtained approval from the firms to be able to do that with a limited number of people. And we try to do that as regularly as the invoices come in which is not always as regularly as we would like. If there are questions we'll come back to that. Next let's see we're

more or less done. Any questions on anything even on anything that was not in the presentation?

(James):   Okay we'll take a queue. Thank you (Xavier) for burning through that very quickly. I'll go ahead and managed the queue for you. It's starting with Volker (Carlos) and Wolf-Ulrich. And then I had a number of hands over here that I missed. (David) and – oh, and Heather, sorry. My head didn't turn that far around. Okay and Jonathan. Okay. So let's start with Volker please?

Volker Greimann: Thank you. Could you go back to Slide 7 please? Just a second. Looking at the draft budgets and the forecast for this year and next year I just noticed that the baseline spending increase came quite significantly the expenses whereas the revenue increased only moderately in the forecast and projections. So where we are running a 6 million surplus this year we would be running zero million surplus next year. Would that mean in financial year '18 we would be running at a 6 million deficit out under the current forecast planning?

(Xavier):   Absolutely not but yes.

Volker Greimann: So…

(Xavier):   Finish your question.

Volker Greimann: So basically I'm asking is how did the expenses rise so much with regard when the planning says that the revenue is only rising moderately?

(Xavier):   So the planning for '16 that currently shows in excess the planning for '16 was structured on the balanced budget as well right? So the excess that appears here was not budgeted for meaning the budget is designed to never –

to have never expenses exceed revenue. The as you are pointing out the expenses increased by approximately $15 million.

In the document that is under public comment there's a breakdown of that variance year on year of the 16 million. And without going into the details there's basically two categories of growth. There's a number of projects that have completed and as a result now drive an increase of our baseline expenses. For example there's navigation that we've developed and implemented that a number of you must know to salesforce.com to help manage their relationship in the information exchange with the registries and registrars mainly that were also used for other purposes. That has been implemented, developed and implemented over the past few years and is now being put in place in early '17, actually towards the end of '16.

So this is a – this was a project before. And that comes I the baseline. So we have the licenses for example for that application and the maintenance support of that application that are expenses that come into the baseline. But it is – you can explain it but it is an increase in expenses absolutely. And this is in support of managing in this case for the example that I took of managing a platform of contracted parties that of course has multiplied by an exponential amount with the registries and the new gTLD program.

The other part of the increase which represents about 5% to 6% year on year increase is the staff increases which is a combination of salary increases, promotions and addition of 17 to 18 people in the organization.

But there's more detail on that waterfall explanation of year on year variances in the document. So I would refer to it if we don't want to spend too much time on this. There's other questions I think.

(James):   Yes thank you (Xavier). Okay so before we go to the next question I just want to read off the – a flurry of hangs and flags both in the room and virtually. So I just want to go through the list to make sure that if you think you're in the queue you hear your name okay. Next up I have (Tony) and after that will be Wolf-Ulrich, (David), Heather, Jonathan and Stephanie.

Man: (Unintelligible) (Carlos).

(James):   (Carlos). I did have (Carlos) but I had a question mark.

Woman: (Unintelligible).

(James):   Scratch you, okay. All right, so next up is (Tony). (Tony)? Then it was Wolf-Ulrich. See I got you guys mixed and then I left off (Carlos) so…

Wolf-Ulrich Knoben: Okay thanks (Xavier). Wolf-Ulrich speaking for the – thanks for the presentation. I have a question to with regard to the IANA.

(Xavier):   Yes.

Wolf-Ulrich Knoben: Just for understanding the first one slide you are showing about the IANA costs in FY '17.

(Xavier):   Correct.

Wolf-Ulrich Knoben: That is what you expect the expenses for IANA after transition just one to one as it is. So it is based on the present cost? Is that – that's my question, first question.

(Xavier):	So I will answer that one. So is the same scope of activities but there is an increase of costs for that same scope of activities because there's additional resources that the department has determined are necessary in FY '17 which are particularly driven by an expectation of a post transition phase or error but is the same scope of functions.

Wolf-Ulrich Knoben:	Okay. Okay, thank you. The second question is related with regard to the presentation of the IANA stewardship transition costs. So the headline was showing IANA stewardship transition costs. But I realize it is both. It's IANA stewardship transition plus accountability...

(Xavier):	Correct.

Wolf-Ulrich Knoben:	...cost in it. So my question is so how are you going to pretend? And I would like to emphasize that it would be useful to have that clearly, clearly split up...

(Xavier):	(Unintelligible).

Wolf-Ulrich Knoben:	...you know, the costs with regards to the stewardship transition and the accountability related issues.

(Xavier):	Yes.

Wolf-Ulrich Knoben:	Because this may if you mix it up this may give you a – the impression that the transition itself is of such a high cost but everybody's looking about…

(Xavier):	Yes.

Wolf-Ulrich Knoben: ...what you said, what is behind that. Because the accountability may be a different thing which is also which should appear anyway. So that is my concern here with regard to your presentation. Thank you.

(Xavier): Okay. So we do split the costs. So this is the overall page. And the overall project is cost IANA Stewardship transition. And it includes the IANA op functions transition with is the – in the scope of the ICG work and in addition the accountability work that has been carried out by the CCWG.

So there are three links at the top of this page in the cost summary section. The first link is the aggregation of the total. The second and third link are the breakdown between stewardship transition on one hand and accountability on the other hand. So we do make that breakdown here on the Web site.

Wolf-Ulrich Knoben: So just your headline says Stewardship Transition Project Cost?

(Xavier): Correct.

Wolf-Ulrich Knoben: This is misleading I would say.

(Xavier): Understood. Thank you.

(James): Thank you Wolf-Ulrich. Next is (Carlos).

(Carlos): Yes, this is (Carlos) for the record. Thank you (Xavier) for your excellent presentations. Two short questions, is there any document on the risk program longer than a Web page but shorter than ten or even less pages that we can read? And the second question is last year the GNSO make some comments on the budget. It was not exactly a working group. It was an effort of some people. Do you have some feedback or even better some recommendation

how to provide comments from the GNSO council to this year budget
process? I don't expect an answer right now but it would be interesting to get
some feedback. Thank you very much.

(Xavier):   And on the risk management there's not yet available a public document on a
risk management because we are actually in the process of trying to define a
suggested strategy by the board and by the risk committee. So I think that
once we have – sorry, once we have that draft document available I think that
would be something that we would want to be able to seek input on.

We will also need to determine how we seek that input. The management of
the risk is actually a fiduciary requirement. So how we do it and what we
communicate is also something that we will need to determine with the risk
committee. But I think the risk committee's very keen on insuring that we can
share as much information as possible on the methodology, the strategy with
the community and receive input as much as possible as well.

There will be things that we will not share obviously as you manage risk.
There are some risks that by simply making them public get realized if you
see what I'm saying. So there's some information that will not be made
public. But of course the work of the risk committee and so on will be
provided.

On the – on how to provide current whether it's for the GNSO or any
organization so I cannot speak specifically as to how the GNSO should
organize itself to provide comments. But certainly the comments that were
provided last year was – were very useful and explicit and we made some
changes as a result of those comments combined with other organizations. I
think that the more specific the comments are the easier for us to be able to do
something about it. I do recognize however that even there may not always be

direct and very specific comments but more general ones the venue the public comment is (unintelligible) to make those comments I would simply say that the more specific the comments are the more helpful it is for everyone to understand them outside of the organization that made those comments and the easier it is for the board and the staff to try to do really do something about it. Short of that I, you know, again the clearer the more specific the best it is so that we can have a chance to adequately address that.

We as you may remember we introduced last year a step to offer the organizations that have submitted comments immediately after the end of the public comment period to offer a call to go over those comments and ensure that we do understand well those comments and that we offer also at that time an approach to answer those comments, not necessarily yet the answer but an approach to do that.

We have felt – the board has felt that that was very effective last year and therefore we definitely intend to carry forward this approach because it seems that has been providing a lot of clarity and a mutual understanding as to what the intent of the comments were and what the approach – what approach was going to be retained to answer them. So it's an investment in time to everyone but it seems to have been effective last year.

And those calls, the board finance committee participates to them. I make sure of that. I assign them to the falls and I make sure that we have at least one board member participating. And last year we had at least two board members participating in each goal. Thank you.

(James):   Thank you. (David)?

(David):   Well actually I don't have that many question because the - my questions were more or less those that was just asked. So just wanted to generally comment that yes this is – this issue of detail into the risk management strategy is something that I think there is keen interest in a number of parts of the community. I would very much like to repeat that and also just add that the – while I understand of course that there are risks that you do not want publicly disclosed without speculating too much on the nature of those risks there may be, you may want to think about how to – perhaps indirectly disclose some of that to the community, for example by the second of this year we will have the security, stability and resiliency review team.

If there are risks that the organization is aware of but it isn't one the general public is aware of perhaps it may want to at least continue how to deal with the issue of disclosing it to particular community groups and things. Oh I understand not everything need – not everything needs to be fully transparent. Sometimes we need to work at how to manage this sort of information. Do please consider that. That's pretty much all I had to say.

(Xavier):   So thank you very much for that comment. I'm really happy to hear that there's interest in the community on the risk management activities of the organization. I was originally a little bit concerned that this would be a subject that would be challenging to get community involvement in. So I'm very happy that that's the case. And I think those are good suggestions of thinking and approaches.

We have yet to design how we communicate and how what we share and what we don't share. And what is confidential is there a way to give insights on without being specific to the point of where confidentiality becomes an issue? So I think there's always a way to present something even if it's sufficiently

high level that at least we don't run for the risk but at least we provide some information on.

So we'll try to work out with all of you the ways to be able to do that, DNS risk. There's the SSAC that helps in defining those risks and mentioning that. We have board committee members that – risk committee members that are also a member of the SSAC. So this is a good set up to be able to share information in the most effective way.

And when I laid out the idea that there are things that we may not be able to share I'm stating a potential problem but we have not yet found the solutions. And I'm sure there are solutions. So I'm confident that we'll find a way to share everything that's possible. Thank you.

Man: No, I just wanted to – thank you. And I know in the – I mean the previous security team we chose not to consider confidential…

(Xavier): Right.

Man: ...information but we – it may well be that that group or other groups that…

(Xavier): Yes.

Man: ...will – we may find a mechanism to ensure that there is…

(Xavier): Yes.

Man: …there are ways in which to share sensitive information with parts of the community at least.

(Xavier):   Absolute. Thank you.

(James):   Thank you. Jonathan?

Jonathan Robinson: Thanks. I can keep it very brief. You talked (Xavier) about managing the costs such that they didn't exceed the revenues in some way during the budgeting process. I guess it's reasonable to assume that they could come in comfortably under the revenues.

(Xavier):   Yes.

Jonathan Robinson: And what's – what are the tax or practical other consequences of ICANN making a surplus this year or in any future years?

(Xavier):   I wish you would have attended the BSC meeting that we had Thursday. So we are trying to find and to define a way to fund larger or multi-year type of activities in a fashion that has a certain amount of predictability and transparency. And one of the ways that we are thinking to try to do that is by having the structural surplus on an annual basis a little bit in the, you know, you put money away for retirement. Well in this case it would be putting money away for projects that are more significant, more challenging or more – or have a longer term than the annual horizon of the budget and that would then let us through this surplus increase our reserves and then be able be able to use a confined part of the reserves for those – the purposes of those projects. It's not an uncommon practice an many organizations whether commercial or nonprofit. And there are mechanisms to do that very well. So this is something that the BSC is looking at.

                 We had – be very transparent with organizations that had happened. We had originally structured this FY '17 budget to show a baseline activities excess.

And we had projects that were consuming a portion of that. So you will see in the document that we are still displaying the distinction between baseline and projects and you will see that the baseline operations generate an excess which this year '17 fund the project.

So can you go back actually to the Slide 7? Because that appears there. You can see baseline is generated in excess of 6 million and the projects consume that excess. Now the net is, you know, whether you call that baseline or project is still expenses and the net is zero. But those projects long-term projects. There's, you know, application, development there and so on.

So I think that we're getting there. And I think that we are and especially with '16 it's a good opportunity to establish a pattern of having an excess right? And I just want to remind everyone that with the exception of FY '14 - I'm being careful the (rescission) has effectively always generated either a smaller or a large success. So except '14 where we had the strategy panels if you remember that goes to something like 3-1/2 million except that year we generated an excess.

Last year we generated an excess of $2 million even though the revenue was lower than originally planned but we reduced costs as well. And that $2 million actually offset the excess of costs of the IANA stewardship transition project that exceeded the budget by 2 million. And I'm suspecting that this year coming up of '17 we would very possibly generate an excess as well. Thank you.

(James):   Thank you. Next is Stephanie.

Stephanie Perrin: Thanks very much for the record, Stephanie Perrin. And my questions concern risk. And thank you. You've answered several so I only have two left. I didn't

see on the risk slide mention of communication of risk and that's a challenge from maturity perspective particularly with ICANN which is a multi-stakeholder organization.

So communication to us the stakeholders not the same as communication to shareholders, not the same as…

(Xavier):   Yes.

Stephanie Perrin: …communication to the (unintelligible).

(Xavier):   (Unintelligible).

Stephanie Perrin: So I'm interested in how you do that and how you measure that. And I don't - I'm not familiar with the European model that what we're using here the EV FM …

(Xavier):   No EFQM is not the risk management methodology.

Stephanie Perrin: Okay, not at all.

(Xavier):   Yes. No, not the same, no.

Stephanie Perrin: Okay. So I don't think there are metrics out there for measuring reasonably well in a multi-stakeholder organization particularly something like communication so that's a challenge.

Now my second question is I would like access to the document that the independent assessors did on the maturity of ICANN. I totally understand

your reluctance to give out our risks. But I'd love to see the methodology for how they assessed our maturity?

(Xavier): I think that's possible. So those slides look a lot nicer than I would have managed to make them. So those slides actually come from the consultants that helped us.

Stephanie Perrin: Yes.

(Xavier): But we can provide more insights as to the methodology for the people who are interested like you would say, it's not a big deal. It's - there's many more many different companies that use very similar methodologies of assessment and these consultants use a breakdown by those seven tracks of the maturity of an organization. For your information for them to do this assessment we didn't actually provide them the risks. We provided them with what do we do to identify, manage, rate and mitigate risks.

So we described what we carry out and this then rated us to say, you know, we think you're at the beginning of sustainable or this type of thing.

Stephanie Perrin: So it was essentially a total process assessment?

(Xavier): Correct.

Stephanie Perrin: Yes.

(Xavier): Correct, at a relatively high level.

Stephanie Perrin: Right.

(Xavier): Because they didn't have the risks so they couldn't validate that…

Stephanie Perrin: Yes.

(Xavier): …yes we identified correctly the risks or not do you see what I mean?

Stephanie Perrin: And this is the first time we've done it is that correct?

(Xavier): Correct.

Stephanie Perrin: Yes.

(Xavier): Correct.

Stephanie Perrin: Okay.

(Xavier): Right.

Stephanie Perrin: Good thanks very much.

(Xavier): Relative to communication maybe expending a bit on the conversation with (David) is we need to find ways to communicate as much as we can as adequately as we can without putting the organizations further at risk by doing so.

At this stage what that means and how we will do it I don't yet know. But that's definitely the topic that is actually part of the risk governance.

We've discussed of that section we've discussed that with the risk committee. But we don't yet have views of the entire board because we're actually in the

beginning of trying to spell out this strategy but definitely communication is part of it. And one of the key success factors that I'm suggesting to use for risk governance and risk culture because we're trying to define objectives by each of those tracks and key success factors for achieving those objectives, one of the key success factors is what is the external perception of ICANN managing its risks or not. And I think that will - that's the type of things that will help us also to find better how we communicate but also communicate on details.

And we will need to define what we think cannot be communicated. That's the way I would want to look at it if you see what I'm saying, what is absolutely impossible to communicate so that we try to communicate everything else.

Stephanie Perrin: And have you thought at all about having a secure stakeholder committee with a representative from each group that might be included in the risk group? I presume that risk group is board only and staff right?

(Xavier): Correct. So the group that I'm talking about is the risk committee of the board.

Stephanie Perrin: Yes, yes.

(Xavier): So yes but why not. That's an idea that we should consider. I have no reason to think that, you know, we should at least exclude that because I think this is a good idea to consider. And, you know, I don't want to speculate too much but nondisclosure agreements that are maybe tools that we can use for that or other topics so to be defined but thank you for the interest in the questions. This is definitely very useful for me.

(James): Last question is – oh thank you, last question is for Volker.

Olivier Crepin-Leblond: Olivier as well.

(James):   I have Volker. I didn't see your (unintelligible) so if Volker can keep it very brief then we can go to Volker and then Olivier.

Volker Greimann: Okay with the regard that costs have been increasing over the last couple of years and the increase seems to be going on in the next year as well has there been any measures to look at cutting costs such as putting out long existing relationships for tenders such as the legal relationship with Jones Day or other costly relationships that ICANN has that each substantial part of the budget that could be procured cheaper if they were put out of tender?

(Xavier):   So I think when you say tender I think you mean request for proposals, public request for proposals too which is obviously a tool that can help reducing costs not always. So yes there are ongoing activities to try to reduce costs. We have a cross functional group of department managers that meet on a relatively regular basis to try to look at topics of activities within the organization and try to see how we can reduce the resources required to carry out those activities. We have - so I'll combine - I'll take an example that combines the RSF with the cost cutting.

So we have for example RFP to tender the telecommunication costs and the teleconferencing costs notably with an impact of reducing the costs by between 30% and 40%. And that's been fairly substantial. So that's brought us 300K to 400K of savings out of about 1 million of costs. So this is very significant. And that's ongoing activities. If you allow me I won't get into the debate as to whether thing legal support on an RFP will bring savings or not because we could go long on that conversation.

But there is an ongoing activity to be able to cut costs. What we are trying to do - I'm in charge of procurement as well. What we tried to put in place with our procurement director is a cycle of RFPs across all of our spend categories so that we over a defined window we can say that we've reached 80%, 90% of RFPs for our addressable spend. Once you've done - so we've done RFP for example on the audit costs on the audit, independent audit a year and a half ago. You don't want to do that every year but you may want to do that every three or five years.

So we're going to look at a period of time over which we have conducted RFPs across the largest possible amount of spend and we're going to measure that ratio. So we want to reach let's say 80% as a target of all the spend that's been the subject of an RFP and we're going to measure our progress against that.

You need to know because we're on the topic of RFPs that we do RFPs for every spend that's above hundred 150K which is for those of you who know is quite demanding and actually not always cost-effective. But it's part of the transparency as well. It's how we - and helps demonstrate that we use effectively the dollars that we're offered to manage for public funds.

So you – it's not always, you know, when I was in commercial organization we were not doing RFPs for that little amount of money. But it's a useful discipline and sets a mindset as well in the staff that we need to obtain quotes at a minimum above 50K. So for anything above 50K we need to take several quotes, above 150K we need to do an RFP.

So this is is a good cultural in addition to the activities that it actually brings and the savings that it does is also a good cultural training of the organization.

(James):   Okay. So I have Olivier. I have Heather that wants to ask a question and to get
                  them both (Xavier) I'm going to have to hold you to some brief as possible
                  responses. Thank you, Olivier.

Olivier Crepin-Leblond: Thanks (James). Olivier Crepin-LeBlond, ALAC liaison. Just
                  looking back at the ERM roadmap and strategy how is that being affected by
                  the recommendations of the CWG stewardship and CCWG accountability
                  especially when it comes down to post transition IANA PTI?

(Xavier):   So the - we just had a conversation this morning with the risk community on
                  that. So we are trying to - we currently look at the list of risks and we've for
                  each of those that had already been identified in the past we look at is that risk
                  different under an IANA or post transition environment. So we try to look at
                  all the risks with that specific question being added.

                  We also had discussed with the risk committee to look a bit more tactically in
                  the next few weeks and months at identifying specific risks to either the
                  transition process or the post transition period basically to see if there are
                  effectively risks driven by that singular identified risk that we don't yet have
                  in our list of risks.

                  So this is definitely something that's very much in the mind of the risk
                  committee as it should. And there are already risks that we know are driven by
                  the transition. I don't think we have time for that now but I could give you an
                  example if you would like.

(James):   Thank you. And last question for Heather.

Heather Forrest: Thanks (James) very much, Heather Forrest. This is perhaps following up on
                  Stephanie's comment and it involves the community input in a very specific

way to the extent well let's say to the extent that operating costs are changed or moved that has a very significant or can have a very significant impact on our policy development work. So let's say something is basic and telephone service providers and things like this. And we're ramping up very significantly in policy development work within the GNSO with several large PDPs underway.

So how can we give feedback to you about providers of both services upon which we rely day in day out? Can we get feedback to you in terms of the volume of those services that are used? That seems to me to have a very significant impact on operating costs. Thank you.

(Xavier):   Is your question in the context of an RFP or not specifically – no, generally speaking. Well from purely a methodology standpoint honestly I would want to offer my email address which is public but don't (state or) provide feedback to the support staff for the GNSO or to me directly we have – we'll be happy to receive that information.

But more substantially what we would like to try to do is be able to put together some kind of document that helps those stakeholders understand what the costs are of the activities that are carried out in order to help maybe the selection of the best modes of communications or the best organization of the work in a fashion that's also most cost effective.

I mentioned earlier to Volker the RFP that we did teleconferencing costs. You know, reducing the cost by 400K is 400K say to do more calls at the end of the day right? So this is the type of activity that we want to be careful to continue doing.

What - when we do an RFP or when we look at changing vendors for example the first thing that we look at is what is the service that we need that we want in terms of scope, quality, complexity and of course that's taking into account the requirements of the work of the community. And believe me your staff support is very, very clear on providing the requirements that you have to be able to work to be able to be called sometimes because you need to which is not the most effective cost effective thing to happen but sometimes it's necessary. So the staff is very good at providing what those requirements are which is the basis to conduct an RFP.

You want to understand with the service that you need is and it's very helpful as well because it helps us negotiate. Because when we know that we do need this but are there something else that we can give in and we can then compensate in the negotiation with the vendors, you know, we want that. But that we don't need or we are able to limit our demands on that and that helps us negotiate encompassing costs.

So a clear visibility on the requirements and on the types of service the scope the quality of service is very important. And please feed in with any information or requirements that you have the staff. We will then be able to evaluate within an existing contract or during an RFP whether that service can be affected, increased or done in the most more cost-effective fashion. Thank you.

(James):   Thank you. Thank you (Xavier). And it looks like we've reached the end of this session. So just a quick reminder that it sounds like the budget dropped today for public comment and that public comment is open until when? Do we have that date?

(Xavier):   Thirty April.

(James): Thirty April, so make sure you take that back to your stakeholder groups and constituencies to review and comment, submit comments on the budget.

And then the question is to this group is apparently last year we had a small sub team of counselors that volunteered to review the budget and examine it for any council-wide items that needed to – that perhaps warranted a comment. Is there an appetite to do that again this year and if so can we maybe pass the hat for volunteers?

I see some heads nodding. Does that mean the (Keith) is volunteering and (Ed) is volunteering and (Carlos)…

Man: I'm waiting for Amr to note again…

(James): Yes.

Man: You did a great job last year.

Man: Yes.

Man: And I'm sorry last year I volunteered to help Volker but then he went to Japan and left me with the whole job of doing it so look at him…

Man: So you're hired.

Man: (James) I think you should order a group of to do this.

((Crosstalk))

(James):   Amr let's do this again. By the way I'm leaving for Japan in June. There's no way for me to get that right. So let's start with (Carlos) and (Keith) and we're - you - okay let's start with the triumvirate there and see if you guys can bring in some other folks as well.

                  But again we're looking at above and beyond anything that would come out of the stakeholder groups and constituency comments.

(Xavier):   If that has very quickly some other groups break down the work into topics of interest. So if you would for example be able to extract a five or ten or 15 topics out of the operating plan and offer that to the group you may end up by having some volunteers on those topics, more volunteers on those topics. And that may help increase participation in the public comment process I don't know. I'm just offering that is an idea.

Man: I think we have to focus on the policy development process and getting us as explicit as possible because that's what effect of…

Man: Yes.

(James):   Yes exactly considering all the things that we have in the fire now and coming down the pipe.

(Xavier):   It makes complete sense.

(James):   Okay. Well thank you (Xavier). Very thorough…

(Xavier):   Thank you very much.

(James):   …and comprehensive and…

(Xavier):   Thank you.

(James):   So if we can pause the recording and note that that session has ended we will…

END