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LOS ANGELES – Welcome Ceremony – President's Opening Session
Monday, October 13, 2014 – 08:30 to 10:00
ICANN – Los Angeles, USA

MR. FADI CHEHADE: Thank you very much. Congratulations. Well-deserved. Thank you.

Okay.

Let's get to work.

I would like first to welcome all of you to ICANN 51. I have not -- some people asked me when do you take off your jacket and when you don't.

[Laughter]

So when I started with you, I used to always take off my jacket when I start. And people said, "he's getting to work." And I think I stopped taking my jacket during a year I was very busy talking to governments. But now we need to get back to work here at ICANN and get ICANN ready for the very important transition and journey we are about to take.

Let me start first by letting you know we have about 2500 people who have registered for ICANN 51. This is the largest ballroom we've ever had at an opening of ICANN. There are 1200 seats here in this room.

We have people registered from a little over a hundred countries here. This is an impressive showing of global presence. So I want to take a moment to welcome each of you, all of you, from everywhere you've

come, especially those who have come from the farthest places. And I want to especially welcome the people who are here for the first time.

So if you are here for the first time, could you stand up so we get a sense of who's -- who's here for their first ICANN meeting.

[Applause]

Welcome. Welcome.

Welcome to your first ICANN meeting. I also want to welcome our fellows. Our fellows program is a cornerstone of building our community and growing it. So welcome to all the new ICANN fellows. I think we have 50 of them at this meeting. So welcome to all of you, and I hope this meeting will encourage you to stay with us and to build your own place in ICANN as well as Internet history here with us at ICANN. So welcome to all of you.

I also want to welcome all the dignitaries, the ministers that are here. You are very welcome at ICANN, and we're happy you can join us here today.

All right. We started a new season a couple of years ago when I came to ICANN. And I think we're at kind of this third stage of the season. We worked hard to get the ground ready, and we saw together how as a community we can start preparing for this very important next stage.

Now, during this time, many important things have happened. Today marks the annual general meeting of ICANN. So once every year we meet and we assess how our year has been. So I'm going to take a moment to review the fiscal year 2014 which for those of you who are

new, our fiscal year starts on July 1st and just ended on June 30th of this year.

Now, during this fiscal year, we had many historic milestones. Of course, the most important one that everyone is talking about is the decision of the U.S. government to transition the stewardship they've had of the IANA functions to our community. And you heard Secretary Pritzker today with great eloquence speak about the importance of this transition and the commitment the U.S. government has had to support ICANN and the commitment they will keep to ICANN and to the Internet governed the way we all want it to be governed, in a multistakeholder way.

And I want to recognize at this moment one of the people that we talk about, all of us in the hallways and in emails and in many discussions but rarely, frankly, publicly thank for his incredible leadership. And that's Assistant Secretary Larry Strickling who's here with us today.

[Applause]

Larry with his able team, including Fiona Alexander who is here, as you all know her -- (applause) -- are really the quiet champions of this transition. They are the people who trust us and who have brought together a difficult but important coalition to support this transition. This is not easy to do. Many governments ask me: Why would the U.S. government give up this? Why would any government give up power? It's not natural.

But through the courage and leadership of Larry and his team and Secretary Pritzker's support and our President's support here in the U.S.,

I think we're moving in the right direction. So we thank you for that very important milestone.

And now it's incumbent upon us to take this huge responsibility we're being handed and to carry through and get this done. However, that wasn't the only thing that happened in 2014. So let me cover a few things. As you recall, we have a strategic plan and a framework that includes four objectives that we identified in the Toronto meeting back in 2012 when I started.

And these are the four. Let me show you what we've done in 2014 on each of these four. First, affirmation of our purpose. Here there are many numbers and facts. Let me focus on a couple.

As you know, we have a very active group of community members that do the accountability recommendations. That team gave us a key recommendation to create better access to WHOIS information. And so in 2014, we introduced whois.icann.org. If you haven't used it, please do. Whois.icann.org gives comprehensive information on how WHOIS works and the information behind it, and we're now -- we've gone from 200 when we started in November to 5,000 visitors a week from 200 countries. So this is clearly a tool that was needed, and we filled an important void.

Within that tool in April, we added consolidated WHOIS lookup. So you can go and put any Web site, any domain name in the world, and find out the WHOIS information behind it. That, again, also has now gotten to 85,000 inquiries per month that are coming to this centralized consolidated lookup tool. We are glad we responded to the

community's requirement to improve our accountability and to add transparency to what ICANN does.

Many of you here, 322 of you, saw your new gTLDs added to the root in 2014. Of course, that number is higher today because we're already in October, but that's a very successful implementation of our core responsibilities.

I also want to note on the right there that we train -- our staff goes around the world to train people on DNSSEC, the key security standard that we have. And this -- in 2014, we trained an additional 280 people around the world to do that.

So, again, good progress in that area to strengthen who we are. And I want to, here, publicly thank our friends from Brazil. I see them. Please stand up. Demi, Hartmut. And all the members of CGI who are here --

[Applause]

And all the members of ICG who are here, Hartmut, the leadership they took to help us make NETmundial happen -- and I see there also Ambassador Benedicto; thank you, Ambassador -- and all of you there for helping us make history in Brazil.

I think we will all remember that, and the partnership we have with you shall be for many years, I hope. Thank you very much.

Let me go to operations excellence. Now this is an area where admittedly I will tell you we have more work to do. But let me at least highlight a few things and tell you what we are going to do more.

The thing I'm most proud of is that middle number which I shouldn't be proud of, you should be proud of because we now do a thorough audit of compliance of all of our registries and registrars. And this is the second year we do it.

And, remarkably, not surprisingly, 98% of registries and registrars are fully compliant with their contracts. This independent audit shows what many of us know, that this is a good industry. This is an industry that is operating in the best public interest. We should celebrate that. We should put that up and make sure people understand. When a few bad actors sully the image of this industry, we should know there are few and that our compliance department will be looking for these so that they do not make the rest of our industry look bad.

Our industry is performing very well, and the numbers are in -- this year 98% in full compliance of our contractual commitments.

[Applause]

Yes, thank you.

Our IANA functions, which are the core of our responsibility, and especially important this year as we look at the transition, how are we doing, we are meeting and exceeding every service level we have in IANA as you can tell from this bottom row. And I'm very proud of that of the great IANA team that is continuing to function calmly, confidently, despite the changing world around them. And I can assure you that they're superbly ready as the U.S. government steps away from its role to continue doing what they do with distinction as they've done in 2014.

ICANN NO. 51 | 12-16 OCTOBER 2014
LOS ANGELES

[Applause]

Thank you. Thank you, IANA team.

I think I'll just point out also that we have now the L-root deployed in 158 locations around the world. This is the commitment of ICANN, to improve response times by leveraging the fact that we are responsible for one of the 13 root services by bringing it to the world.

And this year alone we've added it -- we went last year from 26 to a 38 location increase this year. So thank you for the L-root team at ICANN for that progress.

This little icon in the bottom called "planning framework" is very important. I do believe we have work to do still on our operations excellence. Excellence is never achieved, but right now, frankly, I do not think we're quite there. We have work to do. So I will leave a discussion on the planning framework to a couple of slides down, but I will come back to it because I want to share with you how the ICANN leadership team is building a new framework so we make sure we serve your needs in the best possible way.

The third of the fourth goals was internationalization. Now we prefer to refer to it as globalization. Well, what have we done there? The numbers on the right speak for themselves. The interest in what ICANN does has grown. That doesn't mean that our KPI, our key performance indicator, is that these numbers keep growing. What is important is that globally, we're inclusive, we're reaching out to all people who want to participate in ICANN's mission and making sure that our meetings and our activities reach them and bring them on board.

I'm particularly proud of the number of newcomers and the number of fellows because that shows that the ICANN community is growing also in new ways.

On the slide, I want to point to the percentage growth of our staff. The percentage growth outside the United States is far outstripping the growth within the U.S. And this is by design.

Our new hubs in Istanbul and Singapore -- and my wife is in the room, so I should be careful because we moved -- she and I moved to these hubs during this year. Was not always easy. But we lived in Singapore for a while. Then we came back to the U.S. And then we went to Istanbul so that we can support ICANN's growth in these locations and make sure that our employees see us living and performing our functions around the world.

But this really shows we have reached an important inflection in where ICANN -- ICANN's center of gravity is because to a large degree when I started, frankly, the center of gravity was here, was in the U.S. That's changing. It is a journey. It won't happen overnight, but our hubs in these main geographic choices of Istanbul and Singapore are now well-established and the roots are there and the staff is growing and the functions are spread across our three hubs.

Now, we still have some work to do. For example, look at the Web site. We have done, I think, the best we could to advance the Web site. But clearly we heard back from the community that there was more work to do. I can assure you we're on it. Just three days ago we completely changed the search engine because many of you felt the search was weak. We now use new technology.

But I want to point out something that I feel is very important. We have nearly 5,000 of you who built their profiles on that site. Now, that's important because the profile allows us to then start giving you the information you need and connecting you to others so we can create expert networks within our community.

So for those of you who haven't done so yet, please do build your profiles. This is to help us be together and work better as a team.

I also think on the translation side whilst the number of words we've translated has grown exponentially in 2014, reflecting the amount of work we do, I think our team is clear that translation is only part of localization. Localization is much more than just translating words. So we are preparing to enhance the services we offer you so we can localize the information and provide you better knowledge of what we're doing.

Lastly the evolution of our multistakeholder model, that's you, that's our community, that's bringing us together. So all these accomplishments are yours and the stakeholders. Specifically, I want to talk, again, about the GNSO and the great work that the councillors of this important body in ICANN have done under the leadership of Jonathan.

His well-deserved award today is to reflect the sea change in how the GNSO is together and is working with all the other parts of the ICANN community. That's important.

RSSAC has done something remarkable this year. They've gone from being a small community of root operators -- or root service operators

to building this caucus where they invite other members of the technical community to join them, to participate with them in that caucus. In other words, removing sometimes the veil of what's happening in the root community. They've opened up, invited others, and are engaged in a very important dialogue. So thank you to the new leadership in RSSAC. Liman, who is here, I hope, has done a superb job with his other partners to open up the RSSAC for others.

I want to point out the At-Large community that has gone from giving us adding eight structures last year to adding 23 new At-Large structures in 2014. This is remarkable. I think our total now is 177 At-Large structures around the world. What an impressive reach of the user community into ICANN, not to mention their policy advice which continues to grow remarkably. They're up to 53 policy advice statements this year.

The GAC is now at 141 members as of the end of June. 141 countries represented on the GAC. In fact, the number today is higher even because we are already in October.

We have 31 observers from international governmental organizations. So quite an impressive growth across our community.

The ccNSO, up to 150 now. The SSAC going again from five to seven documents. That may sound like a small number, but believe me, every SSAC document that arrives to us is worth its weight in gold. The amount of work and research and thoughtfulness they put to advise us is very much appreciated.

So great work by our community across the board. Thank you for a great year.

[Applause]

Let's look forward now. So that strategic plan and the four objectives I showed you were very much started in 2012. Now for the last 17 months --

Now, for the last 17 months -- 17 months! When I share this with my friends at places like IBM and I say we spent 17 months writing the new strategic plan, they don't understand. I didn't understand. But now I do. That unless we do this together from the bottom up, it is not our plan. It may be my plan. It may be the staff's plan. It may be somebody's idea. But the genius of ICANN, the magic of ICANN, is that we, in fact, spent together 17 months, three full comment periods, to develop the next strategic plan of ICANN. I am very proud of this achievement and we should all be.

And the plan, frankly, is one of the few things we delivered to our board of directors and unanimously -- and you can ask them, they're here -- very supportive, very pleased with the outcome.

If you have not read this plan, please do it. It is on our Web site. It is an extensive plan that lays out where ICANN is going in the future. And it has very, very solid objectives. Here they are. Now, we used to have four, as I showed you before. We now have a fifth one. The four are changed, but somewhat similar. The fifth one there is a very important one, and one frankly that I'm -- I am and I'm sure you all are very proud of.

We have added a specific objective to develop and implement a global public interest framework.

Of course bounded by ICANN's mission. ICANN does not want to grow into becoming a development agency. This is not what we do. But we have to do everything we do in the global public interest.

So creating this framework is a huge step forward and one we are deeply committed to achieve as a community.

Underneath these five strategic objectives in the plan that I just showed you, we have 16 goals, and now for the next five years we will be using these in order to build our activities so that we are anchored where you want us to be.

Now, let's talk a little bit about how we're going to go from five strategic objectives and 16 goals to the work we do every day, so I want to share with you a very important operational view of how we do this.

As you can tell here, we start with the vision and mission statement and the strategic plan. These are all in this document. Which, by the way, will be voted on by the board in the public session this Thursday because that's it. We've finished the 17 months and the board will vote on these and they become part of the record.

From there, we will build a five-year operating plan.

And by "we," I mean we (indicating) will build a five-year operating plan. We will put a -- the first version of this plan out for you to review and give us input on immediately after this ICANN meeting.

So it's ready, it's been put together, and you will find it on our Web site.

After we do that and we get your input, we will move into the annual operating plan and budget process.

And then from there, we go to achievement and progress reporting, which is, again, the cycle. And you're -- we, all of us in the community, are in the middle. Every one of these things goes through all of us. Nothing -- nothing! -- goes only through staff. Nothing goes only through board. It has to come through all of us.

So the five-year operating plan will be put out for everyone's input. We need you. Please help us with this because this is the foundation for how we build the yearly plans after that.

And then we'll do the yearly plan every year, and as usual, we'll work with you on it, and then we'll do the achievement and progress reporting.

Let me dwell for a minute on the achievement and progress reporting.

Remarkably, we do not have as a community common agreement on a scorecard of key performance indicators. We need that.

So when people come up to me and say, "Fadi, operations are not quite there," well, how much farther do we need to go? Well, we don't know because we don't have an agreement on what are the frameworks.

So in this operating plan and the annual plan, we're going to be inserting for the first time a complaint framework of key performance indicators, and then we will measure these continuously and we will share all that data with you continuously, so when we have discussions,

we are aligned on what we need to do to serve you in the best possible way.

Now, these KPIs are critical, and I'm looking at many of you here in the room that I know can really guide me and guide our staff in making sure we have the right performance indicators for you.

Now, we're going to be adding a new thing, a new meeting -- and I'm sorry about that -- to the list of many ICANN meetings.

We will do like most corporations do. They hold shareholders calls on a quarterly basis. Well, we're going to start holding a stakeholders call on a quarterly basis.

The first one is on November 20th, and we will be announcing it shortly, because it's after the end of our first fiscal quarter.

Each of these calls will carry full information on our performance, financial and business and strategic, and we will share these in the context of the new plans as well as the new KPIs.

So please join us for these. These will be open. Everyone is welcome, including the press and others that need to start understanding the openness and transparency with which ICANN operates.

So the first call will be in November, on November 20th, and the notice on that will be going out shortly.

A little more detail on what's in these three components. It's important to appreciate this because many of these things are new.

ICANN has never had a five-year operating plan. This is the first time we do this.

But the strategic plan, of course, includes our vision, mission, the five strategic objectives, and the 16 goals. And of course we have some strategic risks also outlined in that document.

When we go to the five-year operating plan, for each of the goals we have the key performance indicators, the risks, the dependencies, and for the first time the five-year phasing.

In other words, what do we expect to do on this goal in a year, in two years, in three years, and so on and so forth.

So you have a view of where we're heading with each of these goals.

Then we will list every portfolio of work we're doing under each goal. And there are today about 50, 60 portfolios of work. We will fit them now under these five goals so you see what ICANN is doing in each of these areas.

The other thing we'll put in the five-year plan which we've never done before is a five-year financial model. This is the first time ICANN will publish what its view is of the revenues, the top line, as well as the expenses for the next five years. And this is important so we are completely aligned with -- as a community as to what is our financial view for the next five years.

And then finally, the operating plan will go further. It will have -- it will base itself on the five-year operating plan. The annual plan will also include, for each portfolio, the KPIs, the dependencies, and all the

activities under that, and of course because it has a budget, it will have the numbers, so you'll be able to see how much we're spending on each of these areas.

Very important work and believe me, there are very few organizations that are functioning with this openness and with this transparency and with this commitment to operational excellence of an entire community working together.

Finally, I want to share with you a very important new direction.

As my boss, Steve Crocker, said in his opening, it just seemed in the last two or three years that ICANN was growing without limit.

We would like to start taming that growth. We would like to make sure that ICANN stays within its remit.

And to do so, we're going to set up a baseline operational model. These baseline operations will grow very little every year, based on normal year-to-year CPI and other indicators, so we will not be adding to the baseline operations.

When a new initiative comes to the fore, we will as a community assess it, decide how much it will cost us, decide how it will impact our organization, our priorities, and if we choose to do it, we will spend money on it, and if at the end of that it leaves some residual work in the baseline, we'll up the baseline.

But this must be done together, and I want to assure you that by the end of this year, the whole process to add new initiatives will be ready

and published so that you can participate as a community in deciding how we move forward in adding new work to what we do today.

Many of you have shared with me that in the last couple of years it seemed that staff would be adding new initiatives that we haven't all discussed in full agreement. This will not happen again because we will do it together in a structured way, moving forward.

Now, the fifth goal. Remember the new fifth goal? A global public interest framework bounded by ICANN's mission. I wanted to make a small announcement to you.

Yesterday, a press release came out of ICANN that we have created a new position in my Global Leadership Team, and this new position, which is for a new and focused area called contractual compliance and consumer safeguards will be headed by a new chief officer of contractual compliance. He's here and many of you should meet him during the week. Allen Grogan, if you could stand up so people can see you.

Allen has been our contractual -- welcome.

[Applause]

Allen Grogan has been with us for almost a year and a half leading the contracting area for registries and has done frankly a remarkable job for ICANN. He has many years of experience in the space of Internet and technology law, and we welcome him to the Global Leadership Team.

So what will happen here is important. Because we are choosing to focus what we're doing on the global public interest, it's very important to appreciate where this department is going.

Allen will lead two functions. He will first lead the contractual compliance operations. Many of you know Maguy Serad and her team. They've done a solid job operationally. They will now report in to Allen. And if you recall, four or five months ago Akram had announced that the GDD department, the department of global domain names, will be adding a function called registrant and consumer safeguards. That group will also move into Allen's new area.

Contract compliance and safeguards will also be considering new ways that ICANN can work cooperatively with others in the Internet community to help safeguard registrants and the global Internet community by improving and enhancing our contract enforcement activities.

They will also explore other activities where -- that we may undertake to help protect the health, the lives, the security, and the privacy of Internet users and registrants around the world.

All of these activities must be consistent with ICANN's limited mandate, mission, and core values.

Now, I want to be very clear about this. We will engage with law enforcement and regulatory agencies, if and when appropriate, to help safeguard registrants and the community but ICANN is not in the business of law enforcement.

We are not a regulatory agency and we will be careful not to cross that line or overstep our limited authority.

So welcome aboard, Allen. I look forward to working with you so that we can enhance this important function and commit ourselves that compliance and consumer safeguards are rooted in the public interest to which we are missioned.

Finally, I want to talk about what we're all talking about: The U.S. Government transition that is undertaken.

This transition has today four tracks.

Two tracks, the main tracks, are community-led tracks.

The first one, as you know, is to work together on how we're going to transition the specific IANA functions at ICANN from the current regime where the U.S. Government has applied some stewardship in the past.

The second part is to strengthen ICANN's governance and accountability.

Now, this has been on everybody's discussion list: "We need to improve ICANN's governance and accountability."

And the answer to that is: Absolutely we must.

And if we don't strive to improve our governance and accountability at all times, and especially this time, we will not gain and maintain the confidence of the world that ICANN leadership, ICANN board, ICANN community is committed to the best possible governance and accountability mechanisms there are.

ICANN   NO. 51 | 12-16 OCTOBER 2014
LOS ANGELES

So whilst we had some discussion for the last few months how to organize this, I think all of us would agree that today we are completely aligned, we know where we're going, and we'll move forward together to start building these accountability measures.

The -- within this second track, we have also agreed to have two parallel efforts.

One to deal with accountability mechanisms that must be reinforced or added before the transition occurs or along with the transition -- and this is something Assistant Secretary Strickling made clear in his speech in Istanbul, that he will be looking for community consensus, community consensus, on how we improve our accountability with regard specifically to the transition, and then in parallel, another group -- because we are also receiving these requests -- needs to look at the broader ICANN accountability and governance improvements that we need to do that may not need to be necessarily taken care of before a transition occurs.

So by creating these two parallel efforts that are intricately tied but on different time lines, we satisfy the needs of the global community and our community to move forward and improve ICANN's accountability.

Now, these two blue tracks at the bottom, in case anybody is worried about these, this is simply what staff needs to do to implement what comes out from the green tracks.

So if the decision on how IANA functions will occur impacts our operations, we need to be prepared for that.

So we are going to be doing pilots. We're going to be doing work so that we are prepared and not surprised how to move forward.

But all of this will be done in concert with the green tracks that are community-led. This is simply so that we do everything we can to be ready as the transition becomes a requirement on ICANN staff to change what we do.

We are poised for a good harvest. Things are looking good right now. The community is aligned. The transition is moving forward well.

My focus is firmly on ensuring that ICANN delivers services to all of you in the best possible way, and that's where my time is. That is where my focus is. I want you to know that.

I've heard you clearly that now, more than ever, is the time to strengthen ICANN to make sure that we remain strong, united, and confident as the world is watching how we will be post the U.S. transition.

Thank you.

[Applause]

Time for a break.

Ladies and gentlemen, there is coffee break in the sponsor area in the California Lounge behind registration.

Also, we will be starting our next SO/AC presentation very shortly and I think it will be of great interest to all of you. Thank you.

[END OF TRANSCRIPT]