

[DRAFT 1.13.11]

DELEGATION RATE SCENARIOS FOR NEW gTLDs PUBLIC COMMENT SUMMARY AND ANALYSIS

Sources:

Public Comment Postings (6 October-5 November 2010). The full text of the comments may be found at <http://forum.icann.org/lists/delegation-rate-scenarios/>.

Key Points:

- Given very rough predictions of demand for new gTLDs, it is estimated that the delegation rate will be 215-240 TLDs per year.
- The application period window will be 60 - 90 days to allow for adequate time to register for the online application system, complete the application, and submit applicable fees via wire transfer
- The application period will be inclusive, but a single batch will be capped at 500 applications because of the limited supply of qualified and objective subject matter experts and to ensure effective spans of control.
- Because large numbers of applications will be batched, the highest delegation rate in *any* circumstances will be under 1000 TLDs per year.

SUMMARY OF COMMENTS

The application period should be 30 days, not 90 days. The Delegation Rate Scenarios report is a well conceived technical plan to deal with introduction of new gTLDs but the interaction between its timelines and those of the ICANN Board work plan approved on October 28 requires comment.

- The report refers to a 90 day application window, but prior discussions with staff referred to a 30 day application window. A 90 day application window after a 4-month communications period is extremely unfair to applicants and is unnecessary. Most will apply at the end of the application window, so the window should be kept open for a short period of time—30 days starting at the end of the communications period. There is no benefit to applying early and an applicant is not likely to file early and risk potential disclosure of its string.
- A seven-month period between the final approval date and when applicants may likely apply would be punitive and more costly to the many applicants who have made substantial planning expenditures and have been waiting to apply for a long time.

- If ICANN decides that an application window longer than 30 days is necessary for some unexplained reason, then there is no reason why ICANN cannot start accepting applications during the communications period as long as the deadline is after the close of that period (e.g. first 60 days of application window would coincide with last 60 days of communications period, giving applicants a full 30 days after the close of the communications period to apply). The GNSO drew the line at a four month communications period. ICANN is planning on having multiple rounds of new gTLDs, so that if a person misses this round they can always apply in the next round.

J. Nevett (5 Nov. 2010). Network Solutions (8 Nov. 2010). H. Ohigashi (8 Nov. 2010). W. Tan (8 Nov. 2010). DotConnectAfrica (7 Nov. 2010). R. Tindal (8 Nov. 2010). Association UNINET (7 Nov. 2010). dotBERLIN (7 Nov. 2010). D. Schindler (6 Nov. 2010). J. Frakes (5 Nov. 2010). Minds + Machines (5 Nov. 2010). AusRegistry (6 Nov. 2010). .MUSIC (6 Nov. 2010).

A long application window is likely an inefficient use of ICANN's human resources as applications trickling in during the period leading up to the closing of the window makes effective batch processing difficult. *W. Tan (8 Nov. 2010).*

ICANN now has a process which should be trusted and used to get the first batch of applications in and processed expeditiously. Succeeding batches can be processed with refinements made from lessons learned, continuing with that methodology until the community is satisfied that the new gTLD application process can scale appropriately. Rounds should be done in small batches of applicants to test run the systems and improve the process along the way to mitigate the errors/issues that are sure to arise. *R. Andruff (5 Nov. 2010).*

If there is an increase of the application window from 30 days, ICANN should provide justification that supports that an additional 60-day window is required or that not doing so will be harmful to potential applicants. ICANN is congratulated for selecting a May 30, 2011, timeline for launching the new gTLD process. *.MUSIC (6 Nov. 2010).*

Ensure that the application process is inclusive. Board resolution 2010.03.12.46-47 clearly expressed the need to ensure that the New gTLD Program is inclusive. With every new gTLD application round, the market competitive disadvantage increases. ICANN should not cause or allow the new gTLD Program to further the gap in gTLD registry representation between those who engage in ICANN's processes to the greatest extent, and those who do not yet participate to this extent. ICANN has the obligation to look closely at this issue and fulfill its responsibility to serve the global public interest by allowing accessibility and competition for all around the world. With respect to those commenters who object to the additional 60 days for the application window, the process should not give a privilege of "early closure" for applicants who claim they have been waiting a long time to apply and have already invested resources. The claim by these applicants that economic weakness (running out of working capital due to waiting) should convey a privilege to them also contradicts the claim made

elsewhere, apparently by some Board members, that applicants who request assistance will fail and therefore are not going to be benefited by assistance or have a merit claim to assistance. The opportunity cost of 60 days is not sufficient to risk the entire schedule on, particularly the agreeable, but abrupt, settlement upon a fixed schedule at the October 26 Board meeting, as reflected in the work plan of that date. *E. Brunner-Williams (9 Nov. 2010).*

Improve timing of application evaluation and delegation. ICANN needs to improve processing timelines—i.e. the five-month period for initial evaluations and the suggested eight-month period between application and delegation for even the simplest applications. Considering the current unemployment rate in the U.S, ICANN should be able to hire sufficient qualified staff to get this work done efficiently and timely. *J. Nevett (5 Nov. 2010).*

Estimates are high. While I generally support the analysis and recommendations of the paper, the “Application Rates” estimates are 25% to 40% higher than what will be seen in practice. *R. Tindal (8 Nov. 2010).*

Reorient the paper’s approach. There are some useful bits in the delegation rate paper but its obliviousness to issues of population and need is inexplicable.

- The Charles River Associates study authors overlooked people who are not afforded an ISO 3166-1 (alpha-2) allocation, languages other than Latin, and urban agglomerations, all easily modeled as finite multiples the size of the current IANA root. Instead they focused on bounded commercial subscriber and inherently unbounded corporate marketing exploits.
- In the past the Board has declined to unconditionally accept the CRAI recommendations. The Board should maintain this position of intellectual distance from a corporate subscriber capture and corporate marketing vision of why ICANN exists and why the DNS exists.
- ICANN should develop some sense of its own purpose. If ICANN is simply a for-profit publisher for brands, it should embrace marketing as its mission and brand promotion as its reason for continued existence.

E. Brunner-Williams (9 Nov. 2010).

The paper should be rewritten, and the authors at least exercise the hypothetical that:

- (a) types of applications can and should be prioritized, consistent with prior public comment by advocates for non-profit, public and related application interests, and correspondence from the GAC;
- (b) the certainty that no policy exists for “brand” applications other than the policy for standard applications, with all the DRP consequences that entails; and
- (c) rigorous rejection of “gee whiz” speculation and an equally determined commitment to serve human needs for name to resource mapping, which is fundamentally all that the DNS is.

E. Brunner-Williams (9 Nov. 2010).

Overview of the Analysis and Proposed Position

Similar to the approach taken on comments to Draft Applicant Guidebooks, ICANN is providing a detailed analysis of comments received. The analysis provides a summary of comments and an explanation of the proposed position regarding the issues raised.

The purpose of the Delegation Rates Scenarios for New gTLDs paper, posted on 6 October 2010, was to seek community input on the reasoning and process methodologies employed to reach certain conclusions regarding the maximum rate of applications that can be processed in a year, from an operational perspective. These processing constraints will act as a direct limiting factor on the rate of new gTLD delegations into the root zone.

Analysis and Proposed Position

Several commenters expressed their desire for a 30-day application window as opposed to one 60 to 90 days in length. One of the key factors in determining the period length is the consideration that the period should allow for adequate time for parties new to the new gTLD process, potentially brought into the fold by the four-month communication plan. Because running a registry is a serious undertaking, filling out an application is an important endeavor and adequate time should be provided, particularly to new entrants. The time to complete the application needs to be considered in conjunction with the time required to register for the online application system and submit the applicable fees via wire transfer.

One comment mentioned that a long application window would lead to inefficient usage of gTLD team resources and could make batch processing difficult. Regarding resources, the ramping up of staff in advance of application processing has been accounted for in the operational readiness plan. If we understand the concern regarding batching to mean that it will be difficult properly allocate resources to applications, the length of the application window period should not have an impact on the application processing throughput. Application reviews can only begin once all applications are received and the same holds true for establishing batches.

One comment indicated that a small batch of applications could be accepted and processed expeditiously to both grow public confidence in the processes, but also to identify and mitigate issues. This idea certainly has merit, but what makes it difficult to implement is the selection process for this initial batch of applications. Any applications chosen for this trial run would have a significant first-movers advantage. As has been consistently communicated, the application process will be open to all entrants.

One comment suggests that processing times could be improved by hiring additional well-qualified staff. The review of applications will be performed by Evaluation Panels

with specific subject matter expertise. Also, these subject matter experts must be free from conflicts of interests with the applicants. Resources that meet these two criteria are of finite quantity. In addition, this topic was addressed in footnote 2 of the paper: To ensure the quality and consistency of application reviews, competent evaluators and effective spans of control are needed.

One comment remarked that the application rates estimates seemed high. The focus of the paper is not on the estimates but on processing of applications. ICANN is focused on 1) ensuring that its operations are able to scale effectively. For this program, it means: expecting an initial delegation rate of 215-240 TLDs per year, and being able to handle a batch of 500 applications, and 400 applications for any subsequent batches, if needed and 2) not exceeding the maximum number of annual delegations (1,000).

Finally, one comment expressed dismay that the study on new gTLD demand has brand owners as one of the three main areas of focus. This commenter felt that the focus of the study should be on the areas of greatest potential for demand (at the 2nd level) and that the new TLDs that would seek to serve these populations should be prioritized. These are excellent points and may be worthy of its own study. However, as the commenter noted, this is beyond the scope of this particular paper, which is aiming to study gTLD application processing throughput and its resultant delegations into the root.

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