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GNSO Working Session Part 2
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Keith Drazek: If we could start the recording. Good. Thank you very much. And so I'd like to take this opportunity to welcome Xavier, Becky and (Shawnie) to join us today. So I'm going to, at this point, hand it over to you all. Thank you very much for coming to give your presentation and to engage in Q&A with the GNSO Council. So over to you. Thank you.

Becky Nash: Thank you very much. Good morning, everyone. This is Becky Nash from the ICANN.org finance team. And I would just like to make introductions that along with me here today is our ICANN CFO Xavier Calvez and then our colleague (Shawnie Quidway) from our finance analysis department.

          If we could go to the next slide. On this slide here, we just have an agenda. What we've provided in the update on finance to the team here today is an agenda which covers our FY19 year to date financial overview. We have our FY20 operating plan and budget highlights. And then we have a section related to the overview of the public comment, all of the comments submitted along with the themes and then along with comments that were specifically submitted by the GNSO Council.

We really want to focus today on this section related to public comment. But we thought that we would highlight a couple of different slides within the deck and then move directly to the public comment section and hopefully have, at the end of that, an active/interactive Q&A. And we would like to ask for some clarification on certain of the comments that were submitted.

So with that, if we go to slide number five. For our FY19 year to date -- actually just one slide back, thank you -- this is a summary of our six months through December 2018. So this is FY18 year to date actuals. I'll just touch upon very briefly some highlights. Again, the packet includes much more information related to funding and expenses.

But just - yes, FY19, sorry. If I said '18, I meant '19.

Man 1:   Habit.

Becky Nash: Yes. Calendar year December '18 is the first six months. So funding is slightly above budget and expenses are below budget. So just on this slide, it's a high level summary where for FY18 year to date, six months, funding of 68 million and expenses of 59 million. This provides at this point in time for six months a net excess of expenses below funding of 9 million.

And that's compared to the FY19 budget for the same six months, where we were expecting a little bit lower in funding at 67 million and higher expenses at 65 million, resulting in a net excess of 2 million.

Over on the right hand side of the top portion of this table, we also have comparables to the prior period, or the six months for the same time last year for FY18. And as you can see, we are slightly ahead in funding for FY19, as compared to FY18 actuals by 3 million. And we are just at the same level of expenses as last year.

So for FY18, we had net excess of 6 million but because of the increase in funding for FY19, we're slightly ahead in our expenses being lower than funding.

At the bottom of the page, we just have a breakout of the IANA services. And that's just for information purposes that the consolidated table at the top does include the IANA services expenses. And they're tracking slightly lower than the expected budget for the same period of six months.

I just wanted to highlight at the bottom of this slide we do have a link to our quarterly financials. So as part of ICANN.org and our commitment to transparency and accountability, we do publish quarterly financials on our Web site. And I've put a link in this presentation. And we do publish them at the end of every quarter, about 45 days after the quarter end. And our next quarter will be the March 31st time frame.

At this time, if we could just now move to slide number 12 and I appreciate help here. So the next section that we've presented is the highlights of the draft FY20 operating plan and budget. For this slide, we have comparative periods of - or financials of FY18 actuals, the next column is the FY19 12 months forecast and then the last column is the draft FY20 budget which was published for public comment and that we'll be covering in this next section.

We'd just like to highlight that the funding for FY20, the draft, is expected to be 140.1 million, slightly higher than what we're expecting the FY19 forecast and above the FY18 actuals.

On this slide, we provide the proposed budget by cost category. And you can see the total cash expenses are increasing slightly to 137.1 million. And this then also has a 3 million increase to net assets on the right hand side, which on the last line under that we have what we call the reserve fund replenishment strategy.

So we just are highlighting that the draft FY20 budget was submitted with assumptions to have an increase to the reserve fund from operations of $3 million. That is new for FY20 and that's in alignment with the board - ICANN board approved replenishment of the reserve fund strategy.

The very last line on this schedule just gives you the trends of head count. And I know we have a couple of questions and comments on some of the public comments submitted as it relates to head count.

So with that, if we could now move to slide number 15. For the next part of our discussion, we'd like to go over the public comments that were submitted for the draft FY20 operating plan and budget.

Before I pass it to my colleague (Shawnie), we just wanted to highlight that we're going to provide an overview - a thematic overview, of all of the submitted comments by themes and by submitters. This then will allow us to discuss the specific comments that were submitted and to obtain further clarification. And we ask that if anybody would also like to clarify any of the comments submitted if they're not some of the questions that we have.

We would like a very interactive session. And the reason for this interaction is just so that ICANN.org staff can prepare a better report on public comments so that we can draft responses as it relates to all of submitters and all of the public comments.

So with that, I'm going to pass this to (Shawnie) who's going to go over several of the statistics on the public comments received.

Shani Quidwai: Thanks, Becky. If you could move to the next slide. Here we have a high level overview of the number of public comments that we received. For the FY20 operating plan and budget, we received 143. This is relatively in line with the numbers that we had seen in the prior years.

We are showing a decline compared to the FY19 budget and that's due to the fact that last year there were some reductions to programs like the fellowship and ICANN Wiki that generated a lot of comments, and we didn't see those this year.

The public comment window recently closed on February 8. And as Becky mentioned, we're looking to publish the staff report shortly after ICANN64 and looking for your feedback today to create the best report we can.

If you could move to the next page. Here we have an overview of the groups or individuals that had submitted comments. This year we received comments from about 16 organizations.

And what we do is we take the document that's submitted and we break down each individual question or comment. So for your specific group, we took that document and parsed it into 12 different comments. In the next slide, I'll go into a little more detail about the themes that we saw this year.

If you could move to the next slide. So here you can see that three - there were three key topics that composed about 60% of the public comments -- financial management, the budget development process and document structure along with community support and funding. From there, the remaining 40% is parsed across six or seven categories with a few more key ones being community outreach, funding and ICANN.org head count.

If you move to the next slide, here we'll highlight where the specific comments that you had submitted fell under and how that compares to the comments that we received. About half of the comments you had submitted are in the community support funding, a few others in the budget development process, financial management and then policy development and ICANN.org head count.

With that overview, now what we wanted to do is kind of hand it back to you guys to get some further clarity within the public comments. And I think Becky had a couple things that she wanted to emphasize.

Becky Nash: Thank you, (Shani). Again, this is Becky Nash, ICANN.org. In reviewing the public comments that were submitted, first of all we really welcome this opportunity to present to the GNSO Council and to interact on the public comments.

We really appreciate the involvement and thank you so much for the comments submitted along with highlighting the importance of engagement in the operating plan and budget cycle. And we highlight that in the memo submitted there was a great appreciation for that interaction and also for the empowered community responsibility so that that is really great on our end to highlight.

We highlighted that in the general section of the comments submitted there was a key comment as it relates to the document structure. We do want to acknowledge that in some cases it is hard for community members to read the volume of financial tables and pages and documents that we submit. So we do take it very seriously that every year we try to make it a little bit less complicated or finance oriented, providing more narrative, more clarity.

Specifically, there was a comment to provide an at-a-glance table or some highlights. We have heard that comment in the past. And over the last two cycles of the operating plan and budget, we have included a separate document up front like a summary or highlights document, which is like an executive summary, where we hope that that does help some community members that don't either have the background to read some of the tables or they don't have the time. Again, it's over 200 pages.

But we hear in the document that was submitted for public comment that not just a highlights document but maybe even a summary table within the

financials table. So I'm not sure if anybody had any comments about feedback either from the membership or their own observations on making it easier to read. But we'd welcome any comments on that subject at this time.

Keith Drazek: Great. Thank you very much, Becky and (Shani) for the presentations, obviously for being here of course. So let me just pause for a moment and see if anybody would like to get in queue, feel free to up your cards. And again, if anybody in the room, observers, if you would like to participate in this conversation, you're welcome, as I noted earlier. So there's a standing mic in the middle of the room if anybody would like to engage in this conversation. So thank you all.

Xavier, go right ahead.

Xavier Calvez: Thank you, (Keith). Just a preliminary comment before we get into a more interactive discussion on the comments themselves. I wanted to acknowledge and congratulate the GNSO Council for having stepped up after the transition in creating a dedicated working group and committee on the operating plan and budget.

As you all know, this is the way that the empowered community expresses itself and enables its ability to evaluate rejection powers, right? So by working on the operating plan and budget and being able to submit comments, then you enable the power that now the powered community has to reject the operating plan and budget.

And I want to congratulate the SCBO, the Strategy Committee on Budget and Operations, under the leadership of (Ayden) who has been working very hard over the past months on a very regular basis to get into the documents at the level of detail of the information that we provide, work hard and consistently through this process to be able to submit comments.

And, you know, (Carlos) was the one trying to do what he could in the past to do that. Now there's a committee that works on it. I think it's great. It's a great example provided by the GNSO Council to other organizations that don't already have that. So I think that we want to encourage and support that initiative. Thank you.

Keith Drazek: Okay. Thanks very much, Xavier. And I should also take this opportunity to note our thanks from a council perspective and on behalf of our groups I think - for the early delivery and the early publication, I think earlier than ever before, of the work that you do and that you provided to us, which gave us the opportunity to comment and provide feedback in a timely fashion. So I think it's certainly worth acknowledging that. And thank you for the kind words about our SCBO, which clearly has a big responsibility.

So with that, I've got (Ayden) and then Marilyn.

Ayden Ferdeline: Thanks, (Keith). This is (Ayden). And thanks, Becky, Xavier, (Shawnie) for that presentation. And just to respond to the question that you asked, Becky, I can respond to my personal capacity. This is not necessarily the view of the standing committee or of other members of the council.

But in terms of what I would like to see in this at-a-glance table, it's a little different to what is in the budget at the moment. So at the moment we're showing broadly where spending is, for instance on professional services. But it doesn't really say to me what does that actually mean, what are the actual projects that money is being spent on.

And so what I would like to see, for instance, would be a few things, to have the total resources that are being allocated to the ICANN community with breakdowns as to whether that is funding that is allocated to the community in order to support policy development, in terms of whether that is staff resources that are being allocated to support the community, whether that is additional budgetary requests and corrob.

I would just like to see a total figure, how much is being spent on the community versus how much is being spent on our projects.

I would like to be able to see very quickly what resources are being allocated towards innovation in the DNS, what resources are being spent on the board, what resources are being spent towards staff office space, professional development, expenses like that, just being able to understand what are, say, the five or ten largest buckets of spend, not in these very broad categories but just a little more granular.

And - but on the very first point of spend on the community, if possible, and this is something of a recurring comment, I'd really like to see this broken down by supporting organization and advisory committee so that we're able to see how much does the GNSO receive relative to other parts of the community.

I appreciate there's been some pushback on this in the past for some legitimate reasons but I still think that that is something that we should be aspiring to get to that level of detail. I think it should be possible. I think that in other organizations, there is always cost allocation to different departments. And so it might not be possible today but I think it's an aspirational thing that is something that I'm going to continue to ask and ask to see. Thanks very much.

Keith Drazek: Okay. Thanks very much, (Ayden). Feel free to jump in or respond if you'd like.

Becky Nash: This is Becky. Thank you, (Ayden), very much for your comments and clarification there. And definitely, we have acknowledged that a budget by SO and AC that clearly identifies community support is something that has been a recurring request. And we have - had consideration on how to tackle that just from a mathematical and allocation process. So we will definitely include

that on our list of ongoing requests from the GNSO and other community members as well.

And I do want to thank you for your comments as it relates to more detail related to certain initiatives or cost categories. I know our operating plan and budget does have a very detailed spreadsheet which is the budget by project ID and strategic initiative. I realize that maybe it's sometimes a little hard to read exactly maybe the labels.

Some of the data that you're looking to drill down on is actually in that spreadsheet and we would be happy to go over, you know, even as part of our Webinars or ongoing interaction from a finance standpoint is actually be able to maybe do a tour of that spreadsheet. I mean, that might be helpful for members. Things like the office space, they are actually, you know, in the regional office project IDs.

And - but noted that there are certain requests for resources and professional services at a lower level. But we will strive to again come up with what makes sense on an aggregate level. Thank you. And (Xavier)?

Xavier Calvez: Thank you, too. Just to re-emphasize this point about the resources and the spend by SOs and ACs. We have made this our top priority of improvements for the next years - next year. (Ayden) is pointing out to a need or an aspiration that's been shared by many organizations in the past and over several years. Operationally, it's a challenging exercise, but to (Ayden's) point, it is doable. It's a matter of a lot of detailed work, but I think it will be an extremely helpful exercise.

And we have focused our improvements in the past few years on an earlier process, as (Keith) was indicating, putting more emphasis on an engagement and Webinars and after having ramped up the amount of information that we produce.

So it's been now nearly five years that we produced that 300 projects detail, right, with the spend by project, the number of staff members by project, where a certain amount of the information that you pointed out, (Ayden), is actually available.

And the breakdown of the professional services for example, that you were pointing out is available as for 300 projects. Now, it doesn't mean that it's with exactly addressing the question you may have but I think it should be a starting piece of information. And then we can maybe drill down further on specific questions.

But we've emphasized producing a lot more information in the past. And to the extent that a number of community members are saying, well hold on, too much, right? It's becoming challenging to even understand. And that's a very reasonable and logical comment. Transparency is not just throwing a lot of data. It's also making it understandable. And we need to work on that more.

But I want to emphasize that we've - over the previous few years, we've worked on producing more information. Over the past two years, we've worked on engaging more on that information.

And I think that producing that spend by SO and AC is the next improvement that we can work on. I would suggest that we do it on a - as a first step and see how it works and how it helps and maybe refine it over time so that we make it a little bit easier on our team. But I think that this is a completely reasonable thought and need so thank you for that point.

Keith Drazek: Thank you, (Ayden), for the input and for the feedback. And so it sounds to me, just to summarize, I think Xavier you did a great job with that, is that we're a victim of our own success or you're a victim of your own success in that the initial requests a few years ago was more detail, more specificity, more breakdown, we need to see the substance of the actuals, you know, sort of the granularity. And now because you've done that, you're hearing

whoa, whoa, whoa, it's too hard to understand in the way that we want to understand it so please help us summarize more effectively. So - and as you said, that's sort of the - perhaps the next step, the next phase. So thank you.

Marilyn, finally. Sorry for making you wait.

Marilyn Cade: Thank you. My name is Marilyn Cade. I am a member of the BC's internal working group on budget and finance. And following me, our Vice Chair of Finance and Operations Jimson Olufuye will ask a couple of questions. But I'll kick off.

Our internal working group in the BC acts as the experts to the council's working group and we've been very privileged to have an active contribution. I just want to reinforce the value that I find participating in that council working group as someone who is responsible in the constituency for collaborating, with looking at the overall ICANN budget but then being able to focus in with other colleagues on the particulars of the implications for the policy development and coordination role.

And we maintain the - as you have seen, there are contributions from the BC expects and our councilors into the council's working group but the BC of course submits separate detailed comments. And I just want to reinforce that we value both of those and also to thank the finance team for the continuing evolution on responses to the kind of requests for detailed information.

I have then a couple of - I have a statement and then a question and then I will hand off to the Vice Chair. The statement I would like to make is that from our…

It dropped down, I may have to hold it. Can you just take it out? I can try.

Woman 1:   All right. I have freed the mic. You are freed. That was a little entertaining.

Marilyn Cade: The BC has consistently, in our public comments, reinforced the importance of replenishment of the reserve fund. And we want to note with appreciation the contribution of $3 million to the reserve fund as we look ahead at FY2020.

But now I would like to ask a question. It was pleasantly noted that there has been an increase in revenue and a decrease in expenses. And of course that's six month projection. We'd like to have a better, just high level understanding of do you expect that to be stable and to continue for the next few years since to us, having a stable, predictable budget that you can really rely on, revenue source and also expenses, is really critical to our role as the community in contributing to discussions about overall ICANN governance.

Keith Drazek: Okay. Thanks, Marilyn. Jimson, do you want to go now and then we'll come a…

Jimson Olufuye: You have no hands.

Keith Drazek: Please, go right ahead then. Thank you.

Jimson Olufuye: Okay. I will - and my name is Jimson Olufuye, the Vice Chair of Finance and Operations for the BC. And I would like to cut and paste the greetings from Marilyn to the committee, that is the - Xavier and team, for a job well done and also to the council and all for having us. And I also want to appreciate our councilors doing a great job here, (Marie) and (Scott). And we have the concurrence to go ahead with this question.

Two quick questions. Having noted great improvement in the report, you know, over time, very great, Xavier and team, we really appreciate that -- current explanation we provide in a way these projections for an increase in head counts, namely by ten personnel in FY20, considering ICANN.org stating that expenses have stabilized albeit FY19 level.

And the second question is that in a narrow reduction in community facing expenses, what could be the justification for staff enrollment to increase in FY2020? Thank you.

Keith Drazek: Okay. Thank you, Jimson, and welcome. Xavier, did you want to ask for a clarification there or? Okay, so let me just note. Before I turn to the finance team for responses to the questions if anybody else would like to get in queue to discuss the finance questions in the budget, please do. If anybody else in the room would like to join, feel free to join at the mic.

And with that, I will hand it back over to Becky or Xavier? Xavier.

Xavier Calvez: I'll start on the question or request from Marilyn on predictability. I think that we all aspire to that, both from a stakeholder standpoint as well as from an organization standpoint and management standpoint. We aspire to having that predictability. But I think none of us has in their hands a crystal ball.

So over the next few years what will the funding of ICANN be is not a matter of the amount of work that ICANN put into it to guesstimate. It's about what the domain name system market is going to be. And that we don't necessarily know.

So what we do is we look at a fairly granular level of detail at the registry and registrar's level, the potential evolution of the registrations of domain names. We use external data and public data that exist, which is mainly historical. There are very few, very little prospective information available on evolution of the domain name volumes of registrations.

So we try as a result to have a relatively conservative approach with projections of domain name registrations. And you may have seen for this year's budget, the FY20 budget, it's a 2 to 3% growth, which is basically a more or less inflationary type of growth. You can even call it stability because

1 or 2% is not that of a big growth, especially considering what we have seen in the past.

So predictability for us is really trying to estimate funding in a conservative manner so that we have a lot less chances that we are - we have less funding than we planned and a little bit more chances that we have a bit more funding than we planned.

So you can see, as Becky was indicating, right now we are about at the budgeted funding. This is also our expectations for the remainder of the year. So for the full year '19 that finishes in June coming up, we expect to be more or less at the budgeted funding.

The main driver of variance is expecting to be the privacy proxy accreditations, which we had assumed at the time, we budgeted more than a year ago, that there would be some privacy proxy accreditations occurring during FY19. And as you know, this has been a delayed implementation. As a result, we're not expecting that. That's the main variance versus our budget.

So we have been reasonably happy with our abilities to project funding over the recent months and years.

And expenses then is a different topic. Expenses of course, we're a lot more in control of that to a certain extent. And what we see the standard pattern over the -- and I've done the review so I'm happy to share the data -- except one year over the past ten years, ICANN has systematically been under its budgeted expenses.

So we would like to continue that. If you - if I look at it from a very selfish standpoint, from a security financial management standpoint, what I'd like to see is slight - a little bit more funding than what we plan for and a little bit less expenses than what we plan for so that we are always on a slight excess basis.

If you look at the past three years for example, we've had an excess between 2 and 6 million per year over the past three year though we had planned for 0 excess. We are seeing the same pattern happening for FY19, which we welcome and we will continue to drive towards. And I'm hoping that we can continue that pattern of spending a bit less than what's budgeted.

We are sometimes held by the natural evolution or progress of community work as well. And some reviews we were planning for them to happen in FY20, they are a bit delayed, either in their start or in their progress, leading us to spend a bit less money there. It's not a purposeful decision. It just happens that things are a bit slower than they were intended or planned to be. And that also drives lower spend relatively frequently.

Regarding the - that's a segue into Jimson's question relative to staff. So the interesting thing about staff is that we're not helping you understand how the staff evolves. So we are showing for the budget of FY19 an increase from 395 head count to 405 head count so that's ten more. And I think that's the purpose of Jimson's question.

So first of all, it's less than 2% of growth. So I will argue it's - I'm calling that stability but I understand the point of it is then head count more. The reality is that we're not at 405. We're not even at 395 head count. We are less than that. So we're budgeting for the end of FY18 to be at 423 head count, by the way.

We are, against that budget, 28 people less, which is not insignificant. And this is as a result of a systematic control over head count, which leads us -- and when I say us to be very specific, it's Goran and I and with Gina Villavicencio, our SVP of HR -- to look at every single open position or a new hire and obtain Goran's approval for it.

It may seem natural to you but in most organizations, the CEO doesn't approve every hiring. In some organizations, the CEO approves the new hires. What we do is beyond that. Goran approves even the replacement of people who have left. So every single position is the subject of a thorough review and a challenging set of questions to the hiring managers.

What that led us to be is 28 positions less than what the budget was. This continues to be the pattern. Fifteen months ago, we were 400 people at ICANN. At the end of January, we were at 388. And we intend to continue putting that lid, if I may use that expression, on containing resources. This is a reasonable thing to do. This is a necessary thing to do considering that our funding is stabilizing at an inflationary level.

And I want to emphasize that of course the other parameter to that trend is the amount of work that we have. The staff number is a direct correlation to the amount of work that we have.

And we need to continue engaging with the community on that topic because what we hear consistently across all the organizations is the following. ICANN staff need to be controlled and we have need for more resources. That's what we hear, from you guys, from the registries, from the registrars. Don't touch our staff and we need more of it, but contain the staff globally.

And it may sound, you know, a little bit challenging at the same time in the same sentence but it's actually quite natural. I think you as stakeholders are helping ICANN remain accountable to the public on how we manage funds. We need to be careful with our expenses. And you're helping with that, and I'm hoping you will continue to help with that.

At the same time, we all feel -- and when I say we, I don't mean the three of us, I mean all of us in this room and in this ICANN meeting and beyond -- we all feel the pressure of the amount of work. There's GDPR. There's the CCT

reviews. There's WS2. There's the next round. There are so many different topics.

You will see more information about that. I've done a very quick evaluation of what it would take to implement the CCT review recommendations for example. This is not cheap. We actually don't have the money for it right now. We're going to need to find it somewhere, which means that we're going to need to find ways to stop activities, not add more. So that's the normal management of resources that any organization is faced with, right?

We are actually in the position of having a fairly lucky situation where we have funding that continues to be there. It's not decreasing. Some people are saying ICANN funding is decreasing. That's not the case. It's never been higher but it's growing at a much slower pace, right? But it's never been higher. So we have resources, which is great. We simply need to learn to manage them and prioritize them.

And your input, your help in managing the priorities of the organization in terms of how much work we do is very important because we try to respond to your needs. What we are hearing are specific needs for more resources, consistently. And together, we all need to make sure we don't increase the expenses of the organization. Thank you.

Keith Drazek: Thank you very much, Xavier. And you said one of the magic words there for us, I think, as councilors, prioritization, because we've recognized, I think, from an GNSO Council perspective that it's something that we need to do a better job of in terms of managing our policy development resources. That's human resources, volunteer time, staff resources and all of the support that we get from ICANN.org. So I think that that is one of the key considerations.

So I've got a few people here in queue and then we do need to move on. So right now, I've got a question from Anne Aikman-Scalese in chat that I'm

going to read. And then we'll go to Rubens and (Carlos) and then we need to wrap things up.

So I'll read Anne's question here. It says, "Is there a contingency element in the budget for projects that may arise on the fly? For example, what if the board elects to move forward with some modified version of the name collision analysis project?"

And I'll just add the caveat that's not currently budgeted. And then we'll go to Rubens and (Carlos) next. I don't know if you want to answer that one now. Okay, thank you.

Xavier Calvez: Perfect to do that now so that we don't lose sight of that question. Thank you for that question. This - so the budget systematically contains… And that's one of the comments of the council so it's a good opportunity to address it… The budget systematically contains what we call the contingency. The contingency is exactly designed to allow for the possibility that some activities or projects come up that we don't know at the time we plan and that there is therefore funds available for those things that we simply don't know. So that's what the contingency is designed to be.

It's been about $5 million per year. And we have, over the past few years, managed to stay within it in the sense of not having to draw on it fully.

The council was putting comments on it, requesting that we provide more clarity as to and more detail about it. There's actually no details about it. By definition, it is an unallocated amount of budget expenses. We are simply saying in the $135 million of the budget, there's 5 million of which that is simply not allocated to anything, which is therefore there for the activities that we don't know of.

As you know, we are budgeting between nine and ten months before the fiscal year begins. By the time we're done budgeting or developing a draft, six

or eight months before, it's already obsolete. Our assumptions of a few weeks ago are already wrong. They have already changed. This change every day.

So that's the reason why we have this contingency and that helps therefore be able to face expenses that were not necessarily planned for, which is also why we don't have details behind it because by definition, it is not allocated to anything so that it is available for anything.

The name collision analysis project is something that the board is currently looking at, as was pointed out in the comment from Anne. And if there is a decision about it from the board, it may very well be that we have to draw on the contingency to fund the spend that would be resulting from that board decision. So that's a possibility.

Keith Drazek: Okay. Thank you for that. Rubens, then (Carlos), then Darcy and then we're done on this topic. Thank you.

Rubens Kuhl: Rubens Kuhl, stakeholder group. Most of GNSO Council activities in policy development end up establishing requirements on contracted parties so they are usually the ones that have to budget for implementing this. But there is one PDP where that doesn't apply, which is Subsequent Procedures. This PDP (unintelligible) implementation effort on ICANN's side that you probably apply resources. And this is not budget for fiscal year '20. Does that mean that any result of that PDP can only start implemented in fiscal year '21? Thank you.

Xavier Calvez: Thank you, Rubens, for this question. This is a topic that's been brought up before by Rubens and others and just new and included in the past few - couple years. Very reasonable question. Rubens is pointing out to a principle that we apply in our budgeting exercise which is we don't budget for activities that are not yet approved.

So the PDP is ongoing. It's published a first preliminary draft report but there's more work expected to be concluded by the end of June 2020, if I'm not mistaken. So what we are working on now is while the only thing that we have currently budgeted is the support to the PDP process that's ongoing now, which has been happening all the time, and there's no implementation resources budgeted in FY20.

We are nonetheless looking at what can we do before without jeopardizing operational implementation without making incorrect assumptions on the future but what can we do before June 2020 that helps us gain time on the future implementation. So it links well with the question of the contingency earlier is that this is exactly the type of situations for which we can use the contingency to draw on funding if there would be a decision from the board that suggests that the organization should start planning for it and may incur costs as a result before June 2020.

So, one, yes, it's not budgeted yet in the FY19 budget. It's also not budgeted in the FY20 draft budget. But there is work ongoing, including conversations with the board of what could we do before, how much could that cost and how could we fund that if it would be decided to move forward with it.

So it's a very important point. I want to emphasize that while there's no specific expenses committed to it as part of the budget, if there is a board decision that suggests to move forward, that board decision needs to come with a funding source and decision. And then we can move forward with it even if it's not budgeted. So that's sort of the principle that applies to other topics that could come up.

We just talked about NCAP for example, the name collision analysis project. That's an illustration of things that are not necessarily budgeted that we can look at, make decisions on and allocate funding to as necessary.

So that is what would be happening as a result of the Subsequent Procedures working group. And I would suggest you look for the upcoming board decisions in the next few days.

Keith Drazek: Great. Thank you. (Carlos)?

Carlos Raul Gutierrez: Yes, thank you very much, Xavier. I didn't want to talk but I think it's very ironic that you don't have a good outlook of the market, that you complained that the recommendations of the CCT review are so expensive. I mean, we are talking about exactly the same issue. We are flying blind. I mean, there is nothing more disappointing than going into a competition review and having no numbers and coming up with only qualitative comments about the market.

So I hope you can put both ends of your presentation together, the need of of-the-market data and the CCT review.

And a very specific point in terms of you looking for savings potential, and I certainly miss Donna Austin here, the structure of the meetings. I mean, this is the part where we are responsible because we cause all the costs.

And I keep seeing lots of exceptional meetings. I mean, meetings, intercessionals which I missed and I loved the intercessional of the GNSO, but do you have to have an intercessional for the reviews, an intercessional for the EPDP and so on?

I don't want to reopen the discussion but we certainly have to reconsider going for a higher number of regular policy meetings and less expensive, long meetings. Thank you very much. And I think your group has the numbers to keep pushing for that sort of for that. Thank you very much, (Keith).

Keith Drazek: Okay. Thank you, (Carlos). Darcy?

Darcy Southwell: Thanks. Darcy Southwell. I appreciate what you said about how you and the vice president of HR and Goran are reviewing the hiring. I think - I just want to reinforce while I know the Registrar Stakeholder Group has said that we want to control resourcing with the head count, I think what we're trying to get at is it's not just about the numbers. It's about the value and understanding what those - that delivers.

If it's 400 and whatever number you said, 405, if that's the number that's really needed to provide the kind of quality work that's needed for the community, I think many of us would absolutely support. So it's not just about the number. And I just wanted to make sure to clarify that. Thank you.

Xavier Calvez: Thank you. It's a completely reasonable point. And we focused on the numbers as a beginning of a conversation of - not the whole conversation. You're absolutely right, and it's of course also about where those resources are allocated across the activities alike, right.

Then there's a lot of comments in the budget public comments about we think there should be more resources here and less there, which is exactly the type of input that we need to receive as well. And it's about the delivery and the efficiency of the services that we provide and support, there's no question about it. I agree with you that the number is just a beginning of the conversation, not the whole conversation.

On (Carlos') point, I think that the CCT review recommendations points to needing more information. Whether that leads to… Is - the mics are a little bit old because we're stretching them out. It's me who's a bit old. More data is what the - one recommendation that the CCT review has offered. Whether that will be sufficient for more predictability of the funding in the future in creating a crystal ball, I have my doubts.

I was not complaining about the amount of money that it takes. I was simply pointing it out to say that we don't have it. And I think that this is - I'm agnostic

as to what activities ICANN carries out as long as we are carrying out the activities that support the needs of the community and the organization. This review has occurred. WS2 has occurred. There are recommendations. The board will look at them and will look at them in consideration of resource requirements associated to those.

So that's the third element of the equation that (Carlos) was mentioning, is that we simply need to find the funding for it, which was my point earlier about prioritization.

And as (Keith) was pointing out, it's not just a GNSO Council issue or challenge to prioritize activities, it's an ICANN ecosystem issue. And we've not necessarily been good over the past years at trying to prioritize the work. Everything is important, everything is needed. And that's not an easy way to go, and it's not one that we can afford in the future.

When I arrived at ICANN, we were spending 40% less than what we were making so the question was never upon do we have enough money or not. It was always the limitation of the bandwidth that we had to produce more work. That was the limitation. Today we have a lot more work than we can afford to spend on. It's as simple as that. Thank you.

Keith Drazek: Okay, thank you very much, Xavier, Becky and (Shawnie), our colleagues from finance at ICANN.org, a very, very constructive and helpful and illuminating discussion. Thank you for all the work you do.

As you noted at the outset, the work that finance does in terms of presenting budget information, finance information, to us as the community is critical for transparency and accountability and the work that we perform as a GNSO and council as it relates to the empowered community.

So in addition to keeping everything running and funded and all of that, thanks for all the work that you do to help us as a community to understand

that to the extent possible. So thanks for joining us and apologies for the delay getting started.

Okay. So with that, everybody, we are actually 40 minutes over our projected agenda time. So what we're going to do, the next item on our agenda was going to be a discussion of PDP 3.0 implementation. What we're going to do is defer this to our working session on Wednesday, Thursday? Wednesday, thank you. So our working session.

We're deferring it not because it's not important, frankly it is. This is something - PDP 3.0 implementation, we discussed it at our face to face during the strategic planning session. There's a small group that volunteered to continue working on implementation work. And that's something that we need to make sure that we continue to do and put energy behind intercessionally.

So we will come back to PDP 3.0 and have a substantive discussion about that, where we are, where we need to be. But we're not going to do that today.

So we will move now then instead to an EPDP update. And I believe Kurt is with us, Kurt Pritz. Please join us up here. Thank you very much. And at this stage, I'm going to - when Kurt gets up here, I'm going to hand over the mic and the reins to this session to Rafik and to Kurt.

So get your questions ready on the EPDP update. There was a good and substantive session yesterday. There were some brainstorming activities that took place. And let's go to there. So Rafik, let me hand this one over to you. Thank you.

Rafik Dammak: Thanks, (Keith). It's Rafik speaking. So I guess we - first we can give update from yesterday meeting or you want that we start with lessons learned?

Keith Drazek: So why don't we - actually I'll defer to the two of you. I don't have strong feelings about which goes first. I know that the update from yesterday I think is important as we as a council engage with the EPDP working group to properly scope and to develop the work plan for phase two, right?

I think in a forward looking way, this is a really important conversation and understanding for us to have. But with Kurt here and, you know, maybe looking at phase 2 lessons learned and how we can take that into the future would be helpful. Thanks.

Rafik Dammak: Okay, thanks, (Keith). I think for the - I mean, the update would be quite quick because we have started the preparation for the - I mean, the next steps for phase 2. So we shared - I mean, the plan last week the plan with the EPDP team about what you are planning in (unintelligible), taking advantage to be - to have a face to face meeting.

And so we had the sessions yesterday, first to explain the expectation from the council to the EPDP team in term of providing a work plan and time for phase two and then also get input from the EPDP team members in particular to hear if they have any statement about their expectation for the coming phase.

And we conducted brainstorming exercise, asking like three category of question about the resources that they would like to get support to work for phase two and also about the dependencies and interaction with regard to other efforts and, if I'm not mistaking, about working efforts just to understand about what maybe we need to change for phase two and also about the commitment.

So I think that was quite fruitful exercise and we have a lot of sometimes diversion perspective on how we should work in phase two. But we will continue the discussion for this week and try to get a draft work plan or some proposal as soon as possible for the GNSO Council consideration.

We're also planning today to meet with technical study group. And also we had a meeting with GTD to discuss about implementation and we will continue that dialogue this week, too. So that's for the plan and what we did.

And now I guess we can move to Kurt for the lessons learned.

Kurt Pritz: Thanks, Rafik, and thanks, (Keith). And thank you, everybody, for your time. So our lessons learned document really takes some time to cogently prepare to make really meaningful.

So what you have here is some thoughts I've had about various important aspects of the process we went through in phase one, and I've bounced those ideas off of the team so - in order to assess whether I'm on the mark or living in my own little bubble.

So I really - the takeaways from our team that operated maybe a little bit differently than other teams, where I wanted to provide some understanding of their effectiveness or lack of effectiveness, were the value of face to face meetings, the use of outside mediation experts to help us in our deliberations, the implementation of an Adobe Connect room for observers.

We used small teams in a way that I'll explain later that's slightly different than other policy development efforts. I found the consensus assessment process to be difficult in some areas and not in others. We used independently legal advice I think in an effective way. And we also conducted the comment period in a slightly different way than before.

So I'm going to talk a little bit about each of those. And then, you know, I also afforded the time to opine on things that I didn't mention. So I'll have a comment there.

So I think face to face meetings are very valuable because significant amounts of time can be devoted. You're not limited to 90 minute or hour calls. But even more importantly, it's the hallway conversations, the time between breaks where people talk and where agreements are really often forged. So for those two reasons, I think face to face meetings are indispensable, especially when it becomes - when trying to deal with difficult or consensus issues.

I wouldn't define face to face meetings as being efficient because they're expensive in the personal time people have to spend and the travel you take to places and the other burdens imposed on team members. But, you know, we can make progress because we can devote more time to a topic. You know, for us to devote four hours or six hours to a topic on a phone call would seem to be outrageous. In a face to face meeting, you spend two-thirds of a day on something really important, you think it's time really well spent.

I estimated we spent 500 hours on, you know, one of the purposes in the - you know, in person hours in the group in all the face to face meetings. But at the end, I think that was a really important result.

Some of our team members indicated that it's - face to face meetings are really beneficial but remote participation at a face to face setting is really tough. You can't sit at your phone for eight hours, even though some of us did for some of the other meetings I'd say. And I think that ICANN should, in addition to analyzing the costs associated with different venues, take into account the VISA challenge associated with different venues. So for the second face to face meeting, we purposely moved out of United States to resolve some VISA matters but we wound up going to Canada where it created issues for three times as many people. So that's - maybe that should be part of - there should be some automatic button to push when you're looking at different cities.

With regard to outside facilitation -- and I wouldn't call it facilitation, I'd really call it mediation where we're really looking for unique ways to resolve conflict and how to reconstruct our teams -- and so we retained CBI. And, you know, their value was really brought home to me in one of the meetings. So I think they helped us on six days, six face to face meeting days.

And on one of those days, instead of two of them, (Gina) and (David), there was only one, and they were in a panic. How can one of us, how can one of us handle this meeting? And I was thinking, well, before you were here, there was only Rafik and I and the support team.

So the fact that outside mediation experts think that they cannot manage a face to face meeting without more than one of them there indicates to us the burdens that are imposed on the support and leadership teams in monitoring the chat, keeping track of the discussion and then trying to make some sort of substantive contribution, finding some intersection in all the discussions where there's some chance of agreement.

I think that this has been done before at ICANN but I think this was an initial stab at that. And I'd like to see you talk about how mediation techniques could even be improved in our policy deliberations and how we can - you know, what - get out the mediation manual and see what innovations we can make and what our standard mediation techniques to adopt to our model. I think that would be terrific.

The team also - somebody from the team also noticed - noted that a lack of special interest or dog in the fight was - that they're independent was a benefit for them.

This team also implemented an AC room, an Adobe Connect room, for observers so not just the ability to listen but also to see, either the presentations or the chat room. So in my opinion, that's an excellent step in the right direction. We really need to make that a fully baked AC observer

room in order to be fully transparent. Observers should see the chat, be able to scroll through the chat, see the presentations and all that.

So, you know, when this was first requested, I understood it was technically impossible to create an AC room for observers. But then (Marika) asked Terri Agnew to take a look at it. In 15 minutes she had figured a large part of it out, which makes her a technical expert. So I think that's a step in the right direction.

Small teams. So we also utilized small teams. And typically in PDPs, I see subgroups employed to like divide and conquer, like take up topics in parallel. We used small teams in a slightly different way in that in the mediation theory that a smaller group of people have less of these barriers in the way to communication and can communicate a lot more closely and arrive at consensus or agreement more closely when you're staring somebody right at the face - in the face.

So some of our small teams actually divided up and discussed the same issue and then came back with their agreement. So on one hand, we found it to be terribly effective. In our Los Angeles meeting, we sent a small team out of the room with this really contentious issue and we got 15 minutes into the next topic and they were back and had it solved.

There's a rub though, right? And the rub is taking the agreements made by the small team and have them adopted by the larger team. And that proved to be the trick. We got a little bit better at that, improving our techniques in how we populate the small teams and the deference given to their decisions.

So I think, you know, these agreements that are made by these small teams can be really helpful because they're quickly developed but then those agreements need to be nurtured in a very careful way. And so the - so I think - and the comments of the team here echo that.

But, you know, we need to - I think they're a really valuable tool but significant work needs to be done to make them really part of our toolbox.

Consensus assessment. So, you know, as the chair, I was told I was given a wide range of - a great deal of discretion in how this would run but then I understood there was a set of guidelines and within the guidelines, there's a set of rules. And the rules tell you how you have to do it.

And I think that, you know, as a first timer to doing these consensus calls, you know, I was always - you know, I'm still of the sense that, you know, we get really hard fought agreements in these meetings, where we discuss something for six hours and we're done. And the done is signified by a round of applause sometimes. And we put that agreement on the shelf. And then somehow there's a consensus call where that's another huge chasm to be leapt over in addition to the agreement.

And my thinking is, once we have an agreement that, you know, the step to consensus must be - should be more of a bunny hop than a leap across the Grand Canyon and somehow we should work on the training of our chairs and our teams to say that the step from hey we have an agreement, now let's put this on the shelf with some label of consensus, that should be some sort of natural progression and not sort of significant step. So I think that needs more work from us.

On legal advice, my take is that legal advice was indispensable for this EPDP. We faced many legal issues and we - I think we did a pretty good job of separating our what was policy from what was legal and farming that out. I think that the model that the team or a subteam like a legal team put the questions in writing is a good step because that forces you to think about what your question is and create a question that's answerable.

So from my standpoint, having the legal advice sort of at arm's length helps focus the legal questions. In our case, some of our team thought, you know,

the legal advice came on to the scene too late. That's probably true. But they proved valuable. We had, I think, seven questions that we put out to them, and we received answers on six and a half and they're still debating on one of those.

I just want to make a point that legal advice I don't think is required for most PDPs but for this one, yes.

We amended the process for how we solicit public comment. So instead of like publishing the initial report and saying send us your comments, we instead made the comment form on a topic by topic basis.

That was borne out of my personal gripes. One is that I spent several years of every three-day weekend sitting on my couch watching TV sifting through comments and trying to put them into the right bucket in the new GTLD program and writing those explanatory memos.

And the other one was where I've actually made comments with carefully - what I thought were carefully thought out rationale and then seen the comment come back, you know, Kurt voted yes for this and no for these two things but without my rationale.

So the staff did a really good idea developing in short order and -- well, I'll talk more about improvements later -- Google forms were… And, you know, you could look at the raw data and I could say, okay, what did so and so think about this issue because we're going to talk about this tomorrow. And I could see it easily.

I also understand from staff and maybe (Barry Topkin) reinforced this but, you know, I think this saved the staff literally hundreds of hours in creating their comment summaries that made it much easier.

And so I hope for the future this sort of evolving process of collecting public comment can be developed in such a way that maybe, you know, staff or somebody hardly has to touch it, that it goes into the right buckets for our review. So I didn't ask the team for comments on this particular one because I thought it late.

But I'm really a strong proponent for collecting public comment issue by issue so it's really easy to see not only whether people support something or not but their reasoning that they type into their letter actually gets into the reported comment.

I asked the team finally, you know, what worked well, what could be improved, you know, what puzzled us. There were a lot of comments about the large workload so we're all familiar with that. And sadly for the team members, the people they commented to about the large workload were Rafik, I, (Marika) and (Caitlin) and (Barry) who are like the only people on the planet working harder than them. So they didn't get any sympathy from that.

There's significant comment about how a chair should run a meeting and carefully tailor the dialogue so not so much time is wasted. I find that - I take that on board but I find that really hard to do without knowing what people are going to say in advance.

And then finally that there's a sentiment that calls longer than 90 minutes cause diminishing returns. But in some cases, when we got - were down to the very end and we had to meet for three and at the end, for even four hours, in a phone call, those phone calls were pretty energetic because people were excited about getting to the end. So it's a topic that the team is debating right now.

Did I talk too long?

Rafik Dammak: No. Thanks, Kurt. I think that you covered many areas and that was quite exhaustive. So let's see if there are any question or comment. Okay, (Ariel), I guess that's two remote questions. Yes, please go ahead.

Ariel Liang: This is (Ariel). I'm from staff. There's a remote comment from George Kirikos the Google spreadsheets and forms were difficult to navigate and criticized by commenters. For example, see footnote three on page three of the (unintelligible) report. And he put the link in the chat.

Kurt Pritz: Yes, so I think - yes, I think George is right. And we built that and staff wants to reply, we built that pretty darn fast. And so that's an opportunity for making it better I think.

Rafik Dammak: Okay, thanks, Kurt. You wanted to follow up, (Marika)? Yes, please go ahead and then we'll go to (Michele)?

Marika Konings: Yes, this is (Marika). Just to note that indeed of course it required a change - or it requires a change in groups who are maybe used to submitting comments in a certain way. And I think that's why we saw as well some of the feedback that, you know, it required them some change in a comment period that was shorter than, you know, the standard ones. So we can understand that that may have created some frustration.

                  But I think as Kurt noted, I don't think it would have been possible for staff to summarize the volume of comments and organize them in a way that would have allowed the EPDP team so quickly to start its detailed review. So it did help a great deal from that perspective.

Rafik Dammak: Okay, thanks, (Marika). (Michele)?

Michele Neylon: Thanks. (Michele) for the record. Thanks, Kurt, for the update and we keep saying this to you but thank you and the others for putting in such an

incredible amount of work in such a ridiculously short period of time. You will be sainted, anointed and generally lauded.

Two things. One is one the methodology for collecting the comments. I fully appreciate and I think your comments about how that helped to streamline the triage of the comments, totally agree. I think that's one of the issues with ICANN and many other organizations is there's an awful habit of kind of getting into set ways and not trying new things. So I think that's - should be welcomed.

I do think, however, that -- and this is rare that I actually agree with George Kirikos -- the Google forms was probably not the best tool for the job. The main reason or the main criticism with it is that because it literally published your draft comments.

If you were submitting - I think it was, I can't remember how many questions, like 40 or 50 questions. If you were doing it in batches, so you answered, say, three or four, those were published immediately so people could see your responses before you'd actually finished. So it's a bit - it goes to a bit about your context point.

There are other tools out there. And I appreciate in the short timeline that you probably didn't get a chance to use them. But I mean, that's something I think could be explored. I am supportive of trying new things.

The second one is specifically around the legal advice. I mean, based on what we've seen from the outside, those of who were following the EPDP closely, the legal advice that you got seems to have been - have worked in terms of, you know, the questions and the way it was handled and the way they were received.

What I would love to understand is how come getting legal advice this time worked whereas in the RDS PDP it was a massive failure.

Kurt Pritz: So they don't call me Quick Kurt for nothing. So…

Michele Neylon: I took a note. They did call you Quick Kurt. And this is something that we need to take offline with your wife.

Kurt Pritz: So anyway, people have been very kind in the last couple of weeks, thanking me. And I know it sounds cliché to make it a team effort but as I go around the EPDP room in my mind's eye, I can remember a significant compromise made by every single person in the room in an effort to get to agreement. Especially towards the end, it was pretty amazing.

                  The staff work was also intense but the period from, say, Christmas Eve to two weeks ago was stunning in the amount of work that was turned around. And, you know, all those data workbooks that (Barry) did and the - you know, collating all the comments and the evaluation of them and getting ready for the meeting and then writing the reports. So I think that's where the credit really goes.

                  Yes, and so I agree with you completely on the comment form. And in an embarrassing admission, I got on Skype one day and said (Caitlin), do you know that comments are public as soon as people type them in. And so we did some investigation and realized that was the case. So that's definitely on the list of improvements for that. Thanks for the support of the idea of change being good.

                  And, you know, I don't know how the other legal advice team went. We had a limited number of questions, I think seven. There will be more in phase two. But - so I can't really compare that. But they did do a pretty good job of trying to divide legal from policy.

Michele Neylon: Sorry. It's (Michele), very briefly. What I meant is that the legal advice was actually accepted whereas in the RDS PDP, the legal advice was challenged

every single time. So it kind of went nowhere. It was like you might as well not have had it whereas it seems that in the EPDP, it was accepted and it wasn't constantly challenged.

Rafik Dammak: Thanks, (Michele). I heard about Google form and maybe in general about trying new approach on the (unintelligible). I know we - sometimes we spend a lot of time discussing this because, you know, I guess change can be resisted. But if we don't try, we cannot know if it's - we need to think about how to improve.

So the thinking in that term is we had really short and that time constraint - a short time and that time constraint to get the consolidation of all comments and to prepare for the comment review. That's why we thought that tool will help us. And even with that, we spent the time… No, no, I'm not saying that but just to explain the…

Michele Neylon: You don't need to, Rafik. My comments were supportive of the methodology. My - I was just giving some hopefully constructive criticism…

Rafik Dammak: Yes.

Michele Neylon: …about some weaknesses with it. And I was very conscious of the fact that you did it all within the timeline. And I think Kurt's point about the hours and the time that the staff put in to deal with that over Christmas, that's something that people need to be - to keep at top of mind. I mean, ICANN staff had no Christmas this year because of the EPDP, which is ridiculous.

Rafik Dammak: Okay. (Keith)?

Keith Drazek: Okay. Thank you, Rafik, and thank you, Kurt, very much for the summary, the review, the assessment, lessons learned. I think we'll continue to have some good engagement on that as we move forward as we look at phase two, as we look at providing some further guidance to the EPDP working group and

the working group itself takes on, you know, how it develops its own timeline and work plans to - in order to deliver on a standardized system moving ahead in short order.

So thank you very much for your engagement here today. And I know that the council will continue to discuss the EPDP looking forward in phase two during our working session on Wednesday. So thank you.

So with that, let me just note, we are - we have board members arriving for our lunch. So let's go ahead and wrap up at this moment. Please all councilors, clean up the space around you, make space for our board colleagues and take a five minute break and then come back, get your lunch, come back to the table and we will begin our working lunch here in about ten minutes. Thank you.

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