
BUENOS AIRES – Joint Meeting of the Registries with the ICANN Board

Tuesday, June 23, 2015 – 14:15 to 15:15

ICANN – Buenos Aires, Argentina

STEVE CROCKER:

We're about ready to start.

Could we have the topics put up, please? Fantastic. Thank you. Welcome, everybody. This is the meeting of the registry constituency meeting with the board in the experimental new format that we're trying out here of having a selected set of people from the registries and a handful of board members engaging in some lively and spirited discussion of a selected set of topics.

We'll look for feedback later on whether you like this or hate this or know how to improve it or whatever you think about it.

Let me just immediately turn things over to Keith. I guess I should say we have Rinalia, Asha, and Mike and Erika sitting here with me, and I'll try to be as quiet as I can and let the others speak.

Keith?

KEITH DRAZEK:

Okay. Thank you very much, Steve.

Hi, everybody. Keith Drazek, chair of the registry stakeholder group. I'm joined here at the moment by Paul Diaz, Chuck Gomes, Jordyn

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Buchanan. We will have a couple of other folks I think join us as we go, depending on the topic we're discussing.

Thank you very much for this opportunity and thank you for suggesting that we take sort of a unique new approach. I think this is an exciting change. We'll see how it goes, of course, but, you know, always up for trying something new.

So on the screen, you'll see that we had submitted three items for discussion, and when we were asked to submit our ideas, it was about -- I think it was about six weeks ago and these were sort of the hot topics of our day at the time, and I think they're still very relevant.

If the board would like to introduce any additional topics, we would certainly be open and would certainly welcome that.

So the first item on our agenda will be related to operational issues. As customers and consumers of ICANN's services, the registries, as contracted parties, have unique concerns. Maybe not entirely unique because I think the registrars share some of our concerns. But that's an item we'll want to talk about.

The next item is budgeting.

The high-level point on this one is to ensure that the ICANN divisions that we interact with and rely upon every day are adequately resourced to accomplish their mission.

And the third bullet item was sort of a placeholder for IANA transition and ICANN accountability.

I understand that you've had many, many conversations about that already today. We recognize that IANA transition and ICANN accountability are ongoing workstreams. The expectation and hope is the CWG transition proposal will be approved this week and that the CCWG accountability will continue its heavy lifting this week with two more working sessions Wednesday and Thursday.

So I think my -- our thought is that if there's anything you would like to talk about related to IANA transition or ICANN accountability, we can, but it's not the number one topic for us. And if you have something you'd like to add to the agenda, we would be willing to move this one down or off.

So we'll just leave that. It was simply a placeholder at the time that we submitted.

So maybe I'll pause there and see if anybody has any comments or questions.

Okay. So I'm going to tee up the first issue and then ask my colleagues to weigh in with more specific examples or discussion points, and then we really would like this to be a dialogue. We're not here to, you know, simply, you know, make points. We really would like to engage in conversation.

So the registries, and particularly the new gTLD registries, which are now the majority of the registry stakeholder group, have some fairly substantial concerns about operational issues and operational performance.

I think the most recent and concerning one was the data breach issue, and there's a list of others, to include Trademark Clearinghouse and a number of other examples.

So our concern -- and I'll just tee this up and then move to others -- is that as customers of the GDD and of ICANN, we rely on the services you provide and we need to have predictability and the ability to rely on those services, but it's more than just operational. It's also a matter of communications and how issues are dealt with when they arise.

As operational entities, we all know that things happen despite, sometimes, our best efforts, so it's a question of how we cooperate and collaborate and communicate when things do come up.

Of course we would love to work with ICANN and the GDD and the various divisions to ensure that through collaboration and working together, we're able to try to prevent the issues from arising in the first place, but this is a bit more broad than that. We really do want to talk about the communication aspect.

So with that, maybe I will pause and see if anybody would like to weigh in from the registries or if any board members or staff would like to weigh in. Thank you.

PAUL DIAZ:

I can jump in, Keith.

KEITH DRAZEK:

Please, Steve, go ahead.

STEVE CROCKER: Well, I think we've been watching this stuff from the board level and have some quite strong feelings about it.

Ram has been perhaps closest to it, as co-chair of the risk committee and heavily knowledgeable technically.

Do you want to say something about the -- where we stand on these things, both the reaction to the breach immediately and the longer term?

RAM MOHAN: Thank you.

Both Mike and I are here. We're both co-chairs of the risk committee.

When the breach -- and it's not just "the breach," right? There's been a series of issues that have come up. They've been disclosed.

There are two or three things that I wanted to point out.

First is that ICANN, the organization and the staff, have taken a clear position that when these kinds of events occur, that they be disclosed and disclosed in as expeditious a way as possible. That's a basic principle that we've adopted.

The second thing is that the board risk committee -- these kinds of issues are now systematically in front of the board risk committee. Not just the individual issues, because these things operationally, they come and they go, but the larger issue that the board risk committee

is focused on and is looking at are questions about whether there are systemic problems underlying these kinds of occurrences and looking at what -- what kind of security architecture, what kind of work process exists in place at ICANN.

The reality is that over the last few years, ICANN has rolled out a large number of services on a variety of platforms and there is now -- prompted by specific attention from the risk committee and from others on the board, there is now a clear plan that is being put in place. It's not in execution mode yet, but there's a plan in place to work on platform consolidation, as well as having external third-party review of multiple aspects of operational security, starting with the basic things of penetration testing, things like that.

But in addition to that, to -- to looking at what kind of processes exist for creation of -- creation of services and products by ICANN and the rollout of those, making sure that on the people side, that there are the right kind of staff, as well as consultants, brought in.

We had noticed that in the past there was perhaps not as many in-house staff with the level of expertise that might be relevant to address these kinds of concerns. We've raised that and staff have a plan in place to both increase in the number of people who are there, but also increase in terms of the skill level and the skill set. So it's senior-level people who have strong experience.

So in short form, there's a focus from the board risk committee, directed with staff with regular updates, with focus on process, on

people, on the products and the services that are being rolled out, as well as what is the security architecture that is in place.

So that's at a high level.

Specific to this breach and other such issues, for the most part, what the board is looking at is ensuring that there is adequate attention placed on these issues and that the communication and the presentation of information is provided as quickly as possible.

There is one small piece there that we end up balancing, and all of us who are in the registries area understand this. There is the balance between how much you disclose versus how much you disclose, right? I mean, it depends on what -- what are you trying to achieve. And the intention is to disclose information about breaches or about vulnerabilities, to disclose what actions are being taken to address that specific issue, and also what actions are being taken to ensure that similar breaches do not occur in the future.

Sometimes you will find that there is not enough -- or there's not a great depth of information about that specific thing, but that has to do sometimes with operational concerns than anything else.

KEITH DRAZEK:

Thank you very much, Ram. That was --

ERIKA MANN:

I'm just trying to get Steve's attention.

KEITH DRAZEK: Oh.

STEVE CROCKER: So --

KEITH DRAZEK: Thank you, Ram.

STEVE CROCKER: -- Paul wanted to talk, and Keith is in charge.

KEITH DRAZEK: So I'll take a queue here, but thank you, Ram. That was very helpful. I think one of the questions that had previously come up in registry stakeholder group discussions was around wanting to ensure that the board was informed, aware, responsible for, you know, sort of managing these types of instances, and your comments about the board risk committee I think are very encouraging in that regard. I think that's very helpful.

I also wanted to note -- and I apologize I forgot at the beginning -- but we had a call two weeks ago, one of our regular biweekly registry stakeholder group calls, where Ashwin and Akram both joined us to talk about this specific issue, and I found that call to be very informative, very encouraging, and so I wanted to note that we have

had previous conversations about this and I personally came away from that conversation feeling a lot better than I had before.

So just wanted to note that for the record.

So let me stop there and see if any of my colleagues would like to weigh in.

Paul and then Jordyn and Erika, did you want to get in the queue?

ERIKA MANN: Yeah.

KEITH DRAZEK: Okay. Thank you.

PAUL DIAZ: Okay. Thanks, Keith, and I'll -- Paul Diaz from PIR.

I want to take you in a little bit of a different direction and focus on the communication aspect.

Keith just made the point we are very appreciative of GDD extra effort, in particular over the last year, to be more communicative. We have biweekly calls, and staff regularly makes themselves available for interaction. We've had special calls with Ashwin and special calls with Steve and Bruce to address an issue.

You know, so there's -- there's a level of communication that exists. It's improved over the last year. We hope it keeps improving further still.

What I'd like to focus on, though, is something that came up this morning and make sure that the board is aware of.

When we talk about some of the solutions to these operational issues that have arisen, we on the contracted parties side of the house get the feeling that some of the solutions are developed by ICANN for ICANN. They're solve -- staff is solving an ICANN problem. ICANN's broader than just what the staff's needs are.

If it relates to the GDD portal -- and we were updated there's efforts underway to revamp, to improve, to strengthen the GDD portal -- one thing that came out, you know, we realized we are the primary consumer of that portal. And so under the initiative of better communications, wouldn't it make more sense to be more collaborative with the customers that the portal is meant to serve?

Recognizing there are limits to that, but, hey, we're under contract already. Potentially we could sign an NDA. But there is an awful lot of expertise, technical knowledge, operational know-how, with the same software that you all are using. Why not leverage it? Work with the community? In this case the contracted party part of the community that you're serving.

We're your customers. We want to get it right. Because if we wait until a solution is developed by staff and presented, we're too far down the road.

ICANN's made a big investment. It's very hard to adjust certain things. Where bugs or other glitches are identified, they become these big problems, and in turn it will boil up to the board.

So I guess what I'm asking is for the board to understand communications are good. I would hope that there is continued interest and pressure from the board to ask, "Well, what are you doing in interacting with the end users, with the customers -- in this case, the contracted parties -- specifically about GDD portal?"

KEITH DRAZEK:

Okay. Thanks, Paul, and I think maybe what we'll do is if there's interest in speaking, we'll alternate between stakeholder group and board members, so Jordyn, if you'll hold on a second, Erika, you're next.

ERIKA MANN:

Yeah. Thank you so much, Keith. I hear some frustration. Taking from the frustration, I understand that the way the communication channel worked wasn't sufficient and you would have expected a different way of communicating.

Now, when you look -- and you -- even a deeper involvement in solving the problem, which I understand.

Looking forward, what are your three recommendations? Or two or one?

KEITH DRAZEK:

So I'll take a first --

Yes, Akram. Go ahead.

AKRAM ATALLAH:

Can I just address Paul's issue?

So Paul, as we mentioned in the registry stakeholder group meeting this morning, there is a user group on the portal that is formed by the registry team. That's been going on for about -- almost a year now where we're getting feedback on how -- your needs for the portal and what we're going to do next.

The roadmap on the portal has been delayed slightly because of the issues that we've had, and we've articulated that to the registry stakeholder group, and we will continue to work with you on the development and the feature set as we've done in the past, so I hope that -- I think I want to -- I want to make sure that the frustration is out- -- is explained where it really is. It's not that we're not engaging with you on the definition of the portal, but it is that we've delayed the roadmap on the portal because of the issues that we've been dealing with to secure the portal first and then -- and then move on with the changes. Okay? Thanks.

KEITH DRAZEK:

Okay. Thank you, Akram. Again, for the transcript, this is Keith. Erika, I think sort of at a high level -- and we could probably come up with many bullet points of recommendations, but I think at a high level, I think as the organization, as ICANN is, you know, evaluating a problem -- right? -- let's just say we have an operational issue, and reacting to it, I would ask and recommend that the direct customers or consumers of the service impacted be considered, at least on the top line.

Maybe sharing the top line with other concerns like just general PR and damage control and the things that you always have to worry about when you've got an operational issue that becomes public.

But I think the customers, the direct customers, those that are impacted -- and particularly if it's a registry because there's a ripple effect, a trickledown, in that if it impacts the registry, it probably impacts the registrar and may impact the registrant, depending on the nature of the issue.

And so I would just, I think, recommend that as the organization is reacting to an issue or events, that it remember that the customer is on the front line and needs to be considered in that regard. And maybe that's already happening, but I think that's just a thing that at a high level, at a sort of principled level, that we'd like to see. And maybe I can ask Jordyn if he's got any further thoughts.

JORDYN BUCHANAN:

Yeah. It's Jordyn Buchanan from Google, for the record. And -- and I don't actually don't have thoughts on this communication topic in particular.

Erika, you asked a good, specific, concrete question and I don't have a very good, specific, concrete answer for you, but I do think if we take a step back for a minute, I think there's a lot -- we can find a lot of places where, if you want, registries can come and complain at you and tell you specific -- you know, "On the portal, here's the five things you would fix, and on, you know, the assignment process, these are the two things we'd do, and invoicing, these are the three." But I mean hopefully that's -- hopefully you guys don't view that as a great use of your time and how we should be interacting with the board.

I think instead, what we need to do is step back and think about like why is -- why is this happening? Why are registries frustrated? Because I think there is a lot of frustration and you see a lot of reactions that -- you know, along the lines of like "It's not fair," right? "Like we have -- we have SLAs. Why don't you guys have SLAs? Why do you guys let us down?" And that's, I think, just a reactive argument, to a certain extent, but it's reflecting the fact that we feel like we're not getting the levels of service that we expect. And I think part of that comes from maybe differing definitions of operational excellence. I know Fadi has talked about operational excellence a lot.

And I think I am a big believer in the fact that you get what you measure. And if you look at the presentations we get from staff, it makes no sense. They're full of numbers about thruput basically,

right? So from a certain perspective, that's operational excellence, making sure you can deal with all these new registries and having checklists and procedures and stuff like that. That is part of operational excellence.

But another really important part of it is like what's the quality that's being delivered behind that. Is it making customers happy? Is it easy to use? All of that stuff. And that's not very well captured in the current set of metrics that we have today. So I saw that the GDD is planning on starting to do more customer satisfaction surveys, attaching individual cases. All that's really important. And I think that needs to be tied to the objectives of the GDD as well. And how their success is measured is based on how happy are they making their customers, how is it is -- like, we want to pay you money. But the person who handles invoicing for us on our side came to this meeting with six issues. That makes it hard for us to pay you, right? And so that should be the easiest thing in the world, is I want to pay you money. But, you know, you're making it hard.

And those sorts of things, like, we just -- we should be in a mode where we're measuring quality and not just thruput.

KEITH DRAZEK:

Thank you, Jordyn.

Steve, you're next.

STEVE CROCKER:

Thank you. When this incident became known I was drawn into a call quite rapidly. And I just wanted to share the things that went through my mind. I could see that there were three things that were competing for immediate attention. One was, of course, getting control of the system, buttoning it up. Another was finding out what the damage was and investigating how broad the incident was.

And the third, which I say last on purpose, because I want to emphasize it, not because it was the least, was communication. And we had vigorous discussion over a few minutes and discussed sort of the sequence of things. And if I recall correctly, I felt very strongly that we had to be careful not to delay the communication any longer than absolutely necessary. So there's some alternatives in this. And I think if I recall correctly, I came down pretty hard on the side of let's get it out quickly, lest we create a bigger problem than we had already.

There was a fourth thing that was competing for attention which was - - I have to edit my words to eliminate the swear words. Why were we in this position? What do we do? What was the root cause for being in this position? That's an agenda item for how do we make sure that we change our internal processes. What do we have to do in terms of processes, people, and so forth? And I felt very strongly about that. And that's underway, which Ram also mentioned.

But in terms of immediate actions, those three things compete for attention. And everybody who has been in an operational position like you have suggested has to contend with those things that need attention right now and we got to go in three directions at once. So

it's a little bit hard. But that's what we get paid for, right? So you just do it and.

But the communication is a first-class item. It is on the top line.

KEITH DRAZEK:

Thanks very much, Steve.

Yeah, I think anecdotally I recall in the discussions among the registries there was some frustration in this particular instance expressed about more information, whether it was accurate or not or quoted or being available through blogs and in the media and where the registries felt like we were still waiting for an explanation. So there was, you know, a quote or a statement or something that appeared to be public. And we didn't have the information that we needed. So just one anecdote about an example that may be an illustration.

I think it's important to note that when we talk about communication and collaboration, it's really -- there's two parts to that. One is let's collaborate and communicate well up front to avoid problems, to make sure that we're working together closely to minimize these types of issues where possible.

And then it's a question of if something happens, let's make sure that we're communicating clearly and concisely and as early as possible. I think those are the two -- the two messages that I think are very much related.

So, Fadi, yes.

FADI CHEHADE:

Okay. Thank you, Keith. First of all, thanks for your input and feedback. But please no more platitudes. If there are issues, we need lists. I cannot take more "We don't know", "Your quality is not good, you don't care." Give me a list.

You gave me an excellent list last year. How many items were on it, Keith? 46. How many are still open? Three. We're closing them.

This is good. But coming to a forum like this and throwing up "Your quality is not there," let's go to real numbers, real facts, lists and we'll address them. But this team is committed to serve you well. There's no question about that. This shouldn't be questioned. We are doing our best. You gave us a list of things where frankly you remember how much -- I was very appreciative of that list because it's different from platitudes and just general statements of unhappiness.

We served you well on that list, and we communicated to you regularly on how we're fixing these things. You've told me we have done well on that.

Let's do the same. If you have new issues, give us a new list. Let's renew it.

But, operationally, we don't speak platitudes. We speak numbers, facts, SLAs, issues that you want us to fix. And I will commit to you that we will fix them, and we'll get back to you.

As to communications, again, many general comments about not good enough communications. This data breach was an extremely complex situation. It had legal ramifications because some members of your community also had done certain things.

So we could not easily just tweet about it. We had to go through a process. Some people on this team didn't sleep for a couple of nights preparing letters of communications to the community so we make sure everybody gets the right letter with the right information with what was breached, when it was breached, by whom. This is complex stuff.

So I'm going to ask Christine in two minutes to go through the steps they went through to communicate this and then back to specifics. I would like some specific guidance from you on what we could have done better.

CHRISTINE WILLETT:

Christine Willett.

So speaking of the most recent Salesforce incident which began on February 27th, 2015, within an hour or two of being notified of the issue, the team confirmed that the system did, indeed, have a vulnerability and the system was taken offline.

We communicated to the -- anyone who accessed the portal or attempted to access the portal by putting up a non-availability, system out for maintenance page.

On Tuesday morning, the system was restored and communication went out to all of the contracted parties that the system access had been restored. We provided regular updates every week to two weeks as we continued to investigate the issue. We shared information about gathering of log data, the analysis of log data, the parties we engaged to assist us in that effort.

At the end of March, we committed to an April 27th date to communicate to both affected parties and the -- those who had access data. So we committed to a date. And then we followed that up and committed that full information would then be disclosed on May 27th.

And we met those dates. We set date, and we met every one of those communication milestones.

KEITH DRAZEK:

Thank you, Christine.

Ashwin?

ASHWIN RANGAN:

I'd also like to take the opportunity to sensitize the degree of effort that is involved in looking at log files. We received well over a billion records, with a B. And we had to go through that literally filtering it down from that vast number to the critical few that really were indicative of that specific problem having been encountered and then to ascertain how the problem had been encountered, whether it was by happenstance or whether there was something going on that we

needed to be more aware of so that we had other potential windows and doors that had to be closed.

That is a process that has to be gone through with rigger. We were informing and keeping you informed of the steps that we were taking, but we couldn't compress the time line any more than we did.

When we announced the dates ahead of time, the only alternative we were left with is to extend the workday, and that's precisely what we did with staff.

There are multiple weekends, as I look back, when there were no weekends and there were no days and nights because we had to go through this extraordinary volume looking back two years. I just wanted to make sure that dimension is understood. Thank you.

KEITH DRAZEK:

Thank you, Ashwin.

Ram, you were next in queue, then Jordyn.

RAM MOHAN:

Thank you. I think this incident is a pretty good example of the need for a protocol that really has to be built. We're learning how to do this. And I can say that if I was a registry, which I am actually.

[Laughter]

But if I was wearing that hat and listening to what I was hearing, what I would probably say is we understand there is a great deal of effort but

what we need is some level of a protocol that allows us to understand and get some visibility, whatever you're able to, some level of visibility into what you're doing and what the potential impact might be on me as a registry, right?

And that's -- I don't want to take the time and the oxygen here to discuss this specific case. As operational communities, we're going to have lots more cases like this. Some much worse than this potentially, right? That's just in the nature of the beast.

And my suggestion is that between the registries and staff, what we should do is sit down and get together and say, What is a protocol? And what are the places where we -- what can we share? What would you like to get shared? Let's work on that. I think that is really the way forward to move.

We've got the regular registry calls, et cetera. But these are the kinds of things that may spark an extraordinary event, some sort of an escalation process. And perhaps that is what we should focus our energy on here.

KEITH DRAZEK: Thank you, Ram.

Jordyn?

JORDYN BUCHANAN: Yeah, to agree with Ram and take it back to the point Fadi made about lists, I think we're perfectly happy as an operational community to

make sure we get continuous feedback to you guys if that would be helpful. And we just need to figure out, I guess, the model to engage and prioritize with you so you don't just get a giant list of 4,000 things that we might care about.

You know, I still think independent of that, it is good to get back to sort of making sure we create a framework that's going to encourage mutual success, right? Not that we just look at how many items are on the list but how important they are to people and what's actually driving customer satisfaction.

The other thing I wanted to bring up to move away from the data breach for a second to another incident where communication, I think, broke down a little bit and would be a good example of what Keith was talking about earlier of people sort of saying "Why am I hearing from blogs and from the news and not from ICANN," there was the TMDB outage recently. And I think registries had sort of asked, Could you -- Why did that happen? Could you let us know more about it? And the response was basically, We are working with IBM. We'll get back to you.

And before individual registries ever got a response, ICANN had made statements to various -- you know, various bloggers like Domain Incite or something had a statement from ICANN long before registries got a response. That's the sort of place where we are expecting -- I'm glad to share the specific information with you, but I can back that up with some evidence.

You know, so that's -- that's the sort of thing where we don't want to have disparate levels of communications with your customers versus what's going out to the press.

KEITH DRAZEK: Okay, Akram.

AKRAM ATALLAH: Just if I may, I don't know about this incident. I would like to get the information on that.

On the other incident, it's important to note on the communication. The communication that happened at that level was public communication. And then there was private communication with particular parties who were affected. Those particular parties chose to actually send that confidential information, make it public.

We can't prevent people from doing that. So I think it's -- it's important to differentiate between the two.

We did not mean to give parties more information than others. We did everything in public. And then the specifics of -- that affected specific parties were confidential to them, and they chose to actually leak it.

So some things maybe are our fault, but not everything is our fault. I hope --

KEITH DRAZEK: Thank you, Akram.

Just noting the time, we probably need to move on to the next topic in a moment. But maybe just sort of an observation. I think the message that we wanted to come in here with was let's work closer together or more closely together to try to either enhance our collaboration and communication to minimize the problems, if we can, or to make -- you know, for example, the portal that was referenced earlier, if we can engage with GDD early in the process, then we think the end result will be better and that communicating concerns after the fact is a positive thing.

I want to note that since last year, we've had -- and Fadi, you're absolutely right. The letter that we sent was, you know, very strongly addressed, and we certainly welcome that. And over the last year, we've actually had an ongoing scorecard of concerns and questions and issues that has been, I think, very constructively handled. There are still issues that we're working through, understandably so. I think it's been a very effective tool though. And the GDD staff has been very responsive in most of the areas that we're concerned about. We're not here to necessarily try to tear down or criticize. There's actually a lot of good things going on.

Then we continue -- and we expect that to continue. We are here to say we want to do our part where we can.

So with that, the next item on our agenda was a discussion about budgeting. And I think related to the issues that we've just discussed, we as contracted parties, and those that contribute substantially to ICANN's revenues on behalf of the registrars and registrants and

ourselves, we want to make sure that the services we rely on are adequately funded and appropriately funded.

I think -- and I think Paul and Chuck will speak more specifically to actually the significant progress we've seen in financial reporting and planning and budget planning, the visibility that we have now into the process. We're very encouraged by that.

But I think to boil it down, we want to make sure that the services on which we rely are adequately funded, not just today but for, you know, sort of the evolution of the systems. And that's resources for staff, for infrastructure, capital expense. I mean, all the things that go into making a service delivery organization reliable. So why don't I stop there and see if Chuck or Paul would like to weigh in and then if anybody else. Thank you.

CHUCK GOMES:

Thanks, Keith. And thanks for this time. A keyword that I heard in the previous discussion was "collaboration." And I want to start by saying that there has been very good collaboration with regard to budget over many years. But it has really come to fruition this year, this budget cycle.

For the first time, the draft budget was published early enough for the communities to submit comments and for those comments to be acted on and adjustments made to the draft budget before the board acted on it. So great kudos to Xavier and the whole finance team, in

fact, the whole organization because I know all of you input information on that.

So the collaboration is working there. And I looked down there at the third subbullet there on forecasting. It is also working there. There was a special four-hour meeting in the evening in Singapore where preliminary forecasts were reviewed by a group of the finance team and community members, not just registries, not just GNSO.

And we caught some things that we thought, you know, this probably is a little too aggressive. Those were adjusted as a result of working together. So I think the collaboration is working. And look forward to continually working together on that going forward on these other areas. But let me stop there and let Paul jump in.

PAUL DIAZ:

Okay, Chuck. Thank you. Absolutely concur, and kudos are well deserved on the part of Xavier and his finance team. To try and bridge what we started with, our first issue on this one, this data breach, a lot of talk about it, but let's go back to the root problem. Why did the breach happen in the first place? At some point in the not-too-distant past the system was misconfigured. How did that happen? Well, we can sum it up and just say resources, inappropriate resources. And so we've heard from GDD staff that there will be appropriate resources applied now. Again, the strengthening of the portal, the other things. I still believe that there is an active role that members of the contracted party community can play in assisting you in troubleshooting this and at least bouncing ideas off. And again, the

offer is there. If it needs to be under NDA, that's fine as well. The Board will be asked -- the Board will approve the budget, so the question is fiscal '16 budget will have resources made available to do these sorts of things for the collaborative nature that we're looking for and for the forecasting effort, moving forward.

If we refer back to ATRT2s recommendations, the Finance Team's done a great job in delivering on a lot of the recommendations, but the one that's still to come is further work on a true budgeting process. We heard about KPIs are going to be developed, some benchmarking efforts, all of which is very good. Will take time. In the interim, rely on the community. Work with the community. What we did, what Chuck referred to in Singapore, we should continue to do. And hopefully these will help us avoid the sorts of embarrassments that we had back in April/May time frame. Can't mitigate for every contingency, but some of those things, some of these issues that we've had, probably could have been addressed had there been more cooperation, collaboration with the community, with the end users of these services earlier on.

KEITH DRAZEK: Thank you, Paul. Steve.

STEVE CROCKER: I'm -- I want to thank you for your kind words about the improvements in the budget process. Fadi and Xavier and the whole team have

worked very hard on this to try to recarve all of this so that the timing is better, so that the communication is better.

There's another element that I also wanted to bring to the surface here and sample your opinion about. We have a -- a discussion team placed primarily in the Finance Committee about how to manage the reserve fund. So the basic structure is, we have a reserve fund. We have not yet set a formal target for it, and we are still in the process of trying to figure out the rationale and structure that would lead to all of that. One of the elements of that discussion is, suppose that the target that we set -- these are separate questions, whether we ever have enough money to ever get to that, but suppose the target that we set is a noticeably large figure. How much pushback will there be from the community of saying why are you holding all of that money instead of spending it in some way that we want? And the answer would be, of course, because it's precisely to make sure that the services that we've guaranteed to everybody are provided for. So I wanted to flag in advance that we could get caught in a dialogue in which we're trying to do precisely the thing that's been suggested and yet may get criticized for holding on to all of this money instead of spending it for something else. So I wanted to start that dialogue, and, you know, if you want to respond to it, fine. But I wanted to begin to socialize that, because at the end of the day, we're going to choose - - we're going to do what the community says, but we want an informed discussion. We want to put the issues clearly in front. And we wanted to share with you that that's the nature of what we think about. We think about both the immediate and we think about the

long-term and the stability issues and then try to find a strategy in there and then do that with full visibility to everybody.

KEITH DRAZEK: Okay. Thank you, Steve. Chuck.

CHUCK GOMES: Thanks, Steve. And you know, we have a real live example in this -- in the budget that's in front of us of the reserve fund. It's the -- the plan is because we have so many unknowns that are critical, we all know the two big issues, the IANA transition and the accountability work, where we really can't accurately predict right now total costs. There are some funds set aside for that, but -- and Xavier and his team are very clear in our budget meetings that these funds that aren't part of the regular predicted operational revenue for the year are coming out of the reserve fund. So I think we're going to learn and even obtain some metrics with regard to the use of the reserve fund. That won't be the same every year, of course, but the -- I think after this year -- and there will probably be a few months down the road, but we're going to have some real live history to show how important the reserve fund is. And it's not that the reserve fund should just be big enough to cover those things. I think the community understands that you need to have this reserve fund in case there's significant changes in revenue or something. So -- so very good question, Steve, and I think we're going to, over the next year, have even more data to help not only you but the community understand the value of that fund.

KEITH DRAZEK: Thank you, Chuck. Cherine.

CHERINE CHALABY: First of all, thank you very much for the encouraging words regarding the budget. One of the improvements we're going to make, hopefully next year, because we need to continue, is to start showing budget by functions. Because at the moment, you can't get that. So things like if you want to put your hand around what is the cost of the IANA function, you've got to pick numbers from different things. But from next year hopefully we will be able to start with some critical functions and begin to show those so the community has total visibility on those -- on those critical functions.

CHUCK GOMES: And sorry for talking so much but Chuck again. And again, that's an example of the collaboration. The comments that have come in have suggested we need a functional analysis of the budget, a functional background. So here we have another live example of the -- the collaboration as working very well. And if we go to the cost benefit analysis, another example.

The registries and our comments suggested -- and we've done it in the past, others have, too -- that there needs to be more of that. Now, I have to qualify that because I -- I don't know what's going on internally within ICANN in terms of cost benefit analysis and I think Xavier's indicated to us that there is that going on, okay? But we don't

have visibility into that, so we can't tell. But in response to our comments, first of all, I'm -- in response to everybody's comments, the Finance Team, and probably more than the Finance Team, responded to every comment with what's happening. This happens to be an area that it's going to take a lot more work. So plans are in plays. Xavier I know has talked to us as registries since we submitted that comment. And we're going to be working together collaboratively to start working on what that means from a community perspective and how we can collaborate further on that.

KEITH DRAZEK:

Great, thank you very much, Chuck, and everybody for the contributions to this discussion. I want to note that we have just about six minutes left in this session as scheduled. We started a few minutes late, so we may have a little bit of flexibility but we're moving to wrap up fairly soon. We're not going to talk about IANA transition and ICANN accountability by choice, but I -- I do -- there will be plenty of time to talk about both down the road, right? So -- but, you know, in that this is a new format, I wanted to give the opportunity for others in the room, if they have a thought about the topics that we've discussed, to come to the table and, you know, voice their opinion. I want to make sure this isn't viewed as just a select group of people talking at each other as opposed to having a true community engagement. So, you know, six minutes left on the topics that we've discussed. Mr. Nevett.

JON NEVETT:

Thanks, Keith. One suggestion. I know, Fadi, you asked for suggestions on the data breach. We were probably the largest victim of the data breach. We had our financial data reviewed numerous times, dozens of times. We had our relative net worth of our TLDs reviewed, so it was -- it was very damaging information. So -- and I appreciate Akram and his team and Ashwin and his team response. I got a phone call right away, regular communications. One thing I would do differently is, we wanted to know right away who saw the data and they wanted to go through the process of contacting those people, first, for whatever reason. So we were in the dark for a number of weeks of who saw the data, and that was troubling. As we were going to auctions in that interim period as well.

Second point is, just like Ram and Fadi said, there -- there probably will be future incidents. I think we -- we need to be extraordinarily careful about what data you have. So if you're asking for proprietary data, make sure that it's absolutely necessary that you have that, you hold it, you maintain it. Otherwise, you know, maybe we sign an acknowledgment of what you're trying to show by getting that data or maybe you do a quick audit or something where someone sees it but doesn't keep it and retain it. Because just like you said, we might be in a situation again that there's some kind of breach and important data is shared publicly and we want to avoid that at all costs. Thank you.

FADI CHEHADE:

Thank you, Jon. I agree with both points you make, and in follow-up to my colleague's suggestion, Ram, I think I'm going to ask Akram,

who had gathered an internal team to deal with this particular situation, to regather that team, which includes people from communications, IT, et cetera, and have a -- a one-time project to sit down with the registry group in this case and to indeed actually look at the specifics of how we communicated the things, why we communicated them in a certain way, and how we could have done better. So let's make a lesson learned out of that, and then let's share it with the registry community so everyone knows what we've done. You have my commitment on that. And let's not delay this too much since it's still fresh in our mind.

As to why we didn't tell you right away who looked at what, it's because we didn't know in the sense that we needed to do a thorough investigation of every record to know exactly who saw what when and make -- and we had external investigators doing that to ensure that it's not just my staff telling me this. They were briefing me on this as they went, but frankly there was just a little bit of care that we don't name someone or name something that was seen and it turns out to be not correct. As you know, Jon, that can get us into different kinds of difficulties. But nonetheless, let's review it. Let's make sure we did everything possible to keep you fully informed when we could and if not, we will fix it.

KEITH DRAZEK:

Thank you, Fadi. Thank you, Jon, for the specific examples. It was very constructive. Would anybody else like to speak? Any other comments or questions about these topics? Feel free to come up. You

are invited. Come on down. All right. Anybody else at the table? Any other wrap-up comments? Steve, could I hand it back over to you?

STEVE CROCKER:

Thank you very much. Just repeating what we said before, the format here was intended to preselect a small set of topics and to go into some depth. I think we did that, for sure. And we're looking for feedback on the content and on the format, and we'll be taking that and using that to adjust or retain what we've done here today. Thank you very much. Usually I'm more animated but this is the first one after lunch, but I'll wrap it up for the next one, if you want to stay. Thank you.

KEITH DRAZEK:

Thank you, Steve.

[Applause]

[END OF TRANSCRIPTION]