

GNSO Council Call

SubPro ODA Briefing



Global Domains & Strategy
7 December 2022

Presentation Overview

1. Housekeeping
2. [Introduction to the SubPro Operational Design Phase](#) (Karen)
3. [Structure of the ODA](#) (Chris)
4. [Key Assumptions and Overview](#) (Karen)
5. [Dependencies](#) (Jared)
6. [Issues raised to the Board relevant to adopting the Final Report](#) (Lars)
 - a. [Topic 9: PICs/RVCs](#)
 - b. [Topic 17: Applicant Support Program](#)
 - c. [Topic 18: Terms & Conditions](#)
 - d. [Topic 23: Closed Generics](#)
 - e. [Topic 32: Limited Appeals/Challenge Mechanism](#)
 - f. [Topic 34: Community Applications](#)
 - g. [Topic 35: Auctions](#)
7. [Key Characteristics of the Next Round](#) (Karen)
8. [Program Costs Overview](#) (Shani)
9. [System](#) (Samuel)
10. [Policy Implementation](#) (Lars)
11. [Overall Timeline](#) (Chris)
12. [Questions and Discussion](#) (Karen / all)

Housekeeping

Agenda Item #1

Housekeeping

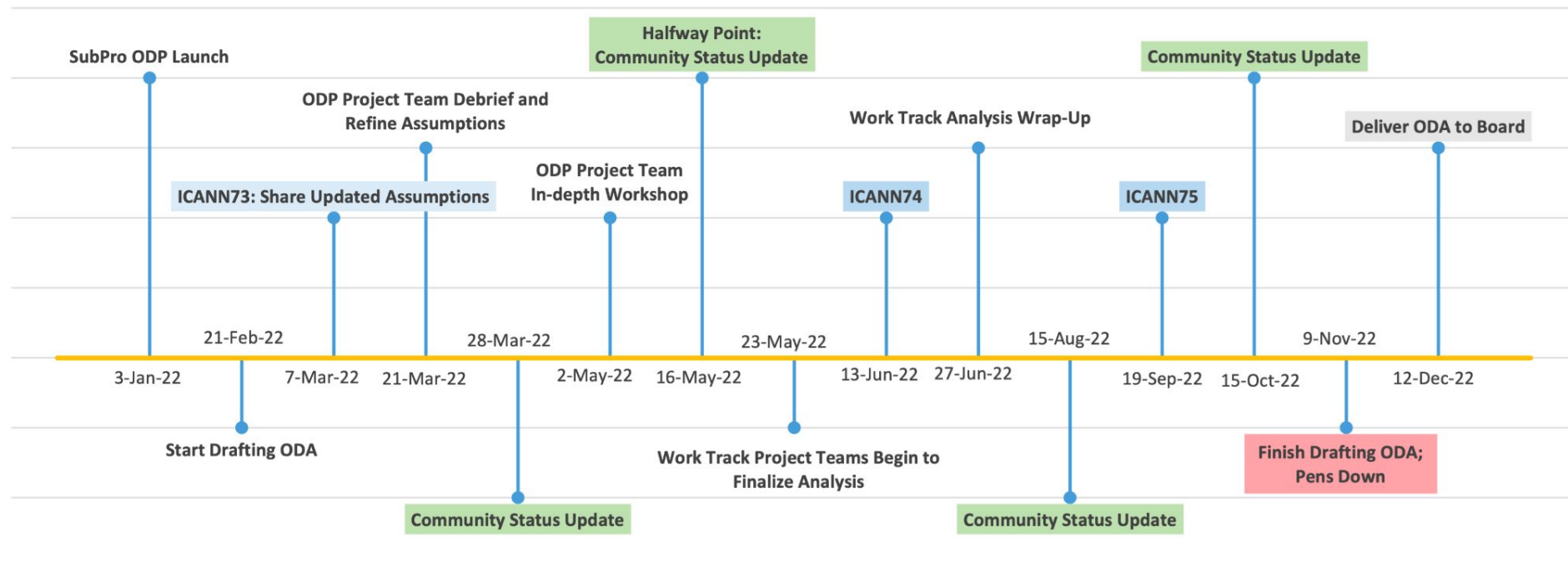
- The full ODA document will be published on Monday 12 December.
- To ensure we make it through the entire deck, we propose to open the floor for questions after slide 16, slide 38, and the end of the presentation. Note: Time limit of **10min for questions after slides 16 and 38**; 30min for Q&A at the end.
- Please add questions throughout the presentation in the chat, marking them as 'QUESTION'.
- Please note that we will provide a [2-hour webinar](#) next week on the ODA (during two different time slots), presenting a very similar deck - so you can digest today's information and ask questions during those sessions, too.
- As a reminder, slides are available here:
- ICANN org will be available to provide individual briefings to community groups on specific issues of their choice after the holiday break. We will reach out to the SO/AC leaders about this in due course.

Introduction to the SubPro ODP

Agenda Item #1

Intro: SubPro ODP Overview

Sub Pro Operational Design Phase (ODP) Summary Timeline - Estimated with Six-Week Adjustment



- Board initiated ODP in September 2021, asking to complete within 10 months- after 3 months ramp-up.
- Board approved up to \$9m USD to conduct the ODP - \$5.2m of which have been spent to-date (October).
- ODP team provided 4 community status updates, 2 webinars and regular briefings to the SubPro Caucus.
- Productive cooperation with the GNSO Council, including monthly liaison calls and quick turn around for policy questions that arose during the course of the work.
- Following extension due to SSAD, Org will deliver ODP on time on 12 December 2022

Structure of the ODA

Agenda Item #2

Structure of the ODA: Main body

Document Overview

Executive Summary

List of Figures and Tables

1. General Observations
2. Issues
3. Dependencies
4. Operational Considerations
 - 4.1. Finance
 - 4.2. Systems and Tools
 - 4.3. Vendors and Third Parties
 - 4.4. Resources and Staffing
 - 4.5. Timeline
 - 4.6. Risks

5. Overarching Considerations

- 5.1. Governance
- 5.2. Communications, Global Engagement, and Inclusion
- 5.3. New gTLD Program Foundations (*includes Applicant Support Program and Registry Service Provider Pre-Evaluation*)
- 5.4. Registry Agreement
- 5.5. Contractual Compliance
- 5.6. Data Protection and Privacy
- 5.7. Security and Stability
- 5.8. Global Public Interest Framework

6. Conclusion and Next Steps

Appendices (see next slide)

Structure of the ODA: Appendices

Appendix 1: Assumptions

Appendix 2: Background and Methodology

Appendix 3: Policy Analysis

Appendix 4: Dependencies

Appendix 5: Topic Analysis

Appendix 6: Business Process Design

Appendix 7: Operational Assessment

Appendix 8: Finance Assessment

Appendix 9: Systems and Tools Assessment

Appendix 10: Vendors and Third Parties

Appendix 11: Communications Strategy

Appendix 12: Timeline

Appendix 13: Risk Assessment

Appendix 14: Global Public Interest Framework

Appendix 15: RSP Pre-Approval, Technical Evaluation, and RST Processes

Appendix 16: Applicant Support Program

Appendix 17: Predictability

Appendix 18: Community Updates and Engagements

Appendix 19: Alternate Proposals

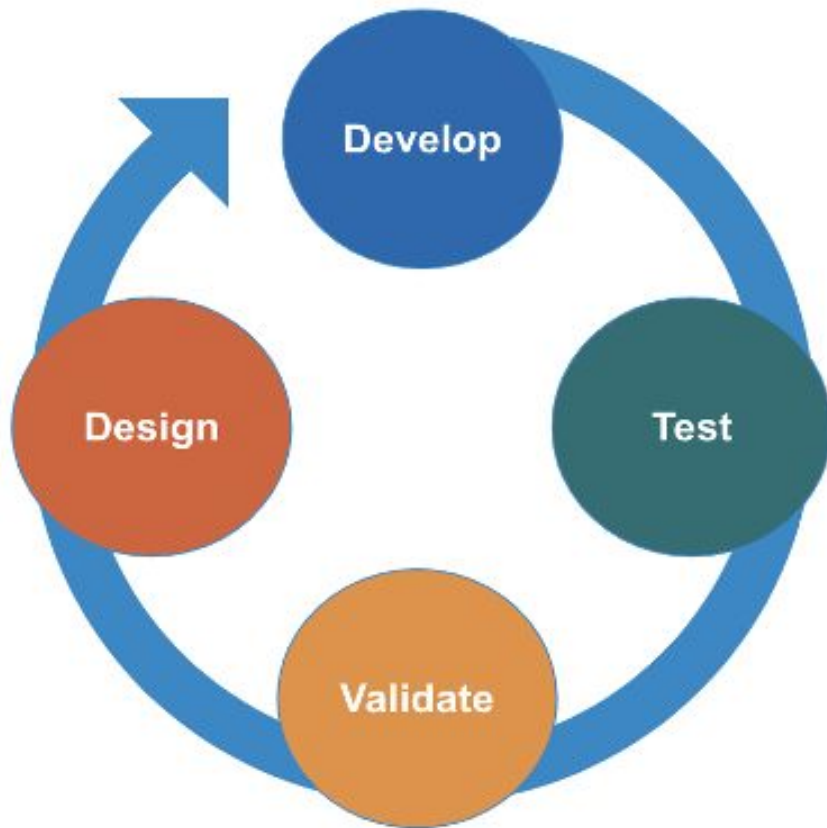
Index

Glossary

Key Assumptions and Overview

Agenda Item #3

Assumption Life Cycle



Develop	Work Tracks work cross functionally and with Subject Matter Experts to develop draft assumptions
Test	Org shares assumptions with the community and GNSO liaison
Validate	Work Tracks update the assumptions based upon feedback and clarification
Design	Project teams incorporate validated assumptions in their planning

Assumptions will be revisited and revised as the ODP progresses in its work and gains a better understanding of the interdependencies of the Final Report Outputs.

Overarching ODP Assumptions

- **Affirmations of:**
 - 2007 policy recommendations equate to current policy recommendations
 - 2007 Implementation Guidelines will be treated as Implementation Guidance
- The **2012 AGB** represents the **implementation of the GNSO's 2007 policy recommendations** on the introduction of new gTLDs. Not everything in the Guidebook is “policy.”
- ICANN org will design the next round processes to be as **predictable** as possible.
- The **Board** will determine which topics or issues will serve as **dependencies or prerequisites** to be addressed prior to the launch of the next round.
- The **org** will determine the specific **scheduling and timing of rounds**.
- **Community reporting** on implementation work will include **general updates** from ICANN org as well as **specific status on topics/outputs**.
- The Program will operate on a **cost recovery** basis.

General Operational Assumptions

- **Application volume** in line with 2012 round (~2,000)
- **Applicant Support discounts** funded by the **general application fee**
- **Application fees will be higher than in 2012** due to:
 - New policy requirements,
 - Incremental service improvements
 - Higher evaluation costs (due to inflation and market conditions)
- **Fees for conditional reviews incremental** to base application fee
- Future rounds to include **some development costs for systems and tools**, which may be a result of:
 - Policy updates
 - Updates based on learnings from the prior round
 - A combination of both
- **Scope of work** is based on **Final Report outputs**

Dependencies

Agenda Item #4

Dependencies: Categories

ICANN org has identified interrelated areas of work that could be considered dependencies to the opening of the next round, which fall into three general categories:

- **Required actions or decisions related to Final Report Outputs** (e.g., those that did not achieve consensus or where feasible implementation has not been identified)
- **Required actions that must be taken or decisions that must be made by the Board prior to the opening of the next round** (e.g., Advisory Committee advice or Review Team recommendations)
- **Ongoing and related community work** (e.g., NCAP, IDN EPDP) that could have an impact on implementation of the Final Report Outputs or the opening the next round

High-Level Take Aways from the ODA

Agenda Item #4

Key Takeaways

- A majority of the Outputs **are implementable** and can be embodied in the New gTLD Program
- The Outputs encompass **mechanisms to support diversity, predictability, and innovation**
- ICANN org's analysis of the Outputs shows that the ICANN community considered in its deliberations and **addressed a wide range of Global Public Interest (GPI) considerations** in the recommendations and rationales provided in the SubPro recommendations
- ICANN org found **issues related to seven topics that may need to be resolved** before New gTLD Program implementation can be completed (see Section 5 of this presentation).
- Implementation of new application rounds based on the Final Report **represents a significant investment** in time, human, and financial resources
 - ICANN org expects that **more than three dozen vendors** will be required to support the processes called for by the Outputs

Questions?

Issues Raised to the Board Relevant to Adopting the Final Report

Agenda Item #5

Public Interest Commitments/ Registry Voluntary Commitments

Topic 9

- As PICs/RVCs were used during the 2012 round, there were some **concerns expressed about enforcement**. According to the [CCT Final Report](#):
“The combination of a short timeframe to respond, and uncertainty about the specifics of enforcement may have deterred certain applicants from submitting PICs or impacted which PICs they elected to submit.”
- ICANN org and the Board have noted concerns as to whether the language of the Bylaws (adopted after the launch of the 2012 round) might preclude ICANN from entering into future Registry Agreements (that materially differ in form from the 2012 round version currently in force) that include PICs and RVCs that reach **outside of ICANN’s technical mission as stated in the Bylaws**. The language of the Bylaws specifically limits ICANN’s negotiating and contracting power to PICs that are “in service of its Mission.”
- Final Report recommends RVCs and PICs as one mechanism to overcome certain aspects of **string similarity**, as well as address **GAC advice and objections**.
- The use of PICs and RVCs has been **recommended for the next round of new gTLDs**.

- Should the Board decide to adopt the recommendations as proposed, this could bear governance risks due to the Bylaws language in [Section 1.1](#).

“The mission of [...] ICANN is to ensure the stable and secure operation of the Internet's unique identifier systems [...]. ICANN shall not regulate (i.e., impose rules and restrictions on) services that use the Internet's unique identifiers or the content that such services carry or provide, outside the express scope of Section 1.1(a).”

- The ODA stipulates that one option to address this concern is to **amend the Bylaws** with a narrowly tailored amendment to ensure that there are no ambiguities around ICANN's ability to agree to and enforce PICs and RVCs as envisioned in the Final Report.

Applicant Support Program

Topic 17



ASP: Outputs and ODA Analysis

The **Applicant Support Program** (ASP) was developed for the 2012 round with the goal of providing **financial and non-financial assistance** to gTLD applicants requiring support that intend to use a **gTLD to provide a public interest benefit**.

- The Final Report outputs on Applicant Support Program introduce a number of improvements to the way the program operated during the 2012 round.
- Some implementation details were left for a “dedicated IRT” to finalize.
- In one of its [Policy Questions to the Council](#), ICANN org’s ODP team “highlight[ed] a possible concern that the envisaged scope for a dedicated [...] IRT, [...] may be out of scope for the role envisaged for an IRT per PDP Manual and Consensus Policy Implementation Framework ([CPIF](#)).”
- In August 2022, the GNSO Council [initiated](#) a GNSO Guidance Process (GGP) to provide additional guidance on ASP-related outputs.
- ICANN org notes in the ODA that the ASP is an important program and has added a lot of planning details to the ODA around this topic.
- While there are some concerns around the finer details of the outputs (see next slide), there is no doubt that the ASP program can be improved (compared with 2012) and should become an important pillar of the next round of new gTLDs.



ASP: Concern & Recommended Way Forward

- **Rec 17.2** calls for ICANN org to expand “the scope of financial support provided to [...] beneficiaries beyond the application fee to also cover costs such as application writing fees and attorney fees related to the application process.”
 - As noted in the [Board’s comments on the Draft Final Report](#), **expanding financial support to cover fees that ICANN org does not charge does not seem feasible or appropriate** to implement.
 - “In considering other ways to follow the intent of Recommendation 17.2 and expand the scope of financial support, [in the ODA] ICANN org suggests that this may be accomplished through a **reduction in other ICANN fees**.”
- In the ODA, ICANN org suggests to:
 - Work collaboratively with a sub-committee of the IRT focused on ASP to **explore ways to follow the intent of expanding the scope of ASP** (Rec 17.2), taking into account research on other “globally recognized procedures” (IG 17.7)
 - Recognizing the GGP efforts will not conclude in time to be included in the ODA, ICANN org’s analysis and proposed design of the ASP is based upon:
 - the SubPro Final Report Outputs,
 - the GNSO Council’s responses to policy questions, and
 - ICANN org’s assumptions related to the Outputs.

Terms & Conditions

Topic 18

Terms & Conditions: Concerns & Recommended Way Forward

In the 2012 round, applicants agreed to a set of **Terms and Conditions**, which were included in Module 6 of the Applicant Guidebook.

- The Board raised concerns about these two recommendations in its [comment on the 2020 Draft Final Report](#).
 - Recommendation 18.1 may limit the Board’s authority to act as needed and in unanticipated circumstances.
 - Recommendation 18.3 could open the door for dissatisfied applicants or objectors to argue that the covenant not to sue is not valid because they did not like the way the appeals/challenge mechanism was built or operated. The Board asked the PDP Working Group to review this recommendation, as anything that could weaken the covenant not to sue might preclude the ability to offer the program due to an unreasonable risk of lawsuits.

- “From an operational perspective, ICANN org has found that it would be feasible to incorporate a new version of the Term and Conditions into an online application system to be developed for the Program. The Board, however, may continue to have the same concerns it expressed in its comment on the draft Final Report given that the policy recommendations in the Final Report remain unchanged.”

Closed Generics

Topic 23



Closed Generics: High-level Recommendations

A **closed generic** is a “TLD representing a string that is a generic name or term under which domains are registered and usable exclusively by the [RO] or its affiliates”.

- The GNSO Council stated on [7 March 2013](#): “it was the view within the GNSO that it should not be the responsibility of ICANN to restrict the use of gTLDs in any manner, but instead to let new gTLD applicants propose various models; open or closed, generic or not.”
- The GAC issued Advice on 4 April 2013 that “for strings representing generic terms, exclusive registry access should serve a public interest goal.”
- The 2015 [Board resolution](#) that addressed the issue of Closed Generics was applicable only to the 2012 round, with the understanding that the GNSO would develop policy on the issue prior to the start of subsequent rounds of new gTLDs.
- The SubPro PDP WG **did not reach consensus** on policy recommendations.
- The GAC has reiterated on several occasions its advice from the [Beijing Communique](#) on closed generics.

Closed Generics: ODA Analysis

- The GAC and the GNSO Council agreed to pursue next steps for a **facilitated dialogue** in April 2022; as of November 2022, a Board-facilitated dialogue between a small group selected by the GNSO, GAC, and ALAC is planned for January 2023.
 - Should the dialogue result in an agreed-upon framework, the GNSO Council would move the framework through an appropriate policy development process to draft recommendations that, if approved, the Board would then consider.
 - The outcome(s), if any, would need to be factored into SubPro implementation work, which could have an effect on the timing of the next round launch.
- The ODA states that “the Board’s final action on Closed Generics depends on the outcome of the facilitated dialogue and the results of any additional GNSO policy work. The outcome(s), if any, will need to be factored into SubPro planning, design, and implementation.”
- The ODA also notes that “any action taken by the Board on the outputs is not dependent upon a resolution to the Closed Generics issue.”

Limited Appeals/Challenge Mechanism

Topic 32



- The Final Report recommends to establish a mechanism that allows specific parties to challenge or appeal certain types of actions or inactions, establish clear procedures, and to design a limited challenge/appeal process in a manner that does not cause excessive, unnecessary costs or delays in the application process.
- In the ODA, ICANN org grouped the types of evaluations and formal objections decisions that are proposed to be subject to the limited challenge/appeal mechanism into five categories:
 1. Initial/Extended Evaluation Decisions made by ICANN
 2. Initial/Extended Evaluation Decisions Made by Third-Party Experts
 3. Formal Objections Decided by Third Party Dispute Resolution Providers
 4. Contention Resolution Proceedings Decided by Third-Party Provider(s)
 5. Applicable to all formal objection proceedings and subject to “de novo” standard of review
- Overall, the team found that implementing the policy recommendations calling for one (or more if needed) limited challenge/appeal mechanism to be feasible, but noted possible concerns with such a challenge/appeal mechanism if extended to cover numbers 1, 2 and 5 above.



- Re 1: Extending a limited challenge/appeal mechanism to cover evaluation decisions made by ICANN or third-party providers may cause unnecessary cost and delay, given the availability and purpose of Extended Evaluation
- Re 2: The proposed scope of limited challenge/appeal mechanism covers processes, such as the Registry Service Provider Pre-Evaluation (RSP) and the Applicant Support Program, that must be completed prior to the gTLD application submission period. This potentially challenges the ability to predictably plan for the opening and closing of the application submission period.
- Re 5: The process envisioned by the Final Report for selecting the arbiter of a challenge/appeal may be a hindrance when trying to procure third-party experts to conduct elements of the Initial Evaluation.
- Overall, given the Outputs, ICANN org proposes in the ODA “ to use a similar panel/evaluator selection process as it did in the 2012 round.”

Community Applications

Topic 34



CPE: High-level Recommendations

Community Priority Evaluation (CPE) = **contention resolution mechanism** available to applicants that self-designated their applications as community applications in the 2012 round. Prevailing in CPE allowed the **community applicant to gain priority within a contention set.**

Summary of Final Report Outputs:

- **Affirmation 34.1:** Affirms continued prioritization of applications in contention sets that have passed CPE.
- **Implementation Guidance 34.2 to 34.10:** Provide Implementation Guidance on improvements to the CPE criteria.
- **Rec 34.13:** CPE must be efficient, transparent and predictable.
- **Rec 34.12:** Require transparency and community feedback mechanisms for the criteria and selection of the CPE evaluator.
- **Rec 34.16:** CPE procedures must be published before the opening of the application window.



CPE: Concerns

- As noted in the [Program Implementation Review Report](#),
“ICANN received complaints from applicants (both community and standard applicants) regarding the outcomes of CPE, through formal correspondence and ICANN Accountability Mechanisms.”
- As noted in the [Board input on the Draft Final Report](#), there are concerns that the **SubPro Final Report outputs will not sufficiently mitigate the concerns around CPE**, as experienced in 2012, including:
 - Legal liabilities associated with conducting CPE;
 - Perceptions of inconsistent evaluation results; and
 - Evaluation methods that unintentionally exclude diverse or nuanced communities.

CPE: Recommended Way Forward

In addition to the Final Report Outputs, the ODA proposes exploring additional improvements to address challenges experienced in 2012.

2012 issues	Potential improvements
High level of legal challenges	Exploring opportunities for string changes as a mechanism for reducing the quantity of evaluations and contention, in line with Application Change Request outputs (Topic 20)
Perceived inconsistencies in evaluation results	<ul style="list-style-type: none">● Introducing a single-panel evaluation process● Providing aggregate review of CPE results
Evaluation process design inclusive of diverse types of communities	Involving experts in development of evaluation criteria and to advise/work with evaluator

Auctions

Topic 35



Auctions: ODA Analysis

- In the 2012 round ICANN org included **methods to resolve contention into the AGB and encouraged self-resolution** and subsequently, **private resolution of contention set** (e.g., private auctions) were **commonly used** to resolve string contention sets.
- The PDP WG did not reach consensus on private resolution of contention sets but notes that “some applicants that applied for multiple TLDs (called “Portfolio Applicants”) leveraged funds from the private auctions they “lost” for financial positioning in the resolution of other contention sets.”
- The ODA proposes that in future rounds, in accordance with the Final Report output, applicants be required to:
 - Sign a statement of bona fide intent to operate the gTLD,
 - Abide by the Contention Resolution Transparency Requirements.
- During the implementation period, **ICANN org will seek expert guidance** to identify additional effective mechanisms to deter applicants from applying for new gTLDs solely for a financial gain.

Questions?

Key Characteristics of the Next Round, based on the ODA Option 1 + Genesis and Overview of Option 2

Agenda Item #6

Mitigating Against Time and Cost Concerns

- To offer the Program as recommended in the Final Report requires that the org make a **significant investment before the volume of applications is known**
- The ODA analysis provides a design for implementing the Final Report outputs in the form of a **single immediate next round**.
- Balancing factors such as cost, time, and predictability, ICANN org has developed a **second option** for consideration under which the immediate next round would **occur in four annual cycles**
 - Timeline: Implementation of a single large round may take at least five years to complete across policy implementation, process design, infrastructure development, and outreach. The alternative proposal seeks to reduce this timeline
 - Finance: The total costs for implementing and running a single large round would cost \$457M. The main financial risk is the amount of costs incurred prior to the application window, as the recovery of such costs is dependent on the number of applications received during the application window. The Alternative seeks to mitigate this risk by reducing the initial investment amount.
 - Systems: For a single large round, ICANN org is expected to develop systems to support 18 services with a 3-year development and estimated cost of US\$47.5 million. The alternative incorporates a simpler systems build and a shorter development time and investment

Overview: Option 1

5 years for implementation

3 years for policy implementation

- AGB update
- Solutions for
 - PICs/RVCs
 - IDN EPDP*
 - Closed Generics*
 - Public Comment
 - Board Action

3 years for software development

- 18 system services
- Largely automated

In parallel as much as possible, but there are dependencies

**Dependent on ongoing community work*

Option 1: One big round

Lower predictability for Applicants

Longer wait-time for application window opening

No submission limits

Processing capacity/schedule determined according to volume

Full scope

of implementation of Final Report Outputs.

\$457M total cost

- 125M investment before fees are received.
- \$270,000 estimated application fee

Complete and scalable system

- Throughout workflow
- Largely automated internal processes
- Lower human resources needed

Overview: Option 2

18 months for implementation

11 months for policy implementation

- AGB update
- Solutions for PICs/RVCs
- IDN EPDP*
- Closed Generics*
- Public Comment
- Board Action

18 months for software development

- 8 system services
- More reliance on manual processing

Partially overlapping with policy implementation due to dependencies.

**Dependent on ongoing community work*

Option 2: Four annual cycles

Higher predictability for applicants

Shorter wait-time for application window opening

No submission limits

But processing in batches of 450 applications annually.

Potentially reduced or delayed scope

E.g., some of the 125 implementation guidance items could be deferred; 2012 processes could be reused rather than optimized

\$407M total cost

- \$67M investment before fees are received.
- \$240,600 estimated application fee

Minimalist application system

Until demand is known

- Online application, manual processing
- High human resources needed

Option 2: Cyclical Round Design

- The next round would be split into four application submission periods occurring annually.
 - The number of applications that can be submitted in a cycle would remain **unlimited**.
 - The applications received in each cycle would be prioritized and processed based on an **established capacity limit**.
 - Should the volume be significantly higher (thus exceeding org's capacity), the org could invest in developing the systems, tools, and capacity to process these efficiently.
- Some implementation activities must still occur **before** the immediate next round could begin:
 - Upfront communications
 - Developing application questions and evaluation criteria
 - Mechanisms for Registry Service Provider Pre-Evaluation and Applicant Support Program
 - Vendor procurement
 - Operational readiness
 - Development of an updated base Registry Agreement

Program Costs Overview: Options 1 and 2

Agenda Item #7

Additional Assumptions for Cost Model

- Application withdrawals
 - Similar numbers as for 2012 round
- Program development
 - Includes systems infrastructure, awareness/outreach, staff operations and support
- Initial and Extended evaluation
 - Assumed to be fully proportional to number of applications processed
- Program Operations
 - Option 2 costs higher than Option 1 resulting from lower system automation leading to more labor-intensive processing
- Contingency
 - For unforeseen and risk costs, assumed at 20% of total operating costs, as a **placeholder** assumption, until a more specific risk quantification analysis is completed

Primary Operational Cost and Complexity Drivers

- **String Contention**
 - Creation, maintenance, updates of direct and indirect contention relationships. Costs due to procurement, administrative/accuracy requirements, applicant challenges
- **Appeals Mechanism**
 - Adds up-front complexity to develop, launch, and support. May reduce cost due to accountability mechanisms in long term
- **Registry Voluntary Commitments**
 - Broad scope of commitments. High administrative requirements in comment periods, tracking, contracting
- **Registry Service Provider (RSP) Pre-Evaluation**
 - Adds up-front complexity to build and launch. May reduce some evaluation costs
- **String Changes**
 - Applicants able to change their applied-for string. Creates potential for rework and new issues throughout evaluation process.
- **GAC Advice Process**
 - Broad scope, low predictability. High resource demand to develop and execute solution. Includes support for formalized Board and GAC processes.

Costs overview

Estimated SubPro Financials	Option 1: High Automation	Option 2: Batching	Variance: Option 2 vs. Option 1	2012 Round*	Variance: Option 2 vs. 2012 Round
USD in millions	Total \$	Total \$	\$	Total \$	\$
Number of Applications	2,000	2,000	0	1,930	70
New gTLD Applicant Fees	\$540	\$481	(\$59)	\$361	\$120
Applicant Support	(\$2)	(\$2)	\$0	\$0	(\$2)
Refunds	(\$81)	(\$72)	\$9	(\$53)	(\$20)
Applicant Fees (Net of Refunds)	\$457	\$407	(\$50)	\$308	\$99
Program Assessment (ODP)	(\$8)	(\$8)	\$0	n/a	\$0
Program Scope (Policy & IRT)	(\$7)	(\$7)	\$0	n/a	\$0
Program Development	(\$110)	(\$53)	\$58	n/a	\$0
Development / Implementation	(\$125)	(\$67)	\$58	(\$32)	(\$35)
Initial and Extended Evaluation	(\$57)	(\$57)	\$0	(\$68)	\$10
Quality Control and Objection Processes	(\$15)	(\$15)	\$0	(\$11)	(\$4)
Pre-delegation	(\$15)	(\$15)	\$0	(\$12)	(\$3)
Program Operations	(\$169)	(\$176)	(\$7)	(\$109)	(\$66)
Contingency	(\$76)	(\$76)	(\$0)	(\$32)	(\$44)
Total Operating Costs	(\$332)	(\$340)	(\$7)	(\$233)	(\$107)
Total Program Costs	(\$457)	(\$407)	\$50	(\$265)	(\$142)
Investment Income/(Expense)	\$0	\$0	\$0	\$11	(\$11)
Net Remaining Funds	(\$0)	(\$0)	\$0	\$54	(\$54)
Estimated Application Fee	\$ 270,000	\$ 240,600	\$ (29,400)	\$ 185,000	\$ 55,600

* The 2012 Round figures represent actuals through FY22 and projections for FY23 through FY25

System: Options 1 and 2

Agenda Item #8

Systems: Key Assumptions

Option 1	Option 2
18 new services	8 new services <ul style="list-style-type: none">● Implement in full: 2 services● Implement partial: 6 services● Cut: 10 services
3 years for software development and building requires ramp-up of 12-18 months	18 months for software development and building requires ramp-up of 6 months
40 - 54.5M USD, including: <ul style="list-style-type: none">● Resourcing● Software licensing● Admin overhead	12.5 - 16.5M USD, including: <ul style="list-style-type: none">● Resourcing● Software licensing● Admin overhead
Partially dependent on AGB and ongoing policy development.	

Systems: Key System Features

Option 1	Option 2
<ol style="list-style-type: none">1. Registry Systems Testing (RST)2. Public Website3. Application Support Program4. Clarifying Question Service5. Contracting Service6. Registry Service Provider (RSP) Approval Service7. Application Management Service8. Application Comment Service9. NSp Services10. Round Management11. Evaluation Management Service12. Reporting, Metrics, Dashboard13. Financial Integration Service14. String Contention and Resolution Service15. Auction Service16. Dispute Resolution Service17. Vendor Management18. Appeal Challenge Service	<ol style="list-style-type: none">1. RST2. Public Website3. Application Support Program*4. Clarifying Question Service*5. Contracting Service*6. RSP Approval Service*7. Application Management Service*8. Application Comment Service* <p>Note: Services/system features cut from the System list in Option 2 are not dropped but will be performed manually.</p> <p>*Reduced features compared to Option 1.</p>

Program Model: Option 1 & 2 Comparison

	Option 1: One Big Round	Option 2: Four Annual Cycles
Pros	<ul style="list-style-type: none"> • Sequential implementation structure allows to control delivery of each phase • Automation brings scalability of the program 	<ul style="list-style-type: none"> • Shortest timeline to application window • Lower dependency on E&IT systems • More flexible operations
Cons	<ul style="list-style-type: none"> • System development time: 3 years. • Longer lead time to application window • Higher costs • Higher systems complexity 	<ul style="list-style-type: none"> • Low scalability • Higher likelihood of human error • Processing changes likely to occur through the cycles • High maintenance cost due to staff rotation impacts
Risks	<ul style="list-style-type: none"> • Financial risk of high upfront investment without guarantee of recoupment • Systems complexity could lead to challenges in system maintenance 	<ul style="list-style-type: none"> • Expedited timeline and increased manual processes augment potential risks for program delays and/or errors • Increased likelihood for reconsideration requests or IRPs due to alleged disparity of processing • More rework of system in between cycles, which could include costs

Policy Implementation: Options 1 and 2

Agenda Item #9

Option 1: Policy Implementation in Isolation: Timeframe

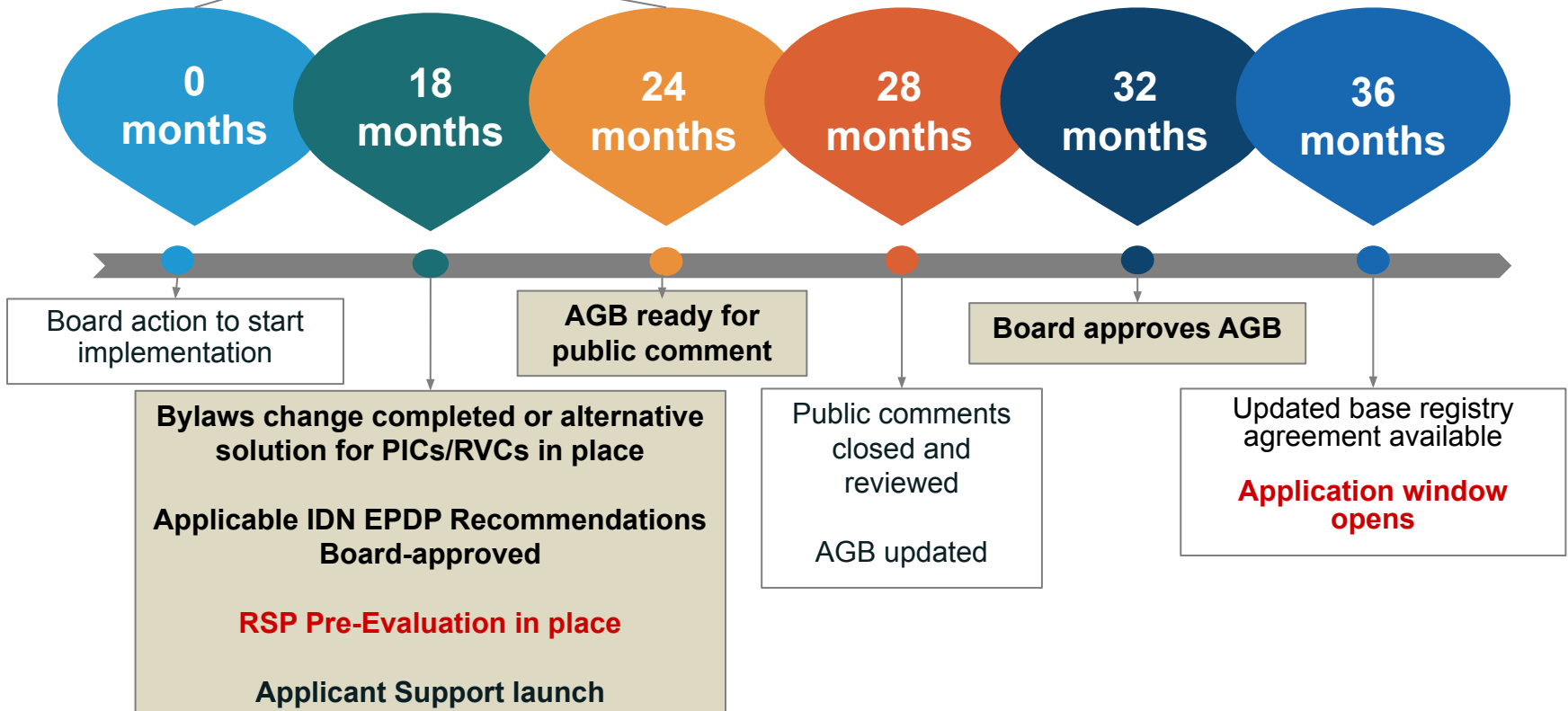
18 Months to Registry Service Providers Pre-Eval completion; 30-36 months to Application Window Opening

Org consults with IRT to update AGB, including solutions to:

- Closed Generics
- Applicant Support Program
- Private Auctions
- Community Priority Evaluation

- Total timeline: **36 months**
- **Flexibility** to add process improvements compared with 2012

Per Rec 12.8, AGB has to be published 4 months before opening next round



Option 2: Policy Implementation in Isolation: Timeframe*

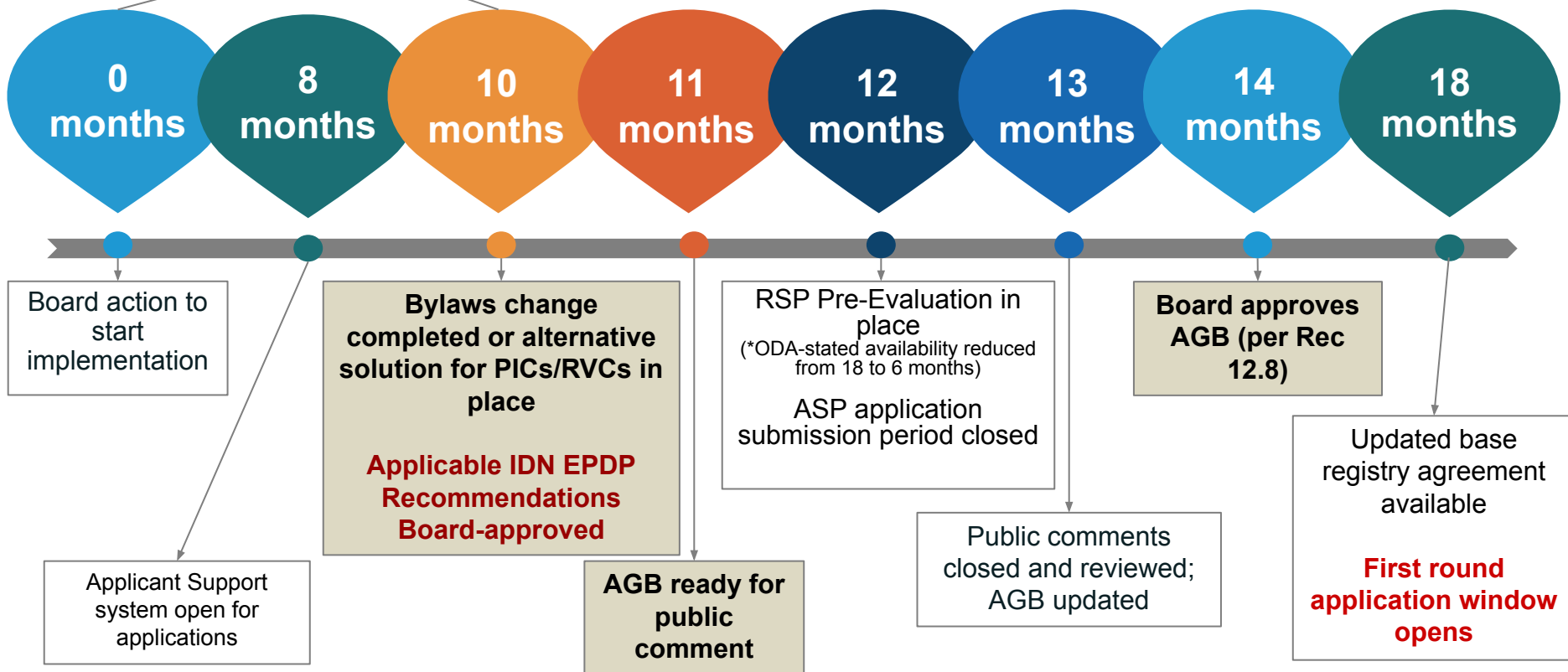
18 Months Until Application Window Opening

Org consults with IRT to update AGB, including solutions to:

- Closed Generics
- Applicant Support Program
- Private Auctions
- Community Priority Evaluation

- Total timeline: **18 months**
- **Limited flexibility** to add process improvements compared with 2012

Per Rec 12.8, AGB has to be published 4 months before opening next round

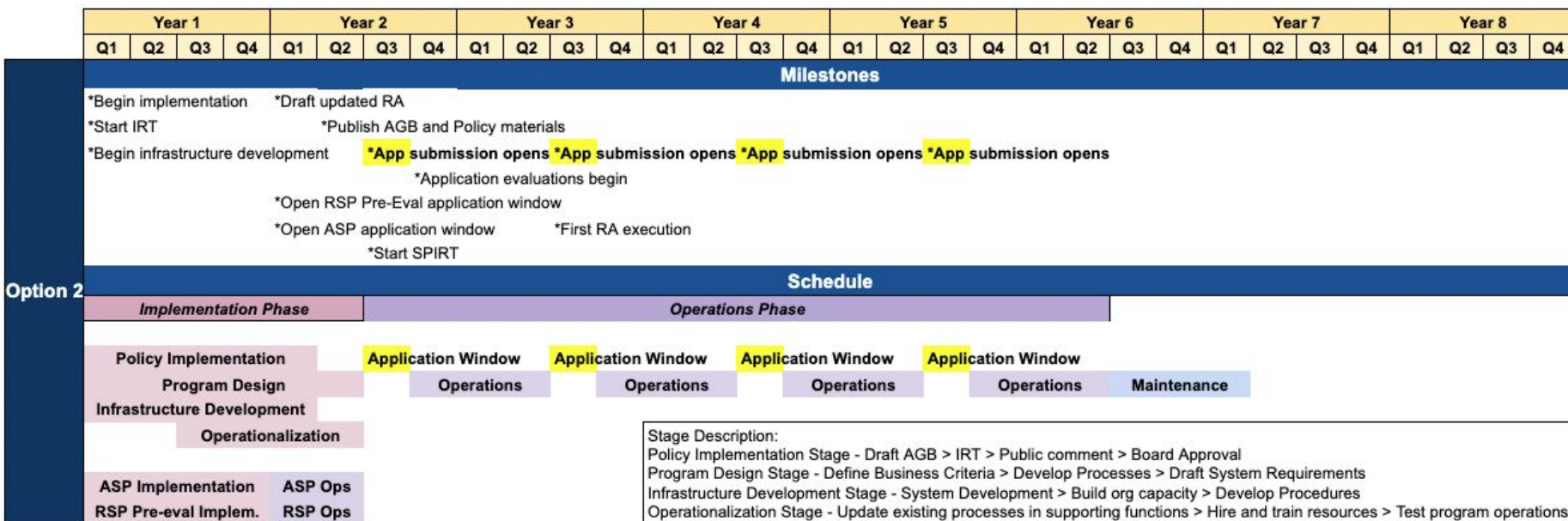
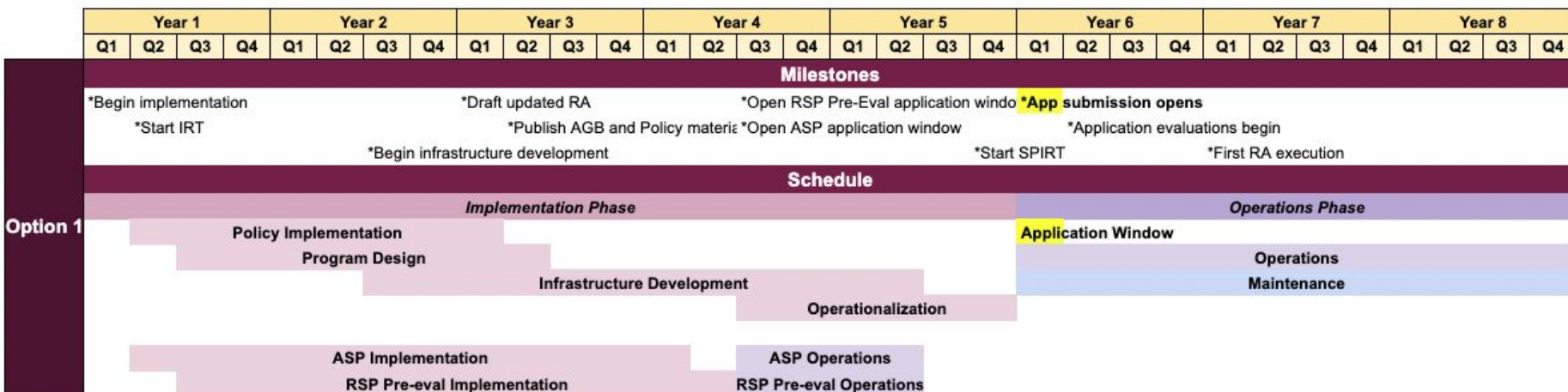


*Does not take into consideration timing/output dependencies, overlapping resource requirements for Program Design, Operationalisation, and Systems and IT.

Overall Timeline: Option 1 versus Option 2

Agenda Item #9

Timeline



Questions and Discussion