

NEW gTLD PROGRAM BUDGET

(31 May 2010—21 JULY 2010)

Source: The full text of the comments may be found at <http://www.icann.org/en/public-comment/#draft-new-gtld-budget>.

SUMMARY OF COMMENTS

ICANN does not value public input. We will passively resist by not participating in a process that only leads to predetermined outcomes. We request that ICANN notify the community when it is ready and willing to demonstrate that it properly values public comments. *G. Kirikos (20 July 2010).*

New gTLD budget is key priority especially in terms of the needs of developing countries. An appropriate allocation for the new gTLD budget is necessary and important, especially in light of the needs of developing countries. In developing countries the problem is still elusive in the understanding of operating digital technology, and it is a prime concern in communities that have only the mobile phone as an appropriate technology. In terms of the Internet there are still disadvantages, particularly in infrastructure, content generation, connectivity and accessibility. A major handicap is the culture and vision of most policymakers. *S. Baudouin (21 July 2010).*

Bundled applications--lower application fees. Bundled applications should have lower fees for extra languages. ICANN should reduce the cost for extra non-Latin IDNs. There can be obstacles for global businesses in using Latin characters. Also, my company which is Russian does not want to use a ccTLD like .ru or .rf because it does not prefer to appear as only a Russian company. *S. Cimatoribus (29 June 2010).*

ICANN fee setting discussion requested; impact of registry fees on developing countries and cultural and linguistic gTLD applicants. In what forum can the ICANN community engage in a discussion about how ICANN sets and collects fees from registry operators? There is an anomaly between the fees that existing gTLD registries pay (e.g., .museum) and the fees that prospective gTLD registry operators will have to pay to ICANN. Why is ICANN proposing to impose a 500% increase in the annual registry cost to register 50,000 domain names? These unjustified, substantial fee increases by ICANN may pose a barrier to entry for some developing countries or for smaller cultural/linguistic community-based TLDs from developed and developing countries. The GAC has identified this important public policy issue in their most recent communiqué. *M. Palage (7 July 2010, restating previously submitted April 2010 budget comment).*

RESPONDENTS

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Overview of the Analysis and Proposed Position

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

The purpose of the New gTLD Budget Explanatory Memorandum, posted on 1 June 2010, was to seek community input on three areas of the new gTLD budget:

- 1) Costs allocated to the activities focused on furthering the implementation of the new gTLD policy recommendations.
- 2) Costs, yet to be requested, that will be used to transition the gTLD program from policy implementation to program deployment.
- 3) Costs, also yet to be requested, that will be used to accept applications, conduct evaluations, and perform pre-delegation checks.

Analysis and Proposed Position

Several of the comments received, while valuable and appreciated, were beyond the scope of this explanatory memorandum.

- One comment seeks to carve out a portion of the new gTLD budget for educational purposes in developing countries. Developing countries will indeed be a targeted area within the new gTLD communications plan, but the education sought in the comment appeared to be much broader in scope, focusing more on the Internet in general which is beyond the scope of the New gTLD Budget. However, \$200,000 has been added to the Deployment budget to assist with certain outreach activities and \$100,000 has been added to the Application Processing budget to enhance customer support once the new gTLD program goes live.
- One comment is related to the registry fees proposed in the Draft Applicant Guidebook. This topic is a valuable discussion point, but is outside the scope of this explanatory memorandum. Registry fee amounts are not clearly related to the costs detailed in the new gTLD budget. This topic is better served being addressed in the Draft Applicant Guidebook discussion.
- One of these comments alleges that ICANN does not value public input. ICANN will always be welcome to ideas that will improve the bottom up process.

The remaining comment focuses on “bundling” a Latin application at the regular evaluation fee amount with lower application fees for additional, non-Latin gTLDs. There is certainly a case to be made that some level of economies of scale can be achieved in the evaluation of a group of similar or even identical applications. In the scenario where a single organization is applying for multiple strings, efforts are still required to determine if the organization has adequately planned for and is capable of running multiple TLDs. The reduction in expected evaluation efforts for the single applicant applying for multiple TLDs, combined with the additional efforts to validate its capability to run multiple TLDs, has been considered in determining the \$185,000 application fee. In addition, a sufficient

level of uncertainty remains in Round One, making it difficult to pinpoint efficiencies that would be gained. Accordingly, a reduction in the \$185,000 fee for these situations is not expected for Round One. ICANN will evaluate processes after Round One to determine where efficiencies may be gained for subsequent rounds. If significant efficiencies are realized in the evaluation of applications, the fee structure would be open to reevaluation, provided it allows ICANN to maintain revenue neutrality.