ICANN Transcription

ODA GNSO Council Specific Webinar

Wednesday, 07 December 2022 at 20:00 UTC

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NATHALIE PEREGRINE: Good morning. Good afternoon. Good evening, everybody. Welcome to the GNSO Council Specific SubPro Operational Design Assessment webinar on Wednesday 7th of December 2022 at 20:00 UTC. GNSO councilors and presenters are panelists and have access to the Zoom chat and may activate their microphones. Attendees in the Zoom room are silent observers, meaning they are in listen only mode and have no access to the chat. Recordings will be sent to the GNSO Council mailing list shortly after the end of the call and published on the corresponding wiki page.

Please do remember to state your names before speaking for the recording. As a reminder, those who take part in the ICANN multistakeholder process are to comply with expected standards of behavior. And with this I'll turn it over to Karen Lentz. Please begin.

KAREN LENTZ: Thank you very much. Thank you for joining, all. We're excited to talk with you about the work that we've been doing over the past many months on the subsequent procedures policy recommendations. So if we can go to the next slide.

The operational design assessment document which is the outcome of our work is set to be delivered to the Board on Monday the 12th. Recall that the Board provided us with scoping questions that they would like to have answered to help facilitate their consideration of the recommendations and so the document is delivered to the Board. We also intend to shortly thereafter publish it on our website. So it will be available for everyone.

So really the purpose of today is to give you an overview of what to expect, how the document is put together and some of the key conclusions from having done the ODP work.

One of our challenges during the ODP is just the sheer amount of material. There are many, many issues and many recommendations that we've tried to organize in developing the operational design assessment. And that extends to this presentation, we had to be very selective about what to cover. And even with that, we still are going to have to go pretty quickly.

We do have some time built in for questions. But if you would like us at any point to pause somewhere for questions on a certain area or conversely, if you'd like us to just keep going and make sure we get through everything, please let us know that.

We did review the business process design component of the ODA at ICANN 75. So we're not going to repeat that here. But that is available also for reference.

Other housekeeping items, the questions can be added in the chat, please mark them as questions. I'll also note that we are having two webinars next week. So you will have other opportunities to review the material and ask questions. Next slide please.

So this is the overview and the timeline that we've had on our ODP webpage. All of the green boxes are status updates that we've published, all of the blue boxes are ICANN meetings, and the very end of the line is delivering the ODA to the Board which is on top for Monday.

I will pause here to thank the Council for participating and supporting us during this ODP, in particular, Jeff Neuman for acting as the Council liaison to the OTP team. I think we'll be debriefing from this for a while. But from our perspective, this is one of the elements of the process that has worked really well in being able to identify and exchange policy questions and get input and responses from the Council. So thank you very much for that. Next, please.

So I'm going to turn it next to Chris Bare, who has been leading the ODP within the organization, and he'll talk a little bit about how the document is put together. Chris?

CHRIS BARE: Thank you, Karen. Yes, my name is Chris Bare. And what I'd like to show you here are the next two slides that will go over the breakdown of the ODA itself, the operational design assessment. This first slide here shows the main body which is made up of as you can see the document overview which will be a very useful item for you to review when you see the ODA as it will explain what's in each of these sections, the executive summary, of course, which will have our primary findings, and then basically every other section in here, which comes from the scoping document that the Board gave us last year. You'll find that most of these items map directly to the scoping document. And I think they're pretty self explanatory as to what they are.

The main body is a little over 100 pages, with about almost 300 pages of appendices. So it's a pretty large document when you take the thing in its entirety. So if we go to the next slide, this will show you the appendices themselves. And the appendices go and they actually explain in more detail a lot of the items that were in the main body.

Some cases, they're items that couldn't fit into the main body, because there is a lot of breakdown of analysis and assessment. In some cases, it's more just to show the background of the work that we've done to get to those findings. I believe that's it, if we can go to the next section.

All right, I'll start this one off, and then hand it back. One of the things that we had before the new ODP began, if you remember, back in 2019, there was a project to come up with some planning assumptions that would be used in the implementation of SubPro. And back then those were posted on the community wiki.

But since the ODP has begun, there's also been a number of assumptions that we've developed as part of our understanding of the outputs and how we would implement them. And some of them are operational, some of them are about implementation, others are about the policy and our understanding of the policy themselves.

So we did develop those, we tested them internally, we validated them and brought some of those back to the GNSO Council liaison, Jeff, talked to him about it. And then we've also been publishing them over the course of the past year. We've had six batches that are published, the seventh one will be coming up soon. And I think that puts us at just over the 300 or so assumptions that will have been published associated with the ODP, or the ODA, I should say. And in all likelihood, those will also mature and develop as we move forward with implementation as well as we learn more. With that, I'll hand it back to Karen.

KAREN LENTZ: Thank you, Chris. So assumptions are something that we've spent quite a bit of time on during the ODP. I'll highlight a couple of them here. Starting with the different types of outputs that are in the final report. So there are policy recommendations, implementation guidance and affirmations of various types.

When it came to how we worked with these in the ODP, we considered recommendations as must, as requirements. So those were sort of fixed poles that we were building around. When we were looking at implementation guidance, that was often about a particular way to accomplish something. And so if there was an instance where we thought there was a different way that something could be accomplished, we identified that within the ODA.

With the set of policy recommendations, we also have pre existing policy from 2007 From the GNSO's recommendations on the introduction of new gTLDs. So where there are affirmations in the SubPro final report, where they were affirming a policy recommendation, we also treated those as policies as requirements. And where they were affirming an implementation guideline or some element of the implementation, we also considered that to be affirming of implementation guidance, meaning that we could identify a different way to do something if we thought it would provide some benefit.

Going through the final report, one of the themes that came out quite a bit in reading it is the theme of predictability. And that really goes to wanting to make sure that the applicants and other stakeholders have all of the information upfront as far as what will be the procedures, what will be the criteria, what will be the fees, what are the procedures that happen when such and such case, and because of that, we tried to use that principle as well in in creating our business process design.

The other assumption that I'll highlight here on the bottom that's an important one is that the program will operate on a cost recovery basis. This goes back to the policy work in 2007 noting that the new gTLD program should be self-sustaining, shouldn't take funds from ICANN's operations, which means that the fees that we take in for applications need to pay for ICANN's offering the program. That was affirmed in the SubPro work in topic 15. And so we've continued to use that cost recovery principle as an important part of our design work. Next slide, please.

So, here turning to some more operationally focused assumptions. One of the key ones, of course, is the volume. We don't know. The amount of applications that we're designing for is unknown. And so we have used 2000 as the basis for doing the design and all of the calculations that we've done in the ODA. This is an estimate that's approximately about the same as what was received in the 2012 process.

There are also recommendations for an applicant support program that provides a percentage fee reduction to qualifying applicants. And our assumption here is that those would be funded by the general application fees.

We also did begin and develop an assumption that application fees would end up being higher than in 2012, for a few reasons, one being some new policy requirements. So there were things that the SubPro report recommended that would be new features to add on. So things like the appeal mechanism and the RSP pre-evaluation process. Those are things that ultimately would save time and cost. But initially, there would be new things that we would need to develop and build.

We also took into account some incremental service improvements, meaning lessons learned that we recorded after the 2012 round as to how we could optimize certain processes and make for a better applicant experience.

And then, of course, as time has passed since 2012, there's the factor of inflation and market conditions as they exist now. So all of those things kind of tended the conclusion that the fees would end up being higher.

Finally, I'll note here that the scope of work is based on the final report outputs. So we're assuming that we're implementing everything that's in the final report. There are some issues or potential questions about some of the recommendations that we'll talk about in a moment. But our assumption, for purposes of the design is that we're doing the maximum amount as in the report. Next slide, please.

Thank you. I'll cover this one as well. So we have a section in the ODA called dependencies. And that is about what would need to happen to be able to fully implement the recommendations and to launch a next round. We have those described, organized into three categories. The first relates to specific final report recommendations, either where there wasn't consensus in the working group or where we have some questions about the feasibility of implementing something. So we'll talk about those in the next section. Then we have a category of actions relating to advice, or review team recommendations that concern some subject matter that has to do with the future round. Those we've identified as requiring action by the Board. So the Board would determine if something is a dependency based on that decision.

Finally, we have noted in this section that there is ongoing community work that would have an impact on how we implemented the recommendations. Some of those things include the closed dialogue that's happening on closed generics and the expedited policy development process on IDNs, for example. Next slide, please.

Next. So I'll cover kind of some of the key takeaways from the ODA. I think we tend to focus on the issues and the problems in the discussions but I think it's important to keep in mind that most of the outputs we found are implementable. You'll see in our analysis, that's fairly straightforward. This is a helpful recommendation, and we don't foresee any issues with implementing this as suggested.

As we went through the final report, we also—as I mentioned predictability, but there was also support, I think, for having the new gTLD program be something that supports diversity and innovation in the DNS.

One of the scoping questions that the Board gave us had to do with the global public interest and the framework that is being piloted. And so the org reviewed the final report, in comparison with the global public interest framework and found that the community did very much take into account these public interest considerations when developing the recommendations and the rationales.

There were seven topics in the end that we thought either had remaining questions or concerns and we'll talk about those in a

moment. Highlighting them here for you, as they may be topics that the Board would wish to discuss with the Council.

And lastly, I think it's probably not a surprising conclusion that to implement all of these recommendations would be a significant investment. It will take significant time, significant people work and financial investment. As an example, we came up with the amount of vendors of over 36 that would either be for providing expertise or additional bandwidth to the team to be able to launch the round. So we'll come back to some of these things later. But let me go to the next slide. Which I think we have a slot here for questions. So let me pause to see if there are any before we continue.

If we don't have any, I think Lars, you are next. Oh, now I see questions. Would you like me to moderate the questions, Sebastien, or would you?

KAREN LENTZ: Please do. Yeah.

KAREN LENTZ: Okay. I see Anne, and then Susan.

ANNE AIKMAN-SCALESE: Yeah, thanks so much, Karen. Very helpful. And just wondering, will the actual ODA be posted to the wiki so that as far as Council finding time to review the entire assessment and perhaps even get to discuss it at some point? I'm just wondering when that's available to Council.

KAREN LENTZ: Sure, thank you. So we plan to deliver it to the Board on Monday, the 12th and to shortly thereafter, post it on our ODP webpage. I think we also have a transmission over to the Council that has the full document, so you'll be able to review and consider.

ANNE AIKMAN-SCALESE: All right, the timing would be good. in advance of our SPS meeting in LA next week. Thank you.

KAREN LENTZ: Thank you. Susan.

SUSAN PAYNE: Yeah, thanks. Hi, Karen. So just a quick one about the application fees and hearing your explanation for the assumption that they would probably be higher than in 2012. I'm just interested in the extent to which you have based that assumption on just kind of single round of potentially 2000 applicants or whether you have taken into account the intent of sort of rolling future application windows.

So, to explain, when you talk about there are some additional mechanisms to be built, such as the RFP pre evaluation or whatever, obviously, there's an upfront cost of that, but are first next round of applicants picking up all of the cost of that, or is that going to be shared across the anticipated future number of rounds of applicants?

KAREN LENTZ: Yes. I see Xavier's hand is up, perhaps to respond to that.

XAVIER CALVEZ: Yes, please. Thank you. Thank you for the question. For now we have made the assumption that the fee is allowing to recover all and only the costs of the one round. So it's based on the assumption of a round, not a "perpetual" application capability, or not several rounds to be covered by that fee or any portion of that fee. So that's the assumption made at the moment, which, of course, is an important assumption to [inaudible]. And thank you for asking that question. Because that's a useful base to share with everyone. Thank you.

KAREN LENTZ: Thank you, Xavier. And thank you, Susan, for the question. I don't see any others so let's go to the next section, please.

LARS HOFFMANN: Thank you, Karen. That will be me. I'll walk you through the issues Karen noted, some issues raised possibly to the Board that are relevant for adopting the final report. And there's not that many considering there were 42 topics. I don't think many of these will come as great surprises to anyone on the call.

First one up, this is an order of the topic numbers of the final report. So that's why I'm kind of back and forth a little bit. It's the PICs and RVCs. What we've done here, we've given a little

background on the topics and then explained a little bit of what it says on this in the ODA. [Hope you—maybe not to read all of this.] Many of you will know PICs and RVCs—they were called obviously voluntary PICs at the time and were used during the 2012 round.

There were some concerns around those in terms of enforcement noted in the CCT report as well. Also noted by Org and Board in their comments to the draft final report of the PDP. And in the final report itself, there's recommendations about RVCs and PICs as one mechanism to overcome certain aspects of string similarity, for example. There was also GAC advice, objections and others. And so it's kind of used throughout the report if you want.

The concern is particularly about the section in the bylaws which says that the mission of ICANN is to ensure that the stable and secure operation of the Internet's unique identifier systems, and ICANN shall not regulate services that use the Internet's unique identifiers or the content that such services carry or provide outside of the express scope of section 1.1.(a).

And so as in the previous slide, there's concerns about enforceability about some of these potential PICs and RVCs. And so the ODA here stipulates that one option could be to address the concern by amending the bylaws very narrowly to kind of be explicit about ICANN's ability to agree to and enforce PICs and RVCs as envisioned in the final report. There's more details in the ODA there. And obviously, it's just one possible option that the Board may want to take. But there you have it. We're going to move to the next topic. There's a question section at the end of this issue section as well.

The next one is applicant support program. essentially providing financial and also non-financial assistance to applicants that qualify for it. There's a number of outputs on improving the applicant support program based on what happened in 2012.

Some of the implementation details—sure the Councilors are aware of this for the reason that we're going to go into in a moment—that was left for a dedicated IRT to finalize. In one of the policy questions to the Council, we noted that there could be concerns around the scope for a dedicated IRT because it might be out of scope for the role envisaged for IRTs in general, per the PDP manual and consensus policy implementation framework.

And so the Council initiated I think it was an August this year a guidance process, the first one, around this topic that is ongoing. And just noting the final point here on the slides. While there may be some concerns around the finer details of the outputs, I'll get to that in a moment. There's certainly no doubt that the applicant support program can be improved compared with 2012 and also should become an important pillar of the next round of gTLDs.

I think the concern, something on this was also expressed by the Board on the draft final report. I think the wording and the draft recommendations were too dissimilar. Namely for ICANN to expand the scope of financial support provided to beneficiaries beyond application fees to also cover costs, such as application writing fees, and attorney fees.

And so the ODA nodes or ICANN Org suggest in the ODA to work collaboratively kind of like a subcommittee maybe of an IRT that is focused specifically on the ASP to explore ways to follow the

intent of the recommendation of expanding the scope of applicant support and then taking into account research on other globally recognized procedures. This is also based on implementation guidance 17.7.

And then obviously, recognizing the GNSO guidance process will not conclude in time to be included in the ODA itself. The analysis and proposed design of the ASP is really based on the outputs, the Council's responses to policy questions, and ICANN's assumptions, but again, that is detailed in the ODA as well.

The next topic is terms and conditions. The Board raised some concerns around some additions. I'm not going to read all through that. You have the deck and go into that on recommendations 18.1 and 18.1, potential concerns around the Board's authority to act as needed. The button here says the quote also from the ODA, get more details, I think, on the next slide.

From an operational perspective, we have found that it would be absolutely feasible, obviously, to incorporate this new recommended version of the terms and conditions into an online application system that's going to be developed for the program.

The Board, however, continue to have the same concerns as expressed in the comments on the draft final report, given that the recommendations did not change since the Board had expressed those concerns. No, this is the only slide on this. So that's what it says there on the ODA, on 17.2 specifically.

Closed generics, topic 23. Again, I don't think this the audience where we have to go into great detail about the topic. And some

background here, 2013 Council stated its view on whether closed generics were permissible in the last round. Council obviously stated that gTLD applicants can propose various models, open closed generic or not.

The GAC issued the advice shortly thereafter in Beijing, and then the Board took a resolution you all know in 2015 that addressed the issue of closed generics only in the 2012 round, then the PDP was not able to reach consensus on policy recommendations on this issue.

And obviously, I'm not going to read through all of this. There's a process going on there as well that the Board initiated between the GNSO GAC and the ALAC has joined that as well to come up with a framework around closed generics, and if successful, that would then be fed into an appropriate policy development process under the remit of the GNSO.

And the ODA states, essentially, that the Board's final action on closed generics depends on the outcome of the dialogue and potential policy development process. And any action taken by the Board on the outputs is not dependent on a resolution to the closed generic issue but that we mean the other outputs on this. In other words, the Board doesn't have to wait for the closed generic issue to be resolved by the GNSO to be able to take actions on the final report. It's not a dependency for that.

I think there's two more topics, possibly three. Limited appeals challenged mechanism, topic 32, limited challenge appeals mechanism, and there was [inaudible] slide. The final report

recommends to establish mechanisms that allow specific parties to challenge or appeal certain types of actions or inactions.

And so in the ODA, we group these into kind of five different categories. We'll see this here, initial extended evaluation, decisions made by ICANN, the same decisions made by third-party experts, formal objections, decided by third-party dispute resolution providers, contention resolution procedures, and then applicable to all formal objection proceedings and subject to de novo standard of review.

And overall, the team found that implementing these recommendations calling for one or more if needed limited challenge and appeals mechanism is feasible. But there are some concerns or possible concerns around one, two and five of that list above. And there's a bit more details around this on this slide here.

One concern is potentially that this may cause unnecessary cost and delay given the availability and purpose of extended evaluation. On two, this could potentially challenge the ability to particularly plan for the opening and closing of the application submission period. On the last one, on five, the process envisioned by the final report for selecting the arbiter for the challenge or 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 propose in the ODA to use a similar panel evaluation system process—selection process, I'm sorry—as they did or we did in the 2012 round.

Community applications, two more topics, this and auctions and then I'm done. On the CPE, there's a summary of the recommendations or the outputs from the final report. And a reminder that CPE is really essentially a contention resolution mechanism that is available to self-designated community applicants. And if you prevail in the CPE, essentially, you would gain priority over all other members in the contention set.

There were some concerns, I think, around CPE as it happened in the last round. One is I think there was not maybe—some people perceived that successful CPE candidates were few and far between.

There's also obviously a concern about the number of received complaints from applicants, both community and standard applicants regarding the outcomes of CPE through formal correspondence and ICANN accountability mechanisms.

And the Board input on the draft final report actually noted concerns that the SubPro final report outputs—draft final report—will not sufficiently mitigate concerns around CPE as experienced in the year 2012 round.

Having said that, in the ODA, we essentially propose kind of possible improvements on the 2012 issues. This is on top of the recommendations or the outputs. Many of these are implementation guidance. Regarding the level of legal challenges, kind of explore opportunities for example for string change as a mechanism for reducing the quantity of evaluations in contention in line with applicant change requests outputs.

The other issue of perceived inconsistencies in evaluation results. Possibilities here for improvement are introducing a single panel for the duration process. So having the same people evaluate the applications, and also providing accurate reviews of CPE results.

And then finally, evaluation process design inclusive of diverse types of communities was also an issue last time around. And so here we propose to involve experts in development of evaluation criteria and to advise and work with evaluators to come up with the best possible system. And these we believe are all compatible with the outputs of the final report.

Final topic here of "concern," auctions, specifically private resolution of contention sets. In 2012, obviously, ICANN Org included methods to resolve contention in the AGP explicitly encouraging self-resolution, which subsequently led to a number of private resolutions. Most of them were actually resolved privately and a lot of private auctions at least anecdotally took place.

The working group did not reach consensus on the recommendation on private resolution of contention sets, noted that some applicants that applied for multiple TLDs leveraged funds from private auctions they lost for financially positioning in the resolution of other contention sets.

There are some other concerns around gaming as well that were expressed in the final report and other sources by the community. The ODA essentially proposes that in future rounds, in accordance with the final report, applicants be required to first of all sign the statement of bona fide intend to operate the gTLD.

This is an output from the final report itself. Mitigation process provided there. And also abide by the contention resolution transparency requirements.

And then in addition to that, during the implementation periods, ICANN Org will also seek expert guidance to identify additional effective mechanisms to essentially deter applicants from applying for new gTLDs for the purpose of financial gain.

This brings me to the end of this section. And I think we have some time allocated for questions now as well. Just looking at the chat, I see the question there from Justine. I'm just going to read that out if that is okay.

Justine is asking in the chat, how will concerns for CPE be reconciled with the present position to use the same panelists from the 2012 round? One of the key criticisms of CPE from the 2012 round had to do with the suitability of the CPE providers.

And, Justine, I'm going to be honest with you, I don't think—I'm going to go back to the topic. Are we proposing to use the same panelists? I think what we say for CPE, that is a slightly different process here, actually, is to introduce a single panel evaluation process. So having in fact one panel with the same members evaluate the various applications. I hope that makes sense. I hope that answers your question, Justine. See if there's any other questions on this. Anne, please.

ANNE AIKMAN-SCALESE: Thank you very much. I had a question posted in chat earlier regarding RVCs and a potential proposed change to the bylaws.

LARS HOFFMANN: Do you mind repeating it here? I'm so sorry. I'm doing the slide deck at the same time. Do you mind just reading it out?

ANNE AIKMAN-SCALESE: 1.1 of the bylaws states that ICANN has the ability to enter into PICs in service of its mission. And the concern, I guess that was expressed by the Board is that an amendment would be needed because potentially RVCs would go somehow beyond the scope of that provision in 1.1.

And I recall that we had a public session on RVCs in one of our virtual meetings when we talked about what in service of its mission might mean and the ability to be able to move strings forward, for example, in response to GAC advice on a particular string or early warnings. And I'm curious as to what ideas are being floated with respect to bylaws amendments that would assist in that process of being able to enable the Board to feel comfortable entering into RVCs.

LARS HOFFMANN: Thanks. That's helpful. So two things. Karen—I managed to scroll up after I moved the deck back to this—provided a quick answer on that as well. So I think there's definitely—nothing's being floated so there is no bylaws language proposal that are in the ODA or that we've discussed. But kind of what we said is that I think even in the working group itself, there were some members who said, look, the PICs and the bylaws language as we have it

allows for the enforcement of PICs and RVCs as we propose in the final report.

Other members in the public comments as well disagreed with that and said it might go beyond the scope of the bylaws. And so what we propose here is to say, well, let's take the ambiguity away, have a very narrow change to the bylaws that just carves out explicitly around PICs and RVCs ICANN's ability to agree to them, and to enforce them in the way that it's envisioned in the final report.

We have no language position around this. It's a concept proposal. And so we also will see what obviously the Board has to say to that and what their viewpoint is on it, but ultimately, for them to see what path forward they want to take. I hope that is helpful.

ANNE AIKMAN-SCALESE: Thank you both. Thank you, Karen and Lars.

LARS HOFFMANN: Of course. I see Justine, and Karen, I think that is maybe taken care of in the chat. I don't think, as Karen said, yeah, we proposed a different or the same panel as in 2012. And that's good from Justine. Okay, very good. Thank you. Appreciate that.

Good. No other hands have come up while I stumbled through those answers. So I'm going to move the deck forwards to the next section. And I actually don't know, am I passing it on to Karen?

KAREN LENTZ: Yes.

LARS HOFFMANN: Okay. Karen, over to you. Sorry.

KAREN LENTZ: Thank you, Lars. So we're returning now to some of the operational conclusions, in particular around time and cost of implementing the recommendations. So can we go to the next slide?

So I mentioned at the beginning, of course, that there's a significant investment to be able to offer a round in connection with the policy recommendations in the SubPro final report.

The risk that came up quite a bit as we were doing this analysis is that we need to make the initial investment before we know what the volume is. And so because the program is meant to be self-funding, there's a risk of making a very large investment and not knowing when or even if we might ever recover those costs, whether the volume would end up being very small, very large. We don't know.

And so we looked at ways to mitigate that, especially as we came to the tail end of the ODP and had all of these sort of comprehensive conclusions.

So for most of the ODA, as the document that you'll read, we provided a design that was, as has been done in the past, is

essentially a single immediate next round. So we spent a long time building this round. We have a window that opens and closes and then all of those get processed. And at some point in the future, there would be another round. And this is kind of the structure that we built upon for most of the analysis that we did.

Given the outcomes, we started then to look at alternatives if there were ways to mitigate some of the timeline and cost and systems concerns that we had. And so we came up with an alternative that we've started to explore that would structure the round over four years and include four annual cycles of application windows, as well as a processing capacity limit per year.

So I'll describe that in a little bit. But sort of shorthand, we've been calling the one big round as option one and the proposal for having a round over four years as option two. So when we talk about that in the presentation, this is what we mean.

So looking first at timeline. So as we developed the implementation plan for a future round based on these recommendations, we ended up with an estimate that it would take about five years to build. That would include, of course, going through developing the applicant guidebook, devising all of the rules, hiring all of the vendors, building a system to process applications, hiring, developing the operational capacity, all of that ended up at about five years. And so in developing an alternative, we looked at ways to decrease that timeline.

The second piece of it is, as I mentioned, a very high upfront investment to be able to even open the round before any fees are submitted. And that's a big financial risk. And so the alternative is

seeking to mitigate that by reducing the upfront investment. And I'll talk about that in a moment.

And then finally, from the systems perspective, part of the five-year timeline was with the idea that we would be building an end to end system that would consist of kind of modularized services that support all of the different parts of what's recommended by the SubPro report.

And building that system that would be able to automate and interconnect these different pieces had about a three-year development time and also an upfront cost. And so looking at our alternative about developing a simpler system to start out with, that helps to decrease the development time and the initial investment. Can we go to the next slide?

This will compare what we're calling option one and option two from these various components. So as I said, we came up with about five years to be able to launch around under option one, due to the kind of sequential nature of developing, building the processes and then having the software development follow that. Some would be done in parallel. But essentially, they're both extensive processes.

I think it's important to point out here too that in any option, there are dependencies. So we listed here some of the things that are ongoing, like closed generics, IDN EPDP and other things, that in any scenario, those need to be addressed.

We also thought about predictability. And in this option where everything is sort of poured into one round, there's potentially less

predictability than applicants would want. Looking at the total cost under this option, it comes out at about $457 million with a big investment upfront, about over $100 million before any fees are received. So with that total cost, that takes the estimated application fee to about $270,000. That, of course, is a base amount. There still is applicant support. There still are fees that may apply only in some cases. But that would be the estimate based on this analysis.

In this option, there's no limits on submission and processing capacity would be determined once we knew what the volume was. So we would open the round and then however many applications we receive, we would schedule the processing of them accordingly.

Option one also assumes, as I said, that we're doing everything that's in the final report and that we have a complete and a scalable system throughout the process. Being able to automate things with a system means that we need fewer people to be hands on with applications. And so this is sort of a snapshot of what we're calling option one. Next slide, please.

So, option two, we call four annual cycles. So a couple of things that are important to note about this. One is there are, within the four years, there are four opportunities to submit applications. And then along with that, we've also established a processing capacity limit of 450 applications. That allows us to plan and allows applicants to kind of know where they are in the queue.

One of the things that we thought would be helpful in this as well is the communications factor, because with the single round, all of

the communications have to be focused on a short window that opens and closes. And all of that has to happen upfront, which sort of backs up when the round can open if you have all of these communications needing to be focused on this one section.

So with the round over four years, and there are four opportunities, this is perhaps helpful to communications because communications can continue to occur over the four years and people have time to prepare applications or educate themselves about the process.

So with developing this, the concept of this option, we looked to see how much we could reduce the time to be able to launch a round. And so we came up with a target of 18 months. That includes the policy implementation, all of the same work would need to be done as far as developing the guidebook, we've looked for some ways to optimize that process. And then the software development would also be reduced down to a minimal number of systems potentially, focusing on what's needed to be able to accept applications.

For looking at predictability, we thought this was helpful. So first of all, there's a shorter wait time to be able to open the round. But also with the processing capacity limit per year, then applicants can know where they are in the queue.

I see hands going up, but I will finish this slide and then call on Paul and Susan. Total cost for this is a bit less due to the smaller system investment. And the initial upfront investment also goes down to about $67 million. With the total cost going down, the estimates for the application fee also go down. We aren't

proposing in this option to limit the number of applications that we accept. So we would accept as many as we received. That's also in line with the final report which recommends against having any sort of limit as to the number of applications that ICANN would accept. But what we do propose to establish in a sort of defined way is to have an annual processing limit of 450 applications.

With this option and the shorter timeframe upfront, we thought it might be possible that we wouldn't be able to do the full scope of everything, meaning some of the features of the system or some of the optimizations that we identified from 2012 processes, we might not be able to do to do those upfront. Those might be things that we added on at a later point. And then because the system would be smaller, we would need more people to be able to manually process the number of applications that we received.

The last thing that I'll note on here is that if it would happen that there would be so many applications that processing 450 a year would take unreasonably long, like if there were 5000 and it would take 10 years to get through all of them, we would have the ability, knowing the demand, to build the machine and increase the capacity to be able to increase the capacity limits, to be able to handle those.

So this is option two that we've started to explore. This is attempting to find ways to be able to get through a round sooner and to help mitigate some of the financial risk. If we can go to the next slide, I think that basically summarizes the same points. But what is here in the second bullet is that some of the upfront things that we would need to do to launch a round, those don't change,

we still need to engage expert panels, we still need to devise a registry agreement and so forth.

So I think that gets us to the next section for questions. Is that right?

LARS HOFFMANN: No, we actually had the questions at the end of the entire section of this, but I think with the hands up, you may want to take them now. I'm just advising that we have about 13 slides left, but only half an hour. So maybe a short [inaudible now.

KAREN LENTZ: Okay. so Paul McGrady is first.

PAUL MCGRADY: Thanks, Karen. I'm wondering if we can go back to the previous slide. And just want to say as an umbrella comment, I love all the creative thinking. I think coming with options on how to solve some of these problems, it shows the good work of staff. Obviously, there's lots to absorb here. There's lots to absorb generally in this webinar, it's a goldmine of new ideas. So thank you very much.

I just had a question about the—I understand how doing fewer systems and putting more people at work speeds up that part of implementation. It's not as obvious to me how it speeds up the policy implementation, if that makes sense. So what's the difference between the two approaches? If you can elaborate a bit

on that. Is it that we just don't have IDNs in the first year, and we don't have close generics in the first year so those are swept away as problems? Or is there something else? It looks like maybe you guys discovered the secret to speeding up implementation work and I'm super nosy. Thank you.

KAREN LENTZ: Thank you, Paul. So good question. So Lars is going to talk about this in a bit, as relates to the policy implementation piece, and what would be needed for this schedule, how we would conceivably set ourselves up to do that.

But I think it's also important to note kind of a difference in thinking between option one and option two. Typically, when we start implementation, we spin up an IRT, we go through draft language, we go through rounds of comments, have public comment, etc. And it kind of takes as long as it takes, for this, we have estimated it would take about up to five years end to end.

With option two, we're assuming that this is a collective goal that we've set for ourselves. So it's not enough, as I think you're pointing out, to have ICANN operationally ready to do these things within this timeframe. So to the extent that there are dependencies identified for these other efforts, that's something that we would want the community group, the relevant community groups to also support. That's something that the Board would support. So for this to be achievable, it would be a collective effort from everyone is how we're thinking about it. All right, Susan is next.

SUSAN PAYNE: Thank you. Also echoing really interesting sort of suggestions, and I wish I'd had an opportunity to kind of read the slides or better yet read the report kind of before we had this discussion, but appreciate that there's obviously another webinar and opportunity to do more of a deep dive and understand better.

But I had a question, going back to this concern about the kind of upfront investment, lack of knowledge of the demand and so on. And it's really a question about what's changed for this round compared to the previous one? Is it that in some manner, ICANN had a much better understanding of what the likely demand was for the 2012 round and that you don't have it this time? Or is it that you are much more risk averse this time around?

Because it seems to me from the outside that you had to kind of make a bit of a leap of faith for the 2012 round. And given that there are revenues still kind of sitting on unspent, if anything, you kind of overestimated how much the application fee needed to be, but you certainly didn't come out a loser to my understanding.

So I'm really trying to understand where the difference has come. And moving on from that, if it is a question of a lack of knowledge of the demand, is there a way that you can try to build that understanding so that you do have a clearer picture?

KAREN LENTZ: Sure, thank you. I think Göran wants to speak to this.

GÖRAN MARBY: Thank you. It is the question that we have been debating for a fairly long time. And what we did, remember, we went out to the community, I think twice, and asked the community what we think is the potential demand. And sort of the answer we got back probably like last time, which is about 2000 applicants, the problem is we don't know. And so when we're talking about this internally, so I will now go to the Board and I say, I want to build a factory that can handle 2000 applicants at the same time. And the Board will ask me, okay, how do you know it's 2000? I say I had no clue but it's going to cost this amount of money to do it.

When you look at the dollar amount, by the way, when it comes to the option two, we're not that far away from what the actual cost was last time. So if [inaudible] the numbers, that's not that far away. And I think the next slide would show that.

So here comes two things. One of them, it could be 500, it could be 5000, or 1000. We don't know. And there's no real certainty how to do this, especially since we're also looking into having non-English strings added to the root zone, which means that we have to market it, we have to communicate it.

The way we came up with this, let's build a factory to handle 450 applications at the same time, if we get more, then we can make the factory bigger. If it gets smaller, we haven't risked too much money. Because in the end of the day, ICANN Org, the entity has to look at financial risk.

And funnily enough, if you sort of look at it, that's how many we sort of ended up doing the last time as well. But it wasn't, as you

pointed out, very much predictable. And that's what we tried to put into this.

So there are different things that we tried to fix. We don't know the demand, [inaudible], we need time to communicate it. We want to do this slightly different. We want to make sure that we don't financially [inaudible] things. And if you look at how much money we have left in the fund, that's not enough money to sort of pay for building the factory. I hope that answered the question. And when we go into the next slides, I think there will be more answers to some of the questions coming up as well.

KAREN LENTZ: Thank you, Göran. Thank you, Susan, for the question. And Anne is next.

ANNE AIKMAN-SCALESE: Hi, thank you. I wanted to ask a question about the green box on option two related to potentially reduced or delayed scope. And I think the question relates to what I perceive as a need to communicate to Council how that scope would be redefined because Council is in a position of having approved the final report. Final report consists of both recommendations and implementation guidance.

It strikes me that some of the things that you're talking about processes that would not be implemented in option two could fall in the recommendations category. And—for example, some of the appeal mechanisms that are described as complicated and expensive. And then some of them would be in the

implementation guidance category. And that Council will actually need to understand the proposal in more detail. And I don't know if that is already in the ODA, or if it's something that might need to be communicated directly from the Board to Council with, for example, a request for GNSO input.

GÖRAN MARBY: May I make a comment?

ANNE AIKMAN-SCALESE: [inaudible] informal input. I'm not talking about initiating a policy process. I'm just talking about initiating a request from the Board to the Council for input.

GÖRAN MARBY: So small detail on this one, the Board has not accepted the ODA yet. So there is no formal decision how to proceed with it. As we did last time with the SSAD, this is the, we go out to the first—this is the first really official thing we do, but it has to go to the GNSO Council and describe it and we do the webinar on the 14th, and you will see the whole ODA and the Board will discuss the whole ODA.

But I suspect the working method—I hope it will—that the Board and the Org will have a really good conversation. So many of those things with the GNSO Council going forward. I think that the SSAD discussion has been a really good pathway to have those conversations. So to answer your questions, we're looking forward to many good conversations.

KAREN LENTZ: Thank you, Göran. If I can add one thing as it relates to this box. So far, in developing our option two concept, we haven't found anything that really goes against any of the policy recommendations.

The one that potentially might has to do with the RSP pre-evaluations and that being good for one round, are we counting that as the whole round or each cycle? But you know, for what we've found so far, looking at the recommendations on submission limits, on application queuing, on applications being assessed in rounds, there's nothing here that goes against any of those recommendations that we've found so far.

An example maybe would be helpful as far as what I have in mind here, or what I think of when I see this. So one of the pieces in the final report is that when we build a system that publishes application data, people can sign up to follow an application. So you would automatically get updates every time that the status changes on an application.

So that's an example of maybe could we launch the round without having that? Yes, probably. Could that be something that we build on at a later point? So that would be the kind of conversation that we'd be looking at in terms of that.

As far as how this is discussed in the ODA, there is more, of course, description of option two and some of the logistics. But I would not say that it's fully developed in every detail of it, because it's kind of at the tail end. But we have enough there, I hope, for it

to be a basis of discussion and fleshing out how it would work. Thanks.

ANNE AIKMAN-SCALESE: Yeah, great. Just a follow up that for example, with respect to processing in batches, I have this recollection regarding the priority given to IDNs and that there was a whole ratio developed in the report with a recommendation for depending upon the number of IDN applications received and that that was a firm recommendation, and obviously a lot of detail there that Council would need to look at.

KAREN LENTZ: Yeah, thank you. And we haven't proposed to change that prioritization, by the way, but the actual formula may be affected if we did something like this. Yeah. All right. So I think Shani is up next with more on the costs. Is that right?

SHANI QUIDWAI: Yes, thank you, Karen. Hi, everyone. My name is Shani Quidwai from the ICANN Org finance function. I'll walk through the financials in a little bit more detail. Due to time, I'll kind of skip over some of these slides a little quicker and focus on the numbers. But here are some of the key assumptions that go into the cost model.

We have assumed refunds or application withdrawals. And we've assumed them to occur at the similar rate that happened in the 2012 round. We've assumed costs for program development. This

includes the system, the infrastructure, outreach, awareness, and things such as that.

Initial and extended evaluation costs are assumed to be fully proportional to the number of applications that are processed. As it relates to the program operations costs, those costs are higher in option two, due to the fact that in option one, we would be investing in more automation and more systems that would reduce the need for more staff.

And then lastly, similar to the 2012 round, we have made an assumption for contingency or unknown, and risk costs that we do not yet have visibility into it. That's assumed at 20%. If we could move to the next page.

Here are just some of the things that we wanted to highlight that are ultimately operational challenges and drive some of the cost and complexity within the program. String contention, appeals mechanism, registry voluntary commitments, the RSP pre-evaluation, adding the upfront complexity to building and launching that, string changes and the GAC advice process. If we can move to the next page here.

I'll go through the costs in more detail. And after my slides, Samuel Suh from our IT team can talk about the system design a little bit more, the differences between option one and option two.

But if you look here, we have the various columns, the first being option one, which is the high automation and more investment upfront into specifically the system, and just an overall lengthier process.

Option two is what we've called here the batching, where we have a lower upfront development cost, you can see that 53 million compared to the 110 in option one. And then to the right of this, we have the 2012 round. And this represents all the costs that we've incurred to date, as well as projected costs for the next few years as we still have not closed that round.

Looking at option one and option two, we've assumed 2000 applications in both of the scenarios. The applicant fees are slightly lower in option two, 481 Compared to 540. And that's due to the fact that this is a cost recovery program. And if the costs are lower in option two, the fees that we generate would be lower.

We've made a high-level assumption here for the applicant support program to be a $2 million cost, and then the refunds here of $72 million compared to 81. So ultimately, between the two options, we would be looking at net revenue or net funding of 457 versus 407.

The next section here is the development implementation. You can see here that regardless of which scenario we go with, the costs of the ODP has primarily been incurred to date and would not change. We project similar costs for the IRT and that the big difference here is that on the program development side, you see nearly a 50% reduction due to the fact that we would be spending less or investing less on the system side and reducing the timeframe.

You can see off to the right for the 2012 round for the development implementation, we did not have the work structured in the same manner. So we don't have the same line item detail.

However, the costs were $32 million. Overall, the costs for option one and two are projected to be higher than the 2012 round for a variety of reasons. I think we've touched on inflation. But I would also add that we've structured the work more differently so that the operations run better. So we're incurring some of these costs upfront whereas before we incurred them while processing or in the operating side. And just some of the overall changes and complexity and improvements are adding to the higher cost compared to the prior round.

The next section here is the total operating costs. And these first three are the same in either scenario. These are costs that would be primarily handled from external vendors, and are really driven by the volume. And so regardless of which option we were to move forward with, we don't see a difference in cost here, because they're really driven by the volume and they're owned at the vendor level. But these are ones that we can't impact as much.

If you move next to the program operation side, we do project a slightly higher amount of cost in option two, that's due to the fact that with less automation or less investment on the system side, there would be higher staffing needed.

Next here, we have the contingency, which we've assumed to be the same in either scenario. In either scenario, we do see the need to set aside funds for unforeseen costs. And those costs could relate to any of these categories that we've outlined here. Specifically, either the operations, the delegation, and so forth.

Lastly, here we have the program operation cost, a total operation cost of 457 compared to 407 for the option two, and then you can

see here that these this balances and that there's no remaining funds. These funds would also be invested similarly as the 2012 funds have. We would be collecting fees and then processing and incurring costs for years after.

For simplicity of the modeling here, we've not assumed any investment gains, whereas we have seen $11 million of investment gains for the 2012 funds. And then on the bottom here, you see the application fee. And as noted, this is ultimately an estimated application fee based on all of these estimated financials. And ultimately, the type of application would in some ways shape the cost that somebody pays. For example, if they were using a pre-approved registry operator, that would be a lower cost than somebody that wouldn't. So with that, I will hand it over, I believe to Sam to go through the system in more detail. Thank you.

SAMUEL SUH: Thank you, Shani. Hi, this is Samuel Suh. I'll be going through the system portion of the presentation here. I'm very aware of the time so I'll go through this relatively quick.

Just on the key assumptions here on the system side, option one and option two that we're talking about. What we did was to kind of frame this for us in doing the assessment. We did have to review documentation and meet with the business and understand the business process associated with taking an application, going through its many processes, to the final decision of whether an application is approved or not. We broke that down after we've done the process reviews and we put a system architecture and

identified some of the feature sets, we broke it down into 18 new services.

So those 18 services make up the various systems that would take to automate a full transactional system. So that served as our baseline. Karen talked about this, others have talked about this as well, the 18 new services would be something that we would have to build. It's a three-year implementation cycle that we've estimated, with the cost estimate around 40 to about 54 million range.

That covers the sourcing, covers the software licensing and administration overhead. We do have some dependencies on the AGD, just to get clarification on the exact requirements. But that was our baseline assumption.

From that, we did look at an alternative. We understood that this cost was relatively high, the implementation lifecycle of three years was pretty long. So we said, what else can we do? What can we do a little faster, maybe a little bit cheaper?

So we started looking at what we call in the system side an MVP, a minimum viable product. And based on the 18 services, we identified eight services saying that those are pretty critical, that we would need to have that to support even a manual effort on the majority of the transactional events, that we would need this.

Obviously, one example would be an intake system, some way to capture the application and to be able to catalog that and then be able to go to the next step in the gating and the approval and review cycle.

So based on that, we said there's eight services. Of the 18 that we looked at, two will be completely full implementations of the 18. We did have to cut some feature sets of the six services that equals [inaudible]. And we did have to remove some of the system services.

That doesn't mean that the service itself is being cut. It's really the automation of that process is being removed. So that, again, puts more strain on the business and our Org to do some manual transactional activity to do something that we would have automated in option one. So those are the two major differences on the option one and option two.

Also a big differences in the lifecycle. We're estimating option to at 18 months, with a six-month wrap up time, it's a much more rapid approach. But it is something that we think that we can. The cost estimate is lower as well, about $12 to 16 million range covering the same type of resourcing, software and admin overhead. If we move to the next slide.

So this is a list of the 18 services. And this is really around the automation of the business process. As we went through and evaluated the documentation and met with our business partners, this is a way that we can divide and conquer and to build a solution set.

So you can see the difference between option one and option two, there's 10 services that are being removed. But just so that everybody understands, each one of this, there's process flows, there's a system architecture, and there's an estimate on what it would take to build something like this. And so that's how we

came up with our cost estimate. And those are outlined here as the two differences. We go to the next one.

Just some pros and cons. So for the one big round, obviously building a full transactional system, it's more of a big bang, it does take some time for us to get resources as well as our infrastructure in place. And there's a long lead time associated with it. So the pro is that we have a fully automated system. The con is that it takes about three years to do this. And the cost is relatively high.

On the risk side, there's some financial risks associated with that. I think the people have talked about what it could do, potentially to the Org if we spent this type of money and we didn't have the applications to support that. So we're aware of that. Obviously, this is a much more complicated—18 systems versus eight systems, it's more complicated than option two.

Option two and the four annual cycles, this has the 18-month window. The entire process, there's less of a dependency when it comes to the E&IT system. Obviously there's more of a dependence when it comes to the people side.

Low scalability, yes. But it also gives us the ability to, depending on volume, to do more in the backend and make some decisions that way. There is a higher likelihood of human error, obviously, we'll be doing some manual processing. And there's a higher cost on the staffing side.

As far as the risks when it comes to expediting timeline, increasing manual processes, those were all the risks associated with doing

things a little bit more manual. And then if there is more reworking systems, that's not included in this initial estimate, but it's something that we can add on. So I covered this relatively quick, but I think I'm on time. So I think we go to Lars next.

LARS HOFFMANN: Thank you, Sam. Yeah, I'll be quick. I see we have very little time left. So Paul, this goes a little bit to your question from earlier about the timing.

So in option two, which is obviously the longer build, you'll see that there's a timeline slide at the very end, I want to say 57, 58, 59, around that number. And you see that more compare and contrast. This really just focuses on essentially the policy implementation, the AGB drafting.

And so what we said is that when we looked at the various issues that need to be resolved during the AGB, right, the Board will accept, tell us to implement and so then we still have to find one way or another to solve closed generics, whatever that may be, the auction issue, CPE. I talked about some of the things that we think could be done to improve this based on the outputs there. We have the IDM EPDP that outputs will flow into the AGB, as well.

So we would have about 24 months to get this ready. Sam just talked about this as well, this the system build will overlap with this partially, but will take a little bit longer. And then we have a plan for roughly a year. In ICANN, you never know, but potentially with

some buffers in there for essentially public comments and the Board approval.

And in the interest of time, I'm going to move on to the next slide, which is the second option. And so, yeah, Paul said how can you make this faster. I can answer this a little bit. We have to do the same thing, right. So maybe some implementation guidance, I think somebody in the chat quoted this as some of these may be nice to have, quote unquote.

But essentially, the goal will be here to work with the community, with Board as effectively and efficiently possible to say, well, if you want to open this in 18 months, we can have an IT build ready in that time. So let's try and get an AGB ready by the time as well.

What that will mean, however, would be that these issues would have to be kind of resolved and kind of put it into AGB language within more or less 11 months, which would give us about three months for public comments and Board approval.

We appreciate it's a very tight turnaround. But as Karen said, it would be in the interest of trying to get this done. And then that gives us the four months that we need per recommendations to have the AGB published before the next round opens.

We appreciate that a lot of these things have to happen these 11 months. But if we work together, maybe it can be achieved. And I'm going to move on here to the next slide. I think Chris does the overall timeline between the two, kind of reiterates a little bit what I just talked about and gives you an overview of the other work as well. Chris.

CHRIS BARE: Thanks. Yeah, everyone. If you look at the screen, here, we've got option one and option two kind of mapped out as to what we think the timeline would look like. If you look under option one, the lightest pink color, they're all kind of pink there, you'll see four stages that occur during implementation. There's policy implementation, there's program design, there's infrastructure development, and there's operationalization. Those will be detailed out in the ODA, when you read them.

Those are all the different kinds of stages we envision happening during implementation work to get to a final, a program that has all of the processes and whatnot created and staffed up ready to work. So we wanted to show what would need to happen to meet option two, which is that compressed 18-month timeline in there.

And you can see, just like what Lars talked about, there has to be changes to the policy implementation by compressing that. The other aspects would need to be compressed too and we would have to work through that.

Another thing to note is that applicant support and RSP pre-approval. If you look at them there, they both also have longer timelines and the first one with more time for communications and more time for operations and kind of a chance to adapt based on those outcomes, that also has to be compressed.

This is more visual to see kind of when things would have to happen. And you'll see this in more detail in the ODA as well. There'll be more description in there. And you can actually read up

a little more on the detail, has a whole timeline section as well. With that, I think we can go back to Karen.

KAREN LENTZ: Thank you, team. And thank you, everyone, for listening. We have one minute, and I see Susan has her hand. So go ahead, Susan.

SUSAN PAYNE: Yes, sorry. Really quick question. I have tons but I'll just ask the quick one. Could you just clarify—I might be being really dense. I probably am. It's reasonably late here. But it seems on option one on this slide that the application window is starting at the beginning of year six, whereas on slide—I think it was 55. The one for the timeline for option one. It says 36 months. Where does that difference come? I don't understand.

LARS HOFFMANN: Sorry, Susan. I can take it if that's okay. The two previous bubble slide timelines are really just about the policy implementation. So you see that here in the option one, you see schedule here. This also doesn't work. Implementation phase. And this is the policy implementation.

And so this year is really just the AGB drafting. We have not included here the public comment and the Board approval into that. So it's just this. So it's not about the opening of the round after 36 months, but it's having AGB ready after 36 months, which if it was, we could then open, obviously, but under option one scenario, we still have the other work that has to be done after the

AGB finishes. I hope that makes sense. I agree that we can improve that balloon slide to get rid of that confusion.

SUSAN PAYNE: So apologies, Lars, but I don't think that's what I meant. So on this slide here, you have at the end of year five, application window. But if you go back to slide 55, there you have application windows open after 36 months. And that's a two-year difference. And I'm struggling.

LARS HOFFMANN: So just imagine that it shouldn't say here 36 months. So what it says here is that we would have the AGB approved after 32 months, so the application window could open. But under option one, the system development and internal operationalization is still taking place, which we have on this slide as a caveat. And we should have added to the second slide as well that this does not take into account these kind of items.

So this slide, what we're essentially doing here is just looking at the policy implementation, which would, if we just had to do that, we could open the window after 36 months, because we have the systems and internal operationalization to get ready as well. And this will take two additional years to get that done. I will adopt that, amend that slide for the webinar on Wednesday. It's a good catch, Susan. That was my fault.

SUSAN PAYNE: Okay. And sorry to come back again. But is the same true of 56, then, that 18 months is not really 18 months?

LARS HOFFMANN: This one here?

SUSAN PAYNE. Yeah.

LARS HOFFMANN: No, this is correct. So this, if I go to this slide, again, you see this here, there, the system design is—so here's the policy implementation 18 and 18 months with an AGB. And here is the system design and the operationalization that just extends by a quarter this year, essentially is Board approval in those three months. So this is exactly 56 is the correct timeline.

SUSAN PAYNE: Thank you. And apologies, I'm hogging, but I can't see any other hands. So I'm just going to keep going if that's okay. Can you just explain the disclaimer on slide 56? What is meant by that at the bottom there, that asterisk?

LARS HOFFMANN: Yeah, this should have gone the disclaimer, this is what I talked about earlier, the disclaimer should have gone on 55. I'm sorry about that. To exactly disclaim the 36 months here, [so that is not taking account the other bills.] So it should not be on this slide. It

should be on this slide here. And this is because after 36 months, we're not opening. Because you see here, that infrastructure development operationalization will still have to occur after the policy implementation finishes.

KAREN LENTZ: Yeah, maybe one way to think about it is the balloon graphics that Lars was showing are just about what we're calling policy implementation, which is on paper, right? So we can write all of these processes down, put them on paper and say, okay, we're ready. But then this slide that's up now that Chris just talked about is everything. So that's kind of the policy implementation part with context of all of the systems and other processes that need to happen. So we will clarify this last part on timing for that.

All right. So I think that brings us to the end of the session. So I want to thank everybody for your attendance and thank you for the good questions and comments. And we hope that you will join us again next week for one or both webinars when we'll have an opportunity to talk about this some more. Thank you very much.

[END OF TRANSCRIPTION]