

**Remarks to the ICANN Board of Directors, Accra, Ghana, March 13, 2002,
on the Topic of Funding ICANN**

by

**Ron Andruff, Managing Director, RNA Partners, Inc. and Member of the ICANN Business
Constituency (rna@rnpartners.com)**

Good morning. My name is Ron Andruff, and I am the Managing Partner of RNA Partners and member of the Business Constituency, however, I am making my remarks here today as an individual. I agree with Dr. Lynn's comments with regard to sourcing broader funding and that this is the first priority for ICANN to fix the funding conundrum. I fully agree with the perspective of the Reform paper that most problems are about funding and staff, meaning, FUNDING. The paper seems to present the view that the ccTLDs are part of the problem in the funding. However, in my view, most of the funding should, and could, come from the gTLD registrants. There are approximately 27-28 million names in the gTLDs; and another 10-12 million in the ccTLDs. The ccTLDs get different, and perhaps less services from ICANN. I believe that the proper place to look for funding is the most distributed funding base possible: the registrants in the gTLDs. Today, the registrars and registries already have in place a mechanism to assess a fee per name, collect an administrative fee, and pass through the payment to ICANN based on the number of names. No change in this process is needed. They need only increase the payment by a few cents per name. While some will maintain that this is a "tax on registrations," this is a diversionary tactic. While some in the registry and registrar community will maintain that this is a fee which they "subsidize," this is simply silly. I question how any entity that passes on my money could consider it theirs! All revenue into the domain name system comes from the registrants, through the registration of names. The registrants receive the maximum benefit from ICANN's existence. They should, and can, fund ICANN through a simple "user fee" based on cents per name, and after the subtraction of an administration fee, the registries and registrars, pass the payment on to ICANN. If today's fee equates to just under 10 cents per name, then a fee of perhaps 20 cents, or 25 cents per gTLD name could be assessed. Arguing about whether the ccTLDs pay the same amount: For now, this is not a productive argument. ccTLDs do not receive the same degree of services nor consume the same level of staff support. They could be asked to pay a lesser fee per name. ccTLDs who operate as generics should be assessed the same fee as gTLDs. The business community has little sympathy for those registries and registrars who give names away and therefore object to such a funding mechanism for ICANN. "Free" merely means that someone else is paying or subsidizing. Clearly, revenue models built on such assumptions do not bode well for the stability of the Internet's supply chain and need to be re-thought on the part of those who follow this model. In conclusion, I believe that we can all rise above our own interests at this critical point in time, to serve the greater good, i.e., a stable DNS authority in ICANN. Although I was not here at the time, many who I have great respect for have told me that that is what happened at ICANN's inception. Let's do it again! Thank you. [These remarks come as a result of a number of discussions with individuals participating in the ICANN process and constituency reps., and represent the broad support voiced in those discussions.]