Second Metting of the

RIPE NCC Contributors Committee

Minutes

Document: ripe-132

The meeting was called by Steve Druck, TERENA vice president for services, and held on September 1st 1995 at the Hilton Hotel Schiphol Airport, Amsterdam, Netherlands.

These minutes were prepared by Mirjam Kuehne and Daniel Karrenberg of the RIPE NCC.

Participants

Bernward Averwald	de.roka
Jens Baedeker	de.csl-gmbh
Lajos Balint	hu.hungarnet
Stephan Biesbroeck	be.belnet
Antonio-Blasco Bonito	it.garr
Daniel David	de.ipf
Jim Dixon	uk.vbcnet
Steve Druck	TERENA (Chairman)
Lubos Elias	sk.sanet
Yoshiko Chong Fong	APNIC (Observer)
Daniel Karrenberg	RIPE NCC
Rolf Krause	de.roka
Mirjam Kuehne	RIPE NCC (Minutes)
Siegfried Langenbach	de.csl-gmbh
Humberto Lucas	fr.eunet
Javed Mirza	uk.cabletel
Isabelle Morel	fr.renater
Kees Neggers	nl.surfnet
Svend Moeller Nielsen	dk.tbit
Arnold Nipper	de.xlink
Mike Norris	ie.heanet
Juergen Rauschenbach	de.dfn
Pavel Rosendorf	cz.eunet
Miguel A. Sanz	es.rediris
Ian Smith	uk.janet
Oliver Smith	uk.demon
Nigel Titley	uk.bt
Pavel Vachek	cz.cesnet
Peter Villemoes	dk.denet fi.funet no.uninett ...

Wim Vink	eu.eunet
Olle F. Wallner	se.swipnet
Wilfried Woeber	at.aconet

Apologies

The following people had sent their apologies prior to the meeting:

Rob Blokzijl	RIPE
Henk Hofs	nl.ibm
Willi Huber	ch.switch
Eric Malmstrom	se.transpac
Joy Marino	it.itnet
Olivier Martin	CERN (sponsor)
Axel Pawlik	de.eunet
Ivan Sedinic	hr.hpt
Cliff Stanford	uk.demon
Agathoclis Stylianou	cy.univ
Dimitris Zisiadis	gr.forthnet

1. Welcome & Preliminaries

Steve Druck welcomed the participants was elected to chair the meeting. He welcomed Yoshiko Chong Fong of the Asian Pacific NIC as an observer to the meeting.

Wim Vink asked to re-add discussion of the Terms of Reference. He explained that he wished to discuss the voting procedures. This was added as point 7.

Later the discussion about waiving fees (original point 6) was moved ahead of the charging scheme (original point 5).

Agenda

The final agenda for the meeting:

1 *Welcome, Selection of Chair for Meeting*
Steve Druck, TERENA VP for Services

2 *NCC Activity Report Q1-Q3/95*
Daniel Karrenberg, RIPE NCC Manager
Presentation of reports already given.
For information and comments.

3 *NCC Financial Report Q1-Q3/95*
Daniel Karrenberg, RIPE NCC Manager
Presentation of Q1/Q2 Report plus then available Q3 results.
For information and comments.

4 *NCC Activity Plan and Expenditure 1996*
Daniel Karrenberg, RIPE NCC Manager
Proposal sent out July 31st.
For discussion and decision.

5 *Procedures for Waiving of NCC Fees*
Steve Druck, TERENA VP for Services
See discussion on mailing list.

6 *NCC Charging Scheme 1996*
Daniel Karrenberg, RIPE NCC Manager
Proposal sent out July 31st.
For discussion and decision.

7 *Contributors Committee Terms of Reference*
Wim Vink, eu.eunet
Voting Procedures
To start discussion.

2. NCC Activity Report, Q1-Q3/1995

Documents

RIPE NCC Expenditure Planning 1995
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-exp.ps`
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-exp.txt`

Short (Monthly) Reports
as sent to the mailing list.

Workload

The registration services workload is still increasing beyond the expectations on which the 1995 budget was based. There are currently 253 LIRs. This reflects the general boom in the Internet business. Consequently demands on registration services have been much bigger than expected and planned for.

The NCC has given registration services priority since the customers depend on this for their businesses. As a consequence other activities are suffering significantly.

Actions

NCC is striving to automate as many standard activities as possible. A number if immediate actions have been taken to deal with this situation:

- A request ticketing system has been implemented and deployed.
- A request tracking (workflow management) systems is being implemented.
- A one day training course for new LIRs has been developed. Presented 3 of them already, have scheduled more.

Staffing

With the revised budget (see below) the NCC has proceeded to hire junior staff for registration services.

- Have signed contract with Hatice Kuey from Turkey in May, but have problems to get work permit for her due to recent change in Dutch employment law. TERENA is pursuing this with the Dutch authorities at the highest level.
- Els Willems started July 1995

- Nick Reid started 28th August 1995
- Have advertised for and will hire at least one more part-time junior hostmaster this year.

NCC has lost a senior hostmaster (Anne Lord) who went back to the UK to work for an ISP. NCC has advertised fo her position, hope to replace her in October.

NCC has advertised for deputy manager. The number of useful applications was very limited. After intensive negotiations no candidate fitting the required profile remained. The plan is to change the profile in the direction of a "business manager" and to drop the required experience in Internet service provision.

Other Activities

Implemented the new charging scheme together with new procedures for invoicing and feedback to the service level. This is automated to the maximum extent possible now. This has cost more resources than expected but has been highly successful.

New tool developed for reverse delegation requests; automatic checking of zones before forwarding to person who then delegates the reverse domains.

Discussion

Steve Druck reports that he is giving guidance to the NCC concerning work flow management and supports to expend the necessary funds for this activity.

Ian Smith, Kees Neggers and others suggest to change the profile of the Deputy Manager position in the direction of a business manager. Daniel Karrenberg agrees.

3. NCC Financial Report Q1-Q3/1995

Documents

Audited Accounts 1994
as circulated on the mailing list.

RIPE NCC Expenditure Planning 1995
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-exp.ps`
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-exp.txt`

RIPE NCC Revenue 1995
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-reven.ps`
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/ncc-reven.txt`

1994

The audited accounts of 1994 show a surplus of 40kECU. However at the end of Q1/1995 there were still more than 80kECU in unpaid invoices outstanding. At the present this is still slightly more than 60kECU. The bulk of this is from LIRs no longer in operation and sponsorships. Conclusion: 1994 will probably be closed with a slight loss and no reserves.

Q1/1995

During Q3/94 and Q1/95 there was no agreed charging scheme. NCC management and TERENA agreed that new staff could not be hired on this unsecure basis.

Q2/1995

The situation changed drastically in a positive way. The charging scheme was agreed. The funding dependent service levels and tighter billing and invoicing procedures started working. At the end of Q2 there were commitments for 700kECU and 443kECU have been received (more than expenditure budget). As a consequence of this and the increased workload a revised expenditure budget raising total expenditure from 407kECU to 529kECU has been proposed by NCC management and approved by the committee and TERENA. The bulk of the additional expenditure is going into registration services.

Q3/1995

The cash flow situation continues to be excellent and according to expectations. Secondary indicators such as the commitment ratio are improving.

Discussion

Olle Wallner asked what kind of pressure does the RIPE NCC have for people that are not paying (apart from denying them service). Daniel Karrenberg answered that the model of two different service levels is very successful. Also customers now sign a formal agreement committing them to pay up. Kees Neggers adds that it is clearly expressed in the agreement every LIR signs that the customer agrees to pay a financial contribution. There is also mentioned that the service can be decreased. Customer takes the risk that he will not receive any service.

Olle Wallner asked who picks up a cash flow deficit when it is established. Steve Druck explained that TERENA would be taking the risk if there would be no reserves inside the RIPE NCC cost center, this is the reason why TERENA insists on building reserves. We may not always be able to recover money, LIRs may not exist anymore.

Ian Smith asked if it is not time to pursue those who have not paid last year. Daniel Karrenberg explained that TERENA and the RIPE NCC have done this as much as possible: the total went down from 100 kECU to 60 kECU. The remaining bad debts are difficult to chase because they are mainly unhonoured sponsorships and registries not operating anymore. He adds that this is difficult because there were no formal agreements in 1994.

Ian Smith asked about the scale of the safety-net for the RIPE NCC Daniel Karrenberg referred to the distributed documents: 592 kECU in the bank now, 529 kECU planned expenditure 1995, commitments for 873 kECU expected by the end of 1995. We expect to close this year with >300kECU reserves.

Kees Neggers expresses that a deficit would really be the responsibility of the contributors committee as the TOR states that the contributors take joint responsibility for financing the services and operations of the RIPE NCC.

Wim Vink asks what the liabilities for 1996 are. Daniel Karrenberg replies that the employment related liabilities are 380kECU assuming the scheduled termination of limited time contracts and fulfillment of indefinite contracts for the whole year. He cannot say whether the last assumption is realistic. Other liabilities have not been explicitly evaluated but are regarded to be insignificant in comparison.

4. NCC Activity Plan and Expenditure 1996

Documents

RIPE NCC Activity Plan
`ftp://ftp.ripe.net/ripe/docs/ripe-125.ps`
`ftp://ftp.ripe.net/ripe/docs/ripe-125.txt`

RIPE NCC Activities & Expenditure 1996
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/exp96.ps`
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/exp96.txt`

The *RIPE NCC Activity Plan* defines the activities of the RIPE NCC desired by the RIPE community. Based on that document the RIPE NCC manager describes the activities which the NCC will be able to carry out in 1996 and specifies the resources needed. This has been circulated in July as *RIPE NCC Activities & Expenditure 1996* The NCC Contributors Committee then produces compulsory advice to TERENA about the activities they wish to see carried out and the resources they will commit for this as per point 3.2 of the committee's terms of reference.

Daniel Karrenberg gives a short summary of *RIPE NCC Activities & Expenditure 1996*: The main challenges are consolidation of registration services and re-start of technical activities neglected in 1995. All activities are described in the document. Not all activities can be executed. Some are no longer needed. The total of the planned expenditure is 916kECU, 61% of which will be for registration services.

Discussion & Decisions

Wim Vink asked if junior hostmasters are clerically or technically educated and suggested to introduce different working levels inside registration services. Daniel Karrenberg explained that this is already being implemented. NCC will go towards two levels of support staff for registration services. The new junior hostmasters have a clerical background but the hiring profile requires an aptitude to also learn technical issues. Since the purely clerical cases are mainly dealt with by LIRs the NCC staff has to have some technical insight.

Blasco Bonito: activity 3.10 PRIDE Tool maintenance: This is very important for the European Internet, the tools have been developed at the RIPE NCC, we should take this opportunity and start new activity in this field, it should be possible to find a way of financing this activity. After some other remarks in the same vein there was consensus that the RIPE NCC has an important role in the development of the European Internet and should take a proactive role to influence technical development.

It was discussed if technical projects should become core activities and funded by all contributors or if this kind of activity should only be funded by some contributors that are interested in a certain technical project. It was agreed that the activity to track developments, coordinate developments and propose larger project plans (4.4) should remain in the activity plan. The contributors can then decide if they all want to fund a project or if it will be funded by a subset of the contributors. It was not recommended to decrease one of the other activities instead. The RIPE NCC should put its energy in finding a deputy or business manager. The RIPE NCC needs a person that can relief Daniel Karrenberg from administrative tasks, so that he can again concentrate on technical projects.

The activity to keep a record of operational contact points has no resources allocated in the current plan. Stefan Biesbroeck suggests it could be helpful to provide coordination in this area. Daniel Karrenberg explains that he regards the existing database objects and mailing lists as sufficient. He agrees coordination could be better but asks for suggestions of concrete activities, besides maintaining mailing lists, the routing registry and trying to bring ISPs in contact with each other when needed.

Steve Druck about activity 3.1: NCC serves larger area (not only Europe). What is the geographical scope of the RIPE NCC? After some discussion it was agreed that an exact specification of the area is not needed at this point. It was suggested to expand the description of activity 3.1 to say "serves Europe and the surrounding area".

Blasco Bonito missed activities on reverse delegation that the RIPE NCC do and suggested to mention this activity explicitly. It was agreed to explicitly mention this task in activity 3.1.

Blasco Bonito proposes to add resources to activity 3.2 in order to use more modern technologies for searches in DB. Daniel Karrenberg explains that sufficient resources are included in activity 4.1.

Kees Neggers proposed different presentation for activities to clarify the relation between the expenditure budget and the activities. Daniel Karrenberg explained that the description of activities and the budgeting follows ripe-125. The correspondences between activities and budget lines are explained in the text of *RIPE NCC Revenue & Charging 1996*. He agreed to include a table showing the correspondence between activities and budget lines in the final version of that document. He will also make sure that this is better aligned in 1997 budgeting.

Mike Norris and Juergen Rauschenbach suggested that the current model of IANA - RIRs - LIRs might not be sufficient; maybe another level of hierarchy below the NCC could be introduced to decrease workload for the RIPE NCC. Daniel Karrenberg explains that this has not been pursued yet because it will make it more difficult to maintain homogeneous assignment criteria and procedures. This has to be introduced carefully. It definitely is on the agenda for 1997 and procedures should be discussed within RIPE.

At this point consensus is reached about the activities. It is agreed to take the formal decision about the expenditure after the charging scheme is agreed.

5. Procedures for Waiving of NCC Fees

The committee has discussed issue on the mailing list. Daniel Karrenberg circulated the list of options he had developed together with a short summary of pros and cons.

Discussion & Decisions

After a short but intensive discussion there was consensus that NCC fees should not be waived for anyone anymore. Every LIR should pay the appropriate fee. The rationale being that sufficient sources are available for those in real need of sponsorship. It was agreed that it is not the task of the contributors as a group to sponsor networking activities nor is it the task of the NCC to evaluate requests for sponsorship.

6. NCC Charging Scheme 1996

Documents

RIPE NCC Revenue & Charging 1996
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/inc96.ps`
`ftp://ftp.ripe.net/ripe/new-registry/ncc-co/inc96.txt`

Daniel Karrenberg summarises *RIPE NCC Revenue & Charging 1996* which proposes to continue the current model for 1996 with a decrease of all ISP registry fees by 25%.

He regrets that no usage based charging scheme could be prepared because of lack of resources. The NCC has looked a different options (allocation rate, request rate, time spent) but had no time to seriously keep track of the data and to prepare different models. Also no serious feedback was received on questions to the committee about the basic assumptions for the usage based charging.

Daniel notes that other RIRs are moving towards charging models similar to the one currently implemented at the RIPE NCC.

He also notes that only slightly more than 50% of the expected income from sign-up fees is used for activities specifically directed at new registries. Nonetheless he proposes not to decrease sign up fees because they form an effective discouragement against the establishment of many very small registries especially towards the end of the year when regular fees are low.

The predicted revenue in the document is still valid when corrected with more recent numbers; there are slightly less registries than expected, but the commitment rate is higher.

Discussion & Decisions

Humberto Lucas and Wim Vink expressed that they are happy with the service of the RIPE NCC but that they are worried about the status of the usage based charging scheme. The RIPE NCC has financial resources but did not manage to put usage based charging scheme in place. Wim Vink added that he considers it not acceptable that there was no time to prepare a usage based charging model and suggested that a consultant could have been hired.

Daniel Karrenberg repeats that he regrets this as well and adds that the RIPE NCC is still in a catch up mode, he re prioritised activities to serve customers, other activities had to suffer from this. There was only a stable funding since May. He explained that the situation would not be solved by hiring a consultant. Without sufficient data collected a consultant could not have done very much.

Arnold Nipper described how usage based charging has been implemented at the DENIC: 20% equally split over all customers, rest is dependent on usage (how many domains requested). Daniel Karrenberg explained registering domains is largely administrative. The technical registration work can be highly automated as the NCC has recently done with reverse DNS delegations. This cannot be directly compared to second level evaluation of IP address requests. Arnold agreed. Daniel also reported that he knows the DENIC charging scheme and plans to incorporate elements from it in the NCC proposals if they are applicable.

Wilfried Woeber noted that it was already known for two months that the NCC will not present a usage based charging scheme at this meeting, the proposal on the table was also presented. Nobody else has proposed a model. He adds that any charging scheme must produce verifyable bills that can stand up to auditing by the auditors of the contributors.

Steve Druck said that everything that is not as unstable as the situation at the beginning of 1995 is acceptable for TERENA.

After more suggestions and discussions there was consensus not to re-open the issue of whether usage based charging should be introduced at all, but to have the NCC develop concrete proposals first. Everyone was encouraged to participate as much as possible in the development of such models.

The issue of the "time permitting" service level was raised. Daniel Karrenberg reports that currently this is equivalent to no service. After some discussion Kees Neggers proposed a change for 1996: Organisations that have signed a contract with the RIPE NCC but do not pay as well as organisations that do not sign a contract with the RIPE NCC should not receive any service from the RIPE NCC. The risk for the Internet is bigger with an unstable NCC than with some organisations that do not receive service from the RIPE NCC.

Ian Smith asked what the consequences were for the Internet when the RIPE NCC does not serve people. Would this destroy the Internet regarding to CIDR? Would this create possible multiple address assignments? Daniel Karrenberg explains that the RIPE NCC has a de-facto monopoly for address space assignments in Europe. He expects complaints and accusations of building a cartel if we do not provide basic service for free. However Internet wide opinion on this issue is certainly changing in favour of cost recovery for all such services. Double assignments are not likely to be caused by this move.

After through discussion it was agreed to abandon the "time permitting" service level. This means that the RIPE NCC will provide registration services only to registries in good standing, i.e. agreement signed and no overdue payments.

Kees Neggers raised the question regarding the status of Last Resort LIRs that do not contribute to the RIPE NCC. He suggested that they should either be closed or pay a normal fee. Daniel Karrenberg agreed that Last Resort LIRs can be closed as most of them do not serve a useful purpose since enough provider registries are available and addresses should be aggregatable anyway. It was agreed that closing Last Resort LIRs is a good idea and that those remaining should pay a contribution according to the appropriate category.

There is also consensus that the amount of the sign up fee shall not be decreased in 1996. Even if not all money is spend on explicit activities for new registries. The rationale being that new registries do provide additional workload on the RIPE NCC in the beginning.

EUnet stated that they are still convinced that they pay too much in comparison with other contributors. After a lively discussion it was agreed to introduce a new registry category dubbed *supernational*. Daniel Karrenberg raised that the agreement with EUnet last year was made without a decision about operational impacts. This left some ambiguities to be resolved by the NCC. He would not like this to happen again. Therefore the operational impacts of the new category need to be clearly defined.

At this point the chair called a short break during which a small group proposed the following definition of the *supernational* category:

- Pays a fee of *n* times the fee for the LARGE category, where *n* is an integer >=2.
- The *maximum* number of contact points to the NCC is equal to *n*.
- The *maximum* address space allocation for a *supernational* registry is *n* times the normal maximum (currently /16) for *n*<5 and 1.5 times *n* for *n*>=5.
- For *n*>=5 there is a 10% discount to the total fee.
  (This was later deleted)

Daniel Karrenberg stressed that the address allocation figures are *maximum* values and allocations are still determined by documented need and subject to normal allocation rules.

Kees Neggers was against any discount: there is already a discount of 25% for everybody. After a lively discussion it became clear that consensus on a discount could not be reached. At that point Ian Smith proposed to reduce the fee for large LIRs to 8,500ECU as this would produce the effect desired by EUnet while being applied equitably. This was agreed.

So the agreed charging scheme for 1996 is now:

Category	1995 Fee	1996 Fee
Supernational ISP		n*8500
Large ISP	12000	8500
Medium ISP	6000	4500
Small ISP	2000	1500
Enterprise	1000	1000
Last Resort	0	1500/4500/8500
Sign-Up Fee	2000	2000

At this point the *RIPE NCC Activities & Expenditure 1996* was also formally agreed with the amendments agreed earlier.

7. Contributors Committee Terms of Reference

Discussion

Wim Vink raised the issue of voting procedures: Voting should be proportional to contributions. Isabelle Morel seconded that proposal. Kess Neggers explained that the contributors committee does not vote, because it is a consortium, that works by consensus, based on the money committed. Wim Vink was satisfied with this.

Wim Vink then proposed to form a board that meets more often than once a year, is more active and can provide more continuous guidance. Daniel Karrenberg appreciated this idea. Steve Druck will send E-mail on the contributor's list asking for volunteers who are willing to advise TERENA and can find the time to meet around three additional times a year. He expects that these meetings would take place immediately before a TERENA executive committee meeting to provide input to that meeting.