WRITTEN STATEMENT FOR THE RECORD OF

AUDREY PLONK

DIRECTOR, GLOBAL CYBERSECURITY AND INTERNET GOVERNANCE POLICY

INTEL CORPORATION

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ON "STAKEHOLDER PERSPECTIVES ON THE IANA TRANSITION."

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Good morning Chairman Walden, Ranking Member Eshoo and other members of the Committee. Thank you for the opportunity to testify today. My name is Audrey Plonk, Director of Global Cybersecurity and Internet Governance Policy, and I am pleased to address the Committee on the important issue of transition of stewardship of the Internet Assigned Numbers Authority (IANA) contract from the U.S. government to the global multistakeholder community. I appreciate the Committee's ongoing leadership on this subject. Intel fully supports Congress's commitment to multistakeholder Internet governance. Part of that commitment is to respect and abide by the work done by stakeholder groups in developing IANA transition proposals. In my testimony I will touch upon Intel's interest and stake in the transition, the current status of the transition, and some next steps.

Background

First, I would like to provide some background on my experience and Intel's commitment to a global, open, interoperable, trustworthy and stable Internet. As the Director of Global Cybersecurity and Internet Governance policy, I lead a global team of policy experts focused on Internet policy issues and governance, cybersecurity, and privacy. I also work with business units across Intel as the company creates technology across the breadth of the global digital infrastructure (PCs, laptops, tablets, phones, servers, networking equipment, internet of things sensors and software).

Prior to joining Intel in 2008, I led the Organisation for Economic Co-operation and Development's (OECD) security policy work on critical information infrastructure protection and malware. In that role, I served as liaison to the Asia-Pacific Economic Cooperation Telecommunications and Information Working Group, the International Telecommunication Union and the Internet Governance Forum. From 2003 to 2006, I worked as a consultant for the U.S. Department of Homeland Security's National Cyber Security Division, primarily focusing on international security policy issues in their International Affairs Division.

Personal computing has entered a new era. Instead of relying on a single device, we are surrounded by multiple devices at home and work—laptops, a family computer, smartphones, tablets, TVs—they all help us stay connected and be more productive.

At Intel, we see technology as more than just a practical tool. Intel is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's interconnected computing devices. Connectivity to a global, open, interoperable, trustworthy and stable Internet is critical to realizing the promises of this new computing area. And successful multistakeholder Internet governance system – including the successful and timely transition of the IANA functions contract to the community - is key. There is little, if any, disagreement about what kind of Internet we want in the future. The challenge is to translate those principles – global, open, interoperable, stable and trustworthy - into an actionable transition plan that meets the multistakeholder communities' needs. Fortunately, the process to date has

demonstrated that there are many mechanisms available to achieve the desired outcomes of the community – a testament to the stable and favorable conditions provided by incorporating in the U.S and in California.

Intel's interest in the IANA transition

Intel is neither a provider of domain name services, nor a registry or registrar. In short, we are not a contracted party to ICANN. Quite simply, we design and manufacture the computing power of the Internet. We rely on the IETF to define protocols that we build into technology to produce Internet connectivity and services; we rely on the global Internet Protocol addressing system of the Regional Internet Registries (RIRs) to allocate addresses so networks can grow and customers can utilize them; and we expect domain names to resolve reliably so that users and businesses across can find services by name. Without these functions, connected devices will not fully realize their value to improve the lives of everyone on earth.

The IANA function—the maintenance of registries of unique Internet names and numbers, often likened to a phone book—is a purely mechanical. The IANA neither makes policy nor exercises judgment; it simply follows an explicit process to maintain and update the registries according to externally defined rules. The policymaking role for Internet identifiers is tripartite, residing with the multistakeholder community as convened and organized by the Internet Engineering Task Force (IETF) for Protocols, the Regional Internet Registries (RIRs) for Numbers, and the Generic Names Supporting Organization (gNSO) and Country Code Names Supporting Organization (ccNSO) for generic and country-code top-level domains, respectively. While the "customers" of the IANA function are the multistakeholder community, ICANN has performed the IANA function under contract to, and under the oversight of, the National Telecommunications & Information Administration, (NTIA). The transition underway will replace the NTIA as ICANN's contractual counterparty, aligning the oversight, contract, and "customer" relationships under the multistakeholder community. This is the outcome that the U.S. government, the global Internet industry, and the rest of the global multistakeholder community desire: that ICANN's new overseer will be the multistakeholder representatives of the Internet technical, operational, and business communities, as intended and defined by the Department of Commerce in ICANN's bylaws seventeen years ago.

The fundamental assumption upon which Intel's business plan rests is that the Internet will continue to grow at rates similar to those experienced the over past fifteen years. Vigorous competition across national borders has driven Internet growth at a rate never before experienced in the ICT sector. By contrast, government-owned corporations predominated in the telecommunications industry of the nineteenth and twentieth centuries, and the lackluster competition resulted in very slow growth. A recent report from the Organisation of Economic Cooperation and Development (OECD) found: *The performance of the Internet market model contrasts sharply with that of traditional regulated forms of voice traffic exchange. If the price of Internet transit were stated in the form of an equivalent voice minute rate,*

it would be about USD 0.0000008 per minute—five orders of magnitude lower than typical voice rates. This is a remarkable and under-recognized endorsement of the multi-stakeholder, market driven nature of the Internet.[1]

This vigorous competition in the multistakeholder marketplace and multistakeholder self-governance of the Internet has been foundational in fueling the Internet's success. The management of resources, the development of standards, and the implementation of policies has been and distributed between industry, academia, government, and civil society. Intel and our peers throughout the ICT industry benefit from this governance ecosystem and the political stability, innovation and dynamic growth it has provided. The Internet must continue its rapid growth to support the Internet of Things, in which computational power will reside in the objects around us, such as GPS watches and connected home appliances. Consumers, demanding ever greater volumes of data and connectivity will receive this data and view it on a device with a screen, or otherwise analyze and draw value from it, whether personally, or via Internet-connected agents, acting on their behalf. Other technologies speeding this era of integration include wearable computing, natural-language recognition, nanotechnology, quantum computing, and virtual reality. In short, this twenty-first century era of computing relies upon the Internet being global, open, interoperable, trustworthy and stable.

The global business context

The ICT industry is global. In 2014, Intel generated $56 billion in revenue – 6% growth from 2013. Though Intel is incorporated in the United States, our presence, impact and revenue span the globe. I cannot stress enough the importance of trust to Intel's current and future success. We have observed a trend toward diminished trust in U.S. companies and the U.S. government both at home and abroad. For us, this manifests in policies restricting access to markets, mandating that data be held locally, and mandating that technology be designed and manufactured within a particular economy. These are very troubling trends, and if unaddressed, will substantially diminish Internet's rate of growth, and the revenues of business globally. We believe that the prompt transition of the stewardship of the IANA functions is critical to preserving and advancing trust in both the Internet and the global technology providers innovating its future. US technology companies like Intel have created tremendous economic benefits by helping to build the global digital infrastructure, and continued trust in this digital infrastructure is critical for the country's economic growth.

Long before NTIA's announcement last April, the International Telecommunications Union (ITU) has been trying to expand its remit of "telecommunications" to encompass the Internet and related technologies. Champions from free-market economies and technology industries have thus far

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[1]Weller, D. and B. Woodcock (2013), "Internet Traffic Exchange: Market Developments and Policy Challenges", *OECD Digital Economy Papers*, No. 207, OECD Publishing.
http://dx.doi.org/10.1787/5k918gpt130q-en; p. 6

staved off that threat to growth. However, there are other sides to the story. First, much of the developing world has yet to make the same economic strides as their developed counterparts. As a result the ITU has become a battleground in which more developed economies use the "digital divide" issue to recruit proxies in their attempts to regulate and equalize control of Internet infrastructure. Second, there are a small group of countries (China, Russia, Iran) that advocate centralized control (one or a small set of countries dominate) of Internet governance, but these centralization proposals do not have broad support. The final group of countries – best described as "multilateralists" - seek more control from governments, but not necessarily centralism. Their main motivation is to equalize critical decision-making authority by governments (one country, one vote) and reduce the misperceived preeminence of US law and government involvement in critical decision-making. They are not necessarily opponents of "multistakeholderism", but clearly believe that private industry, largely based in the US, has a stronger share of decisions today on themes that are public in nature including sensitive areas like privacy and security. Multilateralists tend to favor the international organizations and treaties as the locus for governments to decide (UN, ITU, etc.).

In parallel with this transition, the United Nations is conducting the 10-year review of the World Summit on the Information Society (WSIS +10). Throughout this process, which began last year and ends in December, the multistakeholder governance process has been under scrutiny from across the globe. During last year's Plenipotentiary Conference (PP-14) in Busan, South Korea, the IANA transition provided a sense of trust and confidence for the global community that resulted in limited impact to the direct role of the ITU in Internet governance and related topics such as security. I believe that continued trust and confidence in the transition will help achieve a successful outcome – one in which Internet governance continues through multistakeholder processes - in December during the WSIS +10 review. Unnecessary or externally imposed delay in the transition may turn the tides against multistakeholder governance and drive countries toward more multilateral approaches.

Fortunately, the U.S. Congress has consistently and publicly supported multistakeholder Internet governance. In 2012, in advance of the WCIT, Congress unanimously passed a resolution (Sen. Con. Res. 50) to "... preserve *and advance* the successful multistakeholder processes that govern the Internet today" (emphasis added). Just last year, thanks to foresight and leadership of this committee, this policy was reaffirmed in H.R. 1580 which stated, "it is the policy of the United States to preserve *and advance* the successful multistakeholder processes that governs the Internet" (emphasis added). It passed the House of Representatives unanimously. In our view, this transition is advancing multistakeholder governance in line with Congress' views.

Intel's view on the practicalities of the transition

The multistakeholder community has made substantial progress toward a transition plan in little more than one year. From the time of NTIA's announcement, the community has mobilized into a series of committees and groups working

tirelessly to construct the best possible arrangement for the management of the Internet's unique identifiers. In addition to developing three transition proposals, one for each of the IANA functions, a parallel process has been underway to propose structural and procedural reforms to enhance ICANN accountability to the multistakeholder community. As of today's hearing, the following reflects the status of the transition proposals:

> Two of the three IANA functions communities – Numbers and Protocols - have submitted transition plans for their functions to the Independent Coordination Group (ICG). Both plans were subject to extensive review by the multistakeholder community and have reached consensus in their current form.

> The third function community – Names – released their second draft proposal on April 22nd – it is open for public comment until May 20th.

> The parallel process by the Cross Community Working Group on Accountability released their first formal draft proposal on May 4th – it is open for comment until June 3.

   In summary, there are currently four proposals – two complete and two in draft format – for all aspects of the transition.

Transition plans of the three IANA functions

The three IANA functions vary in their level of complexity and dependence on ICANN. The Names community is delayed but grappling with the most complex issues of the three communities. Much of this complexity results from their interdependence on the output of the Cross-Community Working Group (CCWG) developing a proposal to enhance ICANN's overall accountability. Most stakeholders feel that the output of the CCWG must be either agreed upon or in place before the contractual relationship regarding domain names is transitioned.

Most importantly, especially for this Committee and Congressional oversight, all of these proposals have been and will continue to be developed in a completely open and transparent fashion. Anyone with an interest can review and comment, and access the entire record of past discussion to understand how decisions were reached.

Numbers

On January 15th, the CRISP team delivered their final transition plan to the IANA Stewardship Coordination Group (ICG). The proposal called for three primary elements: 1) ICANN to continue as the initial IANA Functions Operator for the IANA Numbering Services, via a contract with the RIRs; 2) establishment of a Service Level Agreement governing the technical quality of the service; and, 3) Establishment of a Review Committee composed of representatives from each RIR. Since this proposal was completed, the Numbers community has developed a draft SLA for the IANA numbering function. The public comment period for this draft closes on June 14, 2015.

Protocols

On January 15th, the IETF's [IANAPLAN Working Group (IANAPLAN WG)](#) delivered their final proposal for transition of the stewardship to the ICG. The fundamental tenets of the proposals are as follows:

☐ No new organizations or structures are required. Over the years since the creation of ICANN, the IETF, ICANN, and IAB have together created a sufficient system of agreements, policies, and oversight mechanisms. This system has worked well without any operational involvement from the NTIA, and merely needs to be transitioned from a non-binding MoU to a binding two-party customer-provider contract.

☐ IANA protocol parameters registry updates will continue to function day-to-day, as they have been doing as long as the IANA has existed. The IETF community is very satisfied with the current arrangement with ICANN. RFC 2860 remains in force and has served the IETF community very well. RFC 6220 has laid out an appropriate service description and requirements.

☐ However in the absence of the NTIA contract a few new arrangements are needed in order to ensure the IETF community's expectations are met. Those expectations are the following:

  o The protocol parameters registries are in the public domain. It is the preference of the IETF community that all relevant parties acknowledge that fact as part of the transition.

  o It is possible in the future that the operation of the protocol parameters registries may be transitioned from ICANN to subsequent operator(s). It is the preference of the IETF community that, as part of the NTIA transition, ICANN acknowledge that it will carry out the obligations established under C.7.3 and I.61 of the current IANA functions contract between ICANN and the NTIA [NTIA-Contract] to achieve a smooth transition to subsequent operator(s), should the need arise. Furthermore, in the event of a transition it is the expectation of the IETF community that ICANN, the IETF, and subsequent operator(s) will work together to minimize disruption in the use the protocol parameters registries or other resources currently located at iana.org.

Names

The current proposal from the Cross Community Working Group – Stewardship outlines a new structure of governance under which the IANA function for Names is held by a subsidiary of ICANN. Specifically the proposal recommends the following elements:

Creating a separate legal entity that would be a "wholly owned subsidiary" of ICANN – in legal terms, an "affiliate." This entity would be known as the Post Transition IANA (PTI). The creation of PTI ensures both functional and legal separation within the ICANN organization.

Establishing a contract between PTI and ICANN that would give PTI the rights and obligations to operate the IANA functions for Names.

Establishing a Customer Standing Committee (CSC) that is responsible for monitoring performance according to contractual requirements and service

level expectations, resolving issues directly with the operator or escalating them if they cannot be resolved.

Establishing a series of issue resolution mechanisms to ensure that problems are resolved effectively.

Ensuring ICANN accepts input from multistakeholder community with respect to the annual IANA operations budget.

Establishing a framework to approve changes to the Root Zone environment (with NTIA no longer providing oversight).

Establishing a multistakeholder IANA Function Review (IFR) to conduct periodic and special reviews of PTI. The results of the IFR are not prescribed or restricted and could include recommendations to the ICANN Board to terminate or not renew the IANA Functions Contract with PTI.

Intel recognizes the complexities faced by the Names community and commends the work undertaken to advance toward a solution. While there are many details that remain to be discussed and agreed upon (e.g., will the PTI execute all three IANA functions or just Names), the basic framework provided in this draft presents a viable path forward toward resolution. We expect to gain further insights into this proposal and how it relates to the Accountability proposal during next month's ICANN meeting.

ICANN accountability and the transition

The current draft from the CCWG released two weeks ago unquestionably advances multistakeholder governance through proposals advancing the following four objectives:

- An empowered community- making sure ultimate power and responsibility for ICANN's actions rest with the global community;

- An effective but constrained ICANN Board- making sure the members of the executive body of ICANN can be held responsible, and in the extreme removed from office;

- Core values and Missions enshrined in By-Laws- critical governing rules and principles (such as some of the Affirmation of Commitments) that can only be changed by super-majorities and ratified by the community; and

- Independent review mechanisms- a means for the community, people and entities to challenge actions (or inactions) taken by ICANN.

We are greatly encouraged by the direction of this draft; it does an excellent job of addressing the objectives. For example, changes will be made to make the ICANN Board more responsive to advice from the advisory committees. However, this obligation would only to apply to advice from the Government Advisory Committee (GAC) that has been developed by consensus. This helps ensure that a simple or even greater majority of countries will not be able to exert undue influence over ICANN.

Some important details still need to be worked out. For instance in order for some of the Supporting Organizations (SOs) and Advisory Committees (ACs) that

represent the stakeholder communities to ICANN to exercise their full rights, legal advisors recommend they structure themselves as unincorporated associations under California law. This added effort (reorganizing the communities themselves as well as ICANN) will require some additional work from the CCWG, the SOs and ACs in consultation with legal counsel. However we are quite confident that end product will make ICANN more open, accountable, transparent and resistant to undue influence from both private and government entities.

I believe that the best outcome of this process is the analysis and understanding it has provided of existing legal mechanisms afforded the community under U.S. and California law. There are various mechanisms available to achieve the desired outcomes of the community – a testament to the stable and favorable conditions provided by incorporating in the U.S.

Timeframe

There is significant discussion around the timing of the transition and the degree to which an extension of the current contract between NTIA and ICANN will be required. I cannot predict what the multistakeholder community will request on this matter. However, I know they are working hard to address the very important issue of timing. Regardless of what timeframe is decided, the plan should rest squarely in the hands of the multistakeholder community developing the proposals. It is critical Congress provide support for the multistakeholder governance process, as the alternatives – equalized control through an intergovernmental body like the ITU - are far worse for companies like Intel, individual users of the Internet, and American economic growth.

Next steps

The passage of time and the changing global landscape ensure that we cannot turn back the clock, and any delay will be counterproductive. Intel fully supports Congress's commitment to multistakeholder governance. As evidenced by history, this governance process best supports our overall goal of enabling a global, open, interoperable, trustworthy and stable Internet. Part of Congress's commitment is to respect and abide by the work done by stakeholder groups in developing IANA transition proposals. The transition is entering its final stages and I expect the ongoing discussions, leading up to and during next month's ICANN meeting in Buenos Aires, to significantly advance the transition process, ideally culminating in a conclusion to the community deliberations. We ask that you complete the uncomplicated Numbers and Protocols transitions on schedule, while allowing Names and Accountability the time they need to arrive at a responsible and well-considered outcome. This approach reinforces the U.S. government's commitment to multistakeholder outcomes during this critical time for the Internet's evolution and global Internet governance.

Thank you.