

APNIC CEOs' Meeting

APNIC 18, Nadi, Fiji
30 August 2004

APNIC Business Model

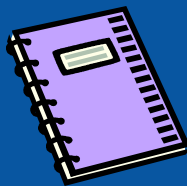
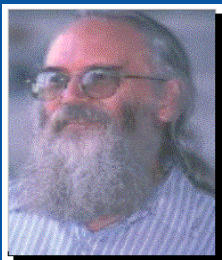
What is APNIC and
How does it work?

APNIC Past and Present

1981 - 1992



1981: RFC 790
1987: RFC 1020
1991: RFC 1261



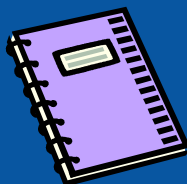
RFC 790

“The assignment of numbers is also handled by Jon. If you are developing a protocol or application that will require the use of a link, socket, port, protocol, or network number **please contact Jon to receive a number assignment.**”

1993 - 1996



1992: RFC 1338
RFC 1366
1993: RFC 1466
1996: RFC 2050



RFC 1366

“Based on the growth and the maturity of the Internet in Europe, Central/South America and the Pacific Rim areas, it is desirable to consider **delegating the registration function to an organization in each of those geographic areas.** “

1997 - 2001



**1998: IAB asks RIRs
to prepare for
IPv6 allocations**

1999: ICANN

2002 - 2004



2003: NRO



Evolution of RIR system

- RFC 1366 (1992)
 - Described the “growth of the Internet and its increasing globalization”
 - Additional complexity of address management (more later)
 - Set out the basis for a regionally distributed Internet registry system
- 1990s - establishment of RIRs
 - APNIC, ARIN, RIPE NCC
 - Open regional processes
 - Cooperative policy development

APNIC history

- “Voluntary” organisation est 1993
 - Neutral, open and transparent
 - Consensus-based decision making
 - ... “In the Internet tradition”
 - Recognised by IANA as RIR for AP
 - Sponsored/supported by Japan (JPNIC)
- Membership structure est 1996
 - Providing cost recovery, governance and voting structure
 - Open to any interested party
 - Relocated to Australia 1998

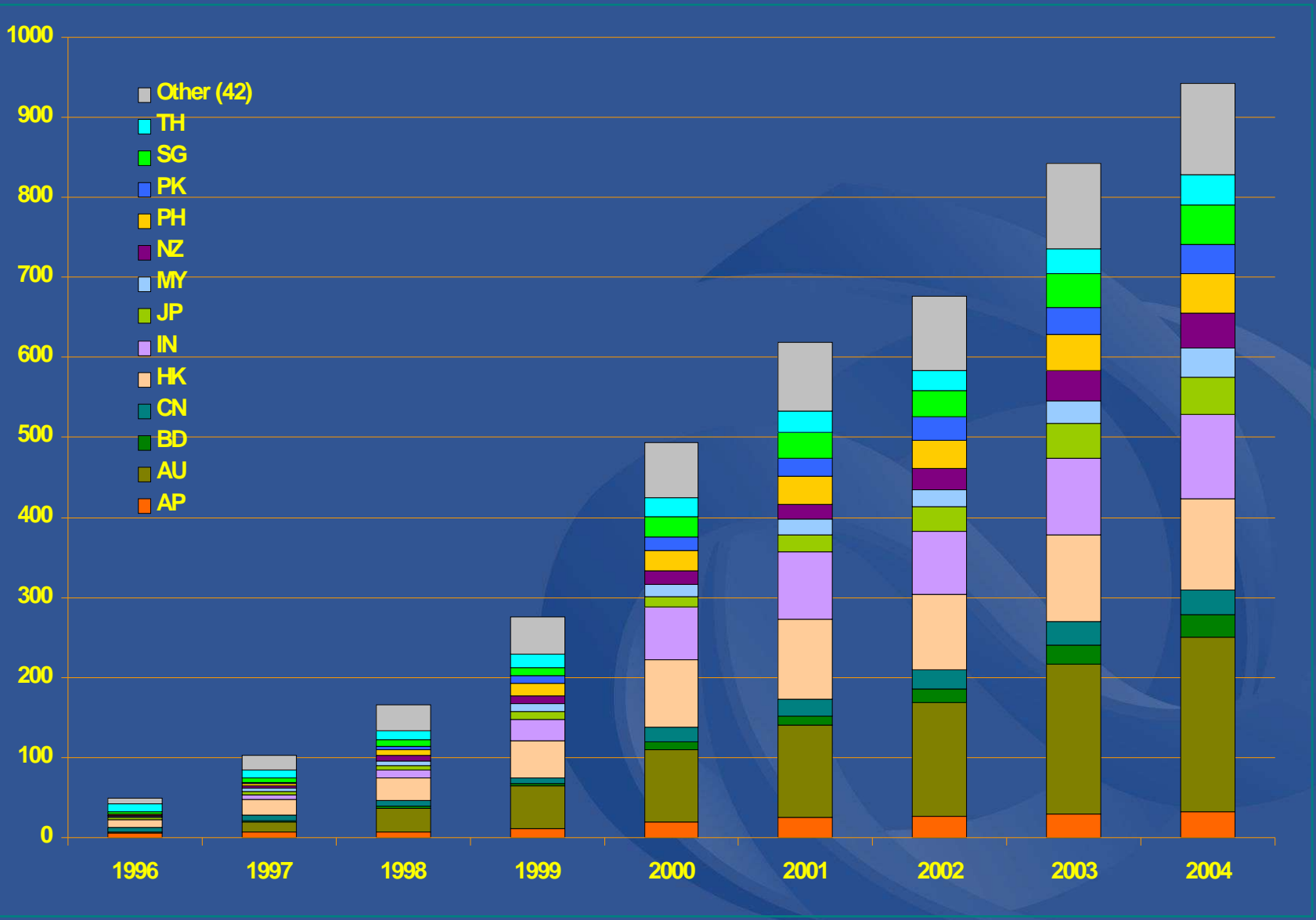
APNIC Today

*Addressing the challenge
of responsible Internet resource management
in the Asia Pacific Region*

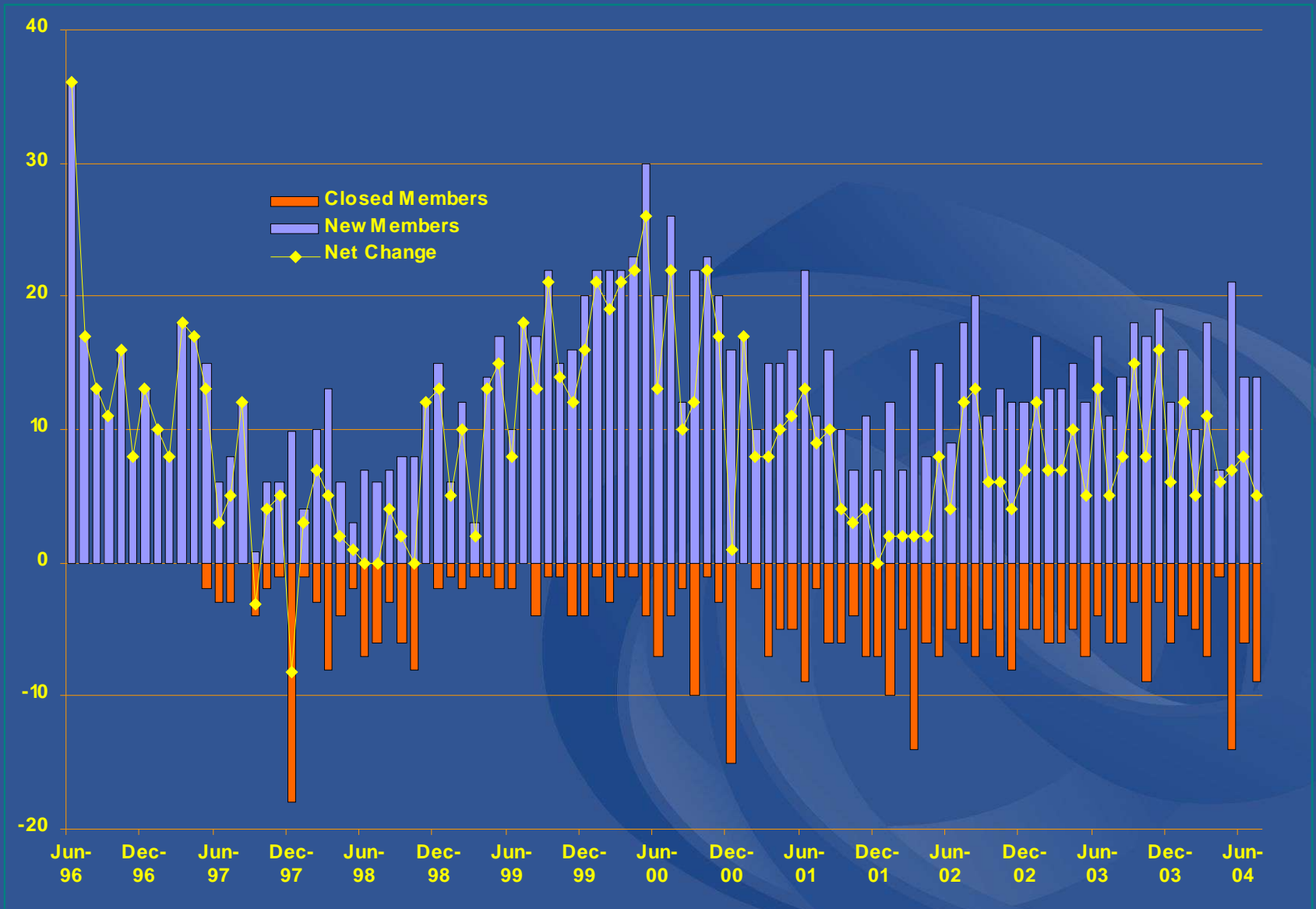
APNIC's role

- Core activities: Primary responsibilities
 - Critical Internet administrative services
 - IP resource allocation
 - Resource registration and reverse DNS
 - Policy coordination
- Additional activities
 - “Voluntary” services to community
 - Training, meetings and other events
 - Information and communications
 - Infrastructure: IRR, rootservers etc
 - Research and development

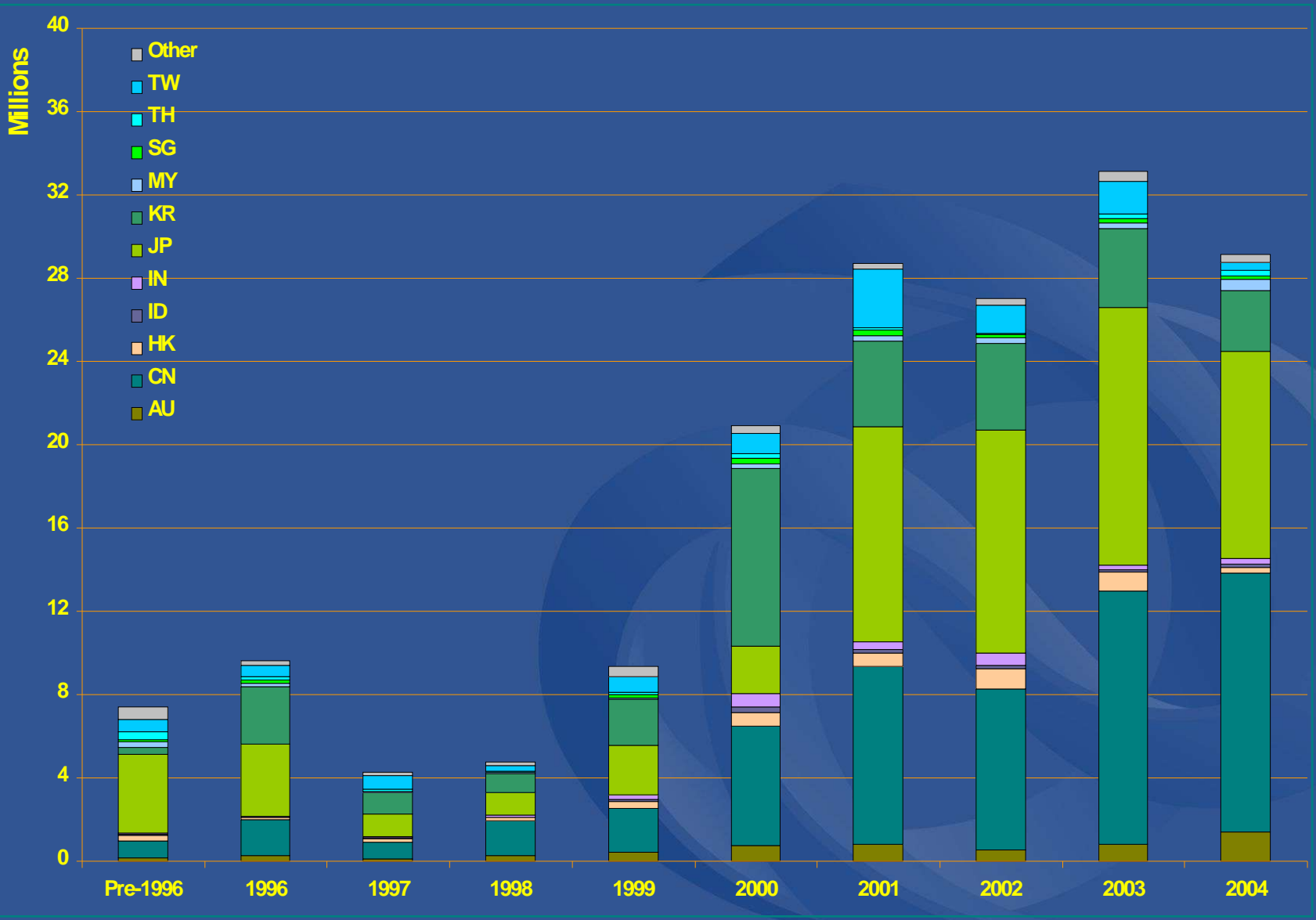
APNIC growth – membership



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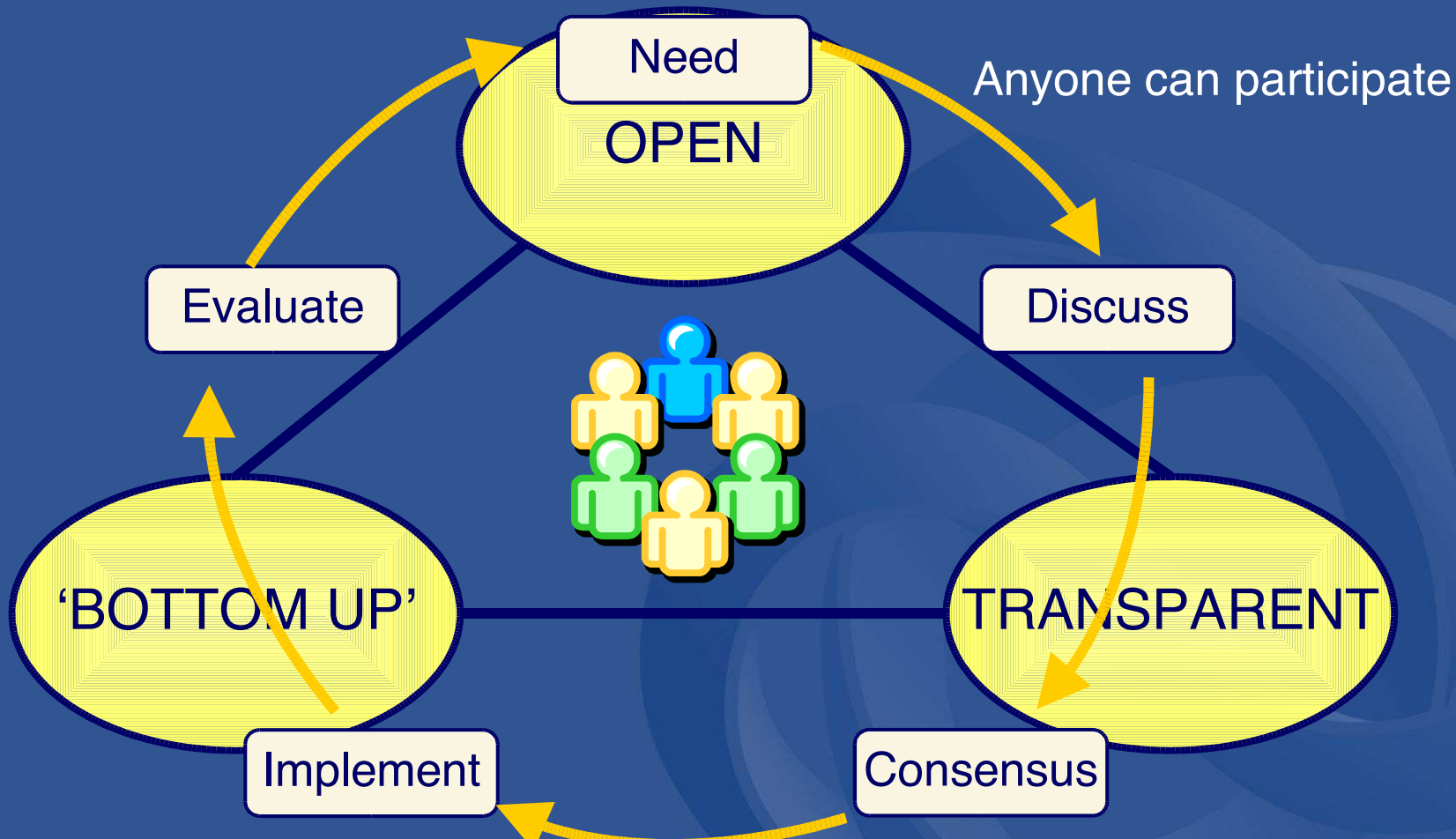


Activities – IPv4 allocation





Activities – Policy coordination





APNIC Business Model

Governance model

- Non-profit membership-based organisation
 - Company registered in AU
 - Tax-free status of membership funds due to “mutuality principle”
 - APNIC defined and operated according to By-Laws
 - Corporate documents available on website
- Executive council (7 members)
 - Elected for staggered 2-year terms (3/4)
 - Current members: TW, KR, JP, HK, CN, CN, AU
 - Primary role is to make decisions on behalf of members, between member meetings
- Member meetings 2/year
 - Annual meeting in Feb/March (APRICOT)
 - Voting for EC election, other membership issues

Financial model

- Non-profit member-service focus
 - Not generating new activities with “entrepreneurial” or profit motive
- Financial and service stability is critical
 - One year operating reserve
- Fee structure
 - Designed to provide cost recovery
 - Fees in accordance with “capacity to pay”
 - Membership fees: annual fee
 - NIRs: annual fee plus “per address” fee
 - Non-member fee: allocation and annual fees

APNIC Business Model

Membership Structure

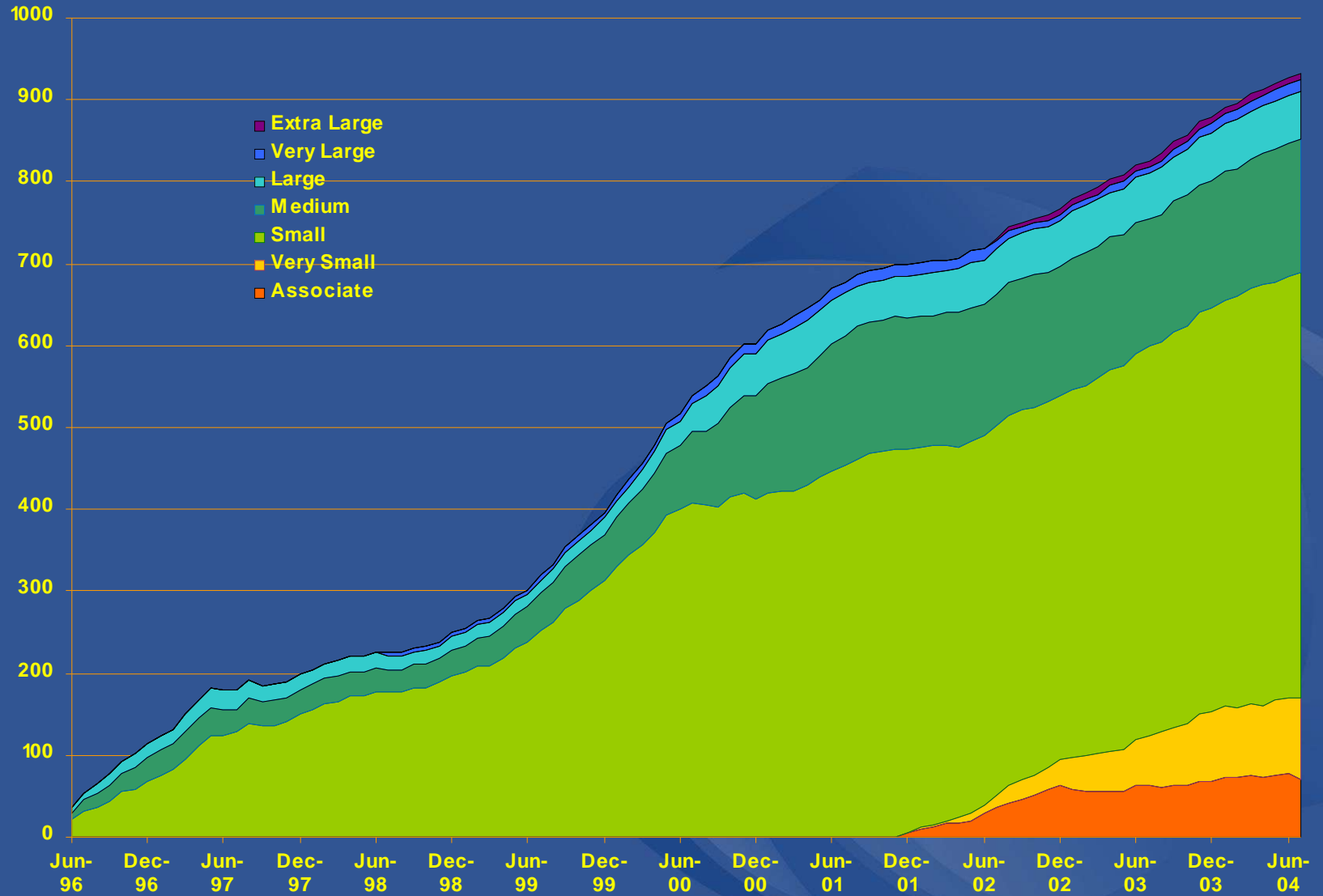


Membership structure

- Tiered structure
 - Tier determines voting right and annual fee
 - Originally, voluntary selection of “tier”
 - Now, tier determined by IP address holdings
 - Note: tier does NOT limit IP addresses available

Tier	Votes	Annual fee (USD)	Total IPv4
Associate	1		
Small	2	\$1,250	Up to /22
Small	4	\$2,500	> /22, up to /19
Medium	8	\$5,000	> /19, up to /16
Large	16	\$10,000	> /16, up to /13
Very large	32	\$20,000	
Extra large	64	\$40,000	/13, up to /10

APNIC membership



Membership structure - NIR

- Annual fee
 - As for normal member, based on IP holdings
 - Almost all are “Extra Large” members
 - But may account for several hundred members
- Per-address fee
 - One-off fee payable only on allocation
- Voting rights
 - According to membership tier (max 64 votes)
 - Arguably unfair to NIRs and NIR members

APNIC Business Model

Fee Structure and Issues

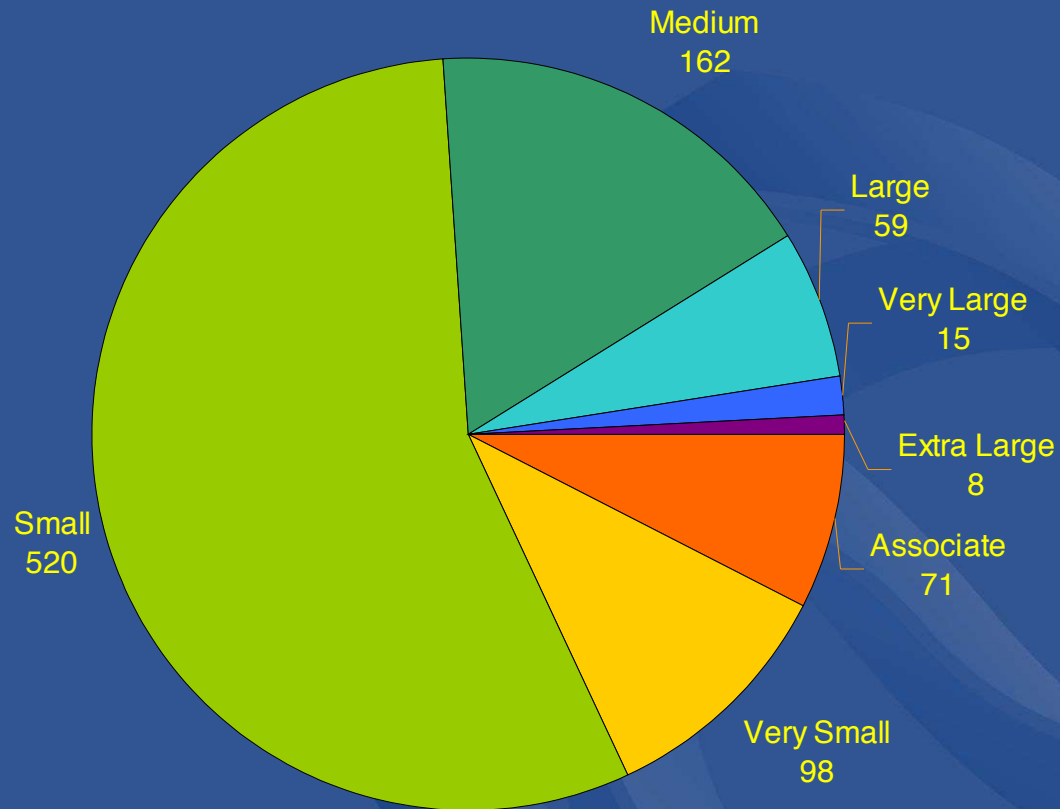


Fee structure issues

- Annual fee structure
 - Arguably unfair to smaller members
 - Large member pays 4 times Small member fee
 - But may have 256 times as many addresses
 - Effective per-address cost varies greatly
 - Does member fee reflect capacity to pay?
- NIR per-address fee structure
 - Unpredictable for both APNIC and NIR
 - Distortion of pricing structure
 - Inconsistent with non-NIR pricing regime
 - Per-address fee vs
 - Annual vs one-time fee

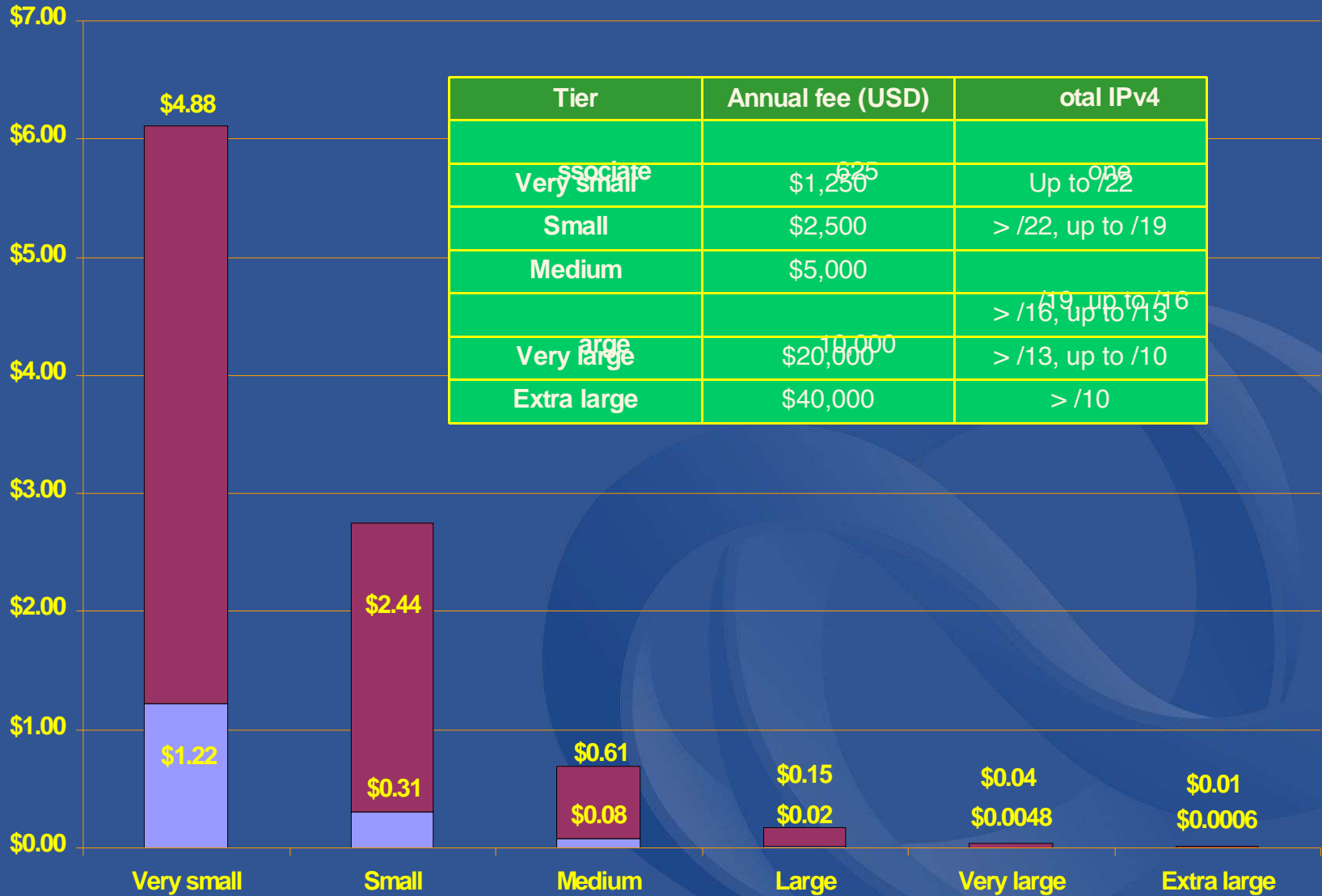


Membership size distribution





Effective per-address fee - annual



NIR per-address fee

- vs standard annual Fee

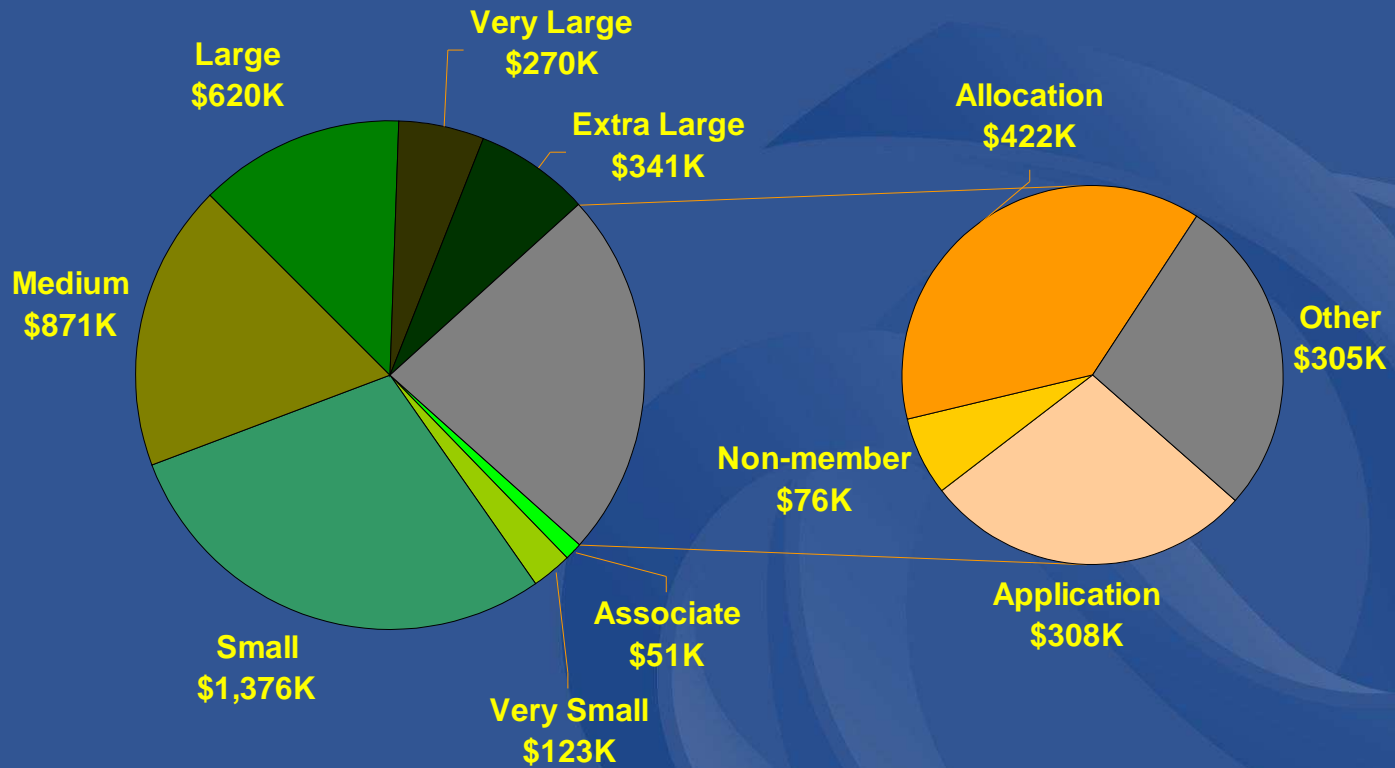
Prefix	.a. fee (@0.02)	Tier	annual	Addresses	Years
20	82	Small	\$2,500	4096	0.03
19	\$164	Small	\$2,500	8192	0.07
18	\$328	Medium	\$5,000	16384	0.07
17	\$655	Medium	\$5,000	32768	0.13
16	\$1,311	Medium	\$5,000	65536	0.26
5	\$2,621	Large	\$10,000	31072	0.26
14	\$5,243	Large	\$10,000	262144	.52
13	\$10,486	Large	\$10,000	524288	1.05
2	\$20,972	Very large	\$20,000	1048576	1.05
1	\$41,943	Very large	\$20,000	2097152	2.10
10	\$83,886	Very large	\$20,000	4194304	4.19
9	167,772	xtra large	\$40,000	8388608	.19
	\$335,544	xtra large	40,000	6777216	.39

APNIC Business Model

Financial Status

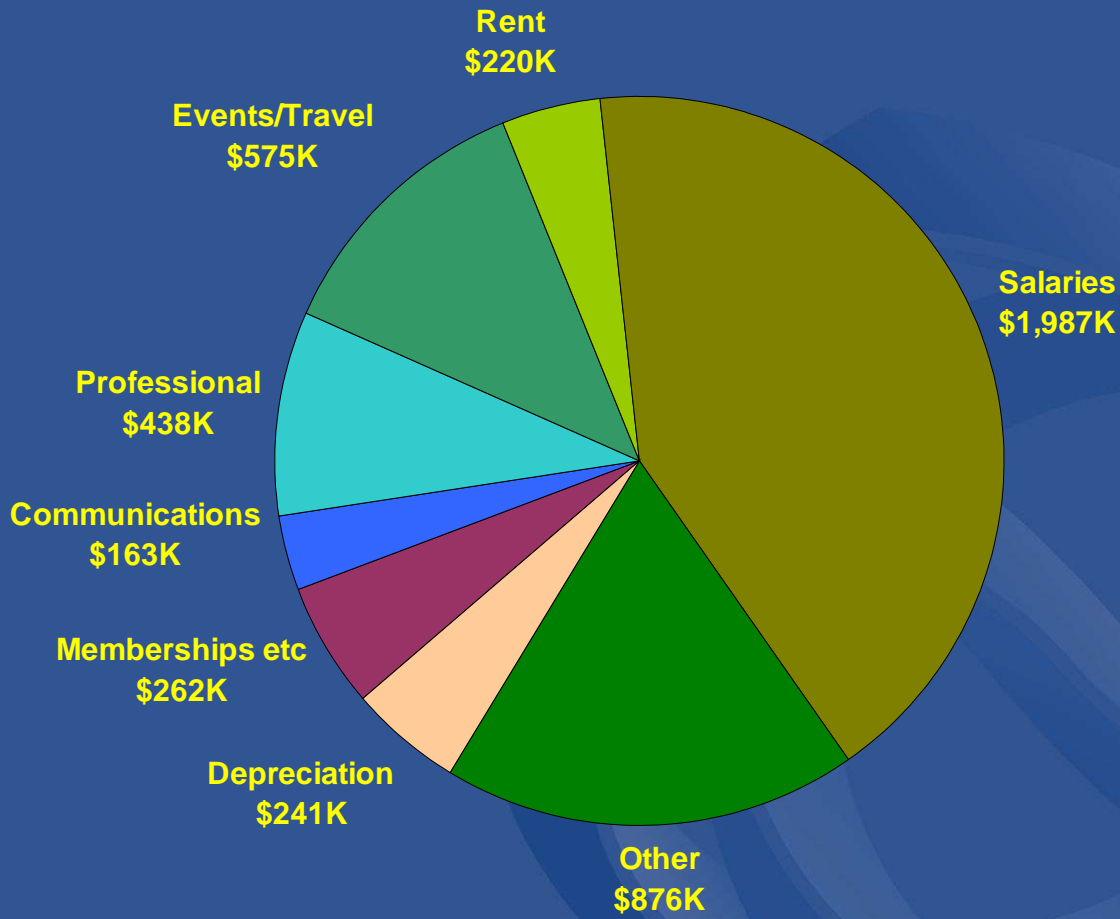


Finances – revenue budget 2004



Revenue budget 2004: \$4,762K

Finances – expense budget 2004



Expense budget 2004: \$4,761K





Member Survey 2004

APNIC member surveys

- Three formal surveys so far
 - Written input and face-face consultations
 - Conducted independently from APNIC Secretariat
 - Guaranteed confidentiality of respondents
 - KPMG consultant Dr John Earls

Year	999	001	004
Responses	58	173	245
Economies	0	22	27

Member Survey 2004

- Section 1 - Assessment of present services
 - Policy, Services, Training, Technology, Information, Coordination
 - Average rating 6.8/10 (SD=0.5)
- Section 2 - Assessment of priority for APNIC to allocate resources in future
 - Policy, Meetings, Services, Training, Technology, Governance, Membership, Funding
 - Average rating 7.2/10 (SD=0.7)
- <http://www.apnic.net/survey>



Member Survey 2004

- Positively rated services and activities
 - More than 1 SD above the mean

RATING	QUESTION	#
1.6	Should APNIC evaluate member need and demand for additional courses (internet, IPv6, routing)?	.20
1.4	Should APNIC provide training on internet issues for policy makers?	2.24
1.4	Should APNIC continuously work for policy simplification?	2.01
1.4	Is the accuracy and usability of database whois services acceptable?	.14
1.2	Should APNIC have pro-active involvement with Root server installation in the region?	1.22
1.1	Should APNIC collect and maintain internet penetration statistics?	2.11
1.1	Should APNIC be acting as an information repository for ISPs?	2.07
1	Should APNIC provide Internet Resource management training?	2.22
1	Is APNIC website information adequate and useable?	1.17
1	Is APNIC successful in general problem solving for member issues?	1.08

Member Survey 2004

- Negatively rated services and activities
 - More than 1 SD below the mean

RATING	QUESTION	#
-1	Is the present membership fee structure acceptable?	1.29
1	Does APster meet your needs?	1.18
-1.3	Should APNIC attempt to generate a surplus from training activities?	2.21
-1.4	Is the APNIC participation in regional Infrastructure development adequate?	1.06
1.6	Is it easy to apply for resources under current policy?	1.02
-2.6	Should APNIC services be for members only?	.13
-2.8	Is it easy to participate in the APNIC policy development process?	1.03
-3	Is the time taken to develop/deploy policy change in APNIC acceptable?	1.04
-3.1	Should APNIC increase fees to support new services?	2.36

APNIC Business Model

Discussion