

Annual
Report
2019



**«Responsability,
performance,
resilience »**

June 2020



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Editorial

Afnic, which I have had the honour and pleasure of chairing for a year now, is evolving just as the technologies that are at the heart of its activity are doing. Its numerous stakeholders expect it to show stability, resilience and performance, but also to innovate, to help them clear the way for new digital territories, and to support the digital transformation.

This is the thrust of the new strategy and the new vision adopted by the Board of Trustees last November. Spreading out from its core business as registry and focusing on both its social responsibility and its role in the French digital innovation ecosystem, Afnic plays its part in full.

As the registry for .fr, it does not confine itself to maintaining the everyday high levels of service demanded by the French of their national TLD, the well-foundedness of which the COVID-19 crisis has recently reminded us (as if it were necessary). However, this aspect is very important, and largely determines our activity and our decisions, Afnic promotes the TLD and its use and plays a major role in the mechanisms for supporting France's digital

transformation, which, as the health crisis has demonstrated, has become a cornerstone of the resilience of economic, cultural, social and democratic activity.

As a benchmark registry Afnic has to make available to its registrar and new TLD registry clients a safe, effective, flexible and innovative information system. 2019 thus saw the

delivery of a first production bench of its new registration system, intended in due course to support all the TLDs currently managed back-end by Afnic. This is the core of Afnic's

«Afnic plays its registry role to the fullest»

activity and its raison d'être: innovating to provide support services for the development of the digital economy.

In 2019 a new production bed was delivered for its new registration system, destined, in the end, to support all the TLDs technically operated by Afnic. Here we are in the heart of Afnic's activity and legitimacy; innovate in order to deliver support services for the growth of the digital economy.

Members of Afnic and stakeholders external to the association tell us, in Consultative Committees and on the occasion of the Internet Governance Forum and in public debates, about their high expectations as regards responsibility of digital players and their occasional concerns regarding Internet security. Afnic listens attentively to them and intends to set an example in its capacity to respond to these legitimate expectations. Cooperation in this field is essential if informed decisions are to be taken, and the French Internet community will have to make efforts to educate all interested parties if we are to keep our internet open in every sense of the word, from open protocols to the effective defence of all users' rights.

Whether in terms of strengthening our internal IT security systems by renewing our ISO 27001 certification and seeking approval as an operator of essential services, or of applying security guidelines from initial design through to rewriting of our information system, the question of security is taken into account in all our actions.

Lastly, in the area of social and environmental responsibility, Afnic reaffirms its already long-standing commitments. 2019 was another record year for the number and amount of financing transactions put in place for digital solidarity projects by the Afnic Foundation. The carbon footprint of our activities, but also beyond that of all Internet routing, is also a priority for us. Which is why we work to gain a better understanding of the determinants of this footprint, with a view to progressively reducing it. It is also one of the main thrusts of our new strategy.

Afnic's teams apply all their talents and commitment to serving the French Internet, in close collaboration with all the players involved, public services, businesses, associations and citizens. In this activity report we present our actions in 2019, with all the transparency that we owe you as members of the association and with the hope that it will serve as an aid to constructive dialogue with you. Thank you for the interest shown in our activities.

Godefroy Beauvallet
Afnic President

2019 Highlights

January – March

The start of 2019 saw .fr gain market share, reaching an all-time high of 37.2% in its domestic market for the whole year. With growth of 4.4%, clearly above that of the European ccTLD market as a whole, and nearly double that of the total French domain name market (2.1%), .fr confirmed its driving role in the digital transformation.

A study published by Afnic at the beginning of the year revealed that managers of SMEs and VSEs favour the use of .fr (52% of respondents) over that of .com (40% of respondents).

In February, Afnic and INPI (National Industrial Property Institute) signed a partnership agreement aimed at facilitating processes for enterprise creators to file trademarks and register domain names at the same time. This joint educational effort represents an opportunity for both organisations to improve coordination of their actions aimed at improving the security of entrepreneurs' intellectual property.



Signature of the INPI/AFNIC agreement by Pascal Faure and Pierre Bonis with Mounir Mahjoubi at the Salon des Entrepreneurs in Paris

April – July

As the registry for .fr, the French overseas TLDs of Réunion, Mayotte, Saint-Pierre et Miquelon, the French Southern and Antarctic Lands and Wallis and Futuna and also back-end operator of geographical TLDs such as .alsace, .bzh, .corsica and .paris, Afnic brought together a number of researchers and actors from civil society in its Annual Forum around the theme “Digital technology to serve business and authorities”.

The pre-summer period always lends itself to Afnic's organising consultation and reflection sessions with the French Internet community. After the Afnic Forum, Afnic took part with the Afnic Foundation for Digital Solidarity in the French Internet Governance Forum, which it opened with the annual Afnic Scientific Council Open Day on the theme of “digital protection”.

The Afnic General Assembly and annual dinner were the occasion for its members and teams to thank Emmanuel Sartorius for his efforts at the head of our association these past six years and to welcome Godefroy Beauvallet, our new Chair. Lala Andriamampianina, from Madagascar, outgoing Chair of the Afnic International College, handed over to Souleymane Oumtanaga, from Côte d'Ivoire.



From left to right: Pierre Bonis, Emmanuel Sartorius, Lala Andriamampianina and Godefroy Beauvallet

On the operational front, Afnic launched “.FR Performance”, an activity dashboard designed to support its registrars in their management by providing them with a large volume of aggregated data on the domain names in their portfolio.

The registration policies for .fr were modernised in order to respond faster and more effectively to the rising tide of identity theft. Since June, a new procedure based on the GDPR has allowed victims of identity theft appearing in Whois to obtain the deletion of all domain names associated with their usurped identity in two business days.

August – September

The annual satisfaction survey conducted with Afnic’s registrar and registry clients confirmed the very good relations that the association maintains with its clients, and its clients’ high level of satisfaction with the services provided. 96% of them are satisfied with Afnic’s services, and the support, price positioning and invoicing were all spoken of favourably. The registrars want Afnic to provide them with more support in developing their sales of .fr, particularly by increasing the number of dedicated sales operations and making available arguments to support sales pitches on .fr

Afnic took part in “Salon des Entrepreneurs” trade fairs throughout the year, in Paris and in the provinces, and is also involved in the “SME Online” initiative for SMEs and VSEs. These businesses, together with young people, are the main target of Afnic’s actions in support of the digital transformation in partnership with the government initiative FranceNum¹.

1 : <https://www.francenum.fr>

October - December

The young people's programme, a version of the "Réussir-en.fr" ("Succeed with .fr") programme specially developed for young people, was officially launched in October. It is based on ambassadors in schools and universities, and on a campaign to promote digital identity and tools to help young French people manage their online presence.



The Afnic Legal Encounters, in October, were the occasion to bring together legal experts specialising in information technologies and intellectual property to take stock of the tools for combating abuse of domain names.

The second wave of the "Réussir avec le web" (Succeed on the web) study based on a tool for self-diagnosing online presence and completed by more than 3,000 enterprises over the course of the year, notably on the occasion of the trade fairs that Afnic attends, revealed the following salient points:

92% of VSE managers think that having a website is useful or essential, but nearly two thirds of them spend less than €300 a year on it.

Réussir avec le **web**

The "Réussir-en.fr" programme and its practical workshop initiative Foliweb deployed with our partner Neocamino continues to gain traction. More than 15,000 businesses took part in it in 2019, illustrating Afnic's tangible and practical contribution to the digital transformation.



Mickaël Vigreux

Agnès Frapy

2019 in pictures



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1) Alain Assouline, President of CINOV-Numérique and Laura Hiel, DGE, during Afnic Forum 2019 **2)** Charles-Pierre Astolfi, CNUM General secretary, and Jennyfer Chrétien, Renaissance Numérique CEO, during the Extraordinary Consultative Committee on IGF **3)** SME 2019 Trade Fair **4)** Salwa Toko, CNUM President during the Marakech French Night (ICANN 65) **5)** «Réussir avec le web» during the Entrepreneurs Trade Fair in Paris **6)** Henri Verdier, Digital ambassador during Montreal French Night (ICANN 66) **7)** Cercle des .marque **8)** Afnic Scientific Council Open Day 2019 (#JCSA19)

The Association

In 2019, the activity of the association was marked by the holding of five meetings of the **Board of Trustees** to which was added the strategic seminar of September, entirely devoted to the strategic review of the association and to elaborating its new three-year strategy.

The Board of Trustees of Afnic, notably through its committees, worked on evaluating the overall risks to the association, monitoring its finances, analysing the markets and commitments and changes in registry policy. It was also regularly informed by the Chair and the CEO of the status of disputes and of their resolution.

Members met in November 2019 in an **extraordinary general meeting** in order to adopt an amendment to the Articles of Association to allow the association henceforth to pay an indemnity to elected trustees depending on their assiduity.

Two **Users' and Registrars' consultative committee** meetings resulted in validation and support for the implementation of Afnic's technical roadmap, the drawing up of proposals to enhance the attractiveness of the association and decisions on significant changes to registry policy as regards the management of abuse, by means of stricter checks on individual holders.



The three-year "Avenir" programme, in its second year, was also the subject of presentations and regular consultations with members, as well as focus groups held with clients.



The **International College** held its annual meeting and elected its new Chair, Souleymane Oumtanaga. An ambitious action plan was adopted to strengthen the activities of skills transfer on automation of registries, communication of national TLDs in their domestic market and the drawing up of guides to best practices.

Apart from the new Chair of the International College, and following the departure of Aurélie Gracia Victoria and Romain Bonenfant, two new trustees were appointed, both of them qualified persons not involved in the Direction générale des entreprises (The Directorate General for Enterprise (DGE) of the French Ministry for Economy and Finance): Mireille Campana and Gilles Crespin.

Le conseil scientifique travaille en lien avec la direction des partenariats et de l'innovation de l'Afnic. Il a focalisé ses travaux sur les technologies émergentes connexes au nommage comme DoH (DNS over Http), ou DNSSD (DNS Service Discovery).

Good growth dynamic maintained for .fr



With 3,428,951 names in stock at 31 December 2019, the .fr gained 3.7 % in 2019 with a net balance of 123,655 names. While slightly down on 2018 (+4.4%), this growth nonetheless remained well above that of the French market as a whole, which grew by just 2%, all TLDs together.

Thus .fr continued its progression, gaining ground every year and ending 2019 at an all-time high market share of 37.7%.

This momentum can be explained by two driving forces:

- The creation of .fr domain names, which continued on an upward trend in 2019 with a +5 % variation between 2018 and 2019.
- The Maintenance Rate of .fr in 2019 which, although down slightly compared to 2018 (82.7% vs. 83.9%), remained extremely satisfactory and well above that of .com at around 78%-79% worldwide in 2019.

The nationwide distribution of .fr for 2019 shows that Île-de-France (Greater Paris Region) concentrated 30.5% of registrations.

The other regions with significant market shares were:

- Auvergne-Rhône-Alpes (12%, with growth of 3.9% in 2019),
- Occitanie (7.7%, with growth of 3.2%),
- Provence-Alpes-Côte d'Azur (7.6%, growth of 4.1%),
- Nouvelle-Aquitaine (6.8%, growth of 4.8%).



The “Réussir-en.fr” programme in support of this growth and more broadly of the digital transformation of France through the development of the online presence of VSEs/SMEs and young people, surpassed its objectives:

- more than 17,700 VSEs/SMEs attended awareness-raising workshops during the year in the context of the Foliweb initiative;
- launch in November of the young people’s programme, with more than 1,000 young persons attending awareness-raising sessions in the first two months;
- 13 dedicated sales operations with our registrars generated 11,200 .fr registrations;
- intensified collaboration with the FranceNum platform, with which all content produced in the context of the “Réussir-en.fr” programme was shared and for which we were able to recruit 67 new “activators” (business counsellors).

The study of the popularity and reputation of .fr, conducted towards year-end by an independent polling institute (MV2), confirmed the dynamism of the national TLD:

**36.7% of respondents mentioned .fr
as the number one domain name, as
against 29.5% for .com**

Non-.fr activity: solid growth of geoTLDs. Advisory and training are added to the catalogue of services

All the new gTLDs back-end managed by Afnic posted attractive growth in 2019.

.paris surpassed its objectives, crossing the threshold of 21,000 registrations during the year, and several sales operations were conducted with the registrars in agreement with our client Paris City Hall.



.bzh, .alsace and .corsica also continued to grow, by close to 6% on average, notably maintaining a high renewal rate, respectively of 87 %, 89 % and 88 %.

Despite a context of renewed competition, Afnic retained its entire gTLD client portfolio with the exception of the cancellation of OP3FT's back-end registry operator contract.

Advisory activities, which in previous years had basically been carried out abroad (Mauritania and Burkina-Faso) attracted more clients from mainland France in 2019. The limited scope of these assignments, which were not for counterparts like before, is none the less attractive in that it allows us to extend our client portfolio to some major French companies such as Crédit Agricole and Carrefour, putting Afnic in a good position for a future round of opening of applications to ICANN for managing generic top level domains.

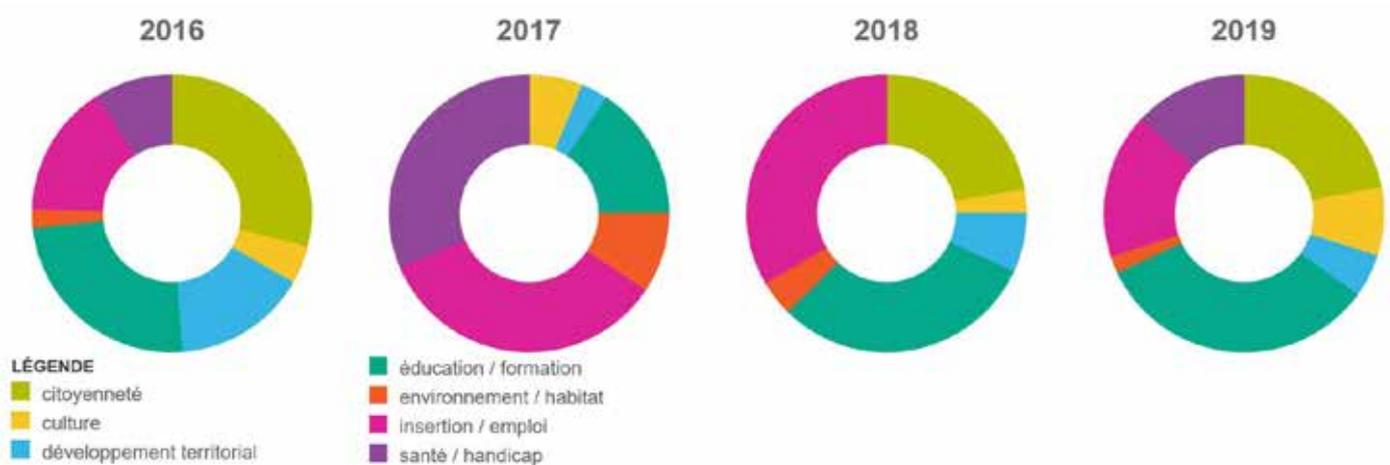
By way of preparation for a future round, in 2019 Afnic inaugurated a new sales rendezvous called “Le Cercle des .marque” (“The BrandTLD Club”) which aims to promote dialogue between major brands using personalised TLDs and others looking to take the plunge before long. Alongside our partner registrars, this first edition allowed us to showcase the dynamism and inventiveness of French brands that use TLDs (.snCF, .mma, .leclerc for example) and the interest of those that have not yet obtained their own TLD.



Afnic Foundation for Digital Solidarity: 176 projects supported and €3.87 million distributed in four years

The Afnic Foundation continued to work in favour of digital inclusion, and 2019 proved to be a record year, for aid granted by the Foundation, reaching nearly €1.5 million.

Themes of projects supported in the past four years:

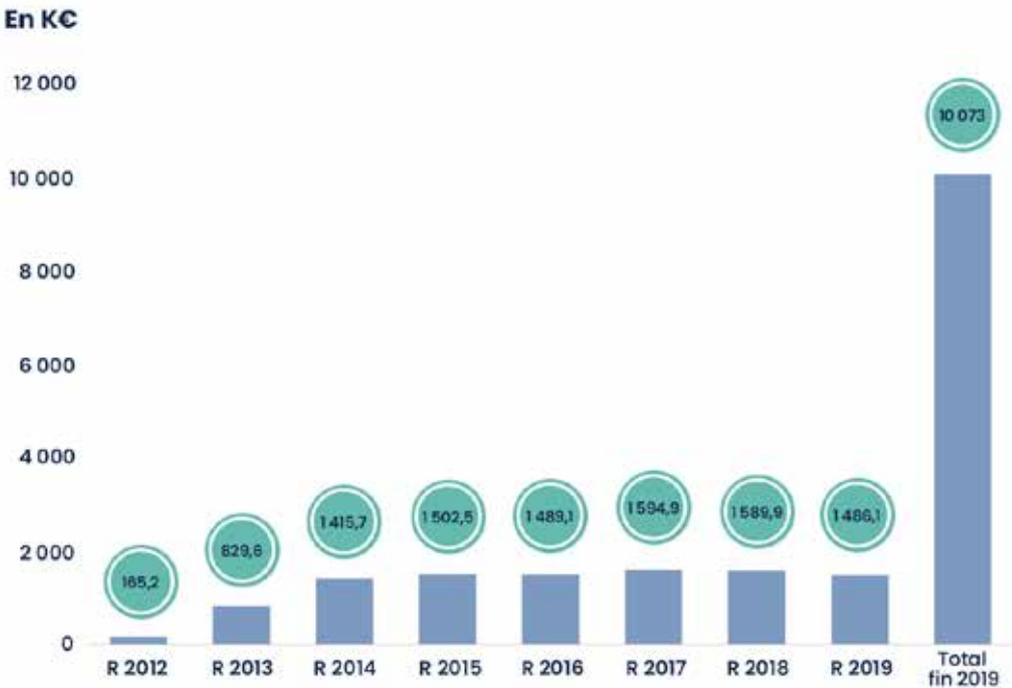


The appreciable increase in the number of educational and training projects on digital matters has led the Foundation to call, from 2020 on, for projects specifically dedicated to this theme. This will not be done at the expense of the other themes addressed, which in any case will gain in visibility in the context of a second call for projects.

Lastly, after four years at the head of the Foundation, Mr Jean-Michel Hubert handed over his position as Chair of the executive committee to Mr Philippe Distler, who took up his post in November 2019.

As a reminder, Afnic donates to the Fondation 90% of the profit generated from its business as the registry for .fr.

Evolution of the amounts assigned by Afnic to the Afnic Foundation since 2012



2019 laureates of the Afnic Foundation during Digital Solidarity Meeting

The background of the cover features a dark blue grid with several financial charts. On the left, there is a candlestick chart with red and blue bars. Overlaid on this are several line graphs in yellow, blue, red, and green. A large, semi-transparent grey circle is positioned in the lower right quadrant, partially overlapping the text.

Financial Report

In 2019 the assumptions made by the Board of Trustees in drawing up the budget came true almost perfectly. Revenues continue to grow, with expenses also growing in line with the necessary investment due to the “Avenir” transversal projects to overhaul our information systems and the implementation of the obligations associated with our status as an operator of essential services (OES).

Our attaining our objectives for operating profit and surpassing our net profit target show that this increase in costs was well controlled and that the fundamentals of .fr and non-.fr activities, are solid. The decline in revenue from non-.fr activities is short-term, due to a transitory dip in orders for advisory and training services, for which the sales dynamic picked up clearly in the second half of the year. It is in any case partly offset by the relaunching of activity for the French overseas territories, which was an objective for 2019.

In the period of economic uncertainty that awaits us, Afnic’s reserves will help it to face any downturn in the market while at the same time continuing with the human and material investments necessary for the modernisation of our productive assets.

Key figures

For 2019, Afnic posted growth of 4.7% in its total revenues, which amounted to €17,947,217.

Net accounting profit was €652,085, up by 2.1% on the previous year.

Total revenues for 2019 break down as follows:

- Revenue from .fr amounting to €16,322,968, up by 5.9% on 2018.
- Revenue from gTLDs and advisory services amounting to €1,380,600, down by 7.5% on 2018.
- Revenue from French overseas territories amounting to €243,649, up by 6.0% on 2018.

After restatements for payments due to Paris City Hall for .paris, and to Muse Doma for .museum, Afnic’s revenues amounted to €17,590,966, up by 4.9% relative to the previous year.

Operating expenses amounted to €14,901,735, up by 6.5% on 2018, in accordance with budget projections.

Activity of 2019 compared with budget objectives and with 2018

- Total revenues of €17,947,217 consisted of €17,944,274 of net revenue and €2,943 of an ANR (National Research Agency) grant.
- Revenue from .fr was up by 5.9%, while annual growth in its stock was 3.7%, with €3,428,951 domain names registered at 31 December 2019, in line with our sales forecasts.
- Revenue from French overseas territories TLDs was up considerably, compared both with 2018 and with the budget, which it outperformed by 18.3%. The stock of domain names grew by 5.5%.
- As for gTLDs and advisory, the year 2019 saw growth of 2.4% in the stock of domain names and a decline in revenue, with advisory activity down relative to both the budget and to 2018. Nevertheless the fundamentals of the gTLD and advisory activity remain solid. The growth in stock contributed directly to revenue via .paris and the flat rates applied to open gTLDs. All open gTLD clients posted results, so the situation is healthy. After a first half that was largely lost as regards advisory services, new assignments were signed in the fourth quarter. Their contribution will therefore be seen mainly in 2020 revenue.

The figure below shows, for the past few years, in millions of euros:

- Trends in Afnic’s revenue
- The weight of the .Fr and French overseas territories (“UM”) TLDs, and gTLDs



Operating expenses

Operating expenses amounted to €14,901,735 up by 6.5% relative to 2018.

Operating expenses include €356,251 of charges transferred, for the same value as total Revenue, to Paris City Hall and Muse Doma. () and do not include the amount paid to the Afnic Foundation.

The highlights of 2019 were:

- 1) Personnel expenses: An increase of +7.4% in personnel expenses was due basically to an increase in the workforce. The amount of personnel expenses is nonetheless well controlled and below the budget by 2.8%. At 31 December 2019, the workforce stood at 80, including three with apprenticeship contracts. It should be stressed here that the recruitment plan (7 new hires) was achieved in spite of tensions in the labour market.
- 2) External ISD charges: an increase in expenses of 18.3%, explained mainly by increased use of subcontracted providers to support the development efforts linked to the "Avenir" project. These expenses are €254,460 or 43% more than budgeted.
- 3) With a cost of sales for the .fr domain name amounting to €3.52 (+5.4%), the growth in the stock (+3.7%) was not enough to absorb the increase in charges (+6.5%).

Operating profit for 2019, including the endowment to the Afnic Foundation, was €1,635,930, 1.8% less than in 2018 but €260,287 more than the budget.

Other expense items

Based on the result for 2019, Afnic employees receive a share in the profits. The amount of the profit sharing and the associated employer's social contribution is €448,693.

Trends in the level of profit sharing (profit sharing and employer's social contribution) over the past five years:

in k€	R 2015	R 2016	R 2017	R 2018	R 2019
Profit sharing / Bonus including employer's social contribution	369	438	448	459	449

¹ Afnic invoices on behalf of Paris City Hall and Muse Doma International (MDI). The portion of the financial elements are transferred to the parties in accordance with the contracts.

The amount for the Afnic Foundation for Digital Solidarity was €1,486,050.

Since the creation of the Afnic Foundation, the .fr business has allowed it to be endowed with €10,073,038.

Corporation tax and tax credit

- **Research & Innovation Tax Credit**

In 2019 we generated a research tax credit of €29,675 and an innovation tax credit of €78,431, giving a total of €108,106.

- **Sponsorship Tax Credit**

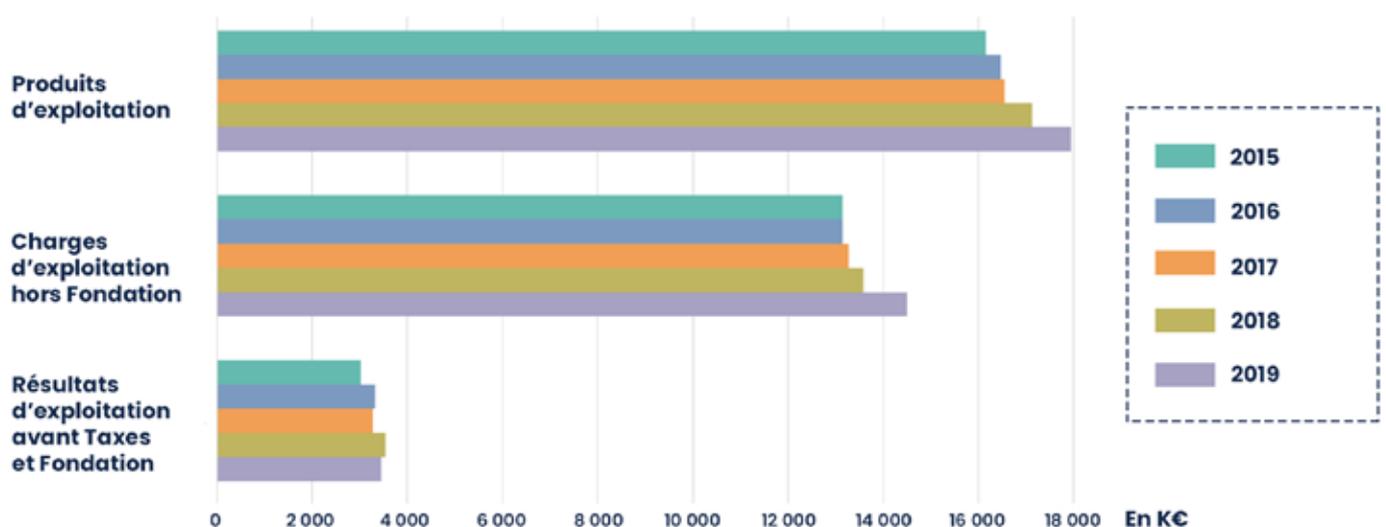
The funds paid to Fondation de France on behalf of the Afnic Foundation allow us to benefit from a tax credit amounting to €53,841 in 2019.

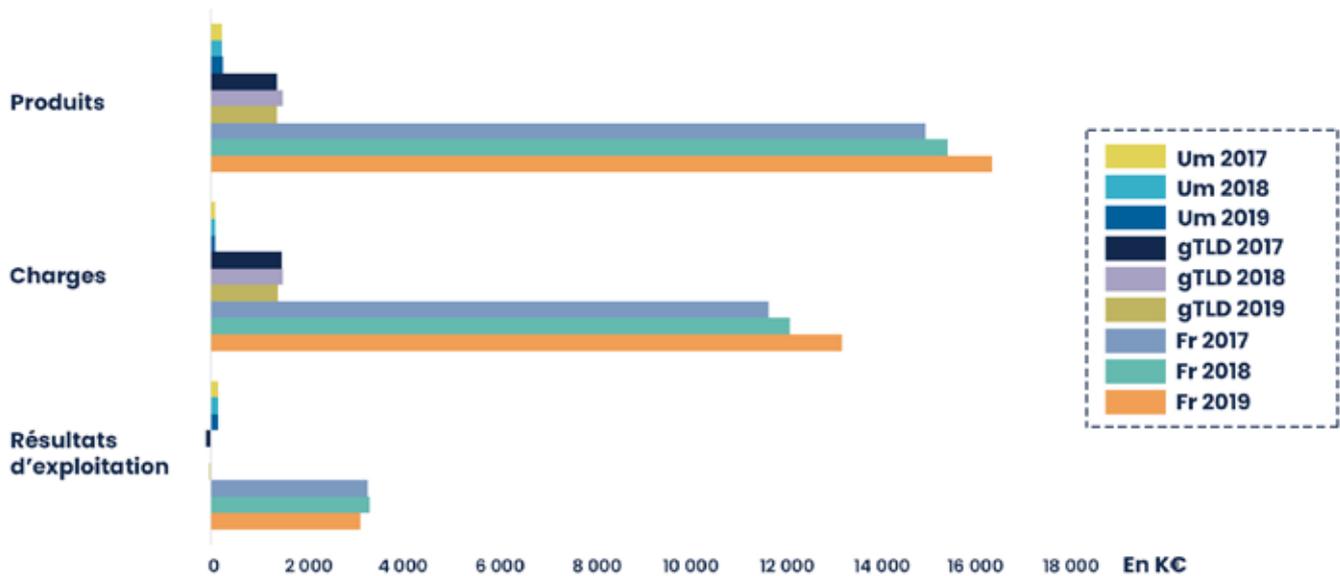
- **Family Tax Credit**

Afnic pursues its family policy by reserving cradles in a company crèche with a view to offering the employees concerned, men or women, a work-life balance. This arrangement allows it to benefit from the associated family tax credit, which for 2019 amounted to €25,812.

Improved operating profit before tax and Afnic Foundation compared with 2018

The accounting operating profit before tax and the Afnic Foundation amounted to €3,445,085 (19.2% of Afnic's net revenues), testimony to Afnic's operational performance.





The allocation of charges by activity follows the analytical accounting procedure of June 2012, as amended in 2014 in accordance with the recommendations of Mazars.

The presentation, showing three years on a sliding basis, highlights the performance of the gTLDs, maintaining a result close to equilibrium for the second year in a row.

Non-.FR (UM + gTLD) produced an operating result of €121,999, comparable with 2018 and ahead of budget.

Breakdown of investments in 2019

- 90% of IT investments made in 2019 concerned infrastructure to reinforce the security and stability of the Internet domain. The remainder corresponds to renewal of equipment.
- The associated operating expenses in 2019 for strengthening the security of infrastructure amounted to €918,236, stable compared with 2018.

Changes in workforce

The year 2019 ended with a workforce of 80, down by 2.4% compared with the end of 2018 because of an increase in the number of departures (9 departures during the year). The strategic positions were nevertheless all replaced.

Cash position remains high

Treasury continues to grow (by 5.5% in 2019, bringing total liquid assets to €18,113,405.)

Treasury includes a receivable on the Afnic Foundation for €3,075,982 (representing the amounts of the past two years).

Accumulated surplus

After appropriation of profit for the year 2019 of €652,085, accumulated surplus is as follows:



Accumulated surplus at year-end 2019 is sufficient to cover more than 12 months of personnel costs and rentals for hosting (Datacenter) and premises.



The good results for 2019 allow the accumulated surplus to be consolidated and strategic objectives for the next three years to be maintained. These are: make .fr an obvious choice for companies' and individuals' online presence; provide secure, efficient, agile and innovative registry services; and at the same time optimise the social, economic and ecological benefits of the DNS.

Financial Report Annex

Bilan Simplifié

En K€	31/12/2019 Net	31/12/2018 Net
Actif		
Actif Immobilisé	1 504	1 658
Créances d'exploitation	3 792	4 456
Disponibilités	18 113	17 160
TOTAL ACTIF	23 409	23 274

En K€	31/12/2019 Net	31/12/2018 Net
Passif		
Fonds associatifs	8 117	7 479
Résultats de l'exercice	652	639
Provisions réglementées	37	86
FONDS PROPRES	8 806	8 203
PROVISIONS	86	192
DETTES	14 517	14 878
TOTAL PASSIF	23 409	23 274

Compte de résultats simplifié

En K€	31/12/2019 Net	31/12/2018 Net
Chiffre d'affaires	17 944	17 131
Autres produits	80	110
PRODUITS D'EXPLOITATION	18 024	17 241
Autres achats et charges externes	5 766	5 138
Impôts, taxes et versements assimilés	403	401
Salaires, traitements et charges sociales	8 019	7 462
Autres charges dont amortissements	2 200	2 575
CHARGES D'EXPLOITATION	16 388	15 575
RÉSULTAT D'EXPLOITATION	1 636	1 666
RÉSULTAT FINANCIER	35	94
RÉSULTAT EXCEPTIONNEL	52	105
Participation des salariés aux résultats	374	383
Impôts sur les bénéficiaires	697	843
BENEFICE OU PERTE	652	639

The logo for afnic, featuring the word "afnic" in a white, lowercase, cursive script font. The background is a dark blue gradient with a large, faint, light blue circular arc on the right side.

afnic

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