AFNIC

Activity report 2006

Contents

What a grand opening! ...

Let's tell it like it is, without false modesty, the opening of *.fr* to individuals has been a success. French netsurfers were with us on 20 June, and once the landrush had died down, we were able to record the fact that *.fr* is experiencing serious growth.

But let's be clear about this: this second opening had been expected for two years and France was one of the last countries in Europe to offer its extension to individuals.

At last, it's a done deal. The outcome was a great success, we can take the credit!

So what now? How should AFNIC see its future? What are the challenges we are going to need to face in the future?

Let's look far ahead: I am hoping that AFNIC will be the domain registration of choice, not just for other ccTLDs, but also for the management of other identifiers.
When new identifiers for data, subjects, digitized documents or individuals begin to emerge, AFNIC will be able to use its experience in domain name registration in order to expand its skills to any new type of identifier from the Internet that we know so well or to any other type of networked world.

But apart from these prospects, another kind of challenge awaits AFNIC: we need to be able to reinforce our status as extensions manager of the French Internet.
The decree of 6 February, 2007 in application of article L45 of the Post and Telecommunications Code has profoundly changed the regulatory environment in which the Association operates. It introduces a selection procedure before the minister responsible for electronic communications will choose "registration offices"[1] for French ccTLDs.

AFNIC is well equipped to see off the claim of any French or foreign elements who may show an interest. It has demonstrated its ability to manage registration policies that meet the requirements of the authorities for nearly ten years, and has provided a well-organized and substantiated management of this strategic resource.
In the particular regulatory context chosen by the government, AFNIC will offer its vision of the changes to be applied with all the strength and conviction that have characterized its operations since its creation.

Jean-Claude Gorichon
President of the Board of Directors

1 - The new name for domain registration bodies such as AFNIC for *.fr*, DENIC for *.de* , and so on.

Foreword

The year 2006, one of action and rethinking our strategy

The year 2006 kept its promises for AFNIC and for *.fr*. Opening it up to individuals has mobilized all the energy of the Association's staff, as well as the numerous registrars who took part in the operation.

The investments made since 2005 to upgrade our infrastructures and our registration system thus found their natural outlet. These foundations were put to good use through the roll-out of new services, especially a heavily revamped and automated transmission procedure. The trend continues and is manifested in our first priority for 2007, delivering high quality, simple and automated services.

Opening up the service to individuals was also the opportunity to reinforce our links with our members, and in particular with the registrars. We are committed to respond to their needs in a spirit of partnership, as shown by the opening of a permanent testbed, as well as the organization in 2006 of several joint promotional campaigns for *.fr*.

In addition to this lively internal activity, we have also undertaken to maintain and even intensify our presence on the international scene, whether at technical meetings or more focused gatherings to discuss general policy, such as those of CENTR.

Along with this busy agenda, we also used this year for constructing a shared vision of the challenges that AFNIC will have to meet due to the process of opening up the industry to further competition which is nearing completion. The guiding principles behind our activities in the months and years to come are designed to turn AFNIC into the registry of reference for the French Internet. These guiding principles require us to simplify, further automate and improve the quality of our services, to reinforce our partnership links with those registrars that so desire, to maintain a balanced relationship of trust with the authorities, to anticipate what could happen beyond DNS and strengthen our influence in the international discussions.

In order to respond to these ambitions a new organisation has been set up in order to better share responsibilities, especially the registry operations, legal issues and R&D. Specific planning for developments has been undertaken in order to use our resources to their best advantage.

Furthermore, we have begun to rethink our articles of association so as to reinforce the transparency of our governance and enable all our members to be part of it, especially our individual members.

At the start of 2007, AFNIC has a number of plans and the mobilisation of the largest number of people remains indispensable to them. We intend to considerably increase our automated services, increasing availability of the registration and publication systems, IDNs, reviewing policies on access to whois data and technical reliability of the *.fr* zone.

The challenges and upheavals of the coming months will require perseverance and determination. AFNIC will continue to dedicate all its efforts to seeking operational excellence by ensuring a fair balance between its members' interests in a constructive, open and transparent spirit. Our achievements, our commitments for the future development of *.fr* and of the information society, as well as our expertise are assets that enable us to contemplate the future with confidence.

Mathieu Weill
Chief Executive Officer

AFNIC, the only body entitled to allocate domain names with the codes *.fr* (France), *.re* (Reunion) and *.tf* (Terres Australes and Antarctiques Françaises [French possessions in Australasia and the Antarctic]), was created in 1997 in the form of a non-profit-making association (under the law of 1901).
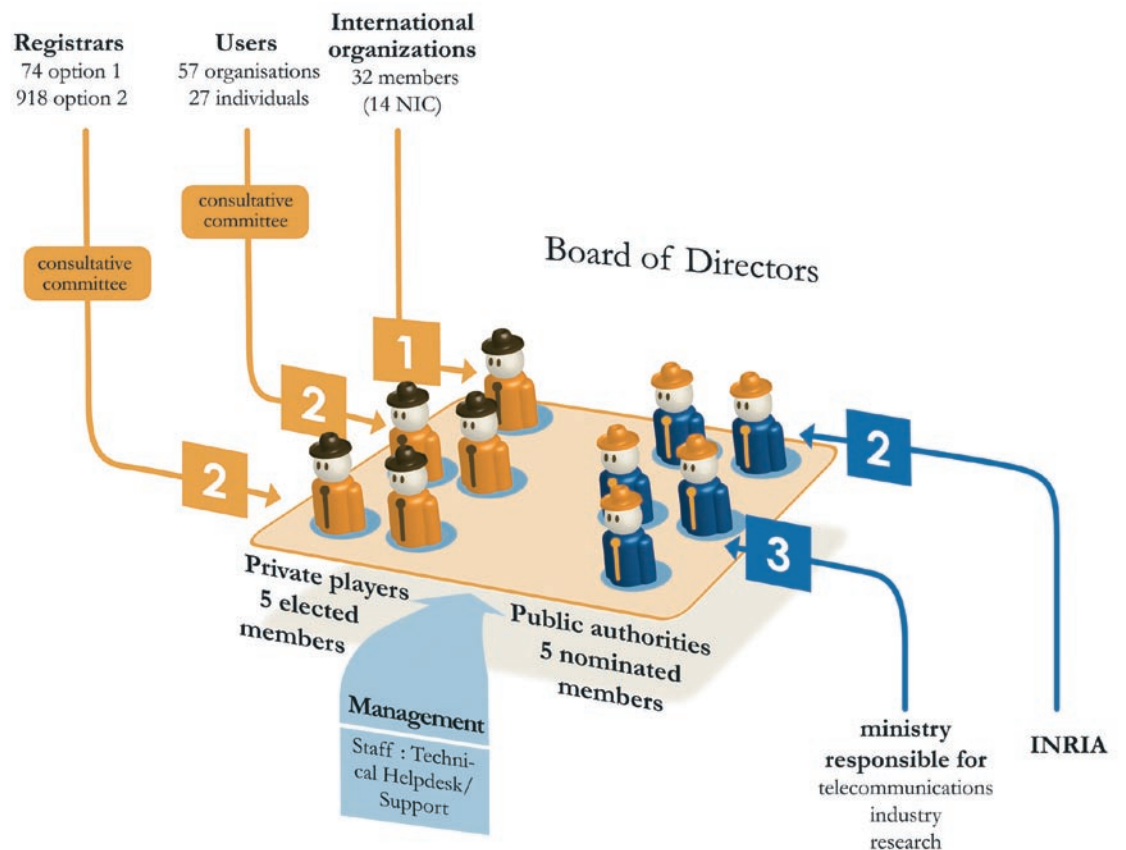
Its aims are:
- to offer quality registration services in the French area of the Internet,
- to be an engine for good governance of the services offered by AFNIC by bringing the local Internet community together,
- and contributing to the development of the information society in France and internationally.

As an open structure acting in the general interest, AFNIC offers a neutral space for concertation among those of its members who are service-providers / registrars and end-users and acts to defend the general interest. It relies on the opinions of two "*consultative committees*", consultative bodies that meet regularly to discuss the major orientations and structural choices under consideration by AFNIC.

There is also an *International College*, an original creation, an expression of AFNIC's desire to energize its relations with its French-speaking correspondents as part of the mutual development process that the founders of the association have sought to achieve.

The composition of the board of directors in 2006 was as follows:

Registrars
74 option 1
918 option 2

Users
57 organisations
27 individuals

International organizations
32 members
(14 NIC)

consultative committee

consultative committee

consultative committee

Board of Directors

Private players
5 elected members

Public authorities
5 nominated members

Management
Staff : Technical Helpdesk/ Support

ministry responsible for telecommunications industry research
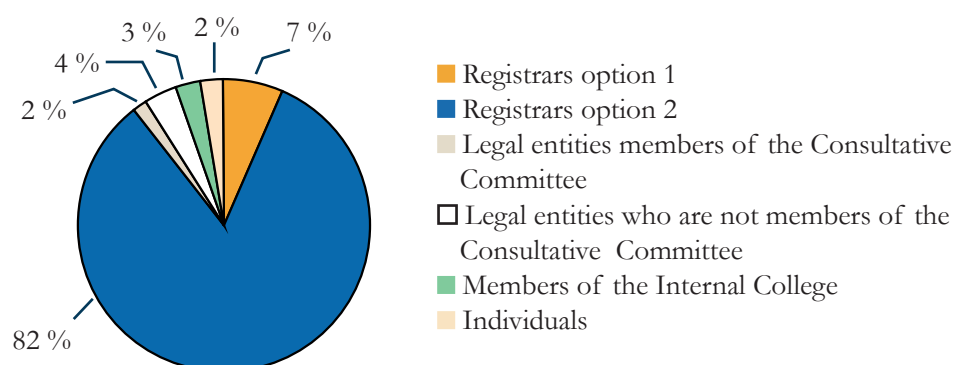
INRIA

The five representatives of the members elected from the General Assembly are:

- representing the service-provider members who are members of the Consultative Committee: Indomco and NordNet (elected on 11/06/2004);
- representing users who are members of the Consultative Committee: Acsel and CCI de Paris (elected on 11/06/2004);
- representing international correspondents: NIC Senegal (elected on 11/06/2004).

The distribution of AFNIC members has been fairly stable for several years. Registrars continue to represent the vast majority of members, even if they do not constitute a homogenous category.

At 31 December, 2006, the 1108 members of AFNIC were distributed as follows:

■ Registrars option 1
■ Registrars option 2
■ Legal entities members of the Consultative Committee
□ Legal entities who are not members of the Consultative Committee
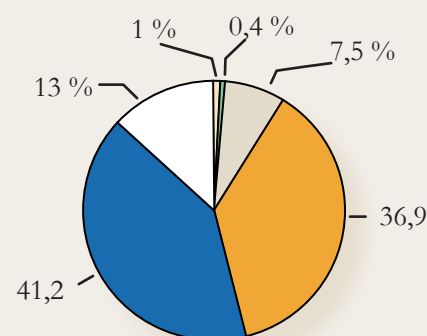■ Members of the Internal College
■ Individuals

Breakdown of registrars by number of domains in the portfolio

**Breakdown in 2006
for 992 registrars**
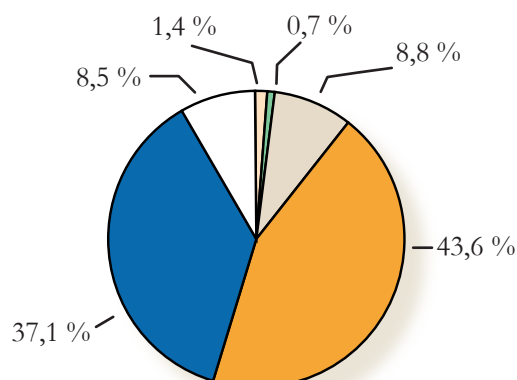
**2005 position for
1051 registrars**

■ > 10000   ■ > 500 < 5000   ■ > 5 <50
■ > 5000 < 10000   ■ > 50 < 500   □ < 5

2- or registrars marketing domain names with or without associated services.

A breakdown of the registrars, based on their portfolio of domain names, confirms the diversity of their activities and the economic models of those members. It is interesting to note the development of this breakdown between 2005 and 2006: fewer registrars are managing increasingly significant numbers of domain names, a sign of consolidation in this sector of the industry. The number of registrars whose operations are very small has reduced drastically. In 2006, only 6 members did not host any domain names, as against 53 in 2005.

## Development of .*fr* activity over the last five years

Increase in number of .*fr* domain names

Fiscal year
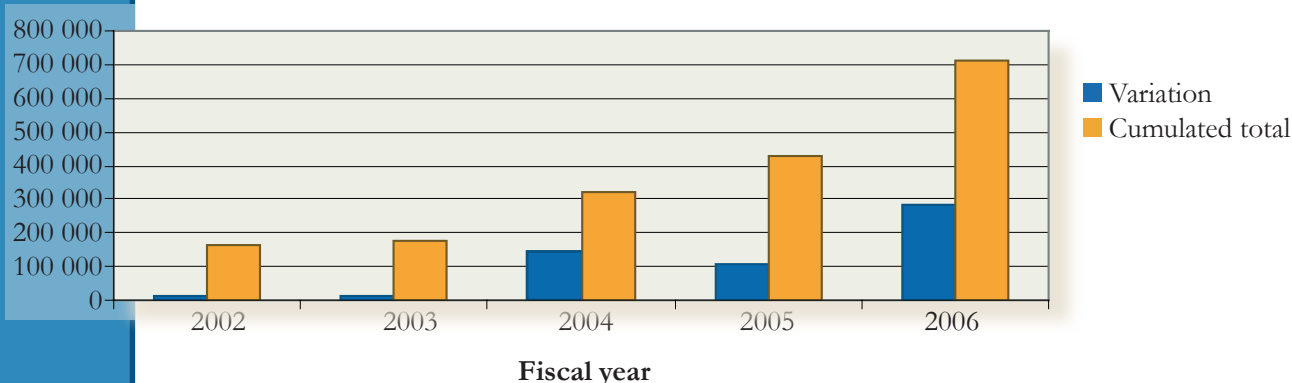
The first opening up (to corporate entities) of .*fr* in 2004 was a powerful stimulant for the development of the .*fr* ccTLD.
The year 2006 confirmed the trend: once it was opened up to individuals, the French geographical area of the Internet experienced growth that was almost twice as strong as in 2004.

Changes in the renewal rate for .*fr* domain names

Fiscal year
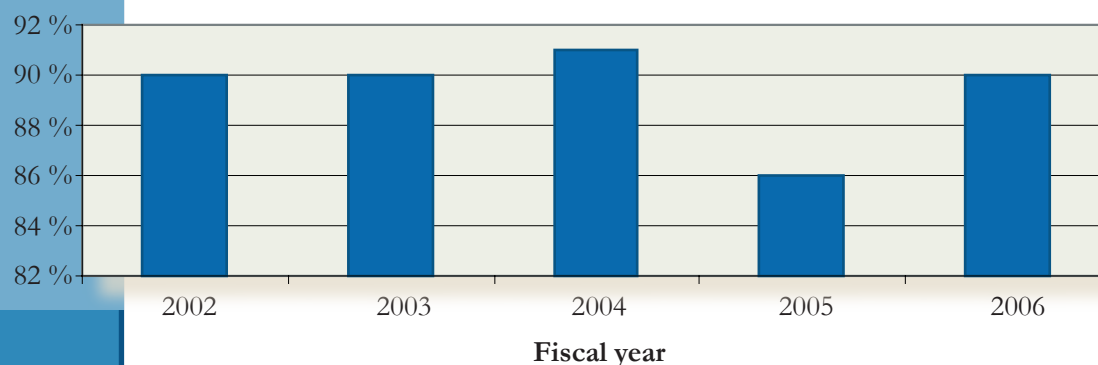
Once the registrations "for the occasion" in 2004 had ended and were not renewed, hence the slight decrease in the overall rates for 2005, the year 2006 confirmed a return to the renewal rate for domain names ending in .*fr* to the level of previous years. The rate remains remarkably high.
With the opening up to individuals in 2006, the situation will or may alter slightly in 2007 with the change in the user population; individuals do not use a domain name in the same way as a company or association, so the renewal rate is likely to show significant differences, depending on the type of domain name owner.

1

The big event: successful opening up to individuals

Two years after the first opening of *.fr*, the use of which was restricted to corporate entities, AFNIC finalized the process of liberalization of *.fr*, by allowing individuals to register directly under their geographic Internet code.

If this second phase might appear to be less of a problem than the initial one – thanks to the experience acquired in 2004 – the specific nature of the target customer base, the potential volume of registrations and compliance with the constraints laid down by the new Naming Charter (registration rules) have all required a different approach and much more preparation work for many reasons.

AFNIC was careful not to destabilize the "trust zone" that it had worked hard to set up over the years with corporate entities; it created a specific registration procedure, enabling individuals who were of age and had an address in France to get direct access to the *.fr* ccTLD.

So that the event would be fully appreciated by the general public, a major publicity campaign was launched, especially in the press, in which AFNIC, its advertising and PR agencies were engaged for several months.

The result was worth it and the figures for the first six months show that the initial planning has borne fruit.

1.1 A dedicated registration procedure

The opening up of *.fr* to individuals was officially launched in August, 2005, and the campaign ended successfully on 20 June, 2006.

The initial "stampede" experienced by all registrars who started to operate a liberalization policy went well. As with the first expansion in 2004, an asynchronous system, making it possible to disconnect the receipt of request phase from that of the introduction to the registration procedure, was used and optimized; all the forms received were processed on the same day and domain names set up as soon as the technical configuration was correct.

Ten months of preparation were needed, however, to perfect the system in concertation with all of AFNIC's contacts, for the completion of the new registration system dedicated to individuals which offered the minimum essential services; six additional months – after opening – made it possible to improve the initial services and offer new ones.

Four main constraints were taken into consideration to ensure the success of the project:
- the simplicity and speed of the registration service, indispensable for making it as attractive as possible,
- a registration system capable of managing potentially large volumes,
- new data, specific to individuals (especially date and place of birth) to be incorporated,
- and finally the protection of personal data.

After numerous exchanges with the registrars, an identification principle was established for each individual, based on the usual information obtained when a request is made for domain creation, namely the surname, first name, date and place of birth. This makes it possible to manage a "holder key" specific to each individual owning one of or more domain names. Additional information – that can be changed by the registrar – concerning the address and other coordinates are also required when the application is made, so as to complete the domain name documentation. After this, apart from checking the technical configuration, consistency checks are made in respect of the age and territoriality of the applicant. If no anomaly is detected, the domain name is automatically created, following the procedure described below.

Creation operation
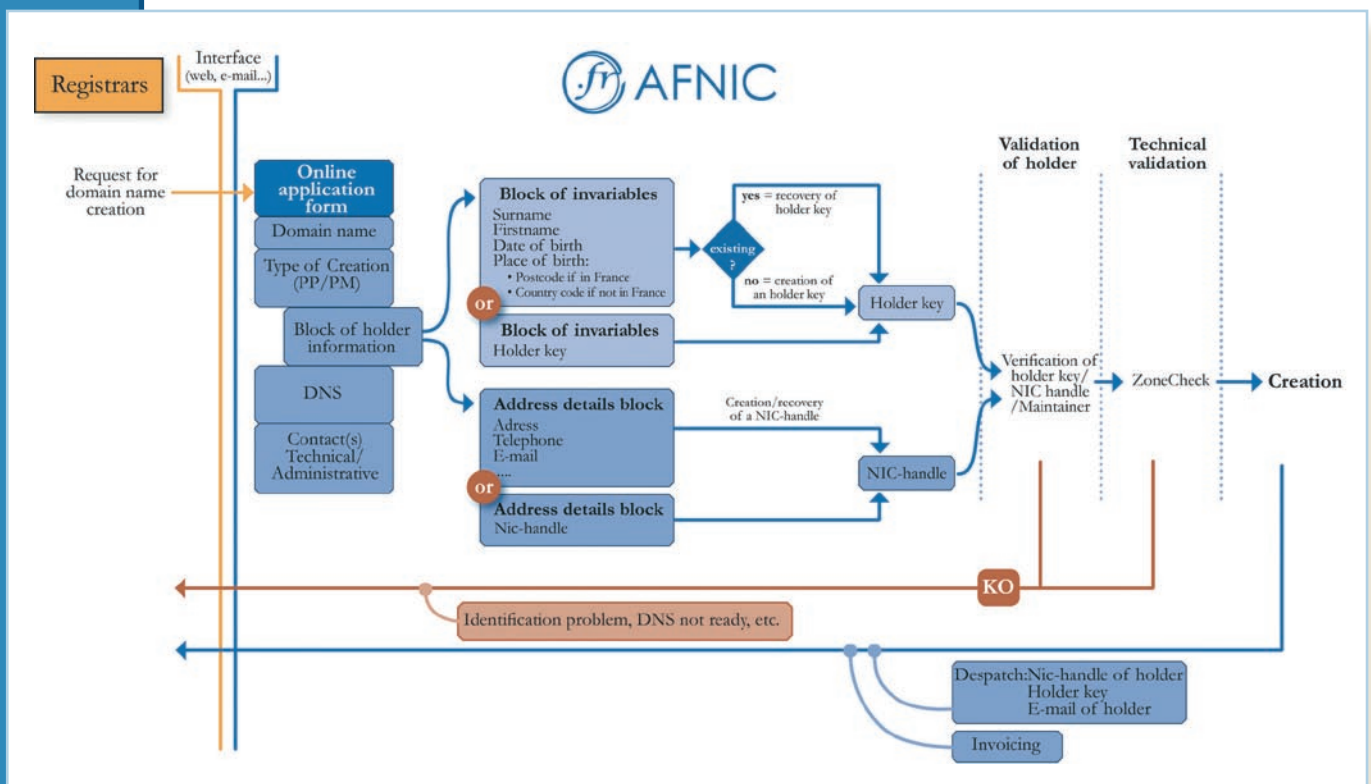
The extensive technical and operational work was accompanied by legal consultation designed to find the correct balance between compliance with data protection law applicable to individuals, an indispensable aspect, the need to circulate information concerning the availability of domain names and also checking data to ensure the legitimacy of the applicant.

The principle of the "restricted publication/circulation list" – used in 1999 when the second-level-domain *.nom.fr* was created for individuals – was re-adopted and adapted for the new registration procedure. No information concerning the applicant for registration on this list could then be published or communicated by AFNIC. In order to comply with the recommendations of the CNIL (the French Data Protection Agency), the formula for individuals offers registration on the restricted publication/circulation list by default (opt-in).

This protection does not mean that individual domain owners are immune from legal action. On the contrary, a rights-holder who considers that he/she has been damaged may always pursue the individual named as the owner of a domain name without having to resort to the ADR[3] or the courts. For this purpose, AFNIC has developed a platform for contacting the domain name administration, while maintaining the anonymity and address details of the recipient. Without disclosing personal details, this procedure makes it possible to receive replies from the administrative contact for the domain name and this is likely to avoid subsequent law suits.

In the last quarter, about 250 instances of this type of contact were made and no abuse of the use thereof was reported.

1.2 An unprecedented campaign aimed at the general public

If 2004 provided an opportunity for massive publicity about *.fr* in the trade press, the target for 2006 required a different approach to advertising.

Adults living in France and using Internet services represent millions of people; but those who know how the Internet works and the role played by the domain names are certainly far fewer in number. To try and reach as many of them as possible a clear message and varied channels of communication, ones adapted to netsurfers, would be required.

The advertising concept chosen for opening up *.fr* to individuals was **freedom** and **diversity**. The slogan "faites-vous-un-nom.fr" [make-a–name-for-yourself], was a slogan that had something of the "youth-oriented sound-bite" about it and suitable graphics were also defined. They were relayed by the registrars who took part in the campaign thanks to a press kit produced especially for the occasion.

A website dedicated to the opening of "faites-vous-un-nom.fr" ("make-a-name-for-yourself.fr") was created and web films produced and played on the site.

3- Alternative Dispute Resolution

Lots of flyers in the general press and the computer trade press – both off-line and on-line – were published to illustrate the concept of freedom and inculcate it into the target audience. An advertising campaign was launched and banners were procured to be displayed on relay sites; finally "press points" were organized in addition to the launch, to develop wider publicity about the subject.

The take-up for the event was very satisfactory and it even appeared as an audio-visual news item, with excerpts broadcast on the evening of 20 June on TF1, France 3 and in LCI television news.

1.3 Clear results

Between 20 June and 31 December, 2006, **134,284** domain names were registered by individuals. This figure amply fulfils AFNIC's "average take-up" forecast prior to the start, which was 200,000 domain names registered in the first twelve months.

Six months after the opening, it is interesting to note that the domain names registered by individuals already represents 19% of the domain names registered under .*fr*.

Monthly distribution of domain name creation for individuals:
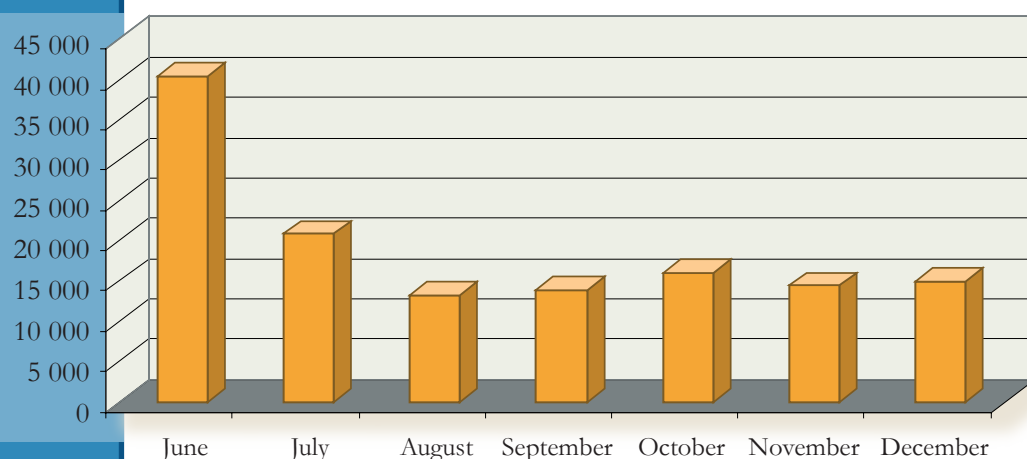
Once the peak of the first weeks after the opening had passed, the number of individual registrations tended to stabilize around 14,000 a month, representing nearly 650 per working day.

As regards the distribution by registrars, as at 31 December, 2006, 399 of them were managing at least one domain name registered by an individual. In reality, however, the distribution of domain names by registrars is very diverse: five service-providers own nearly 80% of the registrations by individuals and the top fifteen registered 96% of new individual registrants.

The number of individuals owning a domain name directly through .*fr* in 2006 was 96,530; the domain name average per individual six months after the opening is 1.4.

Unsurprisingly, owners from the Paris region represent one third of the applicants. After that come those from the Rhône–Alpes region, Provence-Alpes-Côte-d'Azur and Nord-Pas-de-Calais.

Geographical distribution of domain names in *.fr* registered by individuals.

November 2006

DOM-TOM

| 0 - 0,5 % |
| 0,5 - 1 % |
| 1 - 2 % |
| 2 - 4 % |
| > 4 % |

source AFNIC

.fr AFNIC
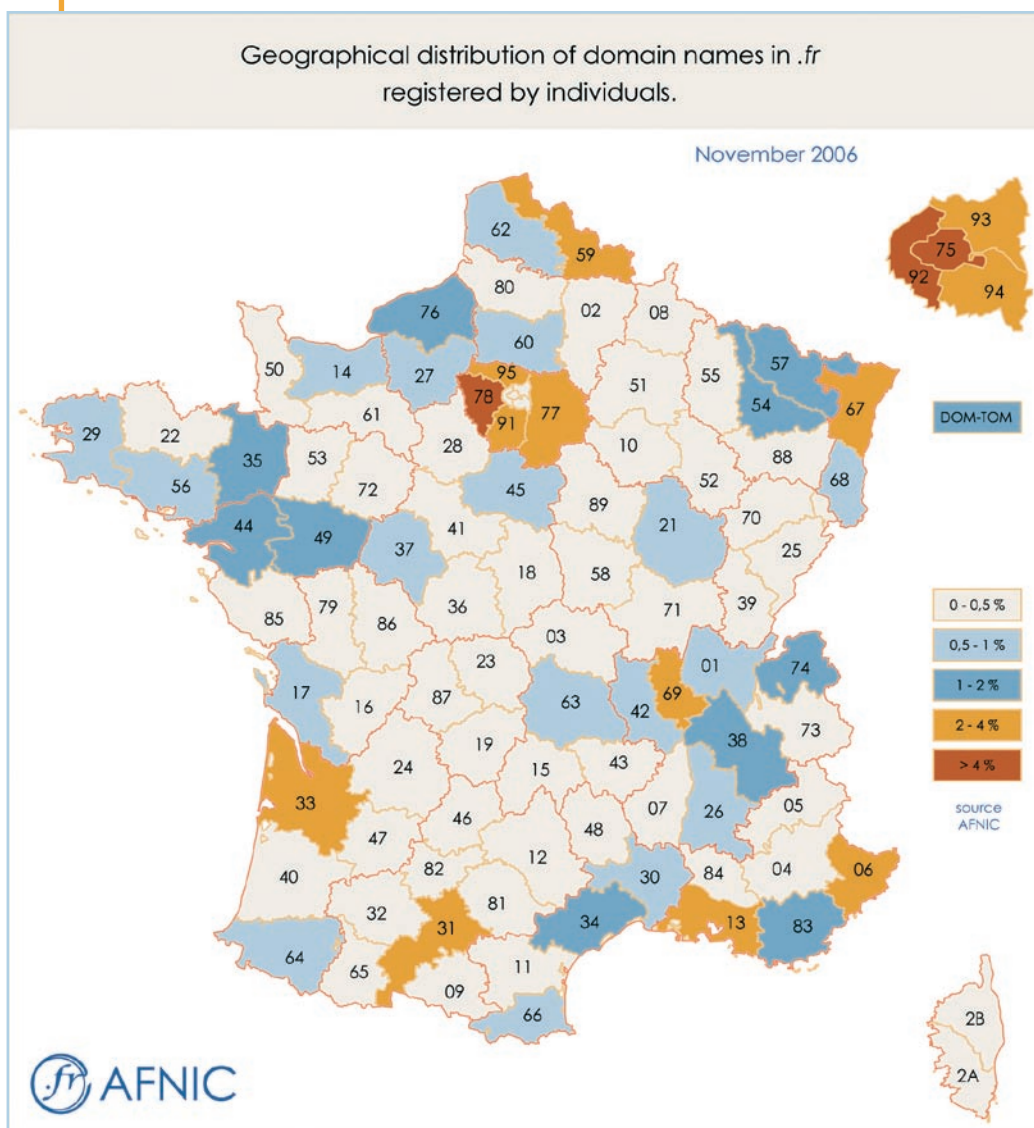
The distribution by age clearly confirms the relative youth of the owners, 43% of whom are aged under thirty-five.

Distribution of individual owners by age group in 2006:
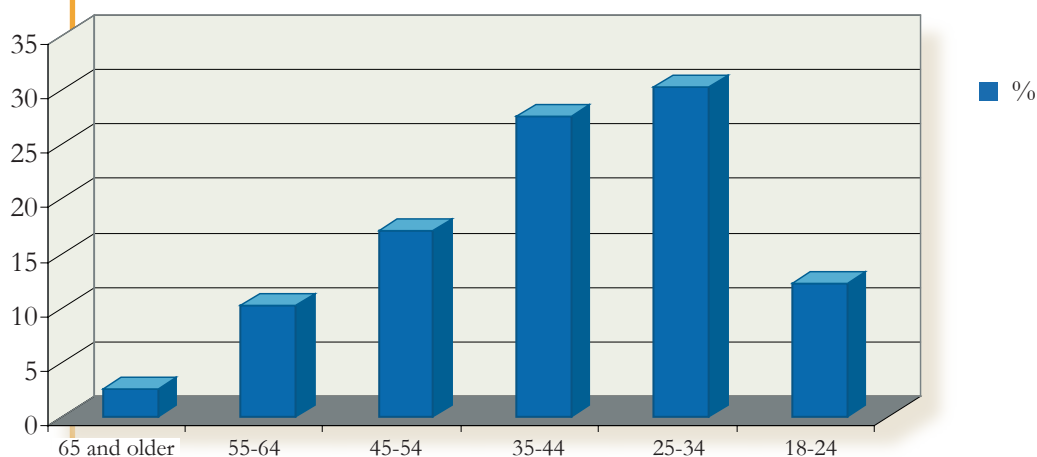
2 An impulse of development under way

The plan to open up registration to individuals was an opportunity to perform a "life-size" test of the work undertaken since 2005 on reorganizing AFNIC's information system and finding the best way of involving the registrars in the choice of structures which the association might adopt.

A project of this kind would necessarily require a thorough study of the technical and functional capacity of the association if it were to expand successfully, and also a radical change in the way it operated.

2.1 On the technical level

2005 was a year of transition between the two liberalizations, enabling AFNIC to weigh up the pros and cons of its information system to better organize it and make it more durable.

In 2006, the information system for the registration and management of domain names was thoroughly revamped. A completely new procedure dedicated to operations on domains owned by individuals was launched, with control and supervision of the most automated operations. Eventually, the registration system for corporate entities will come into line with the procedure for individuals, which is simpler and more flexible, while the specific features of the type of registrant will continue to be taken into consideration.

Although only partially completed, the expansion of the information system was anticipated and required much basic work on AFNIC's "infrastructure". The association is determined to upgrade its computers in order to improve performance, reliability and secure operation. The least productive hardware was replaced and new servers were installed, particularly to ensure operational back-up and thus improve the security level.
Effort was made to ensure the uniformity of the machines and systems; processing was updated and the internal naming plan within the computers was revised in order to better classify them by service identified.

In terms of network access, AFNIC also increased its abilities to withstand the rush of applications when the service was introduced, so as to be able to handle the ever-increasing number of applications it will be required to manage (nearly 1400 domain name creations per working day in the last four months of 2006) and, the correspondingly large number of domain names ending in *.fr*.
Finally, a review was begun aimed at the improvement and/or optimization of the administrative information system. New accounting software is being studied and will be tested in 2007; this ought to enable much greater independence of accounting in the invoicing system and a genuinely analytical accounting system is to be installed. There will also be a review of the current management system for membership.

2.2 As regards the service offered

The reorganization and technical optimization efforts were designed to develop new services, especially those involved in the opening up; they were also considered in order to improve the current level of service and prepare for future services.

- Out of concern for better organization to fully respond to its members' requests and those of the end-clients, AFNIC is looking to develop a dedicated "**telephone and e-support service**", to be provided by trained staff.
Personnel from the "customer support" centre attached to this same operational service as the staff managing domain name operations are the first point of contact with the outside and have to provide all the answers at the basic level, whether they concern cases currently being processed or requests for miscellaneous information about how AFNIC works.

The centre became operational in time for opening up to individuals and has now been structured and equipped with adequate tools for optimizing the length of time and quality of its replies.

- On the operational level, the **transmission procedure** has been automated and dematerialized; a new type of ticket, one that is dedicated to the transmission operation has been created that allows the current owner of the name to be protected against certain forms of abuse. A fax will have to be sent in the case of certain so-called "forced" transmissions (results of judicial or extrajudicial decisions).

- A new service was also offered on the occasion of opening up to individuals, one which has become permanent. This is the testbed. It is a tool that makes it possible to conduct a "lifesize" experiment concerning the reaction to the new production line, a type of service that was requested by members to better anticipate developments in the registration system.
  This service was used to test domain name creation forms for individuals before the opening, as well as the new transmission procedure which was tested in the summer. A definitive testbed was opened in early 2007 and made available to all members.

2.3 Relations with the membership

In 2005, efforts were initiated to form a closer relationship with registrar members, with the setting up of a systematic relational procedures program.

As the plan to open up the service to individuals was launched, this work intensified in 2006. The meetings with individual registrars continued at a faster rate and standing working parties were set up.

- **A Technical Working Group** was the first to be established and it enabled numerous discussions with registrars to define and refine the new registration procedure for individuals. A technical discussion list was also created for registrars who are members of the consultative committee and who wanted to discuss specific technical points. It is important to stress that the new discussions with the registrars did much to produce changes in the initial individual name registration plan created by AFNIC.

- **A Marketing and Communication Working Group** soon followed which was open to members of both the consultative committees, the "service-providers" and the "users" and aimed to become a permanent platform for cooperation and discussion between AFNIC and its members concerning aspects specifically related to marketing and publicity about *.fr* and/or AFNIC's areas of activity.

- **The Legal Working Group** was the last to be created. Although legal issues have always been a subject that has preoccupied AFNIC, until September 2006 these were dealt with at the meetings of the Technical and Marketing and Communication Working Groups. In view of their increasing importance, the creation of a specific group covering legal matters proved to be indispensable.

In 2006, AFNIC wanted to allow its members to become increasingly involved. This policy will be maintained, especially through the continued creation of working groups who will be meeting at the rate of three or four times a year.

Another innovation and opening up to members is the introduction of "joint operations", mounted by one or more registrars for the purpose of promoting *.fr*, and to which AFNIC will be contributing. The operations to be considered could be of different types, but would exclude promotion on the rates charged for *.fr* registration. They would consist of press campaigns, the creation and distribution of specific media, and special events (breakfasts, "coffee mornings"), etc.

Four joint operations, launched just before the opening, ended in 2006, but many more are in the pipeline for 2007.

3 A constant concern for monitoring compliance with the Naming Charter

Ever since its creation, AFNIC has continually monitored compliance with its Naming Charter and the fundamental principle of respect for third party rights. The *.fr* Charter which was very restrictive in 1998 has become much more flexible with time and concomitantly with the development of the "Internet and domain names" culture in French society.

In 2006, AFNIC continued its consciousness-raising activity performed through various elements and involving the need to define an Internet advertising policy and the defence of owners' rights, as well as maintaining its fight against manifest breaches of the Charter.

3.1 Raising the awareness of rights-holders and professionals

The Internet is a place for sharing and circulating information of a kind that never before existed, but this has resulted in the development of new types of abuse.
With a view to providing the maximum information about existing practices and the means of protecting users, in 2006 AFNIC intensified its consciousness-raising activities among rights-holders, an operation which began in 2004 with the first opening up of *.fr*.

A casefile containing warnings against "slamming" (a practice designed to force the owner of a domain name to subscribe to unsolicited services) was one of the measures undertaken in September, 2006 and made available on the AFNIC site. The practice has expanded considerably under all the Top Level Domains (ou Internet codes) and the case file was widely publicised in the trade press.

AFNIC is also continuing to participate in various events and training sessions:

- it took part in the colloquium organized by the Club Sénat, in partnership with the Cyberlex Association, on the occasion of its tenth birthday, an event entitled "Ten years of Internet law";

- AFNIC was a partner in the fourth Legal Internet and Digital trade fair and also participated in two panel discussions;

- linking up with CEFAC (*Centre d'Études et de Formation des Assistants Techniques du Commerce*) [Training Centre for Assistants in the Technical Retail Trade], it participated in training instructors on how to make business owners aware of the challenge presented by domain names and take them into account in the definition of their advertising policy;

- AFNIC's assistance was solicited by the *Brigade d'Enquête sur les Fraudes aux Technologies de l'Information* (BEFTI) [Information Technology Fraud Squad]; it was involved in explaining how domain names work and the action that could be taken by a registry.

AFNIC also entered into joint ventures with the aim of making conflict resolution as flexible as possible. Since 20 June, 2006, the Internet Rights Forum, in partnership with AFNIC, has been responsible through its "Médiateur du Net" service [Net Mediation Service] for settling disputes out of court involving individuals and concerning *.fr* domain names. Two types of litigation are involved: disputes between individuals and those between an individual and a company.

3.2 Continuing to defend the Naming Charter

The concept of time in the justice system has nothing in common with the way it is perceived in Internet matters, and AFNIC has often had to act speedily when it discovered a manifest breach of the Charter (mass registrations and numerous third-party complaints). Looking back over the past two years, an initial overview of cases can be made.

- In 2004, shortly after the first opening up of *.fr*, a dispute broke out involving AFNIC, initially against the registration name owner Laurent N. and secondarily against the EuroDNS SA registrar. An emergency injunction was awarded in favour of AFNIC in the action it had taken to block the 4465 domain names owned by Laurent N. Two years after the action, 2268 domain names had been transferred and 139 deleted.

- A similar case occurred in 2005, when AFNIC blocked 1215 domain names owned by KLTE Limited. An emergency injunction again justified the action taken by AFNIC.

- AFNIC last took action in 2006 against the owner of Guillaume.net/ZioConcept.net, who registered 8319 domain names representing family names a few days before the opening up to individuals. After this registration had been put on hold for three months, all of the domain names were deleted on 5 December 2006, making them available for registration once again. By 31 December, less than four weeks after they had been placed once more in the public domain, 1004 domain names had already been re-registered by third parties.

Parallel to these well-publicised actions and with the opening up to individuals, AFNIC decided to conduct an awareness-raising campaign to check compliance with undertakings by the registrars.

Until it became available to individuals, AFNIC could proceed on its own – in the vast majority of cases – to check the eligibility of *.fr* owners by consulting online databases (court registries, the INPI and the INSEE in particular) since those involved were almost exclusively corporate entities

In order to make it possible to check the eligibility of individuals to register a *.fr*, a different scheme was adopted, involving the registrars more extensively. The latter were now to be made responsible for "mobilizing the resources they considered necessary" in order to ensure the eligibility of their clients.

In the second half of 2006, AFNIC began to make the first checks, more or less exclusively on the basis of external warnings. These checks will be intensified in 2007 when a policy of spot checks will be implemented.

4 A recognised resource and expertise centre

As a corollary to the opening up of *.fr* registration to individuals, the association's substantial contribution to the development of the information society in 2006 was more closely focused on increasing concertation and discussions on national and international levels.

4.1 Sharing knowledge at a national level

- AFNIC continued to hold quarterly meetings of the "International Working Group", enabling a regular exchange of information on matters connected with the development of the Internet, bringing members and non-members of the association together, especially institutional partners. The working group focused its activities on the preparation of meetings of ICANN and the Internet Governance Forum. This enabled better concertation of the positions of the various French entities involved in these bodies. The group also had the honour of welcoming the new Deputy Minister Responsible for International Information Society Affairs, Mr Bertrand de la Chapelle.

- In 2006, it renewed its participation and support of the fifth meeting of the European Global Event on Domain Names and address system on Internet (EGENI - États Géneraux Européens du Nommage Internet), whose theme was "the Internet for all".

- It also associated itself with the Good Digital Practice 2006 initiative throughout France, organized by Monsieur Olivier Midière in partnership with chambers of commerce and industry, chambers of professions, approved management centres and the CEFAC; on this occasion, it had a presence at four regional trade shows organized in the Auvergne, Britanny, Franche-Comté and Haute-Normandie.

4.2 Development of concertation on an international level

- On a political level, having continued for three years to monitor the work of the ccNSO, ICANN's consultative body that includes first-level geographical domain registries, AFNIC decided to join this body in 2006 and reinforce its presence at meetings.

  Olivier Guillard, who represents AFNIC at ICANN, was co-opted to the council of the ccNSO and became chair of the IANA group.

- AFNIC also decided to become more active within CENTR (*Council of European National Top-level Domain Registries*) – a concertation body for European registries on both the technical and policy-making level of registration – and to make itself better known to its leading activists. It invited representatives to meet at the premises in Saint-Quentin-en-Yvelines and offered to take on the organization of CENTR annual general assembly in October, 2007 in Paris.

- Finally, out of concern to develop relationships and exchange experiences with other NICs, AFNIC visited the German registry, DeNIC, at its Frankfurt offices. Representatives of the different departments were able to discuss their activities, in particular comparing their management models for relationships with registrars, support for end-clients and database management.

In 2006, AFNIC continued its knowledge transfer activities in its support for the CODEV-NIC project, designed to promote the transfer and exchange of knowledge and technologies between registries.

Unique and supported for many years by the Ministries of the Economy, Finance and Industry and the Ministry of Foreign Affairs, this project has enabled registrars in the Ivory Coast and Madagascar to implement their own structures using software enabling data management automation for registration procedures.

In 2006, two new registries were included in this project, that of Gabon and that of Albania.

CODEV-NIC was the subject of a presentation at the Asia Pacific Regional Internet Conference on Operational Technologies (APRICOT) in Australia and it attended the ICANN meeting in Saõ Paulo (Brazil).

4.3 Continuing technological monitoring activities and assistance with the roll-out of new services

Furthermore, as with any registry, AFNIC wants to maintain its skills level and ability to anticipate technological change.

- On the technical level, its continues its active participation in IETF (Internet Engineering Task Force), the RIPE (*Réseaux IP Europeens*) and the Bind Forum (a consortium on DNS) enabling it to maintain the level of excellence of its skills.

- Always sensitive to the deployment of IPv6, the new version of the IP protocol governing the worldwide Internet network, AFNIC participated and "sponsored" the IPv6 summit in Cannes.

- Finally, after taking part in 2003-2004 in the project for study and experimentation with the ENUM system – a process that can create a link between a number in the usual telephone format and a set of names and identities that a user can associate with his/her/its number (for electronic mail, voice messaging, faxing, web page display, etc.) – AFNIC continued its discussions with ARCEP (the French Telecommunications and Postal Regulation Authority) and the Ministry of Industry with a view to the deployment of the ENUM protocol in France.

5 A dynamic team

AFNIC has been preparing for this event for ten months and it has very particular specifications and planning, to meet the challenges of opening up *.fr* to individuals with an almost unchanged workforce, as shown in the following diagram.

Changes in the AFNIC payroll since 2002:
(workforce as of 15 September)
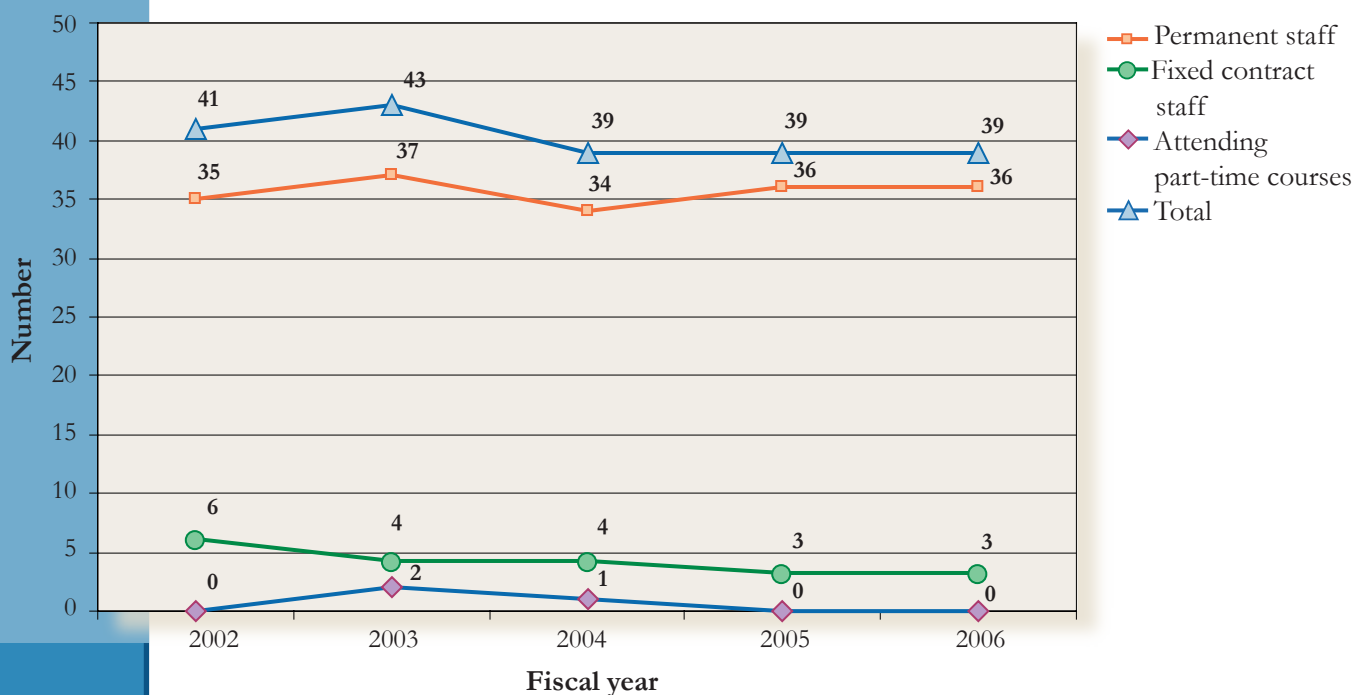
Recourse to fixed contracts of employment to deal with an occasional surge in demand and requirements for sub-contracting certain developments were the strategies chosen by AFNIC for meeting its deadlines.

AFNIC staff statistics to 31 December, 2006:

- total number of employees: 41 (of whom 3 are on fixed contracts and 1 employee is on parental leave);
- average age: 35.5;
- female workers: 39%;
- rate of renewal (staff turnover): 8% (arrival of 2 technicians, 1 web developer; 3 fixed contract workers; 3 others left the company).

5.1 Reinforcing company policy

If this second opening was successful, thanks to the mobilization of all the staff, it nevertheless highlighted the need for new skills within AFNIC, especially on the technical and legal levels.

To meet this requirement, an ambitious training plan has been set up, thanks in particular to the first results of the policy of fixing goals/assessments launched within AFNIC in 2005. Having identified where training is required, a budget of more than 2.5 times the 2005 budget has been allocated.

Despite the lack of availability of employees who were busy working on the opening project, almost two-thirds of the personnel were nevertheless able to undertake training for a total of 1,072 hours.
In 2006, employees took 22 separate training courses.

Another important measure was implemented in 2006, involving internal communications. This consisted of a monthly house newsletter, numerous information notes and the organization of social events all of which contributed to the better dissemination of information and knowledge of the various occupations within AFNIC.

5.2 Continued adaptation of the organization

The development of AFNIC in recent years, recourse to sub-contracting and hiring new staff – temporary or otherwise – involving several employees a year have made it necessary to formalize certain modes of operation.

A charter for the use of computerised systems and electronic means of communication was introduced, closely followed by an updating of the internal regulations rules for employees.

With a concern to better organize procurement and monitor suppliers, a "procurement" job description was also introduced.

Following its rethink of the way job descriptions are changing, a process launched in 2005, AFNIC also undertook wide internal concertation on a new organizational structure which would group the various job descriptions together more consistently, based on clearly defined skill sets.

The first results of this rethink consider the development of new focuses of skills and suggest changes to certain current activities.

As an example, over the last two years the indispensable need has emerged for an efficient legal department, whose particular task would be to devise key policies for the registrar and the management of disputes linked to these policies. This department would be completely separate from the operational department that manages registration.

Similarly, in order to better anticipate AFNIC's needs and develop its information system, the skills identified in this area have emerged as being indispensable.

Thanks to these new observations, and linked to the strategic orientation defined by AFNIC for future years, a new organizational plan is in the process of implementation. The plan should have been completed by early 2007, resulting in new internal organization.

6 Prospects

It would be no exaggeration to say that year 2006 was a turning point for AFNIC. Now that the last phase of extensive opening has ended, new challenges are already emerging on the horizon:

- the completion of the automation process for the registration procedure and publication of domain names will introduce structural changes in the registration information system and operational relationship with the registrars;

- the opening up of *.fr* to the IDNs (Internationalized Domain Names) is an essential stage for any registry. AFNIC started to consider it in 2003, but the project was deliberately delayed in order to give priority to the two expansions of *.fr*. The experience acquired by other countries in this area, over the course of these four years, will be a new element requiring analysis and will have to be taken into account before any launch;

- AFNIC is currently responsible for managing several ccTLDs in addition to *.fr* and *.re*. The ccTLD for the Terres Australes Antarctiques Françaises, *.tf*, should be the next extension to be opened up; this process is part of a wider vision designed to facilitate the opening up for AFNIC of new TLDs in order to meet the demands of the authorities.

Furthermore, the improvement in AFNIC's operation, thanks to its re-organization and the "modernization" of its internal information system, are also part of AFNIC's important prospects for the future.
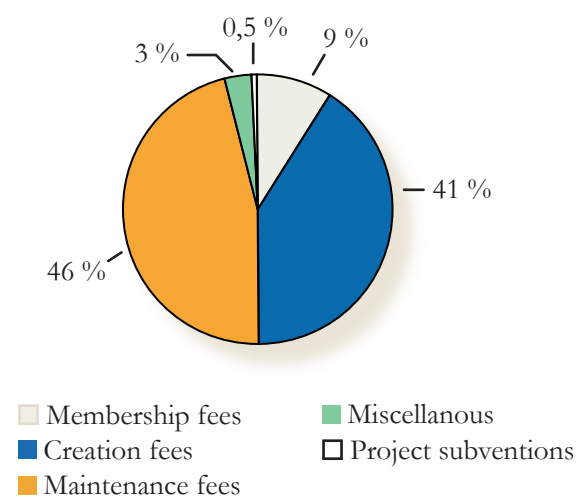
7 A few financial indicators

Development of resources:

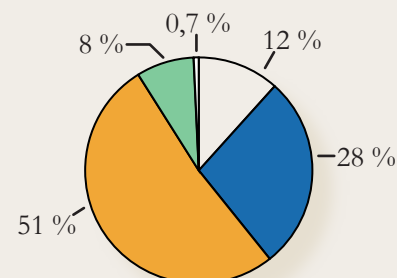|	Ex. 2002	Ex. 2003	Ex. 2004	Ex. 2005	Ex. 2006
☐ Resources (in M€)	3,316	3,814	5,303	4,578	5,836
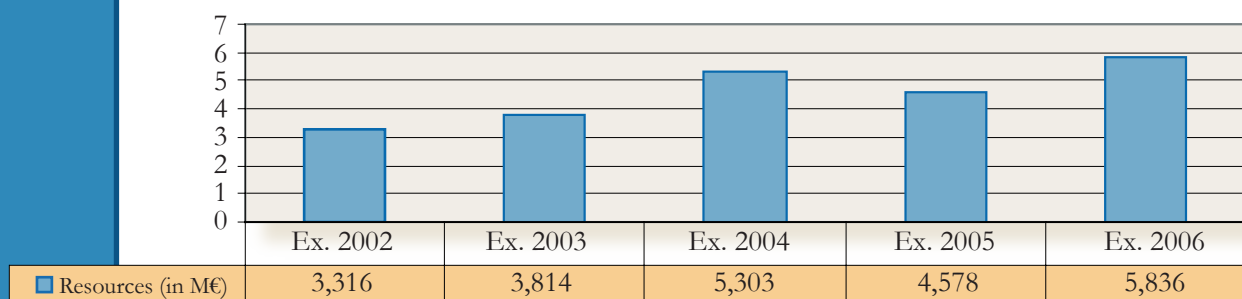
This graph shows the frequency of change in the scale of development affecting AFNIC's resources, despite a pricing policy that is constantly being reviewed downwards.

As part of the opening up process in 2004, a reduction in registration costs to €9 was introduced on 1 January 2005, i.e. more than seven months after the opening; in 2006, the drop in rates occurred during the month in which registration was opened up, but this still did not prevent a big hike in resources, the number of registrations being so much greater than predicted.

Structure of AFNIC resources in 2006 (k€):

3 %
0,5 %
9 %
41 %
46 %

- ▢ Membership fees
- ▢ Miscellanous
- ▮ Creation fees
- ▢ Project subventions
- ▮ Maintenance fees

Reminder 2005 (k€) :

8 %
0,7 %
12 %
28 %
51 %

The structure of resources for one year of opening is not representative of the "normal" activity of a registry, since the income resulting from the creation would logically be much greater. In 2006, 87% of AFNIC's resources resulted from the creation and maintenance of domain names compared with just below 80% in 2005.

The relative drop in the share taken by maintenance in AFNIC's resources in 2006 is solely due to the large number of domain name creations during the year of opening up to individuals, since the renewal rate was maintained at 90%.
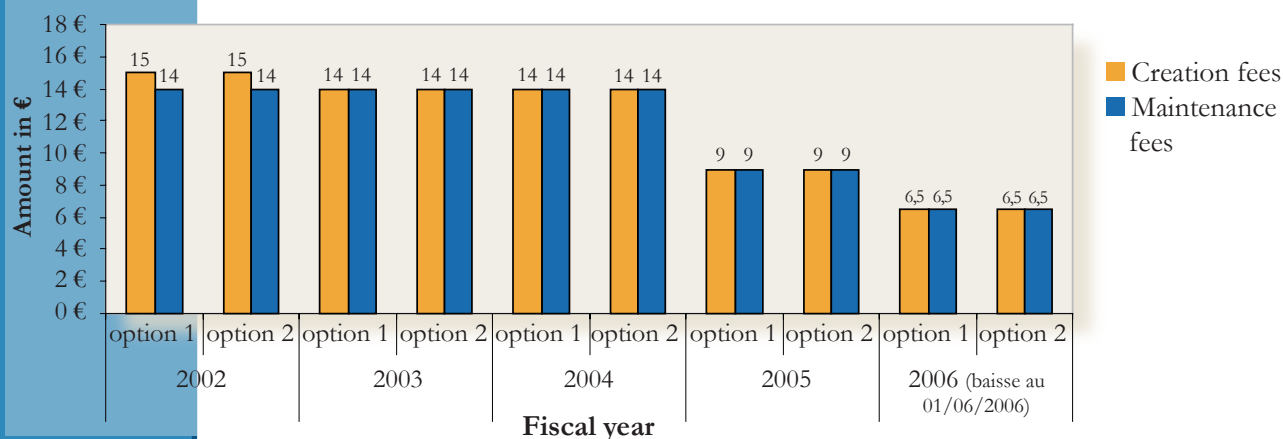
Development of structure of resources:
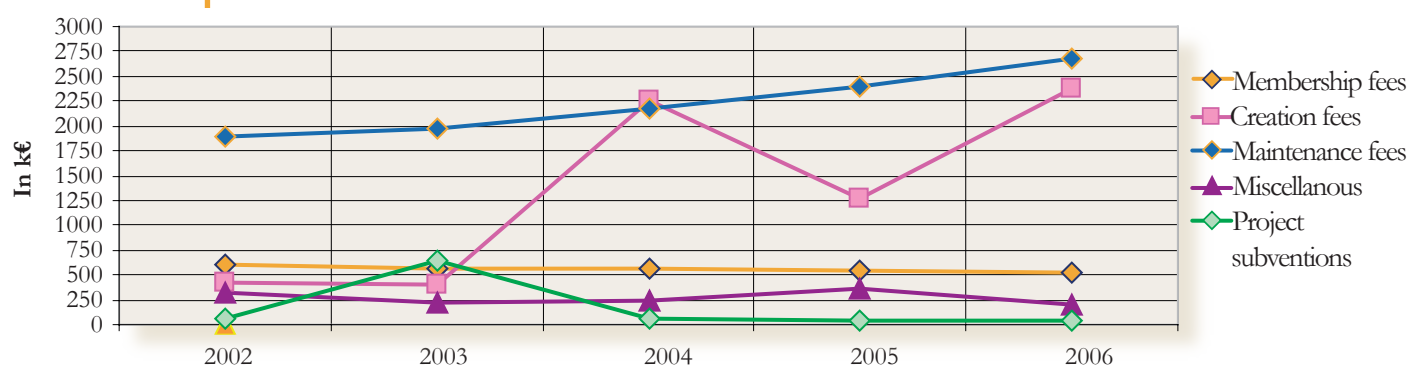
In absolute terms, resources devoted to maintenance increased by 12% in comparison with 2005.

AFNIC continues to be self-financing since its creation and receives no financial support except for its R&D projects which are attached to its main activity.
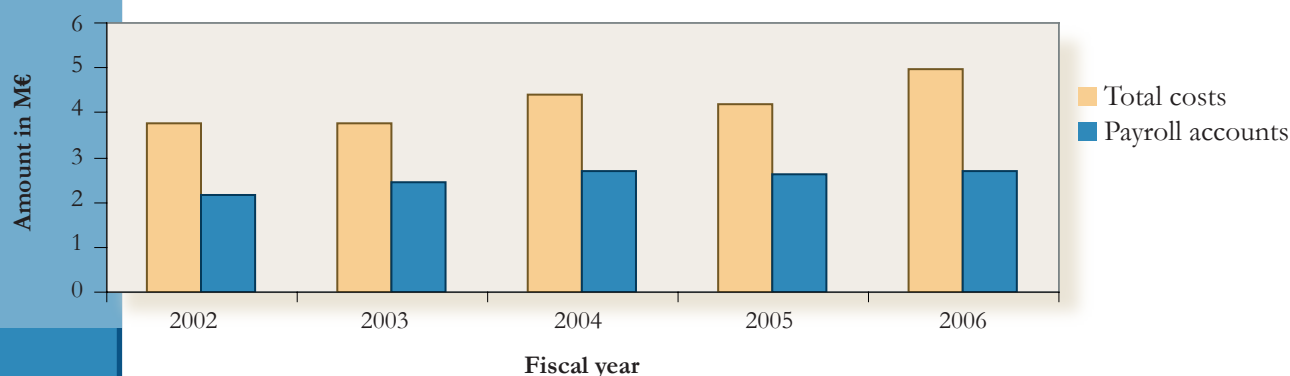
Development of AFNIC rates:

The continuing reduction in rates for AFNIC services (creation, transmission, changes of registrar and maintenance) remained one of the main factors for balancing the budget. In this regard, AFNIC decided at the end of 2006 to change the pricing again. The cost of membership remaining constant, a differential was introduced in the way services were invoiced between options: €5.8 before tax for the option 2 registrars and €4.8 before tax for option 1 registrars.

Structure of AFNIC operating costs in 2006:

- Payroll account
- Subcontracting costs
- Real estate costs
- Functioning costs (miscellanous)
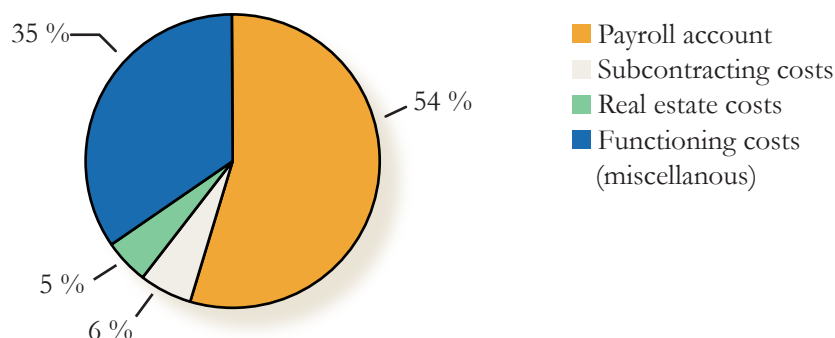
Developement of AFNIC operating costs:

AFNIC's wages bill (cost of all employees) for the last three years is tending to stabilize. In 2006, the increase in operating costs was the direct result of the plan to open up registration to individuals and this resulted in significant advertising costs and upgrading the information system.

Operating result trends:

	Ex. 2002	Ex. 2003	Ex. 2004	Ex. 2005	Ex. 2006
■ Result (in M€)	-0,440	-0,044	0,915	0,371	0,861
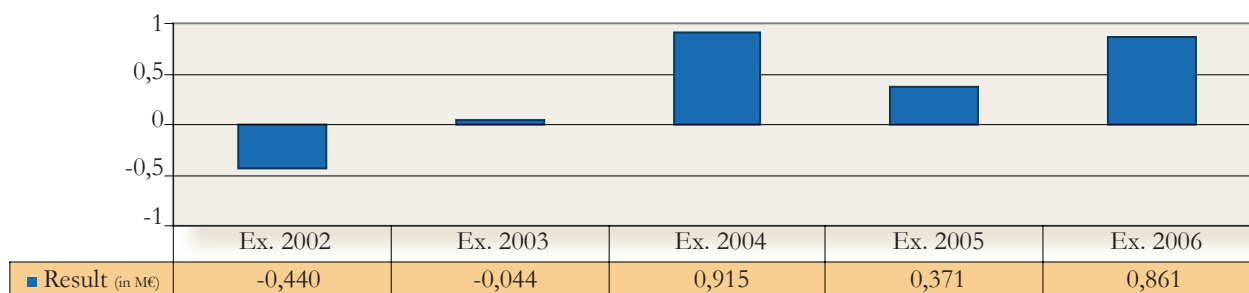
After years of slow growth in domain name creation and heavy investment in R&D, the impact of opening up .fr on AFNIC's operating result is highly significant. If 2006 produced a large number of registrations, the result is slightly lower than for 2004 because the reduction in the cost of services occurred from the month of opening, unlike in 2004.

It should also be remembered that AFNIC, which is able to balance its budget without any operating subsidy or debt balance, applies a policy of placing a sum in reserve equivalent to the total wages bill for one year.

8 Glossary

ADR
Alternative Dispute Resolution

AFNIC
Association Française pour le Nommage Internet en Coopération
French Network Information Centre, *.fr* and *.re* registry

APRICOT
Asia Pacific Regional Internet Conference on Operational Technologies

ARCEP
Autorité de Régulation des Communications Électroniques et des Postes
The French Telecommunication and Postal Regulation Authority

BIND
Berkeley Internet Name Domain ou Berkeley Internet Name Daemon

ccTLD
country code Top Level Domain

CEFAC
Centre d'Études et de Formation des Assistants Techniques du Commerce

CENTR
Council of European National Top-level domain Registries

CNIL
Commission Nationale de l'Informatique et des Libertés
The French Data Protection Authority

DNS
Domain Name System

ENUM
tElephone NUmber Mapping

gTLD
generic Top Level Domain

IANA
Internet Assigned Numbers Authority

ICANN
Internet Corporation for Assigned Names and Numbers

IDN
Internationalized Domain Name

IETF
The Internet Engineering Task Force

INPI
Institut National de la Propriété Industrielle
The French Industrial Property Organization

INSEE
Institut National de la Statistique et des Études Économiques

INRIA
Institut National de Recherche en Informatique et en Automatique
The French National Institute for Research in Computer science and Control

IPv6
Internet Protocol version 6

NIC
Network Information Centre

RIPE
Réseau IP Européen

TLD
Top Level Domain