



Activity



report

2008



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Introduction

If one had to choose just one word to describe AFNIC in 2008, it would be «growth».

Growth, first of all, in its business, with more than 480,000 new registrations in 2008 for a net growth rate of nearly 33%. This performance is remarkable, especially given the rather gloomy state of the sector in the current international context.

Growth, also, in personnel. With 11 new hires, AFNIC has equipped itself with the resources needed to achieve its goals: becoming a registry that sets the standards, at the operational and legal levels as well as in terms of R&D and communication.

- In technical terms, AFNIC worked on rolling out the “standard” EPP registration protocol and beefed up the security side.
- On the legal level, the organization has managed the conditions for accessing the list of its domains and launched a dispute resolution procedure for obvious breaches of the Decree dated 02/06/2007.
- With respect to R&D, AFNIC was involved in some ambitious projects such as the Internet of Things and keeping an active watch at the international level.
- Regarding communication, the organization worked at developing its institutional relationships and partnerships with an eye to meeting upcoming calls for bidders, for *.fr* and for other domains.

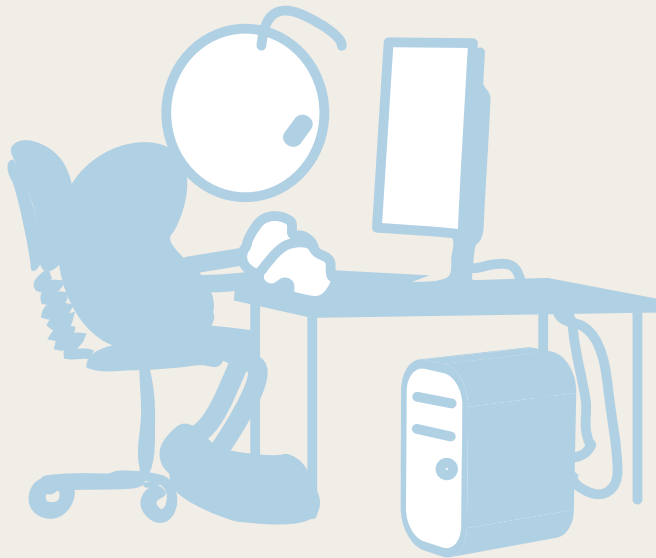
And finally, growth in the organization’s external visibility, by continually increasing its participation in international meetings and throwing strong support behind the ICANN event in Paris in June 2008.

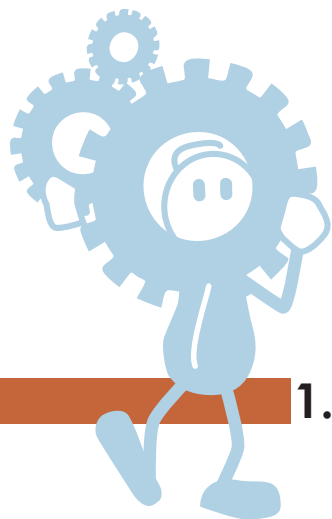
So it has been a successful year for AFNIC, even if the organization has not yet obtained official designation as ccTLD administrator for *.fr*. But no one doubts the promise that 2009 holds.

Jean-Claude Gorichon
Chairman of the
Board of Directors

Mathieu Weill
CEO

I. The Association's Headlining Activities





1. Enhancing the Core Functions

The final phase of opening the *.fr* domain in 2006 resulted in increased growth in registrations using the French domain. As the scope was changing so dramatically, it seemed appropriate to reflect on the changes in the association's core function. AFNIC's two priorities in 2008 were security and moving toward real-time registration.

1.1. Strengthening Security

With respect to security, as early as 2007 AFNIC had begun studying “anycast” technology, which makes it possible to strengthen DNS infrastructure and to provide better local service. The principle behind this technology is to hide a cloud of servers behind a single address, in particular for the purpose of protecting against denial of service attacks.

An initial vendor, Autonomica, was selected at the beginning of 2008, quickly joined by a second, PCH, in order to cover new zones.

At the end of 2008, the server landscape for *.fr* is as follows: three are maintained by AFNIC, three others entrusted to peers and two are anycast clouds operated by the service providers mentioned above.

The set of authoritative servers is shown on the map below:



After the initial step of deploying anycast technology through recognized service providers, AFNIC had to confront a second step: mastering this technology internally.

The groundwork for deploying three new nodes – planned for the beginning of 2009 – was begun in 2008; the objective is to provide better service to local communities in the metropolitan areas of Paris and Lyon, and especially to Reunion Island.

1.2. Toward a Real-Time Registry

Other big news in 2008: the launch of the registry modernization project and the move to registration in real time, with a target completion time of end of the 1st quarter in 2009.

With regard to procedures, a major effort toward simplification has been undertaken. The operations of name creation, changing registrars and transfers between name holders will be made more modular and independent of each other, which has not been the case until now.

One result of this modularity will be to offer a new option to name holders: going forward it will be possible to register a domain name – and thus protect it – without actually activating it. The operation of registering the domain name – and publishing it in the Whois personal information database – will henceforth be decoupled from that of activating the domain in the DNS.

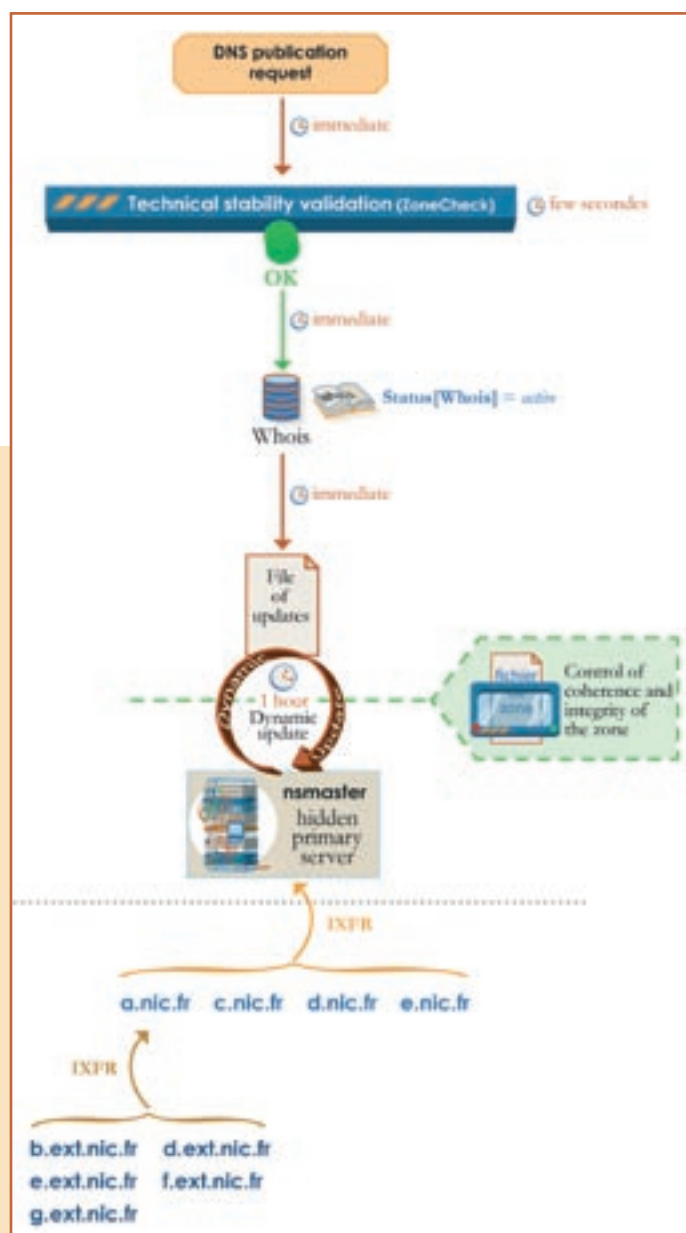
The simplification measures have been facilitated by the decision to implement a new domain name registration protocol called EPP, a key feature of which is that it can operate in synchronous mode. Each request received is immediately processed by the registration information system and the response is provided in real time.

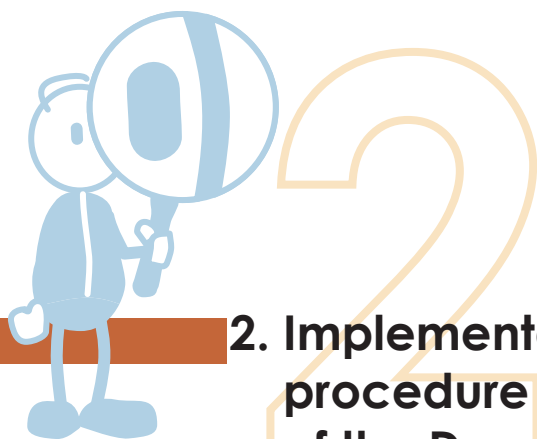
This change of protocol is a major development for AFNIC, which had previously favored the asynchronous mode. So this change in technology is going to substantially impact AFNIC's services - a total of 12 months is required to complete this transformation, which will be operational on 30 March 2009.



Finally, the most visible change for new domain holders is the increase in the frequency of reloading the *.fr* zone, which makes recently registered domain names visible in the DNS.

To do this, AFNIC has decided to change technologies and move from a system that reloads the entire zone approximately every 5 hours to a «dynamic update» system that updates the zone at the frequency desired. As a result, at the end of 2008, updates were being conducted every hour. This schedule, which is currently the best balance between efficiency and technical reliability, is sure to be shortened even further after EPP is deployed in the coming months.





2. Implementation of the Dispute resolution procedure for obvious breaches of the Decree provisions

On 6 February 2007, a Decree regarding the management of French internet domains (ccTLDs) was issued, defining how ccTLD administrators are designated, what their role is, the role of registrars, and the public-interest rules governing the assignment of domain names in national zones.

Confronted with increasing court cases making reference to this law, AFNIC consulted with its members and on 22 July 2008 established a specific procedure allowing those legally eligible under sections R 20-44-43 to 46 to resolve cases of obvious violations of the provisions of the Decree.

This procedure is entirely electronic: each party submits its file online and has access to the documents in the other party's file.

After a period of not less than 45 days, AFNIC rules on the request based on the pleadings and documents submitted by the parties, without conducting any additional research.

The distinguishing feature of this procedure is that a decision (to transfer, block or delete) is handed down only in cases of obvious violations of the provisions of the Decree, that is (and the following list is not exhaustive), in cases where the domain name registration:

- reproduces identically the name of institutions of the French republic, of a public service or public institution;
- reproduces identically the name of a community without authorization from the appropriate deliberative assembly and outside the exceptions set forth in the law;
- reproduces identically or nearly identically the name of institutions of the French republic, of a public service or public establishment, whether associated or not with a misappropriation of a prefix such as «www» which has the effect of causing confusion in the public mind;
- reproduces identically or nearly identically a trademark, whether associated or not with a misappropriation of a prefix such as «www» where the holder does not have any right to or legitimate

interest in the name and is not acting in good faith (Typosquatting, Dotsquatting);

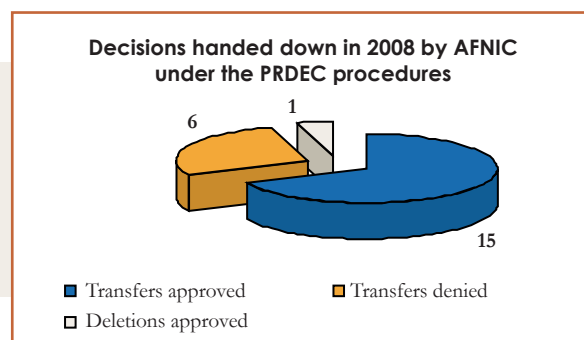
- reproduces identically the surname of a physical person, whether associated or not with the misappropriation of a prefix such as «www» where the holder does not have any right to or legitimate interest in the name and is not acting in good faith.

AFNIC's decision is implemented 15 days after the parties are notified except in the case of a reference by a court or if an alternative dispute resolution (ADR) procedure is opened on the domain name at issue within that timeframe.

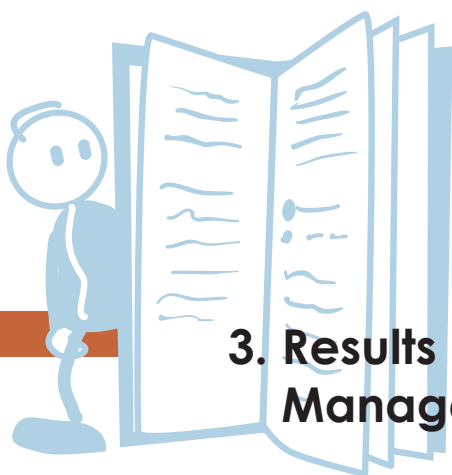
In order to be as transparent as possible in its decisions, AFNIC has also decided to publish them on its web site, after the implementation deadline has passed:

<https://predec.afnic.fr/decisions>

Between 22 July and 31 December 2008, 29 procedures were initiated resulting in 22 decisions.



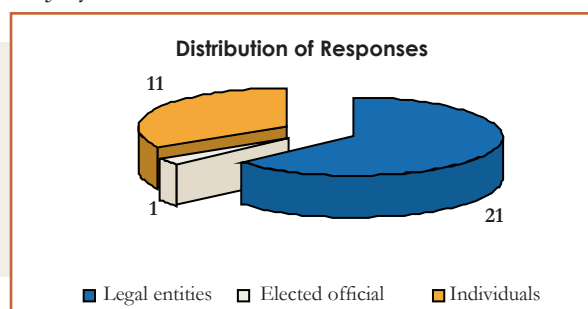
All decisions that have been implemented or are awaiting implementation have been published.



3. Results of Public Consultation on the Management of .fr Domain

Still within the context of the Decree, but this time on the initiative of the Ministry of the Economy, Finance and Employment (MINEFE), public input was sought for a period of two months on the conditions people preferred for registering French internet domains (territoriality or not, identification of holders, etc.) and on the criteria that could be taken into consideration when ccTLD administrators are selected in the future.

Thirty-three responses were received, including AFNIC's, which was published on the AFNIC website on 4 July 2008¹.



The public input received revealed first of all two points of consensus among respondents:

- general satisfaction with respect to AFNIC's work,
- an expectation that transparency on the offering to the end customer will improve.

Moreover, it is interesting to note the mixed opinions on maintaining territoriality as a condition for obtaining domain names in the .fr zone.

Regarding the overseas departments and territories, several responses underscored the benefit of a single ccTLD administrator. Positions were more mixed

when it came to the eligibility requirements that should be necessary to get a domain name with one of the "overseas" domains (same as for .fr or requiring only a simple connection with the territory).

Other miscellaneous issues were mentioned, echoing AFNIC's analysis. The ccTLD administrator's fees, notably, were no longer among the concerns cited. With respect to technical matters, moving to EPP, making the ZoneCheck tool more flexible, improving security and system resilience were cited as necessities. The same is true for the identification of domain name holders, updating prohibited terms and the availability of the website and documentation in two languages (French-English).

Among the critical remarks were still a few references to overly complex operation, a lack of clarity on the website and, especially, the legal instability of .fr; possibly due to current regulation being too strong.

Following this information, at the beginning of 2009, a call for bidders for managing .fr was issued, which referred to some of the points that were brought out during the public consultation.

AFNIC will respond with these results in mind.

¹ - http://www.afnic.fr/actu/nouvelles/general/CP20080704_en



4. Continuing Growth in R&D at AFNIC

The year 2008 saw the implementation – whether complete or partial – of three technologies that were studied by the R&D department in 2007 (anycast, EPP in AFNIC’s registration system, a “real time” registry), but the number of AFNIC activities requiring R&D expertise did not diminish in 2008:

- continuing internal transfers (especially anycast and DNSSEC);
- ongoing contributions to IETF standardization and a watch on work regarding domain names, IPv6, the development of internet services and architecture, etc.;
- a watch on RIPE, CENTR-Tech, OARC, etc.;
- a watch on peer-to-peer systems;
- continuing to study projects such as: Very High Bitrate, The Internet of Things (ONS/RFID), DNSwitness (DNS metrics platform).

4.1. Development of “New” Projects

The two most innovative projects that saw concrete advances in 2008 were those having to do with the “Internet of Things”, multi-root ONS systems, and the DNSwitness DNS metrics platform.

- **Multi-root ONS systems**

The Internet of Things is an extension of the current internet to any object capable of communicating directly or indirectly with electronic equipment which itself is connected to the Internet. The use of RFID tags enables this sort of extension.

In the context of the development of RFID standards and ONS, AFNIC and the GS1 France consortium undertook as early as 2007 a partnership in order to build on their respective experiences with two converging technologies: DNS and RFID. This project also responded to a political concern, because the purpose of multi-root ONS is to put forward a new model of governance under which ultimate responsibility/authority for managing the target ONS system would not fall to a single country but instead would be distributed equitably among several actors.

In 2008, a proposal was put forward to improve ONS version 1.0.1 by adding, in particular, the multi-root property. Substantial work was done on ONS security concerns (DNSSEC), stability, performance.

In 2009, this project will continue, first, with the implementation of the AFNIC solution on a test platform and, eventually, dissemination.

- **DNSwitness**

DNSwitness is a generic metrics and statistics platform that relies on DNS data obtained by exploring from TLDs managed by AFNIC (*fr*, *re*, etc.) and/or from DNS traffic headed for authoritative servers administered by AFNIC.

The main objectives of this project are twofold – to study and track the development through time of:

- certain technical aspects (penetration of IPv6/DNSSEC/IDN, etc.);
- technical features (support for IPv6 transport, support for EDNS0, etc.) of clients querying authoritative servers administered by AFNIC (e.g., a.nic.fr).

The initial results of the project were distributed under a free license, GPL, at <http://www.dnswitness.net>, as of October 2008. A paper on this subject was presented at

the RIPE 57 meeting in Dubai. Since December 2008, DNSwitness has been operating at AFNIC in automatic mode.

4.2. Creation of the International College Fund

The mission of the International College is to promote actions that strengthen the role of the Top Level Domains (TLDs) of developing countries in support of the development of the digital economy in these countries. In 2008, the following actions were noteworthy:

- the deployment of tools, such as Codev-NIC, that are designed for the work of a domain name registry. At the beginning of 2008 NIC .sn (Senegal) started its migration to Codev-NIC with help from NIC .ci (Ivory Coast) which was part of the design team during Phase 1;
- and the participation of members of the College:
 - in the Paris ICANN conference as a part of the special ICANN “Fellowship” program;
 - in the Internet Governance Forum that took place in Hyderabad, India, in December 2008, following the WSIS;
 - in the AFTLD (African Top Level Domains Association).

In order to broaden the spectrum of the International College’s actions and to enable the establishment of strategic partnerships with structuring actions

or organizations, the AFNIC Board of Directors approved the creation of an “International College Fund” devoted to co-development.

The Fund intends to be a force in support of strengthening, and promoting lasting cohesion among, the members of the College allowing them to develop their co-development activities with an eye to fundamental values, namely:

- to be a place of reference and exchange for TLD registries,
- to be a place where concrete solutions can be tested and/or validated,
- to build one-of-a-kind expertise in support of transferring and sharing both fundamental and function-based knowledge in the fields concerned.

For example, the types of project that might be accepted by the Fund include computer application projects, online content projects, capacity-building projects, academic scholarship projects, projects involving assistance with College-supported events, or development assistance projects.

This Fund represents AFNIC’s current commitment to the International College: about €50,000; it will be used to attract other contributions and to move from an “endowment” mindset to one of opening projects. The Fund will be managed under the control of the International College, which will provide reports on the Fund to the AFNIC Board of Directors.



5. Raising AFNIC's profile, both nationally and internationally

5.1 One Million .fr Domains in January 2008

The *.fr* ccTLD has grown tremendously in recent years. The 500,000-name mark was reached in July, 2006, and 1 million in January, 2008.

Individuals getting access to *.fr* is not the only factor explaining its dynamic growth. Other factors include very competitive prices and increasingly automated procedures that allow for quick registration and activation of domain names. There is also the special relationship that French Internet users feel with the *.fr* domain – it is associated with the French language, with belonging to a French Internet community and with the concept of being local.

AFNIC wanted to take advantage of this event to conduct a media campaign aimed at individuals and corporations.

Elements were developed that revived the baseline that were used when the French ccTLD was opened to individuals: “faites-vous-un-nom.fr” (“make-a-name-for-yourself.fr”).

These ads were run in a variety of professional French magazines such as *L'ordinateur Individuel*, *Sciences & Vie*, *L'entreprise*, *Ça m'intéresse* and *Jeux Vidéo Magazine*.

The online campaign included banners, and four



short humorous films with an offbeat tone were produced. These could be seen on sites such as journal.dunet.fr, 01net.com, clubic.fr, pcinpack.com, commentcamarche.net, wattv or over-blog.com



The films were also available for downloading on video sharing sites (YouTube, DailyMotion, Current, MSN video, Google Video, etc.).

5.2 The 2008 French Industry Report

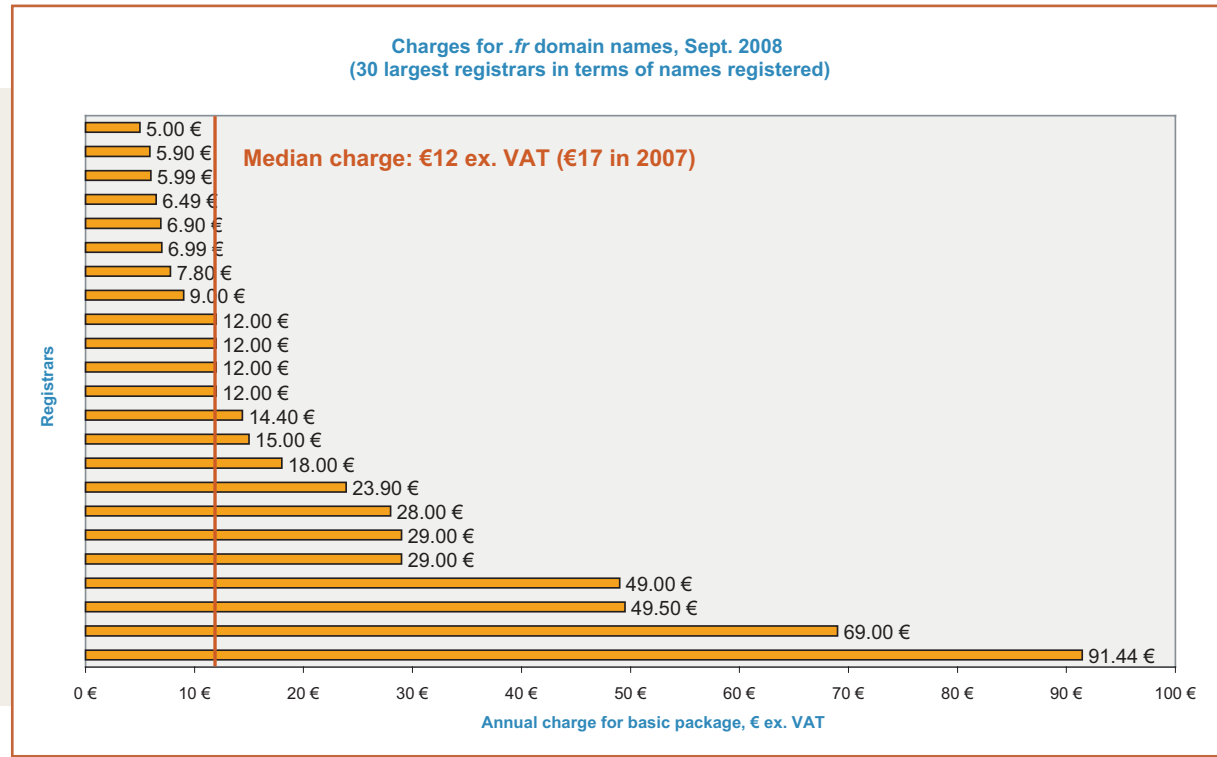
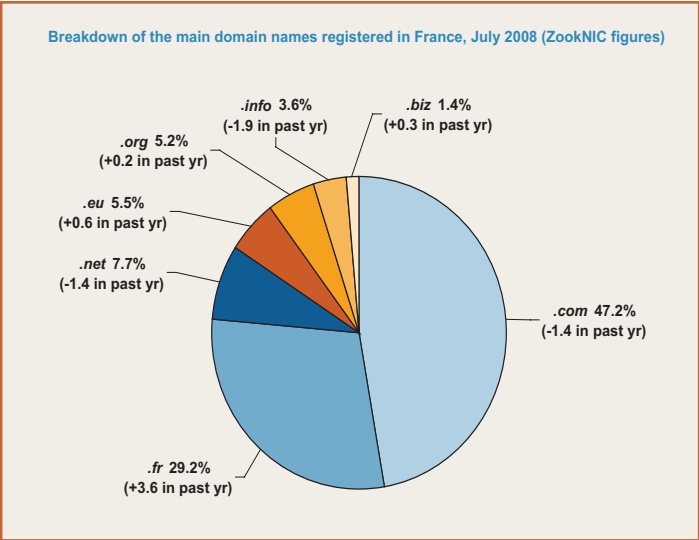
For the second year in a row, AFNIC is publishing its French Domain Name Industry Report² in conjunction with Telecom & Management Sud-Paris.

The 2007 edition of the French Domain Name Industry Report first put a spotlight on the current situation in this sector. The 2008 edition continues this initiative and enriches it with new perspectives. For example, there is a detailed analysis of the

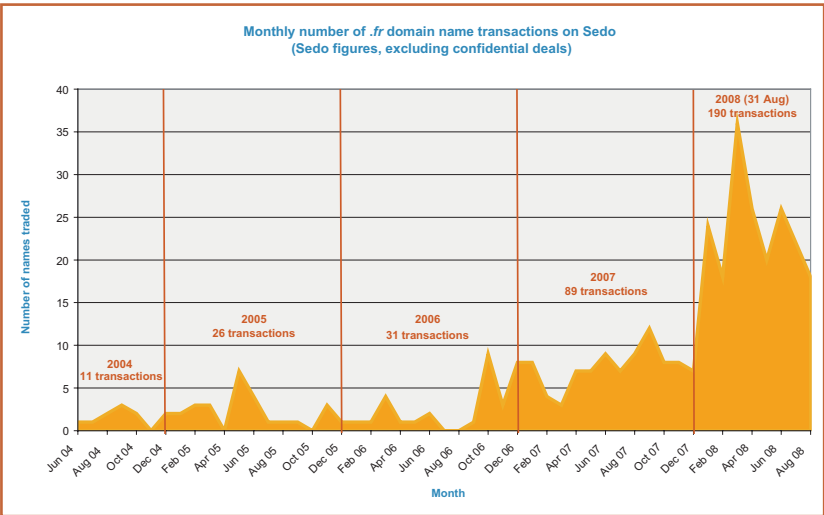
2 - <http://www.afnic.fr/actu/observatoire>

secondary market and statistics concerning the deployment of IPv6 in the *.fr* zone.

With the goal of making domain names and the players behind the scenes better known, as well as providing analysis of the strengths and weaknesses of the market, the 2008 Report makes it possible to see the emergence of strong trends such as a preference for *.fr* among French users (substantial gains in market share) and a noticeable drop in fees compared to 2007.



Bolstered by the dynamics of the secondary market that contributes to its increasing value, the *.fr* domain holds substantial assets for taking on the challenges of 2009 which is going to be a year marked by calls for bidders, first and foremost for the French domains, of course, but also in a broader international context in the process of creating the new domains that were approved by ICANN in June 2008.



5.3 ICANN meeting in Paris

The 32nd meeting of ICANN, organized by AGIFEM³ was held in Paris from 22 to 26 June 2008. AFNIC plays an active role in AGIFEM.

This meeting broke all records:

- record participation, with nearly 1700 participants,
- a record number of home countries represented: guests came from 150 different countries,
- a record number of new domains planned for 2009: several thousand, according to the CEO of ICANN.

And AFNIC had a record of its own, with a record number of employees attending meetings, visiting stands, or contributing on the technical level to everything going smoothly at the event: some 20 AFNIC staff members took part.

So AFNIC was fully involved in the resounding success of this meeting, and for ICANN's first meeting in France, everyone, it seems, was quite satisfied.



Photo credit: domaine.info

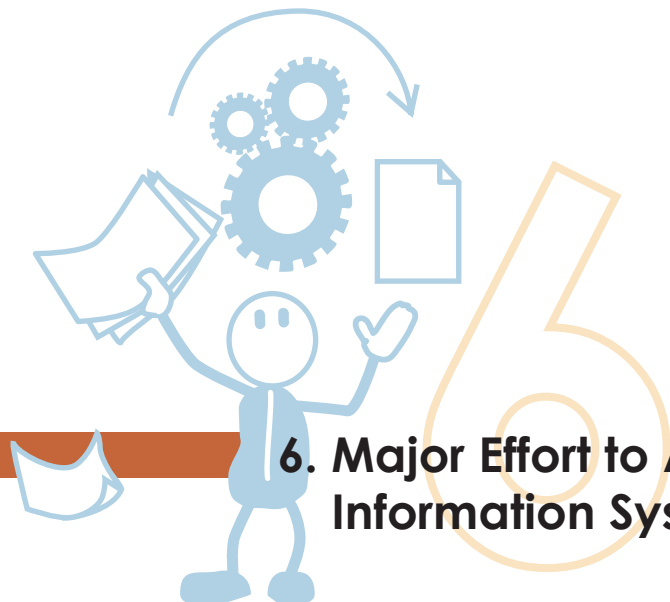
In order to generate as much publicity as possible for this event, AFNIC decided to hold a press conference several weeks before the international meeting to present its new background paper entitled «Key Players in Internet Governance». This paper⁴ presents the key players in governance and how they interact, focusing on three environments formed around ICANN, IGF (Internet Governance Forum) and ISOC (Internet Society).

Thanks to this effort, among others, the ICANN Paris meeting provided exceptional visibility for domain names: some 85 items in the press (les Echos, l'AFP, la Tribune, la Croix, etc.) were noted as a direct result. All media taken together (print, online, radio/TV), an average "audience" of nearly 38 million people was reached.



Photo credit: © Florence Gary | Icann

- 3 - AGIFEM is an umbrella group for a number of organizations, including AFNIC, that represent the French internet community.
- 4 - <http://www.afnic.fr/actu/presse/liens-utiles>



6. Major Effort to Automate the Administrative Information System

A first step was taken in 2007 with the change in accounting software. This was followed up and magnified in 2008 on two levels.

6.1 Delivering New Services

The first goal was to offer new services to customers, members or partners. Thus in 2008, two new online services were developed:

- The first, which was mentioned earlier in the context of implementing a mechanism to fight obvious breaches of the Decree on domain names, is intended for all intellectual property holders as well as local governments. Using the PREDEC platform, anyone can – in a completely electronic fashion – refer a matter having to do with the provisions of the Decree of 6 February 2007 to AFNIC for further action.

The forms are filled out online, and supporting documents are also sent as attachments using the PREDEC system. A decision publication module has been developed to make all decisions handed down by AFNIC transparent.

An online payment service has also been implemented. Initially limited to payment by credit card, this service has been broadened to accept payment by other means including wire transfers, checks or mandat administratif (government-issued payment orders).

- Initially in beta mode, the second service offered in 2008 is intended for registrars. In the interest of continually improving relationships with its registrars, AFNIC is developing new online interactive services that will be deployed progressively in 2009. The first phase of this

development involves making two modules available:

- Invoices, which give each registrar online access to its monthly bills for the *.fr* and *.re* domains, as well as the list of domain names concerned,
- Cockpit/Dashboard, which gives the registrar access to numerous statistics on its activities involving the *.fr* and *.re* domains.



6.2 Improving the Efficiency and Productivity of AFNIC Services

Another part of the move to automate the administrative information system involves improving the performance of AFNIC's internal services, which requires implementing internal tools.

- Accordingly, to support the registry's legal and policy affairs, and keeping the sensitive nature of the procedures in mind, a "work flow" tool – that is, a computerized system to manage all the tasks that need to be done to accomplish various operational processes – has been implemented. The objective was to secure all the steps the processes in question.

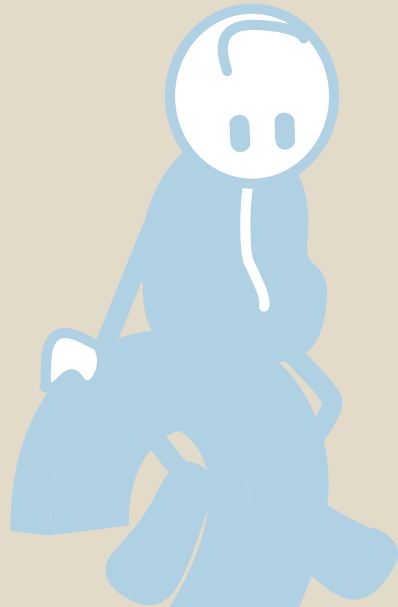
At the end of 2008, only a few procedures had been modeled and are run using the W4 tool. It is used, for example, to verify the eligibility of a potential customer to obtain an .fr domain.

The use of this tool will be rolled out to all existing procedures used in support of legal cases. Statistics will be available at all times which

will make it possible, in particular, to keep better track of cases, and as a result to get a better understanding of the department's work load.

- Another tool, time management software, deployed for general administrative services, has put an end to manual processing of employees' time off and overtime hours. This software, called Overtime, was rolled out at the end of 2008 and makes it possible for all employees to request time off or to submit a job request completely electronically. Moreover, each employee can get completely current real-time information on their time off, the number of hours worked in the current week and the schedules of all staff members in their department.
- Finally, 2008 also saw the beginning of the process of digitizing all documents with an eye to implementing an electronic document management system. After identifying all incoming flows by department (document types, frequency and volume) an organizational proposal will be completed at the beginning of 2009 with an eye to implementing the system for all existing reference data.





II. Some Numbers on AFNIC's State of Affairs



1. Growth in Activity

The growth in .fr activity over the past 5 years

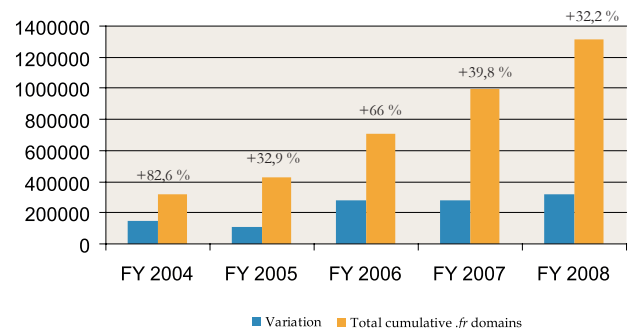
The pools of .fr domain names has grown continually since the first softening of the registration policy in 2004. While the two years in which the regulations were relaxed (2004 and 2006) saw exceptional growth, it is interesting to note that the years following these changes did not suffer from a lack of activity – quite the contrary. Growth has been strong on an ongoing basis, better even than the most optimistic forecasts.

With more than 40,300 new domains created each month in 2008, actual registrations have come in substantially above AFNIC's optimistic forecast (as a reminder, the 2007 average was 33,170 new names, and in 2006 it was 27,900).

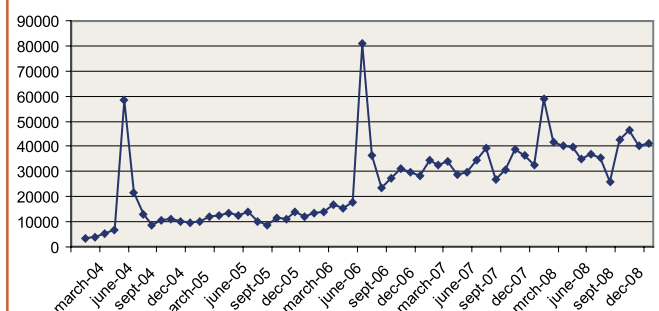
If you look at the distribution of registrations across 2008, two months show particularly interesting features. The peak (nearly 60,000 domains registered) came in January when one of AFNIC's registrars was running a special offering free domain name registration for individuals. With respect to the low point for new registrations in August, it has to be noted that the numbers are still stronger than in previous years, and the September and October 2008 numbers go some distance in making up for August's low.

“Change of registrar” activity in 2008 was also marked by two specific events: just like new domain creation, “change of registrars” showed very weak levels in August; and the peak in October also corresponded to a particular situation at a specific registrar.

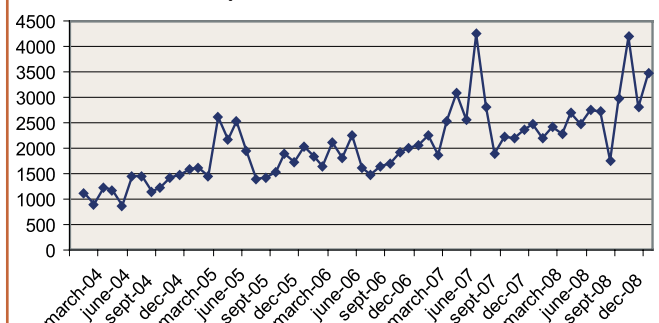
Growth in the Number of .fr Domain Names



Growth in Number of New Domains Created per Month since 2004



Growth in the Number of change of Registrars per Month since 2004



2008 also saw a noteworthy climb in the number of *.fr* renewals, confirming the interest *.fr* holders have in keeping their domains. The renewal rate of 84% in 2008 is strong compared to the rates of other ccTLDs in Europe, and even stronger compared to *.com* names (about 75%)

Growth in the Number of DNS Requests in 2008

Between 2007 and 2008, the use of *.fr* domains by Internet users grew substantially. In the course of these two years, the number of requests per second, on the servers host by AFNIC for the *.fr* TLD went from 1477 to 2684, a growth rate of more than 80%.

Customers and Members

Since the by-laws were changed as of 1 January 2008, AFNIC has distinguished its members – registrars, users or international organizations who choose to join in order to serve on consultative committees and work groups in order to discuss technical, political and financial issues – from its customers, which include only registrars who contract with AFNIC in order to register *.fr* and *.re* domain names.

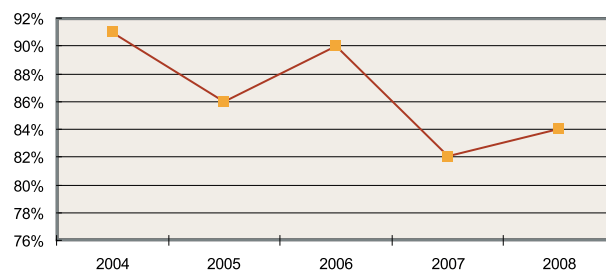
Its customers choose a type of contract (option 1 or option 2) which determines the annual cost as well as the unit services.

As of 31 December 2008, AFNIC had 941 customers, compared to 989 on 31 December 2007.

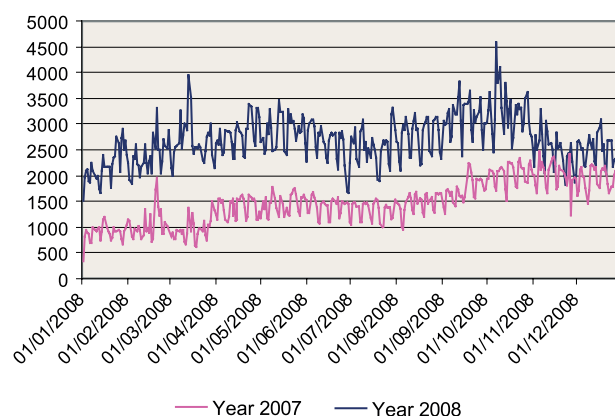
10% of customers were under “option 1” with an annual cost of €1450 excluding tax and a unit services cost of €4.80 excluding tax.

This 10% is responsible for generating 90% of all domain names delivered by AFNIC.

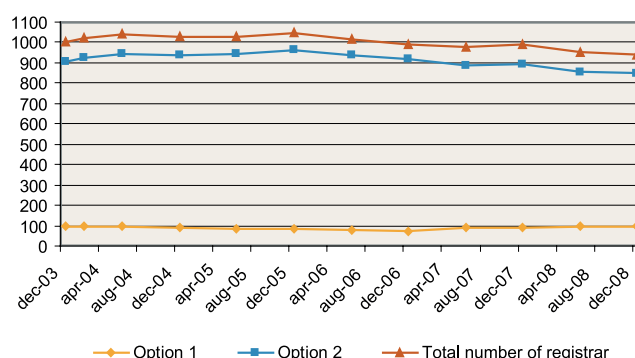
Change in the Renewal Rate for *.fr* Domain Names



Number of DNS Requests per Second for the *.fr* TLD on the servers host by AFNIC



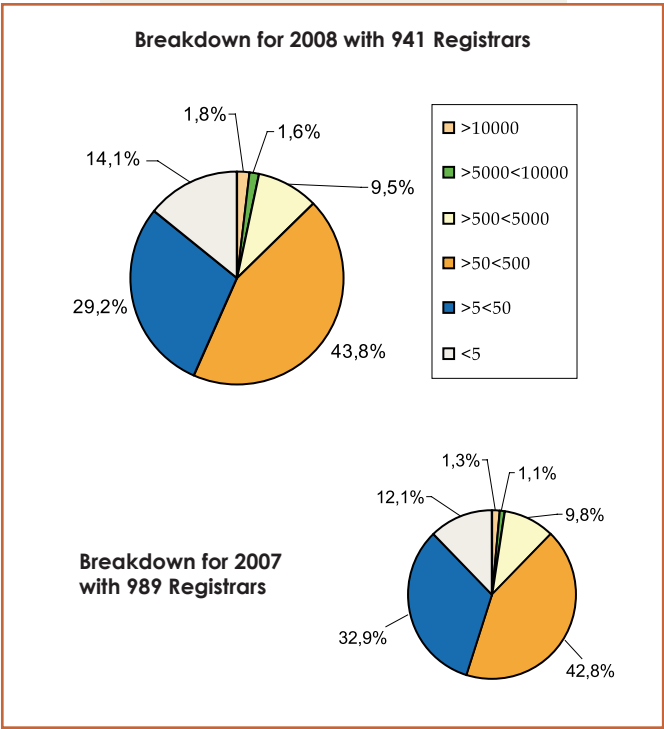
Change in Number of AFNIC Registrars from 2004 to 2008



Breakdown of the Registrars by the Number of Registrations in Their Portfolios

The first notable number in 2008 is the drop in the number of registrars compared to 2007. A number of buy-outs, mergers and compulsory liquidations occurred in 2008. And this drop in the number of customers is not going to slow down in 2009, as 65 registrars have already informed AFNIC that they will cancel their contracts as of 1 January 2009.

Moreover, the trend already seen in 2007 of the growth in prominence of a few registrars managing large portfolios of customers is continuing. And the consolidation of the registrar market continues to grow each year.



As of 31 December 2008:

	Number of registrars handling 50% of .fr domains	Number of registrars handling 66% of .fr domains	Number of registrars handling 75% of .fr domains
2005	between 9 and 10	25	46
2006	7	15	27
2007	5	11	20
2008	4	9	15

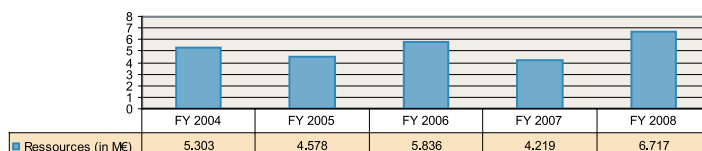


2. Financial Status, Relevant Metrics

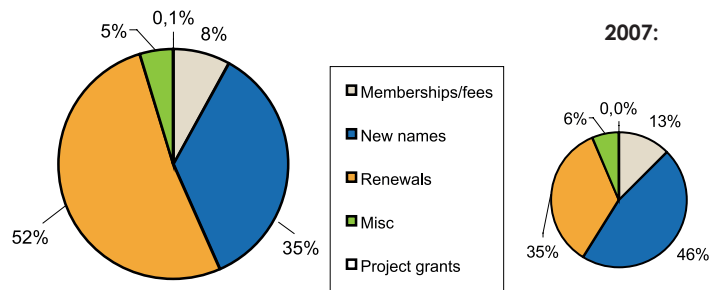
With the rate of new registrations higher than forecasts and a renewal rate stable at 84%, 2008 lived up to its promise with €6.7 million in revenue. As a reminder, the drop in revenue in 2007 was due exclusively to the change in the way renewals were billed. If the method had not been changed, 2007 resources (total revenue) would have been €5.595 million, or just slightly less than the figure for 2006, the year that *.fr* was opened to individuals.

Renewals account for more than half of AFNIC's revenue. As a reminder, if the change in billing method for renewals had not been implemented, the percentage that renewals contributed to AFNIC's 2007 revenue would have been 52% and new domain names would have been 35%, i.e., identical to the 2008 breakdown.

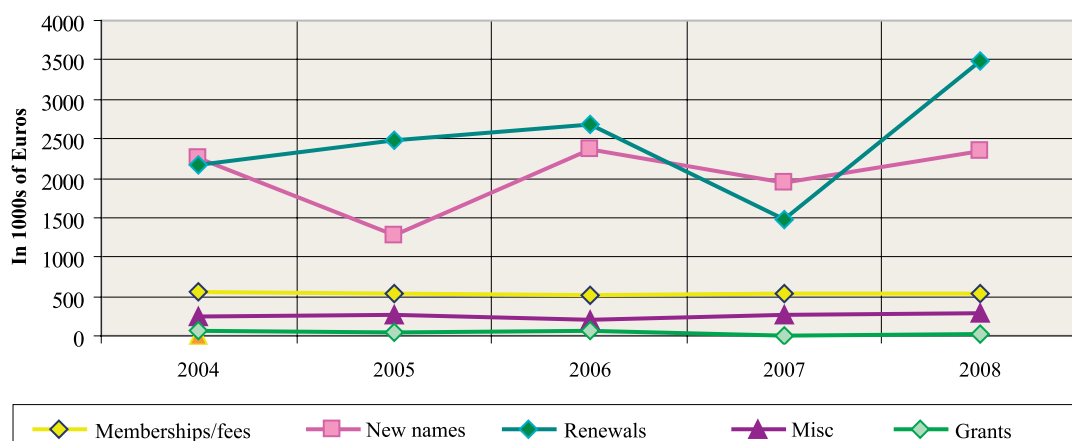
Change in Total Revenue



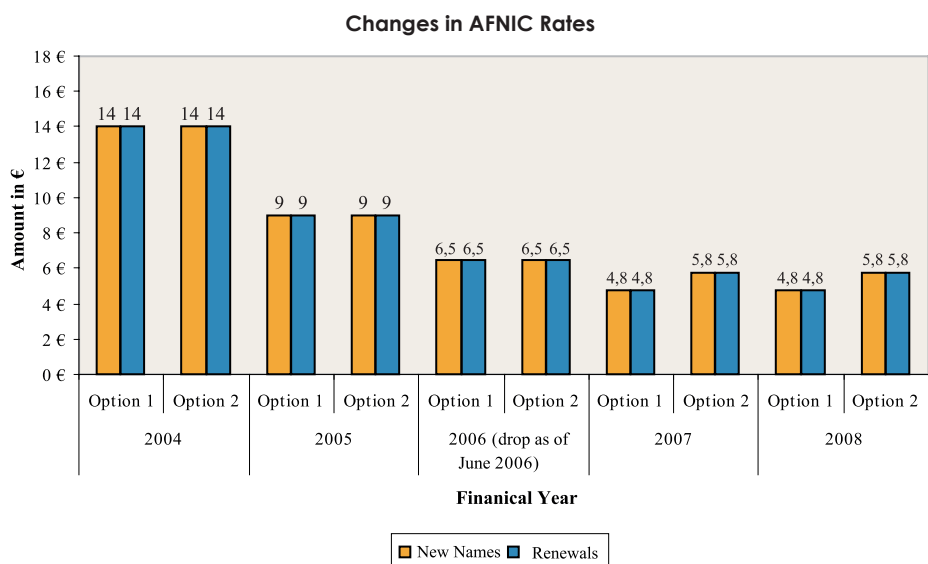
AFNIC Revenue Structure for 2008 (€K)



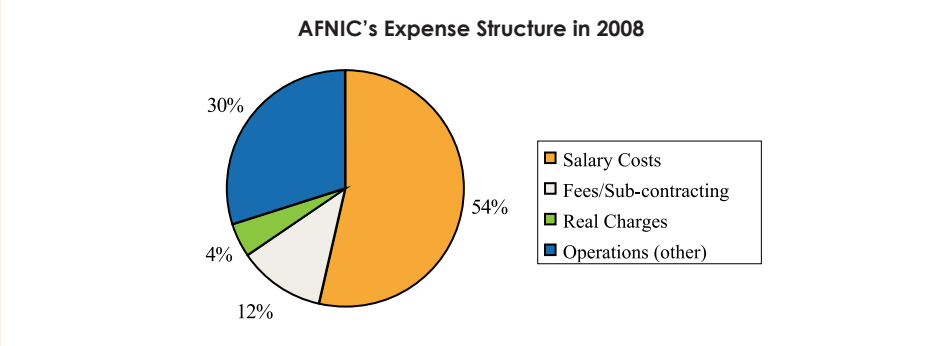
Change in Revenue Structure



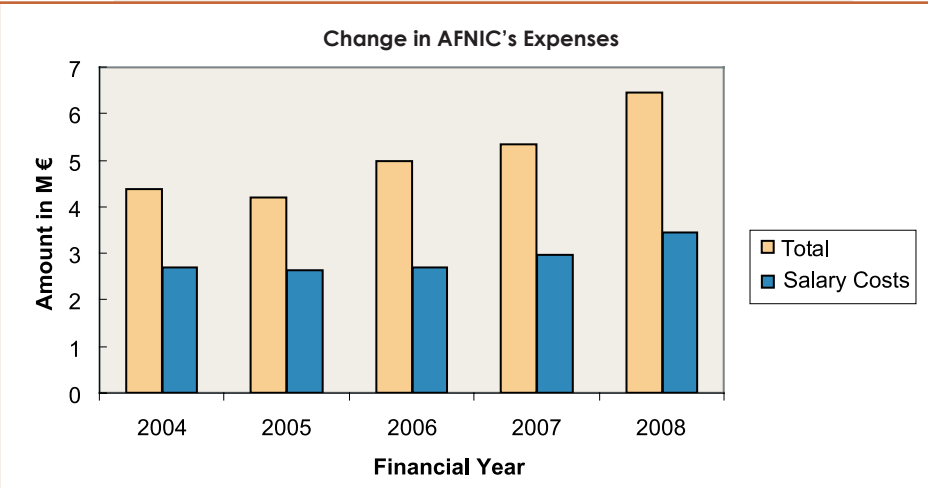
Since 2007, AFNIC has stabilized its rates at a level that is competitive with other ccTLDs. AFNIC intends to continue its “cost-oriented” management, while ensuring its ability to invest in security, the reliability of its business and R&D.



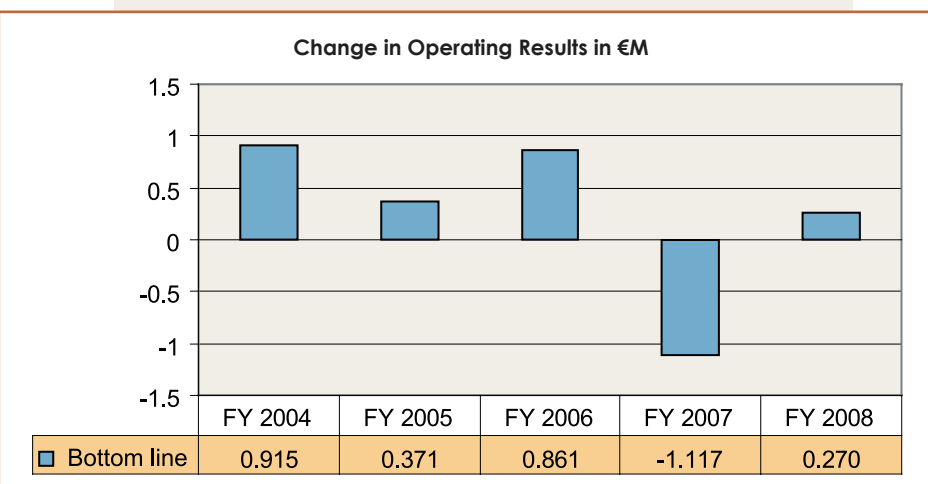
The expense structure changed little between 2007 and 2008.



Salaries for 2008 came in a bit lower than forecast due to hiring delays (7 employees came onboard between the beginning of July and beginning of October 2008; so the allocated expenses are only over six months on average in 2008).



A surplus on the bottom line, confirming the continuation of strong activity for the .fr domain.
(As a reminder, the change in how renewals are billed explains the 2007 result; using identical accounting methods, the 2007 result would have seen a surplus of €0.259 million.)



Conclusion

2008 was a very positive year, with activity above even the most optimistic estimates and unquestionable customer loyalty among .fr domain holders, the result has been an increase in AFNIC's revenue of more than 5% over the forecast budget.

Moreover, expenses have remained under control, even if they increased, as would be expected at the end of the year in a period of increasing activity.

Some setbacks were nevertheless encountered, due to the delays in hiring, more substantial than expected, that AFNIC has had to confront. Combined with the emphasis placed on preparing for EPP, the staffing shortfall has led to postponement of some projects. As a result, the investment program, a large part of

which was scheduled for the second half of the year, was less than fully implemented.

Compared with the forecast budget which was balanced, the net income reached €793,000. This is explained in part by the elimination of the estimated liability of €400,000 for risks associated with the “nic.fr” case following the favorable decision by the Paris Court of Appeals, and in part due to the lack of income tax as a result of the 2007 net loss which was brought forward.

This positive result should make it possible to consolidate the accumulated surplus. The goal of the Board of Directors – that this fund should be equal to one year of salaries with benefits and rents – will be 95% complete.



Development and Perspectives



In terms of perspective, while a general slowdown was observed on the international domain name market in 2008, the *.fr* domain has, for the moment, largely been spared, posting a strong renewal rate and growth of nearly 33%.

To continue this growth in 2009 and future years, even in a time of « economic crisis », partnerships aimed at developing the *.fr* market and marketing communications efforts targeting end customers will be undertaken; at the same time, the major investment approved for developing the registration chain and procedural simplification – which will reach their conclusions in 2009 – will begin to offer returns.

AFNIC also wants to mutualize its technical infrastructure for projects related to the *.fr* domain, such as *.paris* or other domains, especially those with a clear relationship to France. As of 2009, AFNIC intends to develop and propose the role of technical operator, or “back-end registry” for things related to DNS, its core function. The organization will also pursue its program of investment in security issues to ensure that the zones that it manages always have top-quality services.

In addition, it will increase its activities involving R&D surveillance and monitoring projects; it will also increase

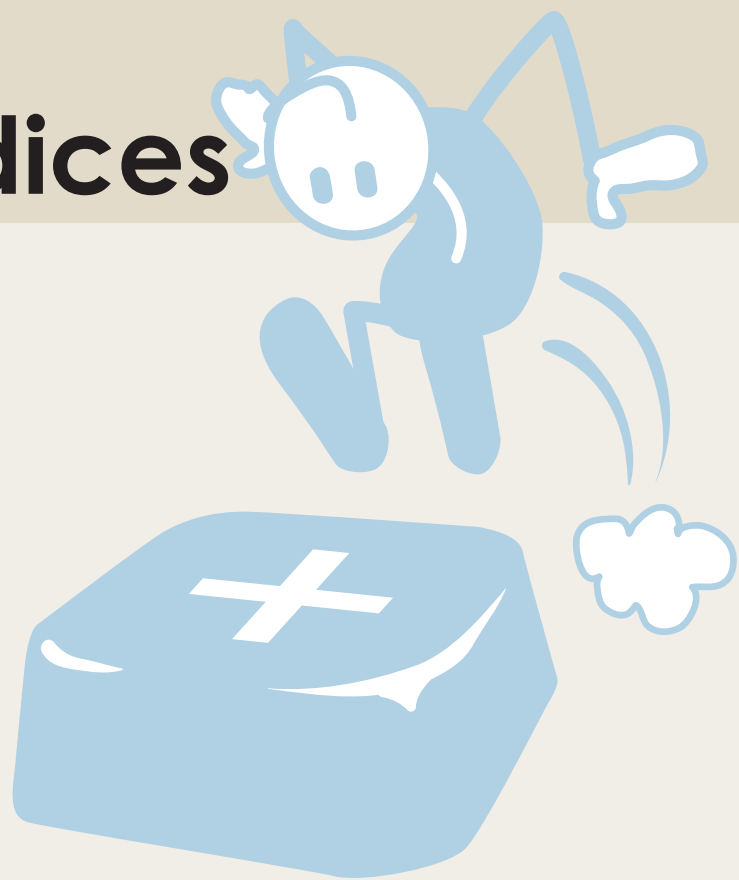
its involvement in the Internet of Things and Very High Bitrate projects, both projects that will be important in the future.

The best known area of uncertainty at the moment remains the call for bidders for the management of the *.fr* domain, which follows on the Decree of 6 February 2007. The same day that this Activity Report was completed, AFNIC’s submission in response to the call for bidders for the management of *.fr* was sent to the ministry in charge of electronic communications. Nothing is known with respect to either the number of bidders, or the timeframe that will be required for a decision.

AFNIC has great confidence in its bid and has always worked in the public interest, and in cooperation with the domestic internet community and the government. It is committed to continuing its work on the quality of services, security, and the satisfaction of its customers.



Appendices





1. The members of the AFNIC Board of Directors

The sole organization authorized to assign domain names using *.fr* (France), *.re* (Reunion Island) et *.tf* (French Southern and Antarctic Territories), AFNIC was founded in 1997, as a non-profit association (under the French law of 1901).

Its tasks include:

- assigning and managing the internet domain names cited in section L.45 of the Post and Electronic Communications Code,
- the development of support services for digital economy applications, and furnishing those services to service providers,
- the transfer, at the national and international levels, of knowledge and expertise,
- any task that the government may assign to it as a part of its internet management function.

Members

In 2007, AFNIC requested a modification to its Articles of Association which would no longer require registrars that wanted to perform only the function of registering domain names to become members of AFNIC.

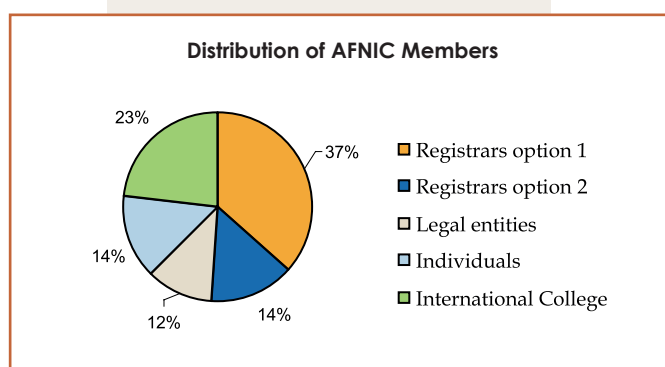
In 2008, the vast majority of registrars, previously required to be members, were given option to simply sign a “registration agreement”, without becoming a member of the association. Only those registrars that wanted to be involved in AFNIC’s technical and/or politico-legal decisions remained as members to participate in the business of the association.

This change in the Articles of Association in 2008 resulted in members separating into different constituencies.

There are three primary constituencies of AFNIC members over and above the charter members (4 entities seated on the Board of Directors) and honorary members (2 persons):

- registrars (option 1 and option 2),
- users (individuals or companies),
- members of the International College.

On 31 December 2008, the 139 members of AFNIC could be broken down as follows:



The main result of the change in the Articles of Association was a much more homogenous group of members; while registrars remain the largest constituency at 51%, users now weigh in at 28% and the International College now accounts for 23%.

The Board of Directors

5 Members appointed:

For the French National Institute for Research in Computer Science and Control, INRIA	For the ministry in charge of Industry	For the ministry in charge of electronic communications	For the ministry in charge of Research
<ul style="list-style-type: none">• Jean-Claude Gorichon (Chairman)• Jean-Pierre Verjus	Vincent Théry	Sylvie Metz-Larue	Dany Vandromme

5 Members elected by constituency:

For the registrars	For the users	For the International College
<ul style="list-style-type: none">• NetNames : Peter Cousyn• INDOM : Stéphane Van Gelder	<ul style="list-style-type: none">• ACFCI : Philippe Clerc• ISOC France : Philippe Batreau	<ul style="list-style-type: none">• Université de Conakry : Abdoulaye Diakité

One commissioner from the government: **Perica Sucevic**, appointed by the ministry in charge of electronic communications.

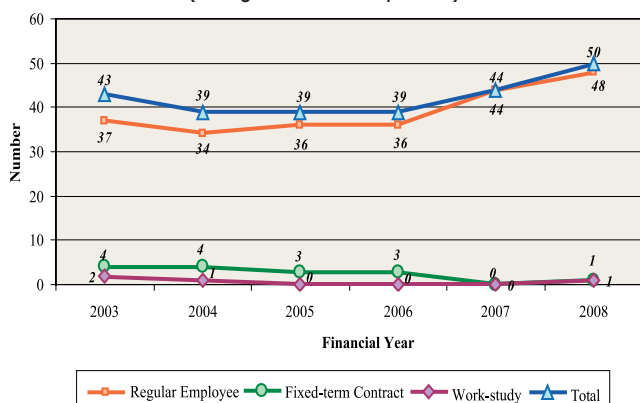
The organization of the AFNIC Board of Directors – 5 governmental appointees for 5 elected members – has not been changed since its founding; its makeup, on the other hand, has seen frequent changes; in 2008, Ms. Sylvie Metz-Larue was appointed by the ministry in charge of electronic communications.



2. Employees

AFNIC's staff grew substantially in 2008; the organization's action plan called for numerous projects and an influx of (largely technical) staff was required for their completion.

Changes in AFNIC Staff Structure since 2003
(staffing levels as of 15 September)



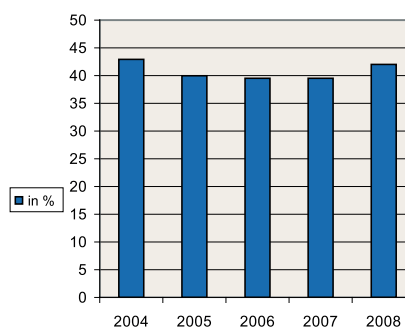
This diagram compares the staffing levels as of 15 September in each year.

If only total numbers for the year 2008 are considered, however, AFNIC acquired 11 new staff members, mostly between the end of June and beginning of October; only 4 paid staff members left the organization.

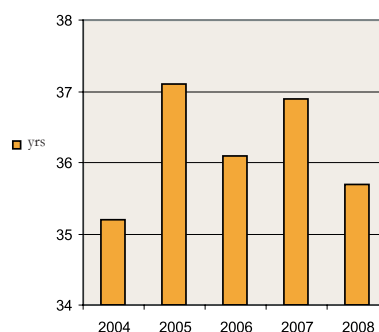
Among the new hires were:

- 6 technical staff (engineers or technicians),
- 2 operational staff (support, domain name management),
- 2 assigned to the communications department
- 1 legal assistant

Number of Women
as of 15 September 2008



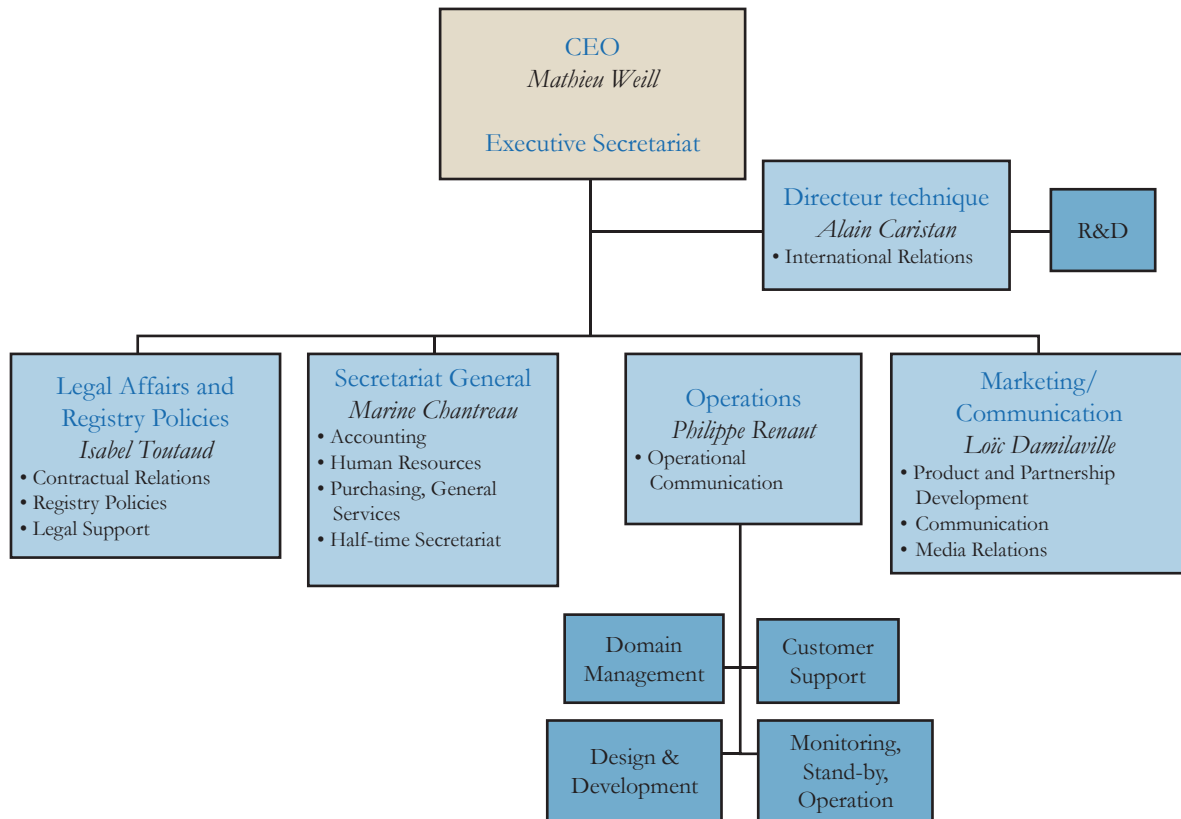
Average Age of Employees
as of 15 September 2008



The percentage of female employees is still in the area of 40%; however, AFNIC has noted substantial disparities in its various departments. Not surprisingly, women are under-represented in the so-called "technical" departments and account for the majority in the more administrative departments.

The average age of employees has remained relatively stable at about 36 years of age. The new staff members hired in 2008 brought the average age down, just a bit.

2008 AFNIC Organization Chart



Since its founding, AFNIC has striven to change and adapt its organization to the greatest possible extent to fit the needs of the years to come.

In 2008, it was the “technical/operational” sector that underwent the greatest change, with the creation of two new key groups within the operations department:

- “monitoring, stand-by and registration chain operations”
- “design and development”.

The creation of the registration chain operations group had become essential given the ever growing number of registrations handled by AFNIC, a number expected to continue growing steeply.

Moreover, positioning the nine engineers and technicians in charge of DNS and the design and development of the registration information and administrative information systems within a single focused group has made it possible to strengthen AFNIC’s capacity to take meaningful action on projects, both internal and external.

This process of adapting to needs will continue in 2009 with five new hires planned (3 in operations, 1 in R&D and 1 in the marketing and communications department).



Glossary



ADR

Alternative Dispute Resolution

AFNIC

Association Française pour le Nommage Internet
en Coopération

French Network Information Centre

ccTLD

country code Top Level Domain

CENTR

Council of European National Top-level domain
Registries

DNS

Domain Name System

DNSSEC

Domain Name System Security Extensions

EPP

Extensible Provisioning Protocol

GPL

General Public License

ICANN

Internet Corporation for Assigned Names and
Numbers

IDN

Internationalized Domain Name

IETF

The Internet Engineering Task Force

INPI

Institut National de la Propriété Intellectuelle

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

ISOC

Internet Society

NIC

Network Information Centre

OARC

DNS Operations, Analysis and Research Center

ONS

Object Naming Service

RFID

Radio Frequency IDentification

RIPE-NCC

Réseau IP Européen - Network Coordination
Centre

TLD

Top Level Domain

WSIS

World Summit on the Information Society

