

QUARTERLY REPORT

# January - March 2020

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## 1. Summary

This report is prepared for InternetNZ stakeholders and members to provide a single view of outcomes we have delivered in the past quarter.

Pursuant to the reporting framework changes presented to Council at the March 2020 meeting, this new report presents a summary to Council of the entirety of InternetNZ's operations. This report replaces the following previous reports:

- Quarterly Activity Report
- Product Development Report
- Grants Report
- Measures of Strategic Goals Report.

## 2. Strategic Goals 2020/21 - Q4 Progress

This section of the report gives Council an update on the projects related to our five Goals for the year. You can find the plan [here](#).

|   |          |
|---|----------|
| <b>Goal 1: Develop an Internet for good</b>   | ON TRACK |
| <i>Measure 1: Engagement with relevant national and international stakeholders to develop a shared vision of what an Internet for Good is.</i>                    | ON TRACK |
| <i>Measure 2: Stakeholder awareness and engagement with the vision for an Internet for Good increases over time.</i>  | ON TRACK |
| <i>Measure 3: Action taken by us and by other stakeholders, nationally and internationally, changes and improves the Internet in line with our shared vision.</i> | ON TRACK |
| Q4 Progress   |          |
| Submitted on the Bill amending the Films Videos Classification Act, and hosted events on the Bill for members and other submitters.                               | ON TRACK |

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| Met with the Minister of Internal Affairs to offer views on the proposed amendments to the Films Videos Publications Classification Act, and presented a terms of reference for the upcoming media review. | ON TRACK      |
| Started work on the defining an Internet for Good project.   | BACK ON TRACK |
| Entered into a new partnership agreement with Tohatoha to support work on misinformation.  | ON TRACK      |
| We participated in international fora including: <ul style="list-style-type: none"> <li>• ICANN70</li> <li>• APTLD79</li> </ul>  | ON TRACK      |
| Engaged with officials on Internet Governance developments in international spaces, including the hosting a community stakeholder event on International Law and Cyberspace in February 2021.              | ON TRACK      |
| Presented and analysed both public and stakeholder research projects and incorporated these into updated Communications strategy, and insight into the Internet for Good work.                             | ON TRACK      |

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| <b>Goal 2: Improve Digital Inclusion</b>  | ON TRACK  |
| <i>Measure 1: Digital inclusion investment by the government and others reaches \$20m/year, and directly affects 50,000+ people.<br/>-Measure at 30/9/20 from previous goals.<br/>(Note - may not be able to measure impact on # of people at that time.)</i> | ON TRACK  |
| <i>Measure 2: The Online Home for Digital Inclusion is attracting use and positive stakeholder feedback</i>   | OFF TRACK |
| <p>Q4 Progress:</p> <p>The focus in Q4 was on supporting others in the digital inclusion community, through our work with like-minded organisations to establish a digital inclusion coalition and through our grants work.</p>                               |           |
| We continued to support the establishment of a digital equity coalition. Two further hui were held and a secretariat is in the process of being established.  | ON TRACK  |
| We held another grants round, focused on invitation-only projects with an established track record of evaluation. We also finished awarding the entirety of the \$1.5m of funding for the 2021 financial  | ON TRACK  |

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| year, delivering on the commitment to support the Internet Community with an additional \$500,000 during COVID-19.   |           |
| Decision made to create a fixed-term role to support the launch of the new online home, in response to the COVID-19 delay. Resourcing this role has still not been completed, but is being worked on now for deployment in Q4. | OFF TRACK |

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| <b>Goal 3: Grow .nz</b>  | ON TRACK |
| <i>Measure 1: increased revenue from domain name registrations.<br/>-More than 15% in the two year period to 31/3/22.<br/>-Flexible between registration numbers and price.</i>  | ON TRACK |
| <i>Measure 2: active use of domain names is increased, improving retention and registration term.</i>  | ON TRACK |
| <i>Measure 3: share of revenue devoted to public good investment.</i>  | ON TRACK |
| Q4 Progress:   |          |
| .nz price increase was implemented smoothly with no technical issues or adverse feedback received. Bulk of increased pricing will take 12 to 24 months to cycle through renewed domains.   | COMPLETE |
| .nz consumer and business research is now complete. Release of data to Registrars planned for May and for ongoing integration into future messaging  | COMPLETE |
| .nz growth has settled back to predominantly mirror pre-covid patterns of slowed growth. Price increase impacts will continue to flow through into 2021  | ON TRACK |
| .nz Policy Review - progressing well. First round of public consultation completed this quarter with submissions to be considered.   | ON TRACK |
| Registry Replacement Project<br><br>The business case was approved by the Council on Monday 8 March, signaling the commencement of the implementation phase from 1 April. The majority of the contract negotiations and arrangements | ON TRACK |

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| with CIRA were finalised over the quarter and the completion of final changes and signing due to occur in April. |  |
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| <b>Goal 4: Sell new Products</b>   | OFF TRACK |
| <i>Measure 1: Registry Lock is for sale in the 2020-21 financial year.</i>   | OFF TRACK |
| <i>Measure 2: The Broadband Map is covering its costs by 31 March 2021.</i>  | OFF TRACK |
| <i>Measure 3: Defenz reaches net profit in the 2021-22 financial year.</i>   | OFF TRACK |
| <i>Measure 4: New products reach net profit within 24 months of first sale.</i>  | ON TRACK  |
| <p>Q4 Progress</p> <p>The last few months of the financial year have been focussed on establishing smooth invoicing processes for Defenz trial customers and concluding the design work for registry lock both of which have progressed well. There is a continued focus on Digital Identity with the goal of defining what InternetNZ's activity might be in this sector through the use of active experiments.</p>   |           |
| <p><b>Defenz</b> - Invoicing of Defenz customers has now started as of January 2021. While revenues are currently low</p> <p><b>Get back on track plan:</b> Focused effort on pipeline development, explore and test spaces for effective promotion of Defenz. More active support of our resellers as they pitch Defenz to their customers. We are also expecting some mobile DNS feature additions from CIRA later in the year which will make the service more compelling</p>   | OFF TRACK |
| <p><b>Registry Lock</b> - Registry lock design and testing with registrars is nearing completion. The team are working now on finalising the remaining elements of the service with the aim of presenting a revised Business Case for approval to progress to launch phase of work.</p> <p><b>Get back on track plan:</b> Goal to launch registry lock softly to the market in the first half of the year to ensure opportunity for revenue generation in the 2021/22 financial year. The project has been listed as a secondary priority in our plans for the year. Rebaseline expectation for the coming financial year.</p> | OFF TRACK |
| <p><b>Broadband Map</b> - The broadband map has been a lower priority for the team for much of the year with focus on Defenz, Registry Lock and Digital Identity. Key activity has been to get all data providers to sign data agreements which will unlock our ability to widen the</p>   | OFF TRACK |

|   |          |
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| <p>service offering from the site. Around 25% (11 agreements) remain to be signed and this is the current focus after which further activity can be planned.</p> <p><b>Get back on track plan:</b> Continue focus on obtaining signed data agreements to progress the next phases of development.</p>   |          |
| <p><b>Digital Identity</b> - this past quarter we have engaged with another identity provider to explore if IRMA could integrate with another identity platform. The goal has been to test if it can ingest an issued credential (Kiwi Access +18 Card) to be used in digital environments. This is progressing well.</p> <p>Other opportunities are also in early stages of exploration.</p> | ON TRACK |

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| <b>Goal 5: Improved InternetNZ's performance</b>   | ON TRACK  |
| <p><i>Measure 1: Staff baseline feedback from March 2020 is improved by March 2022</i></p> <p><i>-Perceptions on high performance and great place to work</i></p> <p><i>-Improvements in areas such as Internal Communications, Staff development, Organisational Learning</i></p>   | ON TRACK  |
| <p><i>Measure 2: Resource planning and BAU/Project Management tools established and drives demonstrable changes.</i></p>   | OFF TRACK |
| <p><i>Measure 3: Staff churn / turnover measures.</i></p>  | ON TRACK  |
| <p>Q4 Progress</p> <p>The last quarter of the year we have seen great progress on the deliverables of the working together better program (Flexible First) that covers our work to support staff wellbeing and transitioning to new ways of working.</p> <p>By way of example we released our new Flexible First policy to staff that is foundational to help us all determine the best place, space and time we work in order to get the best outcomes for the goals and tasks at hand, with consideration of the people we work with.</p> <p>Other areas of focus have been the work the team has started on our tools Intranet, Slack, and Rituals (when we come together) with a stop, start and continue approach to the changes.</p> <p>The work around enabling or space/place continues in our plan to move to new premises. The final plans/budget/timeline are still work in progress before we will sign a new lease but late Q2 2021 is our target date for occupancy.</p> |           |

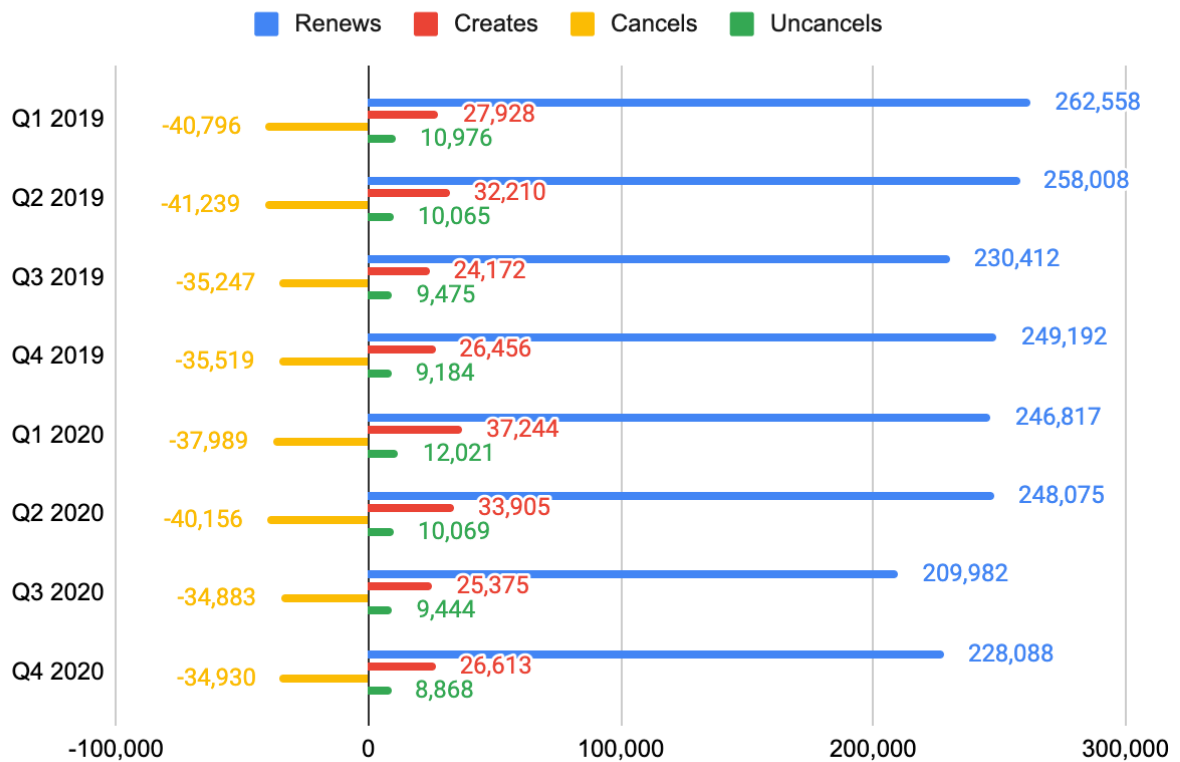
|  |           |
|--|-----------|
| <p>People Strategy: Our people strategy this year has been based around activities highlighted for our staff engagement survey earlier in the year and areas of focus for the Flexible First work.</p> <p>This quarter here has been a number of pieces of work around</p> <ul style="list-style-type: none"> <li>- Leadership development</li> <li>- Change</li> <li>- Bullying and Harassment Policies updates</li> <li>- Decision making/Delegations</li> </ul> <p>All with a view to support staff and management with some new tools/skills.</p> <p>We have also been working on incorporating the change principles we developed in Q3 into the work we are doing.</p> | ON TRACK  |
| <p>Better Tools: We have continued our work in this area but progress has been slower than anticipated as we balance this work with resources available.</p> <p>While we have introduced some new tools to help online collaboration and worked on guidelines for others. The team has prioritised its work around information sharing/collaboration which has led us to focus our Intranet as being on current valued tools that will support the organisation. This work is in early phase at present.</p>   | OFF TRACK |

### 3. .nz Summary

Activity in the fourth quarter has seen a return to pre-covid patterns and transaction volumes in most areas.

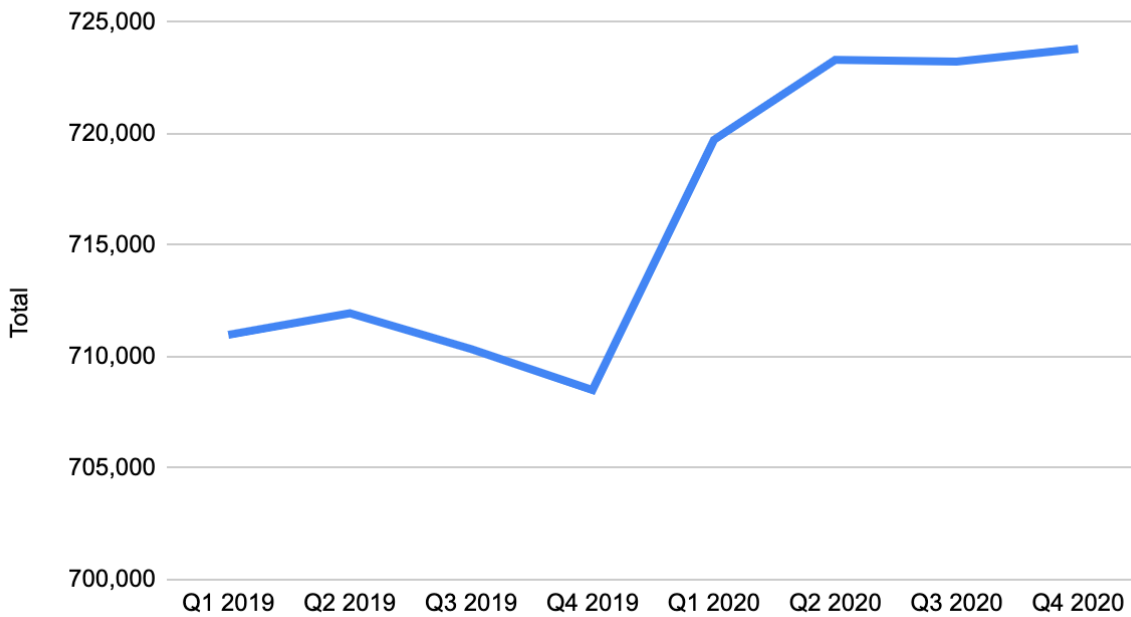
#### Domains

##### Creates, Cancels and Renewals



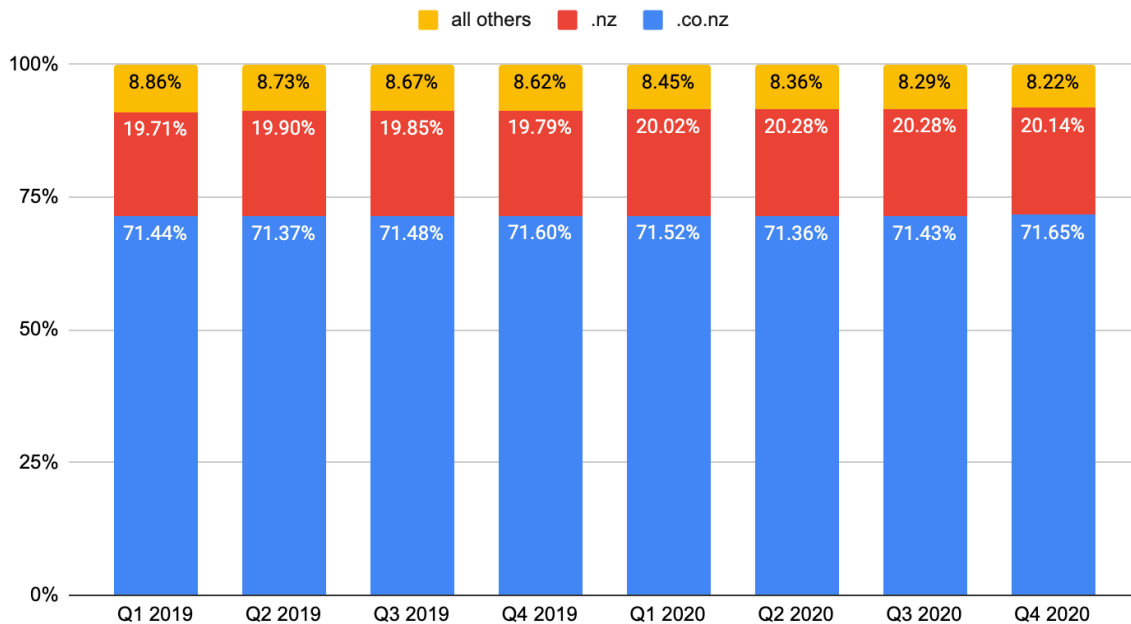
This chart now shows the numbers of uncancels by quarter.

## Total .nz Domains



Overall our total registered domain names continue to stay around 723,000. With 2021 continuing with a degree of uncertainty we are not anticipating significant growth.

## 2nd & 3rd Level Registrations

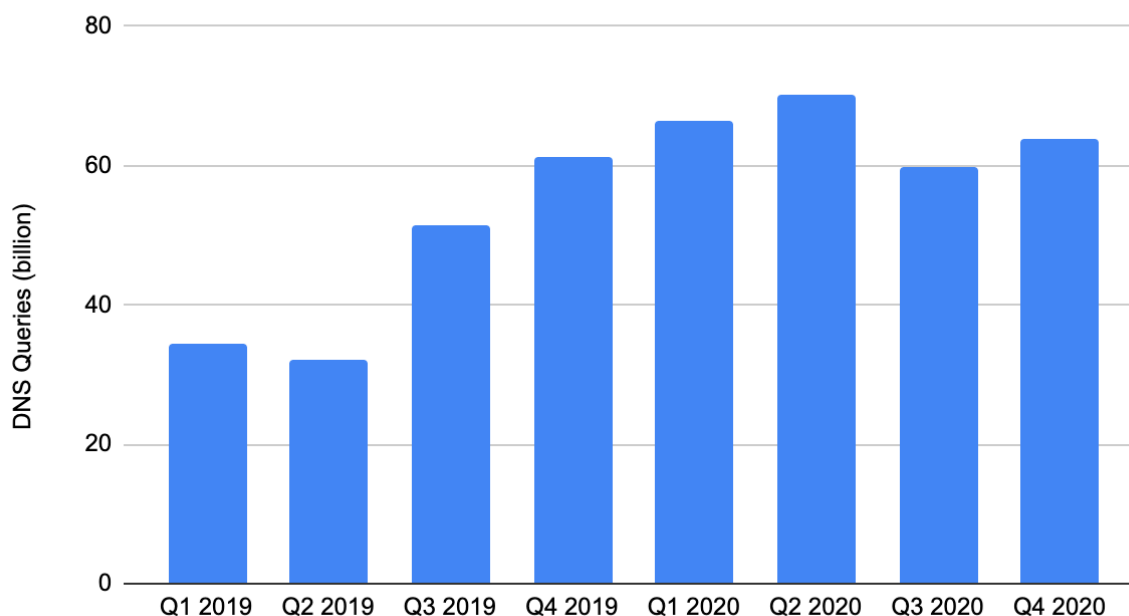


Insignificant change from the previous quarter in the balance of .nz vs .co.nz names.



## Infrastructure

### DNS Queries



No significant anomalies to report on with DNS queries.

### Service Levels

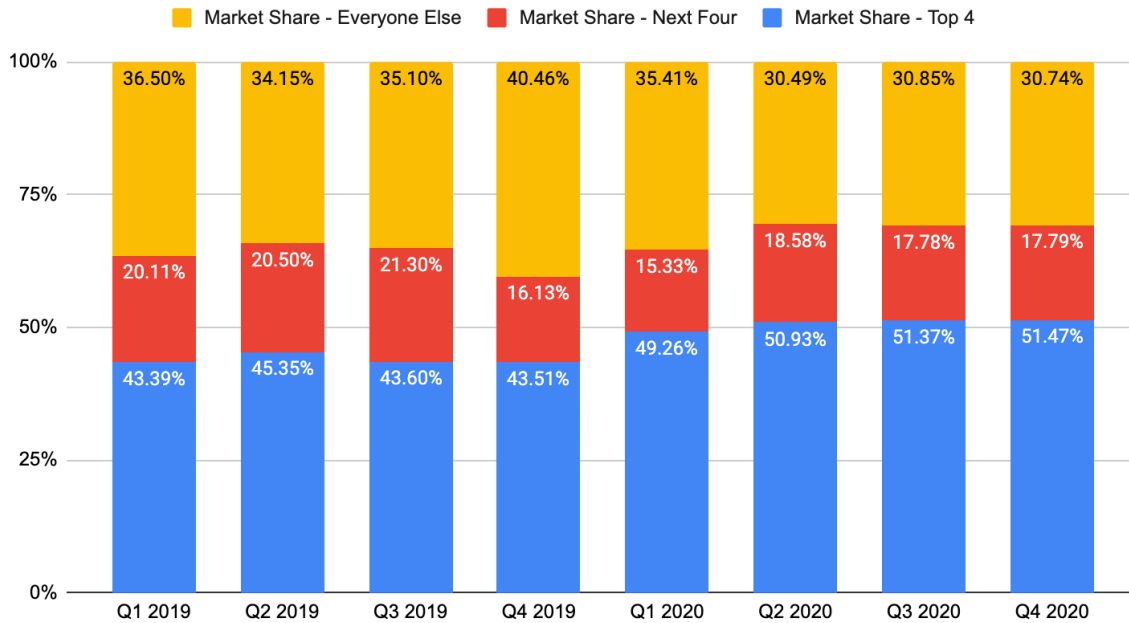
|            | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | <b>Q4 2020</b> |
|------------|---------|---------|---------|---------|---------|---------|---------|----------------|
| <b>DNS</b> | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | <b>100%</b>    |
| <b>SRS</b> | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | 100%    | <b>100%</b>    |

### Market

|                        | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | <b>Q4 2020</b> |
|------------------------|---------|---------|---------|---------|---------|---------|---------|----------------|
| <b># of Registrars</b> | 87      | 90      | 87      | 87      | 87      | 80      | 80      | <b>78</b>      |

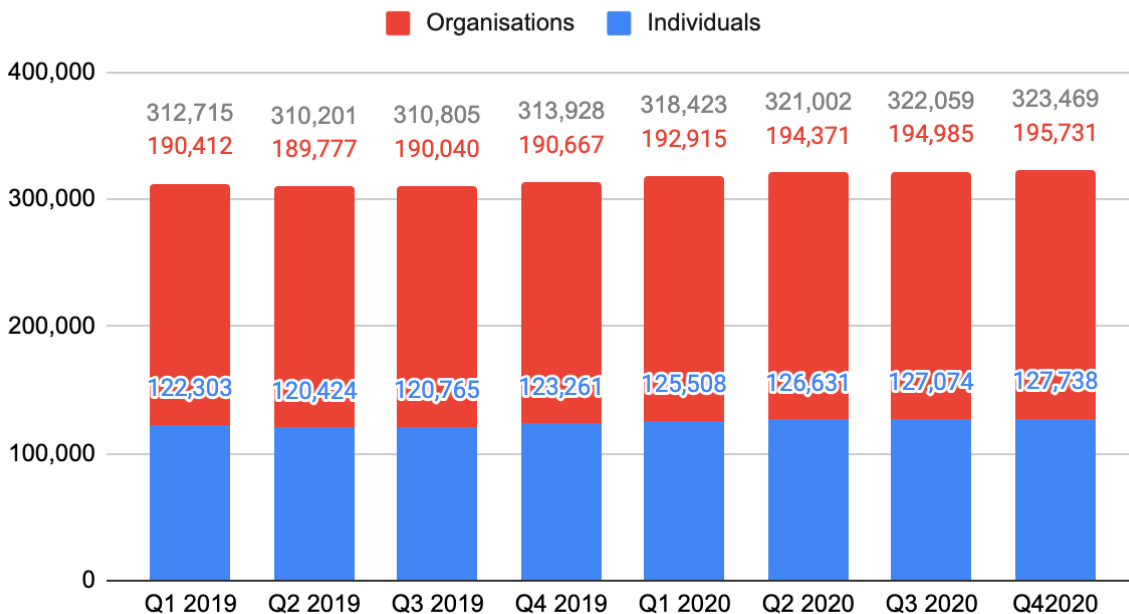
Consolidation of registrars continues at pace in the market. While our current number of registrars is 78, this is the result of several registrar accounts closing (mix of consolidation and exit) and a few new ones being added.

## Market Share



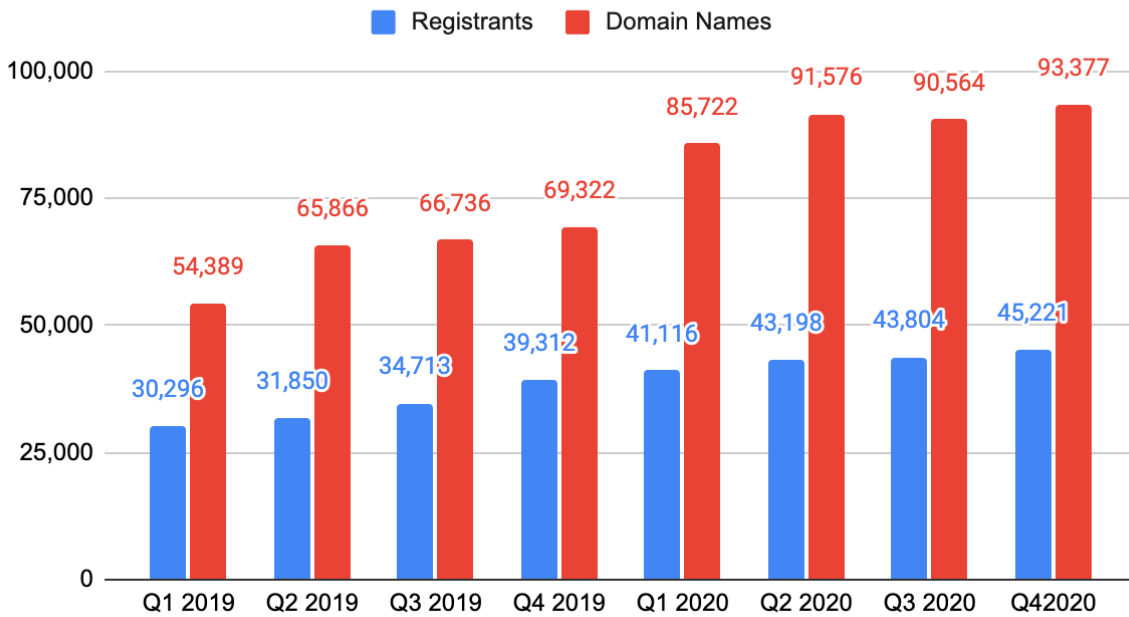
The past three quarters have been relatively static but due to recent acquisition activity this past quarter we can expect the mix to change over the coming year.

## Unique Registrants, Individuals and Organisations



The proportion of individuals and organisations remains relatively unchanged.

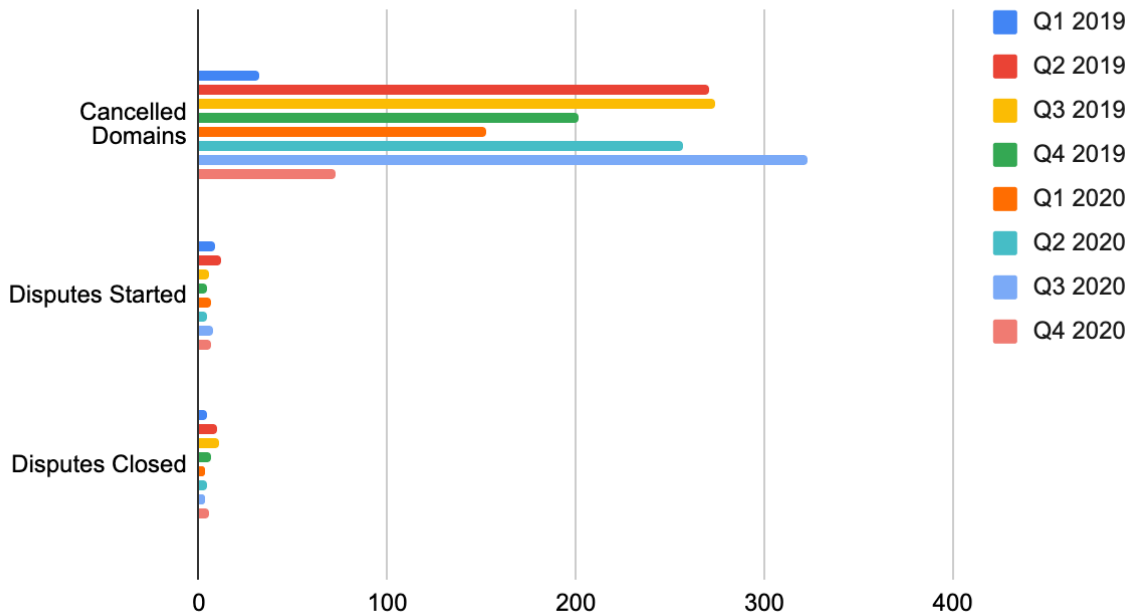
## Individual Registrant Privacy Option Uptake



Privacy option continues to increase in popularity.

## Compliance

### Compliance (Domain Name Commission Data)



## 4. New Product Development Summary

For the fourth quarter of this financial year our focus on a discrete set of work items has continued to allow capacity to support the organisation's key projects and create a space whereby we can finish more work that we start.

1. **Defenz** is our key sales focus and 2021 is the year we either make good gains in growth or potentially decide not to progress further. We do have some interesting opportunities in the pipeline at this stage so we are quite buoyant about the potential
2. **Registry Lock** is nearing the end of design work and we have a good sense of how the service will operate and this has been tested with some registrars with great feedback. Next steps are to plan the launch and update a business case for approval.
3. With **Digital Identity** the team has continued an experiment to ingest a digital version of a physical identity document. This is progressing well. Additionally InternetNZ remains engaged with the DIA work on a new Trust Framework and is an actively involved stakeholder in helping shape the rules.
4. The **broadband map** continues to be updated with coverage data from infrastructure providers around the country. Getting all data agreements continues to be the key focus

### Product development pipeline

| IDEAS BACKLOG  | EXPLORE & VALIDATE   | BUILD  | ACTIVE  | STOPPED |
|--|--|--|---|---------|
| 16   | 1  | 1  | 3   | 0       |
| Themes: <ul style="list-style-type: none"> <li>• Digital identity</li> <li>• Broadband</li> <li>• Data products</li> <li>• .nz features</li> <li>• Security</li> </ul> | <ul style="list-style-type: none"> <li>• Digital identity Experiments</li> </ul> | <ul style="list-style-type: none"> <li>• Registry lock design</li> </ul> | <ul style="list-style-type: none"> <li>• .nz               <ul style="list-style-type: none"> <li>• Broadband Map v2</li> </ul> </li> <li>• Defenz</li> </ul> |         |

This is an InternetNZ report. Matters related specifically to DNCL are covered in the report from the company to the shareholder (InternetNZ).