QUARTERLY REPORT

JULY – SEPTEMBER 2020

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 - Q2 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.
https://internetnz.nz/assets/Archives/Activity_plan_2020-2021.pdf

Goal 1: Develop an Internet for good	ON TRACK
Measure 1: Engagement with relevant national and international stakeholders to develop a shared vision of what an Internet for Good is.	ON TRACK
Measure 2: Stakeholder awareness and engagement with the vision for an Internet for Good increases over time.	ON TRACK

Measure 3: Action taken by us and by other stakeholders, nationally and internationally, changes and improves the Internet in line with our shared vision.	ON TRACK

Q2 Progress	
We released a discussion paper on regulatory tools for addressing harmful conduct or content online. This is an early contribution to upcoming government work in this area. https://internetnz.nz/assets/Archives/Regulatory-tools-to-address-harms-from-content-and-conduct-online.pdf	ON TRACK
A series of workshops with government officials on how to think about the Internet in policy making got underway.	ON TRACK
We participated in international fora including: ● RightsCon ● Asia-Pacific regional Internet Governance Forum	ON TRACK
We convened a group of New Zealand government officials participating in global Internet Governance processes to discuss New Zealand's global engagement, as part of building New Zealand stakeholder coordination/ collaboration on Internet issues/processes.	ON TRACK

Q3 Planned
In quarter three we will: ● Participate in the Select Committee debate on the Bill amending the Films Videos and Publications Classification Act (if this Bill is reinstated after the General Election). ● Continue to engage with the government on the planned review of media regulation (which will include social media). ● Contribute to the misinformation debate. ● Submit briefings to relevant incoming ministers, post General Election. ● Start work on the project that will create a vision for an Internet for Good. ● Continue to engage with New Zealand stakeholders involved in Internet issues/processes internationally. ● Internet Governance Forum 2020 online participation.

Goal 2: Improve Digital Inclusion	ON TRACK

Measure 1: Digital inclusion investment by government and others reaches $20m/year, and directly affects 50,000+ people. *-Measure at 30/9/20 from previous goals.* *(Note - may not be able to measure impact on # of people at that time.)*	OFF TRACK
Measure 2: The Online Home for Digital Inclusion is attracting use and positive stakeholder feedback	ON TRACK

Q2 Progress:

Substantial progress made toward the Digital Inclusion goal in Quarter 1, in particular due to the investments announced by the Government in Budget 2020, and the focus on digital inclusion driven by Covid-19.

The specific goal relating to external funding is marked as off track due to the scale of Government investment not being yet at the level necessary to mark as on track.

Several more organisations, including major telcos, have signed on to the five point plan for digital inclusion: COVID-19 and beyond.https://internetnz.nz/blog/five-point-plan-digital-inclusion-covid-19-and-beyond/. Fifty-three organisations are now signatories.	ON TRACK
The Government recently announced its intention to progress our proposal to provide affordable connectivity through public housing. InternetNZ has been invited to participate in the work.	ON TRACK
We have been working with like-minded organisations on the establishment of a digital equity coalition.	ON TRACK
In the community funding area we followed up on the decisions made via the Grants Round in Q4 with relationship building and contract negotiation with the successful recipients.	ON TRACK
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 in Q2, but is being worked on now in Q3.	OFF TRACK

Q3 Planned

In quarter three the focus will be on supporting greater collaboration and coordination within the digital inclusion community and with government. This will include getting our new digital inclusion website live (this project was delayed due to Covid-19). The development of the digital inclusion evaluation toolkit will continue.

Goal 3: Grow .nz	ON TRACK
Measure 1: increased revenue from domain name registrations. *-More than 15% in the two year period to 31/3/22.* *-Flexible between registration numbers and price.*	ON TRACK
Measure 2: active use of domain names is increased, improving retention and registration term.	ON TRACK
Measure 3: share of revenue devoted to public good investment.	ON TRACK
Q2 Progress:	
.nz continues to grow during Covid19, albeit the rate of growth is slowing.	DONE
New InternetNZ website live	DONE
.nz Policy Review - the external review of the .nz policies was completed with the receipt of a recommendations report from the .nz Advisory Panel.	DONE
Registry Replacement Project - During this quarter the following were completed: ● RFT documents released to respondents, ● RFT respondent briefings conducted, ● RFT responses received, ● Assessment and evaluation framework The RFT assessment process started mid September.	ON TRACK

Q3 Planned
Priorities for Q3 are: ● .nz Policy Review (phase 2). We will consider the recommendations of the .nz Advisory Panel. Council will make in principle decisions in December. ● Registry Replacement Project. Complete assessment evaluation of the responses to RFT for preferred provider. Develop the business case. including the scope of services and operations model for the preferred solution, financial modelling, and project implementation plan. ● InternetNZ Website - post go live tidyup and consolidation of old sites ● Fake Webshop Campaign - workflow refresh and data model update ● .nz Consumer and Business Research ● Implementation of .nz wholesale price increase ● .nz Step Change Project to do some deep thinking on the nature of .nz and how to drive preference

● Implementation of CENTR Low content taxonomy to augment scan data	

Goal 4: Sell new Products	OFF TRACK
Measure 1: Registry Lock is for sale in the 2020-21 financial year.	OFF TRACK
Measure 2: The Broadband Map is covering its costs by 31 March 2021.	ON TRACK
Measure 3: Defenz reaches net profit in the 2021-22 financial year.	ON TRACK
Measure 4: New products reach net profit within 24 months of first sale.	ON TRACK

Q2 Progress In response to the impacts of COVID-19 we promoted an extended trial for Defenz and added a new threat feed. This has proved effective with over 80 customer networks onboarded. Status set to Amber due to slowed progress and lack of sales in new products.	

Defenz - increasing interest and onboarding of trial customers. New threat feed added to the service. Revenues expected to start in Q4.	OFF TRACK
Registry Lock - progress slowed as capacity redirected to support registry replacement project and flexible first program. May not be live in Q4 but are progressing within available capacity.	OFF TRACK
Broadband Map - progress on signed Data Sharing Agreements which are a dependency for further data driven work. Number of data providers continues to increase (now 39).	ON TRACK
Digital Identity - work has progressed with a working implementation of an identity wallet solution (IRMA) to use with experiments. Team is also exploring other technologies. Potential business problems to test are being explored.	ON TRACK

Q3 Planned

Priorities for Q3 are:

- **Defenz**: Increasing the number of trial customers and progressing commercial discussions when they are ready. Continue to explore infrastructure and service improvements.
- **Broadband Map:** completing signing of Data Sharing Agreements with Broadband Map Data Providers. Exploring some new API plans for attracting a wider customer base.

- **.nz Registry Lock:** consider the points made in the submissions to help shape up the overall service.
- **Digital Identity:** develop some clear business problems to test against and seek partners to explore with in structured business model experiments.

Goal 5: Improved InternetNZ's performance	ON TRACK
Measure 1: Staff baseline feedback from March 2020 is improved by March 2022 *-Perceptions on high performance and great place to work* *-Improvements in areas such as Internal Communications, Staff development, Organisational Learning*	ON TRACK
Measure 2: Resource planning and BAU/Project Management tools established and drives demonstrable changes.	ON TRACK
Measure 3: Staff churn / turnover measures.	ON TRACK

Q2 Progress

The second quarter continued to be dominated by our focus on staff wellbeing and transitioning to new ways of working. The team continues to work well in our new flexible environment but we acknowledge that we need to continue to review processes, tools and culture to ensure it is sustainable and support our work for the future.

People Strategy: Our focus for Q2 was on launching a new program of work called "Flexible First". The scope of the programme is to focus on enabling Flexible First to work, first, so that core activities are consistent e.g. process/collaboration/comms, across the organisation. We continue to also ensure the Health, Safety and Wellbeing support all staff through is in place and sustainable. We completed our first Baseline employee engagement survey in Q2 and got a strong completion rate as well as some valuable information on areas we will focus on.	ON TRACK
Better Tools: We have continued our work on requirements to better support new ways of working for a dispersed workforce. This is a separate stream in the Flexible First program with areas such as collaboration tools and new work space requirements with scope.	ON TRACK

Q3 Planned

We will focus for Flexible First areas below
- Flexible First Principles

- Change readiness
- Internal Comms / RitualsApproach
- Information Sharing
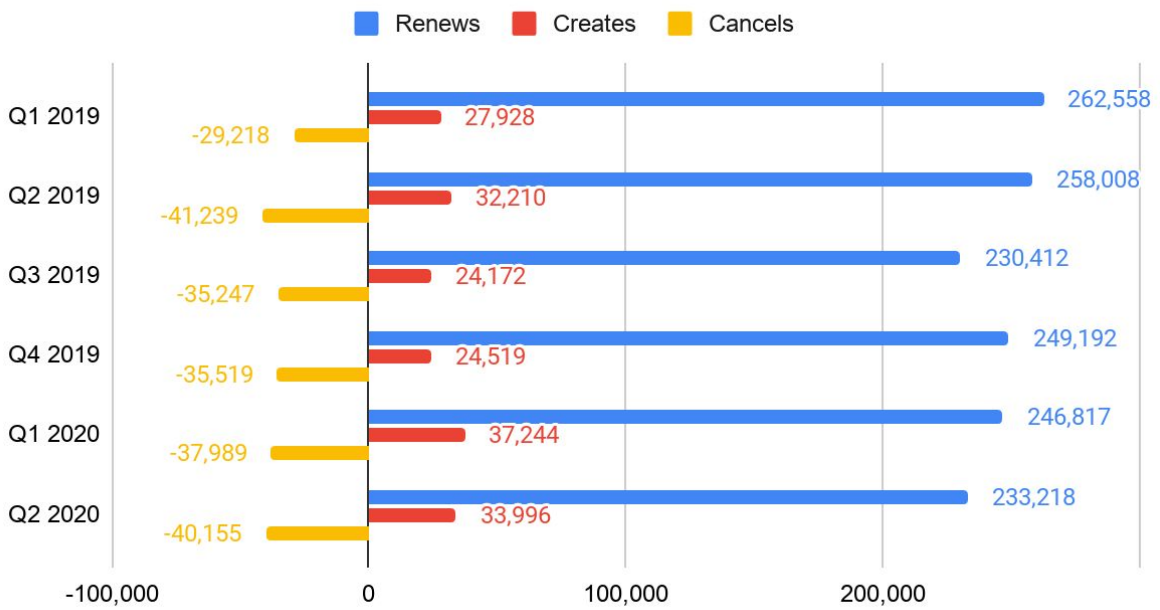- Online Collaboration
- Common Tools

Following on from the Baseline Employee engagement survey there are areas we will look to delve deeper into and work with staff and managers on next steps.
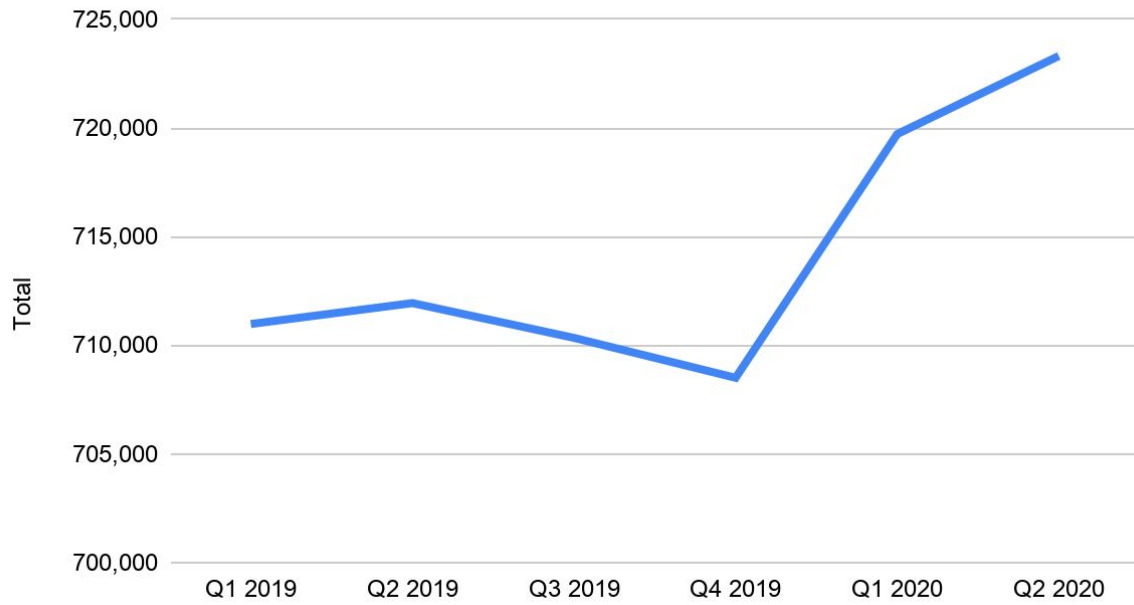
3.   .nz Summary

The second quarter of 2020/21 featured ongoing macro-economic disruption from COVID-19, including a second period of lockdown for Auckland. The positive trend for .nz has continued from Q1, albeit at a slowing rate. This has resulted in overall registry growth of 0.5% for the quarter.

Domains

Creates, Cancels and Renews

Legend: Renews (blue), Creates (red), Cancels (yellow)

Quarter	Renews	Creates	Cancels
Q1 2019	262,558	27,928	-29,218
Q2 2019	258,008	32,210	-41,239
Q3 2019	230,412	24,172	-35,247
Q4 2019	249,192	24,519	-35,519
Q1 2020	246,817	37,244	-37,989
Q2 2020	233,218	33,996	-40,155

Total .nz Domains

2nd & 3rd Level Registrations

Legend: all others (yellow) | .nz (red) | .co.nz (blue)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
all others	8.86%	8.73%	8.67%	8.62%	8.45%	8.36%
.nz	19.71%	19.90%	19.85%	19.79%	20.02%	20.28%
.co.nz	71.44%	71.37%	71.48%	71.60%	71.52%	71.36%
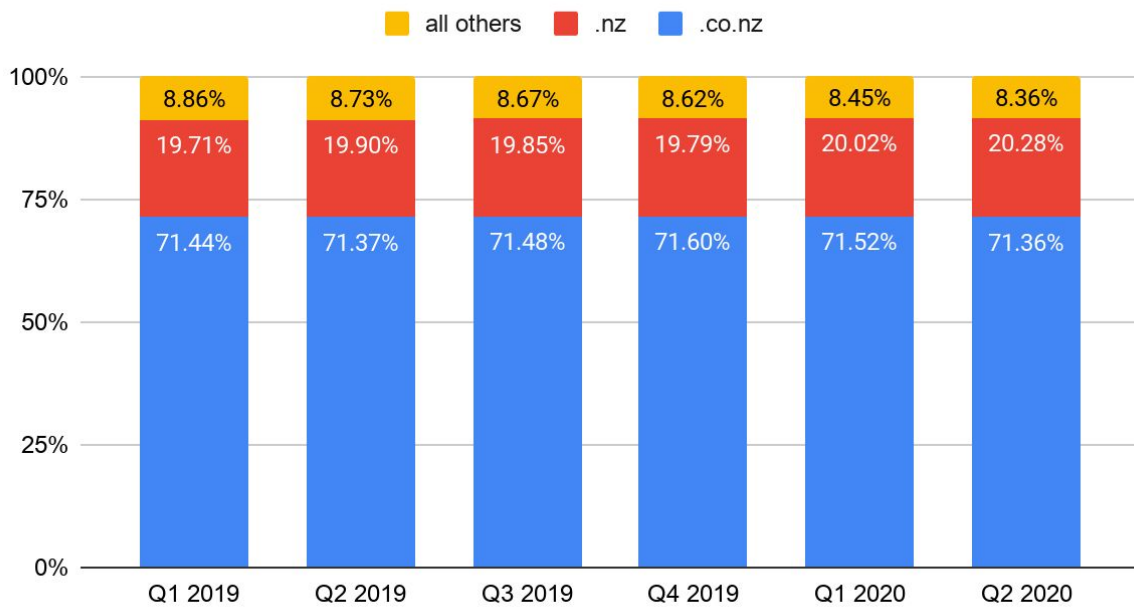
Infrastructure

DNS Queries

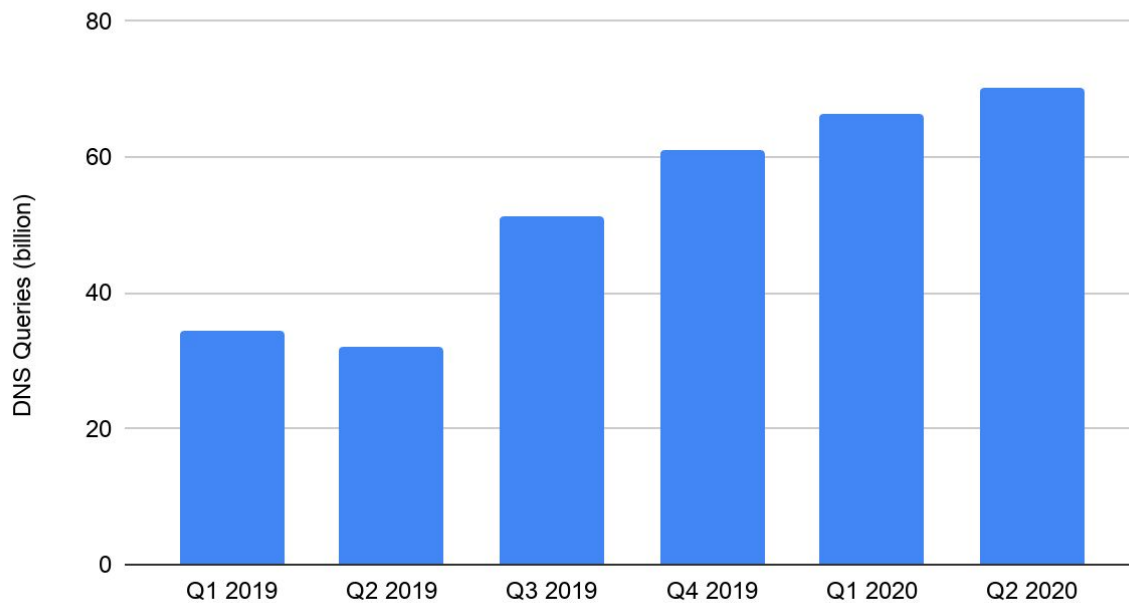

Please note: the methodology used for calculating DNS queries improved between Q2 and Q3 2019, incorporating more accurate data from overseas servers.

Service Levels

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	**Q2 2020**
DNS	100%	100%	100%	100%	100%	**100%**
SRS	100%	100%	100%	100%	100%	**100%**

Market

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	**Q2 2020**
# of Registrars	87	90	87	87	87	**80**

Market Share

Legend: 🟨 Market Share - Everyone Else 🟥 Market Share - Next Four 🟦 Market Share - Top 4

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Everyone Else	36.50%	34.15%	35.10%	40.46%	35.41%	30.49%
Next Four	20.11%	20.50%	21.30%	16.13%	15.33%	18.58%
Top 4	43.39%	45.35%	43.60%	43.51%	49.26%	50.93%
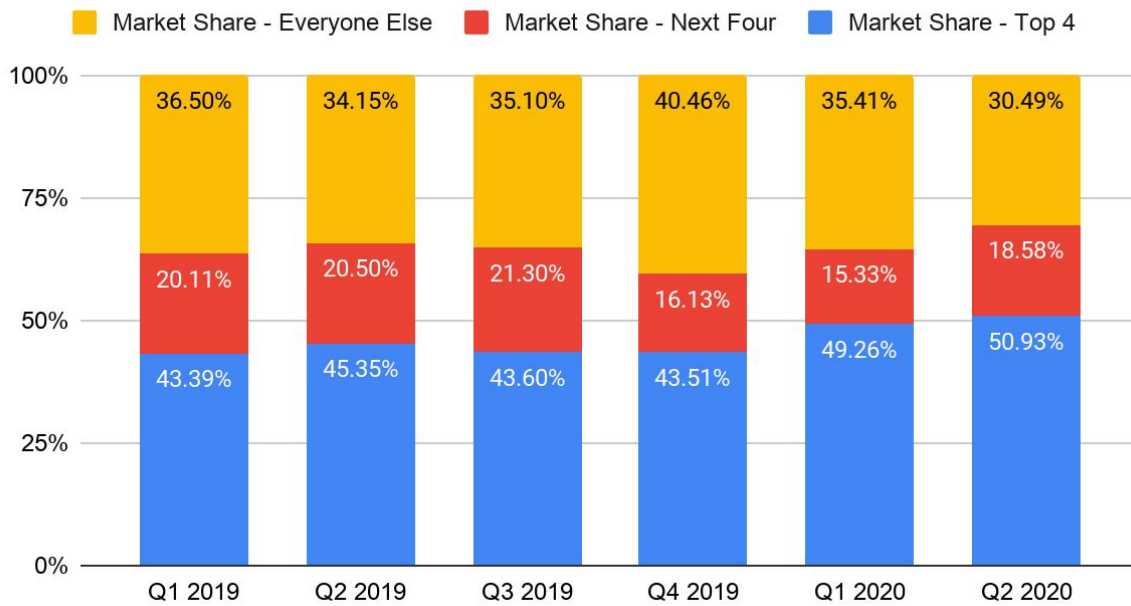
Unique Registrants, Individuals and Organisations

Legend: 🟥 Organisations 🟦 Individuals

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Total	312,715	310,201	310,805	313,928	318,423	321,002
Organisations	190,412	189,777	190,040	190,667	192,915	194,371
Individuals	122,303	120,424	120,765	123,261	125,508	126,631
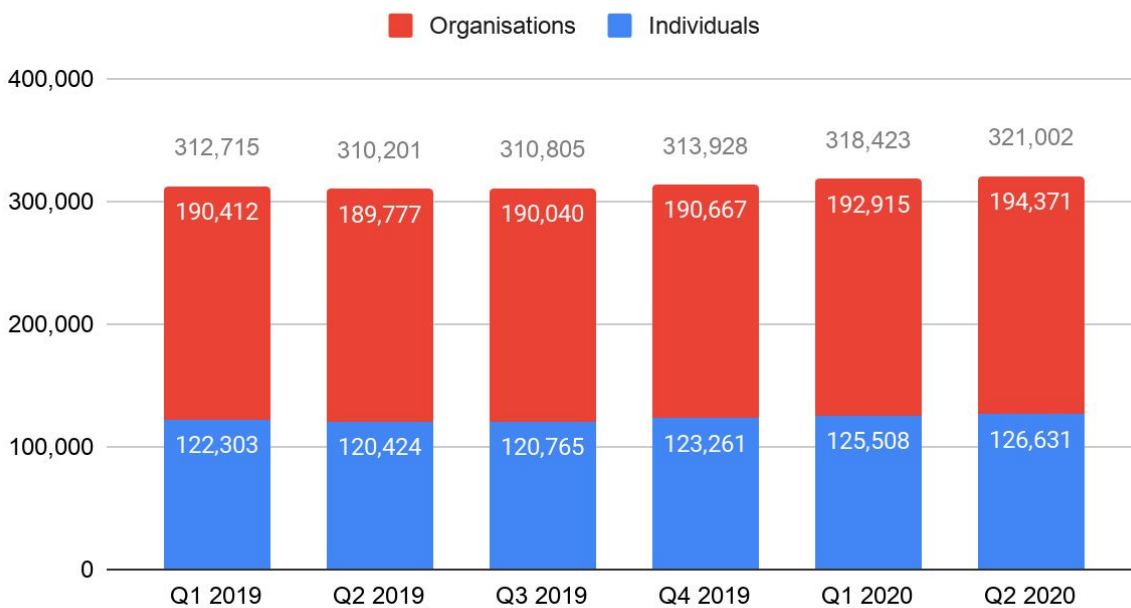
Individual Registrant Privacy Option Uptake

■ Registrants ■ Domain Names

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Registrants	30,296	31,850	34,713	39,312	41,116	43,198
Domain Names	54,389	65,866	66,736	69,322	85,722	91,576
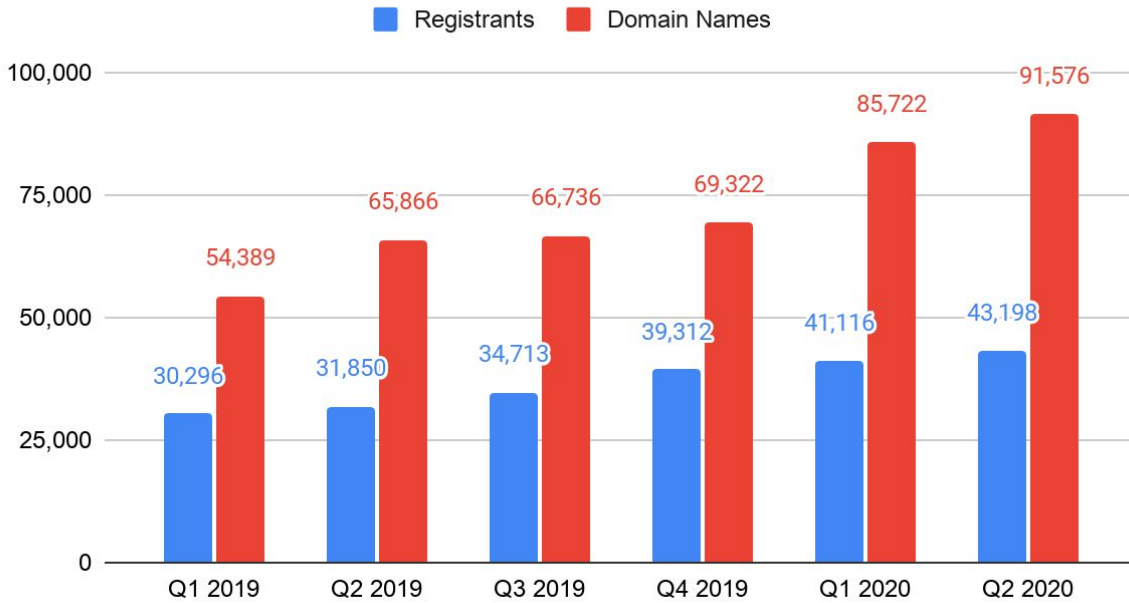
Compliance

Compliance (Domain Name Commission Data)

Legend: ■ Q1 2019 ■ Q2 2019 ■ Q3 2019 ■ Q4 2019 ■ Q1 2020 ■ Q2 2020

Categories: Cancelled Domains, Disputes Started, Disputes Closed (horizontal bar chart, axis 0–300)
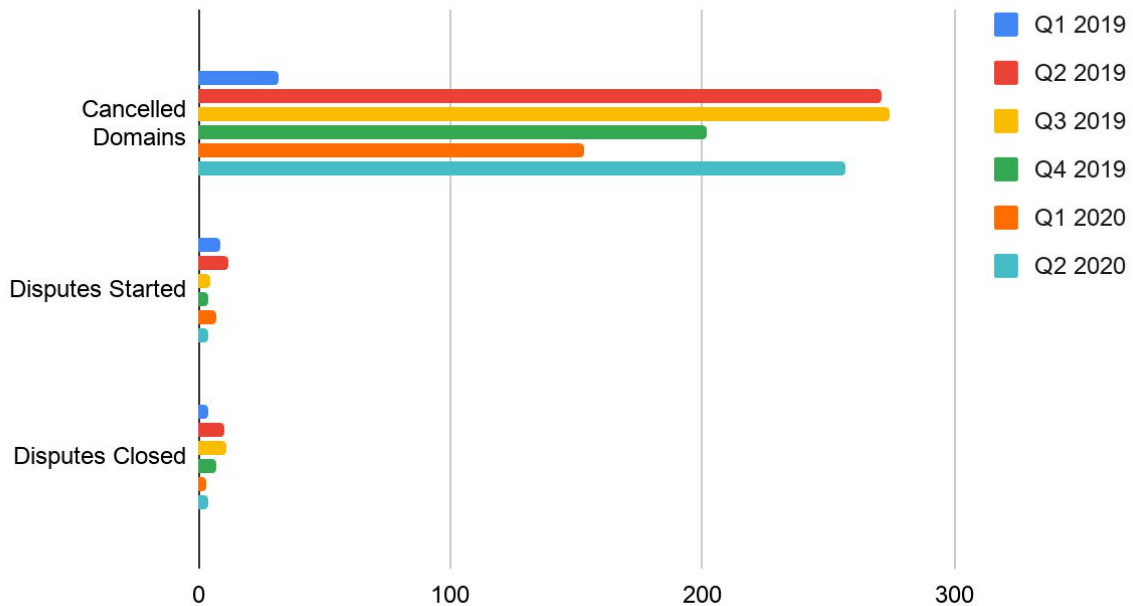
4.   New Product Development Summary

For the second quarter of this financial year we simplified our activities to focus on inflight work as we navigated the impacts of COVID-19 on our ways of working. Despite this we have made good progress on a number of fronts.

1. The Defenz extended trial has been working well to onboard potential customers and we now have over 100 networks across 80+ organisations now using the service. A significant proportion are expected to convert to fee paying customers.

2. We continued progress on a registry lock service by running a public consultation on the possible related policy changes. Some useful feedback was received and will feed into the next stage which includes modelling the end to end lock process with some registrars.

3. With Digital Identity the team completed work on a demo of IRMA (identity wallet) which has enabled us to start fruitful conversations about possible use cases we might explore. We are also exploring a couple of other technologies to further our understanding of where InternetNZ could operate in this marketplace.

4. The broadband map continued to be updated with coverage data from infrastructure providers around the country.

Product development pipeline

IDEAS BACKLOG	EXPLORE & VALIDATE	BUILD	ACTIVE	STOPPED
15	3	1	3	0
Themes: ● Digital identity ● Broadband ● Data products ● .nz features ● Security	● Digital identity Prototypes	● Registry lock design	● .nz ● Broadband Map v2 ● Defenz	

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

Jordan Carter
Group Chief Executive

October 2020