

QUARTERLY REPORT

Oct - December 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 - Q3 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](#).

Goal 1: Develop an Internet for good	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
Q3 Progress	
Submitted briefings on Internet issues to incoming ministers following the general election. https://internetnz.nz/policy/	ON TRACK

Engaged with officials on the scope of the upcoming media review and how it might address Internet issues.	ON TRACK
Funded Tohatoha exhibition on misinformation in schools and libraries.	ON TRACK
We participated in international fora including: <ul style="list-style-type: none"> ● ICANN69 ● Internet Governance Forum 2020 ● CENTR Marketing Working Group ● CENTR Tech Working Group ● CENTR R&D Working Group ● IETF 	ON TRACK
Engaged with officials on Internet Governance developments in international spaces, including the New Zealand statement on International Law and Cyberspace issued in December which we will follow up with an event around in Q4.	ON TRACK
Commissioned and undertook both public and stakeholder research projects to understand and measure perceptions (for presentation in Q4).	ON TRACK

Q4 Planned
In Q4 we will: <ul style="list-style-type: none"> ● 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). ● 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. ● Release both the public research (NZ internet insights) externally, and the stakeholder research internally, for wider analysis and intersection into planning. ● Shape our work in the international environment to support this Goal.

Goal 2: Improve Digital Inclusion	ON TRACK
<i>Measure 1: Digital inclusion investment by the 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.)</i>	ON TRACK

<i>Measure 2: The Online Home for Digital Inclusion is attracting use and positive stakeholder feedback</i>	OFF TRACK
<p>Q3 Progress:</p> <p>The focus in Q3 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>	
The first hui was held for the establishment of a digital equity coalition.	ON TRACK
In the community funding area, we followed up on the grant round decisions from Q3 with contract offers and commencing with relationship building 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, but is being worked on now for deployment in Q4.	OFF TRACK

Q4 Planned	
<p>In quarter four the focus will continue to 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. A further invitation only grants round will be held to enable further contributions from the New Zealand Internet community.</p>	

Goal 3: Grow .nz	ON TRACK
<i>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.</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
Q3 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 was in field during Q3 with results to be finalised and published in Q4.	ON TRACK
.nz growth settled to similar patterns to 2019 and 2018 heading into the holiday season when activity slows.	ON TRACK
.nz Policy Review - preparation of draft policy documents and consultation documents for public release and feedback in Q4	ON TRACK
Registry Replacement Project - Three responses were received by the RFT closing date and following the assessment of these responses the project board selected a preferred supplier for a commercially available off-the-shelf (COTS) registry solution. The project team is currently preparing for the project implementation phase. Current work in progress includes the development of the Business case, implementation project plan, and a set of contractual terms ready for signing.	ON TRACK

Q4 Planned	
<p>Priorities for Q4 are:</p> <ul style="list-style-type: none"> • .nz Policy Review (phase 2). We will release a consultation document seeking feedback on how we propose to implement the first tranche of recommendations from the .nz Advisory Panel.. 	

- Registry Replacement Project. Complete the business case. including the scope of services and operations model for the preferred solution, financial modelling, and project implementation plan. Contract signed and the implementation project kicked off.
- .nz Consumer and Business Research will be published, shared with our channel and data integrated into planning for 2021/2022.
- .nz Step Change Project will continue to explore approaches to expanding the adoption and use of .nz.
- Implementation of CENTR Low content taxonomy to augment scan data.

Goal 4: Sell new Products	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>	ON TRACK
<i>Measure 4: New products reach net profit within 24 months of first sale.</i>	ON TRACK
<p>Q3 Progress</p> <p>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.</p> <p>Status set to Amber due to slowed progress and lack of sales in new products.</p>	
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. Focus in Q3 and Q4 is on firming up the end to end business processes and agreeing these with key stakeholders. Once the timeframes of Mimosa are more certain we can make a decision to develop on current SRS or wait for Mimosa to be live before activating this feature.	OFF TRACK
Broadband Map - Data Agreements still being sought with a small number of data providers. Once complete these agreements will unlock the next tranche of exploring fee paying services. As a result (and also due to shifting internal priorities) focus on Broadband Map revenue has come second to other work. This will mean that it is unlikely to be covering costs by March 31 2021.	ON TRACK
Digital Identity - our work has centred on exploring IRMA and developing collaborative experiments with other organisations	ON TRACK

Q4 Planned

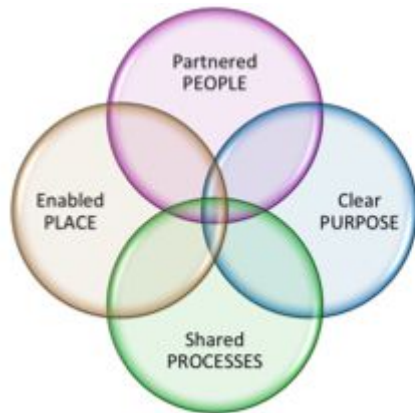
Priorities for Q4 are:

- **Defenz:** Conversion of trials to fee paying customers, further growing the pipeline of potential customers.
- **Broadband Map:** completing signing of Data Sharing Agreements with Broadband Map Data Providers.
- **.nz Registry Lock:** complete testing of business processes with key stakeholders and make a decision about when to launch - pre or post Mimosa
- **Digital Identity:** shape and start up to two identity experiments for real world uses cases. Start work as an approved contributor to the DIA's programme to develop the rules for an Identity Trust Framework.

Goal 5: Improved InternetNZ's performance	ON TRACK
<i>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</i>	ON TRACK
<i>Measure 2: Resource planning and BAU/Project Management tools established and drives demonstrable changes.</i>	OFF TRACK
<i>Measure 3: Staff churn / turnover measures.</i>	ON TRACK
<p>Q3 Progress</p> <p>In the third quarter we continued our work to support staff wellbeing and transitioning to new ways of working. A project team which is composed of staff from across the business and external consultants have been very active in driving forward the foundations of our new ways of working with prioritised scope outcomes.</p> <ul style="list-style-type: none"> - Shared Process - Partnered People - Enabled Space/Place - Leading to Endure <p>In Q3 we focused on working with staff on the following</p> <ul style="list-style-type: none"> - Information Sharing - Collaboration - Communication and Rituals - Valued Tools 	

We have also been actively negotiating on a new office lease with an aim to move in July 2021 - this is designed to support staff Health, Safety and Wellbeing as well as an opportunity to advance our goal of enabling space and place for the future.

People Strategy: As part of the work on new ways of working (Flexible First) we have focused this quarter on the foundations to enable the Flexible First Outcomes.



Q3 saw the development of Change Principles to support our work and Flexible First Policy to help guide the organisation with clear purpose as we transition to new ways of working.

We also continued our work with staff on the results for the staff engagement survey from Q2 where we have selected a number of “work on” areas.

ON TRACK

Better Tools: We have continued our work on requirements to better support new ways of working for a dispersed workforce. The focus has been on current valued tools and introduction of tools to support collaborative work in dispersed locations.

ON TRACK

Q4 Planned

Flexible First is one of our Top 3 organisation wide projects and our work will continue to focus on areas below

- Change readiness
- Internal Comms / Rituals
- Information Sharing/Collaboration/Valued Tools

Our work on Employee Engagement will focus on Delegation/Decision making as well as changes to our Impact (Project Management) Framework to support our project work and the outcomes we are targeting.

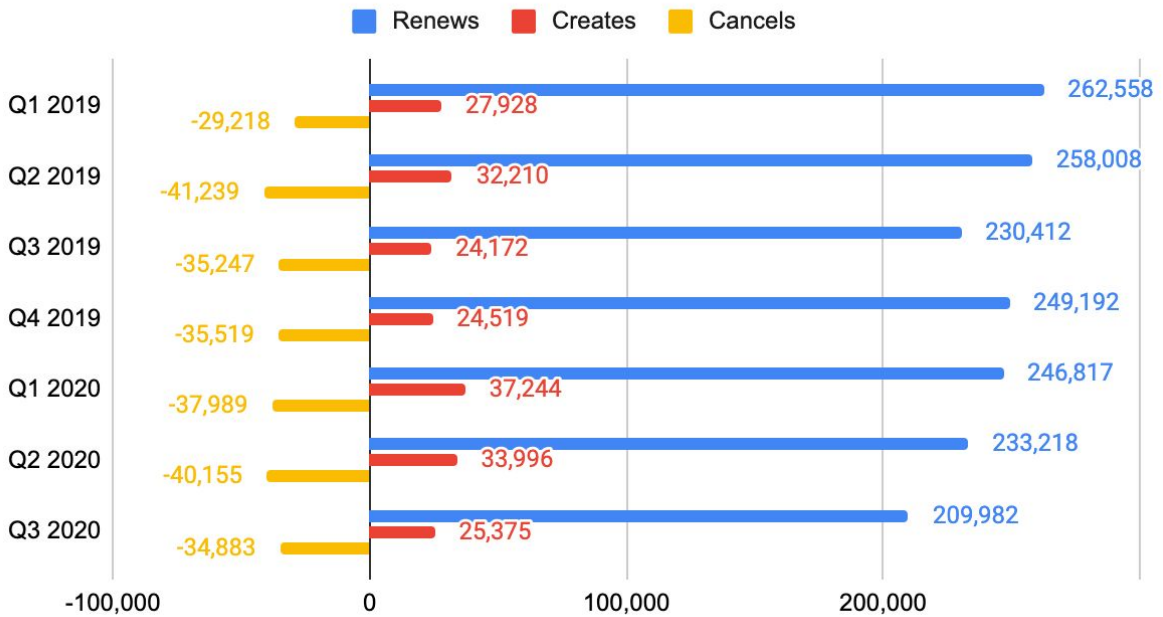
The quarter will also see the kick off the project for the premises move.

3. .nz Summary

Activity in the third quarter aligned to the patterns of the previous two years with a slowing of transaction activity as we entered the summer holiday season.

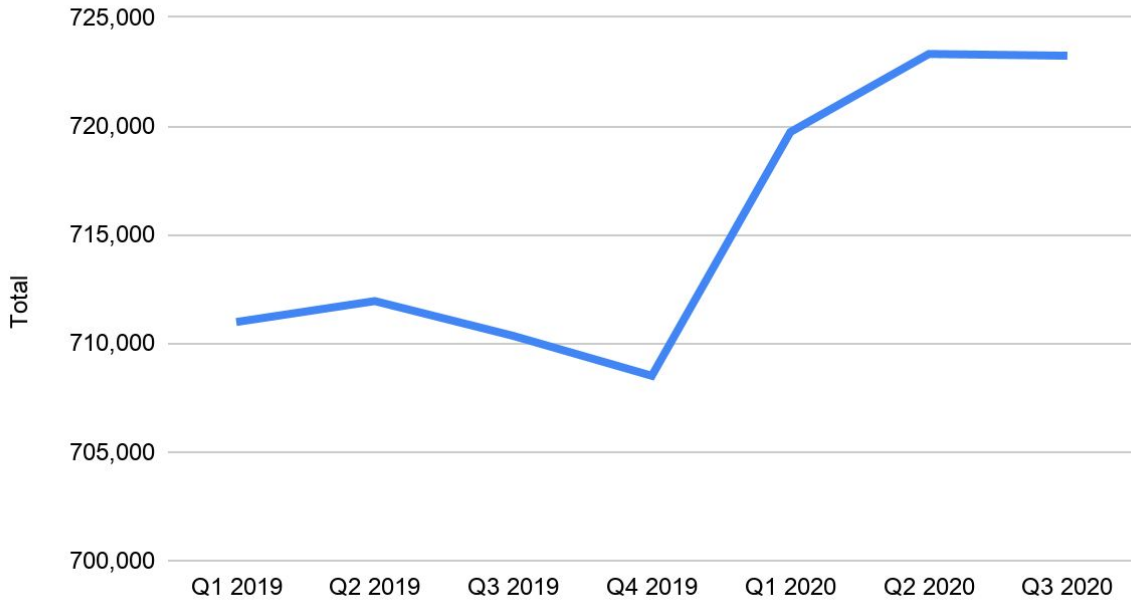
Domains

Creates, Cancels and Renewals



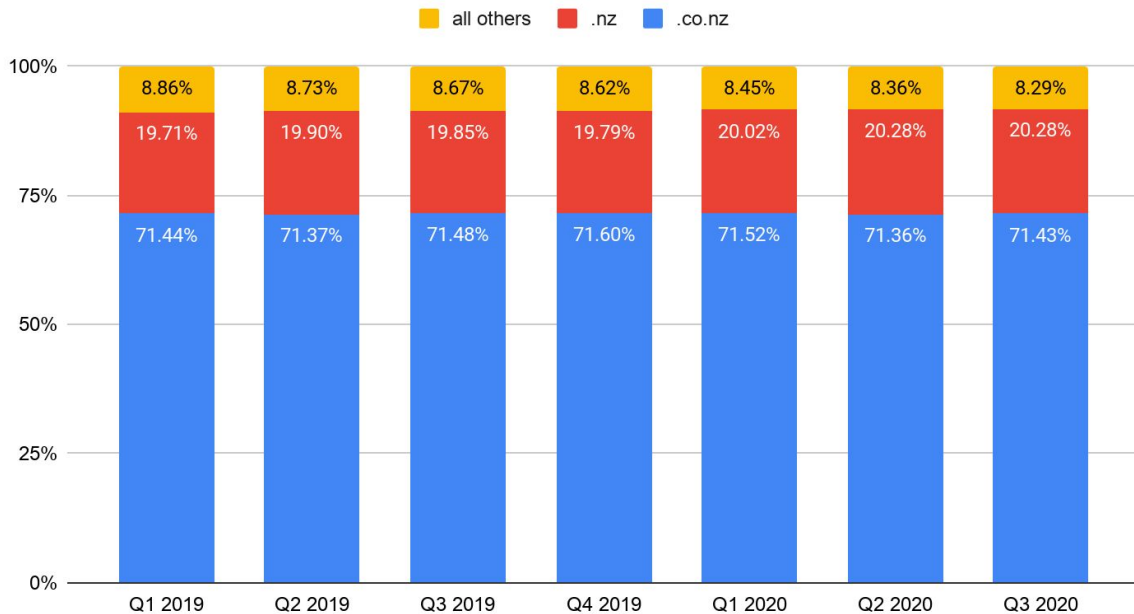
Transaction activity has reduced to patterns similar to previous and aligns with the reduction in activity during the summer/holiday months.

Total .nz Domains



Overall our total registered domain names hovers a little over 723,000. With 2021 continuing with a degree of uncertainty we are not anticipating significant growth.

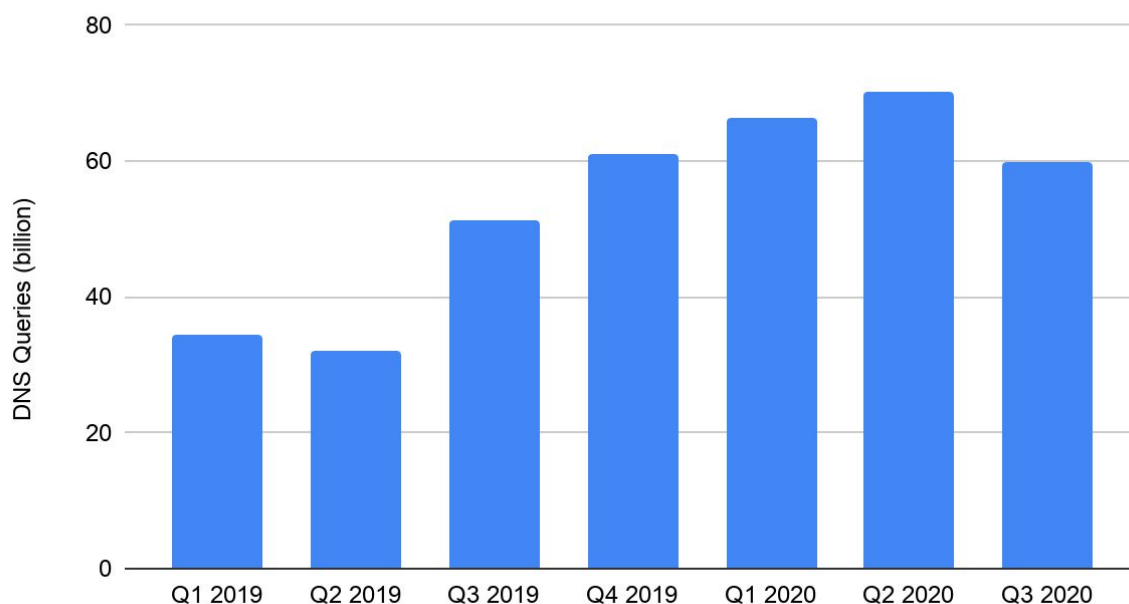
2nd & 3rd Level Registrations



The proportion of domain names registered continue to sit mostly with .co.nz and .nz. Slow incremental change is expected to continue in favour of the shorter .nz name.

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. However the combined figure is derived from a number of sources with some vagaries. The Q3 figure is being rechecked.

Service Levels

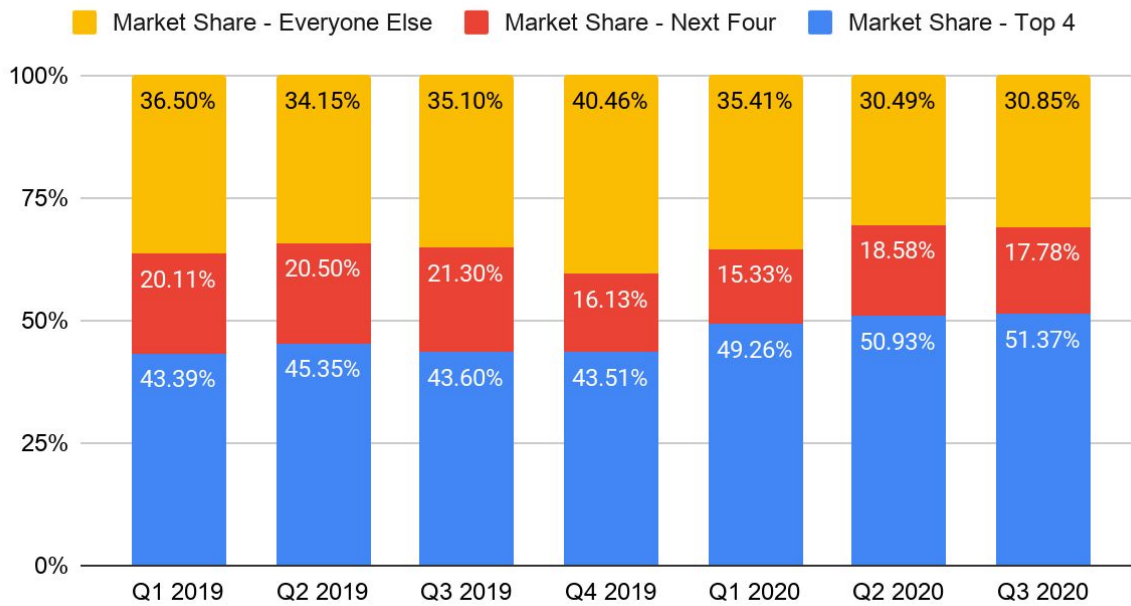
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
DNS	100%	100%	100%	100%	100%	100%	100%
SRS	100%	100%	100%	100%	100%	100%	100%

Market

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

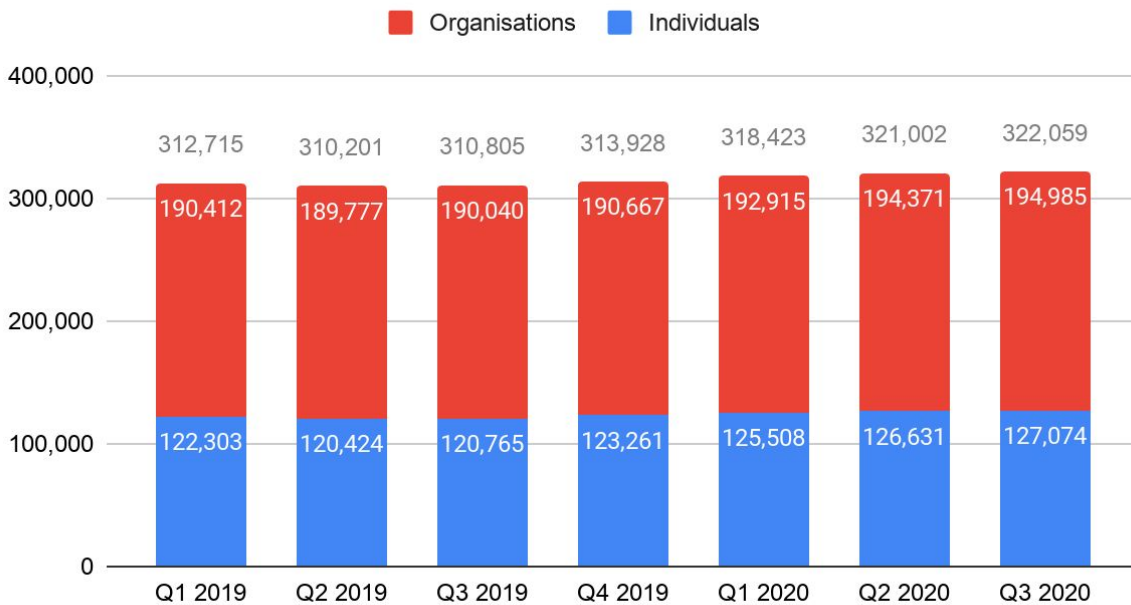
The last two quarters has seen the number of registrars stabilise at 80 following a mix of consolidation and exit activity by registrars.

Market Share



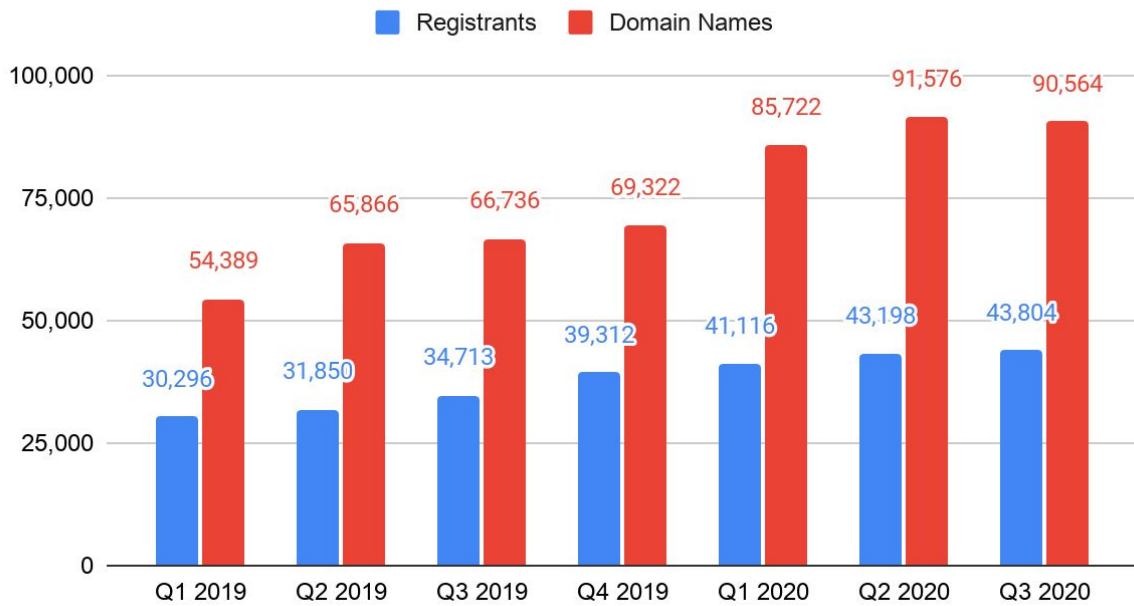
Market share consolidation continues with the top four registrars now accounting for 51.37% of the market.

Unique Registrants, Individuals and Organisations



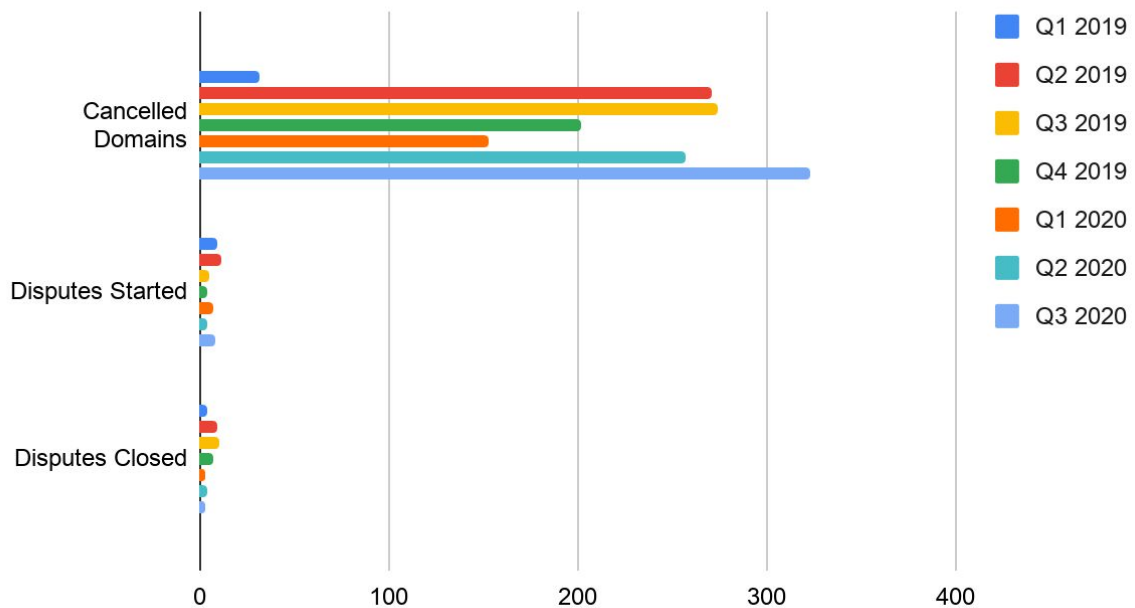
This past quarter shows a slight reduction in individual down name holders and a slight increase in organisation, possibly as a result of increased business focus going online and individuals choosing not to hold on to names.

Individual Registrant Privacy Option Uptake



Compliance

Compliance (Domain Name Commission Data)



4. New Product Development Summary

For the third quarter of this financial year we continued our simplified pipeline of work to focus on inflight work as we continue to navigate the impacts of Covid19 and the organisational focus on three strategic projects (Mimosa, Flex First and .nz Policy Review). Despite this we have made good progress on a number of fronts.

1. The **Defenz** extended trial succeeded in achieving real world customers and developing a focus on the health sector through a key partnership.
2. We continued progress on a **registry lock service** refining our thinking on business processes to operate the service. We will be testing these with internal and external stakeholders in Q4.
3. With **Digital Identity** the team has integrated a NZ focused demonstration of **IRMA** into the public version of the app. We are now shaping a couple of real world experiments with partner organisations. Should these experiments bear fruit the work would move to business case validation and proposal to progress further. In addition we expect in Q4 to start working with the DIA in its work developing the rules for a new Trust Framework.
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
16	1	1	3	0
Themes: <ul style="list-style-type: none"> • Digital identity • Broadband • Data products • .nz features • Security 	<ul style="list-style-type: none"> • Digital identity Experiments 	<ul style="list-style-type: none"> • Registry lock design 	<ul style="list-style-type: none"> • .nz • Broadband Map v2 • Defenz 	

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