

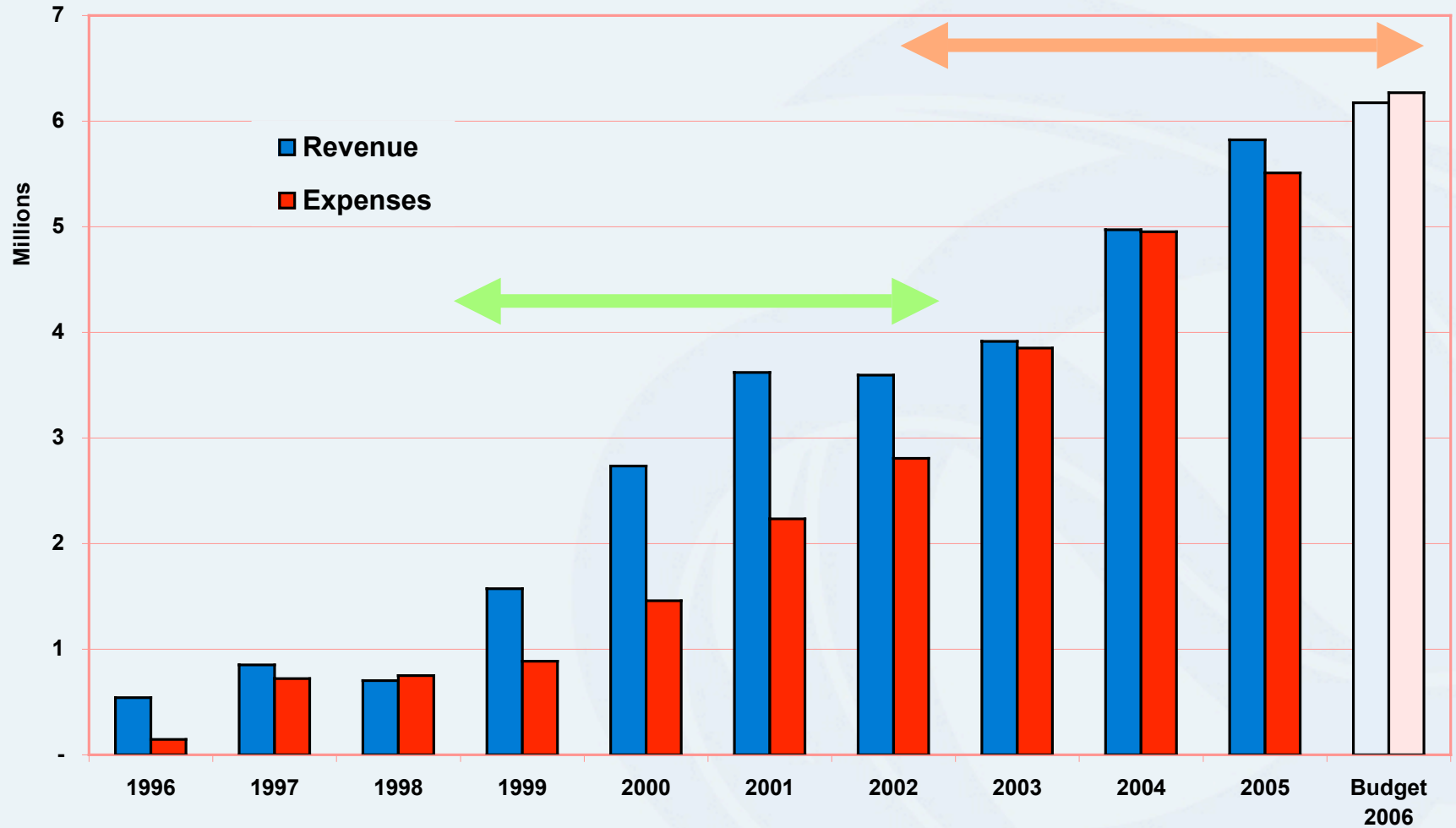
APNIC Membership Fees

APNIC 21
Perth, Australia
March 1, 2006

What's coming up...

- Background
- Fee structure principles
- Candidate fee structure
- Impact
- Implementation
- Discussion

Annual financial result



APNIC's new activities in recent years

- ICANN meetings and fees
 - Substantial expense item since 1999
- MyAPNIC
 - Major service platform, under ongoing development
- Root servers
 - 19 servers deployed in AP region
- Research and development
 - AS numbers, resource certification, resource projections
- Training
 - Increased course content, e-learning etc
- Meetings
 - Participation mechanisms: transcription, web/audio/podcast, ...
- Information and outreach
 - APster, website, educational materials
- WSIS, IGF, other “political” demands
 - Unpredictable in future years

Background

- Current fee structure established 1996
 - Optional tier selection
 - Small, Medium, Large
 - Annual fees
 - USD 2500, 5000, 10000 per annum
 - NIR member fees
 - USD 1000 per annum per member
- Some adjustments
 - NIR per-address fees (1997)
 - Mandatory tier selection (1999)
 - Additional tiers (1999, 2001)

Background – NIRs

- Previously, APNIC allocated to NIRs
 - NIR managed address pool
 - NIRs still retain “historical” address pool
- Today, APNIC allocates to NIR members
 - i.e. members or customers of NIRs
 - APNIC tracks number of NIR members, and their address holdings
 - No charges “per member” – only “per address” and “per NIR”

Current member fee structure

- Annual fee calculation

Prefix (v4)	Prefix (v6)	Tier	Annual
>/10	>/23	Extra Large	40000
10	23	Very Large	20000
13	26	Large	10000
16	29	Medium	5000
19	32	Small	2500
22	35	Very small	1250

- Annual assessment of address space holdings
- Annual fee is fixed for 1 year from renewal

Current member fee structure – NIRs

- Annual fees paid by NIRs but not by their members
 - Based on total of NIR address holdings
- “Per address” fees
 - Extra large: \$0.02 per address
 - Small: \$0.15 per address
 - Fee paid once only, for each allocation to NIR
 - Allocation contributes to NIR tier assessment
- No fees charged “per NIR member”

Rationale

- Overall revenue maintenance
 - APNIC revenues should be predictable
 - Mitigate impact of new NIRs forming
- Revenue adjustment
 - For effects of inflation and foreign exchange
 - Plan to increase revenue by approx 15% over expectations of current structure
- Annual fee calculation
 - Base annual fees on address holdings
 - Reflecting size of organisation and capacity to pay

Rationale

- Fairness – Small vs large members
 - Effective cost for small and large ISPs

IPv4 Prefix	Addresses	Annual Fee	Effective cost/addr
20	4096	2500	\$0.610
16	65536	5000	\$0.076
12	1048576	20000	\$0.019
8	16777216	40000	\$0.002

- Fairness – regular vs NIR member
 - Consistent cost recovery for regular and NIR members

Rationale

- NIR fees
 - NIR member fees based on regular fee structure
 - With agreed discount in recognition of NIR services and costs
- Voting
 - Members of NIRs should be entitled to vote
 - Voting entitlement proportional to fee contribution

Fee structure framework

- Current fee structure parameters
 - Minimum fee level (currently \$1250)
 - Fee increment (x2 per tier)
 - Minimum address space (up to /22)
 - Address space increment (3 bits per tier)

Prefix (v4)	Tier	Annual
>/10	Extra Large	40000
10	Very Large	20000
13	Large	10000
16	Medium	5000
19	Small	2500
22	Very small	1250

New fee structure – an example

- Minimum fee level: \$360
- Fee increment: x2 per tier
- Minimum tier: up to /24
- Address space increment: 2 bits per tier

Prefix (v4)	Tier	Member
14	F	11520
16	E	5760
18	D	2880
20	C	1440
22	B	720
24	A	360

New fee structure – an example

Prefix (v4)	Tier	Member
4	K	368640
6	J	184320
8	I	92160
10	H	46080
12	G	23040
14	F	11520
16	E	5760
18	D	2880
20	C	1440
22	B	720
24	A	360

Impact assessment

- Impact of any fee structure decision must be considered
- Individual impact on APNIC members
 - Regular members
 - NIRs
 - Members of NIRs
- Impact on APNIC budget
 - Projected revenues
 - Estimates only

Impact – regular members

Prefix	Count	Example	Current	Difference
6	3	184320	40000	144320
7	1	184320	40000	144320
8	4	92160	40000	52160
9	0	92160	40000	52160
10	0	46080	20000	26080
11	5	46080	20000	26080
12	15	23040	20000	3040
13	13	23040	10000	13040
14	22	11520	10000	1520
15	30	11520	10000	1520
16	49	5760	5000	760
17	51	5760	5000	760
18	89	2880	5000	-2120
19	244	2880	2500	380
20	269	1440	2500	-1060
21	141	1440	2500	-1060
22	69	720	1250	-530
23	59	720	1250	-530
24	98	360	1250	-890



Impact – NIRs

NIR	A	B	C	D	E	F	G	H	I	Total
APJII			33	2	2					37
CNNIC		2	33	25	14	10	4	1		89
JPNIC	9	3	77	50	19	10	4	2		174
KRNIC		1	4	15	8	2	3		1	34
TWNIC		1	6	3	1	4		1		16
VNNIC	2	1	7		3	1	1			15
Total	11	8	160	95	47	27	12	4	1	365

NIR	A	B	C	D	E	F	G	H	I	Total
APJII			44880	5440	10880					61200
CNNIC		1360	44880	68000	76160	108800	87040	43520		429760
JPNIC	3060	2040	104720	136000	103360	108800	87040	87040		632060
KRNIC		680	5440	40800	43520	21760	65280		87040	264520
TWNIC		680	8160	8160	5440	43520		43520		109480
VNNIC	680	680	9520		16320	10880	21760			59840
Total	3740	5440	217600	258400	255680	293760	261120	174080	87040	1556860

Annual fees for members of NIRs, without discount applied.

Impact – APNIC budget

	Current	Example	Difference
NIRs	700000	778430	11%
Members	4232500	4833360	14%

Discussion questions

- Various issues to be considered for any substantial fee structure change
- What should the parameters be?
 - Overall revenue expectations
 - Parameters fixed or variable?
 - Variable in accordance with budget?
- NIR discount
 - How big should the discount be?
 - Same discount for all NIRs?
- Recognition of NIR fees already paid?
- Gradual introduction?
 - Over 1 or more years, to control budget impact



Discussion...