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CIRA Corporate Plan

Fiscal Year 2014

Presented to the Board of Directors

February 27, 2013

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CIRA CORPORATE PLAN

FISCAL YEAR 2014

Introduction

.CA's growth since the Canadian Internet Registration Authority's (CIRA) founding just over 12 years ago has been explosive. At the time, CIRA had 60,000 domains under management (DUM), whereas today we stand at more than two million .CA domains. Today the market is maturing and like all markets that reach this stage of development substantial change is on the horizon. Currently within the domain business, growth is slowing, competition is increasing e.g. new gTLDs, and substitute methods of navigating the Internet are emerging. All these changes will mean that organizations will need to respond to the changing environment by adopting different strategies that serve to hold onto their current base of business, while innovating for future growth.

As Internet-related technologies quickly evolve, CIRA strives to remain at the forefront, ensuring its services are best of breed. Stability and our relative longevity in this space, coupled with a strong track record, have positioned .CA as a safe, secure and trusted product and CIRA as a strong voice for Canada's Internet community.

The past five years have been pivotal in CIRA's history. Some very important challenges have been addressed including the redesign of our decade-old registry and its policies, rules and procedures. As a result, CIRA is more customer-focused. In addition, we have refocused our team and processes from a start-up approach to those of a more mature organization. CIRA re-organized its structure and added new skills and expertise to the organization. The FY 2011-13 Strategic Plan was an essential step in shifting the organization from being relatively inward and operationally focused to working toward the common strategic goal of .CA being the preferred choice of Canadians. These foundational changes position .CA for future growth and CIRA to continue to actively contribute to the Internet ecosystem.

This has been accomplished in a couple of ways. First, having redesigned and streamlined the technical registry and our policies, it is now easier to register a .CA. Second, all departments in the organization were re-organized and new skills and expertise were added. While we made significant progress, CIRA will continue to work to be more efficient, effective and focused on nurturing a customer-focused, opportunity-based culture that is fact-based in its approach to decision making.

The FY 2014-16 Strategic Plan, which frames this FY 2014 Corporate Plan, is being introduced at an inflection point in the company's history where we will see considerable change in the domain name industry. As CIRA matures and continues the transition to a performance-based culture, we will work to ensure .CA continues to be a world-class registry, able to compete against the highest performing top-level domains (TLDs), such as .com, .net, .org, and take on the competitive challenges presented by a proliferation of new generic top-level domains (gTLDs).

CIRA refined its primary organizational goal to reflect this growth and maturity:

> *.CA is a recognized leader and trusted voice in the Canadian Internet community*.

This is a natural evolution from CIRA's previous three-year Strategic Plan (which was, .CA is the preferred choice of Canadian) and reflects a more complex goal needed to ensure the effective stewardship of .CA, while the organization focuses on growth and continues to support the development of the Internet. This Corporate Plan provides an overview of the FY 2014 activities that will lay the foundation required to successfully implement the new three-year strategic plan and achieve our primary organizational goal and related four top-level strategic objectives. Investment in our business will reflect a balanced approach across the top-level strategies to ensure that we continue to operate a world-class registry, are focused on maintaining our existing business while seeking new revenue opportunities, and continue to support the development of the Internet. The top-level strategies are:

- Safe, secure and stable.
- Operational efficiency.
- Market and customer-focused
- Internet-related activities in Canada.

CIRA has adopted a balanced budget for the FY 2014 Operating Plan. Broadly speaking, this has been achieved by constraining the Core Operating and Capital budgets and re-allocating financial resources across the top-level strategies in the FY14-16 Strategic Plan. Separate budget envelopes have been created:

- To maintain core business operations.
- To fund Internet-related activities under the Community Investment Program (CIP) at or above the targeted minimum of 5 per cent of registration revenues.
- To evaluate and target growth areas.

These budget envelopes will follow prioritization for the top-level strategies as detailed in the FY14-16 Strategic Plan. Those priorities are:

*Principle: Predictable funding, subject to organizational requirements.

Corporate Profile

The Canadian Internet Registration Authority is the Member-driven organization that manages Canada's .CA domain name registry, develops and implements policies that support Canada's Internet community, and represents the .CA registry internationally.

The Government of Canada has formally recognized and designated CIRA as the administrator of the .CA domain space. Within this context, CIRA operates the .CA domain space as a key public resource on behalf of Canadians.

Vision

CIRA's vision is to be a world-class Internet registry that is recognized and valued by the Internet community and Canadians.

Mission

CIRA's mission is to foster the development of .CA as a key public resource for all Canadians by providing stable, secure and trusted domain name services, and by taking a leadership role in shaping Canada's Internet for the benefit of .CA domain holders.

Values

- We believe that fairness, transparency and high ethical standards are the foundation of our culture.
- CIRA is committed to a collaborative team environment that seeks continuous improvement and breakthrough ideas through innovation.
- At CIRA we are committed to exceeding stakeholder expectations through excellence in operations, service delivery and engagement.
- We believe in having a positive influence in the communities where we provide service and do business.

Membership and Stakeholders

CIRA has no shareholders, only Members. CIRA membership is free and is open to any .CA Registrant who is interested in participating in the governance of the corporation and contributing to the development of the Internet in Canada. Members may attend and vote at annual general meetings, vote for CIRA's Board of Directors and vote on changes to CIRA's by-laws. From time to time, Members are asked to participate in consultations and surveys on issues and opportunities that affect .CA and the Internet ecosystem. In short, membership provides a unique opportunity for .CA Registrants to become active citizens in .CA, Canada online.

Registrants — active .CA holders — are CIRA's largest stakeholder group. The approximately one million Registrants who hold .CA domain names are our customers who use .CA to build their brands, both personal and business, online. We work hard to ensure that their online .CA experience is positive and within an environment that continues to be safe, secure and trusted.

Our Registrars, who register and manage .CA domain names, are also critical stakeholders. They are our partners who provide the conduit through which we deliver our product to the market and are a vital link in the relationship we have with our mutual customers. Our relationship with our channel partners will continue to evolve in the face of a rapidly changing domain industry driven by new gTLDs and the changing navigation landscape within the Internet.

Beyond our Members, Registrants and Registrars, the Internet has become a catalyst in the evolution of the economic, social and cultural interactions of all Canadians. Given that CIRA makes certain that critical elements of the Internet work in Canada, this fundamentally makes all Canadians important CIRA stakeholders.

Industry Canada is a significant stakeholder with a non-voting seat on our Board of Directors. Additionally, CIRA actively participates in a broad range of international fora on Internet governance, policy and technology where we influence policy-making at the highest level. We contribute and are kept well-informed about the very latest in policy, security and performance development issues.

Planning Environment

Heading into FY 2014-16, CIRA is a different organization, operating in a much different environment than it did when it began its planning cycle for the previous strategic plan. Globally, the domain name industry has changed. Domain name registrations have slowed across the board, and more upheaval in the market is expected when new gTLDs are launched later in FY 14. Closer to home, CIRA's growth has also slowed since the beginning of FY 13.

We anticipate that:

- The observed trend has been a gradual slowing of growth in domains for a number of reasons:
    - Global economic slowdown.
    - Domain name saturation in mature markets.
    - Cautious domain investors.
    - New technologies such as mobile, navigation substitutes, QR codes, etc.

- The domain name market is changing significantly with the introduction of hundreds of new gTLDs in FY14. The size of this expansion is unique in the history of the Internet and is akin to market deregulation.
- Incumbent registries are becoming more innovative in how they present their products to consumers. An example can be seen among several country code top-level domains (ccTLDs), such as .CO, which have significantly increased their target markets by behaving like gTLDs.
- Another factor that continues to impact CIRA is the ever-increasing number, severity and sophistication of security threats to both the registry and the domain name system (DNS). These security threats range from large-scale distributed denial of service attacks (DDOS) to very specific and targeted vulnerability exploits.
- The battle between the multi-stakeholder model that created and built the Internet as we know it, and a treaty-based model that is supported by a number of nations, is intensifying. CIRA, together with Industry Canada, is an active participant and supporter of the ICANN multi-stakeholder model of Internet governance.

The implications of this changing landscape for CIRA and .CA include the following:

- The way we operate in the domain space will need to change. We will need greater market knowledge, competitive focus, and awareness of customer needs.
- Growth and associated revenue can no longer be assumed. Customers will have broader options. The channel will also have more choice, and with this may come consolidation and a propensity to exert power over registries. This could come in the form of demanding stronger brands, more sales support, more flexible wholesale pricing and/or higher registration velocity.
- CIRA will have to invest more in differentiating and positioning .CA for continued success.
- Security activity will need to keep pace with the ever-increasing threat level. This means that systems, processes and hardware will need to continue to be upgraded.
- Organizational capacity will need to increase to keep pace with market changes. This includes adding new skills, expertise and processes to deal with increased scale and complexity.
- CIRA will face difficult strategic choices and resource allocation decisions moving forward as financial resources become more constrained and the level of competitiveness increases.
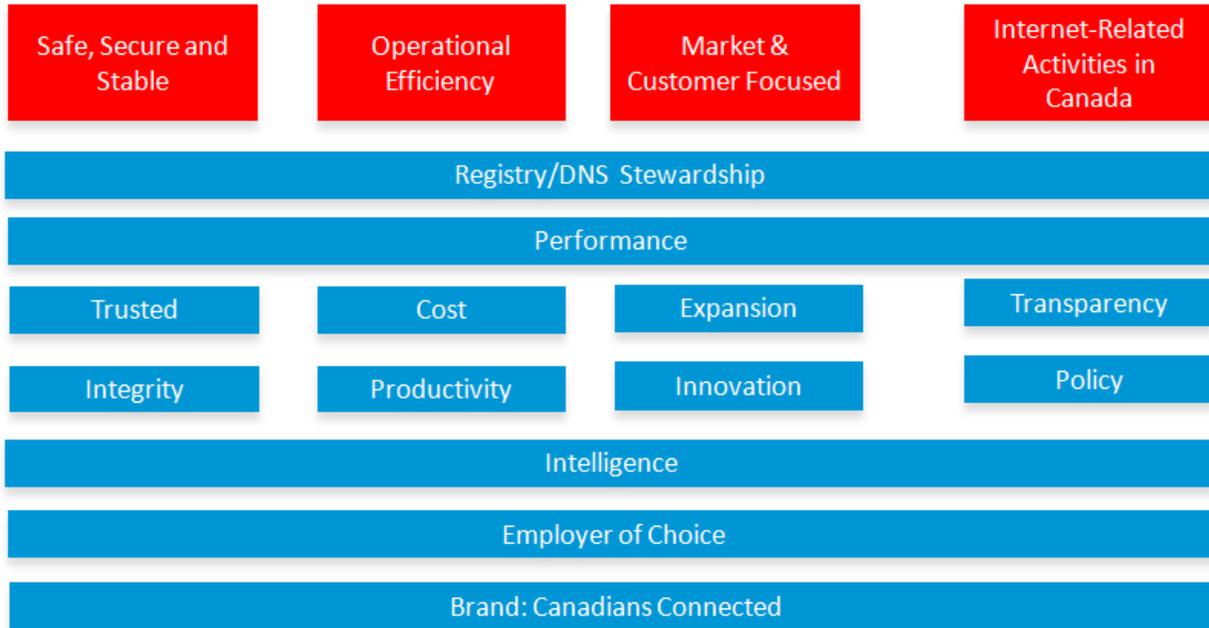
With these considerations, it is clear CIRA faces some significant strategic choices. This document speaks to the methodology and planning considerations that will allow CIRA to position itself for not only the next three years, but well into the future.

Strategy

To support its strategic plan for FY14-16, CIRA developed a new Strategic Framework that will help structure and guide the organization's activities.

The primary objective of being a recognized leader and trusted voice in the Canadian Internet community is a natural evolution from CIRA's previous three-year strategic plan. It reflects a more complex goal needed to ensure the effective stewardship of .CA, while the organization focuses on growth and continues to support the development of the Internet.

.CA is a recognized leader and trusted voice in the Canadian Internet community

| Safe, Secure and Stable | Operational Efficiency | Market & Customer Focused | Internet-Related Activities in Canada |

Registry/DNS Stewardship

Performance

| Trusted | Cost | Expansion | Transparency |
| Integrity | Productivity | Innovation | Policy |

Intelligence

Employer of Choice

Brand: Canadians Connected

This new primary goal is underpinned by four focus areas:

- Safe, secure and stable.
- Operational efficiency.
- Market and customer-focused.
- Internet-related activities in Canada.

The following pages outline each top-level strategy and its primary associated activities for FY14.

For a listing of all FY14 projects and initiatives that shows their detailed alignment with CIRA's top-level strategies, please see Appendix A.

1) Safe, Secure and Stable

First and foremost, the domain namespace must continue to be safe, secure and stable. CIRA has worked hard to attain these attributes, and they are foundational to the value proposition it has cultivated in recent years.

DNSSEC

The Domain Name System Security Extension (DNSSEC) is a technology that provides more security to the DNS. Essentially, it ensures the websites you visit are genuine. In FY 13, CIRA built, tested and deployed the underlying infrastructure and processes that would let us offer a signed .CA zone to our customers and users. In FY14, we will develop technology in our registry to accept registrations of signed .CA domains via our channel partners. We will also deploy DNSSEC functionality to our OT&E environment, allowing channel partners to test the Registry changes to be prepared to offer the product to their clients.

Redesign corporate systems & network rezoning

As part of our transformation into a mature organization and focus on developing a safe, secure and stable infrastructure, we will continue work started in FY 13 to redesign and enhance our corporate systems and improve network rezoning. These key initiatives will support maturity in the areas of business continuity and disaster recovery.

Business continuity and disaster recovery

In FY 13, CIRA laid the groundwork for the development of business continuity and disaster recovery plans and processes for the organization, focusing mostly on identifying business impact requirements. In FY 14, CIRA will implement the second phase of the project, which is building the infrastructure requirement to support the plans and conducting IT continuity testing to evaluate them.

Threat Risk Assessment (TRA)/ Vulnerability Assessment (VA)

Building on work that begun in FY13, CIRA will enhance its processes to continuously assess its infrastructure to ensure it is safe and secure. Additionally, we will increase the security monitoring of our infrastructure to proactively identify and resolve risks and vulnerabilities.

DNS Expansion

CIRA will expand the Canadian footprint of the DNS infrastructure by adding more physical DNS server sites across the country. This will allow CIRA to improve its performance to Canadian Internet users by increasing the capacity to absorb attacks and ensuring we have a more resilient DNS infrastructure in Canada.

2) Operational Efficiency

In order to fulfill its mandate of operating the Registry, CIRA must be financially sustainable. We will strive to be prudent with expenditures that fall inside not only the exploit category, but also the expand-and-explore categories. Where practical, we will endeavor to do more with less.

Corporate organization development

CIRA will examine our organizational design and core competencies and do all things conducive to ensure we possess the appropriate talent and resources to execute our new strategic plan, and pursue growth-related opportunities. CIRA will also seek to create a culture so that top level talent will seek us as an employer of choice. In recognition that our people are clearly key to the successful implementation and execution of projects, CIRA will continue to invest in training and development of our human capital. And, building on the Goal Management and Performance Evaluation System that replaced the previous paper-based version, CIRA will revise the employee rating system, improve goal development to strengthen alignment with strategic corporate priorities and examine changes in the delivery of variable compensation.

Corporate Performance Management/Business Intelligence

CIRA will increase organizational emphasis on Corporate Performance Management and Business Intelligence. The former entails incremental improvement in the quality and measurement of our financial and operational metrics, and enhancing structured reporting. The latter will seek to improve the usefulness and availability of underlying data, information, and market insight on which CIRA relies to make product and project investment decisions. CIRA will also commence the development of a Balanced Scorecard, focusing first on developing preliminary measurements and initial target ranges for each objective and element of the FY14-16 Strategic Plan.

Registry data enhancement

CIRA will implement the requirement to ensure that all .CA domain name registrations include Registrant Contact information. In addition, to ensure data consistency within the Registry, CIRA will also require Registrars to provide missing Registrant Contact information. This project will ensure CIRA is in-line with industry practice and contribute to the overall goal of maintaining quality Registrant Contact information.

Contractual compliance automation

To reduce the manual workflow systems and ensure CIRA is managing its Compliance programs fairly, efficiently and transparently, we will implement automation around the Canadian Presence compliance program. In addition, we will also enhance our online Annual Registrar Re-Certification process to streamline the requirements, enhance Registrar self-serve options, and ensure compliance with our policies.

Board of Directors' Elections process streamlining

Building on the changes to CIRA's bylaws, approved last year to meet the requirements of the new federal legislation governing not-for-profit organizations like CIRA, in FY 14, the organization will evaluate its Board of Directors' Elections process and underlying system to identify time, resource and technological efficiencies. The aim will be to outline an Elections process, including a schedule and systems that will best meet the needs of the organization, align with industry best practices, and provide Members with an efficient and effective process to elect CIRA Board Directors. This project does not encompass changes to CIRA's governance structure and process.

Policy and registry system review

CIRA will undertake a review of the Registry's operational practices to ensure that they are aligned with our documentation, policies and procedures. The goal of this activity is ensure that the organization is consistently and accurately delivering its service for the benefit of Registrants and our channel partners, the Registrars. Our goal of providing best in breed service will be enhanced with this analysis as we use this activity as an opportunity to improve our operations and strengthen the foundation of the organization. This will serve to ensure that we are able to withstand increased competition, and be in a position to offer new products and services for the benefit of our customers.

3) Market and Customer-Focused

A market and customer focus is vital in the uncertain and evolving domain name market. CIRA will be aware and ready to respond to the emerging competitive landscape to ensure a continuous, viable revenue stream. On top of maintaining and gaining new registrations, CIRA will consider adding complementary products and/or services to ensure we continue to meet our customers' needs.

.CA brand building

.CA will continue building its brand in the Canadian marketplace. Although currently well-positioned, it is necessary to reinforce our brand identity as the number of market entrants expands and competitiveness increases with the launch of the new gTLDs in 2013. The overall strategy deployed will include digital advertising, web development and SEO. In addition, these tactics will be supported by positioning .CA at the centre of all corporate activities in an effort to support the .CA brand.

Registrar support and development

Registrar support will continue to be a priority for CIRA. The addition of many new gTLDs in 2013 will put pressure on our channel partners to offer many more competitive entrants. This will ultimately change the dynamic at the retail level and make it more challenging to maintain our current strong positioning within the channel.   To mitigate this threat, .CA will continue to offer an annual price promotion, a co-op advertising program and develop a marketplace on the .CA website for our partners to promote themselves and provide them with an opportunity to showcase their service offering to potential Registrants.

.CA product development

Product development will continue to be a focus. Recent product-related activities (Registry Rewrite, Middleware and launch of French-accented .CA domain names) all provided a solid platform for CIRA to move forward in the market. The emphasis for product development in FY 14 will be the evaluation of pricing strategies for .CA and the evaluation/development of potential line-extensions.

Line of business expansion investigation

The organization will evaluate longer term new line-of-business opportunities that generate revenue. This area of focus may not exclusively relate to .CA, but be aligned with all core competencies of the organization to support CIRA's top goal to becoming a recognized leader and trusted voice in the Internet community.

Customer satisfaction tracking

CIRA will monitor the satisfaction of its key stakeholder groups. This tracking study, in its fourth year, provides insight into customer satisfaction among our Registrants, Registrars and Member stakeholders. In addition, it provides valuable information about the attitudes and perspectives on Internet usage and domains among our core audiences, as well as key influencers and the general Internet population.

4) Internet-Related Activities in Canada

The objectives – of being safe and secure, efficient and market/customer focused – will combine to build a vibrant and healthy organization over the long-term. This will also ensure that CIRA achieved its goal of continuing to undertake Internet-related activities in Canada.

BIND 10

In year five of a five-year project, BIND 10 is being designed to serve the needs of dynamic and growing Internet-dependent businesses. CIRA makes an annual contribution of $200,000 towards this open-source software that will ultimately benefit the vast majority of Internet users. The goal for year five is to have a functional authoritative and caching server.

Internet exchange points

CIRA's objective is to be a catalyst that facilitates the development of a national Internet Exchange Point (IXP) fabric. In addition to existing IXPs in Toronto and Ottawa, we aim to support the launch of IXPs in Montreal, Winnipeg and Alberta this year.

State of Internet

The purpose of this project is to conduct an analysis of the health and function of the Internet in Canada. We will begin a pilot test project with the deployment of two probes that will measure the speed of Internet traffic. Results from this pilot project will also help develop a business case for future national deployments.

Canadian Internet Forum

The Canadian Internet Forum (CIF) will enter its fourth year in FY 14 and continue to form the basis of CIRA's participation at the annual international Internet Governance Forum, which is a UN-sponsored, global multi-stakeholder meeting held regularly over a five-year lifespan. This is a unique opportunity for Canadians to participate in and have a say on the direction the Internet should take in Canada.

Support 3rd party Internet development organization

CIRA will consider supporting the establishment of a Canadian organization capable of engaging in a wide spectrum of Internet issues, including policy, governance, technology and development, to ensure a healthy, sustainable Internet is available to everyone. Such an entity would be better positioned to pursue a wide range of Internet-related issues that CIRA would not normally address.

Board advisory committee

CIRA staff will support the launch of an arms-length Advisory Committee to administer and distribute funds to third parties in support of Internet-related activities. The Committee would have broad representation and expertise from CIRA stakeholders and subject matter experts, while maintaining Board oversight to ensure its fiduciary obligations are met. The Committee's mandate will consist of requests, evaluation, recommendation - and/or selection and funds disbursement for proposals in support of Internet-related activities in Canada.

FINANCIAL MANAGEMENT

CIRA Operating Budget FY14

	FY14 Budget ($)	FY13 Budget ($)	Year over Year $ Change	Year over Year % Change
Revenue	17,467,286	17,584,800	(117,514)	-0.7%
Infrastructure / DNS	3,739,091	3,754,328	(15,237)	-0.4%
Finance & Administration	3,165,010	3,315,563	(150,553)	-4.5%
Marketing & Communications	2,601,530	2,710,855	(109,325)	-4.0%
Development	2.030,206	2,137,738	(107,532)	-5.0%
Amortization	1,680,000	1,417,793	262,207	18.5%
Legal & Policy	1,111,194	1,131,096	(19,902)	-1.8%
Channel Management	807,100	920,699	(113,599)	-12.3%
Board of Directors	537,304	516,207	21,097	4.1%
Total Operating Expenses	15,671,435	15,904,279	(232,844)	-1.5%
Community Investment Program	1,050,000	1,723,500	(673,500)	-39.1%
Growth Initiatives	745,851	0	745,851	
Excess of revenue over expenses /				
(Operating deficit)	0	(42,979)	42,979	N/A

CIRA Capital Plan FY14

	FY14 Budget ($)	FY13 Budget ($)	Year over Year $ Change	Year over Year % Change
Computer Hardware	904,000	1,174,000	(270,000)	-23%
Computer Software	448,000	228,000	220,000	96.5%
Office Equipment	-	20,000	(20,000)	-100.0%
	1,352,000	1,422,000	(70,000)	-4.9%

Appendix A: Activities Aligned with Top-Level Strategies

Project / Initiative Name	Safe and Secure	Operational Efficiency	Market & Customer Focused	Internet-Related Activities
Strategic Objective: Safe and Secure				
DNSSEC	Direct	No	Limited	No
Redesign corporate systems & network zoning	Direct	Moderate	No	No
Business Continuity and disaster recovery	Direct	Significant	No	No
Threat Risk Assessment / Vulnerability Assessment (TRA/VA)	Direct	Moderate	No	No
DNS Infrastructure upgrade and expansion	Direct	Moderate	No	No
Strategic Objective: Operational Efficiency				
Corporate organizational development	Limited	Moderate	Limited	No
Corporate Performance Management / Business Intelligence	Moderate	Moderate	Limited	Limited
Registry data enhancement	No	Direct	Limited	No
Contractual compliance automation	No	Direct	Limited	No
Elections process streamlining	Limited	Significant	Moderate	No
Policy and registry system review	Moderate	Moderate	Significant	No
Strategic Objective: Market & Customer Focused				
.CA brand building	Limited	Limited	Direct	No
Registrar support and development	No	Limited	Direct	No
.CA product development	Moderate	Limited	Direct	No
Line of business expansion investigation	Limited	Limited	Direct	No
Customer satisfaction tracking	No	Limited	Direct	No
Strategic Objective: Internet Related Activities				
BIND 10	No	No	Limited	Direct
Internet exchange points	Limited	No	Limited	Direct
State of the Internet	No	No	No	Direct
Canadian Internet Forum	Limited	No	Moderate	Direct
Support 3rd party Internet development organization	No	No	No	Significant
Board advisory committee	No	No	No	Direct

Legend

Level of contribution to delivery of Strategic Objective	Symbol
Direct contribution	●
Significant contribution	◕
Moderate contribution	◗
Limited / Indirect contribution	◔
No Contribution	○