



ANNUAL REPORT 2003

**Stichting
Internet
Domeinregistratie
Nederland**





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Directors, managers and officers

Summary

Management Board

H. Kraaijenbrink Chair (until 5 November 2003)

C.M. Prins Chair (from 5 November 2003)

P. Follon Secretary

P.A.M. Oude Ophuis Treasurer

P.E.C. Ancion-Kors

A.M.P. Regout

T.S. Scargo

Special Advisors

P. Beertema

R.J.T. Lindgreen

B. Nederkoorn

Council of Participants

H. Bennink Chair

Complaints and Appeals Body

A. Oskamp Chair

J.M. Gardeniers Secretary

R. Eissens

A. Meijboom

J.C.M. van Oers

Office

B.J. Boswinkel Director

Control and support

J.L.L. Hoedemakers Manager

M.I.A.F. Jansen-de Wit

S. Pulas-Avci

A.F.J. Takes

I. Temming

A. Vijge

ICT

J. Melein Manager

A.C. van Bemmelen

H. ten Boden

M.W. Groeneweg

R.A. van der Molen

H.G.J. Roelofs

A.H. Sanders

J.H. Vermeulen

Operations

G.J. van der Ham Manager

J. Bakker

M.J. Buurman

A. Fakhraie

J. van Pijkeren

S. Ramanathan

Ch. van Spaandonk

U. Uzegbu

A.K. Vink

Staff

J.N. Akkerhuis

B.J. Geerlings

C.A.M. Jongerius

J.F. Kroneman

B.E. Vastenburg

The year 2003 was dominated by introduction of the new rules and regulations, by the move to bring operational service provision in house and by increasingly vigorous growth in the number of '.nl' domain names. On 19 December, the millionth '.nl' domain name was registered.

During the year under review, the number of registered '.nl' domain names rose from 803,445 on 1 January to 1,005,292 on 31 December. However, the number of personal '.nl' domain names fell from 664 to 607. Participant numbers were up once more – from 1,398 to 1,598 by the end of the year under review. Some of the fees charged to participants by SIDN remained unchanged in 2003, while many were reduced. Overall income for the year was EUR 5,901,860, while total expenditure was EUR 3,929,119. After tax, a positive result of EUR 1,433,801 was recorded.

Domestically, the most important development was introduction of the new rules and regulations with effect from 29 January 2003. Since that date, any private individual or business anywhere in the world has been able to apply for a '.nl' domain name. A new arbitration system for the settlement of disputes concerning '.nl' domain names also came into force. Three cases were referred to the arbitration body during the course of the year.

SIDN was also active on the international stage in the year under review. SIDN staff were involved at board or

committee level in organisations such as CENTR, ICANN, RIPE, the European Union and the IETF. Various papers were presented at conferences and the like. In addition, SIDN joined ICANN's ccNSO.

The Complaints and Appeals Body dealt with nine appeals in 2003.

The Council of Participants met three times in 2003, under the chairmanship of H. Bennink. Each meeting was prepared by an agenda committee made up of participants' representatives.

The Management Board met five times in 2003. P.A.M. Oude Ophuis was proposed for reappointment to the Board by the Council of Participants and duly appointed for a further term. Following the death of H. Kraaijenbrink, the Board elected C.M. Prins to the chair in his place.

This annual report has been adopted by the Management Board of SIDN.

Arnhem, 11 March 2004

C.M. Prins Chair
P. Follon Secretary
P.A.M. Oude Ophuis Treasurer
P.E.C. Ancion-Kors
A.M.P. Regout
T.S. Scargo



Review of the year 2003: the continuation of growth

Introduction of the new regulations

The SIDN organisation

a



Number of registered '.nl' domain names

The number of registered '.nl' domain names rose in 2003 from 803,445 on 1 January to 1,005,292 on 31 December. The net increase of 201,847 represents a 25 per cent growth in registered names. On 19 December 2003 at 4:06pm, the number of '.nl' domain names broke the one million barrier. SIDN participant Planet Media Group registered the milestone name: verzeker-online-zelf.nl.

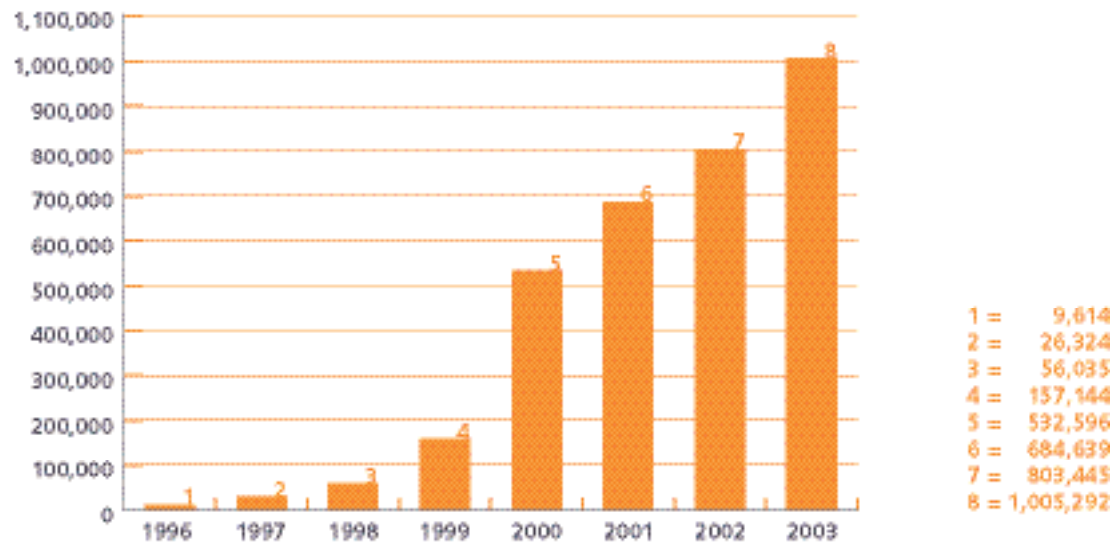


Figure 1
growth in the number of registered '.nl' domain names since 1996

a B.J. Boswinkel and C.M. Prins congratulate the holder of the 1 millionth '.nl' domain name

The net growth in the number of '.nl' domain names was not evenly distributed over the year. The first peak was seen in February, following implementation of the new registration regulations on 29 January 2003. Since that date, any private individual or business anywhere in the world has been able to apply for a '.nl' domain name. The opening up of the domain triggered a surge of registrations in February 2003. Thereafter, the rate of growth settled at about 14,000 domain names a month until the final quarter. For the last three months of the year, registrations were running at roughly 20,000 a month.

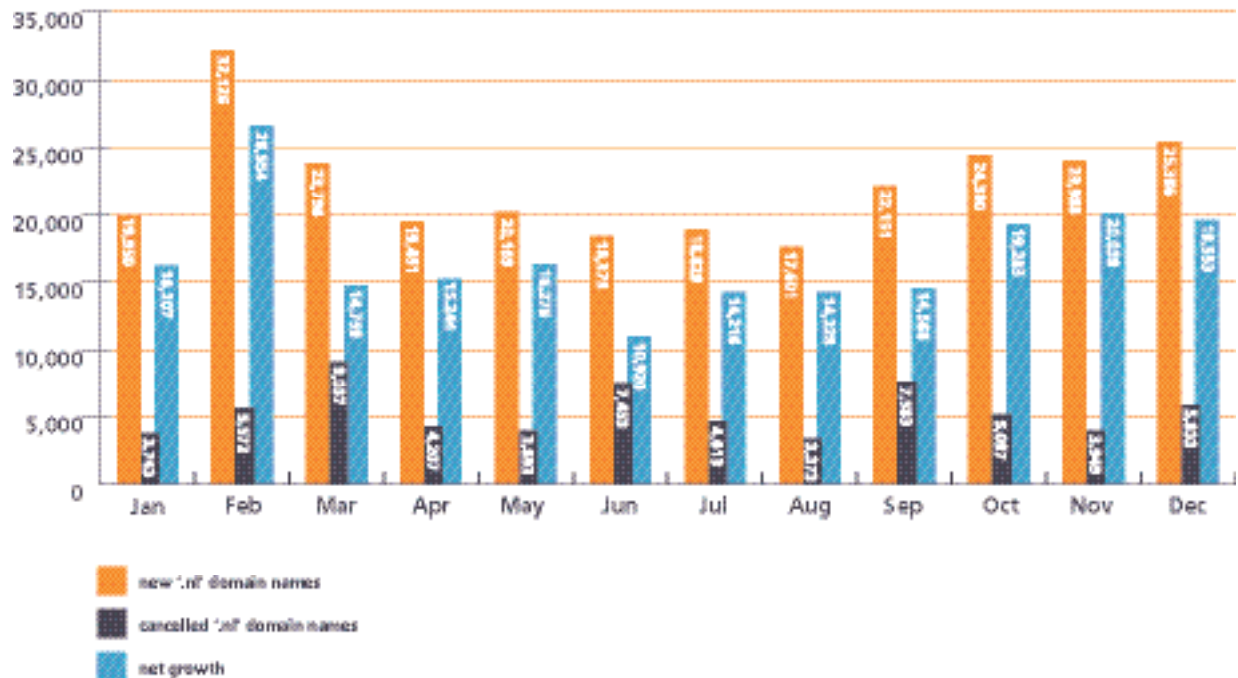
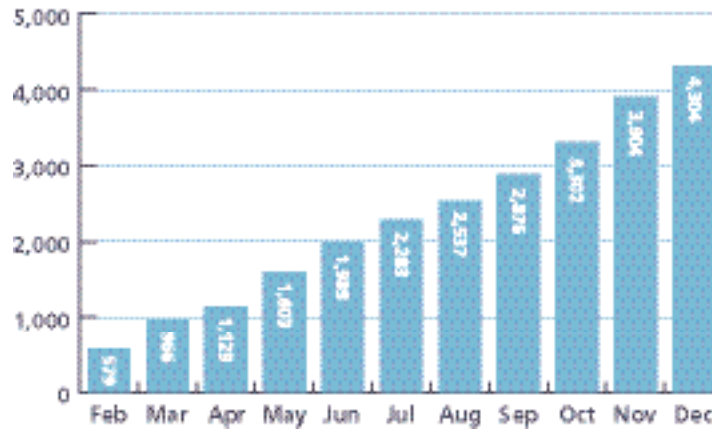


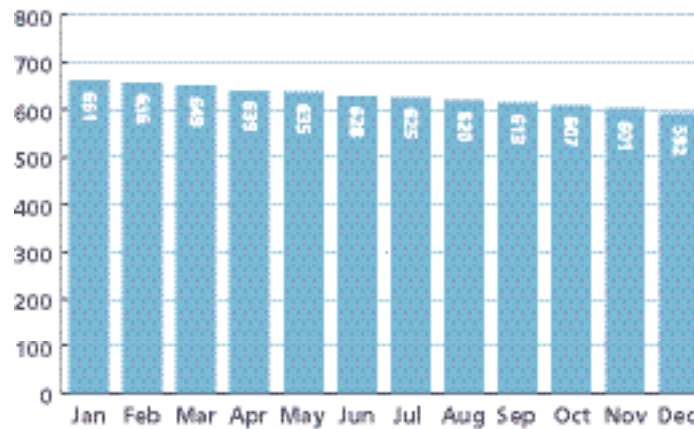
Figure 2
growth in the number
of registered '.nl'
domain names per
month in 2003

Figure 3
the number of '.nl' domain names registered to holders outside the Netherlands per month in 2003



Since 29 January 2003, people and organisations anywhere in the world have been allowed to apply for '.nl' domain names. Prior to that, applicants had to be based in the Netherlands. In 2003, 4,304 names were registered to holders in other countries. This represents 0.4 per cent of the total number of names in the domain. In other words, the surge in growth was not attributable to any great extent to interest from abroad.

Figure 4
number of personal '.nl' domain names per month in 2003



Number of personal '.nl' domain names

The registration and use of personal '.nl' domain names continued after 29 January 2003. A personal '.nl' domain name is a name with a three-digit numeric code at the second level, such as 'janjansen.123.nl'. Since 29 January 2003, private individuals have been able to register a domain name directly beneath the '.nl' top level. This change led to a gradual decline in the number of personal '.nl' domain names in 2003, from 661 at the end of January to 592 by the end of December. The high point for personal '.nl' domain names was at the end of November 2002, when there were 665 names registered.

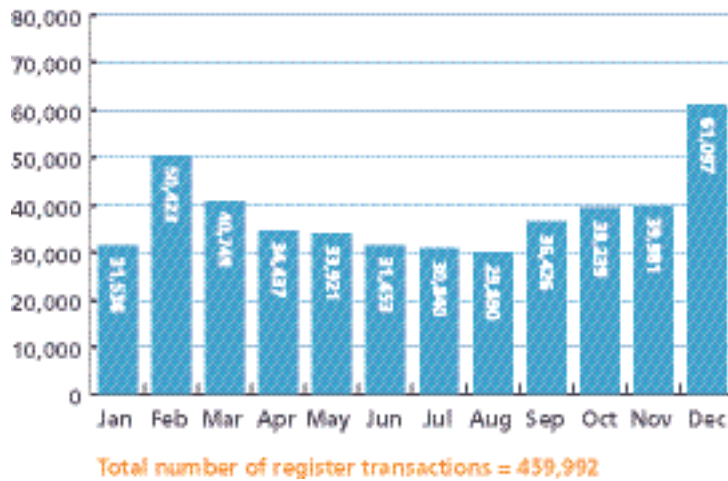


Figure 5
number of register transactions
per month in 2003

Number of register transactions

The total number of register transactions (new domain name registrations, relocations, name changes, changes of domain name holder and nameserver changes) performed in 2003 was 459,992, compared with 318,555 in 2002. On average, there were roughly 38,300 register transactions per month during the year. The high level of register transactions seen in February 2003 reflected the large number of new '.nl' domain name registrations. The level of activity in December 2003 was due to the number of nameserver changes reaching five times the monthly figure for the rest of the year.

Fees

Most of SIDN's fees were reduced twice in the course of 2003. With effect from 1 January 2003, the main fees – the one-off contribution and the subscription – were cut from EUR 5.00 and 1.75, respectively, to EUR 2.00 and 1.65. Factors including the growth in the number of '.nl' domain names and the savings made by bringing service provision operations in house enabled SIDN to reduce its fees again from 1 July 2003. This second reduction was backdated to 1 January 2003. Since 1 July, the one-off contribution has been EUR 1.00 and the annual subscription EUR 1.20. The crediting of participants in line with the second fee adjustment went very smoothly.

Changes to direct debit scheme

A new direct debit scheme came into effect on 1 July 2003. Participants who choose to pay by direct debit receive a discount of 5 per cent on the net amount they are billed. More than 50 per cent of participants have opted to make use of the scheme.

Turnover

Although the number of '.nl' domain names and the number of fee-generating register transactions continued to grow in 2003, the fee reductions implemented during the year meant that gross income was down by 23 per cent on 2002. Overall income to SIDN in 2003 was EUR 5,901,860, compared with EUR 7,679,353 in 2002.

The registration system

Preparations began in 2002 for modification of the Domain Name Registration System (DRS) in connection with implementation of the new rules and regulations. The DRS-NR (NR stands for 'new regulation') came on line on 29 January 2003. Participants had been able to familiarise themselves with the system since 9 December 2002, when a trial version of the system was made available.

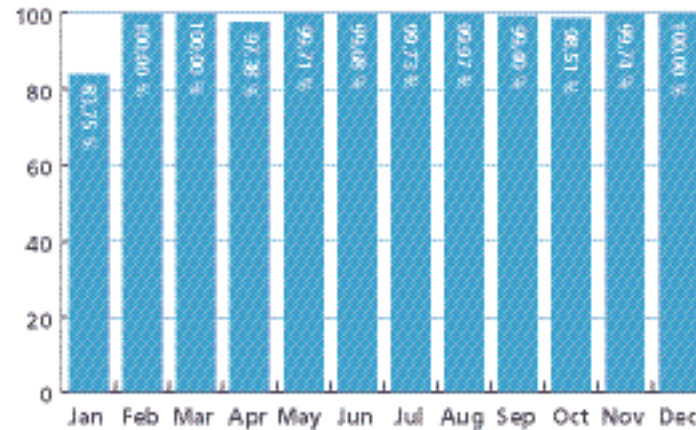
During the year, the first steps were also taken towards creation of a completely redesigned registration system: DRNext. An external consultancy firm, K2T, was commissioned to carry out a survey of preferences and requirements regarding the new system. The exercise involved interviewing members of the various stakeholder groups, including of course SIDN's participants. The consultants' final report was presented to SIDN's Management Board on 1 July 2003.

It is expected that a supplier will be selected in 2004 to provide the new system. Once the selection process is complete, building work can start on DRNext.

Availability data

SIDN maintains statistics regarding the availability of its services. These statistics cover the availability of, for example, the public and restricted-access areas of its website, the Whois facility, the web and e-mail forms for participants and the nameservers. With the exception of January, availability was maintained at a high level throughout the year. The comparatively low availability figure of 83.75 per cent for January was due to the introduction of DRS-NR.

Figure 6
availability percentage
per month in 2003



Websites

The public area of the SIDN website was very well frequented in 2003. It was visited a total of 2,708,748 times in the course of the year, compared with 1,921,435 times in 2002. The monthly average number of hits was 225,729. Factors likely to have contributed to the growth in traffic include a national newspaper advertising campaign designed to inform '.nl' domain name holders about the forthcoming regulation changes and the extensive press coverage given to SIDN on a number of occasions. Thirty-two news features appeared in 2003.

The participants' restricted access area of the site was also well visited in 2003. Hits went up to 97,384, from 85,320 in 2002. The monthly average number of visits was more than 8,000 in 2003. Twenty-five news features appeared in 2003.

Privacy

The regulations that came into force on 29 January 2003 make extensive provision for the protection of domain name holders' privacy. Operational expression was given to SIDN's commitment to privacy by restricting the number of Whois enquiries that can be made from any one IP address to fifteen a day (except where special exemption is obtained). In addition, the holders of '.nl' domain names can ask for their personal details not to be included in the public register. Where such a request is granted, the relevant participant's details are entered in the public register instead of the holder's. The number of reasoned opt-out requests received by SIDN is typically one or two a day.

Review of the year 2003: the continuation of growth

Introduction of the new regulations

The SIDN organisation

Introduction of the new regulations

On 29 January 2003, the new regulations on the registration of '.nl' domain names and the new regulations for participants came into force. At the same time, the regulations on the arbitration of disputes concerning '.nl' domain names took effect and the rules of the Complaints and Appeals Body were modified and supplemented.

The new rules and regulations implemented the recommendations that came out of the Domain Name Debate, and their introduction therefore brought that consultation process to a close. With the new rules and regulations in place, liberalisation of the system by which '.nl' domain names are issued is all but complete. Any private individual or business anywhere in the world can now apply for a '.nl' domain name.

In preparation for the changes, all holders of '.nl' domain names were sent an e-mail informing them of what was in prospect. In addition, three information sessions were organised for participants and advertisements were placed in the national daily press.

On Wednesday 15 January 2003, SIDN and WIPO together put on an information day to explain the new arrangements for the arbitration of disputes concerning '.nl' domain names. The morning programme was aimed specifically at lawyers active in this field, while the afternoon programme was designed to be of value to all.

No significant problems were encountered when the revised registration system (DRS-NR) was brought on line. In the first twenty-four hours, 4,100 applications were submitted by 450 different participants, including thirty-five on behalf of applicants in other countries.

b



c



b Advertisement as published in the national daily press

c Erik Wilbers of WIPO giving a presentation on the information day on 15 January 2003

View from the chair: a review of the year

Kees Prins CHAIR OF SIDN



Five issues dominated 2003. First, there was the introduction of the new regulations on the registration of '.nl' domain names and the new regulations for participants. This brought to a close the Domain Name Debate. The changes mark a further step in the process of liberalisation. Meanwhile, an arbitration system was introduced for disputes concerning '.nl' domain names and the rules governing the Complaints and Appeals Body were supplemented. Later in the year, the organisation's constitution was also modified.

Second, there was the reorganisation of SIDN's operations, which involved bringing operational and technical service provision in house. Nearly all the KEMA personnel who had been doing SIDN work were transferred to SIDN's payroll. At the same time, financial accounting was improved considerably and a system of result assessment and appraisal was introduced. The organisation also moved in to its own accommodation during the year. The reformed SIDN organisation is well placed to work towards a greater cohesion between operational activities, formal structures and international cooperation and development.

The third main focus of attention in 2003 was the successor to the present registration system:

DRSnext. Working in consultation with the participants, a schedule of preferences and requirements was drawn up for DRSnext. This concept definition exercise took longer than expected, so it was not possible to begin the proof-of-concept work during the year.

SIDN's capital position drew a great deal of comment from stakeholders during the year under review. Despite a backdated reduction in fees and a discount scheme for participants, the Foundation's capital and reserves increased considerably. On the other hand, the Dutch government indicated concern regarding the potential implications that any capital inadequacy might have for the operational continuity of the Internet domain name system.

Finally, in November, SIDN was hit by the sudden death of Hans Kraaijenbrink. At the time of his death, I had known Hans almost twenty years and had always admired the way he focused on issues, rather than trying to enhance his own position. No one is indispensable, of course. Nevertheless, it will be a long time before anyone else whom we know so well and who is so accessible can assume the type of pivotal role that Hans occupied in the national and international communications world.

So to the matter at hand. The purpose of this report is to provide a verbal account of and annotated figures for the year under review. I trust you will not find it wanting in this regard. The number of registered domain names has been growing as never before; in the course of 2003, we even passed the one million mark. The '.nl' domain remains one of the largest country-code top-level domains, evidence of Dutch society's strength and capacity for innovation.

Review of the year 2003: the continuation of growth

Introduction of the new regulations

The SIDN organisation

Management Board

The unexpected death of Hans Kraaijenbrink, Chair of SIDN's Management Board, on 5 November 2003 came as a heavy blow to the organisation. Kees Prins was chosen to succeed Hans Kraaijenbrink at the board meeting on 13 November 2003. Peter Oude Ophuis was nominated by the Council of Participants and was duly appointed by the other board. The Management Board met five times in 2003.

A total of EUR 42,000 was paid to board members in the form of expenses and attendance allowances in 2003.

At the close of the year under review, the membership of the Management Board was as follows (year in which term of office ends between brackets):

C.M. Prins Chair (2005)

P. Follon Secretary (2004)

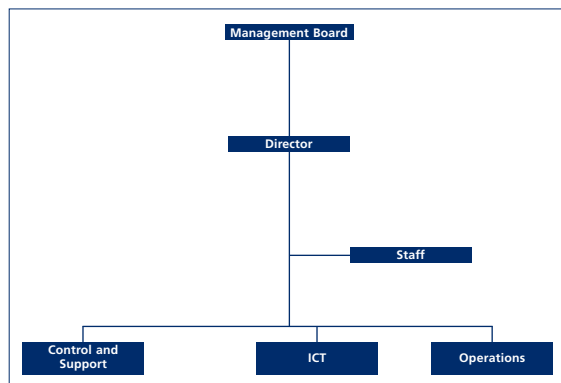
P.A.M. Oude Ophuis Treasurer (2006)

P.E.C. Ancion-Kors (2005)

A.M.P. Regout (2004)

T.S. Scargo (2005)

Figure 7
organisational structure of
SIDN from 1 January 2003



Operational organisation

With effect from 1 January 2003, SIDN brought in house operational and technical responsibility for all '.nl' domain registration activities. As a result, the workforce increased on 1 January 2003 from eight to twenty-five. By the close of the year, SIDN employed twenty-eight people (26.6 FTEs). SIDN is divided into four departments: ICT, Operations, Control and Support and a Central Staff Department. The ICT Department manages and maintains the systems and undertakes technical projects. The Operations Department is responsible for operational activities relating to the registration of '.nl' domain names. It also fulfils a helpdesk role for participants with operational queries and problems. In addition, Operations maintains the register of participants. The Control and Support Department has responsibility for financial, administrative and secretarial matters. The Central Staff Department prepares policy and maintains contacts with participants and other stakeholders at the national and international levels.

d



d The completion of the new (rented) building was provided with a musical touch

Bringing operational activities in house resulted in a rise in personnel costs from EUR 572,664 in 2002 to EUR 1,726,883 in 2003. At the same time, the move meant an end to the payment of KEMA for contractual services (EUR 2,181,652 in 2002). Because of the fundamental organisational changes that took place at the start of 2003, it is not easy to compare the figures for the year under review with those for 2002. However, it is fair to say that SIDN continued to provide the same services at a much lower cost.

In connection with the influx of new personnel, a result assessment and appraisal cycle was introduced with effect from 1 January 2003. The various positions within the organisation were also linked to a job grade system based on that used in the Dutch civil service. SIDN received support from EPROM with these initiatives.

A number of SIDN personnel went on the PRINCE2 course in December 2003, with a view to enhancing project-based working within the organisation. In the same month, various people from the Support Department and the Control and Support Department attended a customer focus course. The main aim of participation in this course was to promote customer-oriented thinking and practices, with a view to improving the quality of SIDN's services.

In the spring of 2003, it was decided that SIDN should remain on the Arnhem Business Park, at least for a few years. The cost of accommodation was EUR 170,368 in 2003. Over the summer, SIDN's offices underwent renovation. The refitted offices were formally opened on Friday 17 October 2003, the occasion being marked by a 'house-warming party' and a boat trip along the Rhine for the staff and officers, as well as their partners and children.

A survey was carried out in the autumn of 2003 to establish participants' views on SIDN's helpdesk services. The exercise involved producing a questionnaire with support from the research consultancy Intomart. The conclusions were that participants rate the services highly, particularly the telephone support, which scored better than the e-mail support.

On 28 October 2003, the SIDN Staff Association formally came into being. Officers were duly elected and all SIDN employees became members of the Association.

SIDN is working hard to improve its services

Gerrit-Jan van den Ham OPERATIONS MANAGER SIDN



Every day, the Operations Department handles a large volume of enquiries made to SIDN regarding '.nl' domain names. Enquiries of all kinds are received from participants and from domain name holders. Many are technical, relating to the accessibility of a domain name. But almost any topic is liable to crop up, from relocation issues to why a domain name has to consist of at least two characters. Financial and administrative questions are also common, so the people who work in the Operations Department have to be extremely resourceful. Although there are only eight people in Operations to field all the incoming queries, we have managed to stay on top of the many developments seen in 2003. And we intend to do even better in 2004.

Working towards improved service provision

On 1 January 2003, SIDN brought its operational activities in house. This meant a lot of changes within the organisation, including the Operations Department. A number of people previously employed by KEMA joined the SIDN payroll. Then, on 22 April 2003, I came to the department as its new manager. So two major changes took place in the space of a few months. Substantial growth in the number of participants during 2003 led to much larger volumes of enquiries and transactions. Furthermore, the nature of the enquiries changed,

particularly in terms of complexity. In the summer of 2003, it was therefore decided to add to the legal expertise within the department. For the time being, the personnel complement of eight is sufficient to enable us to manage the workflow.

As a department, in 2003 we agreed to listen to our participants more. What is important to them, and how can we provide what they want? In some cases, a problem can be resolved by something very simple, such as modifying a form, or rephrasing an e-mail to make it a little more personal. Often, though, effecting change isn't as easy as one might expect. First, everyone has for years been used to simply doing what SIDN asked. Since the start of 2003, however, it has been up to us to decide what is good for SIDN and its participants. Great progress in changing the outlook of the department has been made in a short space of time, but more remains to be done.

Some things that an outsider might imagine are easy to alter would in fact entail complex changes with implications for the whole organisation and even the wider Internet community. Where this is the case, SIDN simply can't do what people would like it to. However, we can listen and we can take people's ideas on board in order to further improve the quality of our service provision. Feedback from a survey carried out by Intomart in

the autumn of 2003 indicated that the department was performing well. In many cases, improvement appears to be just a matter of dotting the 'i's and crossing the 't's. Nevertheless, there's a long way to go before we can feel that our service levels are where we want them to be. Our ambition to get them there provides us with a challenge for the years ahead.

Along with colleagues from SIDN's Secretariat and the Finance Department, personnel from the Operations Department went on a course devoted to customer-focused communication in the latter part of 2003. The course provided us with various new ideas, and the first lessons have already been put into practice.

In 2003, the Operations Department was also closely involved in the development of courses for participants. It has quickly become apparent that there is a lot of demand for training of this kind – all the courses are now fully booked for six months ahead.

Follow-up in 2004

As well as continuing to develop a service-oriented philosophy within the department, we are busy preparing for DRSnext. The review of all our present processes is already underway. In addition, we have used feedback regarding participants' requirements and wishes to design new operational

processes, and improved numerous existing processes in line with our own observations. All our operators are closely involved in this exercise, ensuring that we make full use of the expertise that exists within the department. Everyone is keeping their eyes and ears open and thus making a meaningful contribution to the development of the new registration system.

We have also begun a review of all our standardised correspondence. Wherever we feel improvements could be made, texts are being revised to make them clearer. And wherever we want to be clearer, we are taking a close look at our practices and taking note of the things that could be done better.

Before the end of 2004, we also hope to have our own telephone switchboard. This will further improve our accessibility.

Generally, we remain open to any suggestions about ways of improving our services.

We nevertheless hope that participants and domain name holders will appreciate that we cannot act upon all their suggestions immediately.

Complaints and Appeals Body

When the new rules and regulations came into force on 29 January 2003, the rules of the Complaints and Appeals Body (C&AB) were extensively revised. Appeals can now be made on grounds that were not previously possible. Nine cases were dealt with by the C&AB in 2003 and the rulings published on the C&AB website.

The C&AB website received 3,769 hits during the course of the year, which equates to 314 hits a month. Although this is not a particularly high figure, the site does fulfil a purpose, since the C&AB secretariat now has fewer e-mail enquiries to deal with. The site creates clarity with regard to the C&AB. The cost of maintaining the C&AB in 2003 was EUR 23,396.

Domain name jurisprudence

DomJur is a collaborative initiative involving SIDN and the Centre for Law, Administration & IT (CRBI) at the University of Tilburg. The DomJur website was evaluated in April and May of 2003. People attending the Domain Name Day event in Leiden on 15 April 2003 were asked to complete a questionnaire, and an on-line questionnaire was also organised.

The responses indicated that, generally speaking, DomJur met the needs of Dutch lawyers well; the site was regarded as comprehensive, reliable and clear. Nevertheless, a number of improvements were made to the site in line with the feedback received. The redesigned DomJur website was launched on 19 November 2003.

At the year-end, the DomJur system provided information about 183 court rulings in cases relating to domain names. Rulings made by the arbitration body in cases relating to '.nl' domain names were also published on the DomJur site. By the close of the year, eight hundred people were subscribing to the monthly e-mail newsletter. The cost of running the DomJur system in 2003 was EUR 65,148.



g

e-f Old and new (below) DomJur website
g Presentation of DomJur on 15 April 2003
(Domain Name Day event in Leiden)

e



f



Arbitration body

The new regulations on the arbitration of disputes concerning '.nl' domain names came into force on 29 January 2003, to coincide with introduction of the new regulations on the registration of '.nl' domain names. In 2003, three cases were referred to the WIPO Arbitration and Mediation Center, which acts as the arbitration body for disputes involving '.nl' domain names. The cost of arbitration procedures is entirely met by the parties involved.

SIDN and the media

SIDN continued to receive regular media attention in 2003. SIDN itself issued five press releases during the year. Those dealing with introduction of the new regulations in January 2003 and with registration of the millionth '.nl' domain name in December 2003 led to particularly high levels of coverage.



Participants in SIDN

Participants

During the course of the year under review, the number of participants rose from 1,398 to 1,598. The Council of Participants met three times. More than half of the participants took advantage of a new direct debit scheme. Two courses were prepared in 2003 specifically for participants.

Number of participants

The number of participants in SIDN continues to grow. At the end of 1996 – the year of SIDN’s creation – there were 166 participants. By January 2003, the number had risen to 1,398, and by December of that year it stood at 1,598.

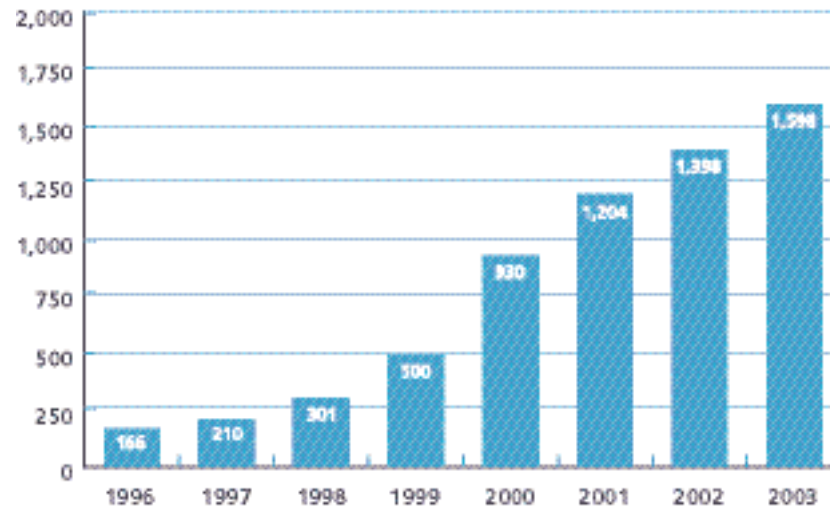


Figure 8
annual growth in the number
of category I participants
(situation on 31 December)

Council of Participants

The Council of Participants (CoP) met three times in 2003, in April, June and December. Each meeting was prepared by an agenda committee made up of participants' representatives. In addition, workshops were organised before each meeting, and these were well attended by the participants. At the meeting on 3 April 2003, Peter Oude Ophuis was nominated by the CoP for membership of the Management Board. On both 19 June 2003 and 11 December 2003, the CoP approved fee reduction proposals put forward by the SIDN Management Board; in each case, the proposal was for cuts in most of the fees charged by SIDN.

Exemptions from the Whois enquiry limit

Since the new regulations came into force on 29 January 2003, access to the Whois facility has been limited. No more than fifteen enquiries a day may normally be made from any given IP address. However, to avoid the operational problems this restriction is liable to create, participants are allowed to apply for an exemption. By the end of 2003, exemptions had been given to 651 participants, or 41 per cent of the total.

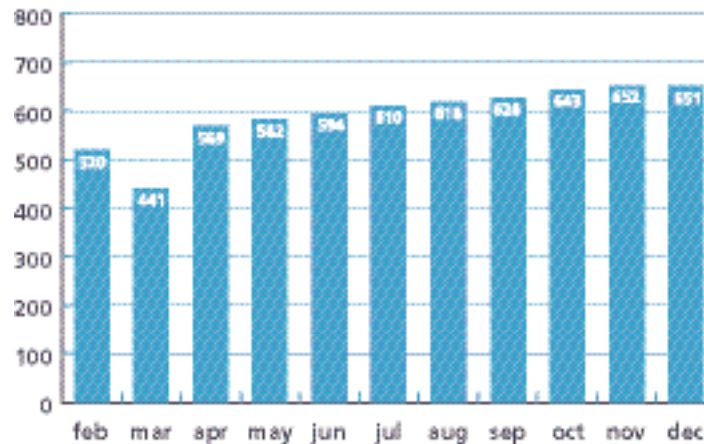


Figure 9
number of exemptions
from the Whois enquiry
limit granted per
month in 2003 (total
number of exemptions)

h



Introduction of the new regulations

Various initiatives were undertaken to ensure that participants were fully informed regarding the introduction of the new rules and regulations. On 14, 16 and 21 January 2003, information sessions were put on by SIDN for participants. These sessions focused specifically on the impending changes linked to the new regulations. Advice was given on working with the DRS-NR and the participants' guidelines. All the sessions were well attended.

DRSnext

In April 2003, the CoP's DRS Working Group was set up. This group has been involved in the definition of preferences and requirements for the new registration system, DRSnext.

New direct debit scheme

A new direct debit scheme was introduced in 2003. All participants were sent information about the scheme, plus a mandate form and reply envelope. More than half (53.5 per cent) of the participants had opted to join the scheme by the end of the year.

i



Courses for participants

Two separate courses were developed for participants during the year under review: a DNS management course and a domain registration course. The DNS management course was provided by AT Computing, and the domain registration course by Axis Informatieontwerpers (who also wrote the Guidelines on Domain Registration). Pilots for the two courses took place on 22 and 23 December 2003. The first 'real' course went ahead in February 2004. A special website has been created, where information about the courses is available and interested parties can enrol. The initiative proved very popular from the outset, with the first two course dates fully booked within two hours. (Twenty places were available on each date.)

h Participants at the information session on 21 January 2003

i Covers of the domain name registration and the DNS management course

The '.nl' domain name has the wind in its sails

Hans Bennink CHAIRMAN OF SIDN'S COUNCIL OF PARTICIPANTS



We may look back on 2003 with satisfaction. It was a year in which things went well for us and a number of important matters were brought to a conclusion. And, with the count proceeding well beyond the million mark, it seems that the popularity of the '.nl' domain name has yet to reach its peak.

The '.nl' domain name has unquestionably now reached maturity. There is nothing to stop anyone, anywhere in the world, from asking for a '.nl' name. Certainly not the price – 'our' domain is one of the cheapest in the world to join. All things considered, one might imagine that everything would always be plain sailing for the Foundation. On the horizon, however, storm clouds are gathering.

Storm clouds in the form of government policy. In itself, the interest taken by the Dutch government in what we do is nothing unusual. All around the world, the authorities are realising what a powerful tool the Internet is, and how little control they have over it. And no government can tolerate anything outside its control. Which is why governments everywhere want to get a grip on this extraordinary medium – by making the allocation of domain names a state preserve, for example.

So, in the future, we will have to use full sail to keep our present system of self-regulation ahead of the pursuers. To this end, it is increasingly important that we run a tight ship, not only as a foundation, but also as individual participants in our dealings with one another. Along with my colleagues on the Agenda Committee, I shall do my best to ensure that this is the case. However, all our efforts will count for nothing unless we have the support of all participants, who do after all represent the whole of our industry.

I therefore hope I can count on your commitment and vision, both during meetings and at other times. It is in all our interests that the Foundation succeeds in riding out the coming storm. Because the alternative, it seems to me, is as unworkable as it is undesirable.



New developments

International developments

New developments

SIDN was involved in various new developments in the field of domain name registration in 2003. The most significant of these was the DNSsec initiative. Meanwhile, developments relating to the introduction of IDN (Internationalised Domain Names), IPv6 (IP version 6), EPP (Extensible Provisioning Protocol) and ENUM were all monitored closely.

DNSsec

At the end of 2002, SIDN joined forces with NLNetLabs to start experimenting with the use of the DNSsec protocol under the name Secure Registry (SecReg). This work was brought to a conclusion in 2003. On 19 November 2003, the project was rounded off with a workshop organised by SIDN to look at the experience gained from the SecReg experiment. Fifteen participants attended the workshop.

A final report was subsequently published and Miek Gieben (NLNetlabs) and Jaap Akkerhuis (SIDN) presented papers in various national and international forums. The SecReg Project closed on 28 December 2003. A great deal of interest has been shown around the world in the innovative work done by SIDN and NLNetLabs in the context of the project.



Internationalised Domain names (IDN)

Through the IETF, agreement has been reached to allow for the registration of domain names with non-ASCII characters. The registries in various European countries, including the Scandinavian nations, have been working hard on the implementation of this agreement at the ccTLD level for a while now, partly at the instigation of their national governments.

j Presentation at the DNSsec workshop on 19 November 2003

New developments
International developments**International developments**

SIDN was active in various international forums in 2002. SIDN staff were involved at board or committee level in organisations such as CENTR, ICANN, RIPE and the IETF. Various papers were presented at conferences and the like. A total of EUR 80,772 was spent on international travel and accommodation in 2003.

Internet Corporation for Assigned Names and Numbers (ICANN)

ICANN met three times during the year under review, in Brazil, Canada and Tunisia. At the meeting held in Rio de Janeiro between 23 and 27 March, Australian Paul Twomey was appointed ICANN's new CEO, succeeding Stuart Lynn. The main topic on the agenda in 2003 was the revision of ICANN's constitution, in particular the creation of the country code Names Supporting Organisation (ccNSO). In September 2003, SIDN became the first European registry to join the ccNSO. SIDN is also very active on ICANN's Security and Stability Committee. In 2003, SIDN made a voluntary contribution of USD 85,000 to ICANN.

Acting in a personal capacity, Bart Boswinkel served as a member of the ccNSO Assistance Group. In 2003, this group completed the task it was set up to perform, and duly made its recommendations to the ICANN community via the Evolution and Reform Committee. At its meeting on 26 June 2003, ICANN's Board of Directors approved the proposed changes, effectively giving the green light to formation of the ccNSO (a supporting organisation for the ccTLDs). A Launching Group – which Bart Boswinkel was asked to join – was set up to supervise creation of the new body. In 2003, SIDN became a member of the ccNSO.

At the end of December 2003, a report was published under the title DNS Infrastructure Recommendation of the Security and Stability Advisory Committee. Jaap Akkerhuis, SIDN's Technical Advisor, sat on the committee responsible for this report.

Council for European Top Level Registries (CENTR)

In February 2003, SIDN Director Bart Boswinkel was re-elected to CENTR's Executive Committee (Excom). CENTR held four general meetings in 2003, in Germany, Hungary, Italy and Poland. Bart Vastenburg, SIDN's company lawyer, participated in the legal and regulatory meetings. For the year under review, SIDN's contribution to CENTR was EUR 46,500.

Among the topics addressed by CENTR were formation of the ccNSO under the ICANN structure, revision of the so-called GAC principles on delegation and redelegation and the World Summit on the Information Society (WSIS). SIDN also took part in the administrative and IDN workshops organised by CENTR.

RIPE

RIPE met three times in 2003, in the Netherlands (in January and September) and in Spain. Various SIDN officers attended these meetings, presented papers or chaired working groups.

Internet Engineering Task Force (IETF)

SIDN was represented on the IETF by Jaap Akkerhuis, who was active in several working groups. The DNSsec protocol is almost finished. A total of three IETF meetings took place in 2003, in the United States (twice) and in Austria.



All amounts in euros

Balance as at 31 December 2003
After appropriation of profits

2003

2002

	2003	2002
FIXED ASSETS		
Material fixed assets		
Machinery and installations	79,276	181,014
Other fixed operating means	667,424	69,950
	746,700	250,964
CURRENT ASSETS		
Receivables		
Accounts receivable	8,266	11,355
Other receivables	391,629	586,775
	399,895	598,130
Cash at bank and in hand	7,523,177	5,751,162
	8,669,772	6,600,256
Capital and reserves		
General reserve	7,607,203	6,173,402
Current liabilities		
Liabilities to suppliers	276,176	430,134
Taxation and social security contributions	564,014	(60,805)
Other liabilities	222,379	57,525
	1,062,569	426,854
	8,669,772	6,600,256

All amounts in euros

Profit and loss account for 2003

	2003	2002
Net turnover	5,901,860	7,679,353
Expenditure		
Payments to operators	0	2,181,652
Personnel costs	1,726,883	572,664
Depreciation material fixed assets	281,719	157,313
Other operating expenditure	1,920,517	2,170,810
	3,929,119	5,082,439
Operating result	1,972,741	2,596,914
Interest received	204,864	151,422
Result from ordinary operating activities before taxation	2,177,605	2,748,336
Taxation	743,804	939,223
Net result	1,433,801	1,809,113

All amounts in euros

Cash flow summary

	2003	2002
Cash flow from operational activities		
Operating result	1,972,741	2,596,914
ADJUSTMENTS FOR		
Depreciation of tangible fixed assets	281,719	157,313
VARIATION IN WORKING CAPITAL		
Receivables	198,235	94,114
Current liabilities	635,715	(853,122)
	833,950	(759,008)
Cash flow from ordinary operations	3,088,410	1,995,219
Interest received	204,864	151,422
Tax paid on profits	(743,804)	(939,223)
	(538,940)	(787,801)
Cash flow from operational activities	2,549,470	1,207,418
Cash flow from investment activities		
Investment in tangible fixed assets	(777,455)	(117,035)
Cash flow from investment activities	(777,455)	(117,035)
Increase in funds	<u>1,772,015</u>	<u>1,090,383</u>

All amounts in euros

General notes

General

The Stichting Internet Domeinregistratie Nederland was founded on 30 January 1996.

Its objects are as follows:

- a Provision and maintenance of one or several domain name systems at responsible rates.
- b All other matters directly or indirectly connected with or beneficial to these aims, in the general sense of these words.

Principles of valuation and result determination

General

The principles of valuation are explained below in the notes to the individual balance sheet items; where nothing is indicated to the contrary, valuation is based on nominal values.

Result determination

All items in the profit and loss account have been calculated on the basis of amounts attributable to the year under review.

Taxation

The corporation tax due has been calculated on the basis of the result, taking account of those profit components that are exempt from taxation. The discrepancy between the tax liability calculated on this basis and the amount of tax payable or reclaimable in the short term has been covered by the creation of a deferred tax liability provision. This provision has been calculated on the basis of current rates of tax.

All amounts in euros

Notes to the balance sheet

Material fixed assets

The material fixed assets have been valued on the basis of historical cost prices, less straight-line depreciation over time. The following depreciation percentages have been applied:

- Machinery and installations 33%
- Other fixed operating means 20%-33%

The movement in material fixed assets can be detailed as follows:

	Machinery and installations	Other fixed operating means	Total
1 januari 2003			
Purchase cost	563,987	111,011	674,998
Cumulative depreciation	-/- 382,973	-/- 41,061	-/- 424,034
Book value	181,014	69,950	250,964
Movements			
Investment	2,279	775,176	777,455
Depreciation	-/- 104,017	-/- 177,702	-/- 281,719
	-/- 101,738	597,474	495,736
31 december 2003			
Purchase cost	566,266	886,187	1,452,453
Cumulative depreciation	-/- 486,990	-/- 218,763	-/- 705,753
Book value	79,276	667,424	746,700

All amounts in euros

Receivables

A provision for non-collectible payments has been deducted from the accounts receivables balance:

	2003	2002
Receivables	27,578	48,955
Provision non-collectible payments	(19,312)	(33,600)
	8,266	11,355

Other receivables

The other receivables may be broken down as follows:

	2003	2002
Interest receivable for fourth quarter of the previous financial year	50,940	48,816
New domain name charges and subscriptions still to be invoiced	154,606	345,026
Other domain amendments from fourth quarter still to be invoiced	50,895	143,883
Advance expenditure firewall support	71,424	34,545
Advance expenditure insurance	33,338	0
Other advance expenditure	30,426	14,505
	391,629	586,775

All amounts in euros

Cash at bank and in hand

The cash at bank and in hand may be broken down as follows:

	2003	2002
Cash in hand	116	0
Current account	173,061	79,298
Savings account	3,600,000	1,071,864
Deposit account	3,750,000	4,600,000
	<u>7,523,177</u>	<u>5,751,162</u>

Capital and reserves

The movement in the general reserve may be broken down as follows:

	2003	2002
Position as at 1 January	6,173,402	4,364,289
From the appropriation of profits	1,433,801	1,809,113
Position as at 31 December	<u>7,607,203</u>	<u>6,173,402</u>

All amounts in euros

Current liabilities

Taxation and social security contributions

This heading may be broken down as follows:

	2003	2002
Value Added Tax	(93,927)	(171,719)
Corporation tax	581,552	63,137
Wage tax	30,810	18,796
Social security contributions	24,808	2,275
Pensions	20,771	26,706
	564,014	(60,805)

Other liabilities

This heading may be broken down as follows:

	2003	2002
Holiday pay reserve	55,901	18,518
Holiday reserve	27,600	6,480
Net pay/salary savings	0	848
Advance payments received	21,532	7,500
Other liabilities	117,346	24,179
	222,379	57,525

All amounts in euros

Off-balance sheet commitments

Rental commitments

The total annual amounts to which SIDN is committed in connection with real estate rented from third parties is roughly € 110,000. The rental agreement ends 31 December 2007.

Lease commitments

The total annual amount to which SIDN is committed in connection with vehicles leased from third parties is approximately € 30,000.

Notes to the profit and loss account

Net turnover

The net turnover was generated entirely in the Netherlands and may be broken down as follows:

	2003	2002
Participants' contributions	939,760	813,350
Income from new domain names (one-off charges)	266,243	926,265
Income from existing domain names (subscription charges)	4,544,347	5,380,227
Income from amendments	171,206	559,511
Fee reductions	(87,364)	0
Other income	67,668	0
	5,901,860	7,679,353

All amounts in euros

Personnel costs

This heading may be broken down as follows:

	2003	2002
Pay and salaries	1,098,784	369,306
Social security charges	97,225	29,859
Pension charges	164,623	31,122
Temporary personnel costs	168,987	31,812
Other personnel costs	197,264	110,565
	<u>1,726,883</u>	<u>572,664</u>

Other operating expenditure

This heading may be broken down as follows:

	2003	2002
Innovation-related expenses	487,665	757,845
Operational costs	222,748	454,552
Maintenance of equipment	231,460	215,943
Accommodation costs	170,368	40,444
Office expenses	165,018	84,535
Management Board expenses	42,200	42,395
Appeals Body expenses	23,396	27,305
Membership fees	132,293	129,988
Consultation fees	205,770	109,369
Expenditure on publicity	111,170	176,127
Travel expenses associated with international activities	80,772	84,263
Bad debt costs	38,575	33,600
Other expenditure	9,082	14,444
	<u>1,920,517</u>	<u>2,170,810</u>

Overige informatie

Workforce

At the close of 2003, SIDN had 28 employees in The Netherlands (2002: nine).

Management Board members

A total of € 42,000 was paid to Management Board members in 2003 in the form of expenses and attendance allowances.

These annual accounts have been adopted by the Management Board of SIDN.

Arnhem, 11 March 2004

C.M. Prins Chair

P. Follon Secretary

P.A.M. Oude Ophuis Treasurer

P.E.C. Ancion-Kors

A.M.P. Regout

T.S. Scargo

Other information

To the Management Board of SIDN

Auditor's report

Introduction

Further to your order, we have audited the annual accounts of Stichting Internet Domeinregistratie Nederland, Amsterdam, for the year 2003. These financial statements are the responsibility of the foundations management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the foundation as at 31 December 2003 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Arnhem, 11 March 2004

PricewaterhouseCoopers Accountants N.V.

Provisions of the Articles of Association regarding the appropriation of profits

Article 3, clause 1, of the Articles of Association runs as follows:

The capital of the foundation is formed by all contributions, charges, subsidies, gifts, legacies, testamentary dispositions and other income received.

Appropriation of the result

The Management Board has decided to transfer the result for 2003 to the general reserve.

This has been taken into account in the presented annual account 2003.

Colophon

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