



# RIPE NCC Administration

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# RIPE NCC Administration Contents

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# Billing Procedure 2004

# General information billing

- LIR Service fees are our main source of income (95%)
- For an amount of around 12 Mln Euro in 2004
- Approximately 5,000 invoices sent per year
- Yearly billing gets around 25,000 e-mails
- In 2004 about 140 closures due to non-payment
- All payments in Euro

# Billing Changes 2004

- Changes in the charging scheme 3- 5 categories
- New Billing Scoring Algorithm
- Invoices in PDF format
- Invoices include Statement for Russia and Ukraine
- More stringent payment time line
- New take-over fee



# Contents of Billing procedure

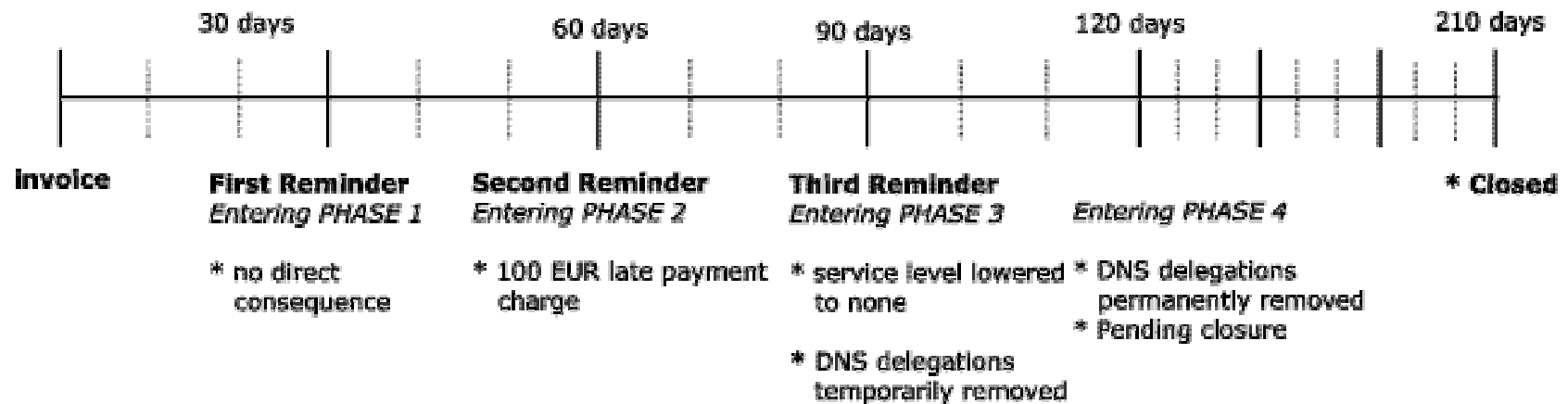
- Contact details
- Bank details
- Company/Tax information (VAT yes/no, No CIT etc.)
- Fee schedule
- Billing Scoring Algorithm
- Payment Procedure
- Payment possibilities (Bank transfer preferred!)

**<http://www.ripe.net/ripe/docs/billing-2004.html>**

# Billing Process

- September General Meeting Charging Scheme approval
- 30 September billing score determined. Notification send.
- Begin November Invoices send by e-mail and postal mail
- Phase 1 – 30 days after invoice. Reminder send to contact.
- Phase 2 - 60 days after invoice. Late payment charge of € 100 + interest over outstanding amount. No request approval.
- Phase 3 - 90 days after invoice. Service level is set to NONE. Only contact [billing@ripe.net](mailto:billing@ripe.net).
- Phase 4 - 120 days. PENDING\_CLOSURE. After 210 days the registry is permanently CLOSED.

# Invoicing timeline





# Billing communication

- Main contact via e-mail: [billing@ripe.net](mailto:billing@ripe.net)
- No ticketing system (mention reg –ID in e-mail)
- Around 25,000 e-mails per year
- [billing@ripe.net](mailto:billing@ripe.net) only contact after Phase-3
- Begin October e-mail send about Billing Score
- Invoice information on LIR Portal
- Notification e-mails about Non Payment
- All communication in English

# Billing 2005

- Ticketing system, requests / questions in the billing mailbox get a reference number
- No layout or textual changes to invoices
- Improve payment possibilities
- Change credit card payment / administration
- Clear information on Billing Score (LIR Portal)
- Improve Customer Service

# ...and do not forget

Always with any payment mention your debtor number and the invoice number!



# Presentation on the Scoring Algorithm and Charging Scheme

Jochem de Ruig

# Scoring Algorithm 2003

$N(R) =$



- $N(R)$ : Score of Registry  $N$
- $i$ : year
- $Y$ : Current Year
- $k_i$ : Number of IPv4 addresses allocated in year  $i$

# Calculation of Sizes 2003

- Scores were normalized versus Max score value
- All registries score between 1-1000
- 3 “Membership” categories / sizes
- Boundaries were set according to ripe-document:  
RIPE NCC Activities, Expenditure and Charging Scheme ripe-255 (Small 76%, Med. 20%, Large 4%)

# 2003 Scheme Problems

- Charging Scheme 2003 unclear, complex structure and did not meet the changes in our membership
- Charge linked to address space and not for services rendered
- Size cannot be calculated by LIRs as they cannot normalize their score versus the max score
- Only takes IPv4 allocations into account





# Requirements set for Charging Scheme 2004

- Simple and clear structure
- In line with the development and size of registries
- No direct charge for Addresses, improve charging for Services rendered
- Improve predictability of Income
- Height of fees dependent of Financial developments



# Choices made for Charging Scheme 2004

- Expand the number of billing categories
- Include IPv6 and ASN requests
- Match the initial allocation request of IPv4, IPv6 and ASN
- Keep time factor in algorithm to reflect maintenance (conservation) services of address registration
- Match the boundaries with the existing Charging Scheme and try to determine “natural” boundaries

# New Charging scheme vs Old Charging scheme

## OLD

- 3 Category sizes
- 2 Other categories
- Score only IPv4 addresses
- No fee for take-over

## NEW

- 5 Category sizes
- No other categories
- Score IPv4, IPv6, ASN alloc/assign
- Take-over fee

# Scoring Algorithm 2004

- Size is determined on basis of 2 variables
  - Prefix of the allocation/assignment
  - Age of the allocation/assignment

Registry score = (Alloc1 \* Time)+(Alloc2\*Time)+etc.

$$S(\text{reg}) = \sum_{i=1}^N a_i * t_i$$

$a_i$  = Scoring unit

$t_i$  = Time function of allocation/assignment  $i$  ( year of allocation – 1992 )

$N$  = Number of allocations/assignments

# Scoring Algorithm 2004 II

| Prefix IPv4 | Prefix IPv6 | ASN   | Scoring unit |
|-------------|-------------|-------|--------------|
| IPv4 / 22   | IPv6 / 34   |       | 0.25         |
| IPv4 / 21   | IPv6 / 33   |       | 0.5          |
| IPv4 / 20   | IPv6 / 32   | 1 ASN | 1            |
| IPv4 / 19   | IPv6 / 31   |       | 2            |
| IPv4 / 18   | IPv6 / 30   |       | 4            |
| IPv4 / 17   | IPv6 / 29   |       | 8            |

# Billing score my.regid

| Alloc/assign         | Age  | Alloc score | Age score | Score |
|----------------------|------|-------------|-----------|-------|
| IPv4 / 19            | 2000 | 2           | 8         | 16    |
| IPv4 / 19            | 2002 | 2           | 10        | 20    |
| IPv6 / 32            | 2003 | 1           | 11        | 11    |
| ASN                  | 2000 | 1           | 8         | 8     |
| Total score my.regid |      |             |           | 55    |

# Billing category my.regid II

| Billing Category | 2000 | 2001 | 2002 | July 2003 | Cumulative % 2004 |
|------------------|------|------|------|-----------|-------------------|
| Extra Small      | -    | -    | -    | -         | 20 %              |
| Small            | 77 % | 81 % | 77 % | 78 %      | 75 %              |
| Medium           | 18 % | 14 % | 19 % | 18 %      | 95 %              |
| Large            | 5 %  | 5 %  | 4 %  | 4 %       | 99 %              |
| Extra large      | -    | -    | -    | -         | 100 %             |

# Billing category my.regid III

| Category    | Maximum score | Cumulative % of members |
|-------------|---------------|-------------------------|
| EXTRA SMALL | 15            | 19.1%                   |
| SMALL       | 47            | 75%                     |
| MEDIUM      | 274           | 95%                     |
| LARGE       | 1,182         | 99%                     |
| EXTRA LARGE | 14,320        | 100%                    |

Category size of my.regid = MEDIUM



# Charging Scheme

| LIR billing category                                | Fee per year | Fee ½ year | Fee ¼ year |
|-----------------------------------------------------|--------------|------------|------------|
| Very Small                                          | € 2,000      | € 1,050    | € 550      |
| Small                                               | € 2,500      | € 1,300    | € 675      |
| Medium                                              | € 3,500      | € 1,800    | € 925      |
| Large                                               | € 5,000      | € 2,550    | € 1,300    |
| Extra Large                                         | € 6,750      | € 3,425    | € 1,738    |
|                                                     |              |            |            |
| Take-over fee                                       | € 1,250      |            |            |
| Start up fee                                        | € 2,500      |            |            |
| * Note New Members are charged a SMALL registry fee |              |            |            |

# Charging Scheme 2005?

- ASN scoring, one time charge
- Sign-up fee, does not match the sign-up costs
- Takeover charge (name change) and maximum to fee
- PI space not taken into account
- Match better the services rendered
- Boundaries set remain disputable

# Questions



# The “New” Clearing House

# Why a Clearing House?

The RIPE NCC is a non for profit association.

The Clearing House is meant

- to be able to accumulate a tax free reserve
- to return excess amounts to the Contributors (the members), since income is difficult to budget due to membership fluctuations
- To have a procedure how to administer and to redistribute excess amounts

# Why change the Clearing House?

- No clear arrangement on how to administer a negative financial result and no negative individual accounts allowed
  - Tax ruling and Clearing House procedure state individual accounts cannot be below zero
  - Negative effect for long standing members with negative result, as new members cannot have a negative account
- No arrangement regarding closing of registries
  - No clear arrangement how and when to refund the Clearing House account
  - Historical problem with no refund, has retrospective financial result
- Administrative overhead to maintain 3,500 individual accounts

# The “New” Clearinghouse

- No individual Contributor’s accounts
- Maximum reserve up to 3 times the fees for any year
- The Board and the Management of RIPE NCC commit to stay within this boundary (target reserve 1 time the yearly operating expenses)
- Deduction from the invoices of the surplus that exceeds the maximum Clearing House reserve
- Division of excess amount on basis of last 3 years payments of Contributor (higher credit for long term contributors)



# Steps for setting up the New Clearing House

1. Discuss agreement with Dutch Tax authorities
2. Approval from Dutch Tax authorities
3. Set-up new documents, Standard Service Agreement, Standard Terms and Conditions
4. Approval from GM for new Clearing House Procedure
5. Approval from GM for new Standard Service Agreement and new Standard Terms and Conditions
6. **Re-sign Standard Service Agreements with Contributors**





# Why change the Standard Service Agreement & Terms and Conditions?

In the Standard Service Agreement and the Terms and Conditions there is a clause that stipulates Contributors are entitled to an individual Clearing House account with the RIPE NCC.

## Consequence

Re-signing with existing Contributors of Standard Service Agreement



# Standard Service Agreement

- No detail in Standard Service Agreement but in Terms & Conditions
- Match the new Articles of Association (ripe-294)
- Additional
  - “Contributor acknowledges and accepts that this Standard Service Agreement and its Standard Terms & Conditions may be amended by resolution of the General Meeting of the RIPE NCC. An amendment shall automatically become effective upon announcement and publication of the resolution and the full text of the amended agreement on [www.ripe.net](http://www.ripe.net).”
  - “This Agreement including Standard Terms and Conditions (ripe – 321) replaces the existing Standard Service Agreement between the Contributor and the RIPE NCC.”
- Removed
  - Reference to Category size
  - Reference to “individual account” in the Clearinghouse

# Standard Terms & Conditions

- Name change from General to Standard
- Merged the transferred articles from the Standard Service Agreement into the Terms & Conditions
- Match the new Articles of Association
- Change in New LIR Procedure
- General clean-up of clauses and language

# Next Step

- Re-sign Standard Service Agreements with Contributors
  - July / August postal mail to Contributors
  - Mailbox to answer questions, solve issues, re-send the Service Agreement etc.
  - `jochem@ripe.net`

# Questions

