RIPE NCC Revenue in 1995

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Scope

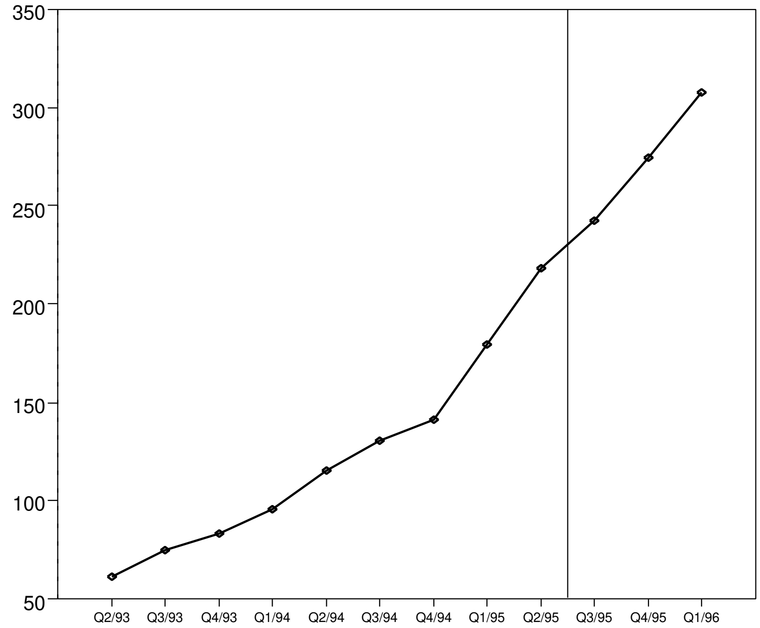
This memo provides an overview of the number of European Local Internet Registries, the customers of the RIPE NCC and the associated revenue. It provides historical data as well as projections for the second half of 1995 and into 1996. The companion document "RIPE NCC Expenditure Planning 1995" describes the planned use of these funds.

Local Registries 1993-1996

The total number of local IRs has been recorded reliably and in a comparable fashion for quite some time. Data is collected at the end of each quarter. The table below combines this historical data with my current projections until early 1996.

Quarter	Registries
Q2/93	61
Q3/93	75
Q4/93	83
Q1/94	96
Q2/94	115
Q3/94	130
Q4/94	141
Q1/95	179
Q2/95	218
Q3/95	243
Q4/95	275
Q1/96	308

A graphical representation of this data looks as follows:



There is a pronounced steepening of the curve at Q1/95. This increase in growth rate is also observed in DNS hostcount and registration services load data.

> NOTE: In this memo the values for 2Q95 are treated as "observed" although the quarter is not completed yet. The projected values have been corrected with observed data of May 28th or later and carry a high degree of confidence.

Registries by Type and Size

Since the beginning of 1995 comparable data about the different types of registries as well as the associated revenue has been collected. The table below gives the details about the number of registries:

Registries	Observed Q4 94	Observed Q1 95	Observed Q2 95	Projected Q3 95	Projected Q4 95	Projected Q1 96
Large ISP	17	17	18	18	19	21
Medium ISP	28	31	37	42	47	54
Small ISP	51	84	115	134	159	182
Enterprise	14	15	16	17	18	19
Last Resort	31	32	32	32	32	32
Total	**141**	**179**	**218**	**243**	**275**	**308**

The number of registries in the *Projected* columns have been estimated using monthly averaged growth rates corrected with particular expectations, such as the closure of a number of registries now handled by EUnet's central IR. These projections have been made extremely conservatively, i.e. they do not extend the growth observed in Q1 and Q2 even linearily.

The latest observed data (May 28th) is shown between the observed and projected quarterly data points for comparison. It represents roughly two thirds of the Q2/95 period.

Revenue

The following table shows the revenue corresponding to the number of registries in the previous table:

Revenue (kECU)	Observed			Projected		
	Q4 94	Q1 95	Q2 95	Q3 95	Q4 95	Q1 96
Contribution	**488**	**573**	**656**	**691**	**714**	**?**
Committed	0	440	558	587	607	
Invoiced	0	363	512			
Signup Fees	**0**	**74**	**152**	**202**	**266**	**?**
Committed(*)	0	74	152	202	266	?
Invoiced	0	64	113			
Totals	**488**	**647**	**808**	**893**	**980**	
Committed		514	710	789	**873**	
Invoiced		427	625			
Received		195	443			

(*) Commitments for signup fees are not recorded separately at this point in time, however, the commitment rate of new registries is almost 100%.

The table shows quite clearly that we can safely expect to have, by the end of 1995, commitments for an amount of at least 873 kECU, which considerably exceeds the expenditures currently planned in the 1995 budget (407 kECU). The rationale for this is given by reading the table as explained in the following paragraphs.

The total NCC revenue sources are given by all registries contributing their share, the Contributions, plus the signup fees received from new registries as they subscribe, the Signup Fees. The first (bold) lines in each section represent the amounts to be received assuming all registries would contribute what is due following the contributions model.

The *Committed* lines represents the amount committed by signed service agreements. The *Invoiced* lines represent the amount for which invoices have been sent out. It must be noted that amounts committed and invoiced are not directly comparable, because commitments are made on an yearly basis, while part of the invoicing is done half-yearly or quarterly.

The *Received* line gives the total amount of funds received. By comparing this line to the total invoiced, we can see that the situation is improving. During 1Q95, in fact, only 45% of the invoices was paid, while to date (end of 2Q95) already 70% of the invoices have been already paid.

The projected *Contribution* numbers are derived from the estimated number of registries by applying the 1995 charging scheme. The commitments projected are at 85% of the due value, which is very conservative as the bulk of the non-committed registries have been carried from previous years and new registries tend to sign the agreement. This predicts the income for the RIPE NCC core services from the existing registries as well as possible, but conservatively.

The projected *Signup Fees* are also algorithmically derived from the registry projection (shown in the previous table). At the end of Q4/95 we expect to have invoiced a total of ECU 266k in signup fees. This revenue is earmarked for the initial support of new registries. It is reasonable to spread the expenditure assuming an initial support period of 12 months for each registry. With this assumption we should spend approximately ECU 174k on new registry support in 1995.

The 1996 revenue cannot be predicted because the 1996 charging scheme has not yet been determined.

Conclusions

The RIPE NCC billing and cash-flow situation is excellent. The new billing system and the sanction "time permitting service" prove to be effective.

The currently projected 1995 revenue of ECU 873k considerably exceeds the currently planned expenditure of ECU 407k.

ECU 174k should be spent on support for new registries in 1995.