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Memorandum for: NANOG Leadership

Subject: Feedback to NANOG Evolution

Merit wishes to support the NANOG concept, as we believe it is an organization with a vital role. We do not want the NANOG community to feel they are in any way forced to associate with Merit. Merit has supported NANOG since its inception with the consent of the community and Merit will relinquish that role as the community wishes.

This decision has been presented to Merit as fait accompli with discussion centered on a quick transition plan. Merit has to assume that the SC truly represents the will of the larger community and that the SC has a well-thought out plan for the new organization. Merit will operate going forward using these assumptions. Because the NANOG channels of communication have not been used yet, Merit would like to see information disseminated to the wider community as soon as is practical.

Merit has recently been entrusted with an ARRA broadband grant on behalf of Michigan. Successful completion and operation of this network is vital to the future of many Michigan residents. So clearly, Merit's top priority in this transition is to limit the financial impact on Merit. Our second priority is the long term success of the NANOG concept.

Merit has signed three contracts for future meetings: NANOG 49, NANOG 50, and NANOG 51. These contracts cannot be assigned to another organization. Each meeting carries significant financial risk for Merit. Periods of transition always entail greater risk and this risk increases the longer the transition continues. Merit's risk for NANOG 49 is less than for 51. While Merit has financial responsibility, we will maintain the current relationship.

This transition should take place immediately after NANOG 51. This gives the new organization time to establish itself legally, financially and operationally before the handoff. Merit has halted negotiations for NANOG 52. Merit is currently coordinating with ARIN to pass responsibility for the NANOG 53 contract. We are informing Comcast that we will not be running NANOG 53. Once the financial responsibility passes to the new organization, so will all authority and a new relationship between Merit and the new organization must be fully functioning. Transfer of any assets that have been negotiated between Merit and the new organization would happen at this time.

The SC has asked for quick action on a transition plan. To create an effective transition plan, we must have a clear idea of the beginning and ending states. Merit's support of NANOG is well known. Please share the new organizations structure, people, process, etc. as soon as possible.

We appreciate your intent to continue to use Merit to support the meetings. Since Merit's relationship with NANOG will change from "owner" to "vendor" we think that transparency and fairness are important principles. This will preclude later challenges and leave a path for Merit

staff to fully participate in the new organization. The new organization will not need the same services that Merit has previously provided. After the transition Merit will compete to provide service and will invoice the new organization using Merit's professional service rates for all services provided. The rates are different from our current internal cost accounting. An RFP or some other transparent process that ensures the new organization is paying fair rates for services is an important part of the process.

Merit currently garners significant goodwill from our hosting of NANOG. The value is abstract, but real. In this transaction Merit must get compensation or could be subject to legal scrutiny. Obviously, our goal is a healthy new organization, not a profit, so we will be as accommodating as possible in these negotiations.

If groups other than the current SC request the NANOG trademark, domain, etc. Merit will determine whether these will transfer, and if so to which group. Merit has not decided whether or not to transfer the domain and trademark at all. Our concern is that after long association between Merit and NANOG, that there would still be confusion about Merit's participation and responsibility. Should the new organization fail or garner enmity, Merit does not want to be unfairly blamed. We would be willing to sign legal agreements to permanently retire the NANOG name. This is an area that requires further exploration.

Merit will incur internal transition costs such as severance, re-training, etc. We will account for these as we execute the transition. Should our worst fears come true and NANOG 49,50, or 51 either fail or be cancelled, Merit would look to share the impact with the new organization realizing that should the worse come to pass, the new organization would probably not be in a position to share the impact.

Merit would not provide any legal or financial advice to the new organization. We don't have professional staff in these areas, and we would hope to not block our participation in the new organization because of a real or potential conflict of interest.

The current charter requires a formal vote for any changes. We are not sure to what extent we could take the necessary transition actions without a vote. NANOG itself does not have legal standing and our preliminary belief is that we could just stop having the meetings. How do you intend to engage the community?

The ideas expressed in this document represent only initial feedback to your letter. Merit has not engaged legal council to explore all the ramifications. Merit's position may and probably will change as planning proceeds.

Merit wishes to execute the will of the NANOG community while protecting Merit's ability to serve its community. Transitions are always the most risky so as quick a transition as possible is the key to the success. We did not have any indication that you would make this request, so we are not as prepared as we would like to be for a transition of this magnitude. To make this work, we are willing converse more informally to quickly exchange information and hopefully achieve consensus faster.