

# **.se** | Annual Report

2021

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### **.SE (The Internet Infrastructure Foundation)**

Ringvägen 100 A, Box 7399  
SE-103 91 Stockholm, Sweden  
Telephone +46 8-452 35 00, Fax +46 8-452 35 02  
[www.iis.se](http://www.iis.se)



## .SE in brief

**.SE (The Internet Infrastructure Foundation) is an independent non-profit organization with two areas of operation.**

We are responsible for the Internet's Swedish top-level domain .se, including the registration of domain names, as well as the administration and technical operation of the national domain name registry. In this capacity, our operations are governed by the Act concerning National Top-level Internet Domains for Sweden. The government communications authority, the Swedish Post and Telecom Agency (PTS), serves as the supervisory authority.

Pursuant to the Foundation's charter and statutes, we promote the development of the Internet in various ways in Sweden. .SE invests the proceeds that are generated by domain-name registration fees in initiatives and services that contribute in various ways to the Internet's development and also provide future revenue.



Sales  
SEK  
**111.5**<sub>M</sub>

Proceeds to  
Internet developing  
operations  
SEK **51.5**<sub>M</sub>

**57**  
employees

Domains:

**146**  
resellers  
(registrars)  
in Dec 2011

## 2011 in figures

**2.29**  
domains per  
customer on  
average

Market-  
share  
**65%**

**305,671**  
newly registered  
.se domains  
in 2011

**1,221,128**  
active  
.se domains  
in Dec 2011

**8,000**  
DNS requests  
per second

DNSSEC  
signed  
domains in  
Dec 2011:  
**166,041**

Internet  
development:

**59,359,805**  
measurements using  
the Broadband Check,  
2007-2011

**1,776**  
teams registered  
for the 2010/2011  
the Web Star  
competition

**1,600**  
visitors at the  
Internet Days  
conference

**51**  
projects  
financed  
through the  
Internet Fund

**171,401**  
Internet guides  
distributed

**33**  
events





## Vision

### **For domain administration**

*.se – the obvious choice!*

.se is the obvious route to the Internet for everyone with ties to Sweden. Everyone should have a unique, secure and personal Internet address.

### **For internet development**

*We are moving the Internet forward – one Internet for all!*

All Swedes dare, want, and know how to use the Internet. Those of us at .SE are championing a long-term positive development and use of the Internet.

## Business concept

### **For domain administration**

We supply a unique and attractive domain name that provides companies and private customers with a secure and unique identity on the Internet.

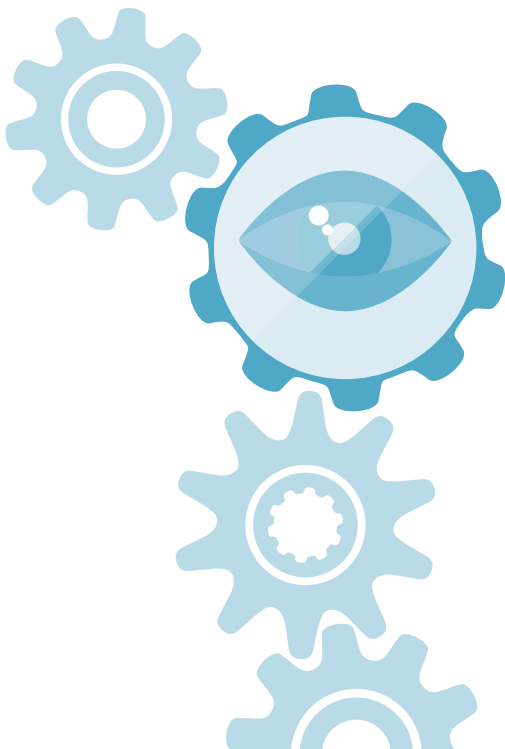
We work in a cost-conscious and efficient manner and identify new ways to supply our services, thus creating resources for the research and development of products and services to expand .SE's operations and to improve and facilitate the use of the Internet. New products and services can be geared toward a DNS-proficient customer segment within Sweden and abroad.

We conduct sales through highly qualified and high-performing registrars who package domains with services in accordance with customer needs.

### **For Internet expansion**

*Internet for all*

.SE provides services that educate, facilitate and promote increased Internet usage, primarily in Sweden. We work to advance existing Internet users' ability to use the Internet and enable non-Internet users to become active Internet users.





#### *The Internet as an ecosystem*

.SE contributes to the development of the Internet's infrastructure through evaluations, product developments, and by measuring and spreading information regarding solutions for a more secure, stable and scalable Internet. We collaborate with all of the players contributing to the Internet's infrastructure, primarily in Sweden.

#### *Facts and vision*

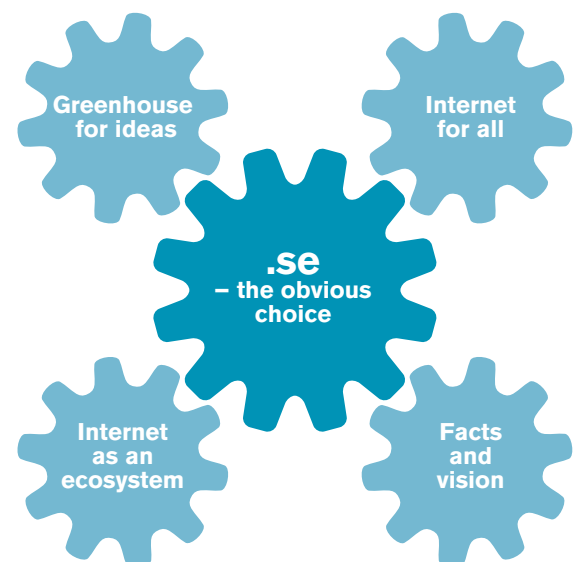
.SE disseminates information regarding the Internet and its usage with the help of publications, seminars, training courses and by participating in the public discourse. .SE promotes a visionary approach to the Internet and social development. Various information initiatives are directed toward a broad general public and toward the specialists who work with the Internet and social development.

#### *Greenhouse for ideas*

.SE promotes, cultivates and harnesses ideas from companies, organizations and private individuals by financing various independent projects to advocate the Internet's development in Sweden. The Internet Fund subsidizes various projects in

the best interests of Internet users. .SE's initiatives pertaining to the development of the Internet contribute to the Foundation's success by:

- developing new products,
- strengthening the .SE brand,
- increasing domain-name sales,
- increasing the value of a domain name by spreading the use of new domain name applications, and
- increasing trust in .SE as a supplier of Internet infrastructure.



## Values

### **We appreciate and believe in the Internet**

We value the opportunities that the Internet offers individuals and believe that the Internet can make a positive contribution to the development of individuals and society.

### **We want a stable and scalable Internet**

The infrastructure of the internet must be secure, stable and scalable to benefit users in the best possible way.

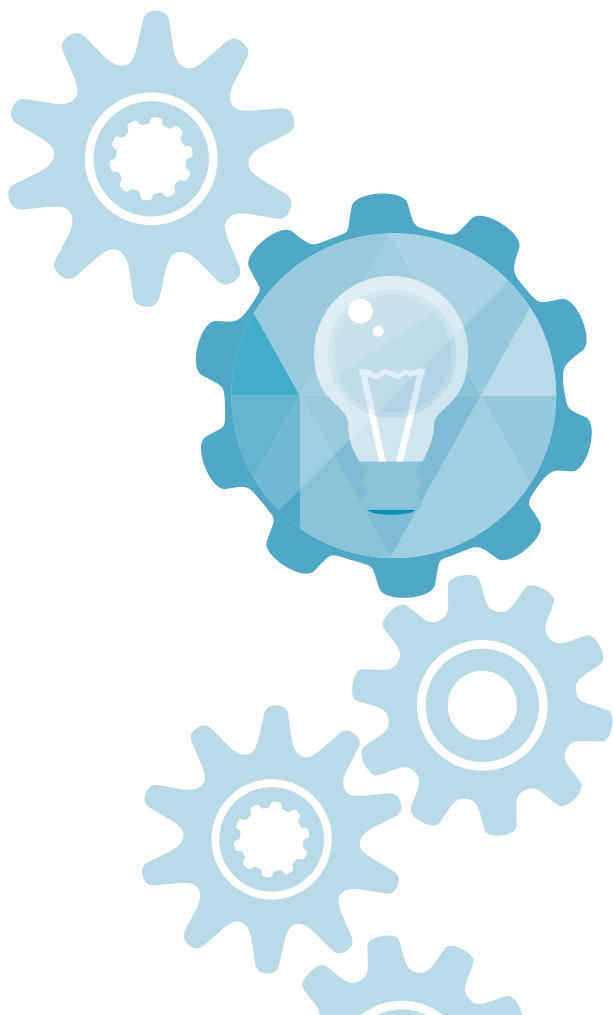
### **We want one Internet for all**

All people in Sweden shall have the same rights and opportunities to use the services offered by the Internet. The Internet shall be secure – users shall feel secure and be able to trust services on the Internet.

### **We strive for openness and sharing**

We also share our knowledge of the Internet and are receptive to the ideas and requests of others regarding Internet development. .SE aims to be a hub of knowledge for questions concerning the Internet and how the Internet and its use will evolve in the future.

Open flows of information and open standards contribute to the long-term, stable and scalable development of the Internet and its services. Information and services are to be independent of platforms and interfaces and not limited or curbed by the market's players.



## A word from the Chairman of the Board



.SE operates in an area that has experienced unparalleled growth in the past 20 years and that combines social, commercial and technological developments and partnerships. Pursuant to our Foundation's charter, we invest the proceeds from our domain-administration activities in the development of the Internet. This element of our operations has expanded sharply and we have achieved many successes. We are now facing a crossroads and the challenge of choosing our path moving forward.

Building tomorrow's sustainable infrastructure is our joint challenge. Infrastructure that is also fair to new generations. A free and secure Internet that can be used by everyone and that secures democracy, advances the knowledge society and enables more innovations and increased productivity.

To achieve this, public service organizations and profit-making companies must work together toward shared objectives. The Internet was born and has evolved in symbiosis with this approach. I believe that we all understand the Internet's vitality as a result of everyone's contribution and ability to evolve. To live in a democracy and create new products and companies through technological and social innovations.

.SE generates revenue from domain-name operations. We are an independent foundation that creates its own financial means, which provides us with the wherewithal to be innovative and effective in the development of the public interest, meaning that we mould the Internet in Sweden and globally into an infrastructure that facilitates the necessary solutions to the challenges facing society.

Achieving this requires a quality approach from the individuals working at and with .SE.

This may seem presumptuous when looking back at 2011 and the political developments concerning the Internet: the G8, OECD and UN meetings regarding policies on governance, regulation and security as well as the new top-level domains that are to be selected and launched. Reality is rather different, our ability to develop the Internet, technically, financially and for use as infrastructure on an operational level is becoming increasingly important. The knowledge we gain is becoming increasingly key to the Internet's development. A fact we demonstrated in collaboration with the Ministry for Foreign Affairs and the Swedish International Development Cooperation Agency during the Stockholm Internet Forum on Internet Freedom for Global Development conference on April 18 and 19 this year (2012).

A precondition for .SE to perform its dual assignment regarding the Internet as well as Swedish and global development is that we continue to maintain a neutral and independent position.

During 2011 we could see that our technology, organization, quality and business model corresponded to our own and our surroundings' requirements. For example, in conjunction with a ceremony held in 2011, .SE was presented with the Swedish Quality Award 2010. We have noted strong stable growth in .SE domains – in five years, the total number of .SE domains has more than doubled. The surplus that funds our operations to develop the Internet has increased from slightly more than SEK 2 M six years ago to slightly more than SEK 50 M in 2011. As a result of this trend, a long list of initiatives have been initiated, matured and experienced broad penetration.

In 2010, we had already reached the long-term goals set by the Board back in 2006. One of the goals was to identify new business to secure future revenue. This does not merely regard technical solutions, to a far greater degree, it applies to not endangering our level of confidence or negatively impacting our core operations. A positive trend is that a number of our Internet development projects contributed to the Foundation's

*A precondition for .SE to perform its double assignment regarding the Internet as well as Swedish and global development is that we continue to maintain a neutral and independent position.*

revenue (SEK 3.6 M) in 2011. However, for the future, it remains important that we locate revenue opportunities and long-term strategies from a broad perspective. A multitude of opportunities exist and we have already made substantial progress with a number of existing Internet development programs and with new initiatives, such as federated identity management solutions.

Perhaps the Foundation is generating such substantial resources that our greatest challenge becomes identifying the right model to ensure the right prioritization to ensure that Internet development activities become as effective as those operations generating revenue. When the public benefit we provide has finally been weighed in the balance, it will be our ability to stimulate Internet use and the impact this has on people's lives that is judged.

## A word from the CEO



As I look back at 2011 and try to summarize the key features of the year, the word “hub” frequently comes to mind.

As with the most recent years, strong growth in .se domains was noted. 2011 set a new record for the total number of .se domains registered and a new record for the number of new registrations of domains in one single year, more precisely, 305,671 new registrations. In addition the year posted an extremely substantial increase in DNSSEC signed .se domains, from 4,299 to 171,650 at December 31, 2011.

One underlying reason for the substantial number of DNSSEC signed and new registrations of domains was a successful campaign in December, during which 85,515 new .se domain names were registered. On some days in December, we had almost as many registrations as we received in an entire year ten years ago.

When it comes to choosing a top-level domains, obviously we comprise a hub for essentially all companies and private individuals that use the Internet in Sweden. Our service helps you to navigate and

communicate on the Internet. The latest statistics from Statistics Sweden (SCB) show that between 85 and 90 percent of domain names registered, depending on the size of the company, were registered as .se domain names.

But we are more than just a hub. In addition to domain operations we conduct extensive work in Internet development and in its use. Loosely speaking, we operate in four areas: Internet use, information transfer and communities, Internet infrastructure and the funding of external projects via the Internet Fund.

The first area regards Internet use. Our ambition is for every Swede to be able to, want to and dare to use the Internet. In this respect, the Digidel 2013 campaign has been a resounding success and has already attracted in excess of 200 partners with a joint goal of helping 500,000 Swedes who currently do not use the Internet to start using it. At the campaign's hub is .SE, which provides the central office. In this same area we have successful initiatives focused on Internet in school, with Webbstjärnan (the Web Star compe-

tition) for grade school and high school. Since its inception in 2008, the number of students that have received a diploma in web publication has doubled every year. In 2011, approximately 1,200 teachers participated in our courses and seminars.

The second area concerns information transfer and communities. We have become a hub for Internet statistics in Sweden with our popular reports, which include the yearly report on Internet use: Swedes and the Internet, which has a wide

started the Internet Fund. New for 2011, was a substantial investment in innovation and entrepreneurship. Through our commitment to the 24 Hour Business Camp and Internet Discovery Day, we wish to help individuals with ideas for how the Internet can be used to start new companies. Our ambition is to create a greenhouse for new ideas. We initiated a partnership with Sweden's Innovation Agency (VINNOVA) at the end of 2011 in this regard.

*As I look back at 2011 and try to summarize the key features of the year, the word “hub” frequently comes to mind.*

circulation and is often used as reference. We are a hub for facts about Internet-related issues with 33 seminars, courses and workshops, in which 2,000 people participated in 2011. Our free Internet guides are widely read and the Internet Days conference was the most important meeting place of the year for anyone interested in the Internet. Not least of our accomplishments is that we have become the natural source of knowledge for the media who increasingly turn to us with regard to Internet-related issues. More succinctly put, we are the hub for Internet knowledge.

The third area involves our endeavor to promote a stable, robust and secure Internet. We work together with many organizations to raise quality and minimize vulnerabilities. We test, offer software and supply measuring tools. An example of the latter is our Broadband Check service, which has become somewhat of a national hobby with millions of measurements taken each year. Once again, we are the hub.

The final area is both the oldest and the newest in our family. In 2004, we

In summary: if you would like to know about the progress of the Internet in Sweden, the health of the Internet or which key issues control development of the Internet, check with .SE! Our stated ambition is to strengthen our role as the Internet hub in Sweden. Positively, we experienced another trend reversal in 2011 – a number of the Internet development projects that were launched in the period 2007–2009 started to become more established operations and began to make a contribution to the Foundation's revenue, SEK 3.6 M in 2011.

Very few organizations have the strength of .SE. For many, we are something between a government agency and a company, we are non-commercial and easy to collaborate with, we are knowledgeable and reliable, we are professional and stand for quality, we have our own funds and, above all else, we are passionate about the Internet. For these reasons, we can act as a catalyst for new services and a facilitator for collaboration between a vast range of organizations with differing agendas.

## .SE – a retrospective

1983

- The domain name system (DNS) was created by Paul Mockapetris.
- On Thursday, April 7, Björn Eriksen received the first e-mail in Sweden.

1986

Björn Eriksen registered the first country code .se for Swedish domain names.

1989

The Swedish university network, Sunet, was connected to the US. The connection's data transfer rate was a heady 56 Kbit/s.

1980

1983  
DNS

1989  
56  
Kbit/s

1990

1994  
1,000  
.se domains

1991

The first website was published on the Internet. During the year, more than 100 .se domains were registered.

1990

The first Swedish commercial Internet provider Swipnet was started.

1994

The number of .se domains passed the 1,000 mark. The results of the general election were transmitted for the first time over the Internet to the media.

## 2003

- New regulations for the registration of .se domains were implemented. The preliminary examination was eliminated and it became possible for anyone to register any free .se domain.
- IDN domain names that allowed the use of the characters å, ä, ö, ü and é in .se domains were implemented.

## 2004

The first independent project, which aimed in various ways to promote Internet development, was funded by .SE through the Internet Fund.

## 2005

.SE became the first country code top level domain to sign its zone with DNSSEC. The I! Foundation and the operating company NIC-SE were merged into one joint organization.

## 2006

Östen Frånberg stepped down after ten years as Chairman of the Foundation and was succeeded by Rune Brandingar. Danny Aerts assumed his post as CEO. The Foundation started to use the name .SE. The Top-Level Domain Act entered force on July 1 and the Swedish Post and Telecom Authority (PTS) became the regulatory authority for .SE.

## 2007

- The world's first commercial DNSSEC service for end-users was launched by .SE and a department was launched to conduct research and development.
- Broadband Check was launched, which is a web-based tool enabling broadband subscribers to measure the actual bandwidth they are receiving.
- Registration of .se domains with characters from all the official Swedish minority languages, including Yiddish was enabled.

## 2008

Operations were expanded with Internet for All, an initiative aimed at individuals who, for various reasons, were excluded from the Internet and through the issue of free Internet guides. The school Web Star competition was started.

2000

2003  
ÅÄÖ  
+ Ü É

2010

2010  
1,000,000  
.se domains

## 2009

- A change of business model was implemented by .SE, which meant that all sales of domain names went through resellers (registrars). In parallel with this transition, 400,000 domain name holders went from being customers of .SE to customers of their registrars.
- The Internet Days celebrated its ten-year jubilee and .SE acted host for IETF75, where over 1,000 people met in Stockholm to discuss standards and established practices for the development and operation of Internet.

## 2010

- The one millionth domain name was registered under .se. The Swedish Quality Award 2010 was presented to the Foundation in recognition of .SE's quality work.
- ICANN DNSSEC signed root zone, the highest level in the domain name system.
- Rune Brandingar stepped down from his post as Chairman of the Foundation and was succeeded by Anders Flodström.

# The year in review

## January

The Internet Fund opened the first round of applications for the year. During the year, SEK 15 M will fund 51 projects.

Statistics Sweden (SCB) published two reports on IT use in Sweden, which show that private individuals and small business owners are increasingly acquiring .se domains. At year-end 2011, there were 1,221,128 active .se domains.

The company Open DNSSEC AB (limited profit distribution, svb) was formed to conduct operations with OpenDNSSEC, a free administration tool with open source code that reduces manual management of DNSSEC.

## February

IPv4 addresses ran out at IANA, which maintains the central register. As a consequence, interest swelled dramatically for IPv6 during the remainder of the year.

His Royal Highness the King of Sweden presented the Swedish Quality Award 2010 to .SE at a ceremony held at the Clarion hotel in Stockholm, Sweden on February 3.

On February 15, an accelerated and less expensive version of dispute resolution, an ADR accelerated proceeding, was implemented.

## March

In March, a series of editorials called Our Internet were published at DN.se that were made in collaboration with .SE.

The report, Elderly Swedes and the Internet, 2010 was presented by .SE and had substantial impact in the media.

## April

The Digidel 2013 campaign was launched on April 5, the campaign's goal is that an additional 500,000 people will have become digitally included by the end of 2013.

As part of .SE's efforts to be an open organization, a corporate blog was launched where personnel from various parts of the organization share their expertise on a regular basis.

## May

The number of .se domains surpasses 1.1 million.

At the prize ceremony on May 18, project Tjernobyl (<http://projektjtjernobyl.se/>) won first prize in the 2011 Web Star competition from a total of 678 competing teams. In parallel, the team's teacher Deborah Asarnej won the prize for Best Pedagogic Achievement.

## June

On June 8, World IPv6 Day was organized, this was a day on which Internet companies including Facebook, Google and Yahoo activated IPv6 on their website to enable a sharp test over a 24-hour period. In recognition of the day, .SE held a seminar, IPv6 in Practice, which attracted over 200 participants.

ICANN made the historic decision to open for the registration of new top-level domains.

A new communication platform and graphic profile was implemented for .SE.



### July

Broadband Check set a new record for the number of mobile measurements with more than 10,000 measurements taken in one 24-hour period.

### August

The Internet guide *Feeds, Tweets and Status Updates* written by Anders Thoresson was published and The Web Star competition opened to applications to another year of competition – the fourth since its start.

The Internet Fund opened the second round of applications and implemented a web-based solution for applications.

### September

Measurements supplied by Broadband Check enabled .SE to show which broadband providers delivered the greatest value connection.

.SE Direkt, .SE's own registrar, introduced multi-year payments for domain names.

### October

For the first time, .SE was involved in arranging 24 Hour Business Camp, a gathering of Internet entrepreneurs where participants have 24-hours to develop a web service.

The Internet guide *Domain Names – Everything You Want to Know About Your Internet Address* by Fredrik Wass was published.

### November

From 21–23 November, the Internet Days gathered approximately 1,600 visitors at the Stockholm Waterfront Congress Center. In conjunction with the conference, .SE published a number of reports, including *Swedes and the Internet, 2011* that found that half of all three year olds use the Internet. Another report, *Net Neutrality – Service Providers' Impact on Internet Traffic*, revealed that some mobile providers systematically degraded file-sharing traffic and in addition, the annual Health Status report on the.se zone was also published.

.SE's production system was moved to an external data hall.

### December

.SE's campaign for DNSSEC had deep penetration with our registrars. Due to the campaign, close to 170,000 .se domains were signed on December 31, 2011 as compared with less than 5,000 one year earlier. The Web Star competition started a collaboration with the Swedish Teachers' Union with the aim of developing the use of Internet in education.



## .SE on two feet

The Internet Infrastructure Foundation, .SE, is an independent foundation with 57 employees who ensure that the Swedish component of the Internet works and evolves on a daily basis. We are responsible for the administration and technical operation of .se – the Swedish top-level domain. In this capacity, our operations are governed by the Act concerning National Top-level Internet Domains for Sweden. The government communications authority, the Swedish Post and Telecom Agency (PTS), has served as the supervisory authority since the Top-level Domain Act came into effect on July 1, 2006.

The top-level domain .se is and should be the obvious choice for companies, private individuals and organizations that want a domain name associated with Sweden. The Swedish top-level domain .se received its major breakthrough in 2003 when the rules for registration were liberalized and the “first-come, first-served” principle was adopted. That year, 116,749 .se addresses were registered and the influx of domain names has been strong ever since. In the autumn of 2010, we surpassed one million .se domains and in late 2011, there were 1,221,128 active .se domains.

### Fifteen years of responsibility

As early as 1986, Björn Eriksen registered .se as the country code for Swedish domain names. He handed over responsibility to .SE, which was formed in August 1997 at the initiative of the Swedish chapter of the international association, The Internet Society, ISOC. In other words, we are in our 15th year as the administrator of the top-level domain .se.

All domain name sales are conducted through resellers known as registrars in industry parlance. Today, we have slightly more than 145 registrars, one of which is .SE’s proprietary registrar, .SE Direkt. Our systems respond to about

8,000 domain name requests every second, and must respond quickly and correctly for .se domains to be accessible online.

### Gives back to Internet users

The Foundation’s charter stipulates that .SE, in addition to operating and advancing the top-level .se domain, must promote the positive development of the Internet, proper stability in the infrastructure, as well as research, development, training and education in data and telecommunications, with a particular focus on the Internet. To live up to the charter, we use the proceeds from domain name administration to finance initiatives and services that contribute to the development and use of the Internet in Sweden.

This has resulted in an extensive social involvement with a growing operation that moves the Internet forward through various initiatives and services, thus generating new sources of revenue for .SE. The aim is to create added value for all registrants of .se domains and other Internet users and to provide them with the means to capitalize on all of the Internet’s possibilities.

We focus on four areas: Internet infrastructure, Internet for everyone, informa-

tion and facts about the Internet, as well as a greenhouse operation for ideas that promote the development of the Internet. We endeavor to give everyone the same rights and opportunities to utilize the Internet's services, by which we mean that everyone should be able to trust the Internet and its services concerning such aspects as security and integrity.

We also strive to incorporate Internet skills in education and continuing education in Sweden, and be available to everyone. The Internet's infrastructure is to be secure, stable and scalable to optimally benefit users.

#### **Effective dissemination of knowledge**

To enable more individuals to be able to use the Internet, we organize seminars, training courses and provide informational material and facts about the Internet in several formats. Examples of our initiatives are the Internet at School including the Web Star competition for grade school and high school, digital inclusion including the Digidel 2013 campaign, as well as our free Internet guides and the annual Internet Days conference. We also provide several free tools, including the Broadband Check, which checks your broadband connection directly in your web browser.

To ensure that we have gathered solid facts about the Internet and to pass these onto others, we conduct independent surveys and studies concerning the health of the Swedish portion of the Internet and its use. We issue such publications as an annual report on the quality of the Internet infrastructure in Sweden and the

Swedes and the Internet report concerning usage. For several years, we have also worked on highlighting the importance of transitioning from IPv4 to the new IPv6 Internet protocol. In 2011, we also initiated efforts to conduct IP measurements and the first report was published in November.

Through the Internet Fund, we also finance external projects that promote Internet development in Sweden. Since its inception in 2004, the Internet Fund has financed about 170 projects, with broad array of focuses, all of which aim to promote the development of the Internet in Sweden. In 2011, a total of SEK 15 M was provisioned for the Internet Fund.

To spread knowledge about the Internet and to encourage more individuals to dare, want to and have the ability to use the Internet and to utilize all of its possibilities, we use many channels to spread our knowledge and the results of the surveys and operations that we conduct. We primarily use digital media and various meeting places. In 2011, our operations were also mentioned in more than 1,700 Swedish media features.

#### **International contexts**

.SE is active in a highly international community, in which many organizations play their role in the Internet and collaborate to achieve the overall objective – a stable infrastructure. International partnerships concerning the development of the Internet are formalized in a number of partnership bodies in which .SE actively participates, including ICANN, CENTR, IGF, IETF and RIPE.

## .SE – how our operations are conducted

In 2006, .SE commenced its systematic quality efforts based on SIQ's (National centre for business excellence in Sweden) model for customer-focused business development. During a ceremony in February 2011, we accepted the 2010 Swedish Quality Award (USK).

In its commendation, the jury cited the following concerning .SE: "A well-planned operation, based on secure and protected information, is conducted through a number of integrated and collaborative processes, which are continuously improved in consultation with the organization's customers and suppliers. Several processes indicate highly favorable and trend-proven results."

Our sights are now set on even better results for our quality efforts. In 2011, we further improved our process, project and service management. A key component of our quality journey comprised exactly that; the transition from line management to a more process-oriented operation including joint objectives for all employees.

### **Quality governed organization**

During the five-year quality journey, many changes have been made. It began with new governance of the Foundation and a new organizational structure in 2006 headed by the new CEO, Danny Aerts. An interpretation of SIQ's model subsequently resulted in a management process with continuity based on five cornerstones: Choose your path, Lead the way, Organize resources, Review and Improve.

Our company-wide annual targets are defined in a balanced scorecard and tar-

gets are also listed by department, service and on an individual basis. Overall responsibility for the quality effort lies with the Head of Quality and Security, although all services and processes also have a clear owner who is responsible for improving his/her area of responsibility.

### **Continuous improvements**

Evolving requires continuous improvements to both major and minor aspects. Accordingly, we aim to include all employees in our development efforts, through tools that facilitate everyday improvement work and by capturing ideas in various ways. Improvement activities are also documented to enable us to learn from each other and for the future. We also have a proprietary quality program entitled ".SE Upp!" or "beware," which encompasses information and training days for all employees and benchmarking trips and quality initiatives for all employees in smaller teams. A key component of the quality effort is .SE's systematic security efforts. Stable and robust systems that are accessible are central to our operations.

### **Committed employees**

In an organization such as ours, where operations are largely based on knowledge,

the employees' commitment and involvement are the primary drivers of progress. For all employees to grow together with the organization and to meet the rapid developments in our business area, we focus on continuous skills development.

We have a flat and flexible organization in which employees have the ability to develop and in which decision-making paths are short. A key component is employee participation, which is why all employees are more or less involved in operational planning, whereby the business plan is developed in a process encompassing all departments. Each department and service formulates its own action plans and targets based on the overall objectives and strategies that are agreed on by management and the Board at the annual strategy meeting in May.

#### **Open dialogues**

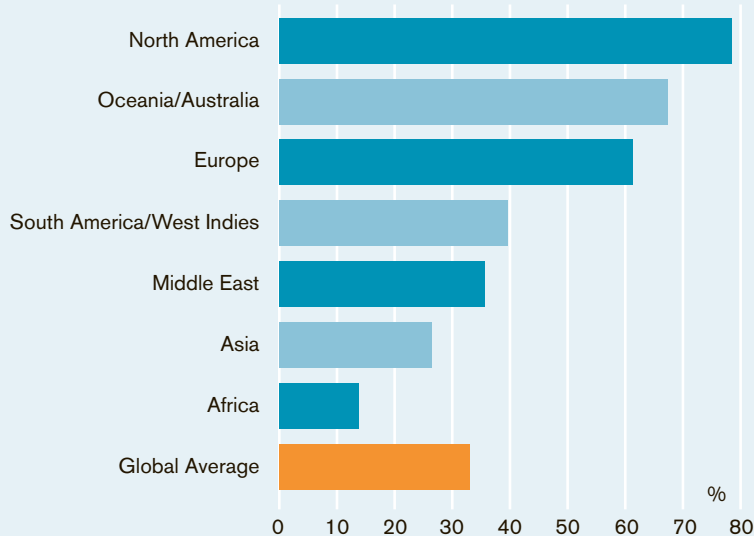
Naturally, it is just as important to adopt external ideas and requirements as it is to independently identify improvement opportunities. Accordingly, we conduct continuous dialogues with customers, registrars and stakeholders by telephone, e-mail, digital meeting places, in personal meetings and through various reference groups in which matters

of principal are discussed. One of our values precisely states that we strive for openness and sharing. Likewise, we are interested in others' ideas and requests concerning the development of the Internet and we share our own experiences. .SE is to serve as a knowledge hub for matters concerning the Internet and how the Internet and its use will evolve in the future.

#### **The results of the quality effort**

Early in our quality journey, our Board established .SE's long-term objectives and by late 2010 essentially all of them had been achieved. For six consecutive years, we have managed to meet the budget and in 2010 we achieved the long-term – and challenging – objective of reaching one million .se domains. Our share of the domain name market increased from nearly 50 percent in 2006 to 65 percent in March 2012. At the same time as we experienced a sharp growth in .se domains, we have enhanced our efficiency, and thus reduced the reseller price by 35 percent since 2006.

During the same period, we increased the surplus that finances Internet developments from slightly more than SEK 2 M in 2006 to slightly more than SEK 50 M in 2011.



Percentage of global Internet users by continent  
Source: Internet World Stats

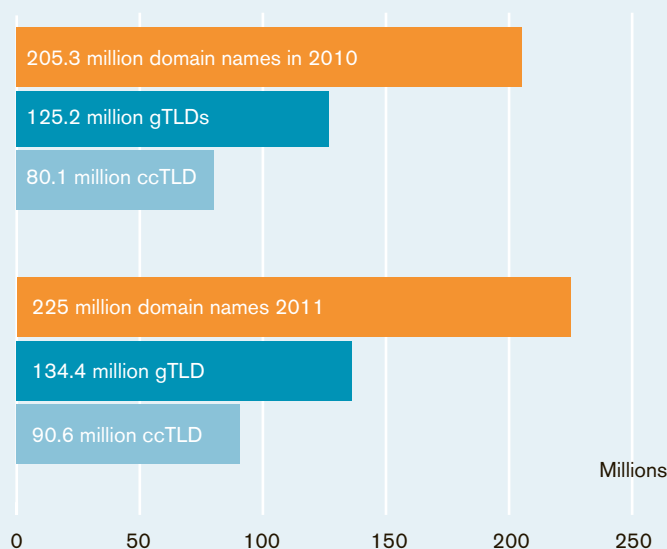
## The Internet in the world and Sweden

In December 2011, global Internet penetration totaled 33 percent. Compared with the preceding year, this is an increase of 17 percent or 377 million new users. This means that about 2.4 billion of the world's seven billion inhabitants use the Internet on a regular basis. In Sweden, about 93 percent of the population has access to the Internet.

In the past decade, the Internet has experienced a sharp increase in new users. Between 2001 and 2011, the number of people in the world with access to the Internet rose 581 percent. The corresponding statistic increase in Europe during the same period was 376 percent. Asia is the global region that has the greatest number of connected citizens – about one billion users – which corresponds to 45

percent of the total number of global users. The corresponding figure for North America is about 12 percent or 273 million Internet users. However, North America has the greatest Internet penetration and 79 percent of the combined population in the US and Canada has Internet access.

The Middle East is one of the regions where Internet access is currently growing the fastest and where the increase



**Country code top-level domains (ccTLD) compared with generic top-level domains (gTLD)**  
**Source: Verisign, .SE processing**

by year-end 2011 was a full 2,244 percent compared with 2000.

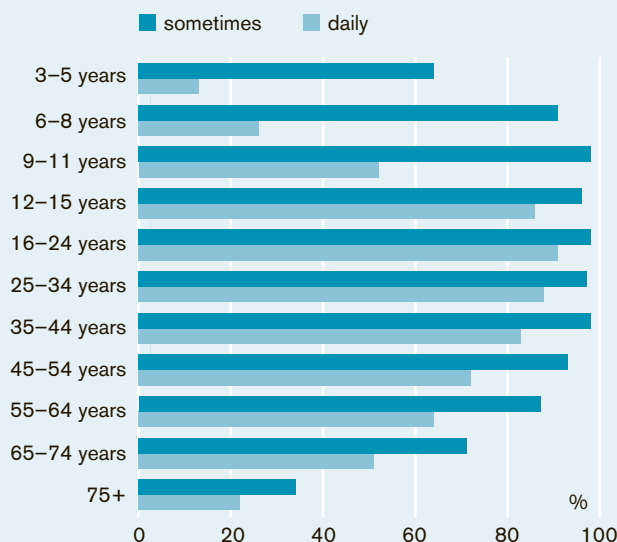
Among the Middle Eastern countries, Israel stands out with an Internet penetration of 70 percent of the population, which is the highest in the region. The global region with the lowest Internet penetration is Africa, where only 13.5 percent of the population uses the Internet on a regular basis. However, Africa reported the largest increase in the percentage of users over the past ten-year period at 2,988 percent.

#### **One in five Internet users is European**

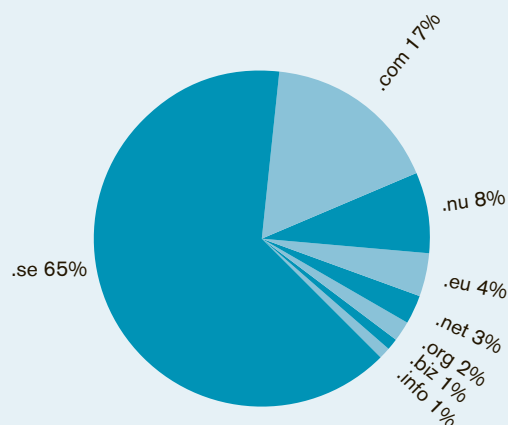
Late in the preceding year, nearly 60 percent of Europe's approximately 816 million inhabitants used the Internet on a regular basis. One in five global Internet users resided in Europe in December 2011.

The European country with the greatest number of users in 2011 was Germany with 65 million connected citizens, or 79 percent of the country's population. The European country with the lowest percentage of Internet users was Kosovo with 21 percent, followed by Moldova with 33 percent. Since Eastern European countries generally have low penetration figures compared with other European countries, these countries are also experiencing the sharpest rates of expansion. Countries such as Albania and Bosnia-Herzegovina increased their Internet usage dramatically in recent year by tens of thousands of percent. Iceland had the highest percentage of users of the European countries with 98 percent of the population.

*Källa: Verisign, Zooknic, SCB, .SE, U.S. Census Bureau, ITU*



**Use of Internet among Swedes in different age groups**  
Source: Swedes and the Internet 2011



**Top-level domains market share in Sweden**  
Source: Zooknic and Webhosting

### Use among Swedes

In 2011, a full 93 percent of the adult population in Sweden had access to the Internet, up nearly 2 percent year-on-year. Internet use in Sweden increased by 18 percent between 2004 and year-end 2011. By 2003, 43 percent of those who used the Internet did so on a daily basis. Eight of ten people residing in Sweden used the Internet daily last year. Young people, those who are highly educated, students, individuals with children at home and people in high-income households have the most wide spread access to the Internet. Elderly women (aged 65–74) had the lowest level of access to the Internet. Among elderly men, 78 percent have access to the Internet and among elderly women, 67 percent have access.

### Domain market changing

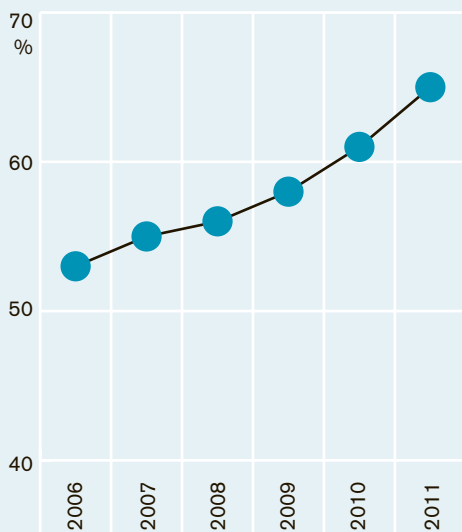
There were a total of 225 million regis-

tered domain names in the world at December 31, 2011, up by 20 million domains year-on-year. The 280 country code top-level domains (ccTLDs), to which .se pertains, account for 40 percent of the total number of domains worldwide.

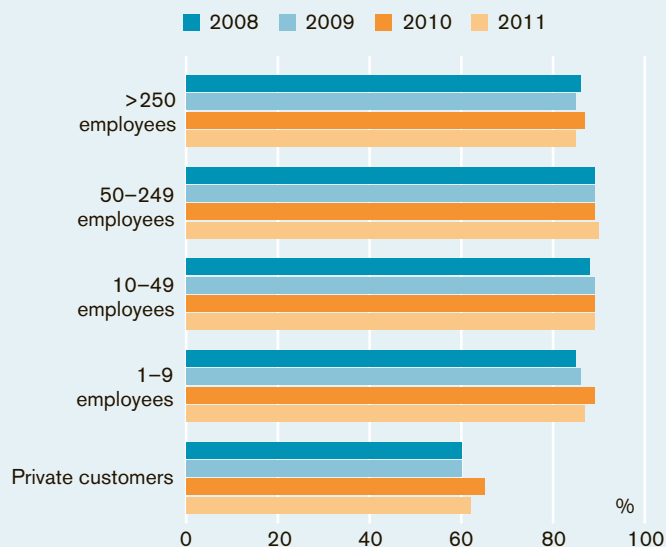
At year-end 2011, there were 90 million domains registered under ccTLDs, up 4 percent compared with 2010. The largest ccTLD, measured by the number of registered domains, is the German suffix .de.

What are known as generic top-level domains (gTLDs – .com, .net, .org and so forth) collectively lead the global market. The .com and .net top-level domain names remained the largest players among the generic top-level domains in 2011 with 114 million active domain names and a total of 50 percent of the market.

In 2011, ICANN (Internet Corporation for Assigned Names and Numbers) announced that it was open to the possibi-



**.SE's market share over time**  
Source: Zooknic



**Percentage of companies and private customers that have registered a .se domain name**  
Source: SCB

lity of applying for new generic top-level domains.

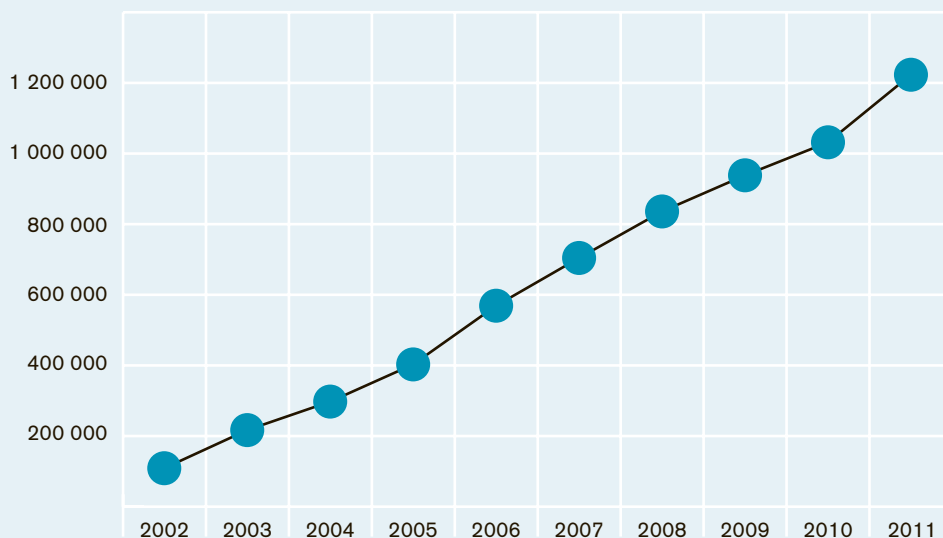
In early 2012, ICANN opened the application period and the first new top-level domains will be launched next year. ICANN bears ultimate responsibility for the allocation of IP addresses and for the domain name system, DNS. The new top-level domains can refer to corporate and product names, but they can also be overriding, such as .me or .mobi. The impact of this break in the trend in the domain name market can naturally not yet be inferred from the number of registered domain names and existing top-level domains or market shares for 2011.

#### **.se the largest domain in Sweden**

The one millionth .se domain was registered on October 4, 2010. By year-end 2011, there were 1,221,128 active .se domain names, compared with 1,058,102 at

year-end 2010. In other words, 163,026 .se domains were registered in 2011, which was a rise of 15 percent compared with the preceding year. By year-end 2011, .se held 65 percent of the Swedish domain market. The closest competitor is the gTLD .com, which, however, is losing shares in Sweden. In 2011, the market share for .com in Sweden was 17 percent, down 2 percentage points compared with 2010. In 2011, the ccTLD .nu was the third-largest player in the Swedish domain market with a share of 8 percent. Fourth place was held by .eu with 4 percent of the market. Of all companies in Sweden with ten or more employees that have registered their own domain name, nine of ten have selected a .se domain name.

Sources: Verisign, Zooknic, SCB, .SE, U.S. Census Bureau, ITU



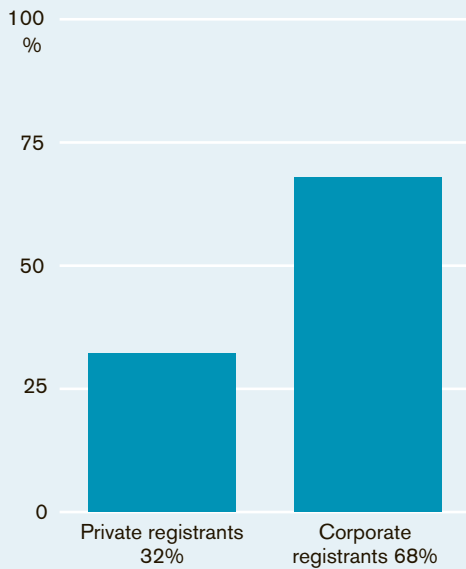
Annual growth of active .se domain names

## Customers and registrars

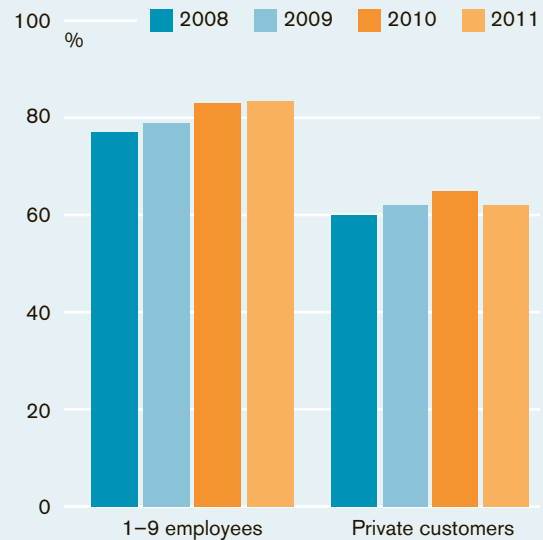
The top-level domain .se dominates the Swedish domain market. The market share for .se in Sweden increased from 53 percent in 2006 to 65 percent in 2011. In a survey conducted by Mistat in 2011, slightly more than 90 percent of customers perceived .se to be the obvious choice for top-level domains for everyone with ties to Sweden. In 2011, 305,671 new domains were registered, which is the highest figure ever. The corresponding figure in 2010 was 264,894. On average, each domain registrant has 2.29 registered .se domains.

According to Statistics Sweden's (SCB) major survey of IT use in Sweden, 86 percent of companies with ten or more employees have registered their own domain name. Among smaller companies, 61 percent stated that they have registered their own domain name.

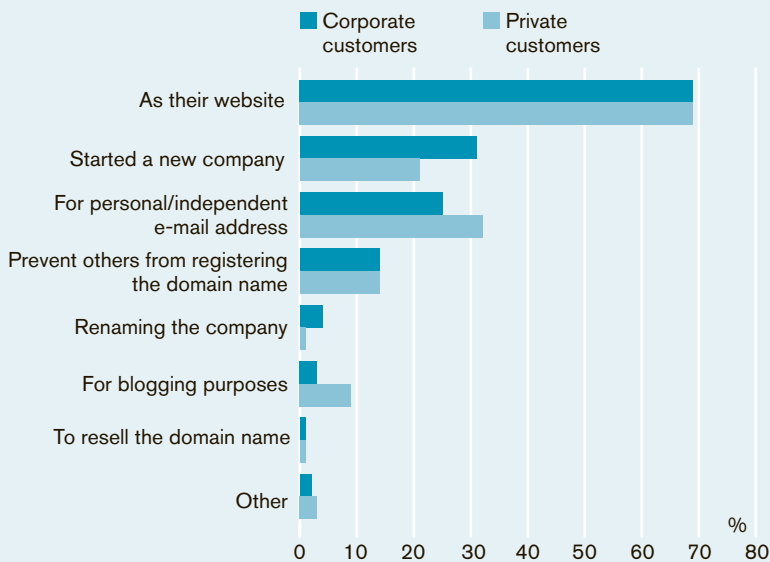
Of these, both large and small companies largely opt for the .se top-level domain. In both categories, 89 percent have registered a .se domain name. Also among companies with one to nine employees, nine of ten opted for the .se top-level domain. Compared with companies with ten or more employees, the smallest companies more seldomly register their domain name under other top-level domains.



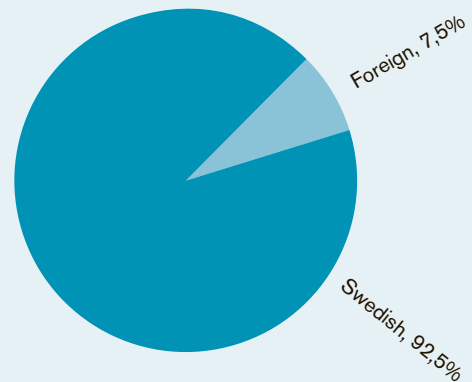
Allocation among private registrants and corporate registrants in 2011.



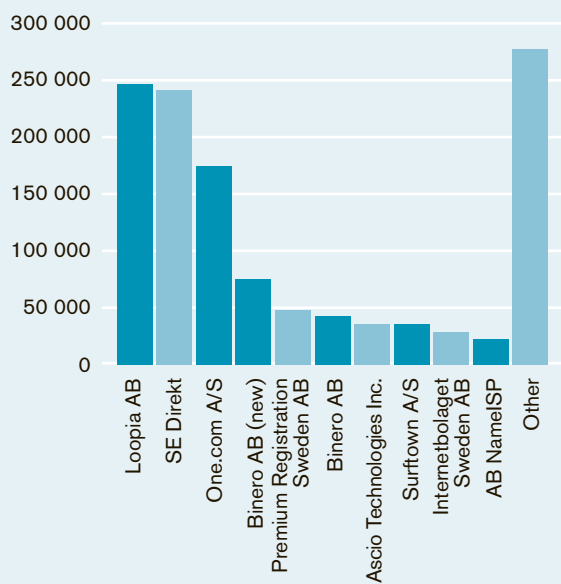
The percentage of small companies (1-9 employees) and private customers that have .se as their primary top-level domain. Source: SCB



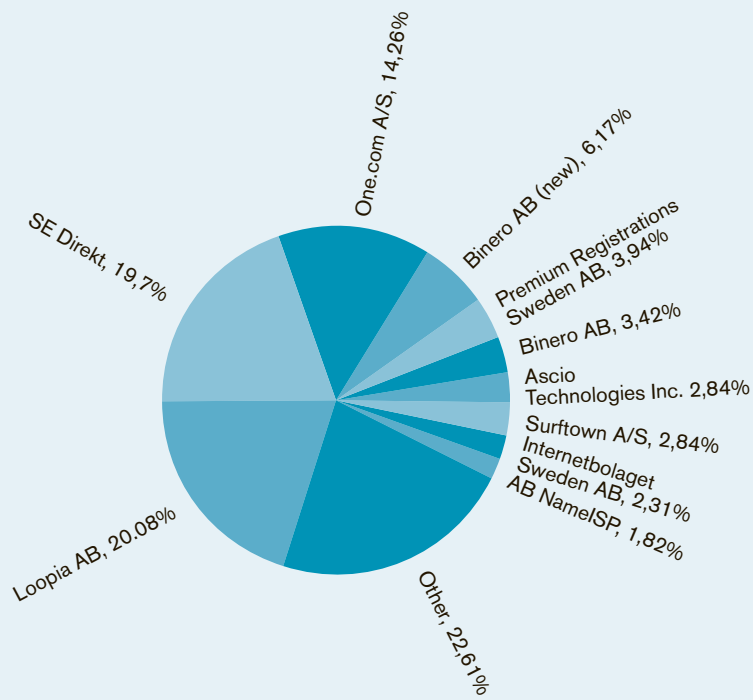
What is the primary reason(s) that you registered a domain name under the top-level domain .se? (Several responses can be given).



The allocation among Swedish and foreign registrants in 2011



.SE's ten largest registrars in 2011  
Number of domains



The ten largest registrars in  
percent, 2011

As with major companies, .com is the second most common top-level domain, although it has declined in the Swedish market in recent years.

#### Websites the more common reason

As mentioned, it is more common for companies to register domain names than private individuals. Of the overall number of registrants of .se domains, corporate customers comprise 68 percent, and 92.5 percent of registrants are domiciled in Sweden. The most important reason for registering a .se domain is wanting to use the domain name for a website, according to 69 percent of both corporate and private customers. Many have also started new companies or simply want to prevent someone else from registering it. Another common reason, particularly among private individuals (38 percent), is wanting a personal, independent

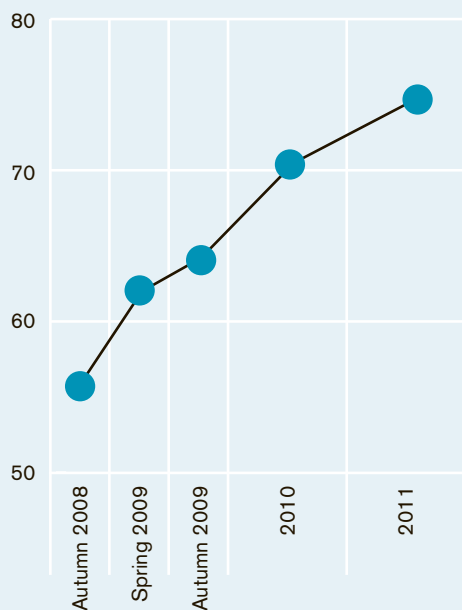
e-mail address. Approximately every tenth private individual has also registered a domain name for a blog.

#### Satisfied domain registrants

Most private and corporate customers are satisfied with their registrar, according to the annual customer surveys conducted by .SE. The customer satisfaction index for both corporate and private customers is about 82 on a scale of 100 in Mistat's survey from 2011. Registrars received the best score for their friendly and pleasant interaction in customer service and support, with a score of 4.2 on a scale of five.

Since 2009, domain names have exclusively been registered through .SE's accredited resellers; our 145 registrars as they are known.

The ten largest registrars accounted for nearly 80 percent of the number of active



**Registrar satisfaction trend,  
2008-2011**

.se domains in 2011. The largest registrar was Loopia, with 20.1 percent of .se domains, followed by .SE's own registrar .SE Direkt (19.7) and One.com (14.0). These three players collectively accounted for more than half of the market for .se domains in 2011.

For .SE, the most important aspect is to maintain strong relations with our registrars and we thus continuously monitor their satisfaction. Since the new business model was introduced, the index curve has continuously pointed upward, with a rise of 22 percentage points between 2008 and 2011 – from 55.8 to 77.5 on a scale of 100.

#### **Proprietary .SE Direkt registrar**

.SE Direkt was formed in conjunction with .SE's replacement of its business model in March 2009 and was a key ele-

ment for a successful transition. Through .SE's proprietary registrar, customers who wanted to remain with .SE instead of transferring to one of our other registrars could do so. Since then, the customer base has declined every year. In late 2011, the market share was 19.7 percent compared with 27 percent in late 2010. A part of the strategy has always been to avoid having .SE Direkt compete with other registrars in terms of prices. Accordingly, the price has continuously been raised, most recently in April 2012 when the price was raised by SEK 24.

.SE Direkt does not offer optional services such as name servers, web hosting services and e-mail. Accordingly, customer who select .SE's own registrar must either maintain their own servers and other services or select another supplier of optional services.

**How a DNS lookup works**

The illustration shows a simplified version of how DNS translates the domain name to IP addresses so that one Internet connected computer can connect to another – for example a web server or an e-mail server. When you enter an Internet address into your browser or send an e-mail address, a DNS lookup is performed. Your internet service provider's name server sends several queries to identify the name server containing information about what IP address applies for the domain name concerned. .SE's role in the equation is to keep track of who is responsible for each domain name and delegate the name server that holds the information.



## DNS operation and security

**.SE is responsible for Sweden's national top-level domain. This entails that we ensure that the .se zone is always available on the Internet. Since access to the Internet and e-mail now constitutes part of the Swedish society's critical infrastructure, operational security is assigned highest priority.**

On the Internet, all connected units must be identified by a unique series of numbers known as an IP address. As a result of the DNS (domain name system) catalogue service, domain names, for example iis.se, can be used instead of IP addresses (in this case 91.226.36.46) to navigate the Internet. DNS translates domain names to IP addresses just as a telephone catalogue translates names to telephone numbers and vice versa. You will find more information concerning how DNS functions on .SE's website.

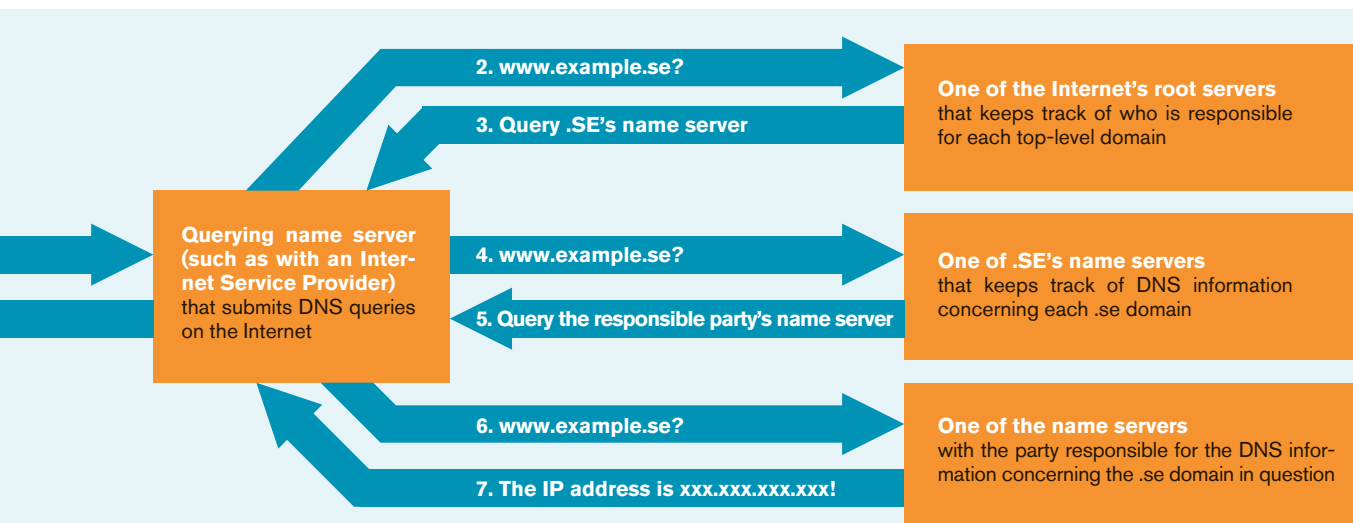
.SE is responsible for the registry that maintains the DNS information for the

more than 1.2 million registered .se domain names. Since .SE makes the .se zone available on the Internet, you can identify the right web and e-mail server for a specific domain name with the .se suffix.

### Statutory operations

.SE's registry does not contain information concerning all technical details for all individual .se domains. Responsibility for supplying this information on the Internet is delegated to each domain registrant. They can in turn delegate responsibility for the maintenance of the domain's name server to, for example, web hosting services and Internet service providers. However, .SE always provides updated information concerning all of these delegations, or delegations as they are known.

If .SE's name servers were inaccessible on the Internet, any information concerning



.se domain names would shortly become unavailable. Accordingly, the maintenance of the .se domain has been governed by a specific law since 2006 – The National Top-Level Domains for Sweden on the Internet Act (2006:24) – and the Swedish Post and Telecom Agency (PTS) acts as the supervisory authority for .SE.

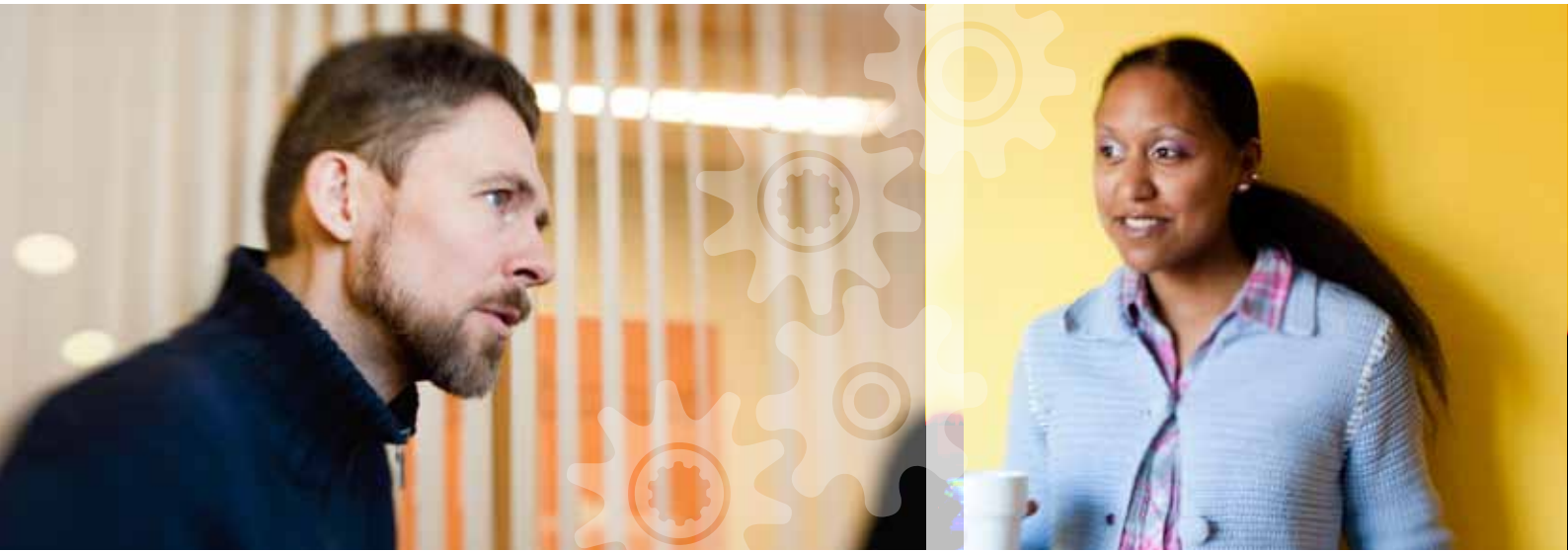
#### 8,000 queries per second

Considering the critical social function that the .se domain currently comprises, quality and security work are fundamental to .SE's DNS operation. The objective is for the DNS service to always be 100-percent available and for the response time for DNS lookups to be as brief as possible.

.SE's name servers handle an average of 8,000 DNS queries per second, although traffic peaks of about 80,000 queries per second are commonplace. To be on the safe side, our systems are capable of hand-

ling far greater volumes. DNS operations are based on a combination of various suppliers, hardware platforms, name-server programs and routing methodologies – unicast and anycast – which generate high capacity, considerable resistance to denial-of-service attacks and high redundancy.

In 2011, the production servers were relocated to an outsourced operational center. The servers were previously located in a proprietary data center on Ringvägen in Stockholm. The relocation increased our potential for expansion and created a sense of security since the operating environment is maintained by experts. In conjunction with the relocation, the hardware for signing .SE's zone file was also replaced. In 2012, we will be conducting several activities to ensure continued high accessibility to our systems – in other words, we are also performing improvement work in this area.



## ADR

### Dispute resolution in an accelerated process

Since 2003, those who first apply for an available .se domain can register the domain without preliminary examination. Those who believe that someone else has registered a domain name to which the first party believes it is entitled can appeal the registration retroactively through the Alternative Dispute Resolution process, ADR. A total of 13 legal experts act as impartial arbitrators and the costs of the ADR process are heavily subsidized by .SE, making it a faster and less expensive alternative than resolving the dispute in court. In 2011, 69 disputes were resolved by ADR, although the average has been between 40 and 50 per year since the ADR process was introduced in 2003. This should be viewed in relation to the total number of .se domains, which exceeds 1.2 million.

### Decision in ten days

In February 2011, .SE launched the option of selecting a faster process when the applicant submits an ADR application. The accelerated process is only applied if the counterparty fails to respond to the application for dispute resolution. If the matter is to be determined using the accelerated process, a decision is taken within ten business days instead of the normal 30 days. The arbitrator tries all fundamental requirements (requisites) that are applied in a standard ADR matter, but reaches a decision without further motivation, meaning that the arbitrator does not account for his/her reasoning in the matter. In 2011, 12 disputes were resolved through the accelerated process. The cost of an accelerated ADR process is SEK 2,000. The fee is significantly lower than a standard ADR, which costs SEK 4,000 for a private individual, SEK 5,000 for a small business and SEK 10,000 for other legal entities.

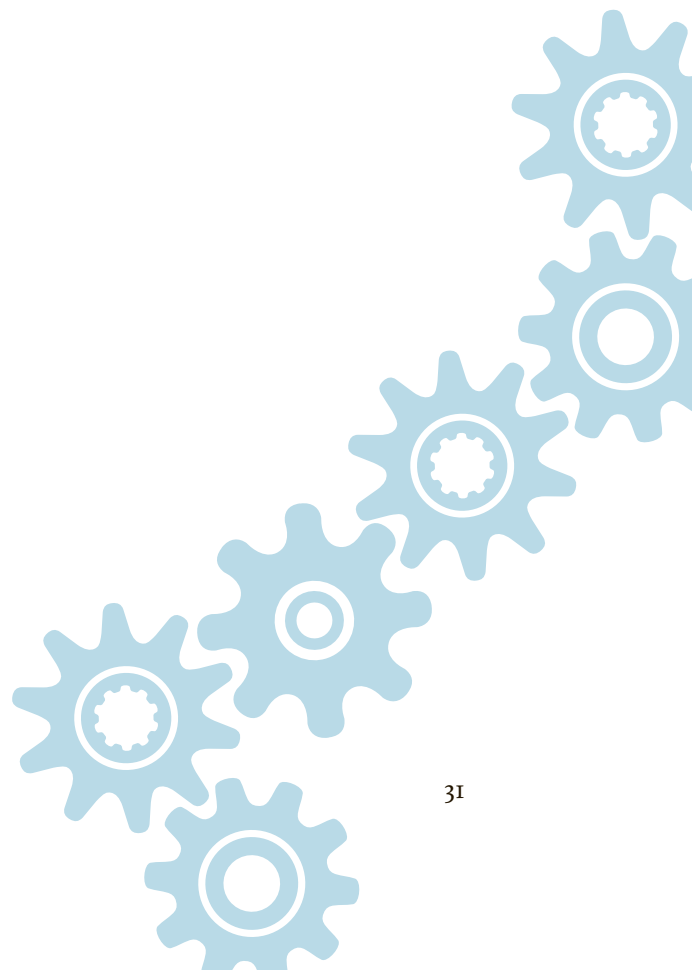


We introduced the accelerated ADR process because we discovered that many ADR applications were not being responded to by the counterparty. By introducing the accelerated process, these specific cases will be determined even faster and at a lower cost, but with the same due process that is applied for ADR. This entails that the obvious cases of abuse in registering domain names are handled faster.

**The fundamental requirements (requisites) for prevailing in an ADR dispute**

To prevail in an ADR case the applicant must:

- Hold a copyright that is valid in Sweden, such as a brand or company.
- Prove that the registrant of a domain name acted in bad faith when he/she registered
- or used the domain name.
- Prove that the registrant did not have a vested interest in the domain name.



## .SE is advancing the development of the Internet

.SE's operations are self sufficient. In accordance with our charter, we use the proceeds from domain administration to give back to the Internet and its users. We have four major areas of focus: the Internet for everyone, the Internet's infrastructure, information and facts about the Internet and its future, as well as greenhouse operations for ideas that promote the development of the Internet. Since the operation began in earnest in 2007, it has grown forcefully and quickly. In 2011, the proceeds financing these projects totaled SEK 51.5 M. This was also the breakthrough year for revenues, also within Internet development operations.

### Proven dissemination of knowledge

.SE wants to allocate and spread knowledge about the Internet and its use in Sweden. The goal is to be a hub of knowledge associated with values such as reliability and relevance. If you want to learn more about the Internet as a journalist, researcher or private individual, we want .SE to be the obvious source. The Foundation has a substantial number of employees with extensive expertise in various fields regarding the Internet and its underlying technology.

We are also constantly sharing our collective knowledge, through proprietary channels and in the media. In 2011, more than 3,500 individuals participated in our events, 169,000 read our Internet guides and reports and .SE's operations were mentioned more than 1,700 times in the Swedish media.

### Introduction of IPv6

For many years, .SE has worked on draw-

ing attention to the need to support the introduction of IPv6, the protocol that will replace IPv4. After .SE's previous attempts to highlight the situation, the tide turned in 2011, and people are now approaching us with questions. In 2011, interest in IPv6 gained serious momentum.

In early February 2011, IANA's – the organization that allocates IP addresses worldwide – final IPv4 addresses were exhausted. This entailed a significant increase in the interest for IPv6, which is particularly evident in the annual statistics survey about IPv6 in Sweden performed by .SE. The survey indicates a substantial rise in awareness about – and the intention to begin using – IPv6. In 2011, .SE launched the first parts of a free series of online training courses about IPv6 and more will be available in 2012. In addition, a number of seminars were organized, including during a holiday in conjunction with World IPv6 Day.

## DNSSEC

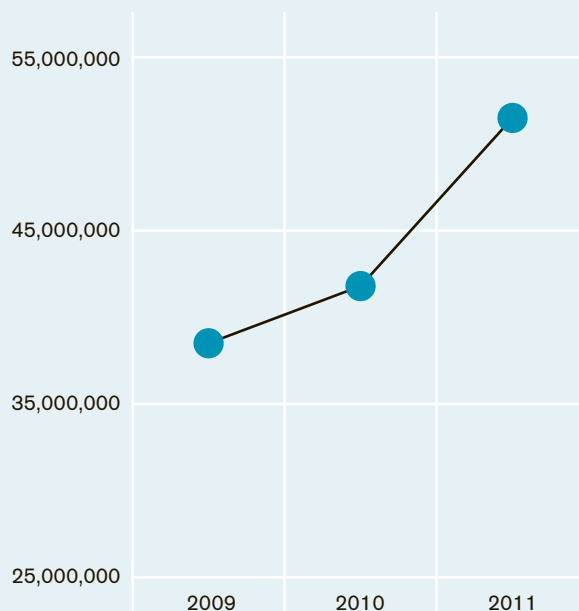
The number of domains signed using the DNSSEC security standard increased from 4,299 in early 2011 to slightly more than 166,000 by year-end.

Behind the substantial increase is a long-term strategy and an conscious effort from .SE in partnership with several of our registrars aimed at enhancing Internet security in Sweden.

DNSSEC (DNS Security Extensions) are a standardized security supplement to the domain name system and a way to make the Internet's DNS cataloging service more secure. .SE is a pioneer in the area and the global leader in the application of the technology.

Since 2005, when the .se zone was signed by .SE, the movement has gained momentum and an increasing number of top-level domains are introducing the technology. In the summer of 2010, DNSSEC was also introduced in the Internet's root zone – the most fundamental element of the domain name system. The more domains that are secured using DNSSEC, the more secure and reliable the Internet becomes as a whole, and the more trust we can have in online services as users. .SE is also involved in this area by contributing expertise at key signing ceremonies that are conducted on a regular basis to administer keys for the root zone.

.SE participates in and finances the development of OpenDNSSEC – a free tool for the easy administration of DNSSEC services. We regularly offer free training courses for everyone who wants to implement DNSSEC in their operations, including Swedish companies and organizations and for our global sister organizations. Since 2011, operations have been conducted under the company OpenDNSSEC AB (limited profit distribution, svb) and in March 2012, the UK's top-level domain administrator, Nominet, invested GBP 35,000 in the company.



**Financial proceeds**  
– Internet development initiatives

## Health Status

For the fifth consecutive year, .SE charted how authorities and other key social functions handle their online presence. The .SE Health Status report charts quality and reachability in the domain name systems in the .se zone and indicated a positive trend in 2011 in which the number of serious errors had declined. Despite this, however, 21 percent of the domains experienced serious errors and 37 percent experienced shortcomings that ought to be addressed, according to the survey.

By continuously monitoring the quality of the Internet's infrastructure in Sweden, we want to ensure that it maintains solid functionality and has high reachability. The aim is also to highlight shortcomings and irregularities as needed.

In 2011, we formulated our first report on net neutrality. The survey encompassed random sample measurements of the actual transfer speeds for online traffic, file sharing and video clips among a dozen or so ISPs. The aim was to assess whether these types of prioritizations



could be measured and, as a secondary objective, whether prioritizations occurred to an extent that made it interesting to proceed with the study and hone and expand the measurements. The results – which indicated that certain IPSs deprioritized traffic – were so interesting that .SE has proceeded and will present subsequent reports.

#### **Broadband Check**

Broadband Check is Sweden's most popular instrument for measuring Internet speed and the only independent consumer tool for checking broadband connections. Every month, nearly 2.5 million measurements are taken on Broadband Check's website and on the popular apps available for iPhone, iPad and Android units. In 2011, Broadband check continued to expand sharply, in terms of measurements and revenue. The number of measurements for the iPhone app, for example, doubled. During the year, .SE signed agreements with several telecom providers. For a fee, these providers receive anonymized raw data that can be used to improve their services.

.SE strives for the Internet to be available for all

One of .SE's visions is "Internet for all." We want everyone in Sweden to want, dare and know how to use the Internet

and are actively working to achieve this, primarily through the 2013 Digidel campaign and the Web Star school competition. These initiatives have been highlighted as strong examples by Sweden's IT Minister, Anna Karin Hatt, including in her speech at the Internet Days conference. The Digidel campaign was one of several .SE initiatives referred to in the Digital Agenda for Sweden presented by the government in 2011.

#### **Webbstjärnan**

In July 2011, the new educational plan for grade schools came into effect. It stipulates that digital skills are to be included in all subjects. .SE promotes a long-term positive use and development of the Internet in Sweden's schools, primarily through .SE's Web Star school competition in which students and teachers learn to publish school work online. .SE wants to contribute to providing teachers and students with the right tools to remain up-to-date in today's digital society and a number of teacher training courses were held nationwide in 2011. A total of 1,776 teams applied to the 2011 Web Star competition, of which 678 subsequently elected to participate in the competition.

#### **Digital inclusion**

Some 1.3 million Swedes remain outside the Internet, according to the 2011 Swedes



and the Internet survey. Most are elderly, although exclusion occurs in all age groups. Basic Internet skills are increasingly required today, for example, in the labor market or to utilize social services. Those who lack online skills for various reasons risk being excluded. .SE believes that the Internet can make a positive contribution to both individuals' and society's development and that it is thus important that everyone have equal rights and opportunities to utilize online services.

Accordingly, in 2010, through a series of seminars and workshops, .SE addressed the issue of digital inclusion, which eventually resulted in the Digidel 2013 campaign.

The campaign aims to introduce an additional 500,000 individuals to the Internet prior to year-end 2013.

Digidel 2013 has received a great deal of attention and by year-end 2011, the campaign had 139 partners (organizations, companies, libraries and educational associations), all of which take educational initiatives to reduce the digital divide. The campaign's progress can be followed at [www.digidel.se](http://www.digidel.se).

#### **Internet statistics**

To follow and understand Internet development in Sweden, it is important to have access to current and reliable in-

formation. In 2011, a new and more user friendly version of .SE's portal, [www.internetstatistik.se](http://www.internetstatistik.se), was launched. On the site, .SE gathers reports from a number of different players who issue statistics concerning Internet use in Sweden and continuously publish new findings concerning the development of the Internet.

In .SE's annual Swedes and the Internet report examines Internet use among Swedes. The 2011 report indicated that the major breakthrough for mobile Internet has come and that its use has doubled, and that the average Swedish household now has more computers than individuals. In March 2011, another report with a major impact was released – Elderly Swedes and the Internet. It indicated that 1.3 million Swedes over the age of 50 seldom or never use the Internet and that Internet use among the elderly is also correlated with their level of education.

#### **Internet Days**

Every autumn, .SE organizes the Internet Days: Sweden's most important conference for all those interested in the Internet. The 2011 edition attracted about 1,600 participants and featured a number of international speakers and on-site guests. Participants could listen to speeches by security guru Bruce Schneier, IT Minister Anna Karin Hatt and ISOC President

Lynn St. Amour. The Internet Days merge technology, social issues, security, entrepreneurship and domains, which leads to unexpected and fruitful meetings and new business contacts.

The third day of the conference, the Internet Days Forum, was free-of-charge and open to everyone. On this day, .SE invites a number of other organizations to organize events. Participants at the 2011 conference included Digidel, Internet Discovery Day and Cloud Camp Sweden.

#### **Internet guides**

In 2011, .SE published four new Internet guides, meaning that there are now a total of 25 that highlight various Internet-related subjects, such as DNS, monitoring of our operating environment and filtration. The guides, which are free, are geared toward a broader public and are written in a straightforward language. All guides are available as PDFs or in web versions online, and several of them are also available in printed format for delivery by mail. However, we aim to encourage more people to choose the digital versions. The page featuring the guides is one of the most visited on .SE's website. In 2011, a total of 109,779 PDFs were downloaded and read online and 27,560 printed guides were ordered.

#### **The Internet Fund**

.SE's Internet Fund finances independent, non-commercial projects aimed at moving Internet development in Sweden forward. In 2011, a record number of applications were received and a total of SEK 15 M was allocated among 51 projects. During the year, .SE accepted applications for projects specifically aimed at increasing digital inclusion since we see

the understand the importance of developments in this area.

In late 2011, .SE and the Internet Fund received SEK 1 M in funding from the innovation authority VINNOVA to develop a crowdfunding concept. .SE wants to use crowdfunding to support new ideas in the early phases of developing the services without competing with existing platforms. Financing is often lacking at an early phase and we hope to bridge the gap with our concept. The first round of applications will be accepted in the autumn of 2012 and evaluated later in the year.

During the autumn, .SE organized the first 24 Hour Business Camp in partnership with VINNOVA and Future Position X in close collaboration with originator Ted Valentine. The focus was on entrepreneurship when the hackers created websites over the course of 24 hours.

#### **The .SE blog**

We believe in openness and are convinced that it benefits the development and use of the Internet. Accordingly, we are more than willing to share our knowledge and ideas and thus launched the .SE blog in late April 2011. Through the blog, those who are interested can follow Internet developments in a broad sense. Several of our employees post blogs here about .SE's operations and comment on, explain and analyze current Internet events. The blog enables us to demonstrate the expansive expertise available at .SE. It has quickly established itself as a key source of knowledge and news. Several of the topics that we have written about have subsequently been addressed by various media, which we view as proof that our topics of discussion are relevant.



## Environmental effort

**.SE wants to contribute to a more sustainable society by having as limited environmental impact as possible. We offset the carbon emissions caused by our operations while simultaneously working to reduce our environmental impact through various measures.**

We have actively been conducting our environmental effort since 2007 based on an environmental policy that was jointly formulated by our employees. Since then, a number of improvements have been made to reduce our negative impact on the environment, for example in terms of cleaning, transportation and food. All employees are offered annual passes on Stockholm Public Transport as a benefit to encourage leaving their cars at home and instead using public transportation.

### **Annual climate analysis**

Since 2009, we have continuously conducted climate analyses of our operations

in collaboration with U&W, a consultancy. The latest was conducted in 2011 and indicated that the environmental impact per active .se domain remains at the same level – a carbon footprint of 0.43 kilograms per domain – which is the same level as two years earlier when the previous survey was conducted. This is a result that we are pleased with, although we strive to further reduce our environmental impact.

In the past two years, we have strived to reduce the amount of printed material since our many printed Internet guides previously comprised a relatively substantial carbon footprint. Since 2011, all Internet guides have been available in an online version and we encourage our readers to choose these instead of ordering a printed copy, which we have been successful in doing. Only 24 percent of our guides were distributed in printed copy in 2011. For the same reason, the Annual Report that you are currently reading is only available in digital format.

In 2012, we will focus on reducing the environmental impact from our servers. We are also facing a challenge in our operation growing in national and international contexts and thus increasing our travelling. For example, representatives for .SE's Web Star school competition and the Digidel 2013 campaign are travelling around and lecturing and holding training courses nationwide. We have other employees who travel to participate in standardization work and to share experiences with colleagues worldwide. To limit our environmental footprints, we continuously endeavor to strike a healthy balance in our energy consumption in relation to what we want to achieve with our operations.



## HR

**.SE's operations have evolved and grown sharply in the past five years. Between 2007 and 2011, we increased our workforce by 20 permanent employees. This poses demands on HR policies and the corporate culture to maintain efficiency and satisfied customers.**

Just as the organization as a whole, our HR efforts have also advanced during the same period. As early as 2007, an extensive improvement effort was conducted on all HR processes.

We grew from 48 employees in late 2010 to 56 permanent employees by year-end 2011, of whom 22 were women and 34 were men. Last year, recruitments were primarily made in the maintenance and system development departments, as well as in the Internet development operation. The average age at the company is 40.

### **Knowledge and skills**

Our operations are largely based on knowledge and we are more than willing to share our knowledge and experiences, since we believe that this benefits Internet development. Accordingly, personnel

and their expertise are our most important resource.

For our employees to grow with the operation and to satisfy the rapid developments in the Internet area, we are continuously making investments in skills development. In 2011, we continued our work on structured skills development, which is known as the skills pyramid. Everyone at .SE must possess basic and mandatory skills, which are specified in the base of the pyramid. By controlling the content in the various levels, we ensure that the organization's and the employees' skills advance in the right direction. All employees have individual development plans that are followed-up on an annual basis.

### **Commitment generates results**

Since 2009, we have been working with a target-based bonus program for all permanent employees. The company's targets, which are established in the business plan, are broken down into individual targets tied to a reward system with the possibility to receive a bonus of up to one month's salary.



In practice, the objectives comprise 30 percent company targets that apply on a universal basis and the remaining 70 percent can be allocated among individual and department targets. We have noted greater commitment and participation as the company's goals are made apparent in this manner and all employees can see their overall contribution.

#### **Contented employees**






One of our most important quality targets is the staff's perception of .SE as a company and employer. We want our employees to be satisfied and content. Accordingly, we conduct regular health surveys, employee satisfaction surveys and an annual workplace health and safety analysis. The aim is primarily to analyze the correlation between perceived health, lifestyle and workplace environment, but also to motivate and inspire increased commitment. Last year's employee survey indicated that the collective assessment of our employees' contentment was 4.27 on a scale of five, compared with 3.67 five years ago. The same survey generated a

result of 4.51 in response to whether employees were proud to work at .SE, compared with 3.94 in 2007. In other words, we have managed to grow and simultaneously generate greater contentment among employees.





#### **Flat organization**

.SE has a flat organization with short decision-making paths, where creativity and ideas are harnessed. The fact that the management team is relatively large also contributes to efficient communications throughout the organization. We have eight departments: .SE Registry, .SE Direkt, IT Operations, Systems Development, Internet Development, New Business, Finance and Communications. The staff includes the CEO, Head of Quality and Security, Assistant to the CEO/HR Manager and Internet Governance Manager, the project office and the legal department. All departments, as well as the staff functions for the Head of Quality and Security, the Assistant to the CEO/HR Manager and the legal department are represented in the management team.

## BOARD OF DIRECTORS AND MANAGEMENT TEAM

				
<b>Mikael von Otter</b>	<b>Mikael Abrahamsson</b>	<b>Lars Lindgren</b>	<b>Robert Malmgren</b>	<b>Anders Flodström</b>
Appointed by the Confederation of Swedish Enterprise	Appointed by SOF (Swedish Internet Operators' Forum)	Appointed by the Swedish Bankers' Association	Appointed by ISOC-SE	Chairman of the Board






  

			
<b>Inger Persson</b>	<b>Ove Ivarsen</b>	<b>Marzena Doberhof Platin</b>	<b>Andreas Hedlund</b>
Appointed by the Swedish Consumers' Association	Swedish Trade Union Confederation (LO), appointed by other Board members	Secretary	Appointed by Swedish Trade Federation

## Board of directors

.SE is a foundation and is governed according to its charter of foundation and its by-laws. The foundation is led by a Board of Directors, whose decisions are implemented by management. .SE's Board consists of an eclectic mix of representatives for both users and experts within the Internet field. The current Chairman of the Board, Anders Flodström, assumed his position on June 1, 2010.

				
<b>Danny Aerts</b>	<b>Maria Ekelund</b>	<b>Anette Hall</b>	<b>Monica Åhl</b>	<b>Mikael Jonker</b>
CEO	Head of Communications	Head of .SE Direkt	Chief Financial Officer	Head of Systems Development

				
<b>Andreas Fredriksson</b>	<b>Torbjörn Carlsson</b>	<b>Elisabeth Ekstrand</b>	<b>Anne-Marie Eklund Löwinder</b>	<b>Staffan Hagnell</b>
Head of IT Operations	Head of .SE Registry	General Counsel	Head of Quality and Security	Head of Research and Development

## Management team

The .SE management team now comprises nine department heads and CEO Danny Aerts, who assumed his position in 2006. Gender distribution is even with five men and five women.





# Financial statements



# Administration Report

In 2011, the operations of .SE (The Internet Infrastructure Foundation) again showed great stability and continued strong expansion. For the past nine years, growth in .se domain names has run like a Swiss watch. Year after year, we have seen net growth in the region of 100,000 domain names per year. This has resulted in the total number of .se domain names more than doubling in five years.

The Foundation's strategy – to promote the .se domain as the obvious choice in Sweden – remains firm and the operations will grow in two areas. One area comprises the administration and operation of Sweden's top-level domain .se. The second area includes several initiatives and projects that promote the development of the Internet in Sweden. Based on current growth rates, .SE will be able to provide about SEK 40–50 M on an annual basis to various Internet-development projects.

The past year was something of a turning point. Several Internet-development projects that were started in the period 2007–2009 have become more established operations and contribute to the Founda-

tion's revenue. Revenue from development operations was SEK 3.6 M, an increase of 73 percent compared with 2010.

## **Financial performance**

The operating loss was SEK 4.9 M (loss: 4.5). This result is in line with the Foundation's aim of not increasing its financial reserves any further and instead investing in Internet-development projects. Domain operations generated SEK 107 M. Costs for Internet investments totalled almost SEK 51.5 M.

## **Domain administration**

Net growth in 2011 amounted to 15 percent, up 2 percent year-on-year. Growth was positively influenced by a successful campaign in December. There were 1,221,128 registered .se-domain names at year-end 2011. The number of new registrations of .se domain names in 2011 was the highest ever at 305,671, of which 85,515 were registered in December.

2011 stood out for the dramatic increase in DNSSEC signed .se domains (DNS Security Extensions).

The number of DNSSEC signed domains increased from 4,299 to 166,041

in 2011. DNSSEC is a security extension of DNS (domain name system). DNSSEC prevents misuse of the domain name system through the inclusion of encrypted signatures in the responses to DNS lookups and thus ensures that the response truly originates from the correct source and has not been altered during its transmission. The world's first complete DNSSEC service was launched in 2007 by .SE. The greater the number of domains that are made secure is; the safer and more reliable the Internet will become in general. DNSSEC is also envisioned as a carrier of new services in the future.

.SE Direkt is .SE's own registrar and administered 241,237 .se domain names at year-end 2011, down 42,238 compared with December 31, 2010. As expected, .SE Direkt's market share declined from 27 to 20 percent. This trend is fully in line with the overall strategy established on the transition to the new business model in 2009. At that time, .SE's own registrar was created as an alternative for those customers who did not wish to actively select an external registrar. In conjunction with

the above decision, a decision was taken that our own registrar would not prevent healthy competition in the domain market. Since 2009, .SE Direkt has gradually raised the end-customer price to create a more distinct difference between .SE Direkt's wholesale price and .SE Direkt's end-customer price. Average annual revenue per domain was SEK 175 in 2011.

The use of .se domain names has not seen any material change with the exception of the significant increase in the number of blogs. Blogs are simplified websites that can be constructed with standardized tools such as Wordpress, which makes it much quicker and easier for those who want to launch their own website. The number of blogs increased by 55 percent in 2011 and almost 10 percent of all .se domain names delegate to blogs.

#### **Development operations**

Through its charter, .SE is tasked with the promotion of a healthy stability in the Swedish Internet infrastructure and to promote "research, education and training in IT and telecommunications, with a particular focus on the Internet."

A brief summary of .SE's most important areas in 2011:

The Broadband Check is growing steadily, in terms of measurements and revenue. The service became the de facto standard in Sweden for measuring broadband speed. Each month, nearly 2.5 million measurements are generated through the Broadband Check's website and the popular Apps. In 2011, .SE signed agreements with a number of telecoms operators who receive, against a fee, anonymized raw data that can be utilized to improve their services.

In addition, .SE measures other parts of the Internet's infrastructure. Our report on net neutrality in Sweden attracted a lot of attention. For the past few years we have published Health Status reports, which have established our competence and expertise in the area. A natural development from this would be for .SE to offer consulting services and customized reports in the future.

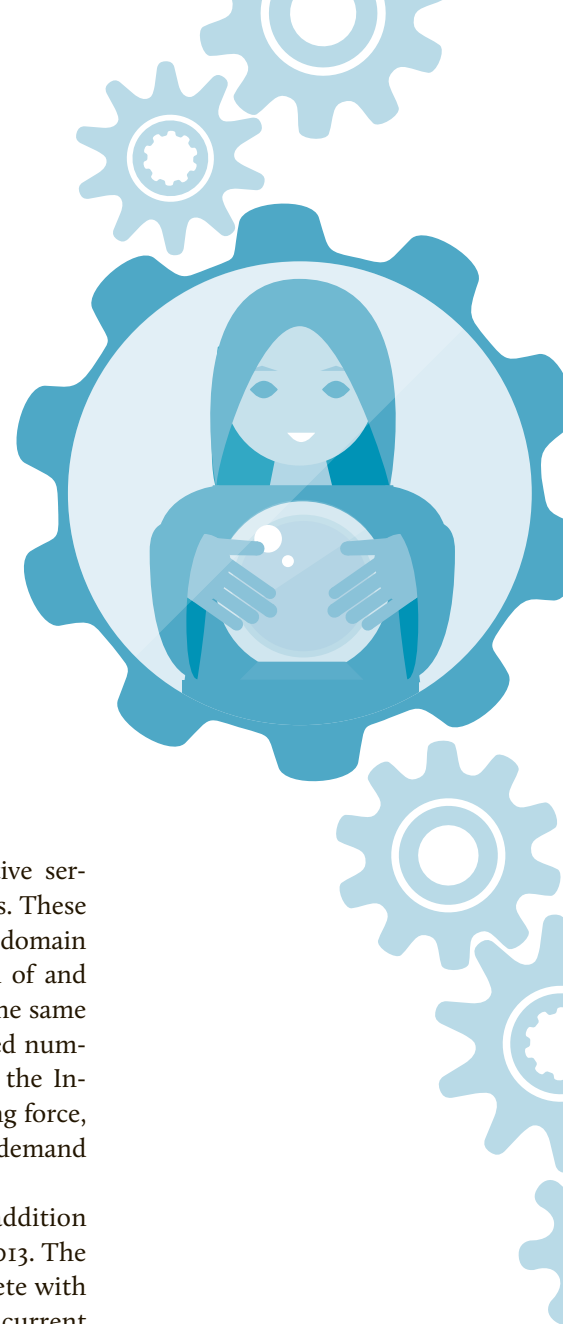
A core area of our Internet-development projects is the organization of events. The largest event is the Internet Days, which, in 2011, had 1,600 participants. The number of paying visitors is growing annually by

10 percent and a new event in 2011 was our organization of the 24HBC (24hour Business Camp), an event designed to display the web development skills and innovation of its participants. Vinnova provided sponsorship for the event.

The company OpenDNSSEC has been launched and, at the time of writing, several organizations had confirmed their commitment and readiness to contribute to the financing of future development of OpenDNSSEC software.

The Internet use area includes the Web Star competition and the 2013 Digidel campaign (a campaign focused on increasing the number of Swedes using the Internet by 500,000 over three years). Both initiatives are growing exponentially with a doubling of the number of submissions accepted from schools as part of Web Star and close to 180 partners in the Digidel campaign. Both initiatives generate extremely positive PR for .SE.

Finally, a new collaboration is underway with Vinnova. Together with Vinnova, .SE will test new methods for transforming innovative Internet ideas into companies. Vinnova has contributed funding of SEK 1 M.



### **Subsidiaries**

The Foundation owns 100 percent of the subsidiary NIC-SE Network Information Centre Sweden AB. At the end of the fiscal year, the company had no operations and no employees.

In 2011, the Foundation started a new subsidiary OpenDNSSEC AB (limited profit distribution, svb) which received funding of EUR 40,000 provided by the Foundation within the framework of its charter. The Foundation owns 100 percent of OpenDNSSEC AB (svb).

### **Future development**

The increase in the number of registered .se domain names will continue over the next few years. Despite the above, a cautious assessment is that we will enter a more mature phase with lower net growth rates in the future. This said, in 2012 we expect an approximate net growth of 100,000 .se domain names. The number of .se domain names is expected to total approximately 1.3 million by year-end 2012.

From a slightly more long-term perspective, growth can be impacted by the

economic trend and by alternative services such as social media services. These reduce the prominence of the domain name and thereby the attraction of and use for proprietary websites. At the same time, trends that lead to increased numbers defending their identity on the Internet can give rise to an opposing force, which would lead to increased demand for .se domains.

Another uncertainty is the addition of new top-level domains as of 2013. The extent to which these will compete with .SE is difficult to predict under current conditions.

By the end of 2012, .SE's own registrar is expected to have a market share of about 15 percent and will raise the price to end-customers again in 2012.

We expect a continued steady increase in revenue generated by our Internet-development projects and Internet investments.

### **Other**

Board members of the Internet Fund's assessment committee received fees in an amount of SEK 156,390 which was recognized as an expense.

# Income statement for the Internet Infrastructure Foundation

Amounts in SEK	Note	Dec. 31. 2011	Dec. 31. 2010
<b>Operating revenue</b>			
Net sales	1, 2	106,935,607	97,847,057
Other operating revenue		4,517,034	1,655,606
		<b>111,452,641</b>	<b>99,502,663</b>
<b>Operating expenses</b>			
Other external costs	2, 3	-67,707,364	-61,555,660
Personnel costs	2, 4	-46,790,886	-40,982,716
Depreciation and amortization of tangible and intangible fixed assets	8, 9	-1,811,240	-1,528,939
		<b>-116,309,490</b>	<b>-104,067,315</b>
<b>Operating loss</b>		<b>-4,856,850</b>	<b>-4,564,652</b>
<b>Profit/loss from financial items</b>			
Other interest income and similar profit/loss items	5	2,676,006	4,394,421
Interest expenses and similar profit/loss items	6	-1,671,877	-380,132
		<b>1,004,129</b>	<b>4,014,289</b>
<b>Loss after financial items</b>		<b>-3,852,721</b>	<b>-550,363</b>
<b>Loss before tax</b>		<b>-3,852,721</b>	<b>-550,363</b>
Tax on net profit for the year	7	—	—
<b>Net loss for the year</b>		<b>-3,852,721</b>	<b>-550,363</b>

## Balance sheet for the Internet Infrastructure Foundation: Assets

Amounts in SEK	Note	Dec. 31. 2011	Dec. 31. 2010
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Leasehold improvements	8	1,829,991	2,004,569
		<b>1,829,991</b>	<b>2,004,569</b>
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	9	4,930,038	3,580,800
		<b>4,930,038</b>	<b>3,580,800</b>
<i>Financial fixed assets</i>			
Participations in Group companies	10	156,259	100,000
Other securities held as fixed assets	11	25,242,612	25,704,440
		<b>25,398,871</b>	<b>25,804,440</b>
<b>Total fixed assets</b>		<b>32,158,901</b>	<b>31,389,810</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable		4,514,344	4,562,524
Other receivables	12	1,354,506	1,308,564
Prepaid expenses and accrued income	13	4,260,537	6,384,577
		<b>10,129,387</b>	<b>12,255,664</b>
<i>Short-term investments</i>			
Other short-term investments	14	66,023,267	72,141,865
		<b>66,023,267</b>	<b>72,141,865</b>
Cash and bank balances		13,110,941	4,462,930
<b>Total current assets</b>		<b>89,263,594</b>	<b>88,860,460</b>
<b>Total assets</b>		<b>121,422,495</b>	<b>120,250,269</b>

## Balance sheet for the Internet Infrastructure Foundation: Equity and liabilities

Amounts in SEK	Note	Dec. 31. 2011	Dec. 31. 2010
<b>Equity</b>	<b>15</b>		
<i>Restricted equity</i>			
Foundation capital		200,000	200,000
		<b>200,000</b>	<b>200,000</b>
<i>Unrestricted equity</i>			
Unappropriated funds		40,455,594	41,280,957
Net loss for the year		-3,852,721	-550,363
		<b>36,602,873</b>	<b>40,730,594</b>
<b>Total equity</b>		<b>36,802,873</b>	<b>40,930,594</b>
<b>Current liabilities</b>			
Deposits from customers		864,427	2,074,780
Accounts payable		6,490,457	7,009,711
Other liabilities		1,790,511	1,835,787
Accrued expenses and deferred income	16	75,474,227	68,399,397
<b>Total current liabilities</b>		<b>84,619,622</b>	<b>79,319,675</b>
<b>Total equity and liabilities</b>		<b>121,422,495</b>	<b>120,250,269</b>

## Pledged assets and contingent liabilities

Amounts in SEK	Dec. 31. 2011	Dec. 31. 2010
<b>Pledged assets</b>	<b>None</b>	<b>None</b>
<b>Contingent liabilities</b>	<b>None</b>	<b>None</b>

# Cash-flow statement for the Internet Infrastructure Foundation

Amounts in SEK	Dec. 31. 2011	Dec. 31. 2010
<b>Operating activities</b>		
Loss after financial items	-3,852,721	-550,363
Adjustments for non-cash items, etc.	1,811,240	1,529,626
	<b>-2,041,481</b>	<b>979,263</b>
Tax	—	—
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2,041,481</b>	<b>979,263</b>
<i>Cash flow from changes in working capital</i>		
Increase(-)/Decrease(+) in operating receivables	2,590,571	-2,569,899
Increase(+)/Decrease(-) in operating liabilities	5,299,947	11,524,080
<b>Cash flow from operating activities</b>	<b>5,849,037</b>	<b>9,933,444</b>
<b>Investing activities</b>		
Acquisition of tangible/intangible fixed assets	-2,985,900	-719,695
Sale of property, plant and equipment	—	3,500
Acquisition of financial assets	-7,764,528	-13,225,358
Sale of financial assets	13,824,401	2,767,719
<b>Cash flow from investing activities</b>	<b>3,073,973</b>	<b>-11,173,835</b>
<b>Grants</b>		
Grants issued	-275,000	-269,500
<b>Cash flow from grants issued</b>	<b>-275,000</b>	<b>-269,500</b>
Cash flow for the year	8,648,010	-1,509,891
Cash and bank balances at the beginning of the year	4,462,930	5,972,821
<b>Cash and bank balances at year-end</b>	<b>13,110,940</b>	<b>4,462,930</b>

## Supplementary information to cash-flow statement

Amounts in SEK	Dec. 31. 2011	Dec. 31. 2010
<b>Adjustments for non-cash items, etc.</b>		
Depreciation/amortization and impairment of assets	1,811,240	1,528,940
Reversal of impaired assets	—	—
Loss on sales of fixed assets		686
	<b>1,811,240</b>	<b>1,529,626</b>
<b>Cash and cash equivalents</b>		
<b>Cash and bank balances</b>	<b>13,110,940</b>	<b>4,462,930</b>

## Supplementary information for the Internet Infrastructure Foundation

The Annual Report was prepared in accordance with the Swedish Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board with the exception of BFN AR 2008:1 (the K2 rules) Financial Statements of Small Enterprises.

Consolidated financial statements were not prepared since the subsidiaries' operations and scope are immaterial compared with the parent Foundation. The subsidiaries do not currently conduct any operations.

The Foundation's assets were recognized at cost.

Receivables and liabilities in foreign currencies were measured at the closing-date rate.

Grants issued were recognized directly against equity.

Financial instruments were measured according to the portfolio method and recognized at the lower of cost and market value.

Operating revenue primarily comprised domain name revenue recognized in the period in which payment was received and accrued over the number of months to which they apply.

Fixed assets and costs defrayed on another party's property were depreciated/amortized according to plan.

Leasehold improvements	10 years
Equipment	5 years

# Notes

## Note 1 Net sales from operations

	Dec. 31, 2011	Dec. 31, 2010
Net sales	106,935,607	97,847,057

## Note 2 Income statement distributed between domain and development operations, including internal time

Amounts in SEK	Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2011
	Development	Domain	Total
<b>Operating revenue</b>			
Net sales	0	106,935,607	106,935,607
Other operating revenue	3,560,771	956,263	4,517,034
	3,560,771	107,891,870	111,452,641
<b>Operating expenses</b>			
Other external costs	-38,232,920	-29,474,444	-67,707,364
Personnel costs	-12,993,106	-33,797,780	-46,790,886
Depreciation and amortization of tangible and intangible fixed assets	-247,799	-1,563,441	-1,811,240
	-51,473,825	-64,835,665	-116,309,490
<b>Profit/loss before financial items</b>	<b>-47,913,055</b>	<b>43,056,205</b>	<b>-4,856,850</b>

Total costs for development operations including internal time costs amounted to SEK 51,473,825. In addition, SEK 275,000 was paid through equity.

## Note 4 Employees and personnel costs

	Dec. 31, 2011	Dec. 31, 2010
<b>Medelantalet anställda</b>		
Men	33	29
Women	19	16
	52	45

### Salaries, other remuneration and social security fees

Board of Directors and CEO	2,370,490	2,255,783
Other employees	30,894,058	23,903,571
<b>Total</b>	<b>33,264,548</b>	<b>26,159,354</b>

Social security fees	13,395,759	12,529,006
(of which pension costs)	(3,147,038)	(2,848,207)

Of the Group's pension costs, SEK 551,956 (508,452) relates to the Board of Directors and CEO. Salaries and remuneration apply only to personnel in Sweden.

### Number of Board members and CEO, including gender distribution

Women	1	1
Men	7	7
<b>Total</b>	<b>8</b>	<b>8</b>

### Other senior executives, gender distribution

Women	6	6
Men	5	5
<b>Total</b>	<b>11</b>	<b>11</b>

## Note 3 Auditors' fees

	Dec. 31, 2011	Dec. 31, 2010
<b>KPMG AB</b>		
Audit assignments	183,000	200,000
Audit activities other than audit assignments	—	—
Tax consultancy	—	—
Other assignments	—	—
	183,00	200,000

# Notes

## Note 5 Interest income and similar profit/loss items

	Dec. 31, 2011	Dec. 31, 2010
Interest income, other	1,008,197	782,768
Exchange-rate gains	165	26,801
Capital gains	579,759	2,676,574
Dividends from shares and participations	1,087,884	908,278
	<b>2,676,006</b>	<b>4,394,421</b>

## Note 6 Interest expenses and similar profit/loss items

	Dec. 31, 2011	Dec. 31, 2010
Interest expenses, other	1,203	834
Exchange-rate losses	21,055	12,921
Capital losses	1,649,619	366,377
	<b>1,671,877</b>	<b>380,132</b>

## Note 7 Tax on net profit/loss for the year

	Dec. 31, 2011	Dec. 31, 2010
Current tax		
The difference between tax costs and tax costs based on applicable tax rate		
Recognized loss before tax	-3,852,721	-550,363
Tax according to applicable tax rate	0	0
Non-deductible expenses	695,706	235,970
Non-taxable income	-2,065	-1,892
<b>Total</b>	<b>693,641</b>	<b>234,078</b>
Recognized loss before tax	-3,852,721	-550,363
Adjustment as above	693,641	234,078
Tax base	-3,159,080	-316,285
Unutilized loss carryforwards from preceding year	-7,833,369	-7,517,084
Total unutilized loss carryforwards	-10,992,449	-7,833,369
<b>Tax for the year</b>	<b>0</b>	<b>0</b>

## Note 8 Leasehold improvements

	Dec. 31, 2011	Dec. 31, 2010
<i>Accumulated cost</i>		
Opening balance	3,318,021	3,318,021
New acquisitions	158,632	—
	<b>3,476,653</b>	<b>3,318,021</b>
<i>Accumulated amortization according to plan</i>		
Opening balance	-1,313,452	-981,651
Amortization for the year according to plan	-333,210	-331,801
	<b>-1,646,661</b>	<b>-1,313,452</b>
<b>Residual value at the year-end according to plan</b>	<b>1,829,991</b>	<b>2,004,569</b>

## Note 9 Equipment, tools, fixtures and fittings

	Dec. 31, 2011	Dec. 31, 2010
<i>Accumulated cost</i>		
Opening balance	6,428,099	5,772,002
New acquisitions	2,827,268	719,695
Divestments and disposals	-159,337	-13,598
	<b>9,096,030</b>	<b>6,428,099</b>
<i>Accumulated depreciation according to plan</i>		
Opening balance	-2,847,299	-1,659,573
Divestments and disposals	159,337	9,412
Depreciation for the year according to plan	-1,478,030	-1,197,138
	<b>-4,165,993</b>	<b>-2,847,299</b>
<b>Residual value at the year-end according to plan</b>	<b>4,930,038</b>	<b>3,580,800</b>

Equipment leasing costs amounted to SEK 661,468.

## Note 10 Participations in Group companies

	Dec. 31, 2011	Dec. 31, 2010
<i>Accumulated cost</i>		
Opening balance	100,000	100,000
Purchases	56,259	—
<b>Carrying amount at year-end</b>	<b>156,259</b>	<b>100,000</b>

### Specification of the Foundation's holdings of shares and participations in Group companies

Subsidiary/Corp. Reg. No./Registered office	Number of shares	Share in %
Network Information		
Centre Sweden AB 556542-8033	2,500	100
Open DNSSEC AB (svb) 556838-6733	1,000	100

# Notes

## Note 11 Financial fixed assets

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
	Carrying amount	Market value
Bonds and interest-bearing securities	25,242,612	25,248,955

## Note 12 Other receivables

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
Other receivables include a tax asset amounting to	671,550	620,402

## Note 13 Prepaid expenses and accrued income

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
Rental of premises, first quarter of 2011	1,382,167	1,341,282
Company insurance	227,248	169,535
Other prepaid expenses	2,074,610	4,613,259
Accrued interest income	576,512	260,500
	<b>4,260,537</b>	<b>6,384,577</b>

## Note 14 Short-term investments

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
	Carrying amount	Market value
Shares	13,274,579	10,904,500
Shares in fixed-income funds	46,431,295	51,514,756
Other investments	6,317,394	6,007,464
	<b>66,023,267</b>	<b>68,426,720</b>

# Notes

## Note 15 Equity

	<i>Foundation capital</i>	<i>Unrestricted reserves</i>	<i>Loss for the year</i>	<i>Total</i>
Opening balance	200,000	41,280,957	-550,363	40,930,594
Appropriation of preceding year's loss		-550,363	550,363	—
Grants issued		-275,000		-275,000
Loss for the year			-3,852,721	-3,852,721
<b>At the year-end</b>	<b>200,000</b>	<b>40,455,594</b>	<b>-3,852,721</b>	<b>36,802,873</b>

## Note 16 Accrued expenses and prepaid income

	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2010</b>
Accrued salaries/Board fees, incl. social security fees	5,160,523	4,900,508
Prepaid domain revenues	62,364,147	58,021,120
Other items	7,949,558	5,477,768
	<b>75,474,227</b>	<b>68,399,397</b>

**Stockholm, March 23, 2012**

**Anders Flodström**  
*Chairman*

**Lars Lindgren**  
*Member*

**Mikael von Otter**  
*Member*

**Andreas Hedlund**  
*Member*

**Ove Ivarsen**  
*Member*

**Mikael Abrahamsson**  
*Member*

**Robert Malmgren**  
*Member*

**Inger Persson**  
*Member*

My audit report was submitted on March 23, 2012

**Gunilla Wernelind**  
*Authorized Public Accountant*

# Auditors' Report

To the Board of Directors of the Internet Infrastructure Foundation, Corp. Reg. No.: 802405-0190

## **Report on the annual accounts**

I have audited the annual accounts for the Internet Infrastructure Foundation for 2011.

### *Responsibilities of the Board of Directors for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and for such internal control as the Board of Directors determines necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these annual accounts based on my audit. I conducted my audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that I comply with professional ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing various procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the foundation's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the foundation as of December 31, 2011, and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act.

**Report on other legal and regulatory requirements**

In addition to my audit of the annual accounts, I have examined the administration of the Board of Directors of the Internet Infrastructure Foundation for 2011.

*Responsibilities of the Board of Directors*

The Board of Directors is responsible for administration under the Foundation Act and deed of foundation.

*Auditor's responsibility*

My responsibility is to express an opinion with reasonable assurance as to whether any member of the Board of Directors acted in contravention of the Foundation Act or deed of foundation. I conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for my opinion, in addition to my audit of the annual accounts, I examined significant decisions, actions taken and circumstances of the foundation in order to determine whether any member of the Board of Directors is liable to the foundation or if there were any grounds for dismissal.

I also examined whether any member of the Board of Directors has, in any other way, acted in contravention of the Foundation Act or deed of foundation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Opinion*

The Board of Director's has not acted in contravention of the Foundation Act or deed of foundation.

Stockholm, March 23, 2012

Gunilla Wernelind

*Authorized Public Accountant*

# Glossary

## **.SE Direkt**

.SE Direkt is .SE's own registrar which was introduced in conjunction with the transition to the new business model in 2009.

## **.SE Registry**

.SE Registry is responsible for the administration and technical operation of the national domain name registry. Registrars register holders of domain names with .SE Registry.

## **Anycast**

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. Compare with Unicast.

## **ADR**

The alternative dispute resolution (ADR) process enables holders of domain names to retroactively appeal the allocation of a domain name without requiring court proceedings. The cost of this process is subsidized by .SE.

## **Bredbandskollen (Broadband Check)**

Broadband Check available at [www.bredbandskollen.se](http://www.bredbandskollen.se) is a free service provided by .SE that measures the speed at which a user's browser can send and receive data.

## **CENTR**

Council of European National Top Level Domain Registries is a joint organization for national top-level domains such as .se for Sweden and .es for Spain.

## **Digidel**

.SE raised the issue of digital inclusion in a series of seminars and workshops in the summer of 2010 that resulted in the Digidel 2013 campaign. The campaign's objective is to get 500,000 individuals, presently not using the Internet, online by the end of 2013. The progress of the campaign can be followed on [www.digidel.se](http://www.digidel.se).

## **DNS**

The Domain Name System is an international hierarchical distributed database used to translate domain names to IP addresses to locate information about resources on the Internet.

## **DNSCheck**

Is a quality control tool for the DNS that provides a detailed analysis of any faults and errors present in the name servers' configuration.

## **DNSSEC**

DNSSEC (DNS Security Extensions) is a supplementary service to domain names that makes it possible to check that DNS information stems from the correct sender and has not been altered during its transmission, thus minimizing the risk of manipulation and forgery of information in DNS.

## **Domain name**

A domain name is a unique name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any Internet communication can occur. A registered domain name is a domain name held by a specific registrant following allocation. A

domain name must be a minimum of 2 and maximum of 63 characters.

#### **ENUM**

ENUM (E.164 Telephone Number Mapping) is a technical standard that utilizes the domain name system (DNS) to make telephone numbers available as DNS addresses.

#### **EPP**

EPP (Extensible Provisioning Protocol) is a standard protocol used by many registries for register management.

#### **Generic top-level domain, gTLD**

Generic top-level domains (gTLDs), such as, .com, .net, and .org are top-level domains that are not tied to a country or geographic territory. The majority are available worldwide.

#### **IANA**

The Internet Assigned Numbers Authority (IANA) is the part of ICANN that has technical responsibility for the global allocation of IP addresses and handles the operation and administration of the root zone for the domain name system. Compare with ICANN.

#### **ICANN**

The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit private organization with responsibilities including the top level of the domain name system, called the root zone. Compare with IANA.

#### **IDN**

Internationalized Domain Names contain characters that were excluded from the

original set of permitted characters in the domain name system, which only includes the characters a–z, 0–9 and hyphen.

#### **IETF**

The Internet Engineering Task Force is not a formal organization, but rather a process with several governing principles. The purpose of the process is to prepare, primarily technical, standardization documents for the Internet.

#### **IGF**

The Internet Governance Forum (IGF) was established in 2006 by the United Nations to create a forum for Internet governance policy issues. Stakeholders represent countries, commerce and society in general.

#### **The Internet Fund**

The Internet Fund provides funding for .SE independent projects that support Internet development.

#### **IP**

Internet protocol (IP) is the common communication architecture used for addressing and routing of packages of data in IP-based networks such as the Internet. Intercommunication over the Internet between computers and other equipment requires the use of the same set of communication rules – the same protocol. IP is available in version 4 (IPv4, currently the main IP in use) and version 6 (IPv6).

#### **IP address**

The IP address is a numerical address assigned to each computer that is accessible via the Internet.

**IPv6**

IPv6, the sixth version of the Internet protocol, was developed to solve the lack of Internet addresses that had arisen. IPv6 utilizes 128 bits long addresses. In theory, this provides  $3.4 \times 10^{38}$  addresses.

**ISOC**

The Internet Society (ISOC) is a non-profit organization that was formed in 1992 and is based in the US. ISOC works both with the Internet's technology and its influence on society. An important part of ISOC's technical work pertains to developing the Internet's architecture and technical standards for the Internet. ISOC's Swedish division appoints two of .SE's Board members, including the Chairman of the Board.

**Name server**

Name servers are computers with software that stores and/or distributes domains (zones) and, which accept and answer domain name questions. When a user, for example, wishes to surf to [www.iis.se](http://www.iis.se), the user's computer sends a question to a name server on which information regarding [iis.se](http://iis.se) is located.

**Name server provider**

A name server provider is the provider of a DNS function for Internet users, such as, a web hotel, an Internet provider or a private individual.

**National top-level domain**

National top-level domains, country code top-level domains (ccTLD), are based on the International Organization for Standardization's country codes and used by countries. National top-level domains

comprise two letters, for example, .se for Sweden.

**Numeric domains**

Numeric domains only comprise numerals, with a minimum of two and maximum of 63.

**Registrant**

The individual or legal entity registered as the owner of a domain name.

**Registrar**

A registrar is the international denomination for the party that is responsible for the administration and management of domain names. A registrar's duties include the registration, maintenance and management of a registrant's domain name with .SE (which is Sweden's registry).

**Registry**

A registry is the company or organization responsible for the administration and operation of a top-level domain. The .SE registry is responsible for administration and technical operation of the .se domain and ensures that the .se zone is accessible, that is, that all .se domains are accessible via the Internet.

**Resolver**

The software that translates names to IP addresses or vice versa.

**RIPE**

Réseaux IP Européens (RIPE) is a cooperative organization or Regional Internet Registry (RIR) for Internet operators, which aims to coordinate efforts and thus ensure that the European portion of the Internet

functions efficiently. The Internet world is divided into five geographical administrative areas, known as RIRs. Corresponding administrative areas are located in North America, South America, Asia and Africa. ICANN is the superior authority for these five areas, and the subordinate authorities are Local Internet Registries (LIRs) which are members in an RIR.

#### **Top-level domain**

The last part of a domain name is the top-level domain, for example, .se. Top-level domains are the second highest level in the Internet's domain name system (DNS). The highest level is the level commonly termed the root, which is designated with a period ("dot").

#### **Subdomains**

A subdomain is one or more parts in the domain name that directly precedes the top-level domain. For example, "dsv" in dsv.kth.se is a subdomain of kth.se.

#### **Unicast**

The term is used in computer networking and means that all users transmit and receive data to and from the same server. Compare with anycast.

#### **Webbstjärnan**

.SE organizes the Web Star competition, which is a web publishing competition for schoolchildren in Sweden. The aim is to develop the use of Internet as an educational tool.

#### **Whois**

The name of the search function to locate domain name information is Whois. Nor-

mally this is managed through the Internet protocol for Whois, but the information can also be supplied by other means, for example, through a web application. Examples of information shown include the identity of the holder of the domain name and when it was registered.

#### **Zone**

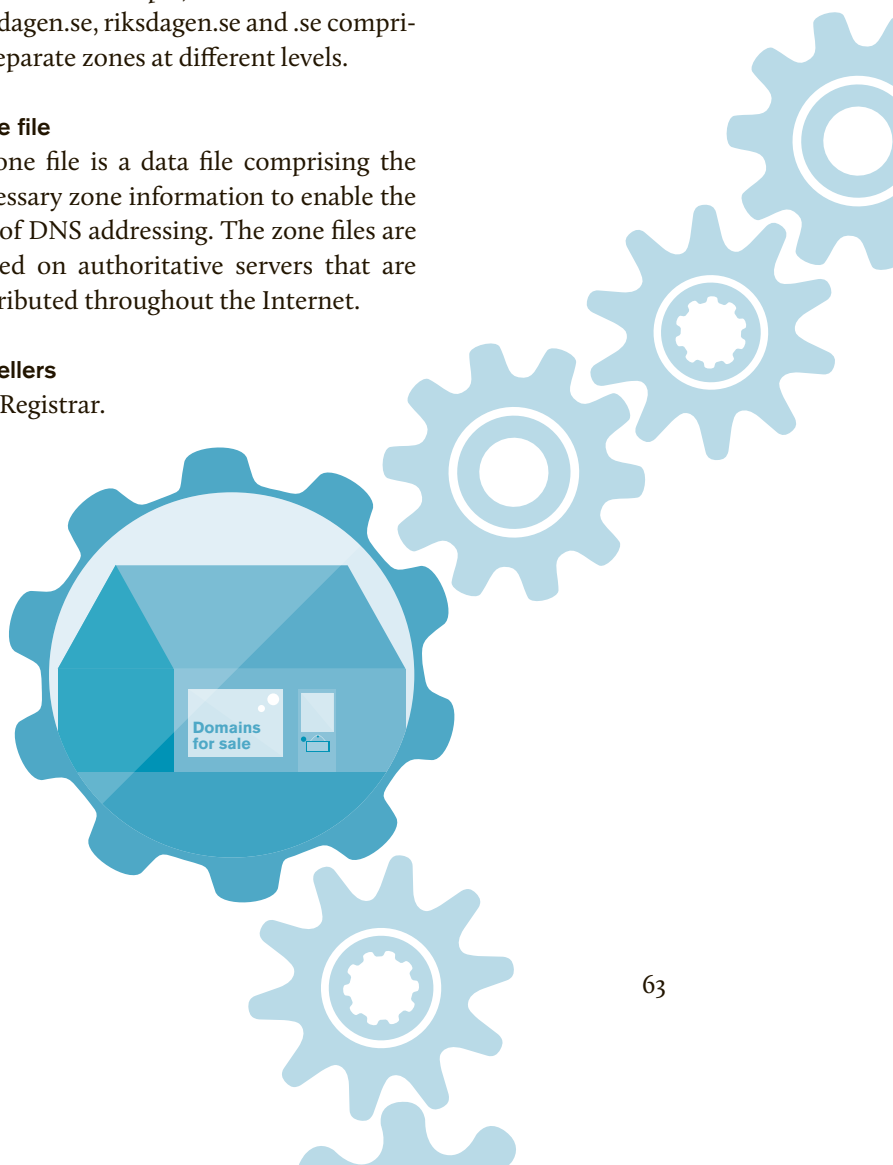
A zone is the delimitation of the administrative responsibility for a domain tree. A zone is a contiguous portion of the domain tree that is administered by one organization, for example, a web hotel, and is stored on that organization's name servers. For example, in the domain name riksdagen.se, riksdagen.se and .se comprise separate zones at different levels.

#### **Zone file**

A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative servers that are distributed throughout the Internet.

#### **Resellers**

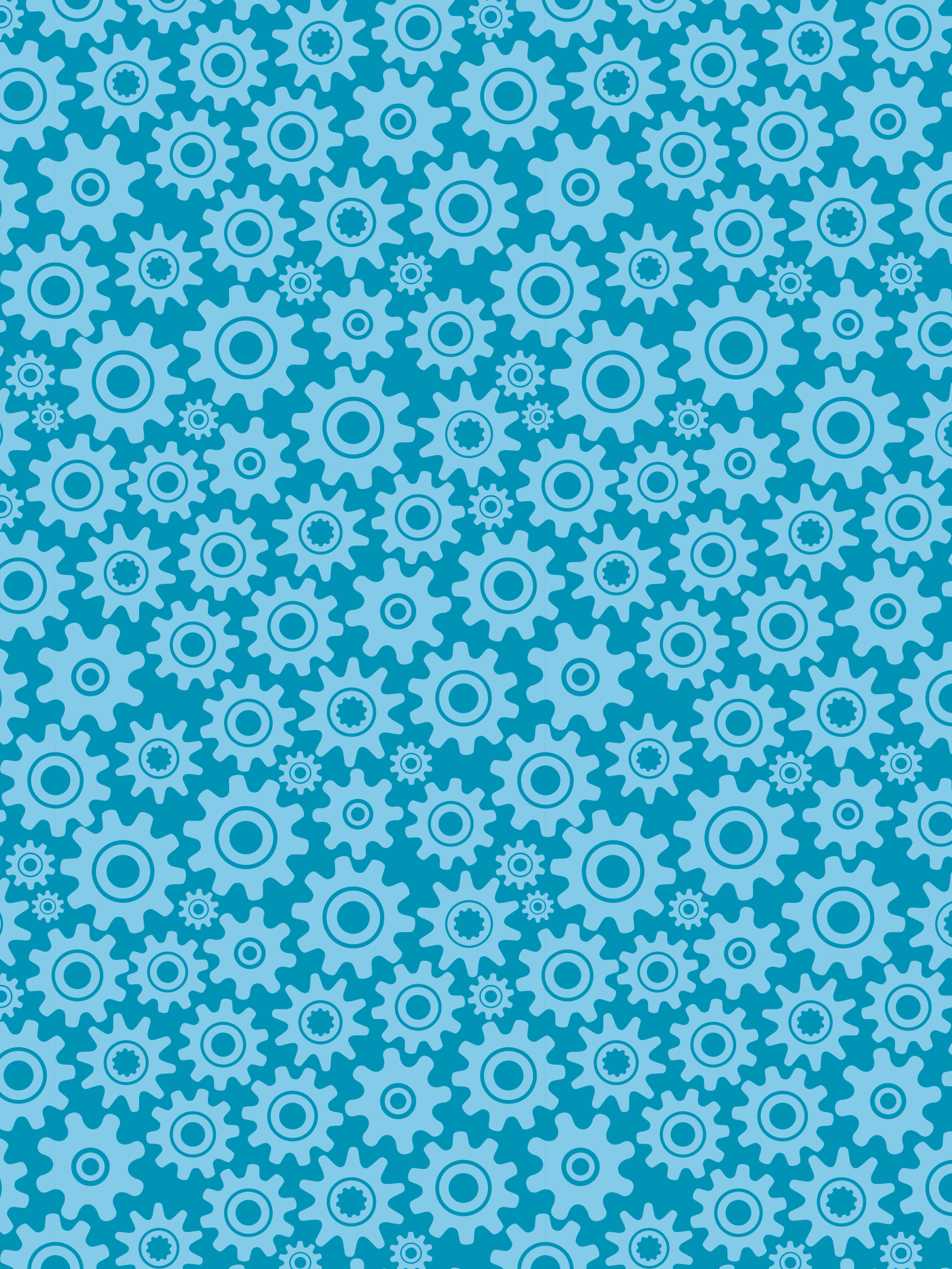
See Registrar.





Graphic design: Bedow  
Editor: Hans Erik Nilsson  
Writers: .SE  
Photographer: Johanna Hanno  
Typography: Akzidenz & Calluna







.SE (The Internet Infrastructure Foundation)

Ringvägen 100 P.O. Box 7399 SE-103 91 Stockholm, Sweden

Tel: +46 8 452 35 00 Fax: +46 8 452 35 02 [www.iis.se](http://www.iis.se) [info@iis.se](mailto:info@iis.se)