ICANN FY20 Planning

Overview of Draft FY20 Operating Plan and Budget Documents for Public Comment

Planning Team

Webinar
December 2018

INTRODUCTION

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CEO & President

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CFO

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Agenda

1 CEO Introduction

2 Community Involvement in the FY20 Planning Process

3 Current Status

4 FY20 Document Structure Overview

5 Five Year Operating Plan Update

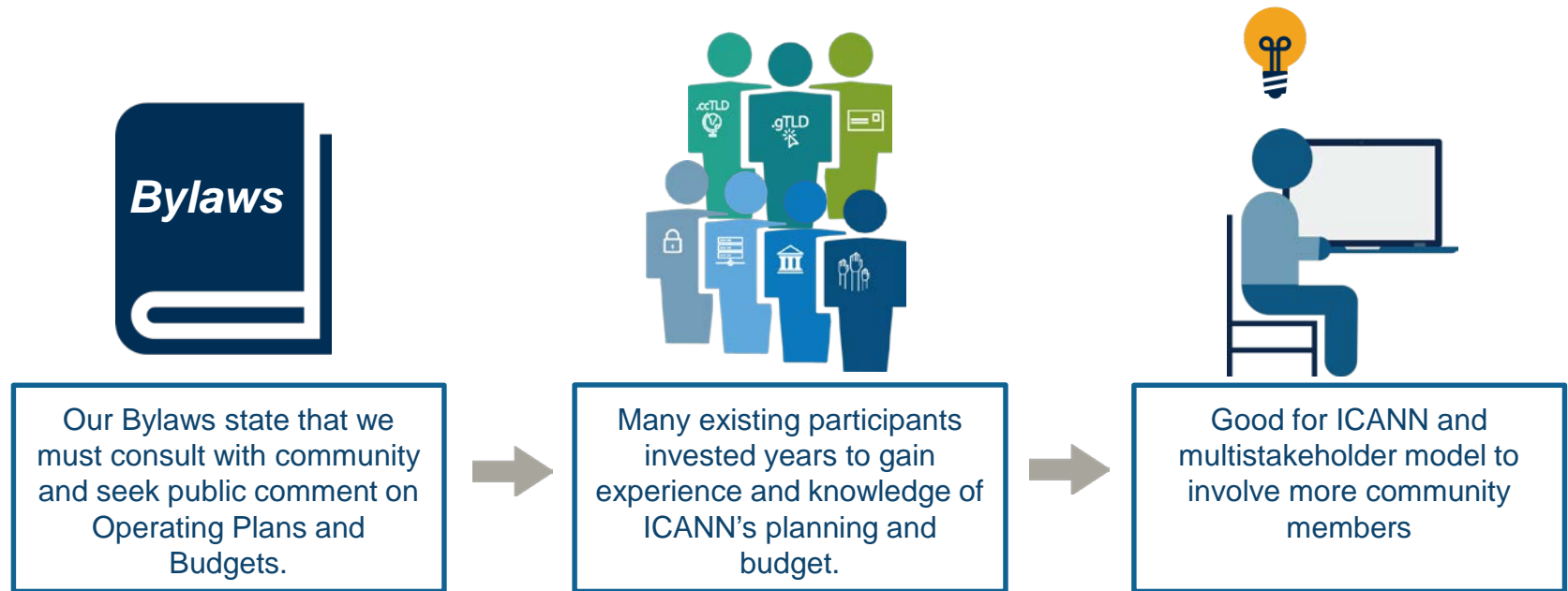**6** Operating Plan and Budget Highlights

1. CEO Introduction

Introduction

- The Draft FY20 Budget is stable with funding projected to grow by 2% and expenses and headcount aligned with this growth.

- FY20 is the first budget that includes a planned contribution into the Reserve Fund ($3m). This results in Cash Expenses projected to be flat in FY20 compared to FY19.

- Cost containment across the organization has enabled ICANN org to offset the Reserve Fund contribution, inflation, and other necessary increases.

- Most of our work is fixed and recurring, we have only budgeted for recurring and Board-approved activities and projects, as for FY19.

- The FY20 Draft Budget is viewed as an intermediary step until the Board adopts the next Strategic Plan later this year.
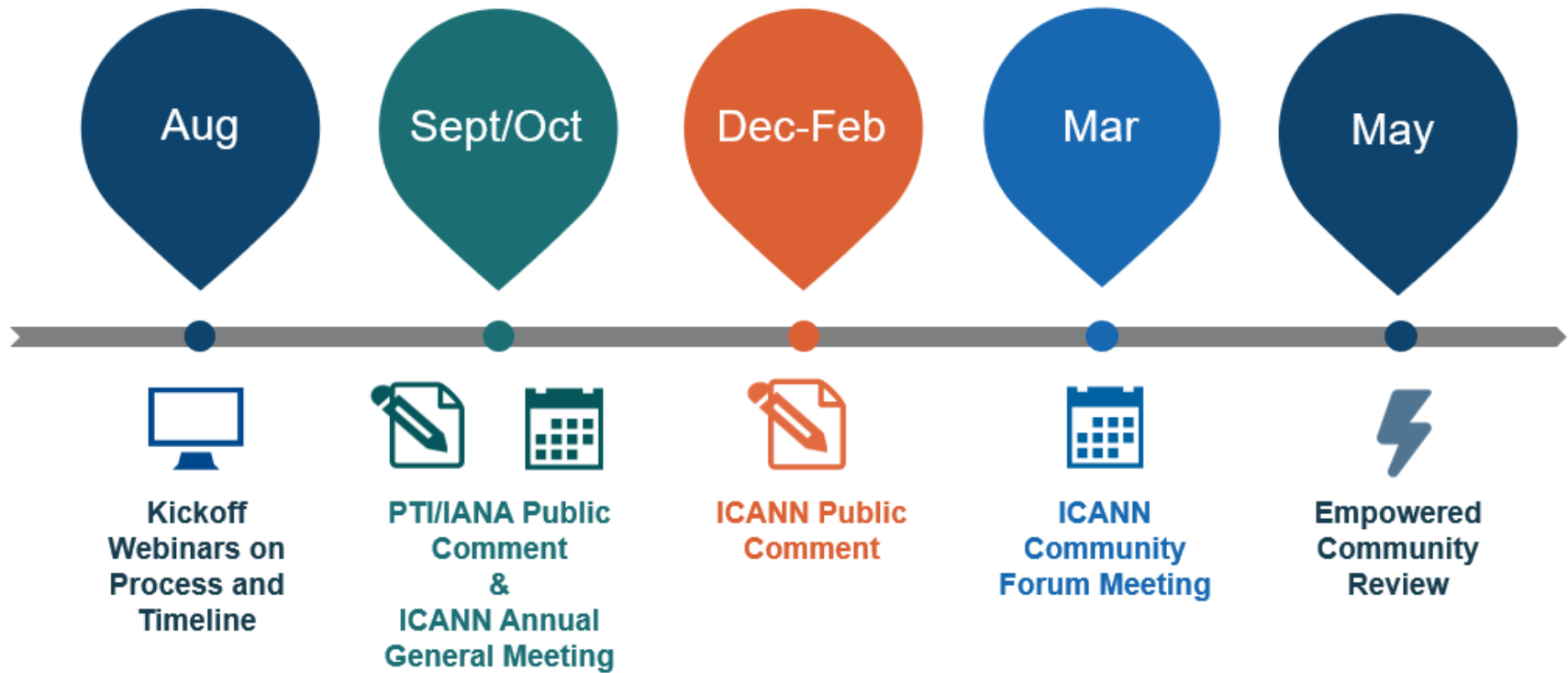
2. Community Involvement in the FY20 Planning Process

Why Engage on ICANN's Planning and Budgeting?

Bylaws

Our Bylaws state that we must consult with community and seek public comment on Operating Plans and Budgets.

→

Many existing participants invested years to gain experience and knowledge of ICANN's planning and budget.

→

Good for ICANN and multistakeholder model to involve more community members

Our objective is to help build capacity to enable participation.

When can community members participate?

Timeline:

- **Aug** — Kickoff Webinars on Process and Timeline
- **Sept/Oct** — PTI/IANA Public Comment & ICANN Annual General Meeting
- **Dec-Feb** — ICANN Public Comment
- **Mar** — ICANN Community Forum Meeting
- **May** — Empowered Community Review

We are looking for your input on Projects, New Activities, Measurements, and Phasing

How can I participate

Attend Budget Working Group or Finance Related sessions at **ICANN Public Meetings.**
Visit **meetings.icann.org**

Find and participate in an ICANN community group.

Visit **icann.org/community**

Subscribe to the community-finance@icann.org email list for regular updates on planning activities.

View current year plans for reference online.

Visit **icann.org/planning**
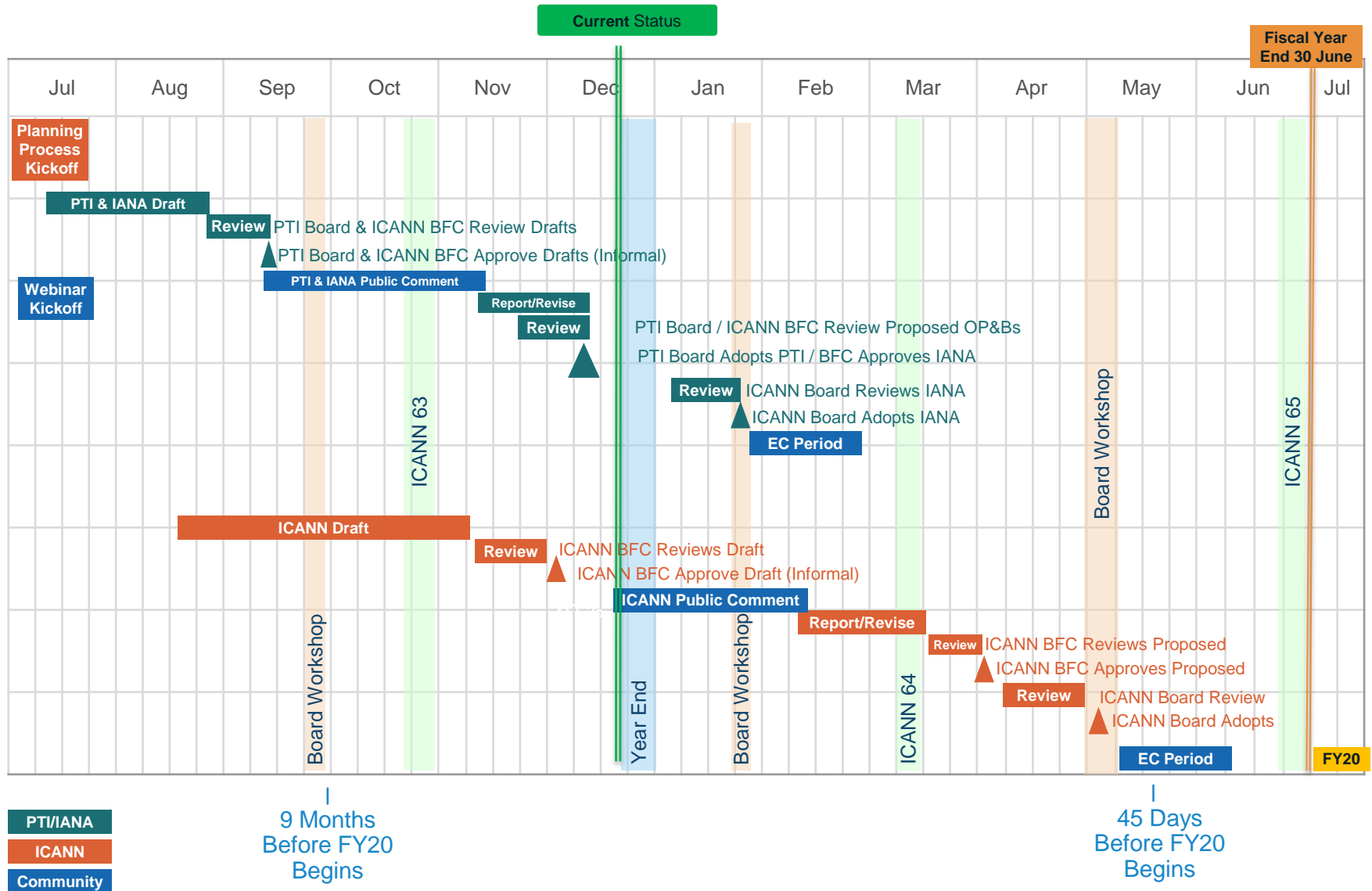
Review plans and budgets available for public comment.

icann.org/public-comments

Work with your group, or submit your own comments about changes you would like to see.
icann.org/public-comments

3. Current Status

FY20 Planning Timeline- High Level

Total ICANN FY20 Proposed Planning Timeline – Key Dates

Step	Dates	Action By	Note
PTI OP&B Adopted	19 Dec 2018	PTI Board	
ICANN Public Comment Period	17 Dec 2018 – 08 Feb 2019	Community	53 Days including 7 days for Year End
Submissions or Clarifying Questions Due	09 Jan 2019	Community	
Community Webinar	Week of 14 Jan 2019	Community	Second Webinar to be held in January 2019
Responses to Clarifying Questions Published	21 Jan 2019	ICANN	
ICANN Board Adopts IANA Budget	26 Jan 2019	ICANN Board	EC Period 28 Days. Budget Effective for FY20 of 25 Feb 2019
ICANN Staff Report on Public Comment Published	18 Mar 2019	ICANN Board	Staff Report Published
ICANN Proposed OP&B Submitted to ICANN Board	22 Apr 2019	ICANN Board	At Least 45 Days Before Next Fiscal Year (Per Bylaws)
ICANN Board Adopts	03 May 2019	ICANN Board	Target to allow for EC Review Period
Empowered Community			

FY20 SO/AC Additional Budget Request Timeline

The FY20 SO/AC additional budget request process pertains to a dedicated part of the overall ICANN annual budget that is set aside to fund specific requests from the community for activities that are not already included in the recurring ICANN budget.

The following timeline of the SO/AC ABR timeline is provided below.

The timeline and deliverables for the process are as follows:

Timeline	Start	End
Kick off and Submission period	11/05/2017	1/25/2019
Submissions Due – send to planning@icann.org	1/25/2019	1/25/2019
Preliminary review of requests by ICANN.org	1/28/2019	3/08/2019
SO/AC consultations at ICANN 64 (by request, during Constituents' Day)	3/09/2019	3/15/2019
Final assessments and recommendations by ICANN.org	3/18/2019	3/31/2019
ICANN Board Finance Committee Review and recommendation for approval to the Board	4/15/2019	4/19/2019
ICANN Board review and approval at May Board meeting	4/22/2019	5/03/2019

4. FY20 Documents Structure Overview

Process Overview: Deliverables
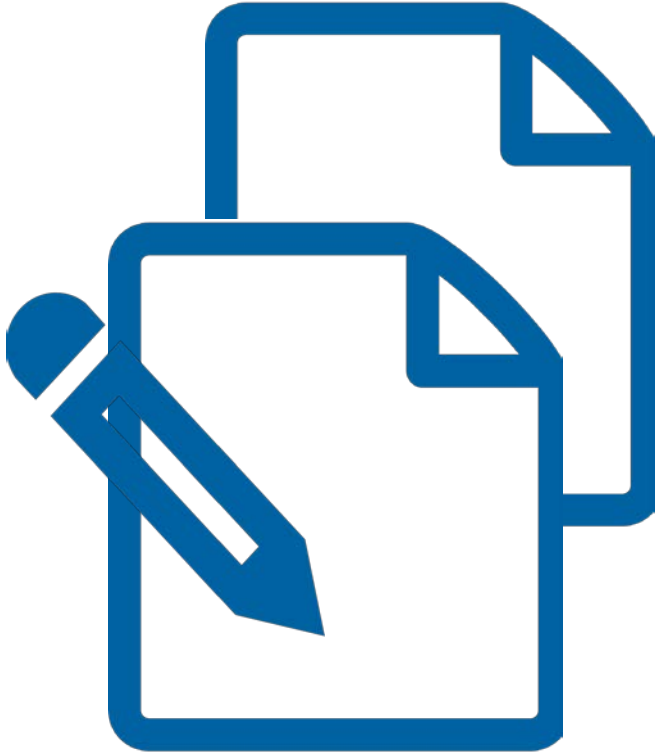
⊙ ICANN consults the community on its draft plans. The delivered plans are:

- ⊙ Five Year Strategic Plans (ICANN and IANA/ PTI)
- ⊙ Five Year Operating Plans (ICANN and IANA/PTI)
- ⊙ Annual Update to the Five Year Operating Plan
- ⊙ Annual Operating Plans and Budgets (ICANN, IANA/PTI)

Document Overview

Document Name	Description of Contents
FY20 Budget Introduction & Highlights	Overview of the key elements, cross-functional projects, and activities of the Draft FY20 plans
FY20 Total ICANN Budget	High-level review of the Draft FY20 budget
FY20 Operating Plan	Section 1: Summary of 6 modules of work planned for FY20 Section 2: Breakdown of the operating plan with budget by strategic goal
FY20 Five-Year Operating Plan Update	High-level five-year perspective on the operations ICANN undertakes to implement its strategic plan
FY20 Operating Plan by Portfolio and Project	Detailed breakdown of the budget for each portfolio and project

⊙ Series of five documents that form the ICANN annual update to the fiscal Operating Plan and Budget.

- ○ Introduction and Highlights document recommended to read first.

- ○ Each document is standalone and can be reviewed separately in no specific order, dependent on interest.

- ○ Introduction & Highlights and Operating Plan Modules provide more information on planned projects and activities

Planning Structure

Community input

⬇

ICANN Org

⬇

ICANN's Work Structure

Objectives (5)	Goals (16)	Portfolios (40)	Projects (206)
Core foundational strategies upon which goals are based	**Desired deliverables to meet organization-wide objectives**	**Work undertaken in support of goals to fulfill core deliverables and services**	**Projects include Key Projects and Activities**

ICANN Financial Reporting Structure

ICANN Operations

New gTLD Program

Total ICANN

Funding

PTI/IANA [1]

Funding

Expenses [2]

PTI/IANA [1]

Expenses [2]

Operating Fund

Reserve Fund

New gTLD Funds

Auction Proceeds
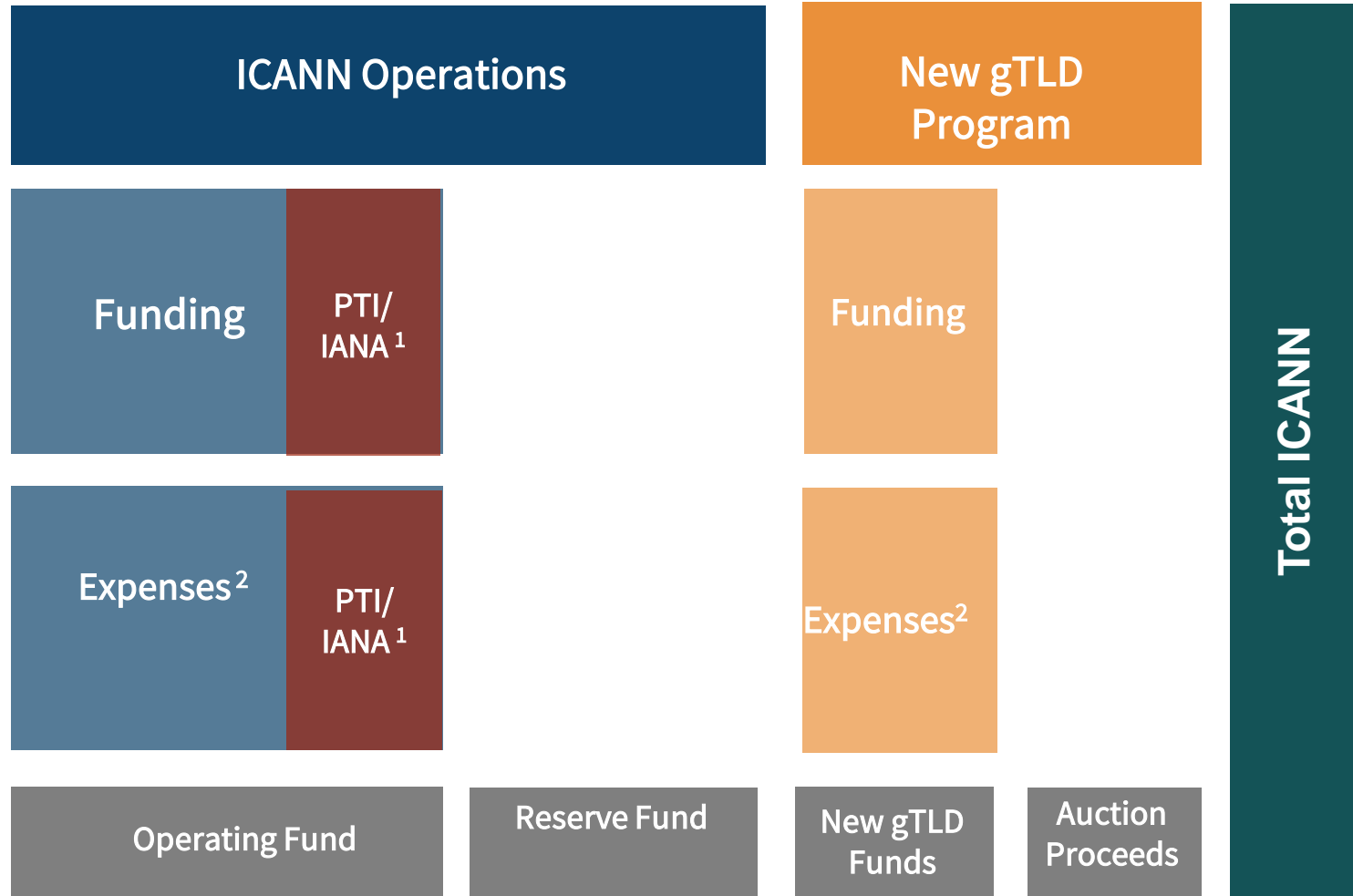
[1] IANA Services includes ICANN's and PTI's IANA Expenses
[2] Excludes depreciation and bad debt expenses

FY20 Documents Public Comment

ICANN Draft FY20 Operating Plan and Budget and Five-Year Operating Plan Update

Open Date	Close Date	Staff Report Due
17 Dec 2018 23:59 UTC	8 Feb 2019 23:59 UTC	18 Mar 2019 23:59 UTC

Comments close in **53** Days

Follow Updates   View Comments   Submit Comment

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

5. Five-Year Operating Plan Update

5YOPU FY19 → FY20 Types of Changes

This is year 5 of the 2016-2020 5-year Operating Plan

1 **Strategic Plan**
Objectives and Goals are defined in the Strategic Plan and remain unchanged

4 **Dependencies**
Dependencies updated to reflect completed work, events that have happened, and arising situations

2 **Portfolios**
Portfolios updated to reflect work that will be completed in FY19, work to be started in FY20, and refinements to work that will continue. This includes moving portfolios between goals following organizational changes.

5 **Phasing**
Phasing updated based on planned progress for FY19 and to give additional detail in FY20

3 **Accountability Indicators**
Accountability Indicators measure our accountability to the community

6. FY20 Operating Plan and Budget Highlights

ICANN

Funding and Cash Expense Trends

Legend: ■ Funding ■ Cash Expenses

Chart data:
- FY17 Actual: Funding $134.6, Cash Expenses $133.9
- FY18 Actual: Funding $133.8, Cash Expenses $130.9
- FY19 Forecast: Funding $137.1, Cash Expenses $135.2
- FY20 Draft Budget: Funding $140.1, Cash Expenses $137.1
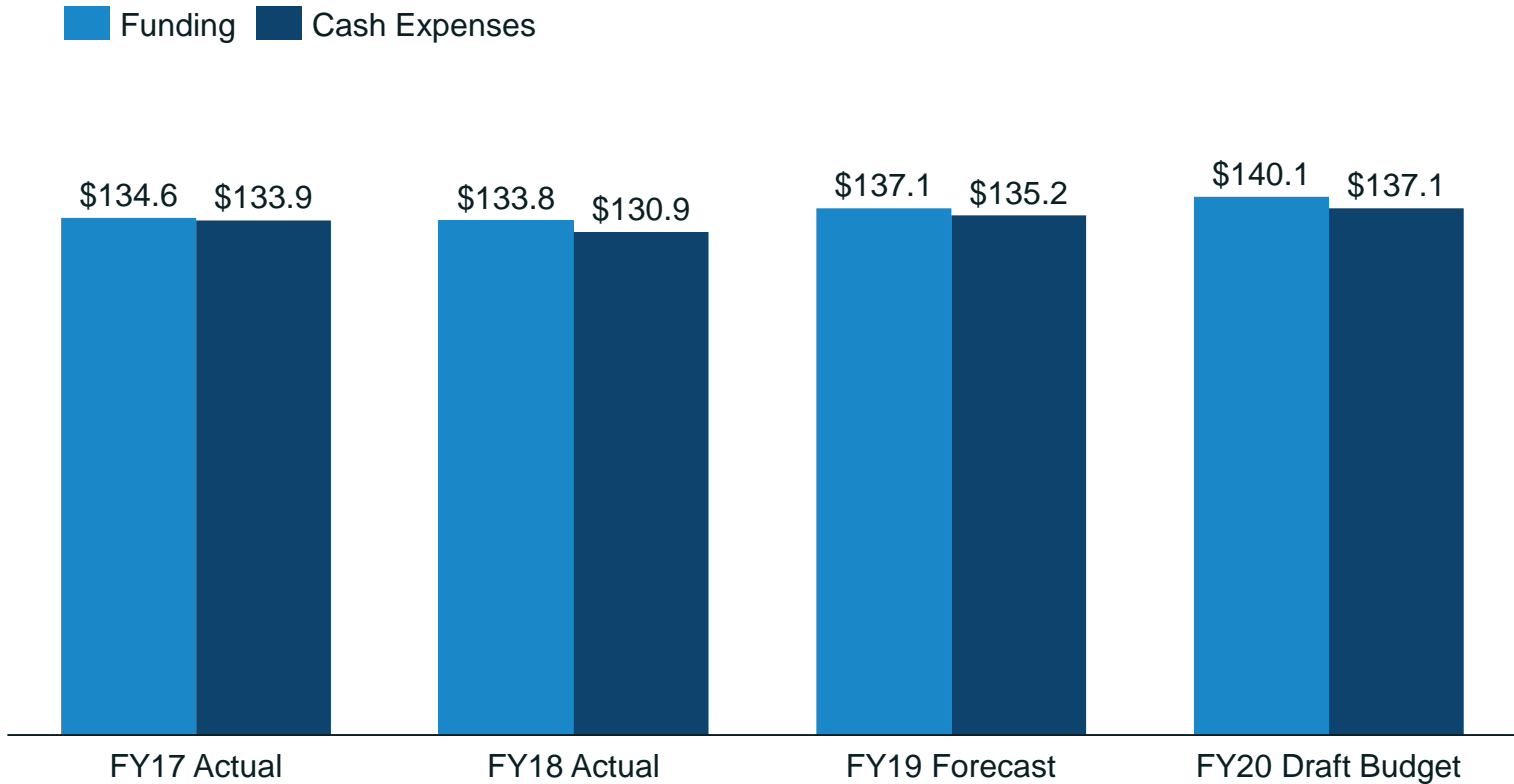
◉ Funding is stabilizing and expenses are brought in line accordingly

◉ Draft FY20 Budget assumes a $3M excess that will be used to replenish the Reserve Account

Draft FY20 Budget Overview

1

Funding growth continues to stabilize

- Funding of $140M, 2.2% above the FY19 forecast $137M
- Slower growth in funding as all new gTLDs are now delegated and transaction volumes flatten.

2

Operations headcount has stabilized

Jun-17		Jun-18		Jun-19		Jun-20
364*	+33 (9%)	397*	-2 (0%)	395*	+10 (2%)	405*
	FY18 Actuals		FY19 Forecast		FY20 Budget	

*Average Headcount

3

Reserve Fund Contribution

- The Draft Budget includes a $3M contribution to the Reserve Fund
- Aligns with Board Approval to contribute $32M over the next 8 years

4

FY20 Budget balanced

- Funding less Reserve Fund contribution = $137M = Operations expenses
- Cost containment across the organization has enabled us to offset the Reserve Fund contribution, inflation, and necessary increases

ICANN Operations Headcount Trending

Bar chart showing headcount values:
- FY15 Avg Headcount: 293
- FY16 Avg Headcount: 330
- FY17 Avg Headcount: 364
- FY18 Avg Headcount: 397
- FY19 FY19 Avg Headcount (Forecast): 395
- FY20 Avg Headcount (Draft Budget): 405
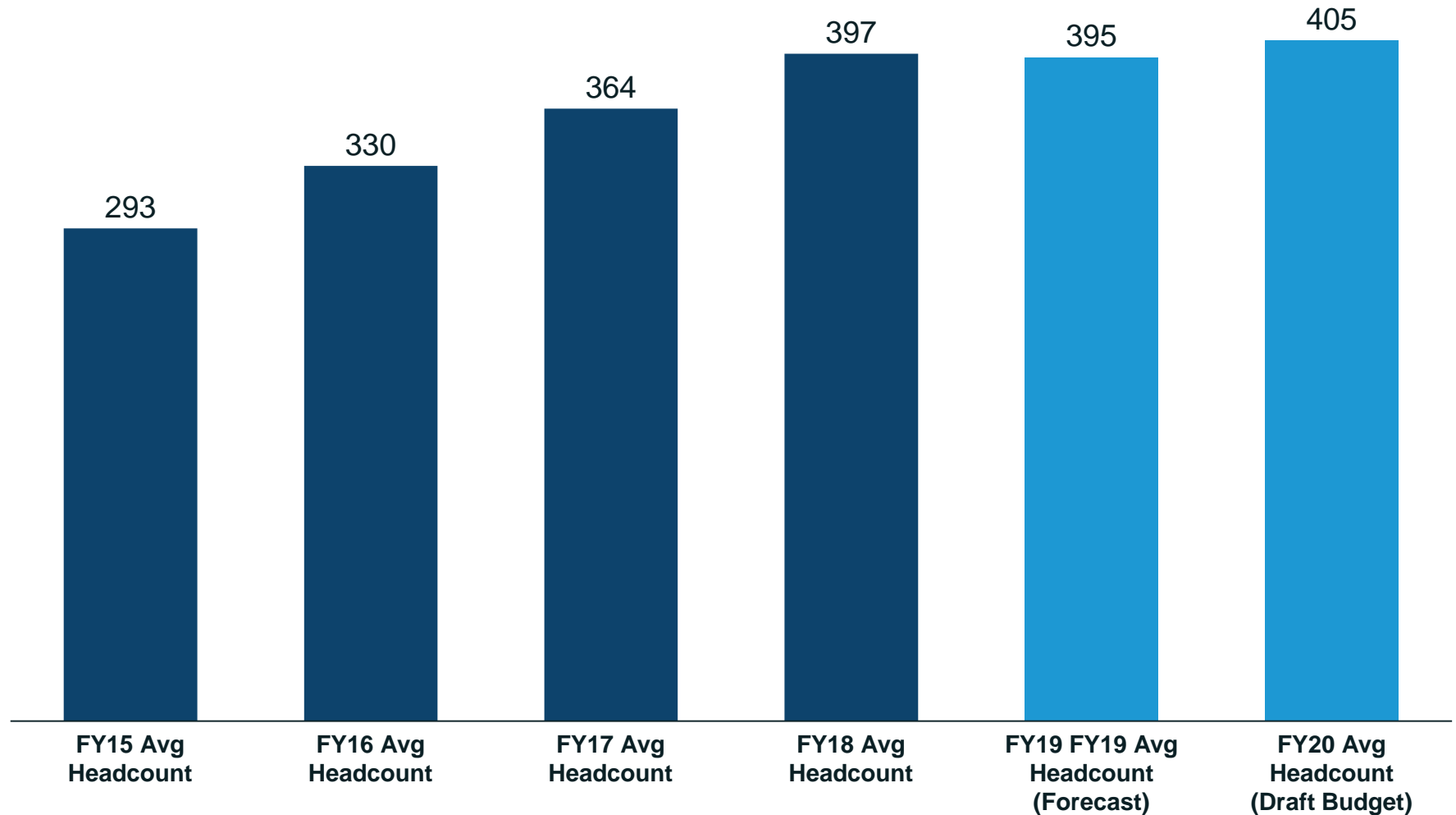
Total ICANN Budget and Forecast

in Millions, USD	Draft FY20 Budget			FY19 Forecast								
	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	New gTLD	Total ICANN	Total ICANN Operations	%	New gTLD	%	Total ICANN	%
Funding	$140.1	$11.7	$151.8	$137.1	$18.2	$155.3	$3.0	2.2%	($6.5)	-35.5%	($3.4)	-2.2%
Personnel	76.3	2.0	78.2	72.0	2.1	74.2	4.2	6%	($0.1)	-7%	4.1	5%
Travel & Meetings	15.4	0.4	15.8	15.9	0.4	16.3	(0.4)	-3%	(0.1)	-12%	(0.5)	-3%
Professional Svcs.	21.6	4.7	26.3	23.7	4.7	28.4	(2.1)	-9%	(0.0)	-1%	(2.1)	-7%
Administration [1] & Capital	18.6	0.3	18.9	18.3	0.3	18.6	0.2	1%	(0.0)	-4%	0.2	1%
Contingency [2]	5.2	0.0	5.2	5.2	0.0	5.2	0.0	0%	0.0	n/a	0.0	0%
Cash Expenses	$137.1	$7.4	$144.5	$135.2	$7.6	$142.8	$2.0	1.4%	($0.3)	-3%	$1.7	1%
Increase/ (Decrease) to Net Assets	$3.0	$4.4	$7.4	$1.9	$10.6	$12.5	$1.1	57%	($6.2)	($0.0)	($5.1)	-41%
Reserve Fund	$3.0	$0.0	$3.0	$0.0	$0.0	$0.0	$3.0	n/a	$0.0	n/a	$3.0	n/a
Increase/ (Decrease) to Net Assets	($0.0)	$4.4	$4.4	$1.9	$10.6	$12.5	($1.9)	-100%	($6.2)	($0.0)	($8.1)	-65%
Average Headcount	405	-	405	395	0	395	10	3%	-	n/a	10.1	0.0

(1) ICANN Operations cash expenses excludes Depreciation and Bad Debt.

Funds Under Management Draft FY20 Budget

Legend: ■ Operating Fund ■ Reserve Fund ■ NgTLD ■ Auction Proceeds

$in Millions
Balance on 30 June of each fiscal year

FY18 Total Funds Under Management: **$455M**

FY19 Total Funds Under Management: **$457M**

FY20 Total Funds Under Management: **$456M**

Includes $36M transfer from Auction Proceeds to Reserve Fund as part of Board Approved Replenishment Strategy

FY18 Actual: $27, $70, $120, $238

FY19 Forecast: $29, $112, $112, $205

FY20 Draft Budget: $30, $121, $98, $207
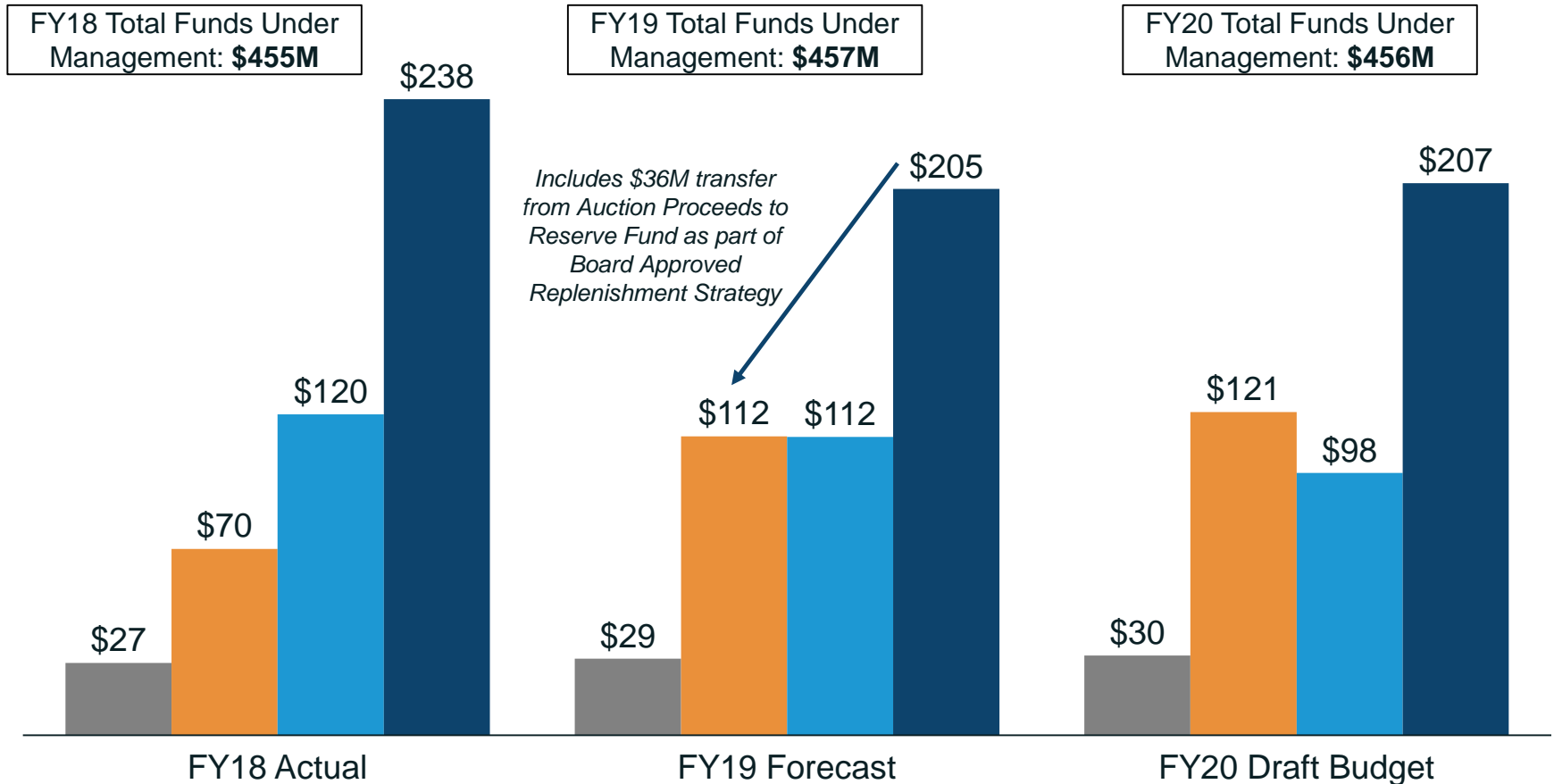
Q&A

Engage with ICANN

Thank You and Questions

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Appendix

Funded Travelers FAQ

Angela to Update

Draft FY20 Budget Introduction and Highlights

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Budget Introduction & Highlights • Letter from the CEO	Overview of the key elements, cross-functional projects, and activities of the Draft FY20 plans

TABLE OF CONTENTS

Draft FY20 Total Budget

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Total Budget	High-level review of the Draft FY20 budget

TABLE OF CONTENTS

Draft FY20 Operating Plan

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Operating Plan	Section 1: Summary of 6 modules of work planned for FY20
	Section 2: Breakdown of the operating plan with the budget by strategic goal

TABLE OF CONTENTS

Draft FY20 Five Year Operating Plan Update

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Five Year Operating Plan Update	High-level five-year perspective on the operations ICANN undertakes to implement its strategic plan

TABLE OF CONTENTS

Draft FY20 Operating Plan by Portfolio

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Operating Plan by Portfolio	Detailed breakdown of the budget for each portfolio and project
ICANN Draft FY20 Operating Plan by Project	

Objective	Goal	Portfolios	Operating Plan Module Reference*	FTE*	Pers-onnel	Travel & Meetings	Prof. Svcs.	Admin & Capital	Total
Objective 1: Evolve and Further Globalize ICANN	1.1 Further globalize and regionalize ICANN functions	1.1.1 Language Services	-	8	0.8	0.1	1.9	0.1	2.9
		1.1.2 Raising Stakeholder Awareness of ICANN Worldwide	-	17	3.1	0.2	0.6	0.0	3.9
	1.1 Further globalize and regionalize ICANN functions Total			25	3.9	0.2	2.5	0.1	6.7
	1.2 Bring ICANN to the world by creating a balanced and proactive approach to regional engagement with stakeholders	1.2.1 Meeting Services	Module 1: Engagement Activities	8	1.7	5.6	3.1	0.8	11.2
		1.2.2 Enhance cooperation and partnerships regionally to lower barriers and increase regional engagement with ICANN	Module 1: Engagement Activities	26	5.0	0.9	1.8	0.2	8.0
	1.2-Bring ICANN to the world by creating a balanced and proactive approach to regional engagement with stakeholders total			35	6.7	6.5	4.9	0.9	19.1
	1.3 Evolve policy development and governance processes, structures and meetings to be more accountable, inclusive, efficient, effective and responsive	1.3.1 Support Policy Development, Policy Related and Advisory Activities	Module 2: Direct Community Activity Support	35	4.9	0.6	0.7	0.1	6.3
		1.3.2 Reinforce Stakeholder Effectiveness, Collaboration and Communication Capabilities	Module 2: Direct Community Activity Support	2	0.1	2.8	0.0	0.0	2.9
	1.3 Evolve policy development and governance processes, structures and meetings to be more accountable, inclusive, efficient, effective and responsive			36	5.0	3.4	0.7	0.1	9.3
Objective 1: Evolve and Further Globalize ICANN Total				96	15.7	10.2	8.1	1.1	35.2

Draft FY20 Operating Plan by Project

https://www.icann.org/public-comments/fy20-budget-2018-12-17-en

ICANN Draft FY20 Operating Plan by Portfolio	Detailed breakdown of the budget for each portfolio and project
ICANN Draft FY20 Operating Plan by Project	

Obj.	Goal	Portfolios	Project ID	Project Name	Project Description	FTE*	Pers-onnel	Travel & Meetings	Prof. Svcs.	Admin & Capital	Total
1-Evolve and further globalize ICANN	1.1-Further globalize and regionalize ICANN functions	1.1.1 Language Services	178476	Recurring Activity - Language Services Support (All Services)	Provision of translations, transcription, teleconference interpretation and scribing support throughout the organization. Including Scribing support for Board meetings, retreats and workshops.	2	0.3	0.0	1.9	0.0	2.2
			178483	Recurring Activity - ICANN in Your Language (Website and Culture)	Be aligned with ICANN in its internationalization tasks and efforts: Research best methodology, plan and deploy translation management platform and structure for: * Localization of icann.org * Crowd-sourcing program/platform for inclusion of community in the translation process. * Machine translation feasibility for e-mail threads, discussion forums, public comment periods * Work on integrating the web-development team into our plan for a multilingual icann.org	2	0.2	0.0	0.0	0.0	0.2
			178486	Recurring Activity - Language Services Department - Team Work and Growth	On-Going team work and continue enhancing and expanding the Language Services Department. * Work on contracting additional resources to assist in the PM tasks * Assess, produce and implement program to enhance document production and writing capabilities across the organization * Research, produce and deploy Plain English Program (include courses and webinars) * Complete and implement Language Services style guide for all languages * On-Going work on terminology platform to deploy continuous updates throughout the organization to ensure consistency and quality in all written forms	4	0.3	0.0	0.0	0.0	0.4
		1.1.1 Language Services Total				8	0.8	0.1	1.9	0.1	2.9