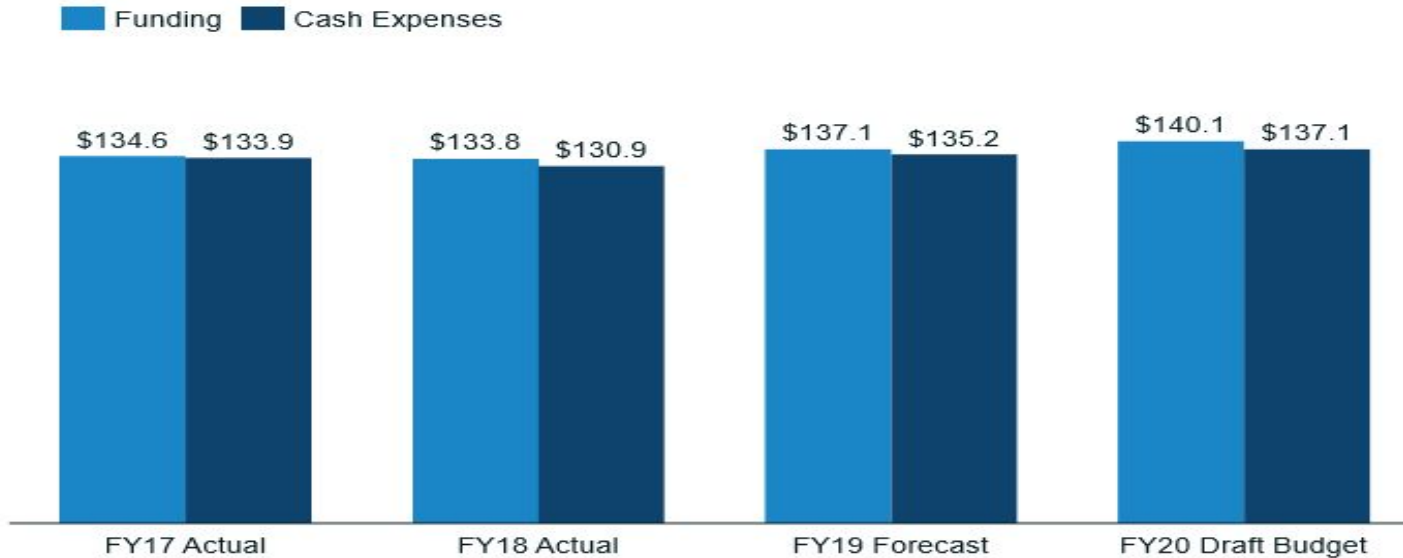


ICANN64: ICANN Finance and Budget

- FY20 Budget
- FY20 Additional Budget Request (ABR)
- FY20 Community Comment Overview
- Two-Year Planning Process
- Strategic Planning Process
- FY20 ICANN Funding Assumptions

ICANN64: ICANN Finance and Budget

FY20 Budget



- ⦿ 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 Fund

ICANN64: ICANN Finance and Budget FY20 Budget

Draft FY20 Budget Overview

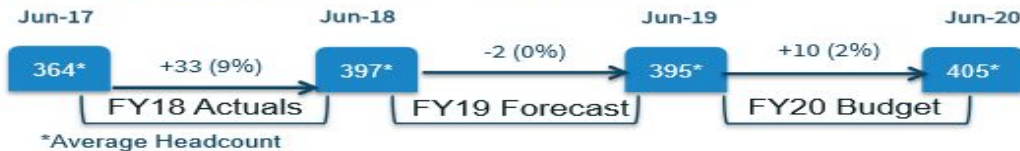
1

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



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

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FY20 Additional Budget Request (ABR)

- 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.

Timeline	Start	End
Kickoff	11/5/2018	
Submissions Due (send to Planning@ICANN.org)	11/5/2018	1/25/2019
Preliminary Review of Requests by ICANN org	1/28/2019	3/8/2019
SO/AC Consultations at ICANN 64 (by request, during Constituents Day)	3/9/2019	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 Board Meeting	4/22/2019	5/3/2019

ICANN64: ICANN Finance and Budget FY20 Community Comment Overview

Community Comment Clarification- Key Themes

Discussion

Financial Management

- Personnel Expense
- ICANN Meetings
- Contingency
- Additional Budget Request Process
- Professional Services

Budget Development & Structure

- Transparency and Accountability
- Document Structure
- Current Financial Data

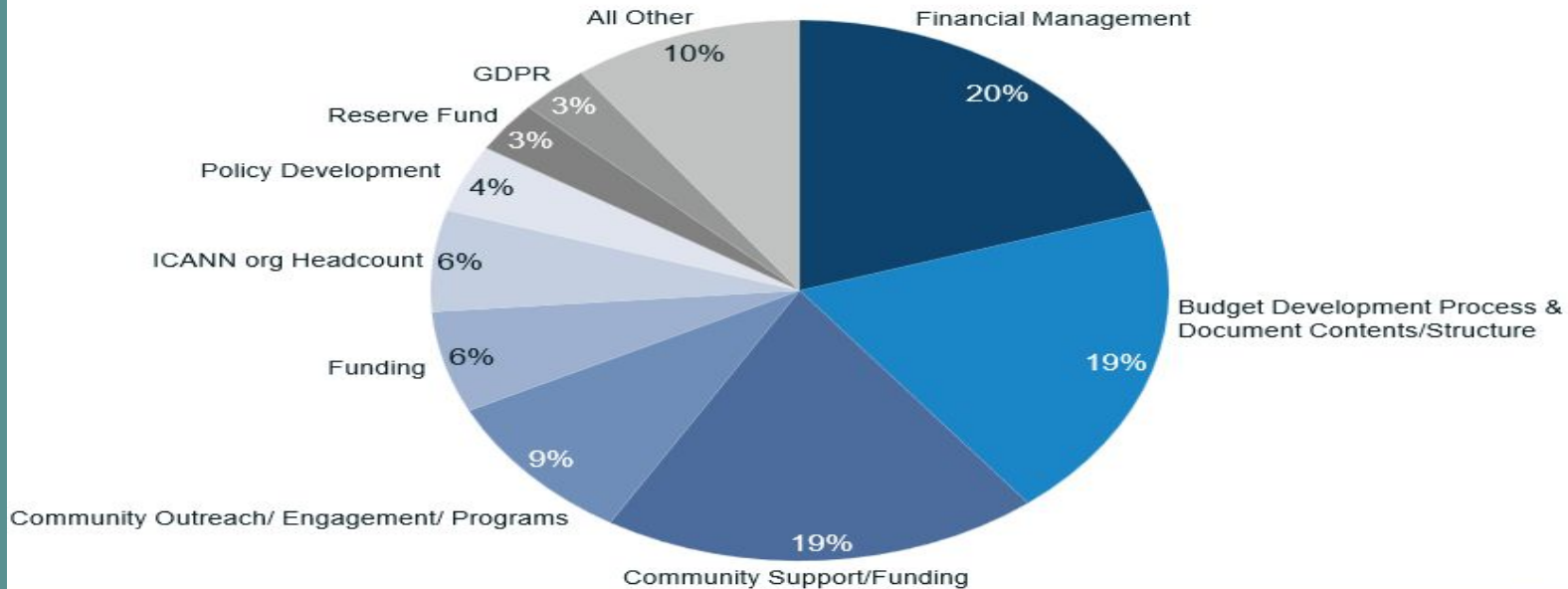
Other Key Topics

- ICANN Org Headcount
- Funding
- Community Outreach
- Reserve Fund

ICANN64: ICANN Finance and Budget FY20 Public Comment Overview

Public Comments: Thematic Breakdown FY20

FY20 Operating Plan & Budget Public Comments- 143



ICANN64: ICANN Finance and Budget FY20 Community Comment Overview

Takeaways from ICANN CFO, Xavier Calvez's comments:

He (Xavier) stated that ICANN transparency of common interests, strategic planning are being stepped up. And the growth of the personnel does not represent the work itself.

Xavier remarked that ICANN has grown due to the significant activities going on. He said they would seek efficiency within ICANN Organization.

ICANN64: ICANN Finance and Budget Two-Year Planning Process

Introduction- Two-Year Planning Process

- ⦿ During the FY19 planning process, various conversations on the planning process dealt with the challenge of dedicating sufficient time and resources to plan ICANN's activities.
- ⦿ These discussions have included the idea of extending the planning process beyond its current 15-month duration to offer more time for community engagement into more extensive activity planning processes.
- ⦿ Our plan is to consult the ICANN community in two steps.
 - Step 1: Consultation Paper - Problem Definition, in this step, we raise questions on a number of topics with the intent to collect community input and views on ICANN's planning process in order to get a common understanding of the current issues we looking to solve in ICANN's planning process.
 - Step 2: Consultation Paper – Solution Definition, in this step, the input and views from Step 1 will be used, along with input from the Board and ICANN org, to develop a high-level approach for planning, that may reflect a 2-year planning process, that will then be offered offer for a second public consultation.

ICANN64: ICANN Finance and Budget Two-Year Planning Process

Two-Year Planning Process- Comments and Themes

- ⦿ Public comment for the first consultation on a 2-Year planning process opened on 21 December 2018 and closed on 5 March 2019
- ⦿ Comments were received from 5 organizations and 1 individual

Submitter	Total Number of Comments
ccNSO Strategic and Operational Planning Committee (SOPC)	11
Generic Names Supporting Organization (GNSO) Council	10
ICANN Business Constituency (BC)	10
gTLD Registries Stakeholder Group (RySG)	9
ICANN Policy Staff in support of the At-Large Community	7
Individual	6
Grand Total	53

ICANN64: ICANN Finance and Budget Two-Year Planning Process

Two-Year Planning Process- Key Takeaways

Question	Agree	Disagree
Does the community agree that yearly planning cycle does not provide sufficient time for community extensive input and interaction on the operatin plan and Budget?	ALAC GNSO Individual	ccNSO BC RySG
Does the community belive that more time for planning provides more transparency	ALAC BC	ccNSO GNSO Individual RySG
Should the policy development activities be planned?	ccNSO BC ALAC Individual GNSO RySG	
Should the planning process include a formalized dedicated phase to plan for SO/AC activities?	BC GNSO RySG	ccNSO
2 public comment periods and/or sessions of community feedback and involvement	BC ALAC ccNSO	

ICANN64: ICANN Finance and Budget Strategic Planning Process

The strategic plan will be complemented by a 5-yr operating and financial plan, which will be developed over the next few months in interaction with the community.

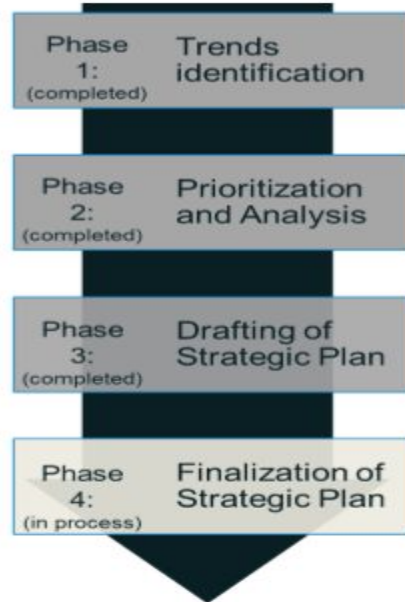
- Strategic planning is a core element of ICANN's three-fold [planning process](#) cycle:
 - 5-year Strategic Plan
 - 5-year Operating and Financial Plan
 - Annual Operating Plan & Budget
- The process of developing an operational and financial plan may lead to calibration of the strategic plan, in terms of “realistic ambitions”
- The planning cycle ends with ongoing achievement and progress reporting



ICANN64: ICANN Finance and Budget Strategic Planning Process

A Draft Strategic Plan for fiscal years 2021 - 2025 was posted for public comments from 21 December 2018 to 25 February 2019

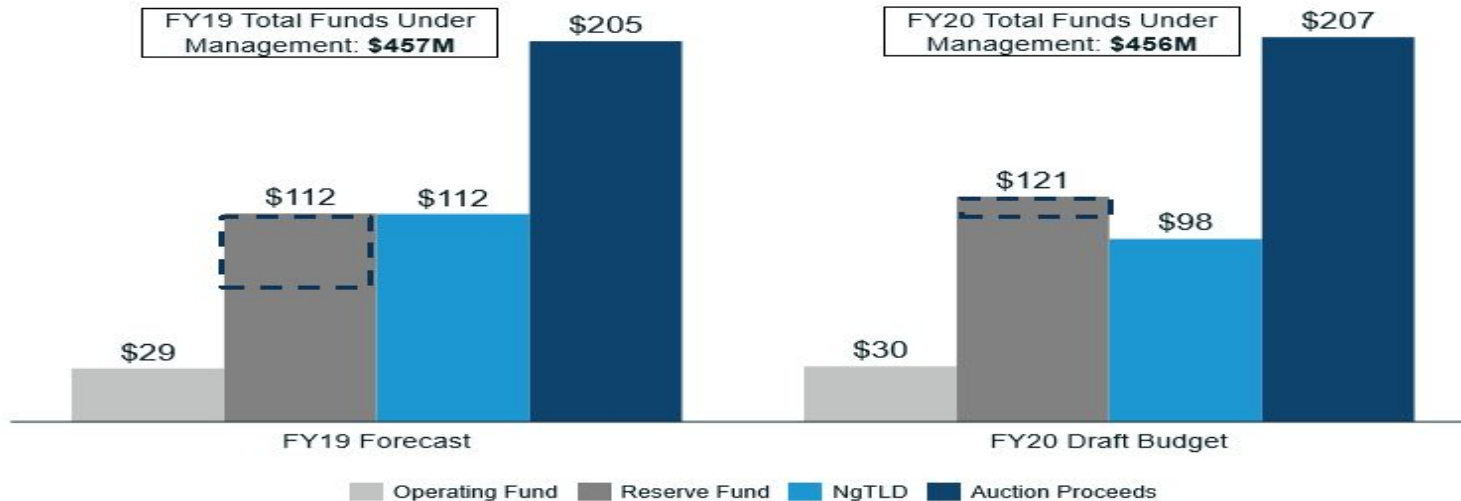
(<https://www.icann.org/public-comments/strategic-plan-2018-12-20-en>)



ICANN64: ICANN Finance and Budget

Draft FY20 Budget- Funds Under Management

- FY19 Reserve Fund balance includes \$36M transfer from Auction Process as part of the Board approved Reserve Fund Replenishment Strategy
- FY20 includes transfer noted above along with a planned \$3M contribution from the ICANN Operations budget



ICANN64: ICANN Finance and Budget

FY20 ICANN Funding Assumptions

	Funding Type	Best Estimate	High Estimate	Low Estimate
Legacy TLDs	Transaction-based Fees	2.1% growth, reflecting slowing rate vs prior years	3.2% growth, as per prior historical averages	1.9% growth
New TLDs	Fixed Fees	1,189 TLDs assumed delegated by end of FY20, starting the year at 1,201	1,201 TLDs assumed delegated by end of FY20, starting the year at 1,201	1,171 TLDs assumed delegated by end of FY20, starting the year at 1,201
	Transaction-based Fees	6.3% growth in transactions estimated using the per-TLD average number of transactions per month since delegation (average transactions during month 1, month 2,...)	12.0% growth	5.0% growth

ICANN64: ICANN Finance and Budget

FY20 ICANN Funding Assumptions

	Funding Type	Best Estimate	High Estimate	Low Estimate
Registrar Accreditation	Application Fees	60 new registrars (increase of 15 per quarter) while number of existing accredited registrars is maintained at current level	No material difference between Best and High Estimate	94 fewer total registrars (decrease of 23.5 per quarter)
	Accreditation Fees	60 new registrars (increase of 15 per quarter) while number of existing accredited registrars is maintained at current level	No material difference between Best and High Estimate	94 fewer total registrars (decrease of 23.5 per quarter)
	Per-registrar Variable Fees	\$3.4M total, consistent with prior years	No material difference between Best and High Estimate	No material difference between Best and Low Estimate
New gTLD Program	Application Fees Revenue	Portion of application fees recognized in Funding ratably based on evaluation expense incurred vs total evaluation expenses forecasted	No material difference between Best and High Estimate	No material difference between Best and Low Estimate

ICANN64: ICANN Finance and Budget

Questions?

