# PTI and IANA Operating Plan and Budget

Presentation at ALAC Operations, Finance and Budget Working Group

## September 24, 2020

Kim Davies
President, PTI

Becky Nash
Treasurer, PTI

Kirsten Crownhart
Manager, Financial Planning & Analysis
ICANN

**PTI** | An ICANN Affiliate

# Agenda

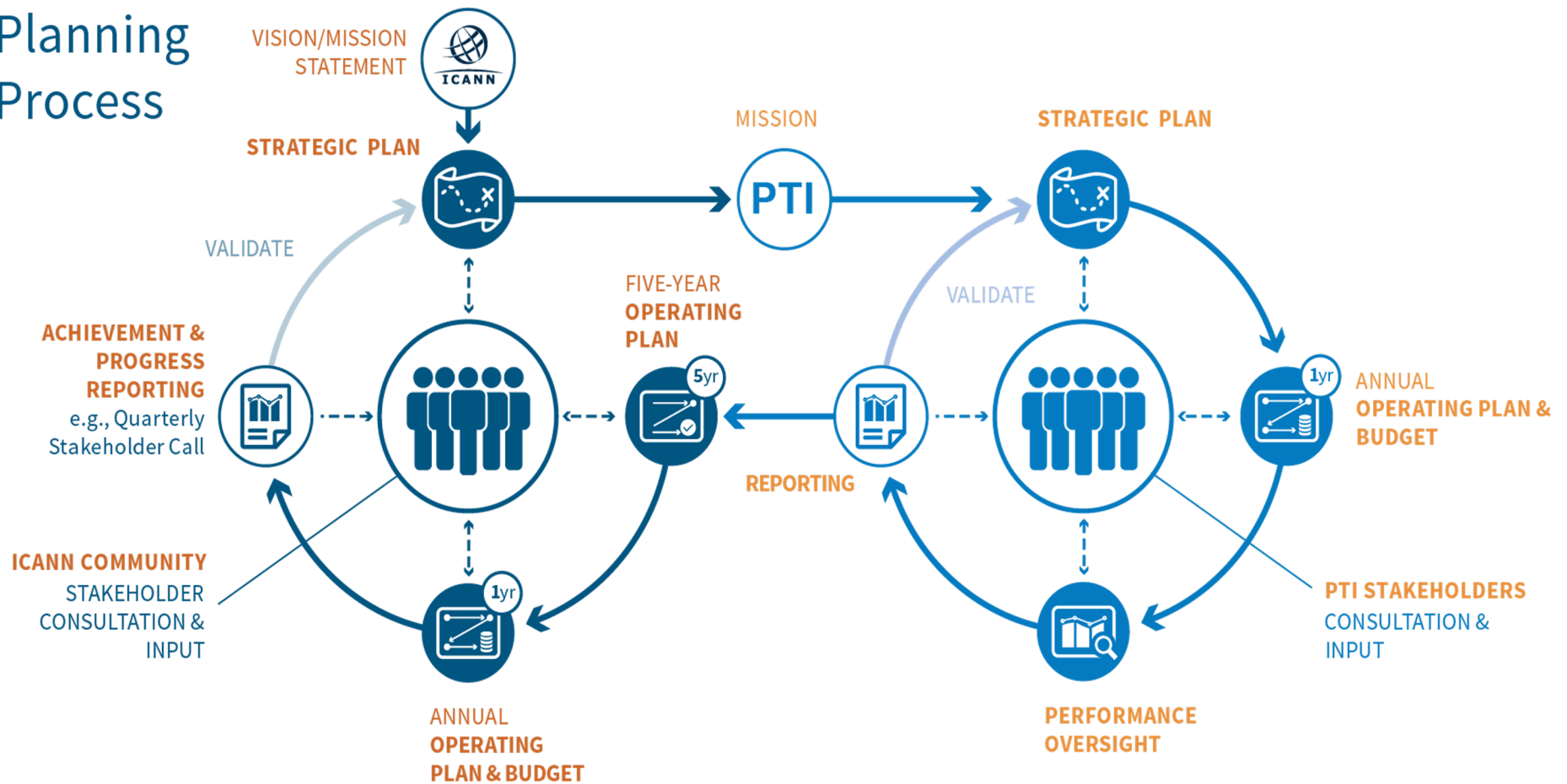**1** Planning Process Overview and Timeline

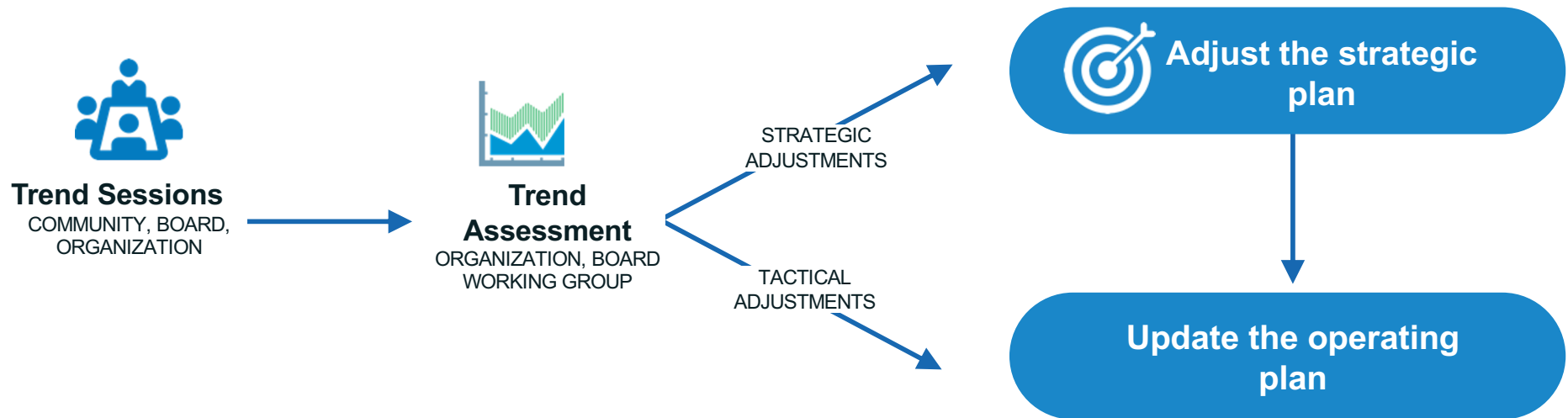**2** Budget Assumptions and Priorities

**3** Questions and Answers

# The Planning Process

# Planning Process Overview

# Inputs from Trends work

**Trend Sessions**
COMMUNITY, BOARD, ORGANIZATION

**Trend Assessment**
ORGANIZATION, BOARD WORKING GROUP

STRATEGIC ADJUSTMENTS

TACTICAL ADJUSTMENTS

**Adjust the strategic plan**

**Update the operating plan**

Every year, new trends or shifts in existing trends impacting the strategic plan, operating plan, and/or budget, will be factored into the annual iteration of those plans as appropriate.

Given our new 4-year strategic plan was reviewed and ratified in June, it is unlikely that significant adjustments will need to be made.

# Bylaws requirement PTI Planning

*"The Corporation shall develop and annually update a four-year strategic plan that outlines the Corporation's strategic priorities (the "Strategic Plan"). This Strategic Plan process may be run concurrently with the Annual Budget development process."*

- **The PTI Strategic Plan for Fiscal Year 2021 – 2024 informs the Operating Plan and Budget process each year.**
- **The Operating plan and Budget process is also informed by the annual strategic outlook trend identification exercise.**
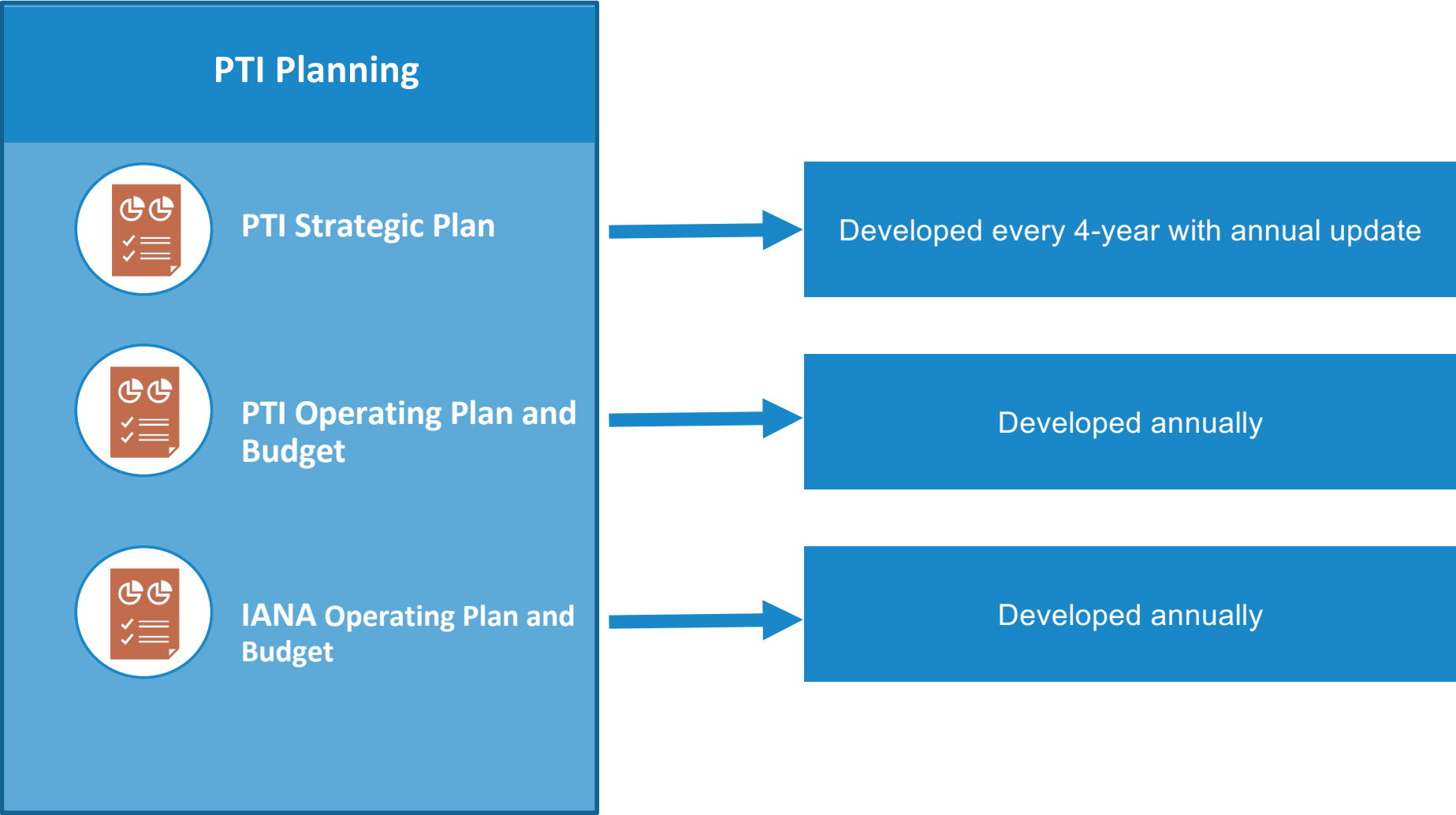
*"At least nine months prior to the commencement of each fiscal year, the Corporation shall submit to the PTI Board and the Board of Directors of CANN a proposed annual operating plan and budget for the Corporation's next fiscal year ("Annual Budget")."*

- **FY22 Draft Operating Plan and Budget shall be submitted to the PTI Board and Board of Directors of ICANN in September 2020**

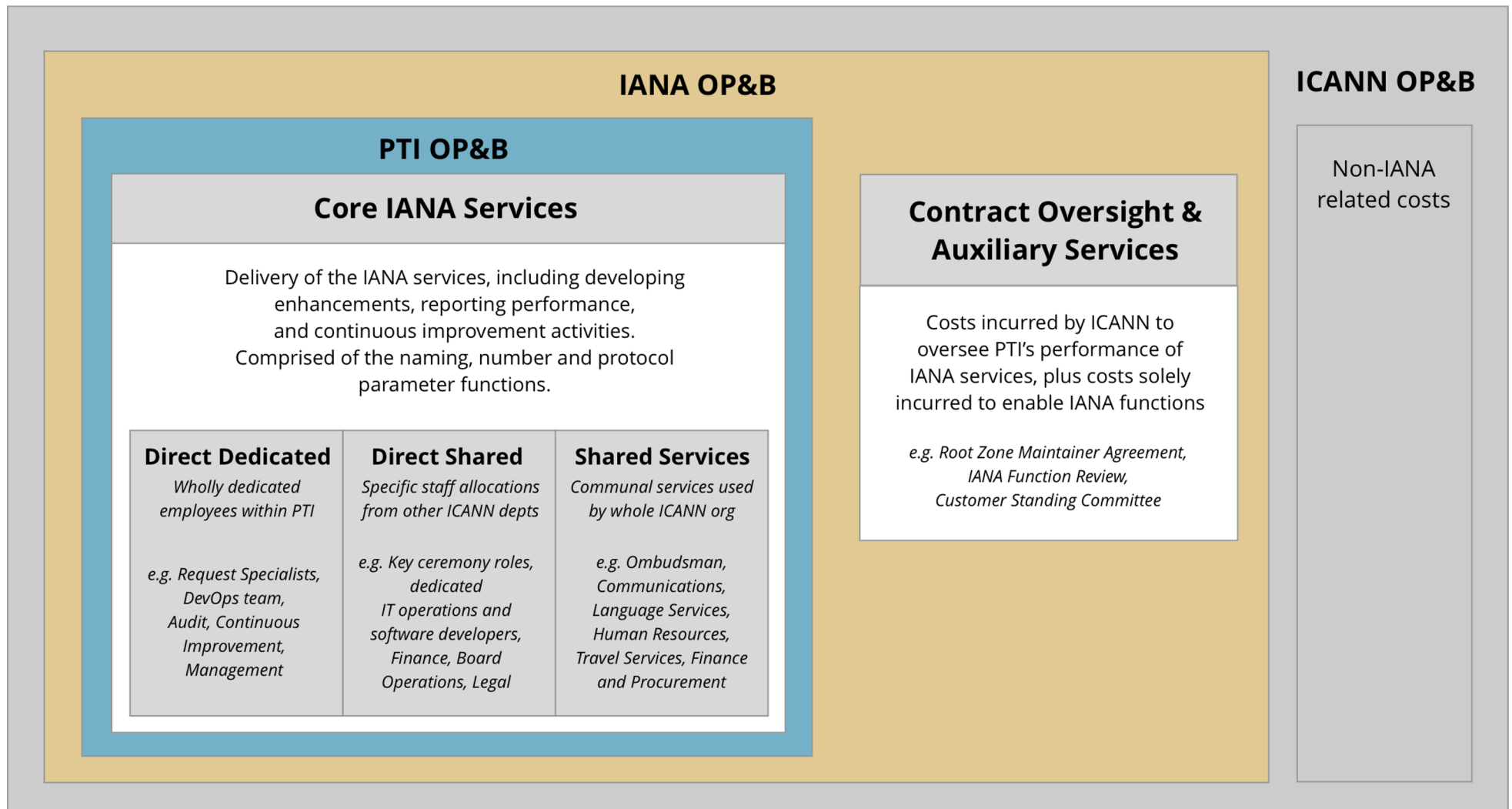*"During the Annual Budget development process, and prior to approval of the Annual Budget by the PTI Board, the Corporation shall consult with the Supporting Organizations and Advisory Committees, as well as the Registries Stakeholder Group, IAB and RIRs (all as defined in the ICANN Bylaws)."*

- **We need community's feedback on operating priorities to develop the draft budget.**

# PTI Planning Deliverable

## PTI Planning

**PTI Strategic Plan** → Developed every 4-year with annual update

**PTI Operating Plan and Budget** → Developed annually

**IANA Operating Plan and Budget** → Developed annually

# Structure of Operating Plans and Budgets

**ICANN OP&B**

**IANA OP&B**

**PTI OP&B**

### Core IANA Services

Delivery of the IANA services, including developing enhancements, reporting performance, and continuous improvement activities. Comprised of the naming, number and protocol parameter functions.

| **Direct Dedicated** | **Direct Shared** | **Shared Services** |
|---|---|---|
| *Wholly dedicated employees within PTI* | *Specific staff allocations from other ICANN depts* | *Communal services used by whole ICANN org* |
| *e.g. Request Specialists, DevOps team, Audit, Continuous Improvement, Management* | *e.g. Key ceremony roles, dedicated IT operations and software developers, Finance, Board Operations, Legal* | *e.g. Ombudsman, Communications, Language Services, Human Resources, Travel Services, Finance and Procurement* |

### Contract Oversight & Auxiliary Services

Costs incurred by ICANN to oversee PTI's performance of IANA services, plus costs solely incurred to enable IANA functions

*e.g. Root Zone Maintainer Agreement, IANA Function Review, Customer Standing Committee*

Non-IANA related costs

The PTI and IANA Operating Plan and Budgets are components of the ICANN Plans

# Planning Timeline

| Key Steps | When | Who | Comments |
|---|---|---|---|
| Initial Community Consultation | August – September | PTI | Two Community Webinars 27 August |
| Operating Plan and Budget Development | August – September | PTI | |
| PTI OP&B Draft Submitted to PTI Board | 30 Sep 2020 | PTI Board | At Least 9 Months Before Next Fiscal Year (Input to ICANN OP&B Per Bylaws) |
| Public Comment Period | October – November | All | |
| Staff Report on Public Comment Published | 9 Dec 2020 | PTI | |
| PTI OP&B Adopted | 15 Dec 2020 | PTI Board | Before ICANN Public Comment Begins (Input to ICANN OP&B Per Bylaws) |

# Operating Plan and Budget Assumptions & Operating Priorities

# IANA Operations General Assumptions

- Customers are happy with the service

  - Customer Standing Committee found service delivery was satisfactory or higher for all 12 months of past year
  - Surpassed our IETF MOU SLA for all 12 months of past year
  - Met our Numbering SLA for all 12 months of past year, annual review identified no issues
  - Received our highest rating in our annual survey to date
  - Customer satisfaction recorded in post-ticket surveys are highly positive

# IANA Operations General Assumptions

- No fundamental changes are required beyond ongoing refinement and renewal of service delivery.

  - Continue work to evolve core systems used to deliver requests processing capabilities
  - IANA website shows its age and needs further refinement
  - Will continue to proactively monitor/participate in groups to identify need early and plan for implementation.

# IANA Operations General Assumptions

- Day-to-day operations and face-to-face travel will be restored to pre-pandemic levels by July 2021

- Stable headcount and funding for IANA Operations with projected direct head-count remaining at 18 FTE

- Increasing volume of change requests year-on-year expected to be offset with increased efficiencies through automation, process refinement and optimization and with clarification on policies.

- System and tool development activity to be undertaken through core team of technical staff within IANA team, a resource allocation from ICANN through shared services agreement, with augmentation through narrow contracts with external vendors

# Operations Evolution

- Continue incremental evolution of RZMS following launch of new platform in FY21

- Continue incremental evolution of protocol parameter platform ("Opal") after first FCFS registries migrate in FY21

- Commence studies on algorithm rolls in the DNS root zone (facilitate design team and/or contractors to perform R&D)

- Enhanced IANA website

- Significant decrease in usage of legacy systems (ticketing system), deprecation of older tools

- Study key management facility locations and consult on potential changes to the approach, including potential for less travel-dependent logical controls

- Plan and/or perform first phases of subsequent KSK rollover

- Increase cross-training of staff to provide increased depth of coverage, and hire full complement of staff

# Policy Impact

- Subsequent Procedures for New gTLDs — Under study (assume costs will self-fund like 2012 round)
- ccTLD Retirement — No fiscal impact
- ccTLD Review Mechanism — No fiscal impact
- RZERC — No active work impacting IANA operations
- Root Server Governance — Undetermined
- IANA Naming Function Review — No fiscal impact
- Reverse DNS SLAs — No fiscal impact
- .ARPA administrative changes — No fiscal impact

# FY22 IANA Functions Process Summary

**1** **IANA Functions Funding/ICANN Funding**

Funding of IANA Functions is provided solely from ICANN and is driven by the Expenses

**2** **IANA Functions baseline cash expenses**

Expenses are driven by the main cost categories of Personnel, Travel & Meetings, Professional Services, Administration, and Capital. Expenses are segregated in to three cost pools: Direct Dedicated, Direct Shared, and Shared Services

**3** **IANA Functions contingency**

Contingency represents an amount of budgeted expense unallocated to specific activities or departments

# PTI/IANA Financial Trends

| PTI Operations in Millions, USD | FY21 Budget | FY20 Actual | FY19 Actual |
|---|---|---|---|
| **FUNDING** | **$10.0** | **$8.7** | **$7.9** |
| Direct Dedicated | $4.9 | $3.6 | $3.6 |
| Direct Shared | $2.3 | $2.8 | $2.4 |
| Shared Services | $2.7 | $2.3 | $1.9 |
| **TOTAL CASH EXPENSES** | **$10.0** | **$8.7** | **$7.9** |
| **EXCESS/(DEFICIT)** | **$0.0** | **$0.0** | **$0.0** |
| Average Headcount | 23.0 | 20.0 | 21.0 |

| IANA Services in Millions, USD | FY21 Budget | FY20 Actual | FY19 Actual |
|---|---|---|---|
| PTI Operations | $10.0 | $8.7 | $7.9 |
| IANA Department (a) | $0.6 | $0.5 | $0.4 |
| **TOTAL** | **$10.6** | **$9.2** | **$8.3** |
| Average Headcount | 23.0 | 20.0 | 21.0 |

(a) IANA Departement Expense consists of the RZMA = Root Zone Maintainer Agreement and capital expense, both funded directly by ICANN Operations

*In millions, USD- unaudited – Scale and arithmetic inconsistencies are due to rounding to the nearest million*

# Description of PTI costs by Cost Type

**Direct Dedicated**
- IANA Department

**Direct Shared**
- Administration and Rent for Los Angeles Office
- Depreciation Expense
- Board Management & Operations
- Communications
- Engineering & Information Technology
- Finance & Procurement
- Governance Support (Legal)
- Office of the Chief Technology Officer

**Shared Services**
- Ombudsman
- Executive (Office of the CEO)
- Communications
- Language Services
- Governance Support (Legal)
- Engineering & Information Technology
- Finance & Procurement
- Human Resources
- Administrative Support
- Planning
- Security Operations
- Board Operations

# Questions and Answers

- ❖ Please raise your hand in zoom if you want to ask a question
- ❖ Unmute your microphone to ask questions when is your turn
- ❖ Mute your microphone when not speaking

- ❖ Type your questions in the chat