

# Operating Plan and Budget Public Comment Discussion

ICANN Planning and ccNSO SOPC

March 2020



# Progress Update

What	When
✓ FY21-25 O&FP Public Comment Period #1	14 Jun – 5 Aug 2019
✓ Overview of FY21-25 O&FP development and Public Comment #1 materials	Pre-ICANN65 Webinar on 17 June 2019
✓ Review Public Comment #1 inputs and plan development of both FY21-25 O&FP and FY21 OP&B	Board Workshop Sep 2019
✓ Review draft FY21-25 O&FP and FY21 OP&B for Public Comment	10 Dec 2019
✓ FY21-25 O&FP Public Comment ✓ FY21 OP&B Public Comment	Dec 2019 – Feb 2020
✓ Community Webinar	Early / Mid-January
✓ Submit Clarifying Questions	21 January 2020
Review Public Comment inputs/development of both FY21-25 O&FP and FY21 OP&B	ICANN67 Mar 2020
Publish Staff Report of Public Comments	27 March 2020
Review for Plan adoption of both plans	Board Workshop May 2020
Empowered Community Period	May – Jun 2020

# Public Comment Overview

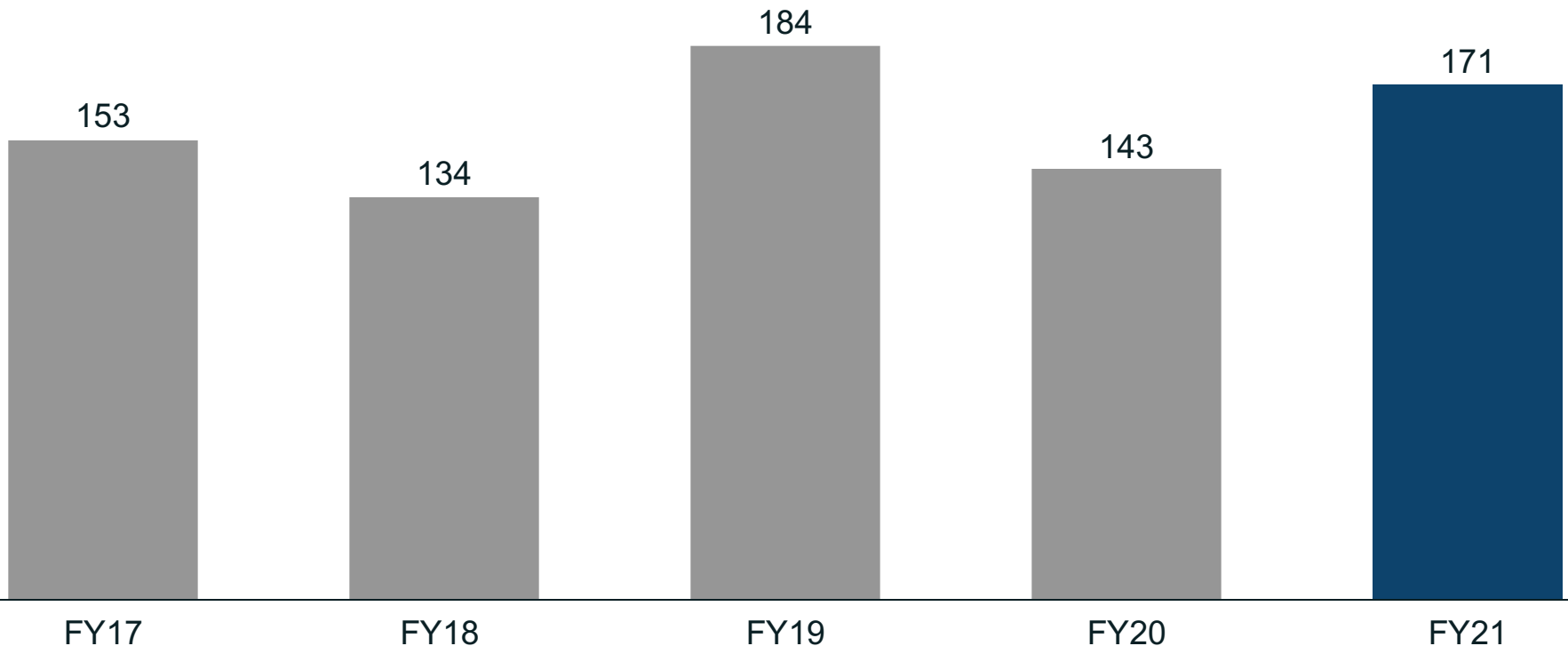
# Session Objectives

---

- 1** Provide thematic overview of submitted comments.
- 2** Allow community to further clarify comments where necessary.
- 3** Use clarification to better prepare staff report responses.

# Public Comments- By Operating Plan & Budget Yr

- The Public Comment window was open from 20 December 2019 – 25 February 2020
- Community Involvement and Engagement continues to remain high
- We are expecting to publish the Staff Report on 27 March 2020

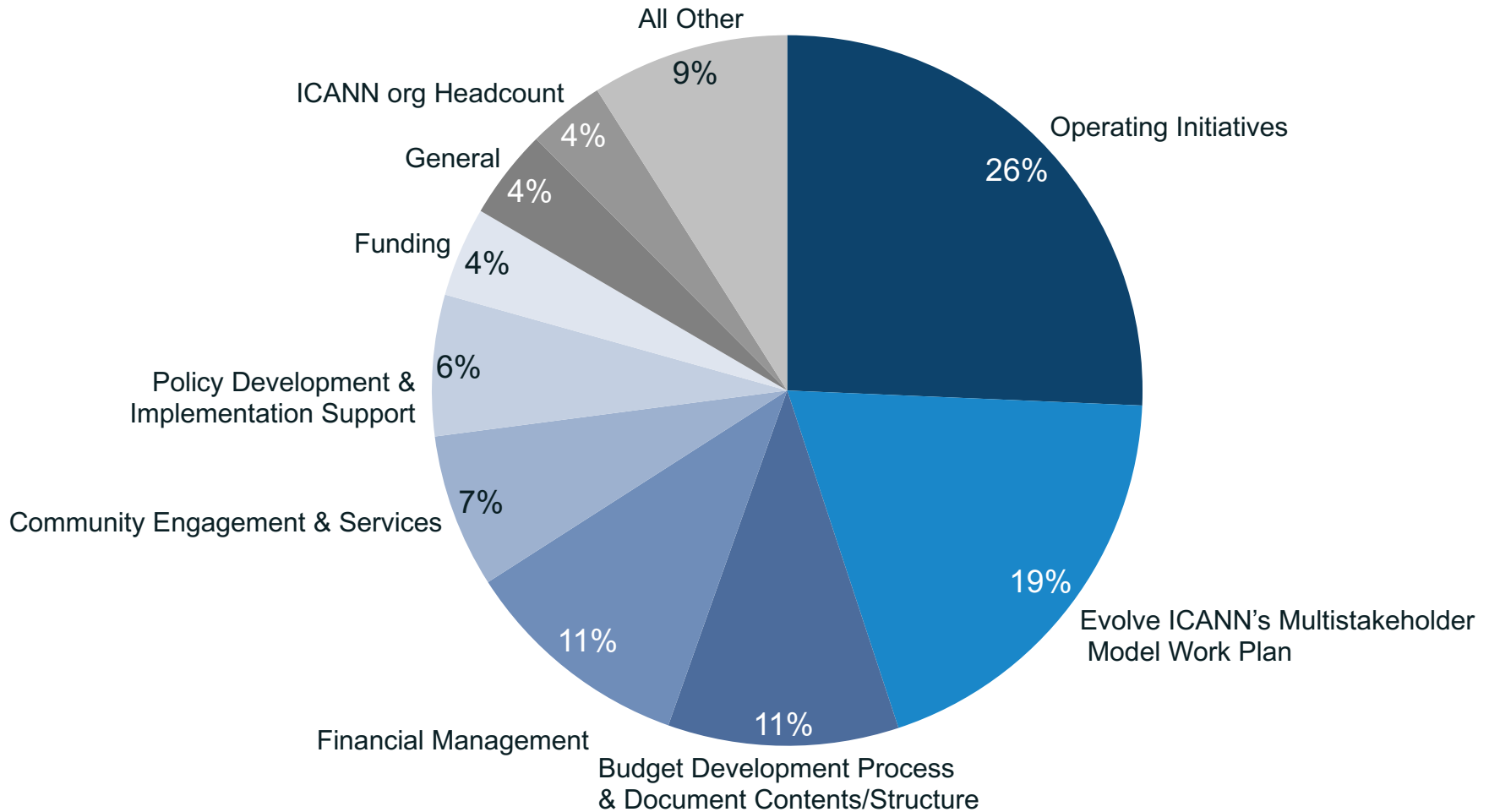


# Public Comments- By Submitter and Year

	FY19	FY20	FY21	FY21 vs FY19	FY21 vs FY20
Groups Submitting Comments	Number of Comments	Number of Comments	Number of Comments	Higher/(Lower)	Higher/(Lower)
Individual	44	1	8	-36	7
ccNSO Strategic and Operational Planning Committee (SOPC)	22	36	48	26	12
Non-Commercial Stakeholders Group (NCSG)	19	27	8	-11	-19
gTLD Registries Stakeholder Group (RySG)	18	16	37	19	21
GNSO Council	14	12	17	3	5
ISPCP	12	0	0	-12	0
At-Large Advisory Committee	9	10	17	8	7
Registrar Stakeholder Group (RrSG)	7	1	7	0	6
ICANN Business Constituency (BC)	7	6	21	14	15
i2Coalition	7	0	7	0	7
Blacknight Internet Solutions Ltd	5	4	0	-5	-4
Namibian Network Information Center	5	0	0	-5	0
Intellectual Property Constituency (IPC)	5	15	0	-5	-15
Security and Stability Advisory Committee (SSAC)	2	2	0	-2	-2
MarkMonitor	2	0	0	-2	0
The Centre for Internet and Society	0	8	0	0	-8
ICANN Governmental Advisory Committee (GAC)	0	4	1	1	-3
Customer Service Committee (CSC)	0	1	0	0	-1
Swahili ICANN Wiki	1	0	0	-1	0
Radix	1	0	0	-1	0
Fellowship alumni	1	0	0	-1	0
CEO, Allegravita LLC	1	0	0	-1	0
CEO of Registry Africa, Mr. Lucky Masilela	1	0	0	-1	0
registry.asia	1	0	0	-1	0
<b>Total</b>	<b>184</b>	<b>143</b>	<b>171</b>	<b>-13</b>	<b>28</b>
<b># of Groups Submitting</b>	<b>21</b>	<b>14</b>	<b>10</b>	<b>-11</b>	<b>-4</b>

# Public Comments: Thematic Breakdown FY21

## FY21 Operating Plan & Budget Public Comments- 171



Note: Operating Initiatives are new to the budgeting process in FY21

# Public Comments: ccNSO Thematic Breakdown

Theme	FY21 Draft Operating Plan & Budget Total Number of	ccNSO Strategic and Operational Planning Committee (SOPC)
Operating Initiatives	44	12
Evolve ICANN's Multistakeholder Model Work Plan	33	-
Budget Development Process & Document Contents/Struc	18	6
Financial Management	18	3
Community Engagement & Services	12	8
Policy Development and Implementation Support	11	4
Funding	7	-
General	7	-
ICANN org Headcount	6	1
ICANN Org Governance	5	5
ICANN Org Shared Services	5	5
Technical & DNS Security	5	4
<b>Total</b>	<b>171</b>	<b>48</b>



# Sample Discussion Topics from Submission

*At this time we would like to have a collaborative discussion regarding public comments that were submitted, below are a few examples from your submission*

- “We notice that the headcount remains at 410 HR for the coming five years. While we appreciate the ICANN effort to stabilise the HR, we recommend regular reviews of the HR to evaluate if staff are able to cope with existing and future challenges. “
- “In terms of the 15 Operating Initiatives of the 35 Targeted Objectives, we still fail to understand whether ICANN has applied prioritisation logic, and whether the allocation of budget takes into account their importance. As a matter of fact, we believe that not all the Operating Initiatives are equally important. A cost/benefit analysis of each Initiative may facilitate the understanding of its relevance against the Objectives.“
- “Does ICANN.org need to spend 18 million USD a year to consultants under ‘professional services’”
- “Does ICANN need all these offices worldwide? Their added value should be assessed regularly as we do not see a precise, long-term strategy about local presence.”

## Appendix: Operating Initiatives and Functional Activities

# Content Structure – 15 Operating Initiatives

## Purpose

Describes the reasons of why each of the Operating Initiatives is needed.

## Scope

Describes the scope of work need to be done under each Operating Initiative.

## Targeted Outcome Supported

Describes the linkage of the Operating Initiatives to the Targeted Outcomes identified in the Strategic plan.

## Progression

Describes the key milestones, phases, or stages of progression projection of each Operating Initiative.

## Resources

Features the collaboration needed among cross-functional teams in support of the Operating Initiatives.

## Considerations

Describes the related dependencies, risks, opportunities of each Operating Initiative, and possible mitigation where applies.

# Operating Initiatives

1

Support the Evolution of the Root Server System

3

Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policy-making

5

Develop Internal and External Ethics Policies

7

Promote and Sustain a Competitive Environment in the Domain Name System

2

Facilitate DNS Ecosystem Improvements

4

Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policy making

6

Root Zone Management Evolution

8

Universal Acceptance

# Operating Initiatives

9

Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem

10

Targeted engagement to improve government and IGO engagement and participation in ICANN

11

Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission

12

Formalize the ICANN org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers

13

Implement New gTLD Auction Proceeds Recommendations

14

Planning at ICANN

15

ICANN Reserves

# Content Structure – Functional Activities (35 in 5 groups)

## Purpose

Describes the purpose of the activities of the Functions.

## Activity

Describes the key activities and strategically-driven changes of each Function. Also lists the Operating Initiatives it leads or supports

## Targeted Outcome Supported

Describes the linkage of the Functional Activities to the Targeted Outcomes identified in the Strategic plan.

## Progression

Describes the key milestones, phase, or stages of progression projection of the Functional Activities.

## Resources

Describes how the resources of the Functional teams would fluctuate during the 5-year period, i.e. stable, increase or decrease.

## Considerations

Describes the related dependencies, risks, opportunities of the Functional Activities, and possible mitigation where applies.

# Functional Activities – 35 in 5 groups

## Technical and DNS Security

- ⊙ Office of the Chief Technology Officer
- ⊙ ICANN Managed Root Server
- ⊙ Internationalized Domain Names and Universal Acceptance
- ⊙ IANA Functions
- ⊙ Contractual Compliance

## Policy Development and Implementation Support

- ⊙ Policy Advice & Development
- ⊙ Policy Research
- ⊙ Contracted Parties Services Operations
- ⊙ Technical Services
- ⊙ Global Domains Division Strategic Programs
- ⊙ Constituent & Stakeholder Travel

## Community Engagement and Services

- ⊙ Global Stakeholder Engagement
  - ⊙ Regional Offices
- ⊙ Public Responsibility Support
- ⊙ Government & IGOs Engagement
- ⊙ gTLD Accounts & Services
- ⊙ Consumer Safeguards
- ⊙ Communications & Language Services
- ⊙ Global Meetings Operations
- ⊙ Ombudsman

# Functional Activities – 35 in 5 groups

## ICANN Org Governance

- ⦿ Board Management
- ⦿ Office of CEO
- ⦿ Governance Support
- ⦿ Nominating Committee Support
- ⦿ Complaints Office
- ⦿ Strategic Planning & Strategic Initiatives
- ⦿ Accountability Reviews

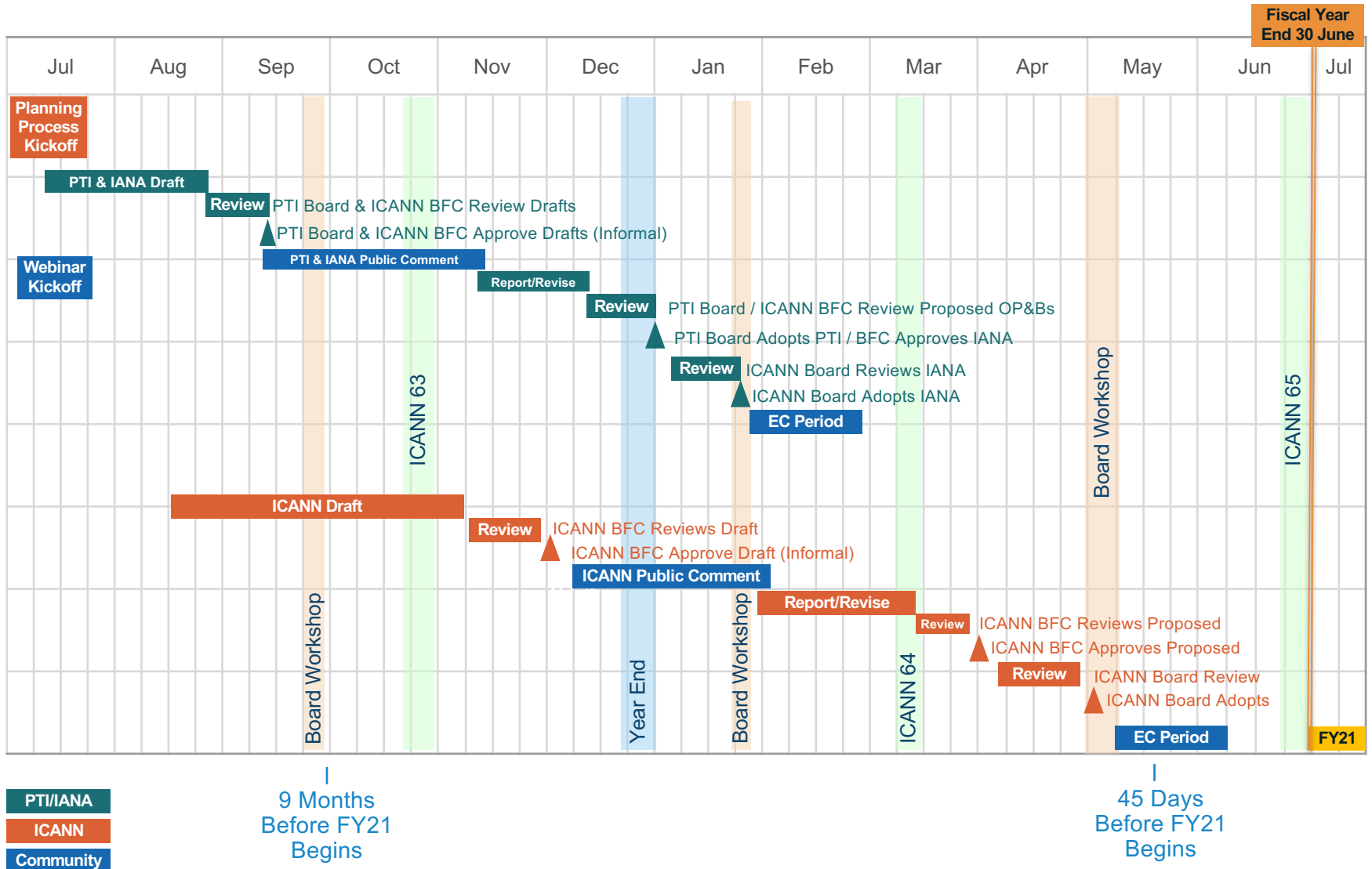
## ICANN Shared Services

- ⦿ Operations Planning
- ⦿ Finance & Procurement
- ⦿ Risk Management
- ⦿ Engineering & Information Technology
- ⦿ Global Human Resources & Administrative Services
- ⦿ Global Support Center
- ⦿ Board Operations
- ⦿ Security Operations
- ⦿ ICANN Offices



## Appendix: PTI and IANA Timelines

# PTI and ICANN FY21 Planning Timeline



# FY21 Operating Plan and Budget Process Timeline – PTI & IANA

Step	Dates	Action By	Note
PTI & IANA Public Comment Period	14 Oct – 27 Nov 2019	Community	48 Days including 7 days for ICANN 66
PTI & IANA Staff Report on Public Comment Submitted to PTI Board & ICANN BFC for Review	16 Dec 2019	PTI Board & ICANN BFC	
PTI & IANA Staff Report on Public Comment Published	19 Dec 2019	ICANN org	
PTI OP&B Adopted	09 Jan 2020	PTI Board	
ICANN BFC recommends IANA Budget Approval	16 Jan 2020	ICANN BFC	ICANN BFC recommends to the ICANN Board to approve
ICANN Board Adopted IANA Budget	24 Jan 2020	ICANN Board	The adopted plan is input into the IANA Functions Budget in the Total ICANN OP & Budget

# Appendix: Financial Plan

# 5-Year Funding and Expense Assumptions

---

- The Five-year Plan will use the base scenario funding projections
- The Five-year Plan will include a planned annual contribution to the Reserve Fund
- The Five-year headcount is expected to remain relatively stable
- The Five-year Plan will be a balanced budget where expenses, plus a planned contribution to the reserve fund, will not exceed funding

# Potential Implementation Projects and Activities

---

- ICANN org supports the community-based activities, which leads to reviews recommendations and cross-community working group recommendations, policy drafts, and advice recommendations.
- At any point in time, there are such recommendations and policies that are at any of these stages of progress: initiation, development, finalization, board consideration, implementation planning, implementation.
- As recommendations and policies move forward and reach the stage of Board consideration, ICANN org can then design the expected implementation work.
- The resources supporting the implementation of these activities consist mainly of the ICANN org staff contributing as required based on the nature of implementation work.
- Some additional specific resources may be required on a case by case basis. During the annual planning cycle, the implementation activities expected to be occurring during the year planned for are incorporated into the annual operating plan.

# FY21-FY25 Financial Projections

(in Millions USD)

5-Year Projections	FY21 Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	5-Year Total
<b>Funding</b>	\$140.4	\$143.2	\$145.4	\$147.7	\$149.9	\$726.6
<b>Expense</b>						
Personnel	78.3	79.6	81.9	83.3	84.5	407.5
Professional Services	17.9	17.9	18.3	18.3	18.3	90.9
Travel and Meetings	16.4	16.4	16.4	16.4	16.4	81.9
Administrative	18.3	18.3	18.3	18.3	18.3	91.7
Capital	1.8	1.8	1.8	1.8	1.8	9.2
Contingency	5.2	5.4	5.5	5.7	5.9	27.6
Cost Savings Initiatives	(3.1)	(3.1)	(3.1)	(3.5)	(3.5)	(16.2)
<b>Total</b>	<b>134.9</b>	<b>136.4</b>	<b>139.3</b>	<b>140.3</b>	<b>141.7</b>	<b>692.6</b>
<b>Funding Less Expenses</b>	<b>\$ 5.5</b>	<b>\$ 6.8</b>	<b>\$ 6.1</b>	<b>\$ 7.4</b>	<b>\$ 8.2</b>	<b>34.0</b>
Allocation to the Reserve Fund	3.0	2.0	2.0	1.5	1.0	9.5
Operating Initiatives Envelope	2.5	4.8	4.1	5.8	7.2	24.5
<b>Net Excess</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>	<b>0.0</b>
<b>Headcount</b>	<b>410</b>	<b>410</b>	<b>410</b>	<b>410</b>	<b>410</b>	
<b>Reserve Fund Balance</b>	<b>\$ 126.4</b>	<b>\$ 130.9</b>	<b>\$ 135.6</b>	<b>\$ 139.8</b>	<b>\$ 143.6</b>	

# Operating Initiatives Financial Projections

- A high and low scenario envelope was estimated for all Operating Initiatives; for modeling purposes we use the mid-point
- Financials were estimated for initiatives that require incremental efforts; it is assumed that some initiatives are already being worked on with existing budget

	Operating Initiatives	5-year Financial Estimate (low)	5-Year Financial Estimate (mid pt)	5-Year Financial Estimate (high)	Assumptions for Mid Pt Scenario
1	Support the evolution of the Root Server system	\$ 3.0	\$ 4.5	\$ 6.0	2 FTE for the 5-year period and meeting facilitation costs
2	Facilitate Improvements of the DNS Ecosystem	4.0	6.0	8.0	1 FTE for the 5-year period along with costs for engagement and research. This excludes outcomes from the policies that will result from EPDP Phase 1 and 2.
3	Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making	3.0	4.3	5.5	Project Manager role to facilitate and advise, similar to current Multistakeholder Model Initiative. Includes consultant cost and funds for implementation relating to the recommendations and outcomes.
4	Evolve and strengthen the ICANN community's decision-making processes to ensure efficient and effective policy making	1.0	1.5	2.0	1 FTE for the 5-year period
5	Develop internal and external ethics policies	0.5	0.8	1.0	3rd party costs to help administer the tracking and facilitation of the program.
6	Continue the Root Zone Management evolution	3.0	4.5	6.0	Hardware and connectivity costs based on Singapore cluster.
7	Promote and sustain a competitive environment in the Domain Name System	-	-	-	This initiative is included within the existing budget of the functional activity
8	Universal Acceptance	1.5	2.0	2.5	ICANN org is already investing in Universal Acceptance, this assumes we will spend another \$500K/yr.
9	Evaluate, align and improve engagement in the Internet ecosystem	-	-	-	This initiative is included within the existing budget of the functional activity
10	Targeted engagement to improve government and IGO engagement and participation in ICANN	-	-	-	This initiative is included within the existing budget of the functional activity
11	Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission	-	-	-	This initiative is included within the existing budget of the functional activity
12	Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name market	0.5	1.0	1.5	1 FTE for the 5-year period and funds for 3rd party research.
13	Implement New gTLD auction proceeds recommendation	-	-	-	This initiative is included within the existing budget of the functional activity
14	ICANN Planning	-	-	-	This initiative is included within the existing budget of the functional activity
15	ICANN Reserves	-	-	-	This initiative is included within the existing budget of the functional activity
	<b>Total</b>	<b>\$ 16.5</b>	<b>\$ 24.5</b>	<b>\$ 32.5</b>	



# Additional Budget Request: FY21 Key Dates

---

Community Kick off and  
Submission period

11 November 2019- 31 January 2020

Notify SO/ACs of Publication

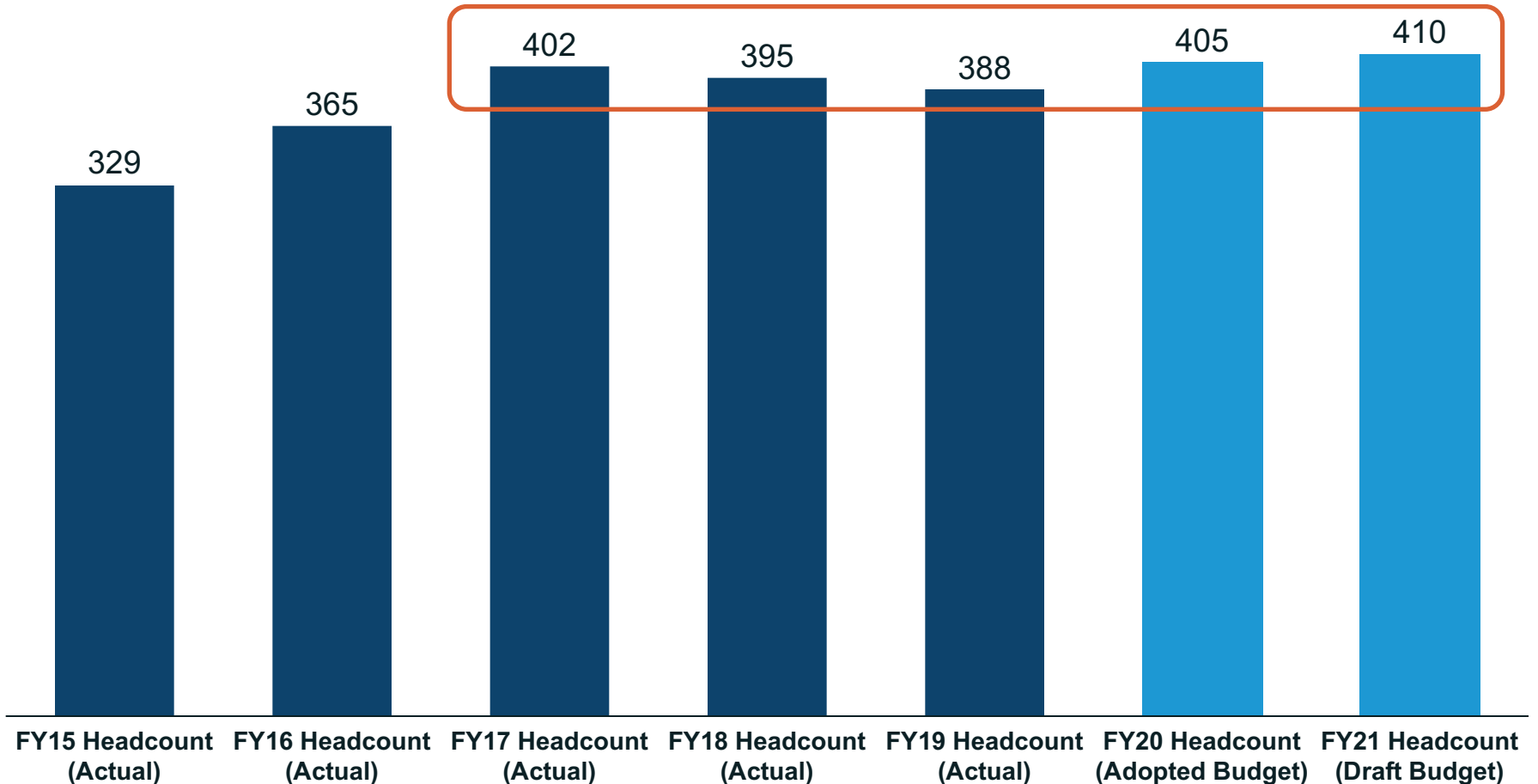
6 May 2020- 12 May 2020

Publication on Website

12 May 2020

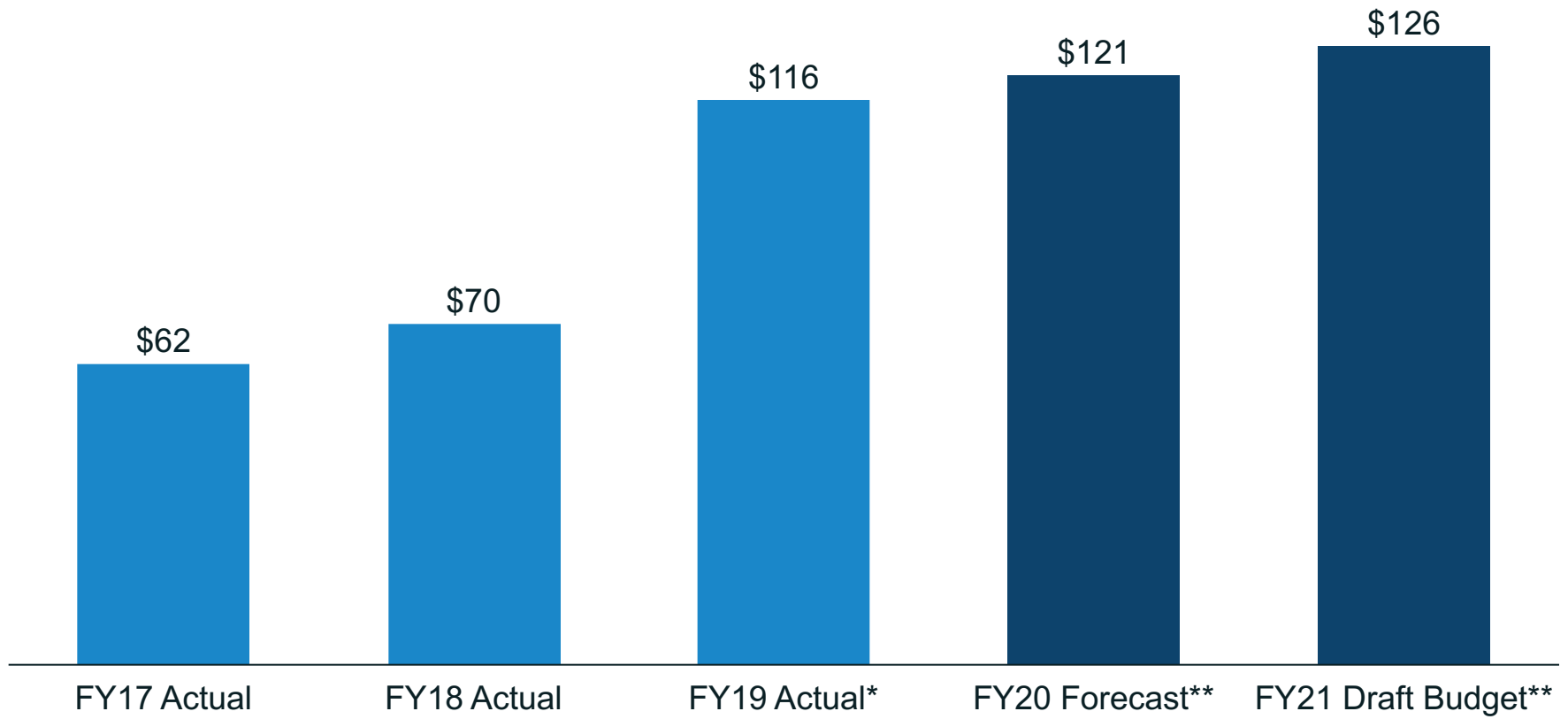
# Headcount Trending (End of Period)

ICANN headcount has stabilized in alignment with Funding



# Reserve Fund Replenishment Strategy

- In alignment with the Board Approved Reserve Fund Replenishment Strategy, the FY21 Budget will include a planned contribution



\*\$36M was transferred from Auction Proceeds to Reserve Fund in FY19 \*\* Includes contribution and estimated investment gains