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DEVAN REED:

Good morning, good afternoon, and good evening to everyone. Welcome to the Operations, Finance, and Budget Working Group call on Thursday, the 7th of September, 2021 at 19:00 UTC. On this call today, we have Holly Raiche, Alfredo Calderon, Cheryl Langdon-Orr, Judith Hellerstein, Maureen Hilyard, Raymond Mamattah, Ricardo Holmquist, and Sebastien Bachollet. From staff, we have Heidi Ullrich and myself, Devan Reed, on call management. We have received some apologies from Justine Chew, Marita Moll, and Satish Babu. We do have French and Spanish interpretation on this call today. Our Spanish interpreters are Lilian and Claudia and our French interpreters and Camila and Claire.

A friendly reminder to please keep your microphones muted when not speaking to prevent any background noise and to please state your name when taking the floor, each and every time. With this, I'll turn the call over to you, Holly.

HOLLY RAICHE:

Thank you, Devan. This meeting today is going to focus entirely on our response to the IANA PTI budget. The last meeting that we had was a presentation by IANA—in fact, by Kim Davies, who's the CEO of PTI/IANA with a lot of interesting sides. So for those who missed this and would like a background on the IANA budget, please have a check on the fortnight-ago slides. There's some very good explanations of the budget.

This is the first of the three parts of our meetings where we actually look at and suggest comments on the budgets. This is the IANA budget.

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*Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.*

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Coming up in November will be the ICANN budget—obviously, a much bigger budget with probably a lot more to say. And then, following that, we have the ABRs. So the next few months are going to be looking at numbers and making comments on numbers.

The idea for today is to start off the discussion amongst this group. And what I would like as an action item is to have a workspace for this budget—I think it's already been created—such that people can comment on the budget. And over the next week, we can gather comments and develop a response. In the meantime, though, we will be discussing today just the budget.

And Ricardo has put together some very interesting slides, which will be a great help in the discussion. In the meantime, I think we'll probably also be working on drafting the initiatives that we have been talking about. But in the meantime, Ricardo, do you want to start with your slides—your presentation—and just guide us through the discussion so the rest of today's meeting can be a response to your slides?

RICARDO HOLMQUIST: Sure, Holly. Thank you.

HOLLY RAICHE: This is not the presentation we want. That's last night's. Sorry.

DEVAN REED: Sorry. I am bringing it up.

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RICARDO HOLMQUIST:

That's the one. Can you [go ahead], please? Next slide. Okay. This is the IANA Budget. The IANA Budget has the PTI budget plus the IANA part of it. [Please scroll down]. As you can see there, for Fiscal Year 23, the PTI portion is \$9.8 million. The IANA one is \$0.6- for a total of \$10.4 million as the budget. Although the budget you have at the side, that is the Fiscal Year 22—that's very, very similar—we have to consider, to have a mind that the only actual we have is Fiscal Year 21. So can you go please, next slide?

There you can see that taking into account the Fiscal Year 21 is the real one, Fiscal Year 22 is running, so what we have is a budget. Fiscal Year 23 is a budget. We see some increases, some decreases there from Fiscal Year 21 to Fiscal Year 23. And we don't know what will happen in Fiscal Year 22.

For example, personnel is increasing a bit more than 11%. That seems to be okay with two years of inflation plus adding one FTE—almost one person—more than one person, 1.1 FTE. So I think it will be in line with this. Travel and meetings is passing from zero to about \$500,000. And it also seems to be consistent with a year of COVID to a year without COVID, new normality. Then we have the professional services that are decreasing. But administration is going up. I don't know if this part of the professional services now are taken by the administration.

One of the numbers we have, then, is the contingency. In Fiscal Year 21, contingency was not touched. But you have in the budget about \$500,000 in contingency. It looks reasonable. Then capital seems to be

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consistent. These are \$300,000 a year. Deprecation seems to be more of the same.

So if you see the numbers, there is an increase from Fiscal Year 21 to Fiscal Year 22 of about \$2 million. Part of it was travel but it's not the larger part. These numbers reflect the numbers of ICANN as a whole. Having in mind that this is the core of the business of ICANN, it seems to be very reasonable. Next slide, please.

The only comment that I have—it's one of the things I asked Kim Davies last meeting—is you have a consideration there, that if you need someone, you will budget it at the time it needs to be. But the budget is for that. I don't understand if they need it or they don't need it. If they need it, this is the time. This is operation plan and budget. This is the time to include someone there. If you don't need it, don't say maybe you will need it. You need it or you don't. If you need it, just put it on the plan. If you don't need it, don't mention it. So it's the only paragraph in the whole plan that I don't like. Next slide, please.

This is the comment I just made. It's very, very similar to the one of last year that is the next slide. If you have the presentation in hand, you will see that page five and page six are very, very similar. The main difference—if you pass to the next slide, please—is that last year it was 30% increase. This year is 27%, based on ... Last year was Fiscal Year 20 to Fiscal Year 22. This year is Fiscal Year 21 to Fiscal Year 23.

The other thing is last year was the first one where the Operational Plan was shown to us. In previous years, it was only the budget that was shown to us. This year, I'm thanking them for sharing us in advance

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their plans. The kind of meetings we had last meeting with Kim Davies was very nice to have from my point of view. So previous slide, please, Devan.

This is the comment I have. But the idea of this comment is to have your input. It's not just by myself. The idea is to have a conversation starting from there or from wherever you want. If you want to talk about slide four or whatever, just let me know. The idea is to start the conversation from there. That's it.

HOLLY RAICHE:

Thank you, Ricardo. Could we go back to the budget itself? I think that was the second slide. Yeah. Next one, please—thank you—where all the red comments are. Ricardo, I like your comment about travel. So a decrease in travel but this is the one year where, in fact, ICANN is actually talking about resumption of travel for meetings. I would think that that would impact on this budget. Does it?

RICARDO HOLMQUIST:

Holly, yes. I don't understand why they are decreasing from Fiscal Year 22 to Fiscal Year 23, having in mind that Fiscal Year 22, ICANN is not allowed to travel yet. And we are three months ahead. The first quarter goes ahead.

So I would guess that Fiscal Year 22, the travel and meetings will be almost zero again. And you will have to pass more to the travel and meetings in Fiscal Year 23, once you like to travel, to go to the different places, and show what the KSK Rollover is, what the signature for it is.

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You will need to have the lights on, and all the fireworks, and do this in a big show because in the last two years, you only have these in a screen.

HOLLY RAICHE: Okay. Thank you. I think that might be one thing that we might say. Do we have anything to say about the admin costs that look a bit low, even though the professional SVCs are 60% up? Is that something else?

ALFREDO CALDERON: Holly, can I comment on the—

HOLLY RAICHE: Of course. No, no. Go right ahead. Thank you.

ALFREDO CALDERON: Okay. Thank you. The travel and meetings budget for Fiscal Year 23, I think it is based on the projection of the sites that would be on the schedule for the meetings then. And I'm guessing that they have an idea of the cost of having personnel travel to the upcoming meetings in the schedule. That's why it seems like it's a little less than Fiscal Year 22. That is my guess because last year I asked that question for the ICANN budget and they told me that it was based precisely on that—on the destinations and the costs that they understand they will incur in having people travel, and per diem, and so forth. Thank you.

HOLLY RAICHE: Thank you. Maureen, do you want to comment, as you have in the chat?

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MAUREEN HILYARD: I suppose, in a way, it's connected to what Alfredo was saying. But I guess I was looking at from a more holistic view. We don't know what kind of meetings ICANN's planning in the future. Maybe they know something we don't. All will be revealed soon, I guess. But I think it's really handy that Ricardo has actually identified that, just from what he's noted in the budget that they've presented. It's of interest to us so I think it's really important that it's actually stated. Thank you.

HOLLY RAICHE: Thank you, Ricardo. Are there any further questions about this?

JUDITH HELLERSTEIN: Yeah.

HOLLY RAICHE: Okay. Do you want to put your hand up? Or go ahead, Judith.

JUDITH HELLERSTEIN: My hand is already up.

HOLLY RAICHE: I don't see it. I just don't see it but that doesn't matter. Go ahead.

JUDITH HELLERSTEIN: Okay. And then Cheryl's hand is up as well.

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HOLLY RAICHE: Yep.

JUDITH HELLERSTEIN: Yeah. I wanted to comment on what Alfredo said. I recall that we've always asked those questions in the meetings and they've also said that although they do not know yet about travel—they have no idea—it's in the budget. They need to put it in the budget. So they're having the full year of travel, even if we may not have it and they'll correct it when we do the actual one. But they always plan that. I know, also, from our [inaudible] that they know from past experience which regions are more expensive than others and that's what factors into the travel budget. That's why it's a little lower. And it's not really.

But we could ask that question. We could say, "Is the travel lower because of x or is there another reason?" And then that way, they'll say, "Oh, yes. It is x." They'll say yes. They'll answer, "It is lower because of x." But if it's not, then we have the question on file.

HOLLY RAICHE: Yeah. That's a very good point. It's another point to be made. Cheryl, go ahead please.

CHERYL LANGDON-ORR: Thank you, Holly. Let me know if my audio cracks up and I'll move to the phone line. Yeah, look. Thank you for this, Ricardo. Excellent analysis. Alfredo and Judith are, indeed, correct. I was going to remind everybody



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of exactly what they had said. And I was going to suggest a slightly similar but slightly different—that what we perhaps need to do is ask for confirmation that our assumption is correct here. So ask rather along the lines of, “We just seek to confirm that the variation in travel and meetings is due to blah, blah, blah.”

The other thing we need to recognize, if we’re going to either ask a question directly or do the check on assumptions—don’t care which way it goes—we also need to remember that travel and meetings for something like PTI and IANA is not just ICANN meetings. They have clients and relationships with clients, some of whom will have meetings. So it’s not just a matter of the ICANN meeting. So they know what they’re doing there but I think we can ask for confirmation.

Regarding the variation, when I read the professional services, I had assumed—but it may be worth checking that such an assumption is indeed correct—that with the refresh on equipment and the services provided, which we saw was flagged in the previous budget and explanations of budget, that those professional services were associated with requirements for those activities. And I also have assumed that that is part of—the capex aspect of that is part of the difference between the—

DEVAN REED: Hey, Cheryl.

HOLLY RAICHE: You’re breaking up.

CHERYL LANGDON-ORR: - because there was a considerable overhaul, etc.

HOLLY RAICHE: Thank you, Cheryl. Sebastien, go ahead, please.

SEBASTIEN BACHOLLET: Yeah. Just to remind you what are the ICANN meetings. I know Cheryl says that it's not just the travel to ICANN meetings. But I feel the argument quite strange because this Fiscal Year 22 was to be North America and Europe and Fiscal Year 23 was supposed to be the Pacific, Latin America, and to be defined. Therefore, I don't know if this element, it's one to be taken into consideration. Therefore, I just want to underline that we need to ask them why it's a decrease. Thank you.

HOLLY RAICHE: Okay. Do we have any more comments? First of all, Ricardo, thank you very much for your slides and your analysis. I think what we've got here is the basis for comments. I agree with Cheryl that perhaps the more polite way to question something is to say, "It's always been the practice. Is this the case or not?" There are ways to make the statement but I think we need to identify the issues. Are there any further comments? Because we can have a very short meeting but what I would like to do from here—

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CHERYL LANGDON-ORR: Holly?

HOLLY RAICHE: Yes. Oh. Your hand's up again.

CHERYL LANGDON-ORR: Sorry, Holly. I did put my hand back up again. You must need to scroll again because I did pop my hand back up.

HOLLY RAICHE: Sorry.

CHERYL LANGDON-ORR: Apologies. Just before we leave this presentation from Ricardo, Ricardo, if memory serves ... And I can't remember. I think it might have been on four or five that you raised a question on the FTE, the headcount. Can we progress to that slide? Your challenge was if you don't need the person, why put in for the person. Here we go. That's it. Perfect. Thank you. So the question is that it's not clear of PTI needs a new headcount.

DEVAN REED: Cheryl, we're losing you.

HOLLY RAICHE: We've lost you again, Cheryl.

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CHERYL LANGDON-ORR: - understandable that if it's not budgeted at the time, it will require—

DEVAN REED: Cheryl?

CHERYL LANGDON-ORR: Yes?

DEVAN REED: We're losing you with the connection.

CHERYL LANGDON-ORR: I will switch to the phone, which annoys the living daylights out of me because it comes back as a slight delay, feeding through my headset. Anyway, right. I guess this is something that we probably need to not necessarily drill down into but consider recognizing, that the budgeting aspect of FTEs and headcount is particularly important. I think that what Ricardo's raised here is something worth mentioning.

We know it is extraordinarily difficult to get any more FTE out of ICANN unless it's been sanctioned by various deities in budgets in time immemorial. So I think if we want the core function, which this is, of ICAAN to be very robust and safe, raising this point that Ricardo's raised—that if you believe you're going to need or there is a high likelihood you're going to need more FTE, budget for it well in advance—is a wise thing to also highlight.

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That's all because I know it's extraordinarily difficult to get ICANN to release even a part three FTE if it is not budgeted for and paid for in every possible way. Even though there is contingency to cover, it's very difficult to access it. Thanks, Holly.

HOLLY RAICHE: Thank you, Cheryl. I think we've got a fair few comments that are already there. Alfredo, your hand is up. Go ahead, please.

ALFREDO CALDERON: Yes. Thank you, Holly. Just as a follow up to what Cheryl just said, actually, since this is the operating plan and budget for next year, probably the question would be is there a new project or activity that they are planning so that we can tie that possible new FTE that they would hire? If they don't foresee that, then state it like that, "We don't foresee that we're going to hire a new person to staff." That would probably clarify that unless there's some contingency. But they have \$500,000 for that as well. So something like that could be good to clarify. Thank you.

HOLLY RAICHE: Thank you, Alfredo. These are really all good points. One point I did raise at the meeting was, as people will recall, we supported putting a governance structure around the root zone—propose governance improvements. I don't know if that's going to impact on IANA or not. Kim said not but it was one of the things I was thinking about in terms of

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if this governance structure around the root zone servers, is it going to impact on PTI or not?

I don't know but I think it's one of the—if we're talking back to Alfredo and are there sorts of things that we're thinking about that we think are planned and don't seem to be accommodated? Then we need to raise those issues as well.

Ricardo, do you have any last words? Because I think what we want to do from here is create a Google Doc that people can comment on. Is there any last words from you to sum up what we should be saying?

RICARDO HOLMQUIST:

No. That's a great idea to have this slide and the next one, put it in a Google Doc and add the two things we discussed here—one was travel, one was FTE—and put it there. That's great. Devan, if you go to the next slide.

HOLLY RAICHE:

Next slide, please for Ricardo.

RICARDO HOLMQUIST:

Yeah. That's the initial comment. And the idea there is to start from there, and to put it on a Google Doc, and add the two comments we just made in this conversation. One was travel. One was FTEs. And that's it. It's not a big deal.

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HOLLY RAICHE:

Okay. Well, look. We can have a really early mark. But what I would like to do from here is, first, a reminder to people that we have to produce a response to this budget. It's due the 24th of October, which gives everybody over two weeks to make comments, to add to the comment that Ricardo has already generated, and to please take the comments that you have or questions and we can craft that into a draft response.

So that would be an action item, please, for staff to put this set of slides on the meeting agenda, as you will, I'm sure. And then create a Google Doc and invite everybody—just an e-mail out to everybody to say—with a link so we can add further comments.

My other suggestion, for people who were not able to attend the last meeting, Kim Davies, who is the CEO of PTI, gave an excellent presentation with a lot of background for this document. So that would be another piece of information to go to, to have a look at the budget.

My suggestion from here is that we meet at the same time in two weeks' time. The idea is people comment—please, people comment in the next week. And what I can do, with Ricardo, is work through all the comments that people make and come to a final draft so that we can discuss the final draft at the next meeting, and sign off it, and then it can be the comments that we make in time for the response that's due. So are there any other suggestions on how we can add to the comments or additional things we need to do?

Okay. My proposal is that we meet at the same time in two weeks, which would be—

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SEBASTIEN BACHOLLET: Hey, Holly.

HOLLY RAICHE: Yeah. Oh, Sebastien. Go ahead. Sorry.

SEBASTIEN BACHOLLET: No, no. That's okay. In two weeks, it will be the At-Large week. And the next three weeks is just, from my point of view, crazy. If we maintain all the working group normal schedule, we will end up completely out of order. I think we need to take into account that the next three weeks is prep week, At-Large week, ICANN meeting, and we need to postpone those works. That is my suggestion. Thank you.

HOLLY RAICHE: Thank you, Sebastien. We have a little bit of difficulty with that, in that the comments are due. I will have to have a talk with Maureen and Ricardo, whether we actually need a meeting. But I thought that it would be appreciated to have a meeting before we have a final response. Heidi, go ahead, please.

HEIDI ULLRICH: Yeah. Thank you, Holly. Just to note that that At-Large week actually ends on the 20th. So the 21st is an open date. Thank you.

HOLLY RAICHE: Yeah. That's what I—



SEBASTIEN BACHOLLET: Yeah. Sorry but that's not the question, Heidi. I want to be clear. We need to have other things in our life. And it's not because one day is free for ICANN meetings that it can be used for ICANN meetings. Please. We have to consider—you like this word—holistically, all that.

And frankly, if there is a date for finishing—for giving a comment in the middle of an ICANN meeting or just after—we need to say that it's wrong. It must be postponed. There is some rules about that, that the time of the ICANN meeting is not taken into account. And here, they may have taken just one week but they need to take three weeks into account. And if it's needed, we need to say that to staff.

Please stop. I am talking here—and sorry for that—but I have less and less people engaged within EURALO—less and less. If we want to finish with very few of us, just put a meeting every day and we will end up with just two or three of us. Sorry for that and thank you.

HOLLY RAICHE: Thank you, Sebastien. It's something we'll take into account. The difficulty that we face, also, is that there is a deadline on this. My suggestion is that please, everyone, at least have a look at the Google Docs. Have a look at what the comments are. We will make sure that we put the final draft up on the website so that people can have a look. I don't know how we can reschedule. Look, I will have a chat with Maureen in the meantime.

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But in the meantime, I would very much appreciate it if staff would create a Google Doc so that people, over the next two weeks, will have an opportunity to put their comments on the budget. And Ricardo and I will formulate the final response which will go out for a final decision.

Are there any other comments? In which case ... Yes. Judith, trust me. There will be a link to the Google Doc. As soon as the Google Doc is created, we will send everyone a link.

I would also remind people that the last meeting that we had, which was two weeks ago, there is a full slide deck—the presentation by Kim Davies—which was also very useful in understanding this document. So this slide deck will be available. The previous slide deck will be available to help in any comments. And I would appreciate any and all people making comments on the budget so that Ricardo and I can draft a final response.

So if there are no further comments, or questions, or anything, we can have an early mark today. I thank everybody for their time and I wish everybody—unless there are any final comments—have a lovely morning, afternoon, evening. And thank you for your attendance today.

SEBASTIEN BACHOLLET: Thank you very much.

CHERYL LANGDON-ORR: Bye for now.

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HOLLY RAICHE:                   Bye.

DEVAN REED:                   Thank you for joining. Have a wonderful rest of your day.

HOLLY RAICHE:                   Safe travels.

DEVAN REED:                   And bless you. Bye.

HEIDI ULLRICH:                 Thanks, everyone. Bye-bye.

**[END OF TRANSCRIPTION]**