

Community Webinar
ICANN FY25 - 29 Operating and Financial Plan
ICANN FY25 Operating Plan and Budget



25 April 2024/ 26 April 2024

Webinar Information



This session will be recorded



This session is scheduled to last 1.5 hour



Presentation PowerPoint and recording will be published later this week on the Finance and Planning community page



Q&A will be during the presentation at the end of each topic

Agenda

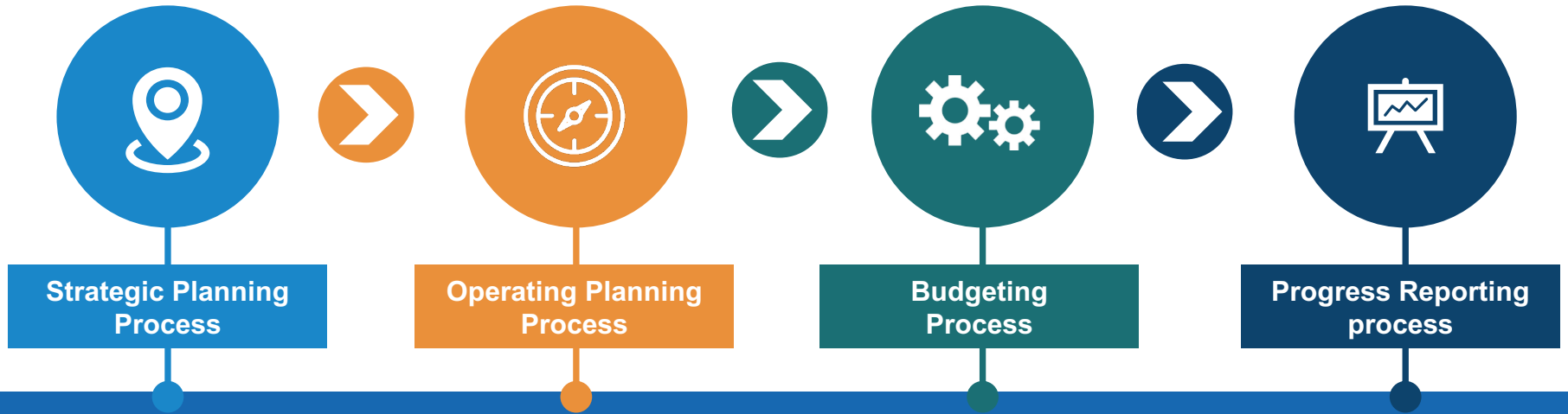
- ⦿ Planning Overview (Process & Structure)
- ⦿ FY25-29 Operating and Financial Plan
- ⦿ FY25 Operating Plan and Budget
- ⦿ Process Update – Community and Board Involvement
- ⦿ Appendix

Introduction

- On 12 December 2023, ICANN org published a draft FY25-29 Operating & Financial Plan and FY25 Operating Plan and Budget for public comment. These drafts were developed based on the ICANN FY21-25 Strategic Plan.
- Following the publication, ICANN reviewed the latest planning and financial assumptions, which is a key step in the process.
- ICANN org has developed a new set of financial projections, outlined in a second set of planning documents, which were not subject to Public Comment due to timing.
- This webinar is to share the revised plans with the Community

FY25-29 Operating & Financial Plan

Planning Process Overview



The process of defining ICANN's strategic direction, including its mission, vision, Strategic Objectives and goals.

The process of determining key initiatives (Operating Initiatives) and what each functional area plans to do (Functional Activities), to achieve the strategic plan.

The process of allocating resources to planned activities, and prioritize activities as needed.

The process of explaining the achievement via a series of mechanisms.

Key FY25 ICANN Planning Assumptions (1 of 2)

Strategic Plan Remains Unchanged

On 26 October 2023, the Board resolved that the FY21–25 ICANN Strategic Plan would remain in force and unchanged for FY25

Affordability and Balanced Budget

The plans are based on “base” scenario Operations funding projections. ICANN plans for operating expenses to remain at or lower than budgeted funding, drawing from available funding sources

Face-to-face Meetings and Engagement

The plans assume that ICANN public meetings, Board, org and community engagement will occur based on the public meeting schedule

Planning For Board Approved Activities

ICANN begins designing the expected implementation work only when recommendations and policies are Board approved

Key FY25 ICANN Planning Assumptions (2 of 2)

Planning Prioritization Framework

As part of the FY25 Community Planning Prioritization process, org received input on the priorities of two Board approved activities prioritized by the FY25 Community Planning Prioritization process:

- Specific Review: SSR2 Recommendation 5.3- ICANN external vendor security compliance
- Specific Review: SSR2 Recommendation 7.5-Publishing Business Continuity and Disaster Recovery plans

Implementation of these two recommendations are already in progress and will also be included in the FY25 plans
In addition, multi-year projects from previous Planning Prioritization cycles are also included in the FY25 Plans

Revisions to the FY25 Operating Plan & Budget

- The ICANN Operating Plans and Budgets are subject to the Empowered Community process
 - The ICANN Bylaws (Article 6, Section 6.2) defines the powers and rights attributed to the Empowered Community to reject the Operating Plans and Budgets
- All public comments were considered and there are no changes except editorial ones, to the Operating Plans, Funding or Expenses specifically as a result of public comment
- The revisions to the funding and expenses for the FY25 Operating Plan and Budget are a result of updated funding projections that were after the public comment proceeding
- The revised plans have been published on the public comment page as a key step of transparency to the public
 - Two Public webinars on 25 April 2024 are being held to present these changes to the public
 - A table of all editorial and financial changes are listed in the table of changes in the published highlights document

Proposed for Adoption FY25 Plans (ICANN & IANA)

Proposed for Adoption ICANN & IANA FY25 Plans Published

23 April 2024

- Highlights Document (including change log vs Draft Plans)
- ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan
- ICANN FY25 Budget
- IANA FY25 Operating Plan and Budget

Board Considers Plans Adoption

5 May 2024

Empowered Community Period

7 May - 04 June 2024 (28 days estimated)



[Link to ICANN Public Comment Page](#)

Closed: Draft ICANN FY25 Plans

Category: Operations

Requesters: ICANN org

Outcome

ICANN received 160 comments from six community groups and five individuals about the: (i) Draft ICANN FY25 Budget; (ii) Draft ICANN FY25-29 Operating and Financial Plan & Draft ICANN FY25 Operating Plan; and (iii) Draft IANA FY25 Operating Plan and Budget. One (1) individual's submission was flagged as spam and was removed. The latter will not be further considered.

The comments were reviewed and have been categorized into five themes: document structure, operating plan, operating initiatives, functional activities, and financial management. The Public Comment summary report includes ICANN's response to the submission.

Update

All comments received during the Public Comment proceeding were taken into consideration, and where appropriate and feasible, clarifications and minor editorial changes were incorporated into the ICANN FY25 Plans. The ICANN FY25-29 Operating and Financial Plan and FY25 Operating Plan and Budget have also been updated to present ICANN's latest financial projections due to changes in ICANN's projected funding.

A summary of these changes from the published draft plans can be found in the [ICANN FY25 Highlights Document](#). The community is also invited to review these changes at a live [community webinar](#). These documents are due to be presented to the ICANN Board for adoption in May 2024. After Board approval, all plan documents will be republished as Adopted. The republished planning documents may include minor edits to ensure that changes are sufficiently explained (or commented upon) across all planning documents.

Documents for Board Adoption:

- [ICANN FY25 Highlights Document](#)
- [ICANN FY25-29 Operating & Financial Plan and FY25 Operating Plan](#)
- [ICANN FY25 Budget](#)
- [IANA FY25 Operating Plan and Budget](#)

[Download Report \(PDF, 942.74 KB\)](#)

Timeline (UTC)

- **Open for Submissions**
12 December 2023
- **Closed for Submissions**
12 February 2024 | 23:59
- **Report Due**
02 April 2024 | 23:59

Submissions to this Proceeding

At-Large Advisory Committee (ALAC) Policy staff in support of the At-Large Community

Submitted on 12 February 2024
[Read more](#)

ICANN Business Constituency (BC)

Submitted on 12 February 2024
[Read more](#)

Registries Stakeholder Group (RySG)

Submitted on 12 February 2024
[Read more](#)

[See all submissions to this proceeding](#)

Documents for Board Adoption:

- [ICANN FY25 Highlights Document](#)
- [ICANN FY25-29 Operating & Financial Plan and FY25 Operating Plan](#)
- [ICANN FY25 Budget](#)
- [IANA FY25 Operating Plan and Budget](#)

Five-Year (FY25–29) Financial Funding Projections

Funding Projection Approach: Marketplace Horizon Scan

1 Marketplace Horizon Scan



Evaluation of key trends and industry developments that could significant impact on supply-side or demand-side conditions, including:

1. Global macroeconomic forecasts and commentary from sources such as the Organization for Economic Co-operation and Development, International Monetary Fund, World Bank, Economist Intelligence Unit, etc.
2. Interviews with contracted parties via a third-party consultant.
3. Performance and guidance from publicly-traded industry participants via investor statements/documents.
4. Recent marketplace developments: actual or expected changes in supply-side and demand-side conditions.
5. Historical transaction data:
 - Volume of transactions, including new acquisition vs. renewals
 - Growth pattern of launched strings, in terms of domain registrations under management (DUMs)
 - In-depth evaluation of both legacy and new gTLDs
 - Data escrow records

2 Formulation of Assumptions



3 Forecast Generation

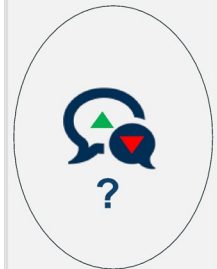


Funding Projection Approach: Formulation of Assumptions

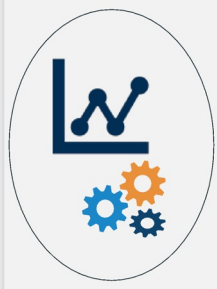
1 Marketplace Horizon Scan



2 Formulation of Assumptions



3 Forecast Generation



Low Funding Scenario

- No new registrar accreditation applications
- Decrease in total number of contracted parties
- Decrease in volume of domain name transactions

Base Case Scenario

- New registrar accreditation applications and terminations largely cancel each other out
- Marginal decrease in total number of contracted parties
- Growth in domain name transactions mirror historical rates & alignment with global Gross Domestic Product (GDP) growth trends

High Funding Scenario

- Growth in new registrar accreditation applications
- Increase in total number of contracted parties
- Stronger than historical average growth rates in domain name transactions & alignment with global Gross Domestic Product (GDP) growth trends

Assumes the retention of the current fixed, transaction-based, and accreditation fees.
Does not include any funding assumptions for New gTLD Program: Next Round.

Scenario reflects an assumption of marketplace contraction

Scenario reflects an assumption of steady state of growth in a maturing industry

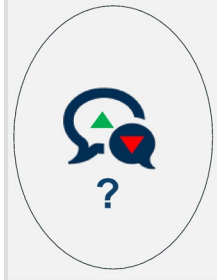
Scenario reflects an assumption of resurgent marketplace growth

Five-Year Operations Funding Projections (FY25–29)

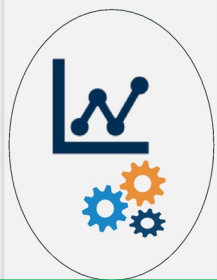
1 Marketplace Horizon Scan



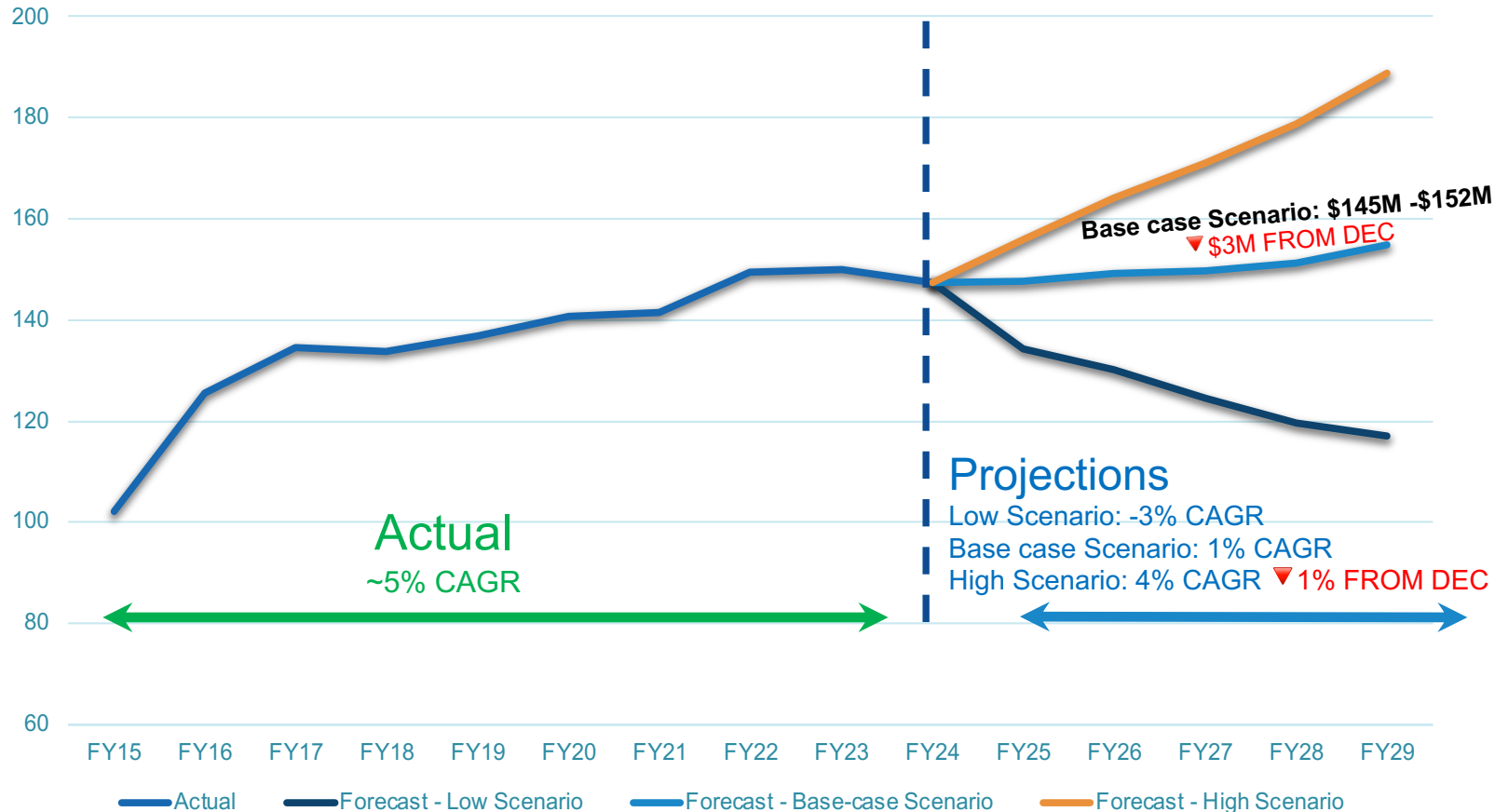
2 Formulation of Assumptions



3 Forecast Generation



- FY25-29 ICANN Operations funding forecast is forecasted to stabilize: the base case Scenario is 1% CAGR over 5 Years
- Funding is projected to see a slight decline from FY23 Actuals and FY24 Forecast followed by modest growth



Note: CAGR = Compound Annual Growth Rate; CAGR values cover periods FY15-24 and FY25–29
 FY15–23 based on audited actuals, FY21–F26 include contributions for SSR Operating Initiative
 In millions, USD; Arithmetic inconsistencies due to decimal rounding

FY24-FY25 Financial Overview

FY25 Budget Revisions

- Based on the latest projections, the funding for FY25 is now projected at \$145M versus the previous estimate of \$148M.
- ICANN Operations and has reduced its planned expenditures by an equal amount by increasing planned cost savings initiatives from \$5M to \$8M
- ICANN Operations has a new set of financial projections, outlined in a second set of planning documents proposed for Board adoption (which were not subject to Public Comment due to timing)
- Funding for IANA and separately funded activities such as the New gTLD Program and Grant Program remain the same as what was published in the Draft plans in December 2023

FY25 Total ICANN Overview by Segment

Total ICANN Financials		For the Twelve Months Ending 30 Jun 2025				
In Millions, US dollars	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total
Funds Under Management - 30 Jun 2024	\$37	\$47	\$24	\$217	\$172	\$497
Funding	145	-	-	-	-	145
Personnel	(90)	(13)	(1)	(1)	-	(105)
Travel & Meetings	(13)	(1)	(0)	(0)	-	(14)
Professional Services	(29)	(15)	(1)	(1)	-	(46)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	8	-	-	-	-	8
Total Expenses	(145)	(30)	(2)	(2)	-	(178)
Projected Transfers	-	18	(18)	-	-	-
Projected Grants Distributed	-	-	-	(10)	-	(10)
Investment Income/(Decline)	0.4	0.4	0.0	2.1	1.7	5.0
Funds Under Management - 30 Jun 2025	\$37	\$36	\$4	\$208	\$173	\$459
Average FTEs	407	46	4	4	-	460
End of Period FTEs	408	45	4	4	-	460

- The only revisions were in the ICANN Operations segment of Total ICANN
- All other segments have separate funding sources and align to the Draft publication

FY25 Budget - Proposed for Adoption vs Draft

In Millions, USD	FY25 Budget Proposed for Adoption	FY25 Budget Draft	Favorable/(Unfavorable) vs. FY25 Draft Budget	
	ICANN Operations	ICANN Operations	\$	%
Funding	\$145	\$148	(\$3)	-2%
Personnel	\$90	\$90	\$0	0%
Travel & Meetings	\$13	\$13	\$0	0%
Professional Services	\$24	\$24	\$0	0%
Administration	\$19	\$19	\$0	0%
Capital	\$1	\$1	\$0	0%
Contingency ⁽¹⁾	\$5	\$5	\$0	0%
Cost Savings Initiatives	(\$8)	(\$5)	\$3	-62%
Total Operating Expenses	\$145	\$148	\$3	2%
Net Operating Excess/(Deficit)	\$0	\$0	\$0	n/a
Average FTEs	407	407	0	0%
End of Period FTEs	408	408	0	0%

⁽¹⁾ Contingency represents an amount of budgeted expenses unallocated to specific activities or functions

Conclusion

- ICANN anticipates challenges such as slower funding growth and inflationary pressures that will affect ICANN's financial position over the next few years
- With the current economic circumstances, ICANN is increasing its focus on identifying new efficiencies and process improvements to maintain support and services while minimizing costs

Questions and Answers



- ❖ Please raise your hand in zoom if you want to ask a question
- ❖ The Remote Participants Manager will manage the queue.
- ❖ Unmute your microphone to ask questions when is your turn
- ❖ Mute your microphone when not speaking

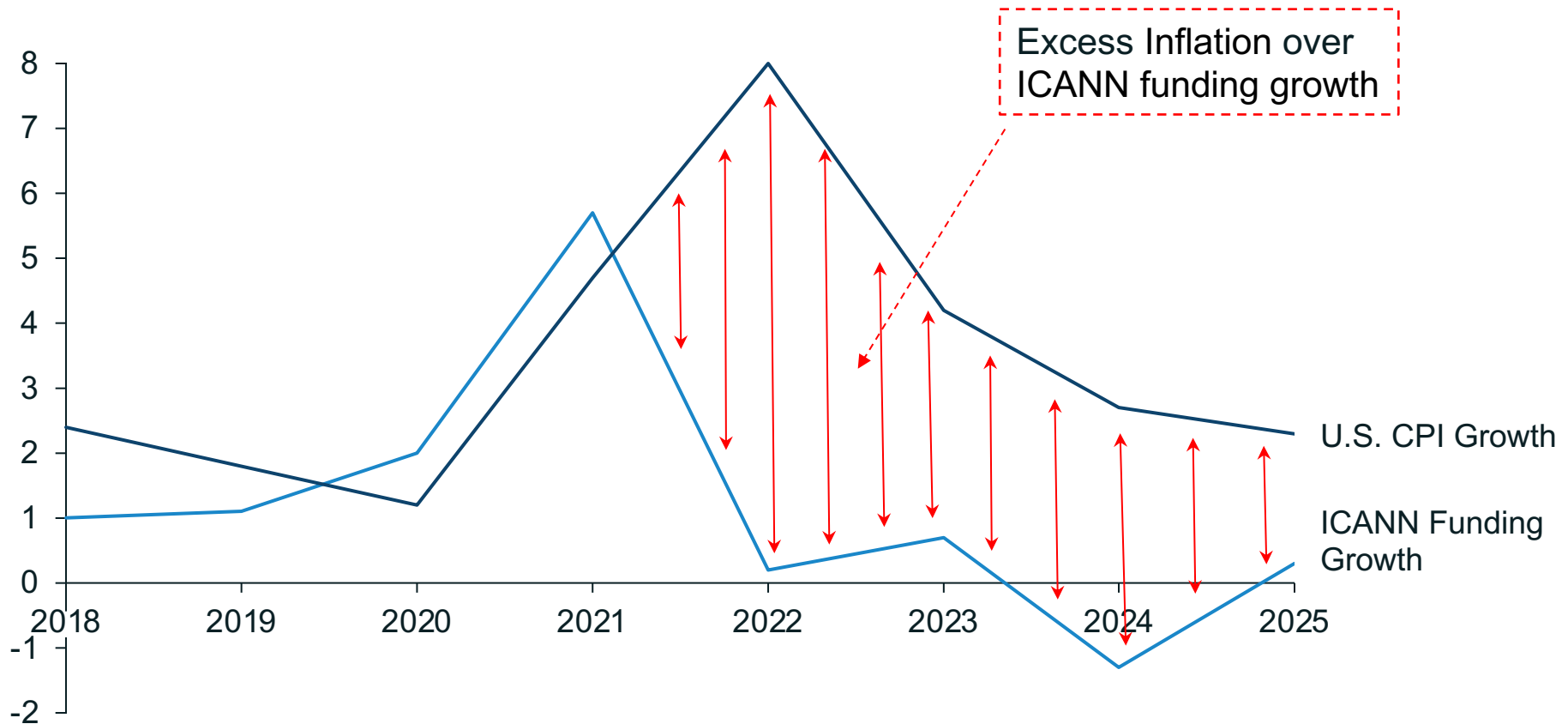


- ❖ Type your questions in the chat
- ❖ The Remote Participants Manager will read out your question(s).

Appendix

Funding Growth versus Inflation Rate

- In recent and projected years, ICANN's funding growth is well below the growth of the United States Consumer Price Index (U.S. CPI) which is indicative of inflation
- Most of ICANN's expenses are USD therefore U.S. CPI is the appropriate benchmark to utilize when assessing the impact of inflation to ICANN



Expense Trends

- ICANN continuously develops process improvements to manage costs and resources, these efficiencies have enabled ICANN to execute on an increased workload while maintaining flat headcount from FY17-FY22

Post- USG transition

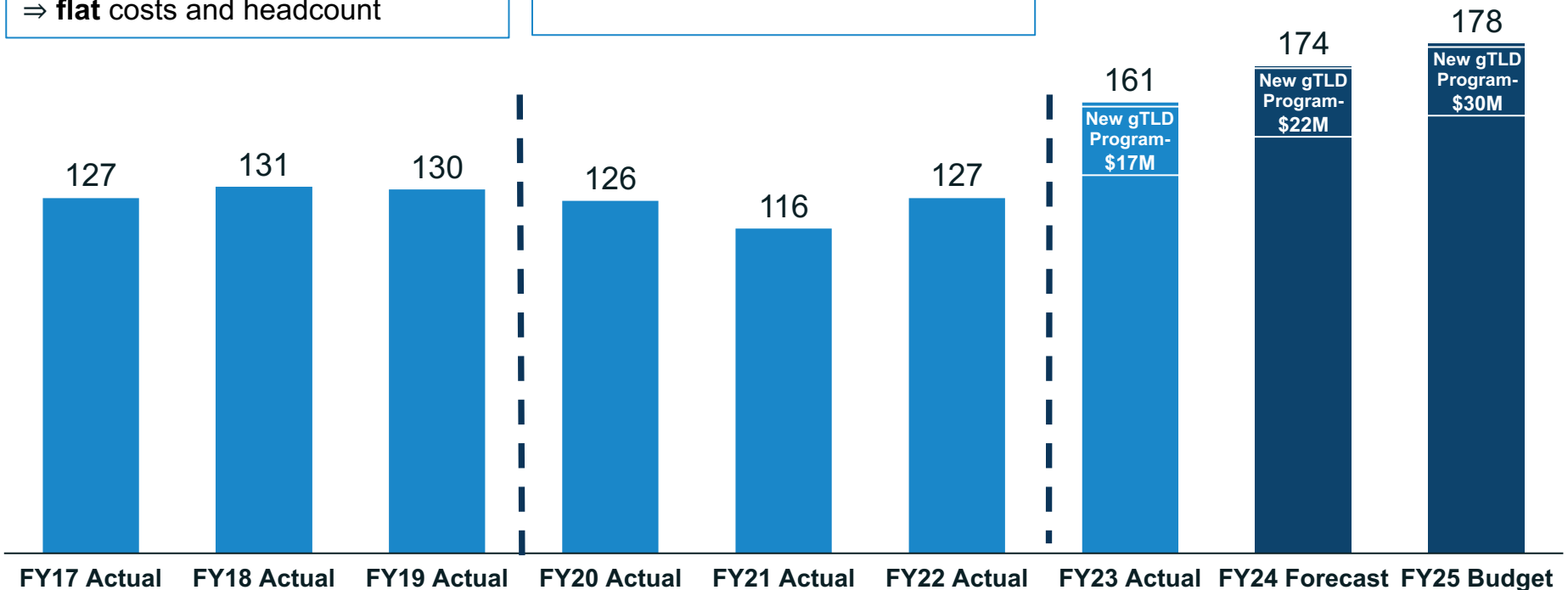
- PTI and WS1 Implementation costs
 - GDPR and ITI projects costs
 - Process improvements (reductions of IT systems, meetings optimization)
- ⇒ **flat** costs and headcount

Pandemic “anomaly”

- Lower travel and project activity
 - Project management network
 - Improvements to tools and processes to benefit virtual work and meetings
- ⇒ **lower** costs, **flat** headcount

Intense projects implementation

- Resumption of travel
 - Staff increase for new projects
 - Inflation
- ⇒ **higher** costs and headcount



\$ in millions