Draft ICANN FY25–29 Operating & Financial Plan and Draft ICANN FY25 Operating Plan & Budget

Community Webinar

13 December 2023 at 01:00 UTC
13 December 2023 at 17:00 UTC

ICANN

Webinar Information

This session is recorded

This session is scheduled to last 1.5 hours

Presentation is published on the wiki page: https://community.icann.org/display/projfinadhocws/FY25+Operating+Plan+and+Budget
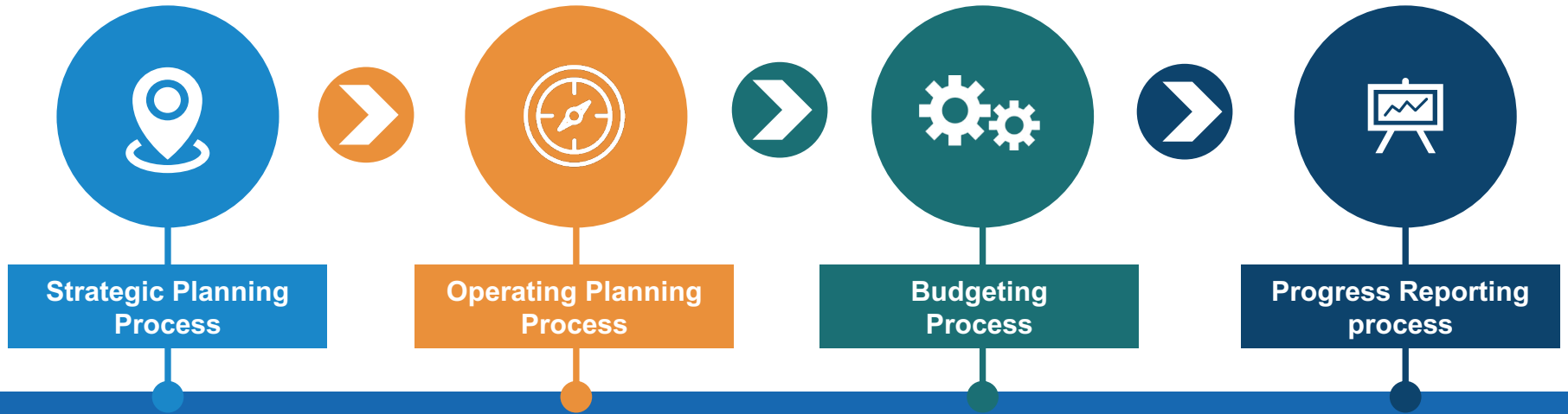
Q&A will be during and at the end of the presentation

Welcome and Introduction

Agenda

- Draft Five-Year (FY25–29) and One-Year (FY25) Operating Plan Highlights

- Draft Five-Year Financial Plan

- Draft One-Year Budget

- Activity Based Reporting

- Timeline and Next Steps
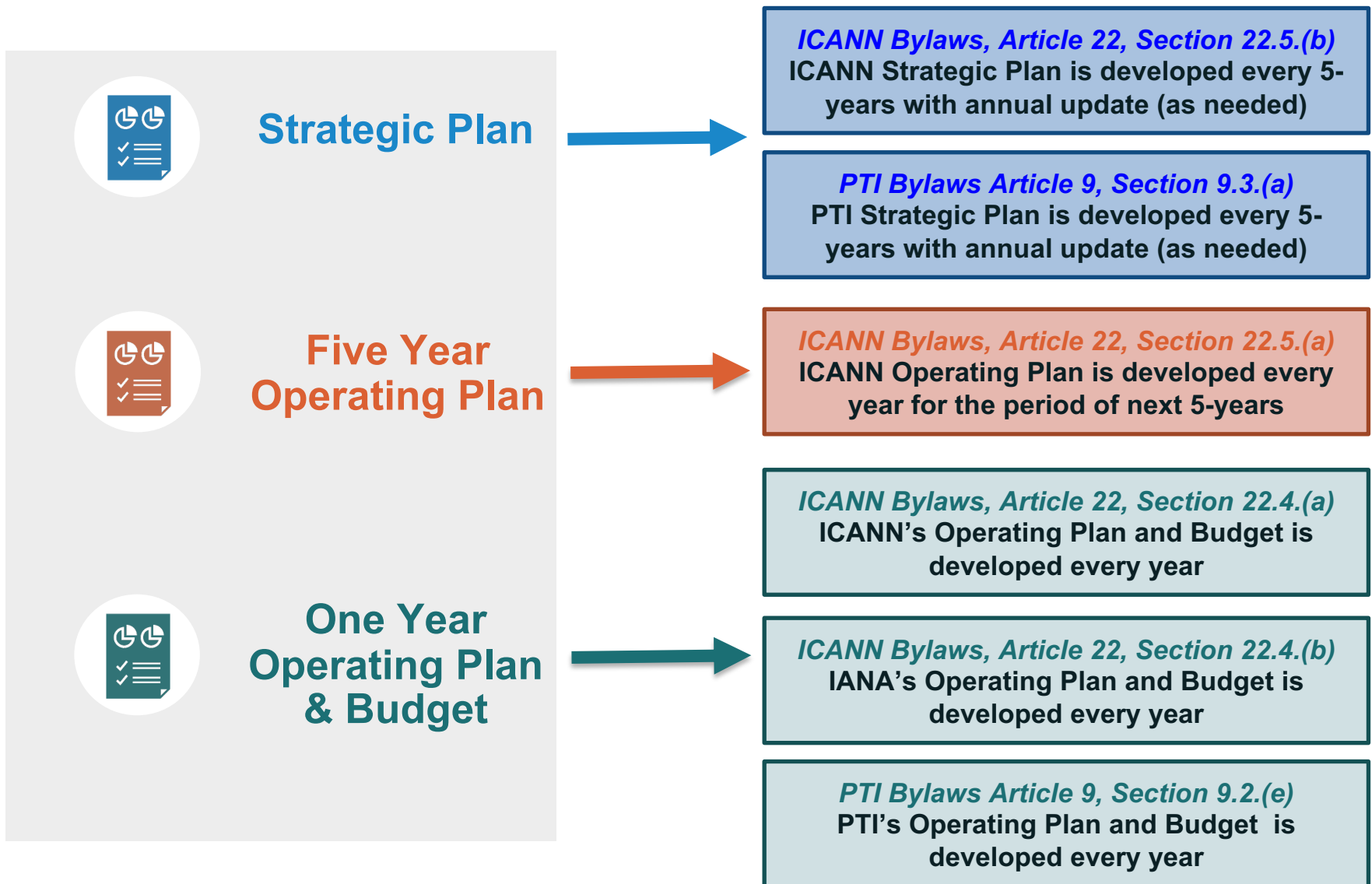
Planning Process Overview

Strategic Planning Process

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

Operating Planning Process

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

Budgeting Process

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

Progress Reporting process

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

Planning Related Bylaws Requirements

Strategic Plan

> *ICANN Bylaws, Article 22, Section 22.5.(b)*
> ICANN Strategic Plan is developed every 5-years with annual update (as needed)

> *PTI Bylaws Article 9, Section 9.3.(a)*
> PTI Strategic Plan is developed every 5-years with annual update (as needed)

Five Year Operating Plan

> *ICANN Bylaws, Article 22, Section 22.5.(a)*
> ICANN Operating Plan is developed every year for the period of next 5-years

One Year Operating Plan & Budget

> *ICANN Bylaws, Article 22, Section 22.4.(a)*
> ICANN's Operating Plan and Budget is developed every year

> *ICANN Bylaws, Article 22, Section 22.4.(b)*
> IANA's Operating Plan and Budget is developed every year

> *PTI Bylaws Article 9, Section 9.2.(e)*
> PTI's Operating Plan and Budget is developed every year

Draft FY25 Plans Public Comment

The following documents will be published on 12 December 2023 for public comment until 12 February 2024:

There will be **two** Public Comment Proceedings:

1. **Draft FY25 ICANN Plans Public Comment**

   - Highlights Document

   - Draft FY25–29 Operating and Financial Plan and FY25 Operating Plan Document

   - Draft FY25 Budget

   - Draft IANA Operating Plan and Budget

The 2025–2029 Funding Forecast Assumptions Report is published as a supporting document to the ICANN Public Comment

2. **Draft PTI FY25 Operating Plan and Budget Public Comment**

Draft FY25 Plans (ICANN & PTI)

● **Open for Public Comment**

12 December 2023

Draft ICANN Plans Public Comment

◉ Highlights Document

◉ Draft FY25 – 29 Operating and Financial Plan and Draft FY25 Operating Plan

◉ Draft FY25 Budget

◉ Draft IANA Operating Plan and Budget

● **Closed for Public Comment**

12 February 2024

○ **Summary Report Due**

11 March 2024 (PTI)

2 April 2024 (ICANN)

Link to ICANN Public Comment Page and **Link to PTI Public Comment Page**.
Click to get alerts about this posting to be informed

Five-Year (FY25–29) and One-Year (FY25) Operating Plan Highlights

Key FY25 Planning Assumptions

Strategic Plan Remains Unchanged

Based on the Strategic Outlook trends impact assessment, the Board has approved no changes to the FY21–25 Strategic Plan

1. Trend Identification
- Data collected on trends, risks, opportunities, and votes for top priorities
- Data Processing

2. Trend Analysis
- New trends or notable shifts in trends and their impacts for ICANN

3. Trend Impact Assessment
- Strategic and tactical recommendations based on the data collected during trend identification

FY21–25 Strategic Plan Objectives

OBJECTIVE 1

Strengthen the **security** of the Domain Name System and DNS Root Server System

OBJECTIVE 2

Improve the effectiveness of ICANN's multistakeholder model of **governance**

OBJECTIVE 3

Evolve the **unique identifier systems**

OBJECTIVE 4

Address **geopolitical issues** impact ICANN's mission

OBJECTIVE 5

Ensure ICANN's long-term **financial** sustainability

Key FY25 ICANN Planning Assumptions (1 of 2)

Strategic Plan Remains Unchanged	On 26 October 2023, the Board <u>resolved</u> that the FY21–25 ICANN Strategic Plan would remain in force and unchanged
Affordability and Balanced Budget	The Draft 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 Draft 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

| 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

Please refer to ICANN Rolling Five-Year Roadmap: Policy, Review and Cross-Community Working Group (Appendix B) of the draft plan for the status and estimated timing of policy, review and cross-community working group work

FY25 Operating Plan Highlights

- FY25 is the last year of ICANN's current Adopted FY21-25 Strategic Plan

- Two out of 11 of the Operating Initiatives were successfully achieved in FY24

    1. Improve the Depth of Understanding of the Domain Name Market Drivers That Impact ICANN's Funding

    2. ICANN Reserves Operating Initiative on the replenishment of reserve fund

    o Several of the activities within each of these completed Operating Initiatives will continue as part of ongoing Functional Activities

- A new section has been added on New gTLD Program: Next Round in both the Five and One year plans

- Several of the Operating Initiatives in the Operating Plan also incorporate multi-year projects outlined in the FY24 CEO Goals

- Operating Initiative name was reorganized to "Support the Evolution and Strengthening of Root Zone Management and the Root Server System" to reflect the Root Server System being used to support Root Zone Management
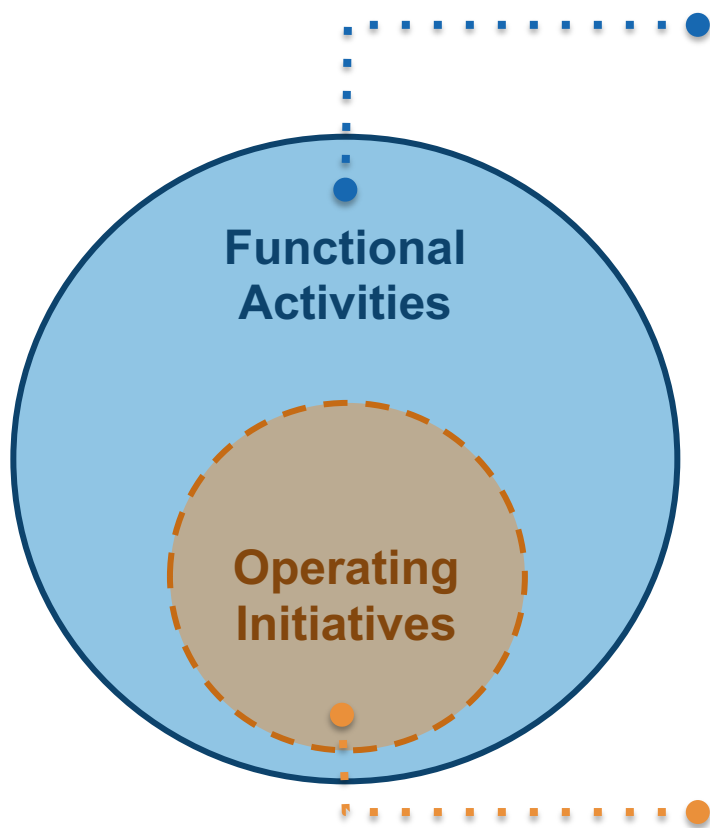
Navigation

https://www.icann.org/en/system/files/files/draft-op-financial-fy25-29-opplan-fy25-2023-en.pdf
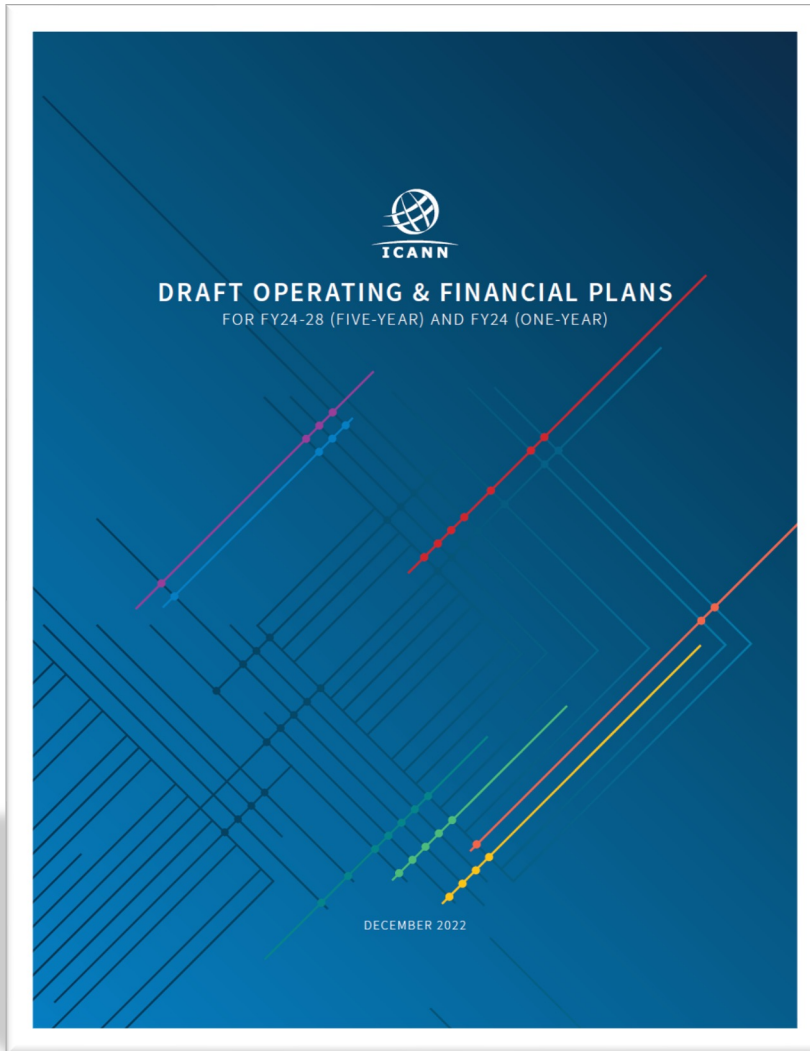
Five Year and One Year Operating Plan Structure

The Operating Plan includes description of the activities ICANN org will undertake to achieve its Strategic Plan, operate the organization and implement its mission and mandate.

Functional Activities (34 in 5 Service Groups)

Activities of the Functions to:

- Implement ICANN's mission and mandate, such as *Contractual Compliance* or *IANA*

  or
- Operate the organization, such as *Human Resources or Finance*

Operating Initiatives (11)

- The 11 operating initiatives represent major areas of work that support the strategic objectives identified in the strategic plan

Functional Activities

Operating Initiatives

FY25 Service Groups and Functional Activities

The 34 Functional Activities are grouped into five service groups that represent the broad categories of work that ICANN org conducts in fulfillment of its Mission (new in FY25 Grant Program)

Technical & DNS Security

- Office of the Chief Technology Officer
- ICANN Managed Root Server
- IDN and UA
- IANA Functions
- Contractual Compliance

5 Functional Activities

Policy Development & Implementation Support

- Policy Development & Advice
- Policy Research & Stakeholder Programs
- Contracted Parties Services
- Technical Services
- Strategic Initiatives
- Constituent & Stakeholder Travel

6 Functional Activities

Community Engagement & Services

- Global Stakeholder Engagement
- Engagement Programs
- Global Meeting Operations
- Government & IGO Engagement
- GDD Accounts & Services
- Global Support Center
- Global Communications & Language Services
- Ombuds

8 Functional Activities

ICANN Org Governance

- Board Activities
- Office of the President & CEO
- Governance Support
- Nominating Committee Support
- Complaints Office
- Review Support & Implementation

6 Functional Activities

ICANN Org Shared Services

- Planning
- Finance & Procurement
- Risk Management
- Grant Program
- Engineering & IT
- Global HR & Administrative Services
- Security Operations
- Board Operations
- ICANN Offices

9 Functional Activities

	Operating Initiatives	Examples of Key Milestones
1	Support the Evolution and Strengthening of the Root Zone Management and Root Server System	◉ Undergo testing on RSS Metric Monitoring System ◉ Publish and implement KSK Rollover Policy ◉ Undergo Root Zone Management System Enhancements ◉ Implement the next KSK rollover
2	Facilitate DNS Ecosystem Improvements	◉ Continue maintenance and operation of KINDNS.org ◉ Advocate and support ICANN Domain Metrica, previously known as DNS-based Authentication of Named Entities (DANE) to enhance the security of the DNS ecosystem in alignment with ICANN's technical responsibilities. ◉ Research the application of machine learning to improve the detection and understanding of abusive trends in DNS registrations
3	Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking	◉ Continue to support the community's implementation of recommendations from CCWG-Accountability WS2, including assessment of diversity criteria and objectives to ensure global representation in policymaking ◉ Revise group charters and strive towards overall improvement to the overall stakeholder governance process
4	Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking	◉ Developing uniform project and program management tools to assist SO/AC groups with planning, managing and tracking their work ◉ Deployment of the Community Engagement System (CES) to enable consistent and accurate tracking and reporting of stakeholder participation in policy processes and their outcomes
5	Evolve and Improve Internal and External Ethics Policies	◉ Improve and implement an ICANN org Ethics Program to provide additional guidance and direction for ICANN org staff for FY25–26 ◉ Collaborate with the ICANN community to develop an ICANN Community Ethics Policy for FY25–26
6	Promote and Evolve the Domain Name System (DNS) Through Open and Transparent Processes That Enable Competition and Open Entry in Internet-Related Markets While Ensuring the Stability, Security, and Resiliency of the DNS	◉ Implementation of community-developed recommendations, approved and directed by the Board, relating to gTLD registry operators and ICANN-accredited registrars ◉ Planning and implementation of an operational infrastructure (systems, processes, and people) to support the ongoing operations of the New gTLD Program: Next Round. ◉ The extent of deployment of UA-ready systems, e.g. websites, email servers and other applications

Operating Initiatives	Examples of Key Milestones
7 Geopolitical Monitoring, Engagement, and Mitigation	◉ Develop and implement a communications and engagement strategy to address the WSIS +20 process and ancillary events in the lead up to 2025 ◉ Identify WSIS+20 issues that have the potential to impact ICANN's mission and the Internet. Inform and coordinate with other relevant organizations on positions stated by governments and other stakeholders in various global fora. Propose common actions and/or response and build coalitions with these organizations whenever possible to illustrate the shared goal of supporting the technical underpinnings of the Internet ◉ Conduct targeted engagement with countries active in the Global Digital Compact and the WSIS+20 processes to explain the risk of unintended consequences and important issues that have an impact on ICANN's mission ◉ Update the community through regular geopolitical plenaries at the ICANN meetings, as well as through publications
8 Improve Depth of Understanding Domain Name Market Drivers which Impact ICANN's Funding	◉ This Operating Initiative has been achieved and this has been reflected in the narrative for the FY25 OP as part of the development of the FY25 Operating Plan and Budget. Several activities of this Operating Initiative will continue as a part of continuing operations.
9 Implement New gTLD Auction Proceeds Recommendations as Approved by Board	◉ ICANN org will complete the implementation of the Board-approved CCWG-AP recommendations and launch the ICANN Grant Program, through which the auction proceeds will be disbursed to eligible applicants and projects ◉ ICANN org will evaluate the first grant cycle, after cycle completion to assess its effectiveness and whether implementation has been in line with the CCWG-AP recommendations
10 Planning at ICANN	◉ Continue to implement the planning prioritization framework during the annual planning process ◉ Establish progress measurement framework to assess how well ICANN org is achieving the strategic objectives and goals outlined in the Adopted FY21-25 Strategic Plan. This will involve enhancing the mechanisms for reporting progress against the Operating Plan and Strategic Plan
11 ICANN Reserves	◉ This Operating Initiative has been achieved is now part of continuing operations. Org will continue to maintain minimum target level of Reserve Fund per ICANN's replenishment of reserve fund policy

Five-Year (FY25–29) Financial Funding Projections

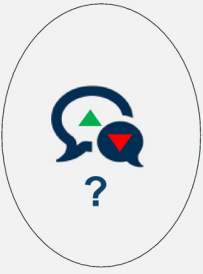# Funding Projection Approach: Marketplace Horizon Scan

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation

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:
   o Volume of transactions, including new acquisition vs. renewals
   o Growth pattern of launched strings, in terms of domain registrations under management (DUMs)
   o In-depth evaluation of both legacy and new gTLDs
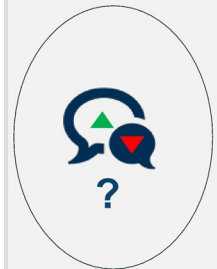   o Data escrow records

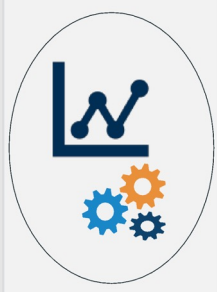# Funding Projection Approach: Formulation of Assumptions

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

Scenario reflects an assumption of marketplace contraction

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

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

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

Scenario reflects an assumption of resurgent marketplace growth

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

Five-Year Operations Funding Projections (FY25–29)
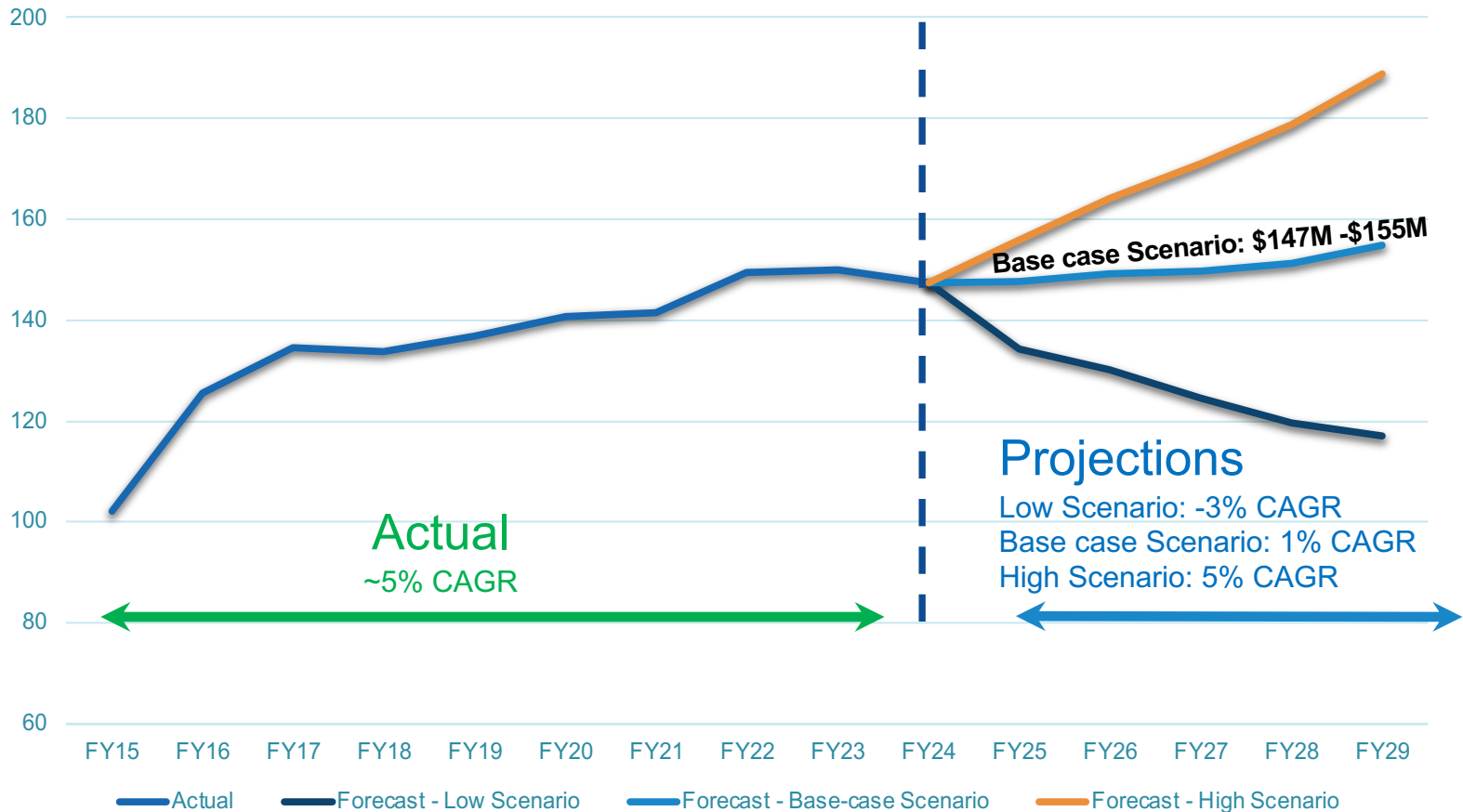
1 Marketplace Horizon Scan

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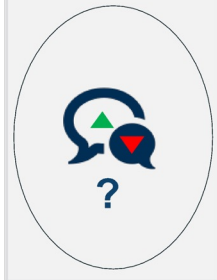
3 Forecast Generation

- 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 followed by modest growth
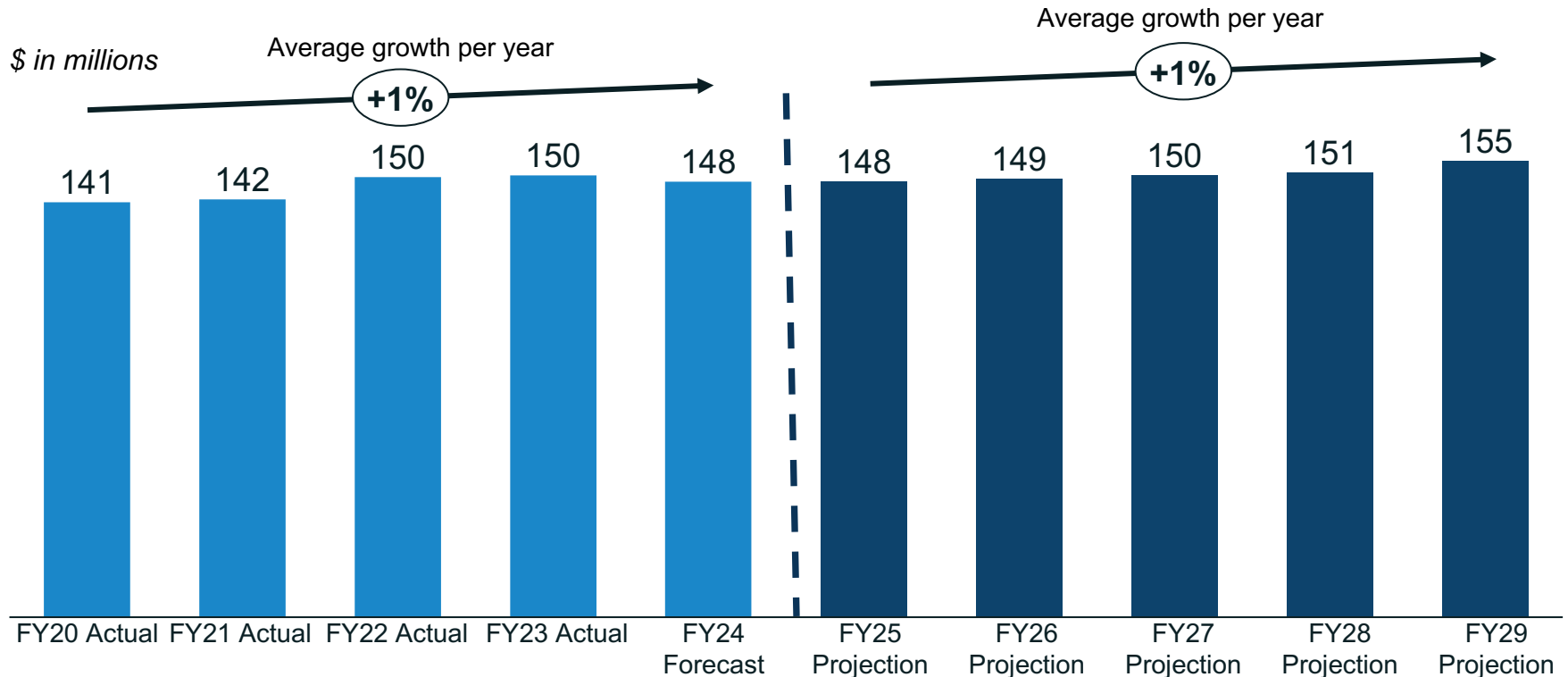
Base case Scenario: $147M -$155M

Actual
~5% CAGR

Projections
Low Scenario: -3% CAGR
Base case Scenario: 1% CAGR
High Scenario: 5% CAGR

(Chart: Y-axis from 60 to 200. X-axis FY15 through FY29.)

— Actual — Forecast - Low Scenario — Forecast - Base-case Scenario — Forecast - High Scenario

Note: CAGR = Compound Annual Growth Rate; CAGR values cover FY15-23 & FY25–29
FY15–22 based on audited actuals, FY21–F26 include contributions for SSR Operating Initiative
In millions, USD; Arithmetic inconsistencies due to decimal rounding

Five-Year (FY25–29) Financial Plan

ICANN Ops Funding Trends and Projections

◉ The Funding projections account for multiple scenarios, the Budget is built using the Base Scenario which is believed to be the most likely, this scenario projects little growth due to:

  o Projections do not include any changes to fees ICANN charges contracted parties *(fees have not changed since 2008)*

  o Volumes are projected to grow modestly

• Funding projections do not include any impact from Next Round of TLD's

$ in millions

Average growth per year

Average growth per year

+1%

+1%

FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Forecast	FY25 Projection	FY26 Projection	FY27 Projection	FY28 Projection	FY29 Projection
141	142	150	150	148	148	149	150	151	155

Displayed growth rates are Compound Annual Growth Rates (CAGR)
CAGR by Projection Scenario: Low -3%, Base 1% (displayed), High 5%

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

U.S. CPI Source: Bloomberg
SSR Contributions are $4M per year from 2021 - 2025
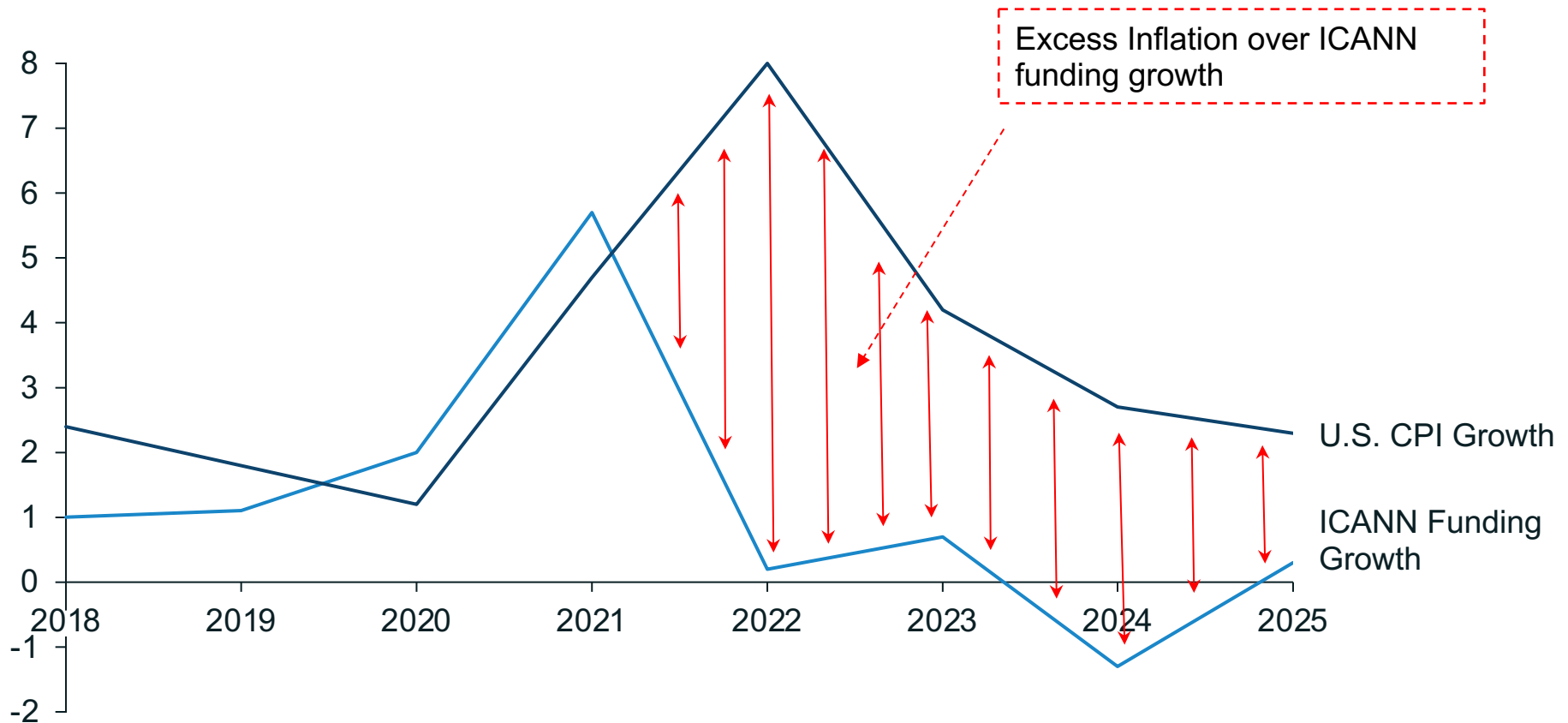
Expense Trends

◉ 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

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

Pandemic "anomaly"

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

Intense projects implementation

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

FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Forecast	FY25 Budget
127	131	130	126	116	127	161 (New gTLD Program-$17M)	174 (New gTLD Program-$22M)	182 (New gTLD Program-$30M)

$ in millions

| 26
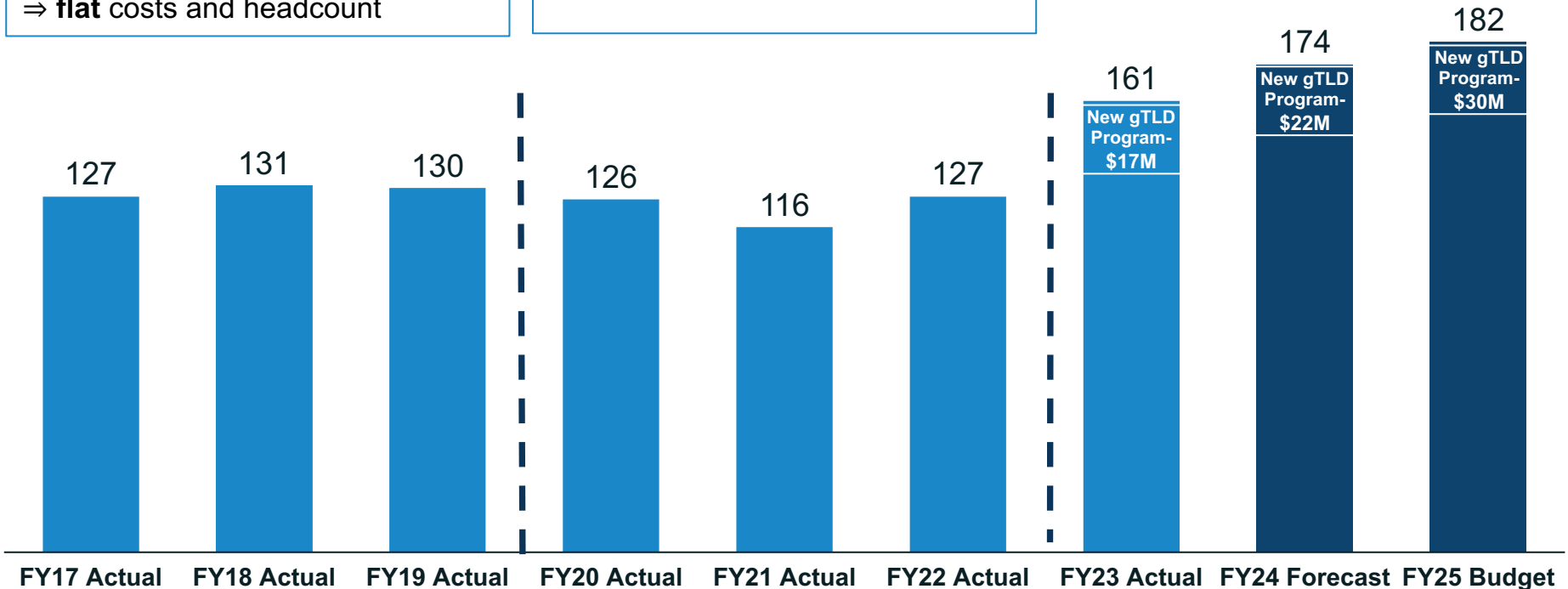
Plan for ICANN's Affordability

- ICANN has taken steps to develop efficiencies and minimize costs which has enabled the org to execute on an increased workload and absorb inflationary increases despite a lack of funding growth

- Continuous cost efficiencies and a lack of travel during the pandemic has led to annual excess and provided the ability make $44M in contributions to replenish the Reserve Fund above its minimum and $40M to develop and fund the Supplemental Fund for Implementation of Community Recommendations (SFICR)

- Developing efficiencies and process improvements that lead to lower costs will continue to be a focus as funding is projected to continue to remain flat while costs and the workload of ICANN increases

- Executives are regularly reviewing financials and discussing potential efficiencies

- ICANN has identified **$5M** in "cost savings initiatives" that are needed to balance the FY25 Budget.

One-Year (FY25) Budget

Total ICANN: FY25 Budget Financial Overview

- ICANN's activities are funded by different sources based on the nature of work
- These additional funding sources provide the ability to execute on Org's increasing amount of work and incur total expenses greater than operational funding

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	148	-	-	-	-	148
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	5	-	-	-	-	5
Total Expenses	(148)	(30)	(2)	(2)	-	(182)
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**	**$458**
Average FTEs	**407**	**46**	**4**	**4**	**-**	**460**
End of Period FTEs	**408**	**45**	**4**	**4**	**-**	**460**

New gTLD Program includes work on 2012 Round and Next Round implementation costs
SFICR Projects includes implementation of prioritized Specific Review recommendations
Grant Program is funded by Auction Proceeds

ICANN Operations: FY25 Budget vs FY24 Forecast

In Millions, USD	FY25 Budget ICANN Operations	FY24 Forecast ICANN Operations	Favorable/(Unfavorable) vs. FY24 Forecast $	%
Funding	**$148**	**$148**	**($0)**	**0%**
Personnel	$90	$86	($4)	-5%
Travel & Meetings	$13	$17	$3	20%
Professional Services	$24	$26	$2	7%
Administration	$19	$19	($0)	-1%
Capital	$1	$1	$0	2%
Contingency [(1)]	$5	$5	$0	0%
Cost Savings Initiatives	($5)	($6)	($1)	18%
Total Operating Expenses	**$148**	**$148**	**$0**	**0%**
Net Operating Excess/(Deficit)	**$0**	**$0**	**$0**	**0%**
Average FTEs	**407**	**407**	**(1)**	**0%**
End of Period FTEs	**408**	**410**	**2**	**0%**

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

o FY25 Funding is projected to remain flat from FY24 levels
o In both fiscal years, cost savings initiatives will be identified to achieve necessary work with the projected funding levels

Draft IANA FY25 Budget

Draft FY25 IANA Budget in Millions, USD	IANA FY25 Draft Budget	IANA FY24 Adopted Budget	Under/(Over)		IANA FY23 Actuals	Under/(Over)	
			Total	%		Total	%
PTI Budget	$10.9	$10.5	($0.4)	-3.8%	$9.0	($1.9)	-21.2%
IANA Support Activities (1)	$0.6	$0.6	($0.0)	-1.1%	$0.6	$0.0	0.7%
TOTAL	**$11.5**	**$11.0**	**($0.5)**	**-4.2%**	**$9.6**	**($1.9)**	**-19.9%**
Average Headcount (FTE)	25.2	24.1	(1.1)	-4.5%	22.1	(3.1)	-14.1%

(1) IANA Support Activities include the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee, and IANA Naming Function reviews.
(2) FTE: Full-Time Equivalent

> The IANA support activities remain flat compared to the FY24 IANA Budget due to consistent support requirements but the FY25 PTI Budget has increased by $0.4M primarily because of additional staff and inflationary increases.

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

New gTLD Program: Next Round

- On 27 July 2023, the Board approved a resolution that acknowledged receipt of the $70M Next Round Implementation Plan and directed ICANN org to provide the Board with periodic updates on its progress on implementation

- On 26 October 2023, the ICANN Board approved a resolution for an additional $13 million in funding to support implementation efforts through June 2024

- Funding to pay for New gTLD Program Next Round development costs before program launch will come from both the New gTLD Program 2012 Round remaining application fees and the SFICR

- **Key Deliverables and Highlights of the FY25 Budget**
  - Opening of the Registry Service Provider Evaluation application period
  - Opening of the Applicant Support Program application period
  - Publication of the Applicant Guidebook for public comment

New gTLD Next Round - Implementation			
Funding Status	**Board Approved March 2023**	**Board Approved October 2023**	**FY25 (For Board Review ICANN80)**
USD in Millions	**April - October 2023**	**November 2023 - June 2024**	**July 2024 - June 2025**
Implementation	$6.6	$11.3	$22.5
Shared Services	$2.2	$1.7	$3.4
Implementation Total	**$8.8**	**$13.0**	**$25.9**
Average FTE	**26.3**	**38.1**	**46.2**

Prioritized Specific Review Recommendations

- In February 2022, ICANN org's Planning team developed a planning prioritization framework to help the ICANN ecosystem prioritize its work within the planning cycle in a manner that is transparent, inclusive, and efficient

- In November 2022, the ICANN Board passed a resolution that approved ICANN org to utilize US$5.8 million from the SFICR to fund one-time efforts for the implementation of prioritized specific review recommendations

- Due to the number and complexity of recommendations in some instances, implementation is anticipated to continue in FY25 and SFICR funds will continue to be used throughout the Fiscal Year. All ongoing efforts to maintain service levels and recommendation requirements, after initial implementation, will be incorporated into ICANN org's annual plan and budget

Specific Reviews Recommendations	Program Forecast through FY24 (July 2022 - June 2024)		FY25 Budget	Total Board Approved Spend
USD in Thousands	% Complete	Total $	Total $	Total $
Accountability and Transparency Review 3 (ATRT3)	54%	$1,408	$1,286	$2,665
Competition, Consumer Trust, and Consumer Choice Review (CCT)	65%	$1,578	$614	$2,387
Security, Stability and Resiliency Review (SSR2)	57%	$241	$130	$593
Registration Directory Service review (RDS-WHOIS2)	87%	$167	$130	$150
Totals	69%	$3,394	$2,159	$5,795

Grant Program

- Applications will be accepted and processed in cycles, the first one planned to open 27 March 2024, distributing up to US$10M

- ICANN org estimates to receive 200 applications and approve ~50 grants

- One-time implementation costs include creating the Grant Program department, applicant helpdesk, program literature and documentation

- The recurring program operational costs include ICANN staff, awareness and outreach communication campaigns, and outsourced services for an independent evaluation panel

- The program implementation costs occurred in FY23 and FY24. The first cycle expenses and efforts will span from FY24 through FY26. The second grant cycle is projected to begin a the end of FY25 as soon as the review of the first cycle is complete

Grant Program	FY23 - FY24		FY25	
USD in Millions	Expenses	Distributions	Expenses	Distributions
Activity	$	$	$	$
One-Time Implementation	$0.2	$0.0	$0.0	$0.0
Cycle 1	$1.0	$0.0	$0.7	$10.0
Cycle 2	$0.0	$0.0	$0.1	$0.0
Staff Support	$1.2	$0.0	$0.9	$0.0
Total	$2.4	$0.0	$1.7	$10.0
Average FTE	2.3		3.0	

Activity Based Reporting

Background

- ICANN org continually looks for ways to present reporting that is transparent and useful, both internally and externally

- Expense categories such as Personnel and Professional Services are commonly used at both for-profit and nonprofit organizations

- To enhance financial reporting, ICANN has developed an activity-based approach to present ICANN Operations' costs in a way that better relates to ICANN's core work and mission

Note: Activity Based Reporting should not be confused with the Operating Plan's "Functional Activities" which are based on the organization's structure and the activities needed to operate ICANN.

Activity Based Reporting Ecosystem

- The FY25 Budget includes a new reporting structure called Activity Based Reporting based on classifying ICANN Operations' expenses within an ecosystem of ICANN's work

- In general, ICANN's workflows begin with Community and Engagement and end up with Policy Implementation

- The Technical Mission and Internal Operations activities are also impacted by and help support these workflows

Community and Engagement

Internal Operations

ICANN Operations

Technical Mission

Policy Implementation
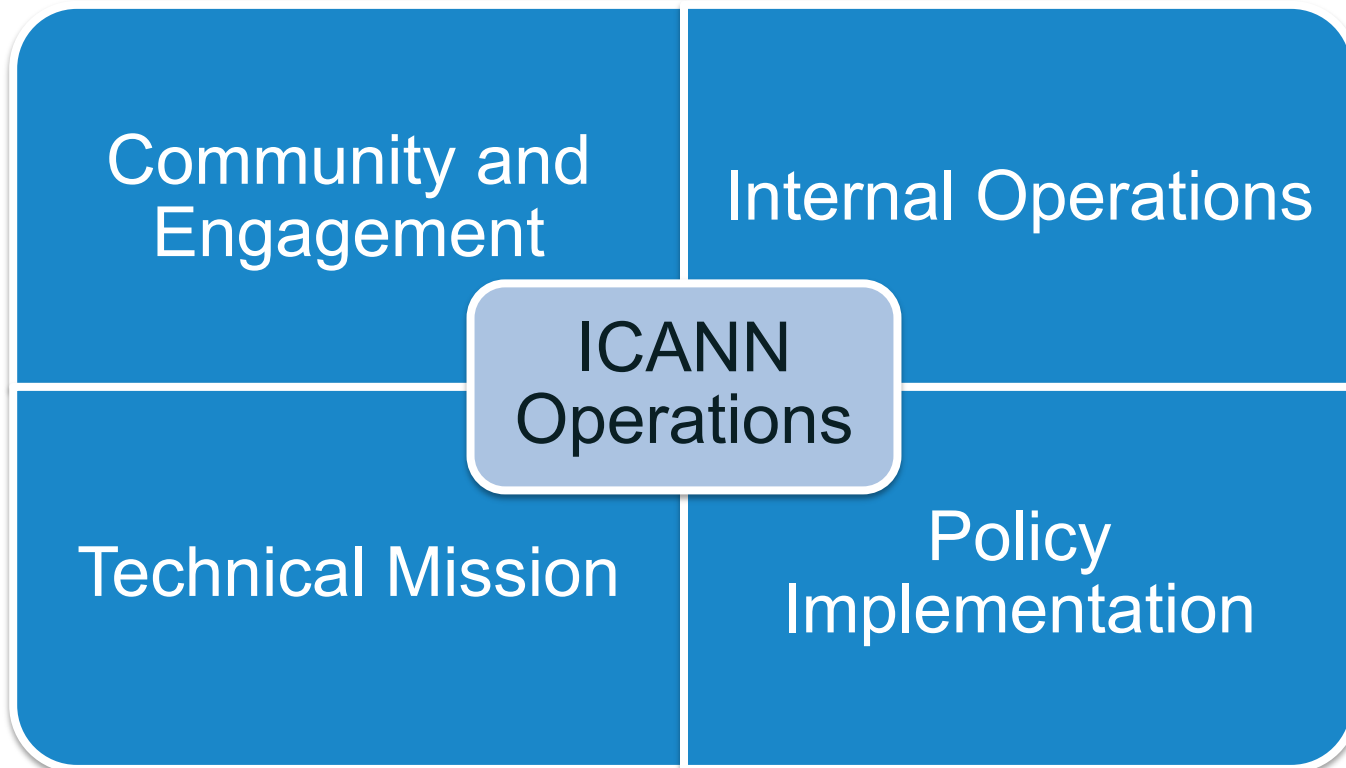
Activity Components

Community and Engagement

Support the community and facilitate work such as policy development and reviews

- ICANN Public Meetings
- Community Programs and Meetings Support (incl. NomCom)
- Engagement and Board costs
- Staff support for Supporting Organizations and Advisory Committees

Internal Operations

Provide the support and infrastructure for ICANN to execute its mission

- Engineering & IT
- Finance / Procurement
- Risk Management
- Global Human Resources
- Communications
- Legal

Technical Mission

Technical initiatives and activities in support of ICANN's mission

- IANA Functions
- Ensuring SSR of Internet Identifiers
- Root Zone Management
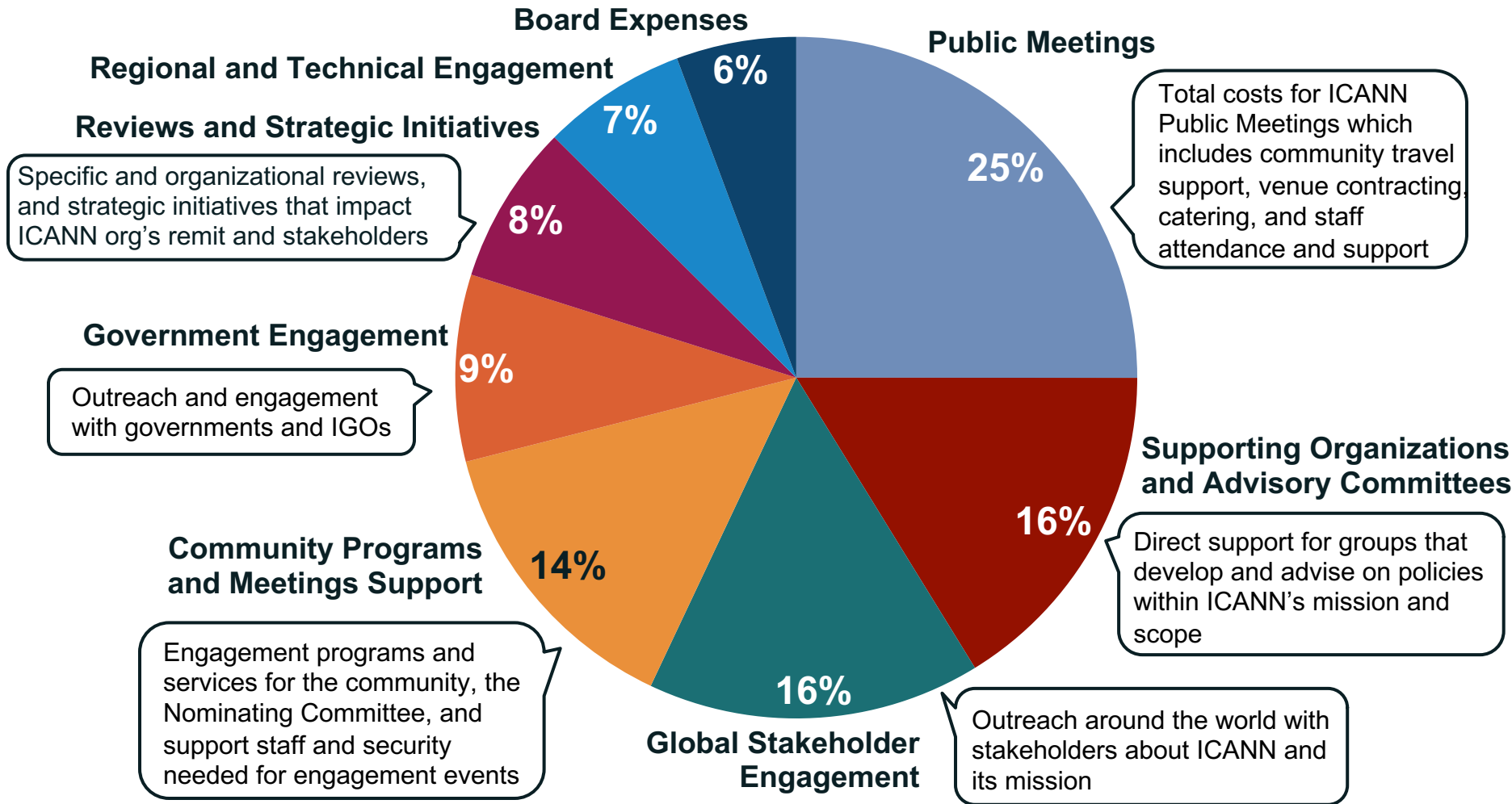- Facilitating DNS Ecosystem Improvements

Policy Implementation

Carrying out services to Contracted Parties, and implementing Board-approved recommendations

- Contracted Parties Management and Services
- Contractual Compliance
- Global Customer Support
- Implementation Operations

Detail of Community and Engagement Activity

FY25 Community and Engagement - $59M

Board Expenses — 6%

Regional and Technical Engagement — 7%

Reviews and Strategic Initiatives — 8%
Specific and organizational reviews, and strategic initiatives that impact ICANN org's remit and stakeholders

Government Engagement — 9%
Outreach and engagement with governments and IGOs

Community Programs and Meetings Support — 14%
Engagement programs and services for the community, the Nominating Committee, and support staff and security needed for engagement events

Public Meetings — 25%
Total costs for ICANN Public Meetings which includes community travel support, venue contracting, catering, and staff attendance and support

Supporting Organizations and Advisory Committees — 16%
Direct support for groups that develop and advise on policies within ICANN's mission and scope

Global Stakeholder Engagement — 16%
Outreach around the world with stakeholders about ICANN and its mission

Detail of Internal Operations Activity

FY25 Internal Operations - $42M

Includes rent, parking, maintenance, events, and facilities support

Security and Administrative

Office of the CEO

LA Office

3%

3%

6%

Global Human Resources

Engineering & IT

Includes talent acquisition, staff support, and oversight of compensation and benefits

7%

Communications

8%

Includes:
- Staff and systems support
- Annual recurring costs for licenses, connectivity, hardware, etc.
- Software engineering
- Community/contracted party support and programs

Excludes:
- IMRS-related costs
- Costs related to IANA and ICANN Public Meetings

Creates awareness of ICANN and its role in supporting the public interest

47%

11%

Finance and Planning

Includes accounting, audit, planning, financial analysis, reporting, risk management, and procurement

15%

Governance Support

Includes internal legal support, litigation, and contractual support

*Excludes costs related to ICANN Public Meetings

| 40

Detail of Technical Mission Activity

FY24 Technical Mission - $24M

Trusted technical expertise and solutions to support the global internet by building and maintaining ICANN Managed Root Servers (IMRS)

ICANN Managed Root Server

8%

Technical Services

Provides technical knowledge and data inside ICANN org regarding the DNS

11%

IANA Functions

Assigns unique identifiers for the Internet in accordance with relevant policies and is the registry of record for those allocations

51%

Office of the CTO **30%**

Aims to improve knowledge about the identifiers ICANN helps coordinate, technical operation of the identifiers, and ICANN's technological stature

Detail of Policy Implementation Activity

FY25 Policy Implementation - $23M

ICANN global support center, Correspondence and Board advice tracking, and WHOIS Accuracy Reporting System (ARS) functions

Global Support Center
7%

Contracted Parties Management and Services

Implementation and Stakeholder Programs

Overseeing the implementation of Board-approved policy and non-policy recommendations as well as cross-functional projects and research

24%

43%

Defined, high quality, repeatable services and processes to applicants and contracted parties for accreditations, renewals, data escrow, annual certifications, tool enhancements, technical panels, and other support services

Ensures generic top-level domain name registry operators and accredited registrars comply with community consensus policies and their contractual agreements with ICANN

25%

Contractual Compliance

Comparison of Reporting Views

- Below is a comparative view of the ICANN Operations costs of $148 million in the Draft ICANN FY25 Budget.

- The left chart shows costs broken out by the traditional expense categories that ICANN and other organizations use, while the right chart shows the costs broken out by ICANN Operations' activities as explained in the previous slides.

- ICANN is working on a plan to use Activity Based Reporting as a standard for community reporting.

Traditional View   **$148M**   **Activity View**

Traditional View pie chart:
- Personnel 60%
- Prof. Services 18%
- Admin 13%
- Travel and Meetings 9%
- Capital 1%

Activity View pie chart:
- Community and Engagement 42%
- Internal Operations 28%
- Technical Mission 16%
- Policy Implementation 14%
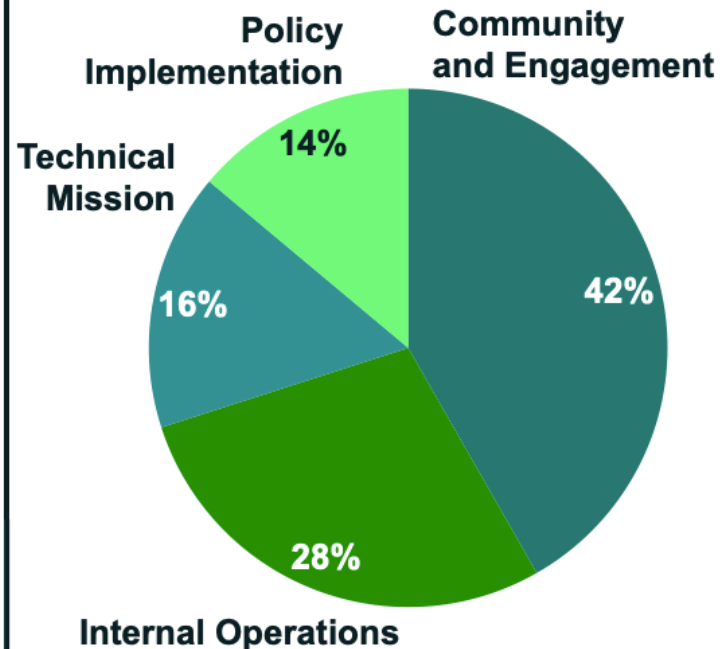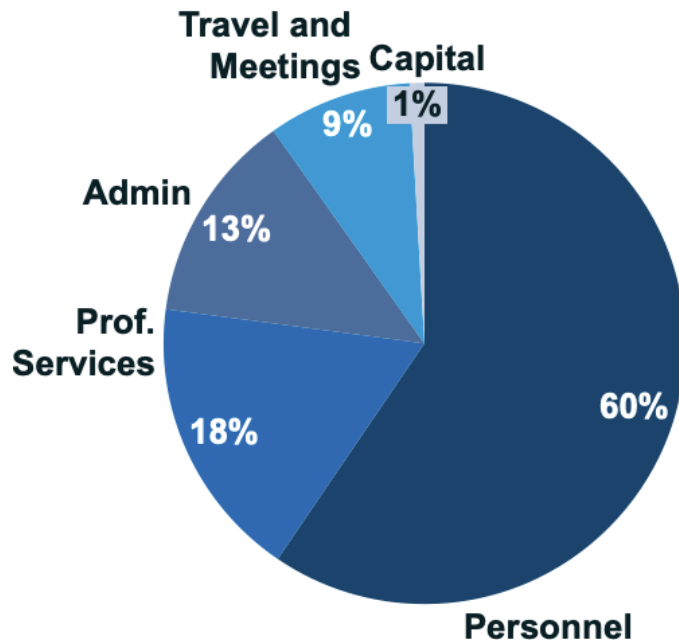
Timeline and Next Steps

Key Timeline for Community and Board Involvement

Step	Date	Audience
✓ Community Engagement Webinar: Draft Plans Process and Timelines	ICANN 78 Prep Week 10 October 2023	Community
✓ Review Draft FY25-29 O&FP and FY25 OP&B	28 November 2023	BFC
Public Comment Proceeding for the Draft FY25 Plans	12 December 2023- 12 February 2024	Community
Two Community Webinars: Draft FY25 Plans	12 December 2023 13 December 2023	Community
Clarifying Questions Submission Date/ Publication Date	16 January 2024/ 29 January 2024	Community
Community Engagement Webinar at ICANN79	Prep Week ICANN79	Community
Summary Reports on Public Comments	11 March 2024 (PTI) 02 April 2024 (ICANN)	Board & Community
Review for Plan adoption of ICANN and IANA plans	April 2024	BFC & Board
Publication of ICANN Adopted Plans	01 May 2024	Community
Empowered Community Period	29 April- 27 May 2024	EC decisional participants
Adopted Plans go into effect	1 July 2024	

Note: the Additional Budget Review (ABR) process has been incorporated into the public comment proceeding and overall planning process

How to Participate in ICANN's Planning

Participate in the ICANN Public Comment

12 December 2023- 12 February 2024

https://www.icann.org/en/public-comment/

Visit the Finance and Planning Community Wiki page

https://community.icann.org/display/projfinadhocws/Finance+and+Planning+Community+Group+Workspace

Community can subscribe to the ICANN Community Finance email list by sending an email to community-finance@icann.org

Email planning@icann.org

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

Operating Plans and Linkage to ICANN's Strategic Plans

Strategic Plan

Strategic Objective

Strategic Goal 1*	• Targeted Outcome 1.1 • Targeted Outcome 1.2
Strategic Goal 2	• Targeted Outcome 2.1 • Targeted Outcome 2.2
Strategic Goal 3	• Targeted Outcome 3.1 • Targeted Outcome 3.2

Operating Plan

Operating Initiatives	Progress Measurement
Functional Activities	Progress Measurement

Numbers are for illustration purpose only

Operating Plan Additional Resources

◉ **Operating Initiatives Supporting the Strategic Plan (Appendix A):** A mapping that showcases how ICANN org will achieve the objectives and goals set out in the Five-Year Strategic Plan. Each operating initiative is cross-referenced against the strategic goals, so readers can gain a comprehensive understanding to the strong interconnectedness of ICANN org's work

◉ **ICANN Rolling Five-Year Roadmap: Policy, Review and Cross-Community Working Groups (Appendix B):** A rolling five-year roadmap, with indicative and tentative timelines. Work related to these activities will be prioritized and resourced on an ongoing basis

◉ **Recommendations Relating to Cross-Community Working Group on Enhancing ICANN Accountability Work Stream 2 and Reviews (Appendix C):** A comprehensive list of recommendations and its status relating to reviews and cross-community working group. ICANN org will define, plan for the implementation of these recommendations, so that such implementation work can be considered for prioritization and scheduled for implementation accordingly

◉ **ICANN Security, Stability, and Resiliency (SSR) of the Internet Unique Identifiers (Appendix D):** Although every function of ICANN org contributes to the overall Security, Stability and Resiliency (SSR) through its support of org's work to advance ICANN's Mission, this schedule highlights activities particularly focused on supporting the SSR of the unique Internet identifiers

◉ **Funding Forecast Assumptions Report for Fiscal Years 2025–2029:** This report outlines the various funding-related assumptions and projections included in its Five-Year Operating and Financial Plan

Total ICANN Average FTE Trends

⦿ In alignment with ICANN's staffing plan, headcount has grown in recent years to support new initiatives and projects

Legend:
- Review Implementation
- Registration Data Request Service
- Grant Program
- New gTLD Program
- ICANN Operations

Note: dashes on ICANN Operations bars indicate they are not to scale with the other bars

	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Actual	FY24 Forecast	FY25 Budget
Total	386	384	392	394	424	448	460
Review Implementation					4	4	4
Registration Data Request Service					2	2	4
Grant Program						4	4
New gTLD Program				5	18	31	46
ICANN Operations				389	399	407	407

FY23 Actual also shows: 1

Total ICANN: FY24 Forecast

Total ICANN Financials	For the Twelve Months Ending 30 Jun 2024					
In Millions, US dollars	ICANN Operations	New gTLD Program	SFICR Projects	Grant Program	Reserve Fund	Total
Funds Under Management - 30 Jun 2023	**$56**	**$55**	**$19**	**$217**	**$170**	**$518**
Funding	148.0	-	-	-	-	148
Personnel	(86)	(9)	(2)	(1)	-	(98)
Travel & Meetings	(17)	(1)	(0)	(0)	-	(17)
Professional Services	(31)	(11)	(0)	(1)	-	(43)
Administration	(19)	(1)	(0)	(0)	-	(20)
Capital	(1)	-	-	-	-	(1)
Cost Savings Initiatives	6	-	-	-	-	6
Total Expenses	(148)	(22)	(2)	(2)	-	(174)
Board-Approved Transfers:						
Operating Fund Excess to SFICR	(20)	-	20	-	-	-
SFICR to fund Next Round until Jun 2024	-	13	(13)	-	-	-
Investment Income/(Decline)	0.4	0.5	0.2	2.2	1.7	5
Funds Under Management - 30 Jun 2024	**$37**	**$47**	**$24**	**$217**	**$172**	**$497**
Average FTE	**407**	**34**	**7**	**4**	**-**	**451**
End of Period FTEs	**410**	**43**	**5**	**4**	**-**	**462**

New gTLD Program includes work on 2012 Round and Next Round implementation costs
SFICR Projects includes implementation of prioritized Specific Review recommendations and RDRS system development
Grant Program is funded by Auction Proceeds

Projected Funds Under Management

◉ In FY24 (Oct 2023), the Board approved a $20 million transfer to the SFICR from the Operating Fund.
  - Of this, $13M will be used to fund the New gTLD Program: Next Round until June 2024

$ in Millions
Balance on 30 June of each fiscal year

FY23 Total Funds Under Management: **$518M**

FY24 Total Funds Under Management: **$497M**

FY25 Total Funds Under Management: **$458M**

Legend: Operating Fund, New gTLD Fund, SFICR, Reserve Fund, Auction Proceeds

FY23 Actual: 56, 55, 19, 170, 217
FY24 Forecast: 37, 47, 24, 172, 217
FY25 Budget: 37, 36, 4, 173, 208
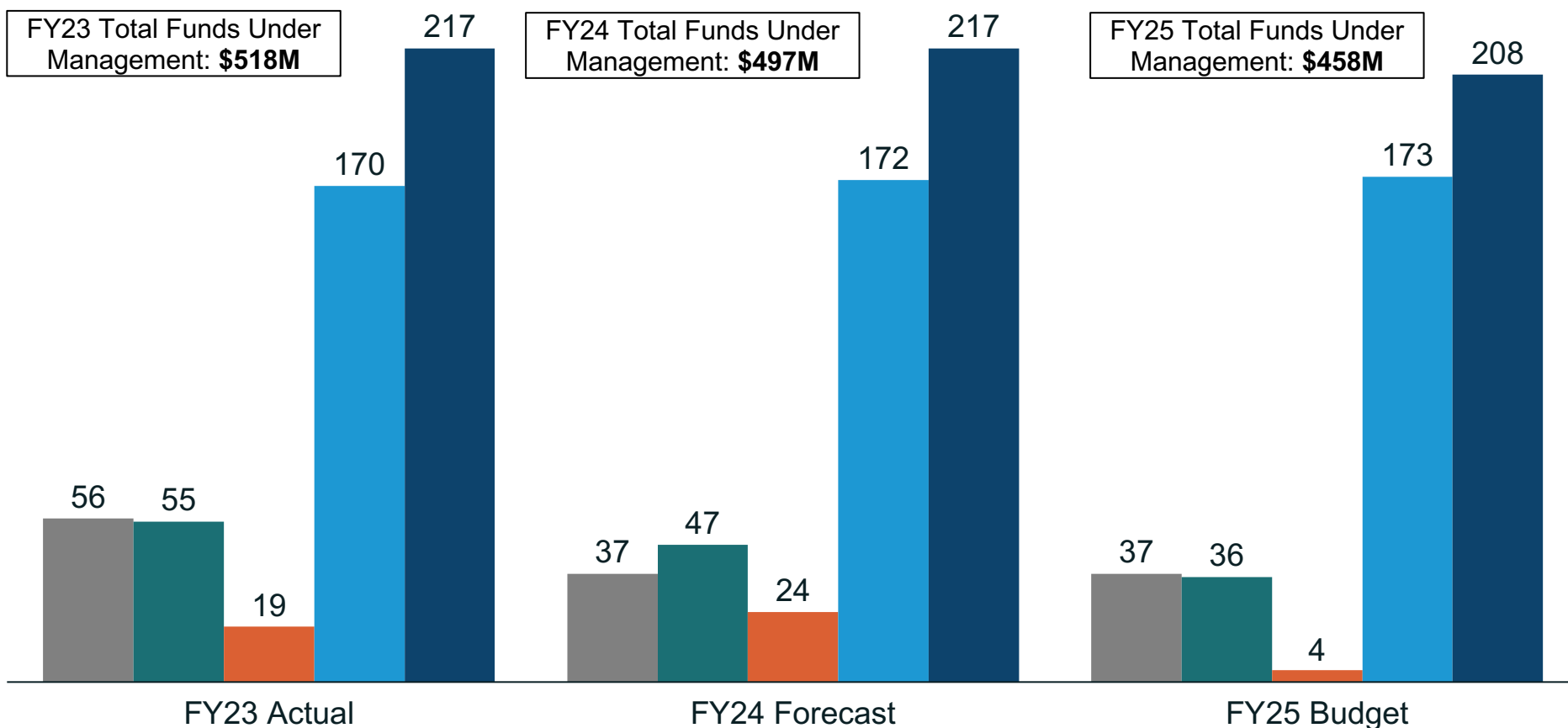
Additional Budget Request Sunsetting

- ICANN recently [published a blog](#) about streamlining resource requests from the ICANN Community

- The Additional Budget Request (ABR) process was introduced an addition to the annual Operating Plan and Budget (OP&B) process for resource requests from the ICANN Community

- In recent years, the number of requests have decreased significantly due to confusion about the ABR process and what meets criteria for resources

- Moving forward, ICANN org encourages ICANN community groups to use the annual OP&B process for all resource requests

- ICANN org will end the ABR process beginning with the FY2025 OP&B process

- The annual OP&B process is better understood, and several ICANN community groups already align their operations and planning work to it

- Streamlining resource requests from the ICANN community into a single process is expected to result in more efficiencies

New gTLD Program 2012 Round Overview

New gTLD Program 2012 Round	Statement of Activities by Fiscal Year					Statement of Activities for Full Program (Jun 2022) Current Estimate
	FY12 – FY21 Actual	FY22 Actuals	FY23 Forecast	FY24 Budget	FY25 & Beyond Forecast	
New gTLD Applicant Fees	360	(0)	0	0	1	361
Refunds	(52)	0	(0)	(0)	(0)	(53)
Applicant Fees (Net of Refunds)	$ 308	$ 0	$ 0	$ 0	$ 0	$ 308
Initial and Extended Evaluation	(68)	-	-	-	-	(68)
Quality Control and Objection Processes	(11)	-	-	-	-	(11)
Pre-delegation	(12)	-	-	-	-	(12)
Program Costs	(40)	(1)	(2)	(3)	(7)	(53)
Staff Costs	(58)	(2)	(1)	(1)	(1)	(63)
Operating Expenses	$ (188)	$ (3)	$ (3)	$ (4)	$ (8)	$ (206)
Historical Development Costs	(32)	-	-	-	-	(32)
Risk Costs	(30)	(3)	(1)	-	-	(33)
Non Operating Expenses	$ (62)	$ (3)	$ (1)	$ -	$ -	$ (66)
Other Income/(Expense)	$ (2)	$ -	$ -	$ -	$ -	$ (2)
Investment Income/(Expense)	$ 11	$ (0)	$ 0	$ -	$ -	$ 11
Total Expenses	$ (241)	$ (6)	$ (4)	$ (4)	$ (8)	$ (263)
Net Remaining New gTLD Funds	$ 67	$ (6)	$ (4)	$ (3)	$ (8)	$ 46

o Risk costs and investment gains are not estimated for future years

Draft PTI FY25 Budget by Cost Category

FY25 PTI Budget in Millions, USD	FY25 Budget	FY24 Budget	Under/ (Over)		FY23 Actuals	Under/(Over)	
			Total	%		Total	%
FUNDING	**$10.9**	**$10.5**	**($0.4)**	**-3.8%**	**$9.0**	**($1.9)**	**-21.2%**
Personnel	$7.2	$6.7	($0.5)	-7.4%	$6.3	($0.9)	-14.2%
Travel & Meetings	$0.5	$0.5	$0.0	2.1%	$0.5	$0.0	5.9%
Professional Services	$1.5	$1.8	$0.3	16.6%	$1.0	($0.5)	-50.0%
Administration	$1.0	$0.9	($0.1)	-10.9%	$0.9	($0.1)	-16.3%
Contingency (a)	$0.5	$0.5	($0.1)	-16.0%	$0.0	($0.5)	0.0%
Capital	$0.2	$0.1	($0.1)	-60.0%	$0.3	$0.1	45.9%
TOTAL CASH EXPENSES	**$10.9**	**$10.5**	**($0.4)**	**-3.8%**	**$9.0**	**($1.9)**	**-21.2%**
EXCESS/(DEFICIT)	**$0.0**	**$0.0**	**$0.0**	**0.0%**	**$0.0**	**$0.0**	**0.0%**
Average Headcount (FTE) (b)	23.7	22.6	(1.1)	-4.8%	20.7	(3.1)	-14.8%

(a) Contingency is an amount included in the Budget but not allocated to specific activities; it can be used for unforeseen costs or to cover the difference between budgeted and actual costs

(b) FTE: Full-time staff equivalent

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