

Draft FY22 – 26 Operating and Financial Plan

Draft FY22 Operating Plan and Budget

ICANN Planning Team

January 2021



Webinar Information



This session is recorded.



This session is scheduled to last 1.5 hour.



Presentation is published here:

<https://community.icann.org/display/projfinadhocws/FY22+Budget+Webinars>



Q&A will be during and at the end of the presentation

Opening Remarks



Xavier Calvez

SVP Planning &
Chief Financial Officer

Agenda

1

Introduction

2

FY22-26 and
FY22 Operating
Plan Highlights

3

FY22-26
Financial
Funding
Projections

4

FY22-26
Financial Plan
& FY22 Budget

5

Next Step and
Timeline

6

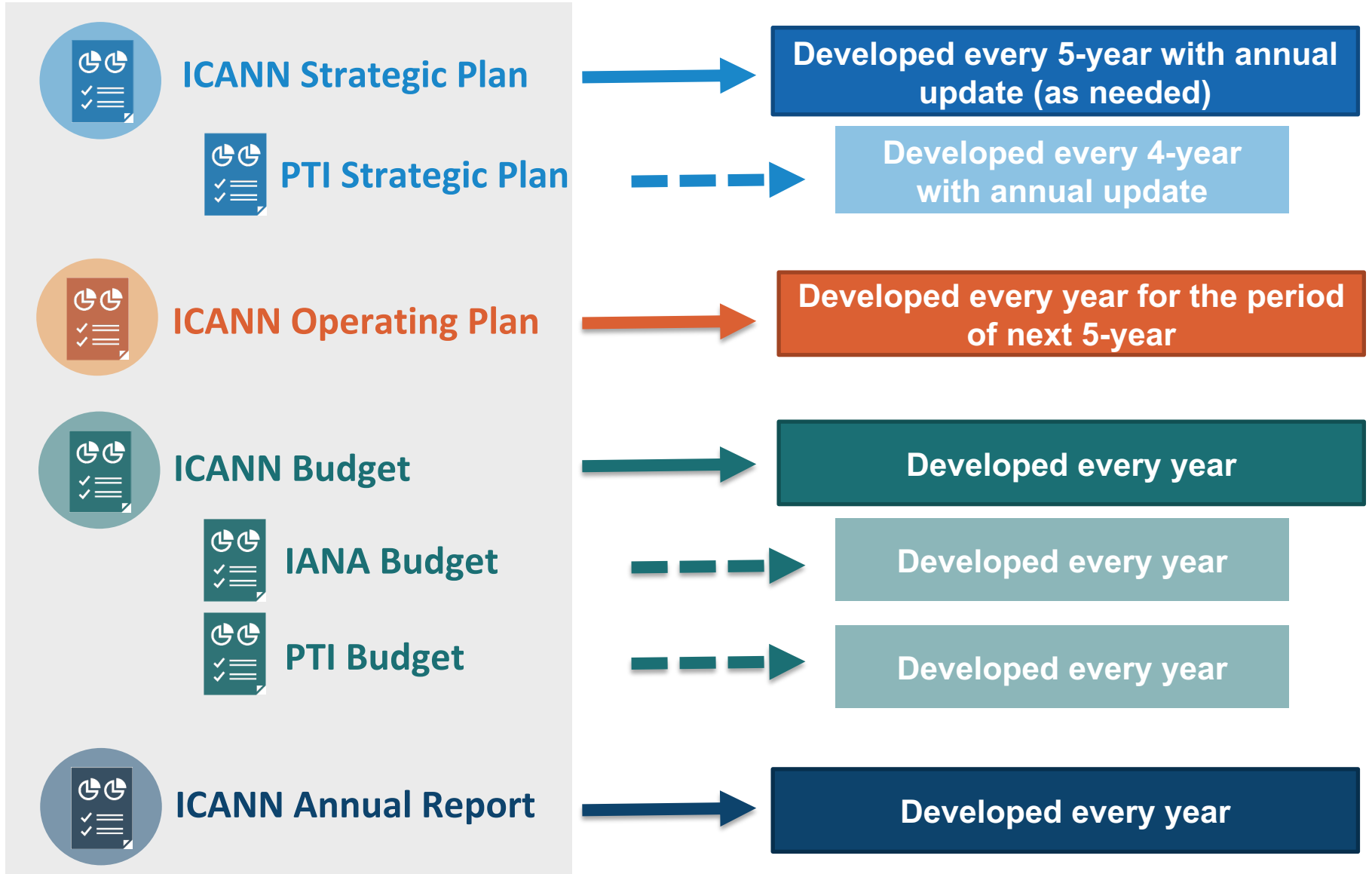
Questions and
Answers

Introduction

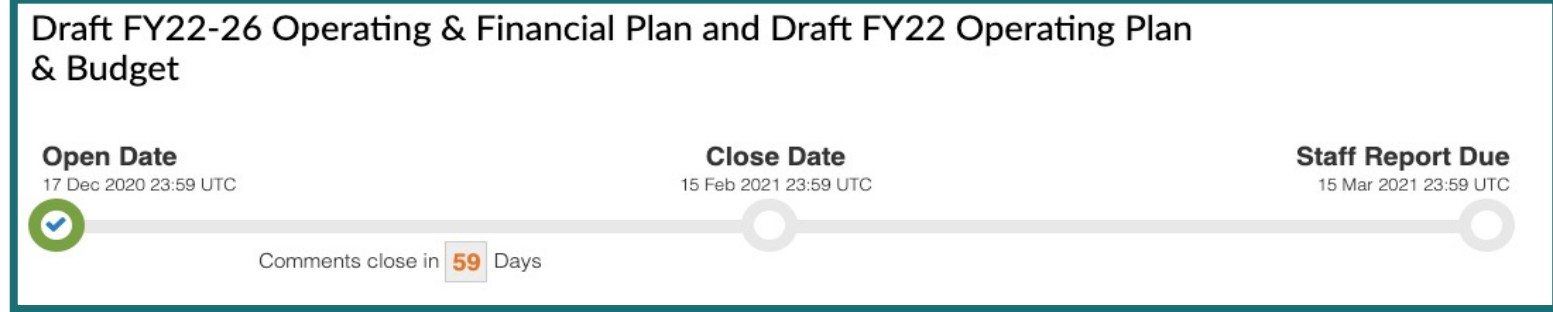
Planning Processes Overview



Bylaws Requirements



Overview of FY22 Planning Documents



The following documents are published on 17 Dec 2020 for public comment until 15 February 2021:

- Highlights Document
- Draft FY22 – 26 Operating and Financial Plan and FY22 Operating Plan Document
- Draft FY22 Budget Document

The following documents are published as supporting documents:

- ICANN Strategic Outlook: 2020 Trends Report
- Funding Forecast Assumptions Report for Fiscal Years 2022 - 2026

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.

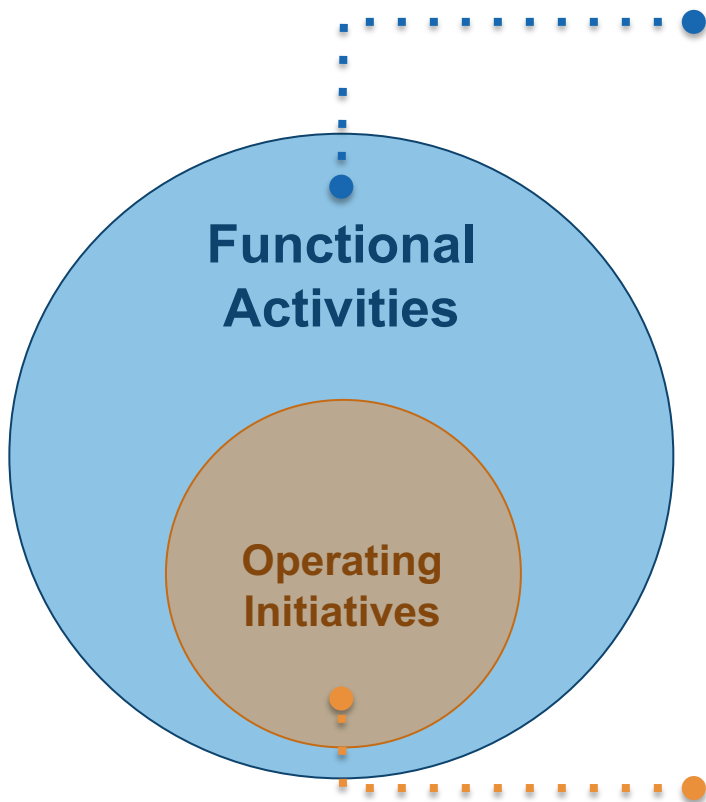
Functional Activities (34 in 5 groups)

Activities of the Functions to:

- Operate the organization, such as *Human Resources* or *Finance*
- or
- Implement ICANN's mission and mandate, such as *Contractual Compliance* or *the IANA*.

Operating Initiatives (15)

- The 15 operating initiatives represent major areas of work that support the strategic objectives identified in the strategic plan



Please refer to Appendices for the list of all Functional Activities and Operating Initiatives

5-Year vs. 1-Year Operating Plan

All activities and Operating Initiatives are described with their purpose, activities, alignment with the strategic plan, resources, considerations (risks, dependencies, challenges) and progression/ milestones.

FY22-FY26 Operating Plan

- Content is high-level over the 5-Year horizon.
- Resource planning is high-level – “Stable” “Increase” or “Decrease”, with projection of when (Fiscal Year) the changes are expected.
- Progression/ Milestones are high-level roadmaps.

FY22 Operating Plan

- Content is more detailed with focus on FY22.
- Resource planning is at detailed level using budget templates.
- Progression/ Milestones are roadmaps in FY22 with applicable targets and measurement.

5Y (FY22-26) and 1Y (FY22) Operating Plan Highlights

Key Planning Assumptions

Strategic Objectives Remain Unchanged

Based on the Strategic Outlook trends assessment, the Strategic Planning Committee has recommended no changes to the Strategic Objectives

Affordability Assumption and Balanced Budget

The Draft plans are based on “base” scenario funding projections. Each fiscal year, the resources for the cost of work planned do not exceed funding available

Recurring Work Continues

Majority of ICANN org’s work recurs year over year:

- needed for organization operations, or
- to support ICANN’s mission and mandate

Dependencies and Rolling Plan

The 5-Year Operating Plan and Financial Plan is developed each fiscal year as a rolling plan. The 1-Year Operating Plan and Budget then includes detailed implementation work resulting from Board’s decisions of policy and community recommendations

Operating Plan Highlights

Face-to-Face Meetings and Engagement

Although there is still uncertainty, for planning purposes, the FY22 plans assume business travel and three face-to-face meetings ICANN meetings and other engagement activity will resume

Community Recommended and Board Approved Implementation work

The WS2 Implementation work is prioritized in the FY22 plans. Other Board adopted recommendations will be subject to prioritization process

Operating Initiatives and Key Projects

Progression towards the achievement of the Operating Initiatives is included in FY22 plans

Cost Savings and Efficiencies

Cost savings and efficiencies are assumed over the 5-year period

Appendix Highlights

- Appendix A: A rolling five-year roadmap, with indicative and tentative timelines of policy, reviews and cross-community working group works is included in the appendix. Work related to these activities will be prioritized and resourced on an ongoing basis.
- Appendix B: A comprehensive list of recommendations and its status relating to reviews and cross-community working group is included in the appendix. 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.
- Appendix C: An appendix is provided to articulate some specific areas that particularly focus on supporting the Security, Stability and Resiliency (SSR) of the unique Internet identifiers. Essentially, 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.

Activities not included in the Plans

- ⦿ ICANN begins designing the expected implementation work only as recommendations and policies move forward and reach the stage of Board consideration.
 - ⦿ After the Board adopts these recommendations and policies, the planning, scheduling and delivery implementation work is designed.
- ⦿ Thus, the below activities are not included in the FY22 Draft plans:
 - Operating Initiative: Promote and Sustain a Competitive Environment in the Domain Name System (Sub pro)
 - Operating Initiative: Implement New gTLD Auction Proceeds Recommendations as Approved by Board
 - GDPR / EPDP2 work (post-implementation)
 - RSSAC 37/ 38 recommendations

FY22 Operating Initiatives Highlights pg. 1/2

| | Operating Initiatives | Examples of Key Milestones |
|---|---|---|
| 1 | Support the evolution of the Root Server System | <ul style="list-style-type: none"> • Develop prototype of Root Server System Monitoring System • Set up root zone distribution services |
| 2 | Facilitate Improvements of the DNS Ecosystem | <ul style="list-style-type: none"> • Advocate for developers to enable DNSSEC • Support the implementation of DANE |
| 3 | Evolve and Strengthen the Multistakeholder Model to facilitate Diverse and Inclusive Participation in Policymaking | <ul style="list-style-type: none"> • Implement the Enhancing the Multistakeholder Model (MSM) according to the agreed upon level of priority |
| 4 | Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking | <ul style="list-style-type: none"> • Implement the Enhancing the Multistakeholder Model (MSM) according to the agreed upon level of priority |
| 5 | Develop Internal and External Ethics Policies | <ul style="list-style-type: none"> • Continue development of ICANN org ethics policies • Continue development of ICANN community ethics policies |
| 6 | Promote and Sustain a Competitive Environment in the Domain Name System | <p>If the PDP approved by the Board:</p> <ul style="list-style-type: none"> • developing program documentation for the application process. • Convening the Implementation Review Team (IRT). • Planning and executing operational readiness activities. |
| 7 | Universal Acceptance | <ul style="list-style-type: none"> • Set up a mechanism to reach out to technology developers for UA remediation. • Conduct outreach to two relevant standards bodies and to providers of programming language, tools, and platforms to support UA. |
| 8 | Root Zone Management Evolution | <ul style="list-style-type: none"> • Complete a rewrite of the Root Zone Management System. |

FY22 Operating Initiatives Highlights pg. 2/2

| | Operating Initiatives | Examples of Key Milestones |
|----|--|--|
| 9 | Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem | <ul style="list-style-type: none"> • Revise engagement plan to reflect the prioritization or reprioritization of engagement based on the ecosystem mapping and the MoU evaluation and relationship assessment completed in FY21. • Publish a document that serves as a definitional publication for the distinction between technical Internet governance and previous description of Internet governance. |
| 10 | Through Targeted Engagement Improve Governmental and Intergovernmental Organizations (IGO) Engagement and Participation in ICANN | <ul style="list-style-type: none"> • Prepare for the possibility of three capacity-building trainings |
| 11 | Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration with Others that May Impact the ICANN Mission | <ul style="list-style-type: none"> • Utilizing the to-be-completed assessment and monitoring process during FY21, continue monitoring and assessing legislative and regulatory developments around the world that could have an impact on ICANN's ability to fulfill its Mission. |
| 12 | Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers | <ul style="list-style-type: none"> • This work was launched in FY21 |
| 13 | Implement New gTLD Auction Proceeds Recommendations as Approved by Board | <ul style="list-style-type: none"> • Subject to implementation plan |
| 14 | Planning at ICANN | <ul style="list-style-type: none"> • The creation of the new planning dept launched this work |
| 15 | ICANN Reserves | <ul style="list-style-type: none"> • The minimum reserve fund target level was achieved in FY21 which is 6 years earlier than Board approved timeline |

FY22 Functional Activities

34 Activities in 5 Service Groups



Technical and DNS Security

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

5 Functional Activities



Policy Development and Implementation Support

- Policy Development and Advice
- Policy Research and Stakeholder Programs
- Contracted Parties Services Operations
- Etc.

6 Functional Activities



Community Engagement and Services

- Global Stakeholder Engagement
- Government and IGOs Engagement
- GDD Accounts and Services
- Etc.

8 Functional Activities



ICANN Org Governance

- Board Activities
- Office of CEO
- Governance Support
- Etc.

7 Functional Activities



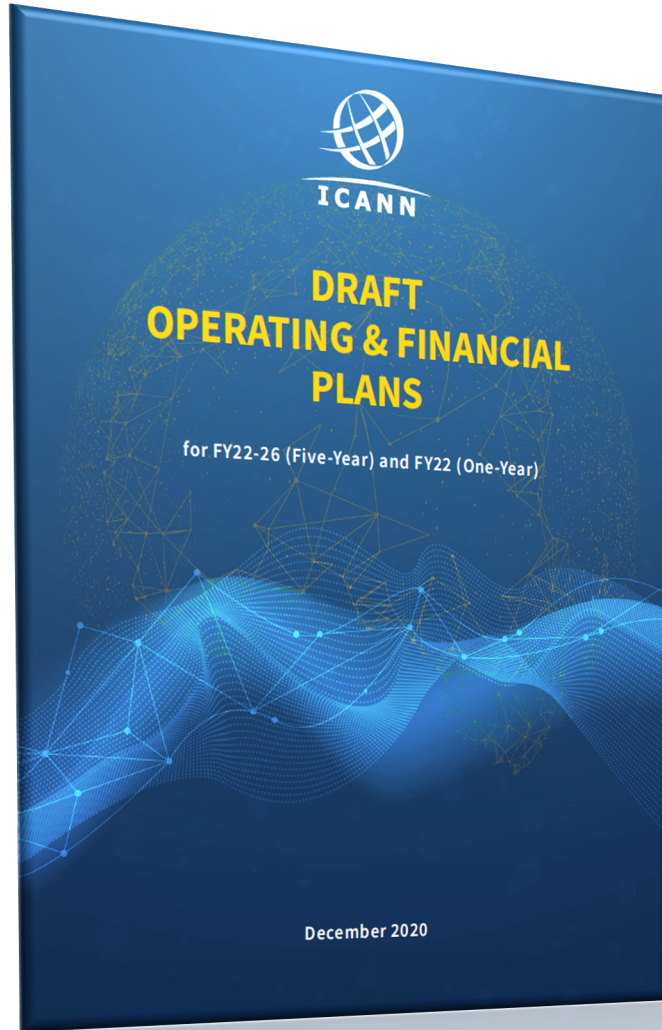
ICANN Org Shared Services

- Finance and Procurement
- Engineering and Information Technology
- Global HR and Administrative Services
- Etc.

8 Functional Activities

Please refer to Appendices for the list of all Functional Activities

Navigation of FY22 Planning Documents



[https://www.icann.org/
public-comments/draft-
opplan-budget-fy22-26-
2020-12-17-en](https://www.icann.org/public-comments/draft-opplan-budget-fy22-26-2020-12-17-en)

5 Year (FY22-26) Financial Funding Projections

Funding Projection Approach: Marketplace Horizon Scan

1 Marketplace Horizon Scan



Evaluation of key trends and industry developments that are likely to have a 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, International Data Corporation, National Institute of Economic and Social Research, etc.
2. Interviews with contracted parties, both via their ICANN GDS Account Managers and 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 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:** This scenario illustrates a plausible depressed forecast outcome. Beyond the retention of the current fee values, this scenario factors in a **decrease in all drivers to ICANN's funding** – from the total number of contracted parties to the volume of domain name transactions. The decrease in all combined drivers within this scenario **reflects a contraction of the entire DNS marketplace**.
- **Base-case scenario:** Representing the funding outcome deemed most likely to occur, this scenario takes a **conservative appraisal of the growth** of ICANN's accredited registrar base and domain name transaction volumes, along with retention of the current fee values. The scenario assumes that **domain transactions do not witness any long-lasting dislocations** arising from the current global economic recession. This scenario leverages historical growth values and is aligned closely with global Gross Domestic Product (GDP) growth trends, thereby implying an **overall steady state of growth in a maturing industry**.
- **High funding scenario:** This scenario combines increases across all the drivers to ICANN's funding, except for a marginal decline in the number of registries and the retention of the current fee values. The growth rates in this scenario therefore depict an **optimistic view of resurgent growth in the overall DNS marketplace**, total size of the accredited registrar base, and domain name transactions.

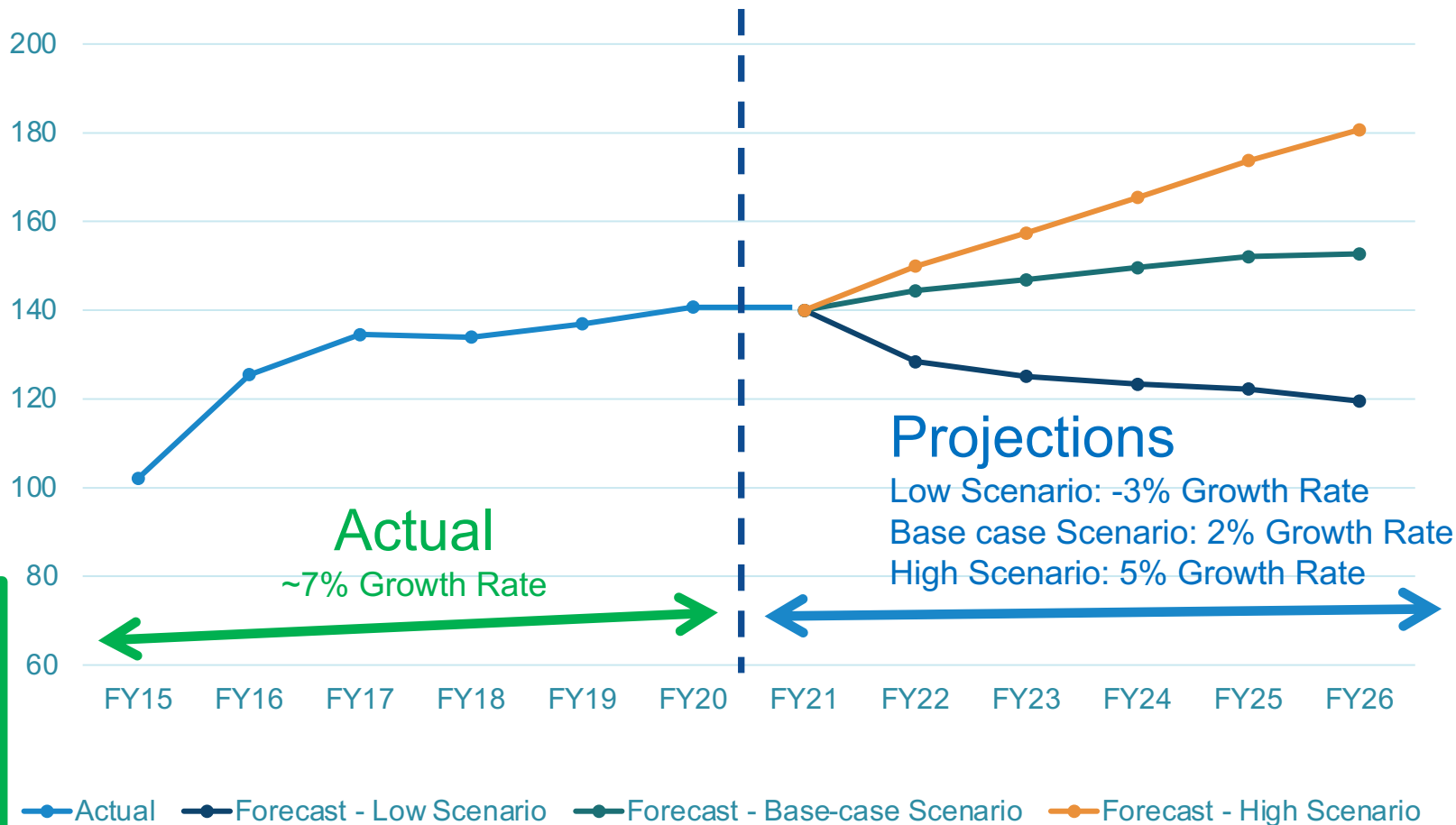
Funding: Actual (FY15-20) & 5-Year Projections (FY22-FY26)

5-Year Funding Forecast includes Low – Base Case – High Scenarios. Across the three scenarios generated, FY26 funding is forecast to range between \$119M and \$181M from the current FY21 projection of \$140M. Does not include funding for New gTLD, Sub Pro, or Auction Proceeds.

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation



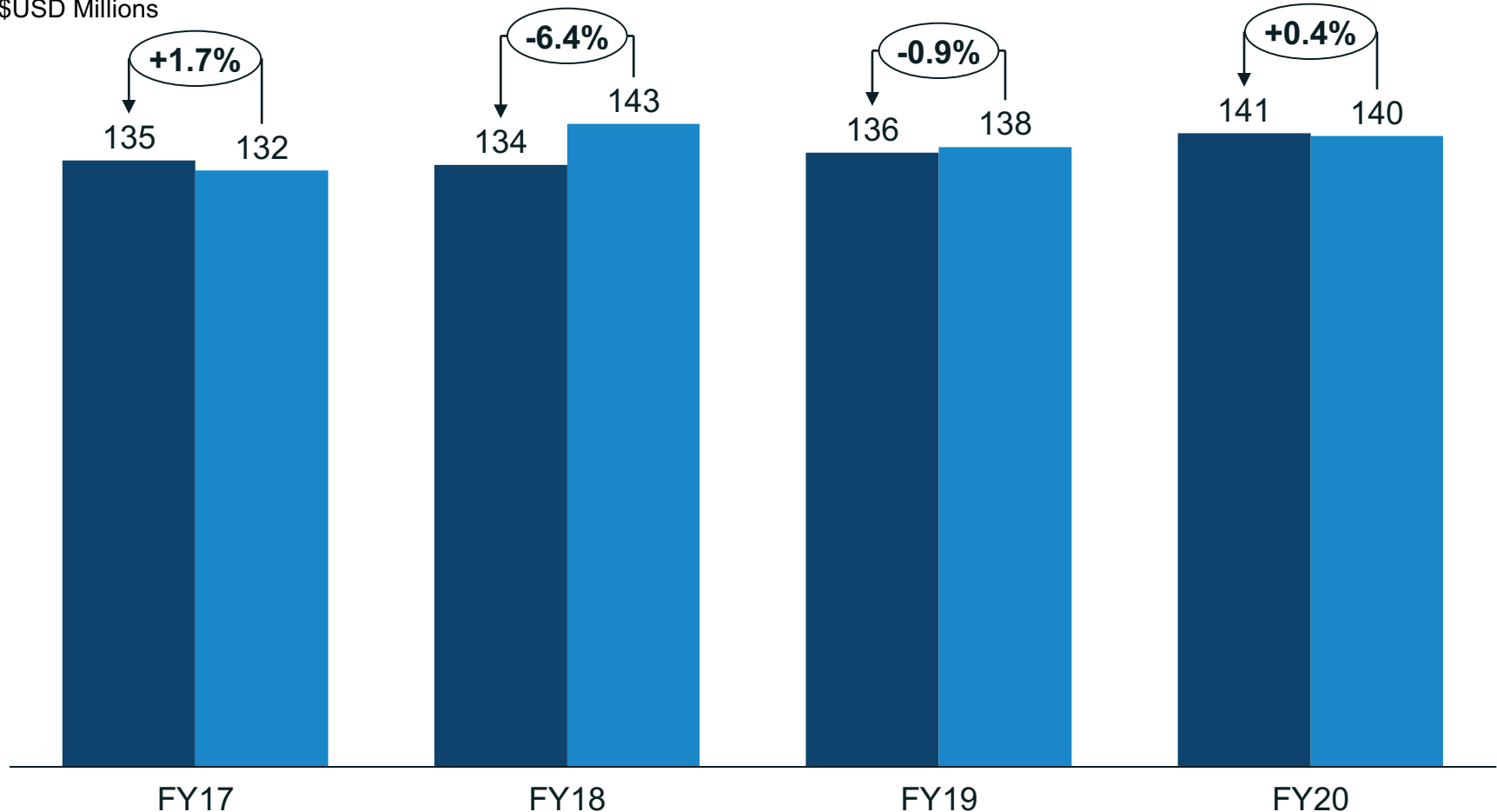
Note: FY15-FY20 based on audited actuals, FY21-FY26 include contributions for SSR Activities
CAGR values cover FY21-F26, In millions, USD; Arithmetic inconsistencies due to decimal rounding.

Funding Projections Accuracy

- Most years our funding projections have been within ~2% of actual

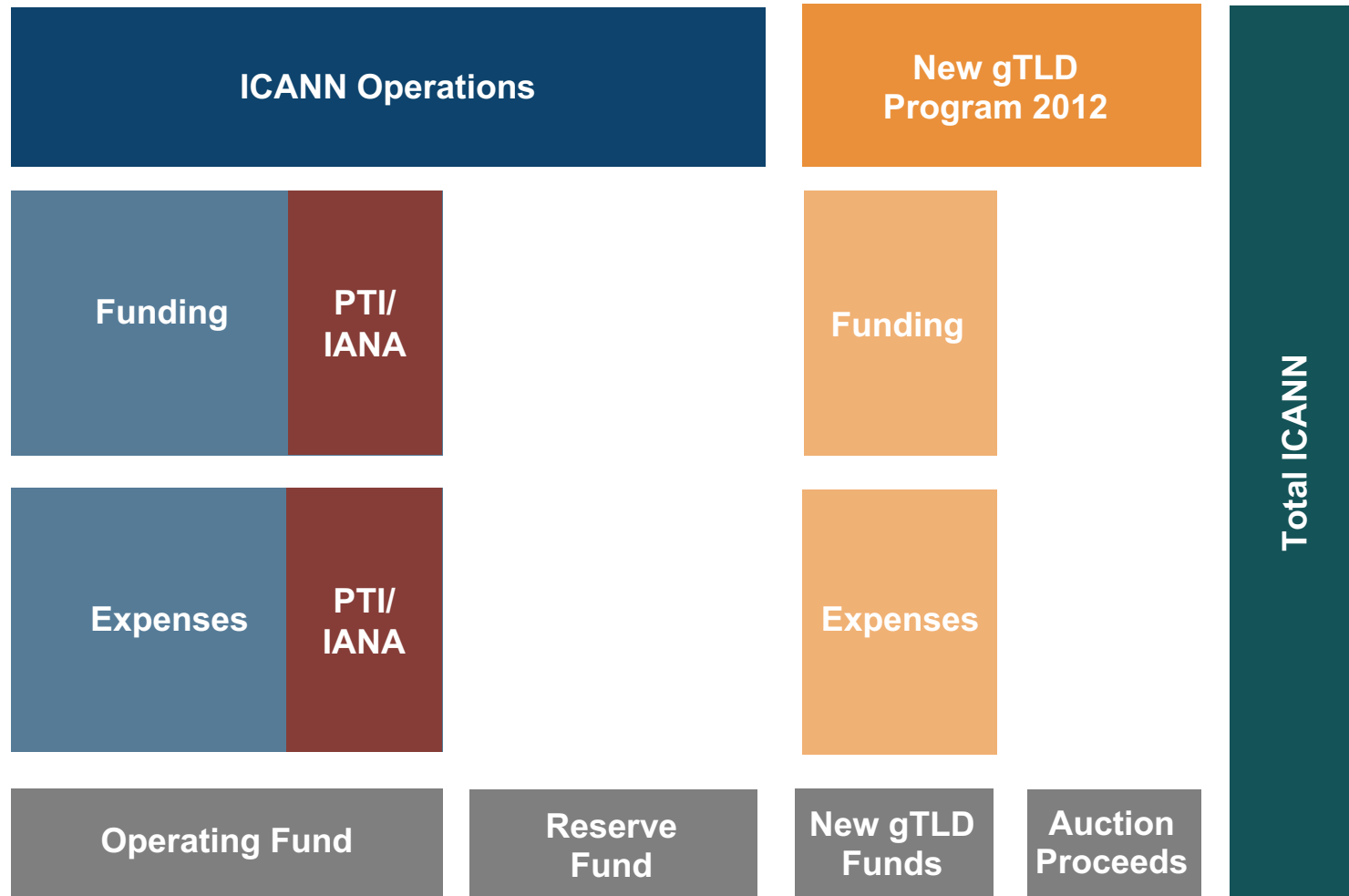
Actual Budget

\$USD Millions



5-Year (FY22-26) Financial Plan and 1-Year (FY22) Budget

ICANN Financial Reporting Structure



5-Year Funding and Expense Assumptions

- **5-Year Funding**

- The Five-year Plan will use the “base” scenario funding projections
- Includes contributions from Verisign to support ICANN's efforts to preserve and enhance the security, stability, and resiliency of the DNS

- **5-Year Expenses**

- Personnel Expense and Headcount is assumed to remain stable until the impact on resources of pending implementation work to be approved is reflected.
- At this time, we are not including work from future Board decisions that have yet to be approved and implementation work that is subject to prioritization such as GPDR/EPDP 2, RSSAC 037/38 etc.
- Expenses related to Auction Proceeds and the subsequent round of New gTLDs are also not included as these will be funded separately
- The Five-Year Plan will include contingency funding for unplanned work that has yet to be approved

- **Reserve Fund**

- The Reserve Fund balance reached 1 year of expenses in FY21; The Five-Year Plan will include allocations to ensure ICANN stays at or above this minimum target level

- **Affordability**

- The Five-year Plan will be a balanced budget where expenses, plus planned contributions to the Reserve Fund, will not exceed funding in each fiscal year

5-Year Financial Projections

(in Millions USD)

| 5-Year Projections | FY22 Projections | FY23 Projections | FY24 Projections | FY25 Projections | FY26 Projections | 5-Year Total |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------|
| Funding ⁽¹⁾ | \$144.4 | \$146.9 | \$149.6 | \$152.1 | \$152.7 | \$745.6 |
| Expense | | | | | | |
| Personnel | \$80.1 | \$81.7 | \$83.4 | \$85.0 | \$86.8 | \$417.1 |
| Travel and Meetings | \$13.8 | \$14.2 | \$14.6 | \$15.0 | \$15.5 | \$73.1 |
| Professional Services | \$19.6 | \$19.6 | \$19.6 | \$19.6 | \$19.6 | \$98.2 |
| Administrative | \$17.2 | \$17.2 | \$17.2 | \$17.2 | \$17.2 | \$85.9 |
| Capital | \$4.0 | \$4.0 | \$4.0 | \$4.0 | \$4.0 | \$20.2 |
| Incremental Operating Initiatives ⁽²⁾ | \$5.5 | \$6.0 | \$6.5 | \$6.5 | - | \$24.5 |
| Contingency ⁽³⁾ | \$5.2 | \$5.4 | \$5.5 | \$5.7 | \$5.9 | \$27.6 |
| Cost Savings Initiatives | (\$2.2) | (\$2.7) | (\$3.3) | (\$3.5) | - | (\$11.7) |
| Total Operating Expenses | \$143.2 | \$145.4 | \$147.6 | \$149.6 | \$148.9 | \$734.8 |
| Excess/(Deficit) before Contributions | \$1.1 | \$1.5 | \$2.0 | \$2.5 | \$3.7 | \$10.8 |
| Reserve Fund allocation to maintain minimum level | \$1.1 | - | - | - | - | \$1.1 |
| Additional Reserve Fund allocation | - | \$1.5 | \$2.0 | \$2.5 | \$3.7 | \$9.7 |
| Allocation to the Reserve Fund | \$1.1 | \$1.5 | \$2.0 | \$2.5 | \$3.7 | \$10.8 |
| Net Operating Excess/(Deficit) | - | - | - | - | - | - |
| Average Headcount | 405 | 410 | 410 | 410 | 410 | |

(1) Includes contributions for ICANN Security, Stability, and Resiliency (SSR) activities.

(2) Figures only reflect Operating Initiatives that require resources in addition to functional activity plans.

(3) Contingency expense represents an amount of budgeted expenses unallocated to specific activities or functions.

Operating Initiatives Financial Estimates: 5-Year 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 (in Millions USD) | 5-Year Financial Estimate (Low) | 5-Year Financial Estimate (Midpoint) | 5-Year Financial Estimate (High) | Financial Assumptions for Midpoint Scenario |
|----|--|---------------------------------|--------------------------------------|----------------------------------|---|
| 1 | Support the Evolution of the Root Server System | \$3.0 | \$4.5 | \$6.0 | 2 headcount for the 5-year period and funds for 3rd party consulting expense for meeting facilitation and research |
| 2 | Facilitate DNS Ecosystem Improvements | \$4.0 | \$6.0 | \$8.0 | 1 headcount 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 Policymaking | \$3.0 | \$4.3 | \$5.5 | 1 headcount for a Project Manager to facilitate and advise 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 Policymaking | \$1.0 | \$1.5 | \$2.0 | 1 headcount for the 5-year period |
| 5 | Develop Internal and External Ethics Policies | \$0.5 | \$0.8 | \$1.0 | 3rd party consulting costs to help administer the tracking and facilitation of the program |
| 6 | Promote and Sustain a Competitive Environment in the Domain Name System | - | - | - | Separately funded and therefore no incremental resources are included in the projections |
| 7 | Universal Acceptance | \$1.5 | \$2.0 | \$2.5 | 3rd party consulting expense |
| 8 | Root Zone Management Evolution | \$3.0 | \$4.5 | \$6.0 | 1.5 FTEs from Engineering and IT and 1 FTE from the IANA team and funds for 3rd party consulting expense for research |
| 9 | Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem | - | - | - | Resources for this initiative are included within the functional activities of the financial plan |
| 10 | Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN | - | - | - | Resources for this initiative are included within the functional activities of the financial plan |
| 11 | Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission | - | - | - | Resources for this initiative are included within the functional activities of the financial plan |
| 12 | Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers | \$0.5 | \$1.0 | \$1.5 | 1 headcount for the 5-year period and funds for 3rd party consulting expense for research |
| 13 | Implement New gTLD Auction Proceeds Recommendations As Approved by Board | - | - | - | Separately funded and therefore no incremental resources are included in the projections |
| 14 | Planning at ICANN | - | - | - | Resources for this initiative are included within the functional activities of the financial plan |
| 15 | ICANN Reserves | - | - | - | Resources for this initiative are included within the functional activities of the financial plan |
| | Total | \$16.5 | \$24.5 | \$32.5 | |

FY22 Budget Assumptions

- The ICANN budget will be balanced; projected expenses will not exceed projected funding in the fiscal year
- The condition of the pandemic remains uncertain, including its impacts on ICANN's Funding and Operations
- Only activities supporting the implementation of Board-approved policies or review recommendations are specifically included in the budget
 - At this time, we are not including work from future Board decisions that have yet to be approved and implementation work that is subject to prioritization such as GPDR/EPDP 2, RSSAC 037/38 etc.
 - Expenses related to Auction Proceeds and the subsequent round of New gTLDs are also not included as these will be funded separately
- The ICANN budget will continue to include funds for contingency
 - Contingency is an amount included in the budget, but not allocated to specific activities. This allows for the flexibility to cover the difference between projected and actual costs, expenses impossible to forecast such as litigation costs, or activities that have been confirmed for implementation by the Board after the budget was finalized.

FY22 Budget Assumptions (continued)

- **Funding**

- Expected to grow modestly from the FY21 Forecast projection
- Includes a contribution from Verisign to support ICANN's efforts to preserve and enhance the security, stability, and resiliency of the DNS

- **Expenses**

- Average headcount is assumed to be at 405, similar to current staffing levels until the impact on resources of pending implementation work to be approved is reflected
 - Travel is assumed to be comparable to levels prior to pre-pandemic levels
 - FY22 Budget assumes 3 face to face ICANN Public Meetings and on-going ICANN staff travel
- The Reserve Fund balance reached 1 year of expenses in FY21; the FY22 Budget includes an allocation to ensure ICANN stays at or above the minimum target level

Financial Overview: FY22 Draft vs FY21 Forecast

- The FY21 Forecast is based on four months of actual data and eight months of estimates
- The FY22 Draft Budget assumes unrestricted travel for the entire fiscal year, whereas the FY21 Forecast assumes pandemic-related travel restrictions for the first nine months of the fiscal year

| In Millions, USD | FY22 Draft Budget | FY21 Forecast | Under/(Over) vs. FY21 Forecast | |
|--|-------------------|------------------|--------------------------------|-------------|
| | ICANN Operations | ICANN Operations | \$ | % |
| Funding ⁽¹⁾ | \$144.4 | \$140.0 | \$4.4 | 3% |
| Personnel | 80.1 | 76.6 | (3.5) | -5% |
| Travel & Meetings | 13.8 | 4.7 | (9.1) | -195% |
| Professional Services | 19.6 | 17.9 | (1.7) | -10% |
| Administration | 17.2 | 16.6 | (0.6) | -4% |
| Capital | 4.0 | 6.3 | 2.2 | 36% |
| Incremental Operating Initiatives ⁽²⁾ | 5.5 | 2.0 | (3.5) | -173% |
| Contingency ⁽³⁾ | 5.2 | 1.2 | (4.0) | -333% |
| Cost Savings Initiatives | (2.2) | (1.4) | 0.8 | -55% |
| Total Operating Expenses | \$143.2 | \$123.9 | (\$19.4) | -16% |
| Excess/(Deficit) before Contributions | \$1.1 | \$16.1 | (\$15.0) | n/a |
| Reserve Fund Contribution | 1.1 | 0.0 | (1.1) | n/a |
| Net Operating Excess/(Deficit) | \$0.0 | \$16.1 | (\$16.1) | n/a |
| Average Headcount | 405 | 395 | (10) | -2% |

(1) Includes contribution for SSR initiatives, which are part of ICANN's Operating Initiatives

(2) Figures only reflect Operating Initiatives that require resources in addition to functional activity plans

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

- The FY22 Draft Budget funding is \$4.4 million higher, driven by growth in domain name transactions per historical trends and a full year contribution for SSR initiatives versus half a year in FY21 Forecast
- Expenses in the FY22 Draft Budget are \$19.4 million higher, driven by two incremental face to face ICANN Public Meetings, more headcount and inflationary Personnel expenses, and incremental operating initiatives

Additional Budget Request: FY22 Key Dates

Community Kick off and
Submission period

9 November 2020 to 29 January 2021

SO/AC Consultations
at ICANN 70

20 March 2021 to 25 March 2021

Notify SO/ACs of Publication

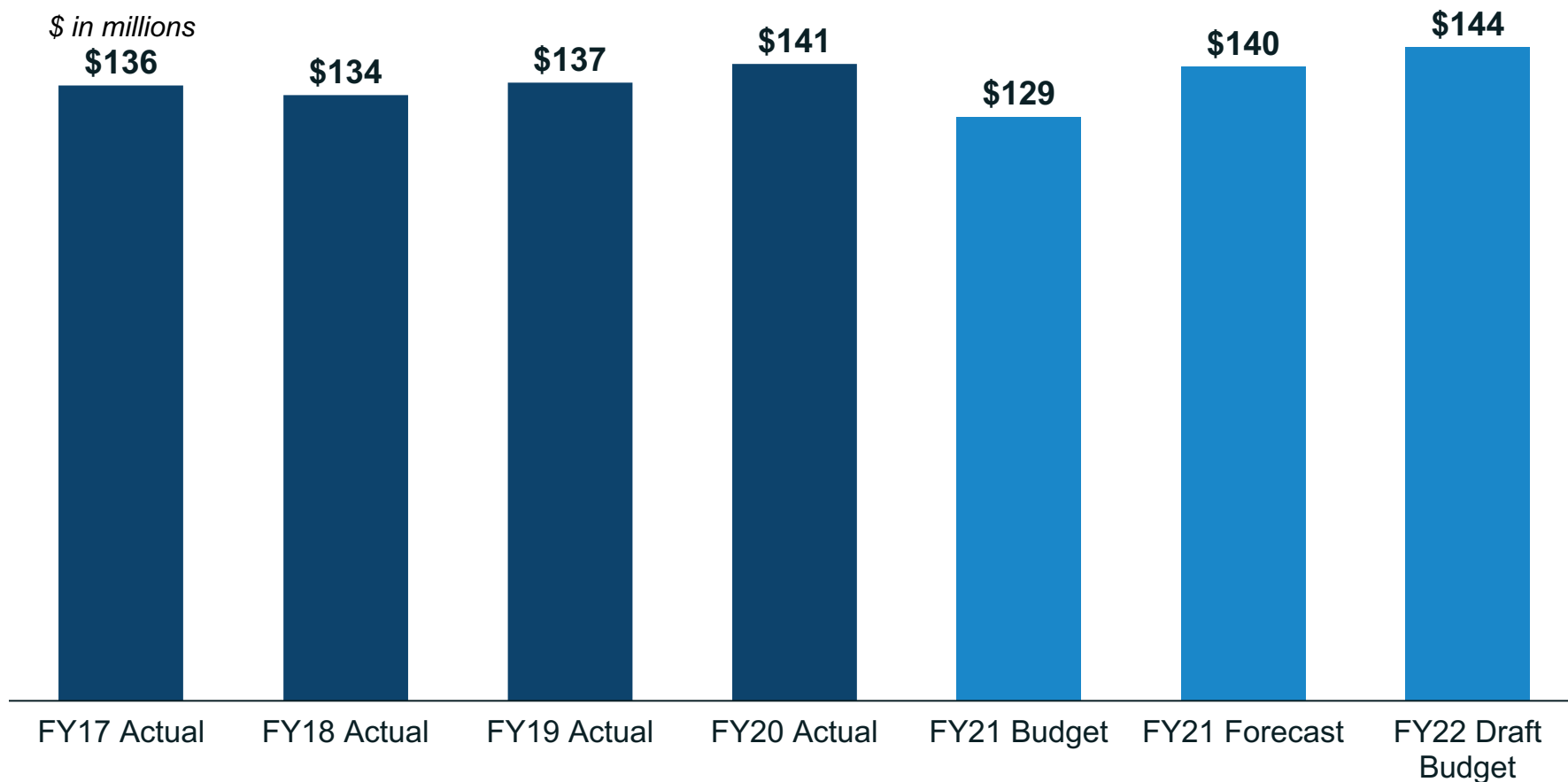
14 May 2021 to 17 May 2021

Publication on Website

17 May 2021

Funding Trends

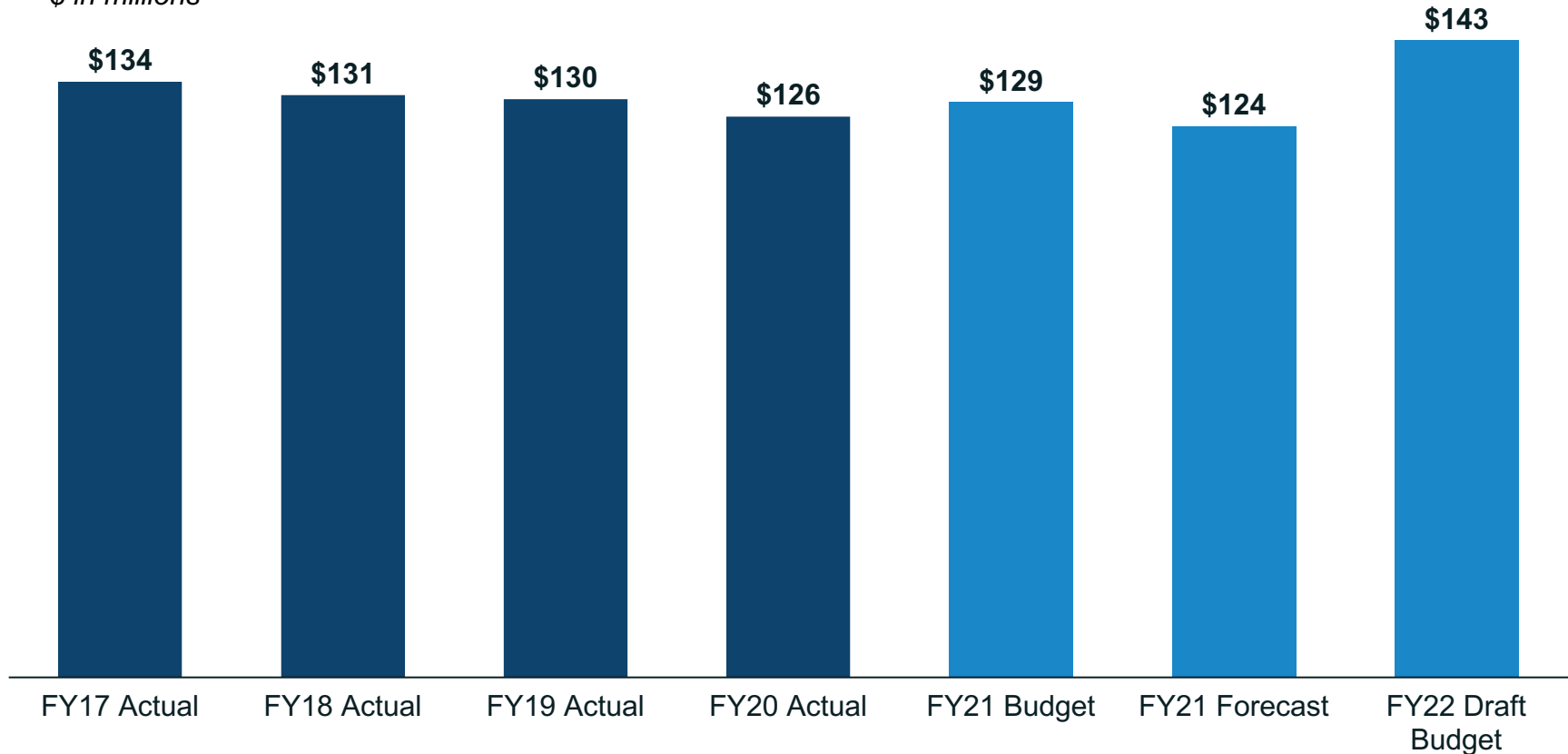
- There are still several unknowns due to the global pandemic, but we are assuming stable funding aligned with prior years
- FY21 Forecast assumes a half year contribution for SSR initiatives while FY22 Draft Budget assumes a full year contribution



Cash Expense Trends

- Cost containment throughout the organization has led to declining expenses
- More recently, expenses have declined primarily due to impacts from the COVID-19 pandemic
- FY22 Draft Budget assumes no travel restrictions, including three face-to-face ICANN Meetings

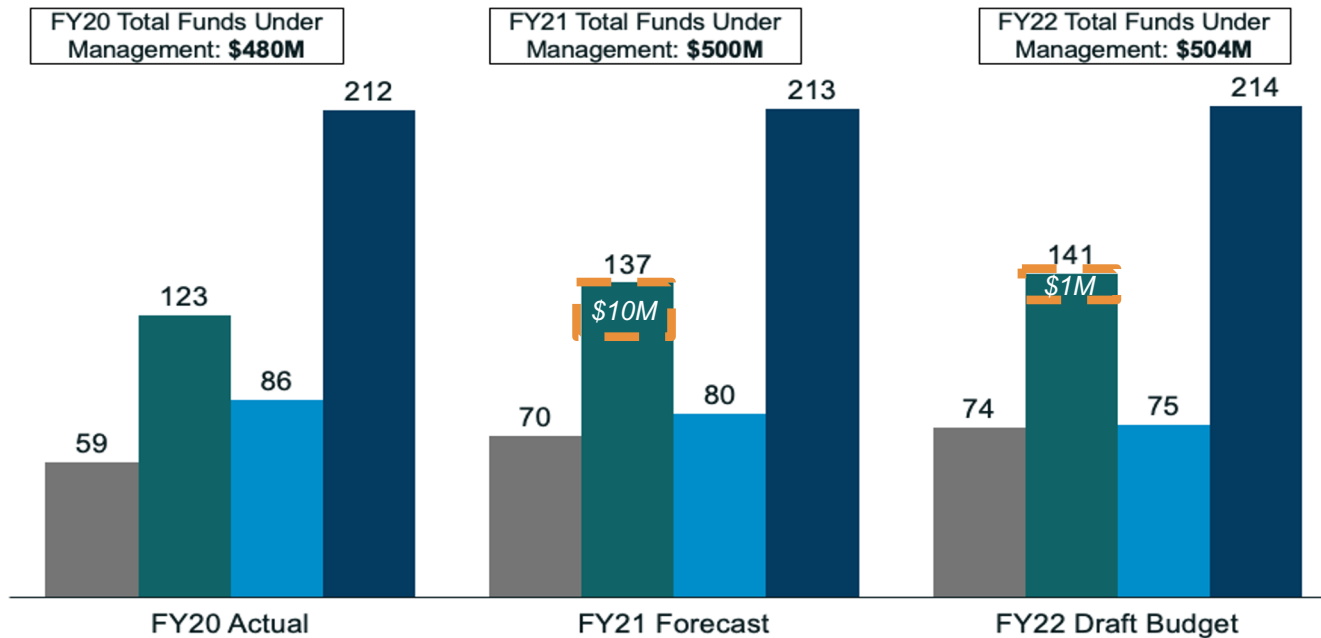
\$ in millions



FY22 Projected Funds Under Management

Operating Fund Reserve Fund NgTLD Auction Proceeds

\$ in Millions
Balance on 30 June of each fiscal year



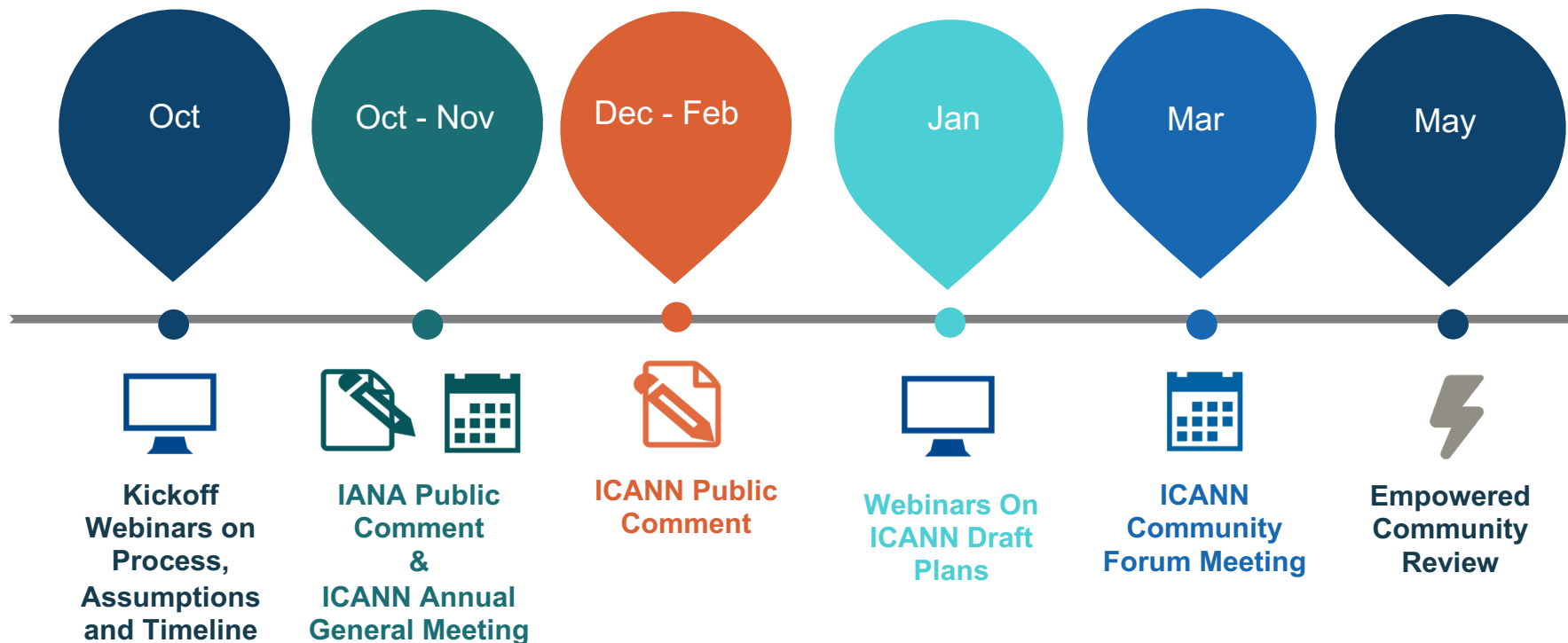
- Operating Fund is projected to remain higher than the historical trend of three months of operating expenses (~\$32M) due to the current economic uncertainty and pending Board decisions. Balances and potential Reserve Fund contributions will be evaluated on an annual basis.
- \$10 million Proposed contribution to the Reserve Fund in FY21 pending Board decision.
- \$1 million minimum contribution to the Reserve Fund planned in FY22, and a 2% interest increase from FY21 balance to FY22
- New gTLD balance declines due to costs from processing remaining applications
- Modest investment gains with Auction Proceeds investments

Next Steps and Timeline

Next Step - Community and Board Involvement

| What | Who | When |
|--|----------------------|--|
| ✓ FY22 Planning Process Kick Off | Community | ICANN 69 Prep Week |
| ✓ Review draft FY22-26 O&FP and FY22 OP&B | BFC | 9 December 2020 |
| FY22-26 O&FP Public Comment FY22 OP&B Public Comment | Community | 17 December 2020 – 15 February 2021 |
| Community Webinars | Community | 12/13 January 2021 UTC |
| ICANN BFC recommends IANA Budget Approval | BFC | 19 January 2021 |
| ICANN Board Adopts IANA Budget | Board | Board Workshop January 2021 |
| Review Public Comment inputs/development of both FY22-26 O&FP and FY22 OP&B | Board & Community | ICANN 70 |
| Review for Plans adoption | Board | Board Workshop May 2021 |
| Empowered Community Period | Community | May – June 2021 |

When can community members participate?



We are seeking your input!



Email The Planning Team ▶

planning@icann.org

Preparing for FY23 Planning

- The annual Strategic Outlook trends identification process will begin in February.
- This is an annual process to ensure ICANN has a consistent way to:
 - Identify and track trends
 - Prepare for opportunities and mitigate or avoid challenges
 - Inform strategic and operational planning and prioritization
- Opportunity will be provided for community members to participate in Trends identification sessions in February and March 2021.
 - All sessions will be held remotely.
 - More details coming soon via SO/AC groups.

| Tasks | Q1 | | | Q2 | | | Q3 | | | Q4 | | | Q1 | | | Q2 | | |
|--|---------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
| FY23-FY27 Plans | [Bar spanning all months] | | | | | | | | | | | | | | | | | |
| FY23 Strategic Outlook | [Bar spanning all months] | | | | | | | | | | | | | | | | | |
| Phase 1 - Trend Identification & Prioritization | | | | | | | | | | | | | | | | | | |
| Phase 2 - Trends Analysis | | | | | | | | | | | | | | | | | | |
| Phase 3 - Impact Assessment & Conclusions | | | | | | | | | | | | | | | | | | |
| FY23 IANA Plans | [Bar spanning all months] | | | | | | | | | | | | | | | | | |
| Phase 1 - Draft IANA Plans Development | | | | | | | | | | | | | | | | | | |
| Phase 2 - IANA Plans Public Comment Period and Staff Report | | | | | | | | | | | | | | | | | | |
| Phase 3 - IANA Plans Revision and Adoption | | | | | | | | | | | | | | | | | | |
| FY23 ICANN Plans | [Bar spanning all months] | | | | | | | | | | | | | | | | | |
| Phase 1 - Draft ICANN Plans Development | | | | | | | | | | | | | | | | | | |
| Phase 2 - Draft ICANN Plans Production | | | | | | | | | | | | | | | | | | |
| Phase 3 - ICANN Plans Public Comment Period and Staff Report | | | | | | | | | | | | | | | | | | |
| Phase 4 - ICANN Plans Revision and Adoption | | | | | | | | | | | | | | | | | | |

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

Functional Activities – 34 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 Development & Advice
- Policy Research and Stakeholder Programs
- Contracted Parties Services Operations
- Technical Services
- Strategic Initiatives
- Constituent & Stakeholder Travel

Community Engagement and Services

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

Functional Activities – 34 in 5 groups

ICANN Org Governance

- Board Management
- Office of the President and CEO
- Governance Support
- Nominating Committee Support
- Complaints Office
- Planning
- Reviews Support and Implementation

ICANN Shared Services

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

Operating Initiatives

1

Support the Evolution of the Root Server System

2

Facilitate DNS Ecosystem Improvements

3

Evolve and Strengthen the Multistakeholder Model to facilitate Diverse and Inclusive Participation in Policymaking

4

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

5

Develop Internal and External Ethics Policies

6

Promote and Sustain a Competitive Environment in the Domain Name System

7

Universal Acceptance

8

Root Zone Management Evolution

9

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

10

Through Targeted Engagement Improve Governmental and Intergovernmental Organization (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 as Approved by Board

14

Planning at ICANN

15

ICANN Reserves

Additional Budget Request Overview

The Additional Budget Request process pertains to a dedicated part of the overall ICANN annual budget that is set aside to fund specific requests from the community for activities that are not already included in the recurring ICANN budget.

Assessment Process:

- ⦿ Allocating available resources to those requests which, on their face are directly and demonstrably related to current ICANN policy development, advisory and technical work
- ⦿ Addressing capacity development objectives through encouraging collaboration with ICANN's Public Responsibility Support and Global Stakeholder Engagement teams, including development of materials that can be used for online (rather than face-to-face) training
- ⦿ Considering the availability of resources, both financial and staff, to support the individual and collective requests submitted in an equitable and transparent manner
- ⦿ For travel related requests, a primary consideration is to prioritize events taking place at an ICANN Public Meeting or other ICANN-organized meeting (e.g. the GDD Summit)

ABR Principles

- ⦿ The ABR process helps the ICANN Board and org better **understand and develop resources** for present and future ICANN community needs.
 - At ICANN Board/org discretion, a request from a community group may be granted broadly and consistently to all similarly-situated community groups.
- ⦿ Only community groups **recognized by the ICANN Board** can utilize the ABR process.
 - Requests must be consistent with the charter of the requesting community group.
 - ICANN org will ensure the consistency of requests across different community groups.
- ⦿ Every request merits a **fully resolved response**.
 - Decisions will be clearly articulated (e.g., “yes”, “no”, or “partial”) with well-defined rationales.
- ⦿ Although recommendations come from ICANN org, the **ICANN Board is the final decisionmaker**.
 - Every request has both financial and resource commitments.