Agenda

- Management Systems
- FY16 Operating Plan & Budget
- FY15 Financials - Overview
- Enterprise Risk Management
- Dashboard
- Organizational Excellence
Management Systems

- Strategic Plan
- Reporting / Dashboard
- Operating Plans
- Organizational Excellence
- Enterprise Risk Mgmt.
- Budget / Cost Mgmt.
- People Performance Mgmt.
- Project Portfolio Mgmt.

Phases Key:
- Strategy
- Implementation
- Results
FY16 Operating Plan & Budget
FY16 Budget: Public comments

Summary of public comments received
• 9 Organizations / 85 comments
• Topics: Policy support insufficient, lack of clarity on USG Transition, comments/questions on KPIs

Responses to Public comments
• Calls with SO/AC – Board (BFC) – Staff
• Draft responses reviewed by Board members
• Responses published on June 5th

Changes to the Draft Budget
• Policy support: INcreased by $0.5m (incl. 2 FTE)
• Language Services: INcreased by $0.6m
• Contingency: DEcreased by $1.1m
• Clarification on impact of USG Transition
• Other language edits or additions
FY15 Financials - Overview
Preliminary forecast resulting from:

- 10 months of actual results (July through April)
- 2 months of forecasted activity (May+June)

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Forecast</th>
<th>Budget</th>
<th>Var</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$103.0</td>
<td>$104.0</td>
<td>(1.0)</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Baseline Operating Expenses</td>
<td>(100.5)</td>
<td>(101.3)</td>
<td>0.8</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Initiative (USG Transition)</td>
<td>(7.9)</td>
<td>(6.9)</td>
<td>(1.1)</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Other Income/ (Expense)</td>
<td>1.0</td>
<td>0.0</td>
<td>1.0</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td><strong>Net asset change</strong></td>
<td>(4.4)</td>
<td>*</td>
<td>(4.2)</td>
<td>(0.2)</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Net asset change – Cash impact</strong></td>
<td>1.6</td>
<td>*</td>
<td>1.1</td>
<td>0.5</td>
<td>47%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(7.5)</td>
<td>(8.0)</td>
<td>0.5</td>
<td>-6%</td>
<td></td>
</tr>
<tr>
<td>Funding from Reserve Fund (USG Stewardship Transition)</td>
<td>1.5</td>
<td>6.9</td>
<td>(5.4)</td>
<td>-78%</td>
<td></td>
</tr>
<tr>
<td><strong>Net impact on Operating Cash</strong></td>
<td>($4.4)</td>
<td>($0.1)</td>
<td>($4.4)</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

*: Net asset change (4.4), removing non-cash expenses (6.0), equal the Cash impact of the Net asset change
Actuals after 11 months

- Actual spend includes legal firms accruals (invoices pending)
- Legal firms spend close to $3m since 1 March.
- Possible excess of spend vs budget

<table>
<thead>
<tr>
<th>FY15 USG Stewardship Transition Costs</th>
<th>31-May-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Track</strong></td>
<td><strong>Personnel</strong></td>
</tr>
<tr>
<td>Transition of U.S. Government stewardship of IANA functions</td>
<td>$0.4</td>
</tr>
<tr>
<td>Strengthen ICANN Governance &amp; Accountability</td>
<td>0.4</td>
</tr>
<tr>
<td>Post-Transition: Document strengthened relationships with policy and advisory bodies</td>
<td>0.2</td>
</tr>
<tr>
<td>Maintain security and stability of implementation of root zone updates</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1.0</td>
</tr>
</tbody>
</table>
Enterprise Risk Management (ERM)
ICANN Risk Assessment Process

Leveraging COSO ICIF (Committee of Sponsoring Organizations Internal Controls Integrated Framework-v2013)

- Identify the risk via inquiry
- Measure impact/likelihood
- Make a decision
- Respond
## ERM Roadmap – Short-Term

<table>
<thead>
<tr>
<th>FY15</th>
<th>FY16</th>
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<tbody>
<tr>
<td>Prior to June</td>
<td>June</td>
</tr>
</tbody>
</table>

### 5-Yr Strat./Op. Plan Alignment
- Prior to June: ✔
- June: ✽

### Framework & Methodology
- Prior to June: ✔
- June: Evaluate
- FY16:
  - Q1: Progress Update
  - Q2: Review Results

### Board/Stakeholder Insights
- Prior to June: ✔
- June: Review Approach
- FY16: Seek

### Reporting:
- **Annual**
  - Risk Mgmt Report
- **Quarterly**
  - Risk Assessment
  - KSFs & KPIs
  - Mitigation plan & status
  - Controls

- FY16:
  - Finalize
  - Communicate
Dashboard
Purpose & Audience

Dashboards to achieve multiple Purposes for multiple Audiences
Completed =

- Dashboard structure aligns with Operating Plan
- Project & Portfolio level Dashboard in use & continue to advance

In progress =

- At ICANN 53, previewing Goal-level Dashboard Beta version to engage Board & Stakeholders’ input

Next steps =

- Target to release Objective & Goal level “ICANN KPI Dashboard” by August 2015 Quarterly Stakeholder call
- Dashboards will continue to advance
Objectives & Overall Status

1. Evolve and further globalize ICANN
   - Score: 76

2. Support a healthy, stable and resilient unique identifier ecosystem
   - Score: ...

3. Advance organizational, technological and operational excellence
   - Score: 87

4. Promote ICANN's role and multistakeholder approach
   - Score: ...

5. Develop and implement a global public interest framework bounded by ICANN’s mission
   - Score: 81

How to read and understand the charts:

- Problematic: Immediate Actions Required (0-49)
- Below Target: Corrective Actions as needed (50-84)
- On Target: No corrective actions required (85-100)

The number reflects the weighted score of the dashboard charts per goal.
Objective Status

3  Advance organizational, technological and operational excellence

Goals Overall Status

3.1  Ensure ICANN's long term financial accountability, stability and sustainability

- Actual to budget reserve fund balance & utilization, and financial performance metrics
- Internal control performance indicators
- % Project completion indices (with emphasis on major projects)
- Comparing actual to target – Staff voluntary attrition trailing 12 month trend
- Comparisons of actual to target enterprise risk management roadmap achievement
- On-time delivery index of the ICANN Planning process
ICANN KPI Dashboard
As of March 2015 (FY2015)

Objective Status

3  Advance organizational, technological and operational excellence  87

Goals Overall Status

3.1  Ensure ICANN’s long term financial accountability, stability and sustainability  94

KPI Status

- Actual to target reserve fund balance & utilization, and financial performance metrics
- Revenue/Expenses overall consistent with target.
- Reserve Fund progresses towards target.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Expenses</th>
<th>Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>120</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>-2M</td>
<td>-7M</td>
<td>-23M</td>
</tr>
<tr>
<td>Target</td>
<td>Target</td>
<td>Target</td>
</tr>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
</tr>
</tbody>
</table>
Organizational Excellence
Summary

- ICANN is applying EFQM Excellence Model in driving organization excellence across ICANN
  - Leveraging the experience gained from the IANA Department’s EFQM program (started in 2009)

- Progress in FY15:
  - Completed a draft high-level assessment of the organization using EFQM Methodology
  - Identified initial set of improvements
  - Developed roadmap to reach an external assessment by FY18
Continuous improvement:
After each evaluation, the groups will work on identified improvements to be ready for the next evaluation.
Question & Answer