



ICANN | 54

Dublin 

18-22 OCTOBER 2015





Operations Update

17 October 2015

Agenda

1

Financials
Overview

2

FY17 Operating Plan
& Budget and Five-
Year Operating Plan
Update Process

3

KPI Beta
Dashboard.

4

Organizational
Excellence

Financials Overview

Financial Transparency and Accountability

1

Quarterly Stakeholder Calls (QSC)

FY15 Q4 call held on 20 August. FY16 Q1 call held on 6 October.
Due to the timing of the call, ICANN provided estimates for FY16 Q1.

2

Quarterly financial package

Continue publishing more detailed quarterly financial package,
including IANA function costs and USG Stewardship costs.

3

FY17 OP&B Process

Consistent with the FY16 process, the commencement date for
FY17 Operating Plan and Budget was moved up (3 months earlier
than FY16) to allow for even more time for planning and interaction
between the community and staff.

4

Questions/comments?

FY15 Resource Utilization Overview

ICANN OPERATIONS

Cost savings offset lower revenue and initiatives overspend

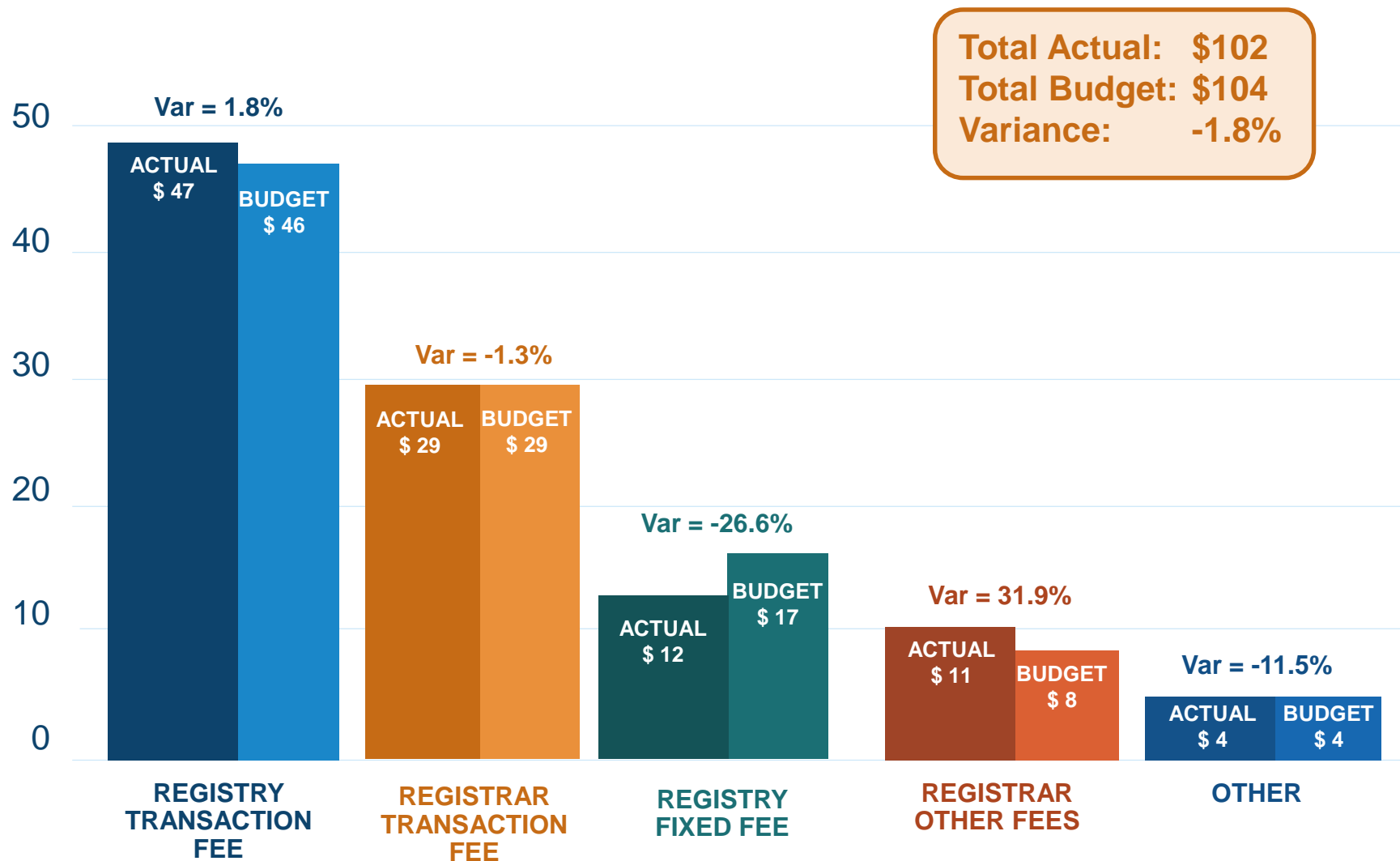
	Actual	Budget	Var	% Var
Revenues	\$ 102	\$ 104	-\$ 2	-2%
Baseline Expenses (Operating*/Capital)	-\$ 100	-\$ 104	\$ 4	4%
Initiatives Expenses	-\$ 9	-\$ 7	-\$ 2	-24%
Net	-\$ 7	-\$ 7	\$ 0	

*Excludes bad debt and depreciation

In millions USD - unaudited

FY15 Revenue

ICANN OPERATIONS



FY15 Transaction Volumes

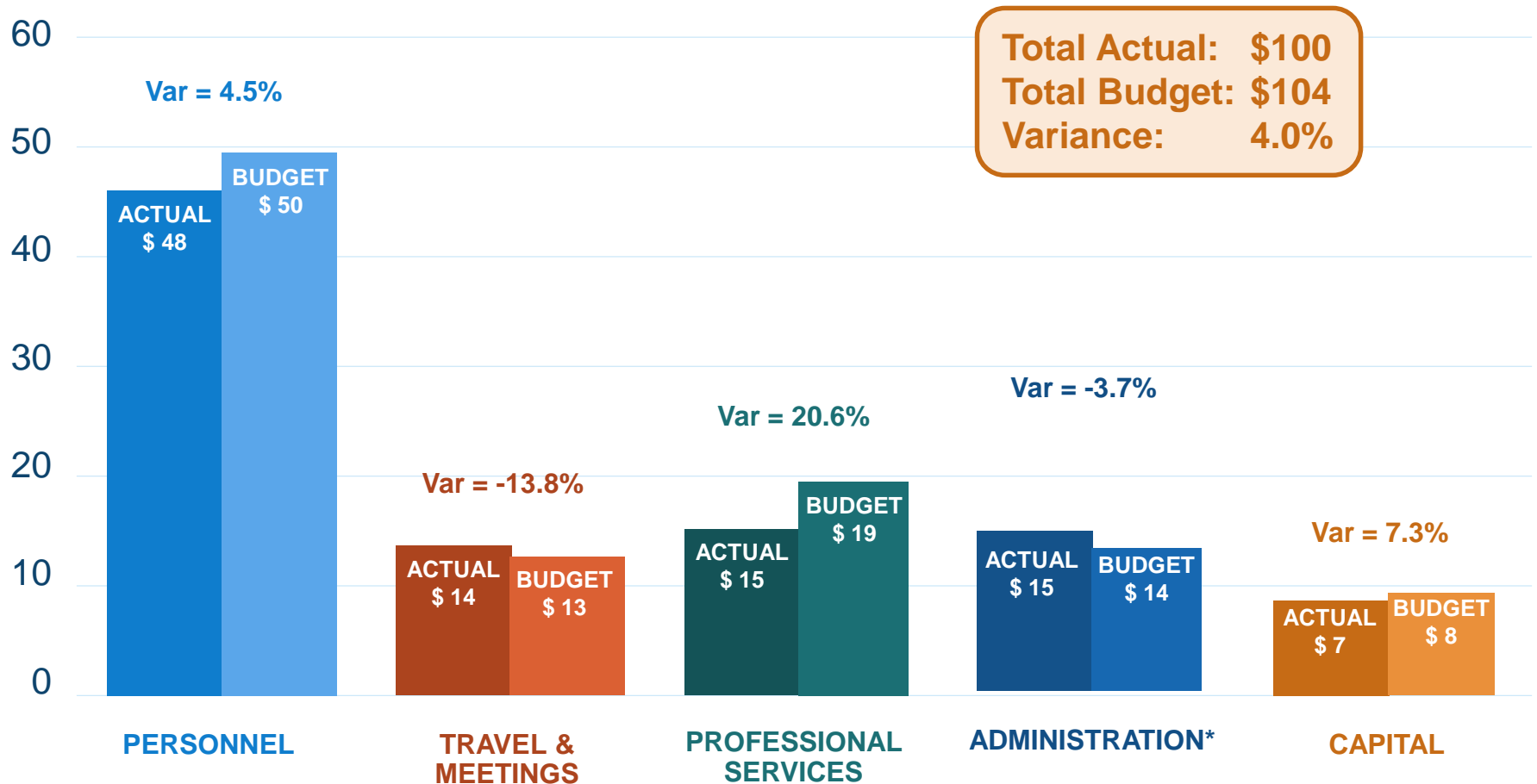
ICANN OPERATIONS

	FY15 Budget	FY15 Actual
# of Transactions (in M)	163.9	158.7
Legacy TLDs	148.1	151.3
New gTLDs – Total	15.8	7.4
New gTLDs - Billable	10.7	3.6

FY15 Baseline Operating Expenses and Capital

ICANN OPERATIONS

Careful management of expenses and timing differences of projects vs. plan.

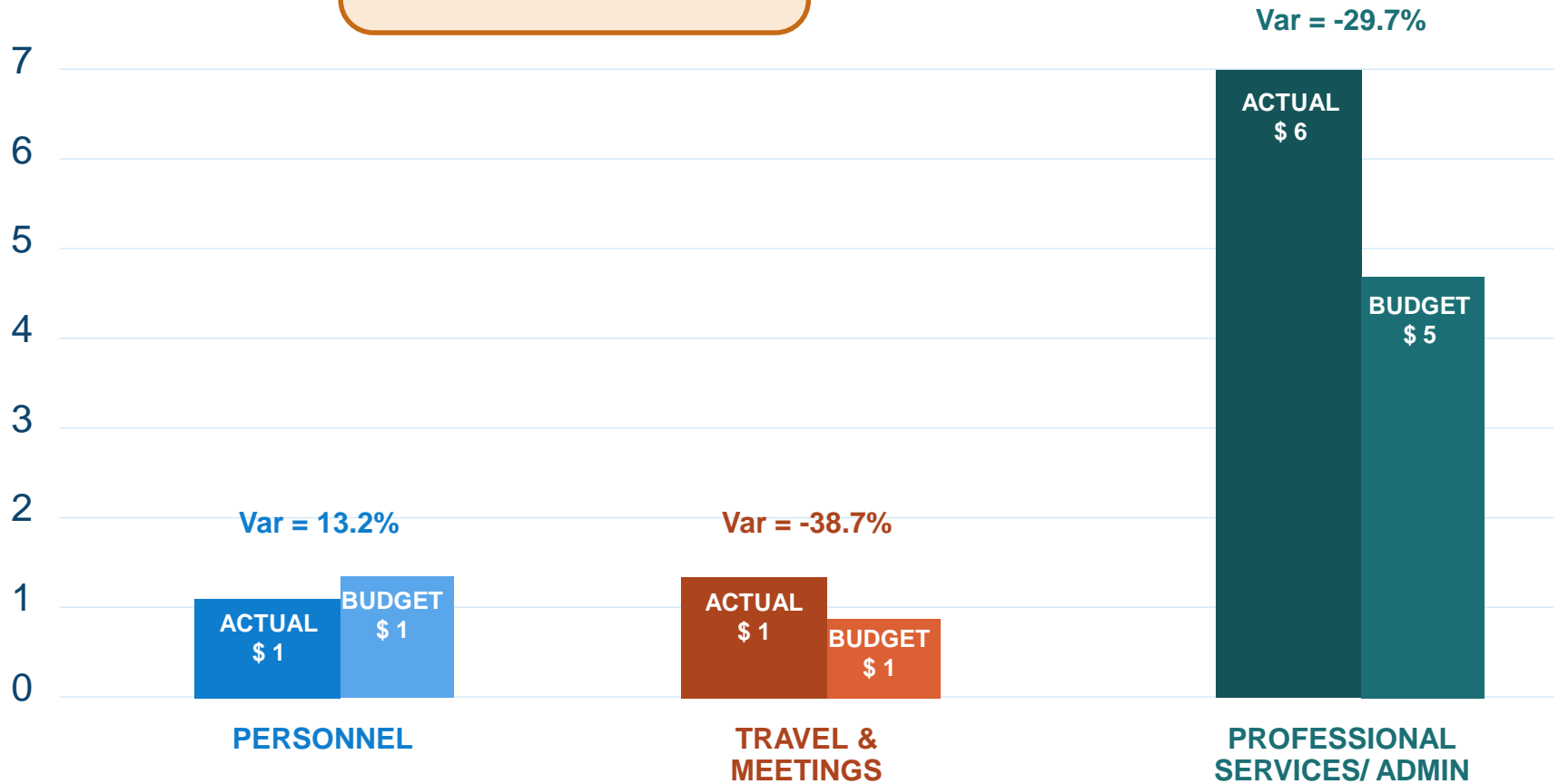


*EXCLUDES BAD DEBT AND DEPRECIATION, WHICH WAS PREVIOUSLY REPORTED IN ADMIN.

FY15 IANA Stewardship Transition Costs

ICANN OPERATIONS

Total Actual: \$9
Total Budget: \$7
Variance: -25.2%



FY16 Q1 Resource Utilization Estimate

ICANN OPERATIONS

Net excess for Q1, mainly due to timing differences.

	Q1 Estimate	Q1 Budget	Var	Q1 LY	Var	FY16 Budget
Revenues	\$ 26	\$ 26	\$ 0	\$ 23	\$ 3	\$113
Baseline Expenses (Operating*/Capital)	-21	-25	4	-20	-1	-113
Initiatives Expenses	-4	-4	0	-1	-3	-13
Net	\$ 1	-\$ 3	\$ 4	\$ 2	-\$ 1	

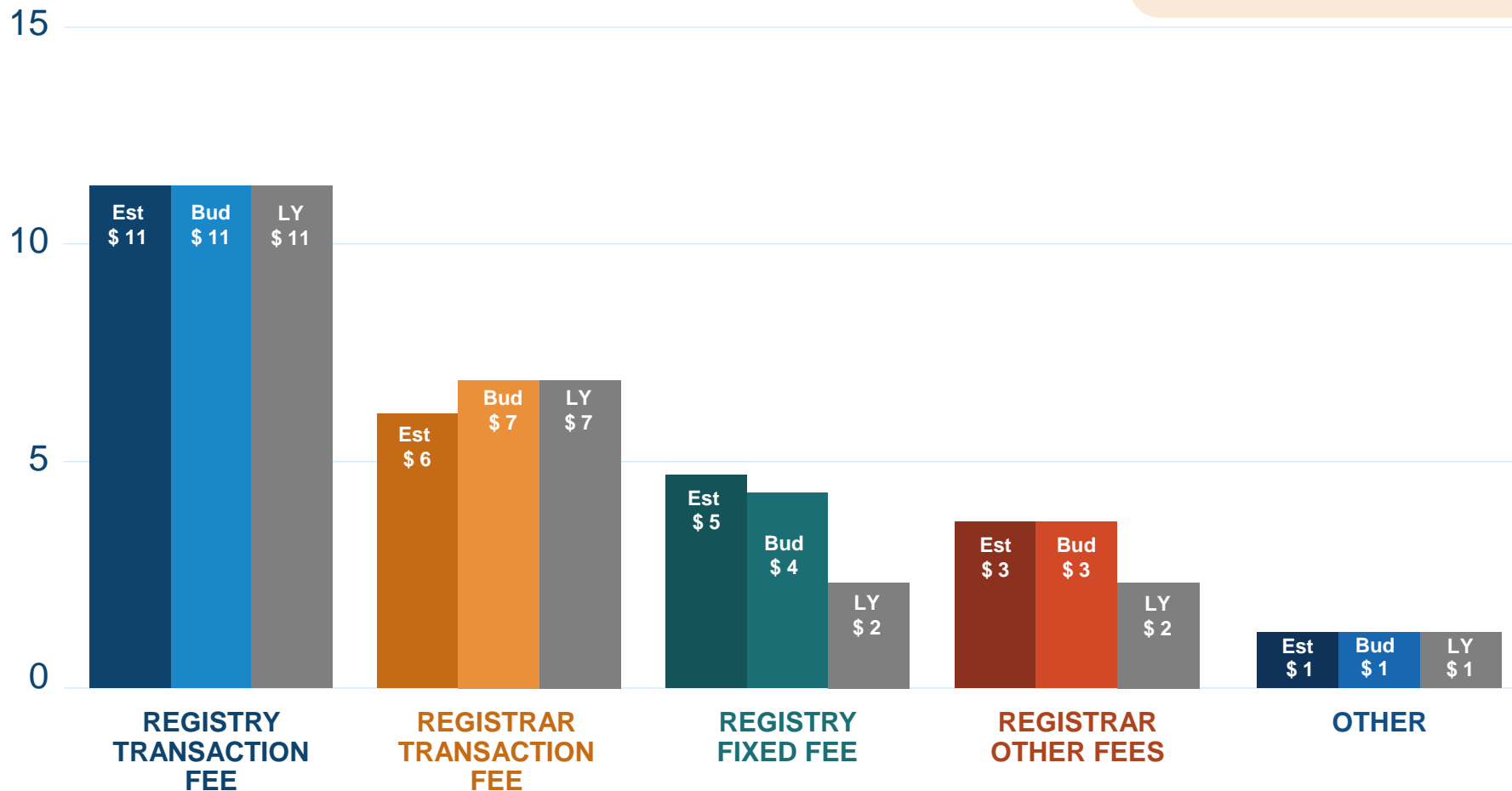
*Excludes bad debt and depreciation

Q1 QSC – Revenue Estimates

ICANN OPERATIONS

Revenues on target.

Estimate: \$ 26
Budget: \$ 26
Last Year: \$ 23

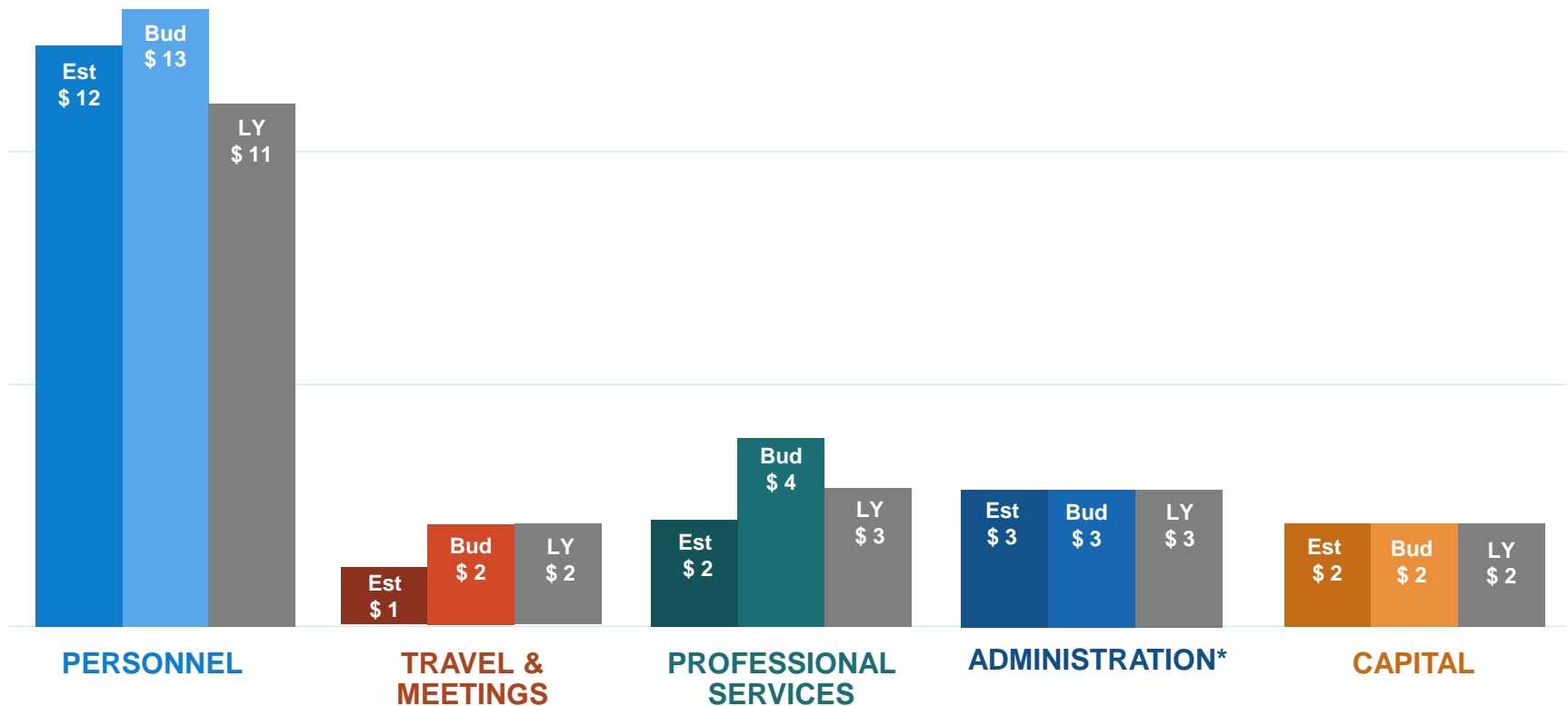


Q1 QSC –Baseline Operating Expenses and Capital Estimates

ICANN OPERATIONS

Timing differences of projects vs. plan and slower hiring than budgeted.

Estimate: \$ 21
Budget: \$ 25
Last Year: \$ 20



*Excludes bad debt and depreciation

FY16 Q1 Initiatives Estimates

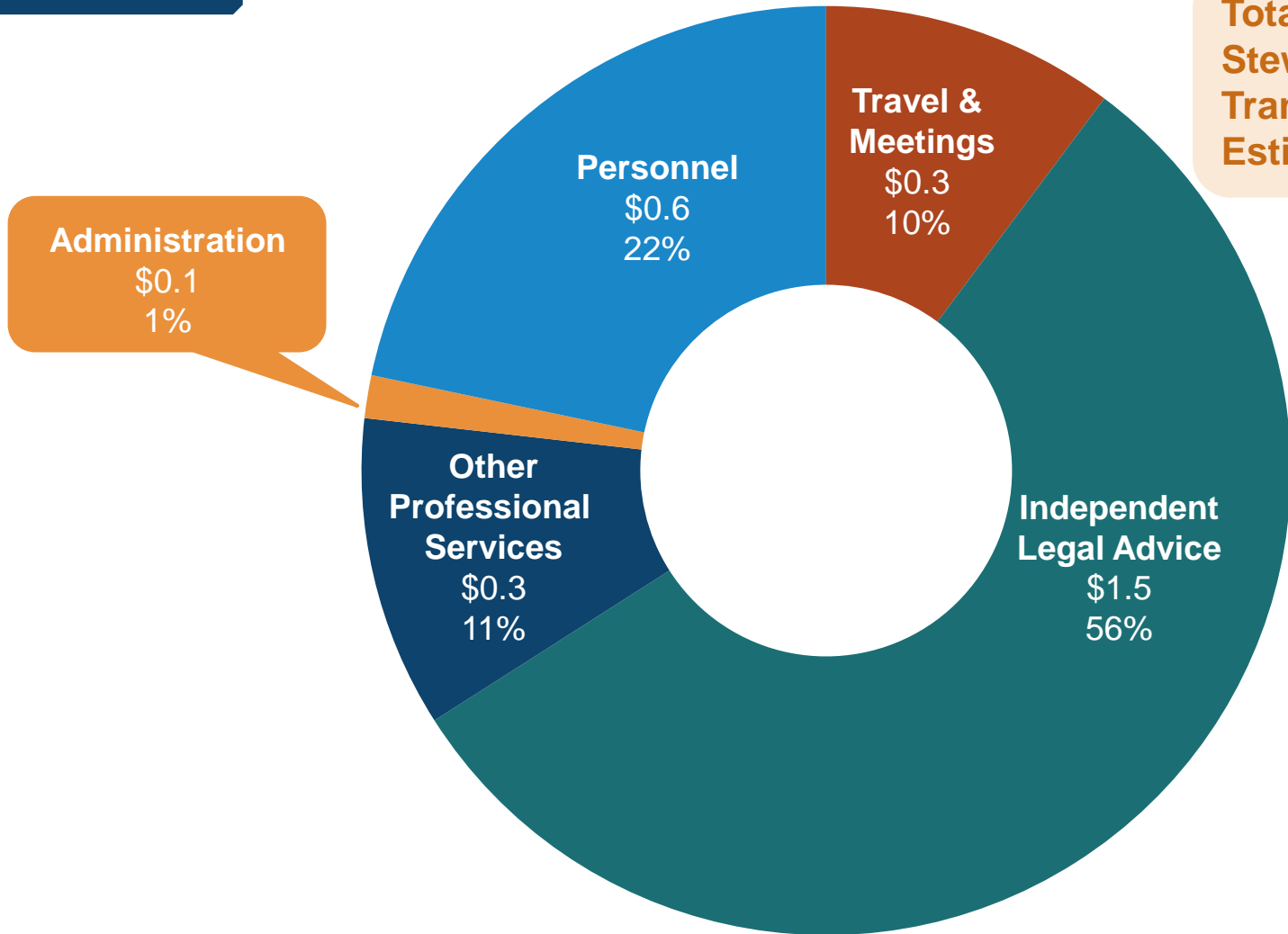
ICANN OPERATIONS

	Q1 Estimate	Q1 Budget	FY16 Budget
USG Stewardship Transition	\$ 2.8	\$ 1.8	\$ 7.0
Public Responsibility	0.3	1.1	2.5
Hardening Critical IT Infrastructure	0.4	0.5	2.5
New gTLD - Next Round Assessments & Preparation	0.1	0.1	0.5
Implementation of Reviews Recommendations	0.0	0.1	0.3
Total Initiatives	\$ 3.6	\$ 3.6	\$ 12.8

FY16 Q1 USG Stewardship Transition Cost Estimates

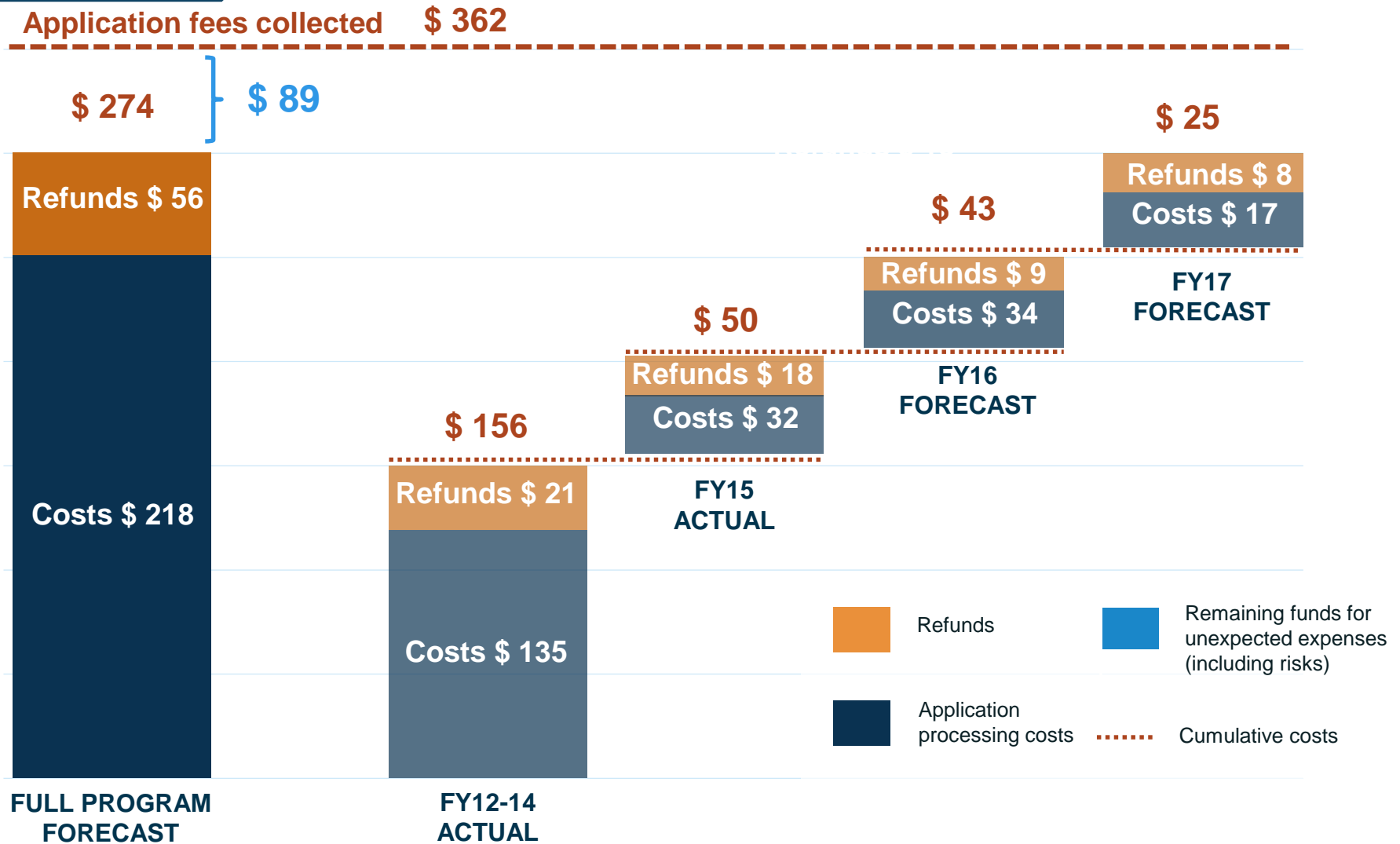
ICANN OPERATIONS

Total Q1 USG Stewardship Transition Cost Estimate: \$ 2.8



New gTLD Program – Multi-year Forecast

New gTLD PROGRAM



FY16 Q1 Funds Under Management Estimates

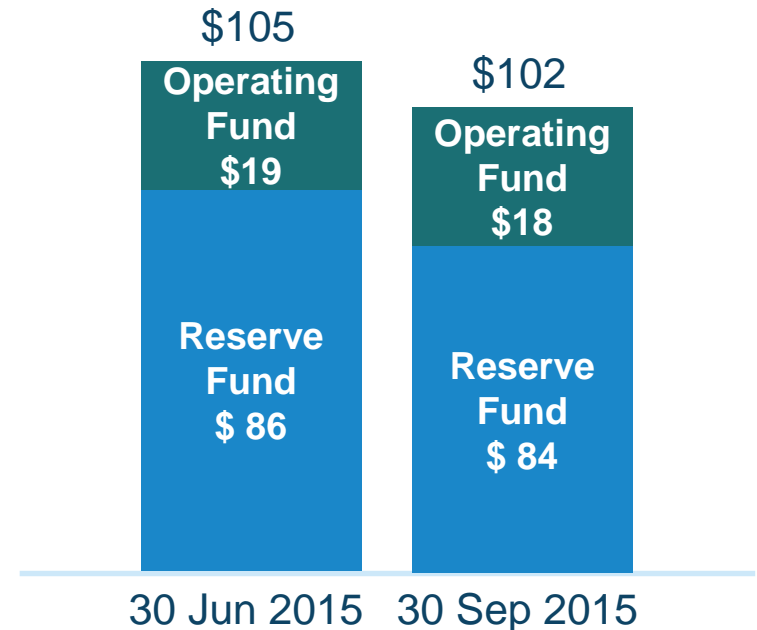
FUNDS UNDER MGMT.

Total Funds: \$318
Program-related: \$216
ICANN Operations: \$102

New gTLD Program New gTLD funds/Auction proceeds



ICANN Operations Operating and Reserve Funds



For more information please visit our financials webpage:
<https://www.icann.org/resources/pages/governance/financials-en>

 <p>ICANN</p>	<p>SAVE THE DATE: FY16 Q2 Stakeholder Call 28 January 1500 UTC</p> <p>Email: engagement@icann.org Website: https://www.icann.org/resources/pages/quarterly-reports-2014-11-13-en</p>
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**FY17 Operating Plan and Budget
and
Five Year Operating Plan Update
Process**

FY17 Operating Plan & Budget Process

1

Community Webinar - 22 September

Reviewed and discussed with the community: 1) lessons learned from the FY16 process, 2) FY17 Challenges/ Key Success Factors; 3) process & timeline; and 4) the Five-Year Operating Plan update. Over twenty community members participated in the webinar.

2

Budget Working Group - 18 October in Dublin

ICANN staff hosted a small working group to review and define budget assumptions relative to revenue, priorities, initiatives, expenses envelopes for FY17 Operating Plan and Budget.

3

Operations Update - 21 October in Dublin

ICANN staff Operations and interactive dialogue on FY16 progress

4

Next Steps

Detailed departmental operating plan and budget to be produced by staff and reviewed by GLs

5

Questions/comments

FY17 Challenges ↔ Key Success Factors

1

USG Transition?

- Coordinate assumptions with Staff – Board – Community
- Communicate extensively
- Monitor costs closely

2

New CEO?

- Draft completed/published by new CEO arrival
- Detailed briefing at arrival
- Increase contingency

3

Operating / Strategic plan update?

- New and additional step in the process
- Planning and communication required

4

Functional & SO/AC budgets?

- Identify functional areas of ICANN for which budgets should be clearly defined
- Develop model for defining budget by SO/AC group

5

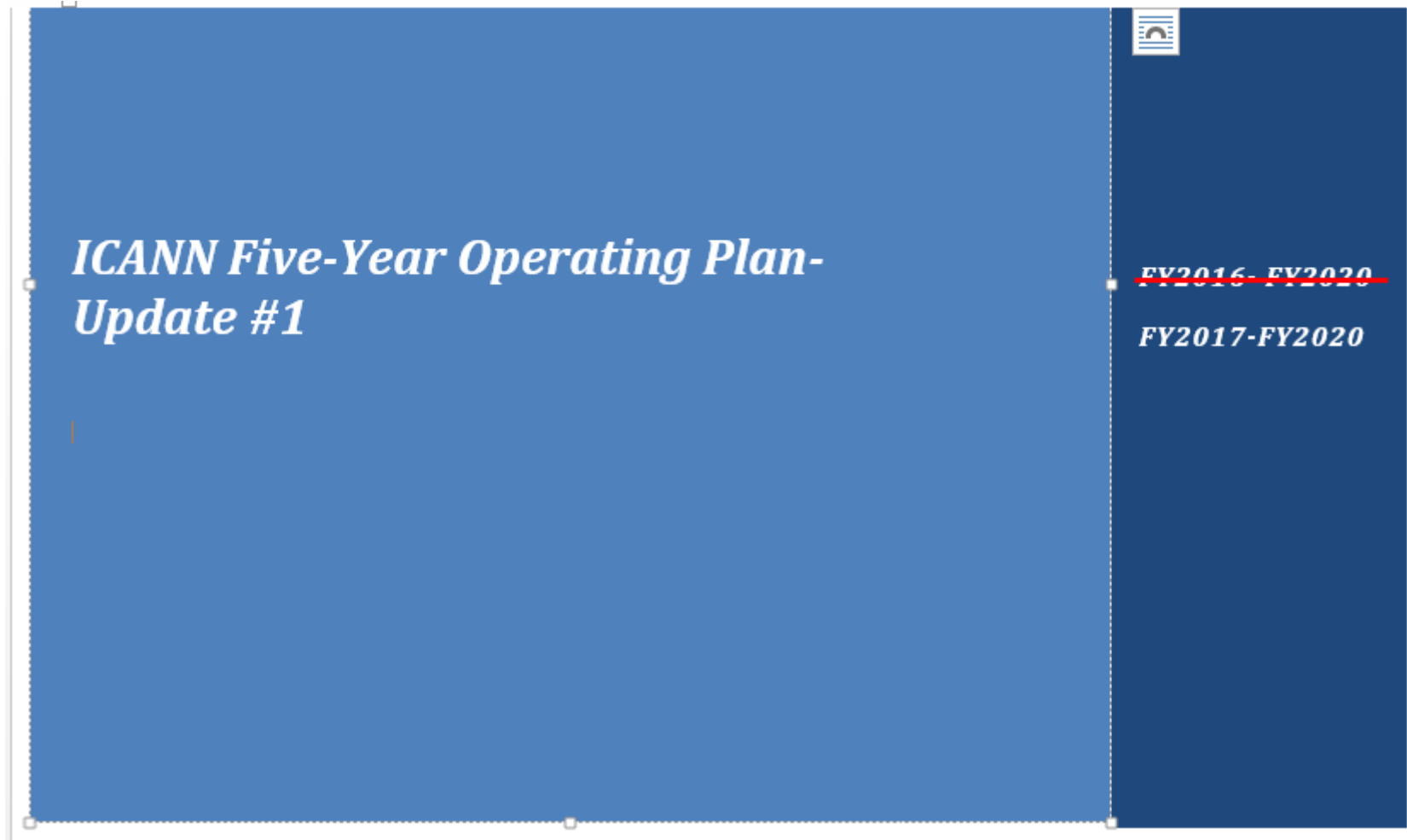
Tight timeline?

- Early information/communication
- Clear/comprehensive calendar
- Discipline

6

Resource limitation?

- Marginal revenue increase
- New gTLD allocation “coming back”
- Reserve Fund “replenishment”
- Require more planning, including long term.



FY16 Forecasted Summary Results - Sample

Objective 1

Obj	Phasing Planned	Status - TBD
1.1	1. Integrate global and regional communications strategies.	Complete
	2. Comprehensive regional engagement plans and strategies covering most ICANN regions.	Carry Over to FY17
	3. Further distribute ICANN functions at hub offices.	In works
1.2	1. Implement global stakeholder engagement (GSE) web tools for supporting stakeholder engagement activities at regional and local level.	...
	2. Examine effectiveness of regional strategies launched in FY13-FY14.	
1.3	1. Complete a comprehensive inventory of all resources and capabilities that ICANN provides to the current stakeholder communities.	
	2. Complete a comprehensive assessment of delivery of all resources and capabilities that are provided to the stakeholders.	
	...	

Update Sample Page



Strategic Objective 1 - Evolve and further globalize ICANN.

Strategic Goal 1.1 Further globalize and regionalize ICANN functions.

Portfolios: **Review and edit as needed**

1. Raising Stakeholder Awareness of ICANN Worldwide
2. Engagement Planning

Key Performance Indicators (Metrics): **Review and edit as needed**

- Stakeholder engagement index (e.g., Fellowship (new/alumni/coach/mentor); ICANN language services – timeliness, effectiveness and efficiency; Language Localization; Meetings Statistics (current statistics on newcomers, by stakeholder group); Tracking newcomers; Regional participation in SO/AC groups (data provided by Policy team - GAC data provided by Government Engagement); Stakeholder Engagement Heat map)
- **XX** % of ICANN organizational functions performed across ICANN

Dependencies: **Review and edit as needed**

1. Sufficient funding for media tracking and communications activities to understand success in globalizing ICANN
2. Communications needs may increase/Global Stakeholder Engagement (GSE) focus may shift in event of additional round of new gTLDs during the Five-Year Operating Plan

✚ Phasing: **Remove FY16 and edit as needed FY17-20**

FY16 Delete	<ol style="list-style-type: none">1. Integrate global and regional communications strategies.2. Comprehensive regional engagement plans and strategies covering most ICANN regions.3. Further distribute ICANN functions at hub offices.
FY17 Edit	<ol style="list-style-type: none">1. Sustain implementation of communications strategy.2. Wide awareness raising and educational effort if supporting ICANN with another new <u>gTLD</u> round.3. Examine how hubs and engagement offices are supporting ICANN globalization.
FY18 Edit	<ol style="list-style-type: none">1. Reevaluate communications strategy, refresh social media tools and reevaluate ROI from existing platforms.2. Conduct mapping of community to regional engagement; implement recommendations resulting from examination of ICANN hub office and engagement site support of ICANN globalization.
FY19 Edit	<ol style="list-style-type: none">1. Implement integrated global and regional communications strategies in support of ICANN strategies.2. Implement improvements for global stakeholder engagement (GSE) based on community mapping in FY18.
FY20 Edit	<ol style="list-style-type: none">1. Conduct holistic evaluation of ongoing integrated global and regional communications strategies.2. Survey community on GSE engagement and support of community engagement at high level.3. Implement improvements on review of GSE web, CRM tools from 2019.

USG Stewardship Transition: planning

1

FY16 Initiative costs

- Budgeted envelope: \$7m
- Includes both transition and implementation costs
- Shared monitoring of legal advice cost
CWG/CCWG/ICANN

3

ICANN Planning process

- Planning timeline designed for published draft OP&B early March
- Timeline requires finalized PTI/Accountability budget impacts by January 2016
- Preliminary estimates of USG Transition impacts to be included

2

Status of proposals

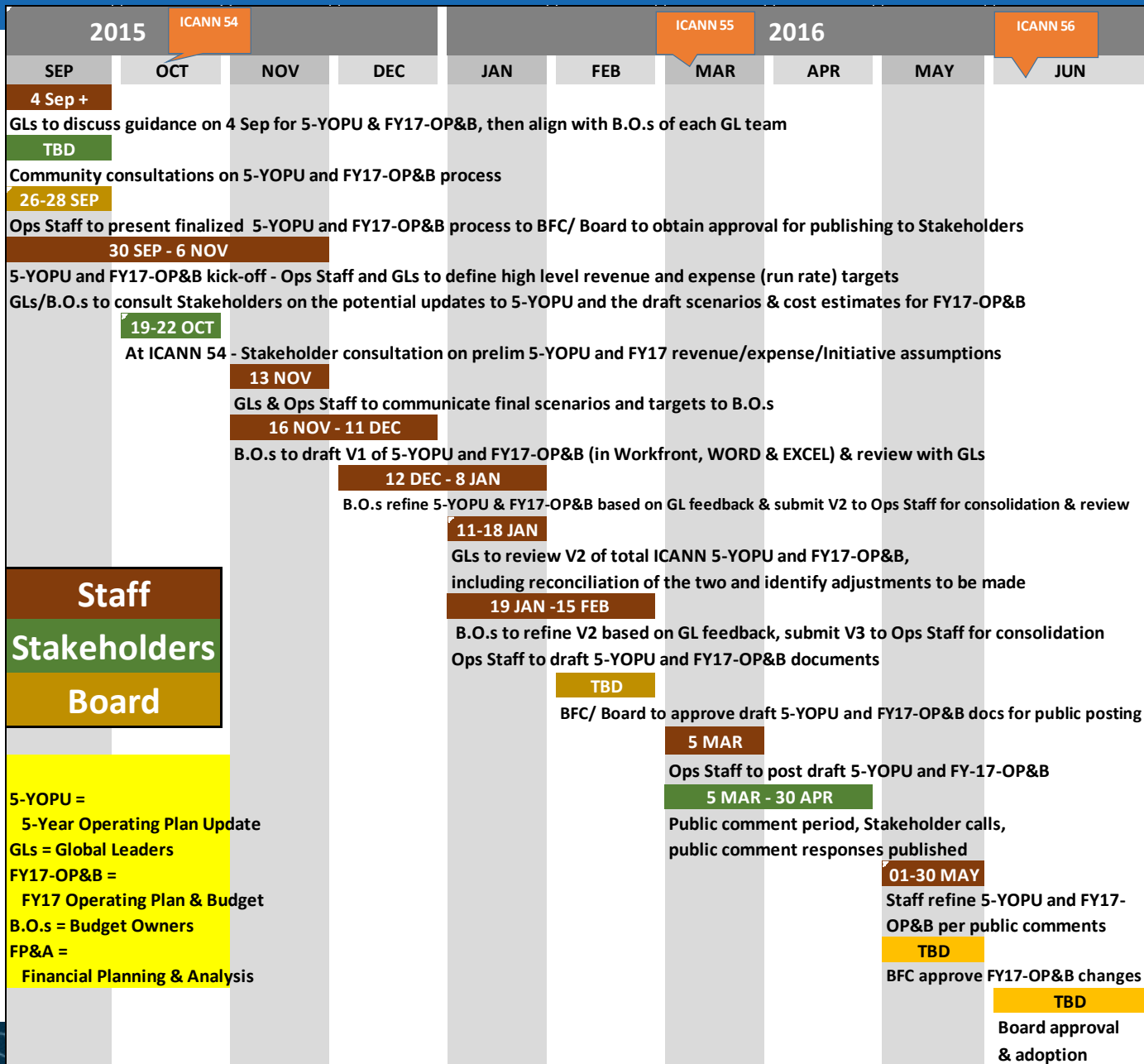
- ICG and CCWG proposals being finalized
- PTI budget is one of the items under discussion
- PTI/ICANN budget dependent on implementation details of the PTI structure.

4

Implementation team

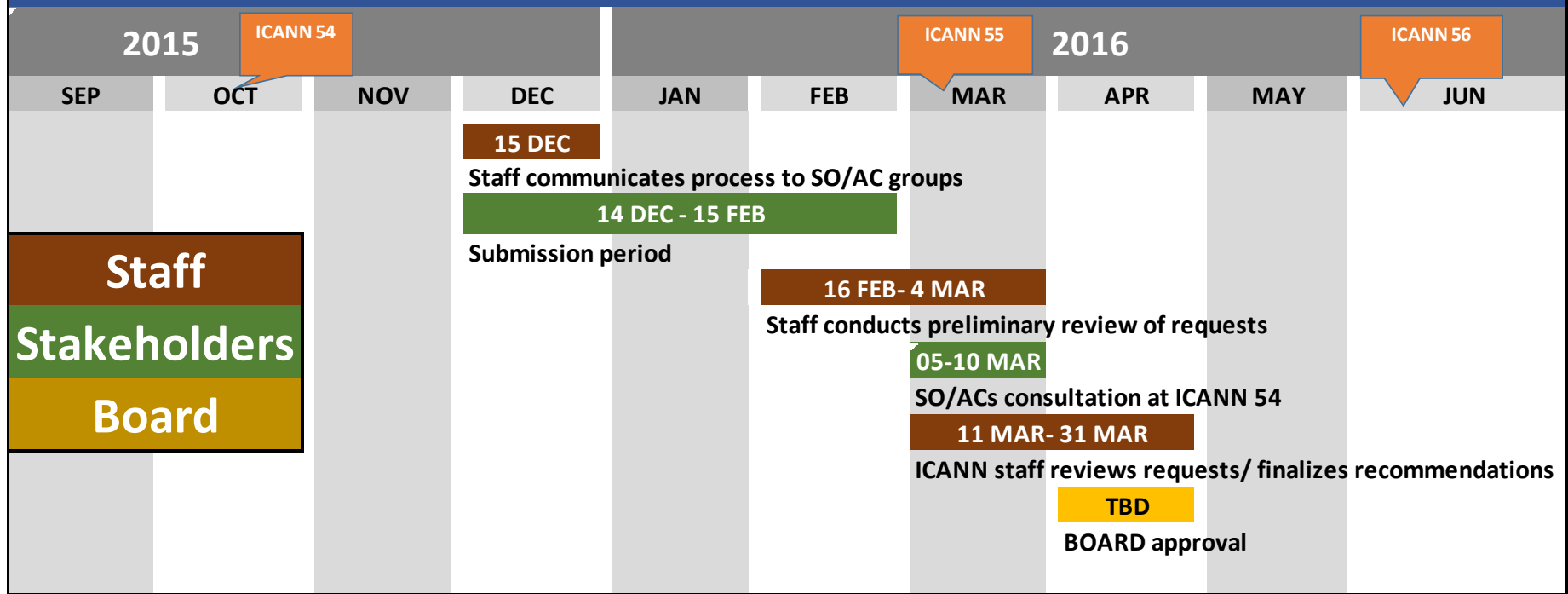
- Organizes interaction with Community for implementation
- Produces the successive versions of USG Transition budget (PTI/Accountability) in collaboration with Community
- Full integration/coordination with ICANN budget process

Process Overview & Draft Timeline (1 of 2)



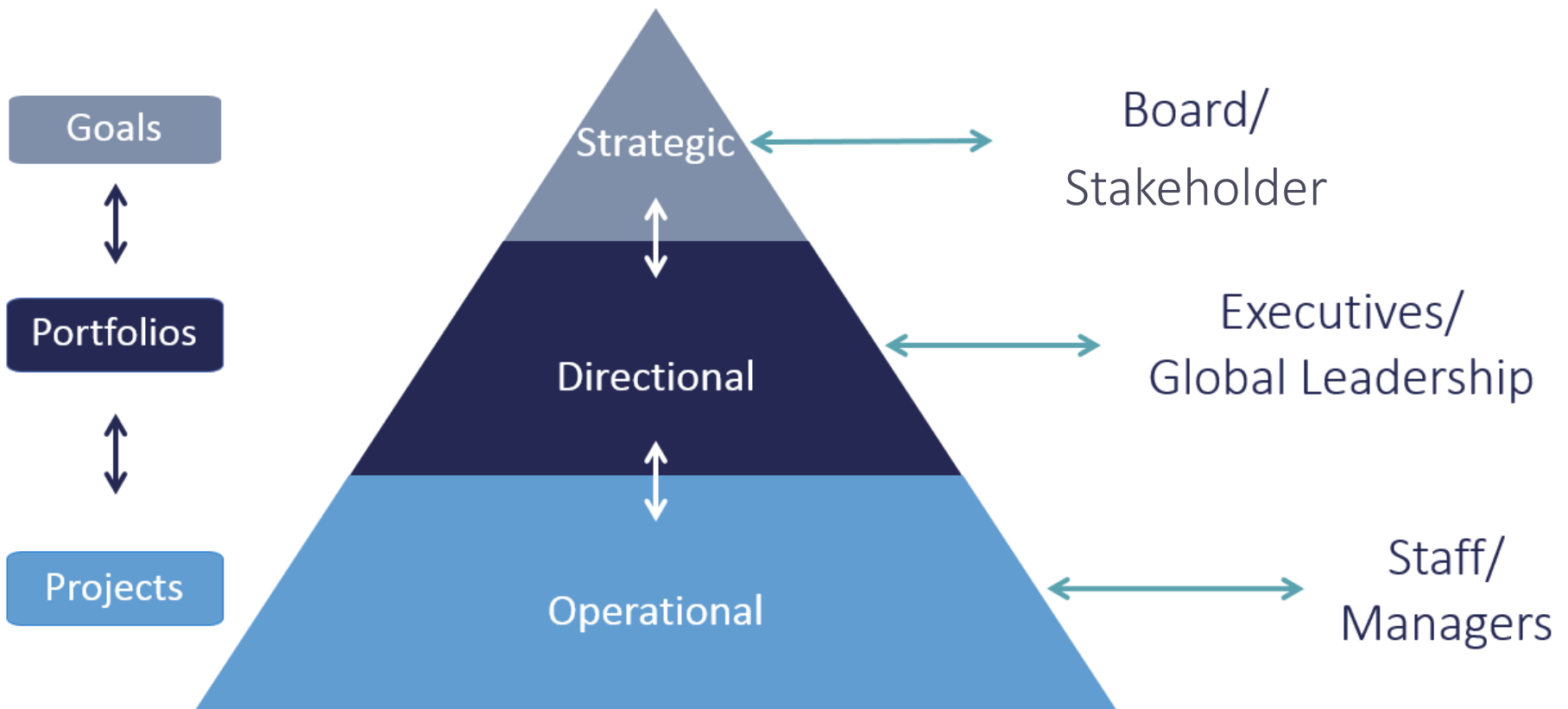
Process Overview & Draft Timeline (1 of 2)

FY17 SO/AC ADD'L BUDGET REQUESTS PROCESS - DRAFT



KPI Beta Dashboard

Purpose & Audience



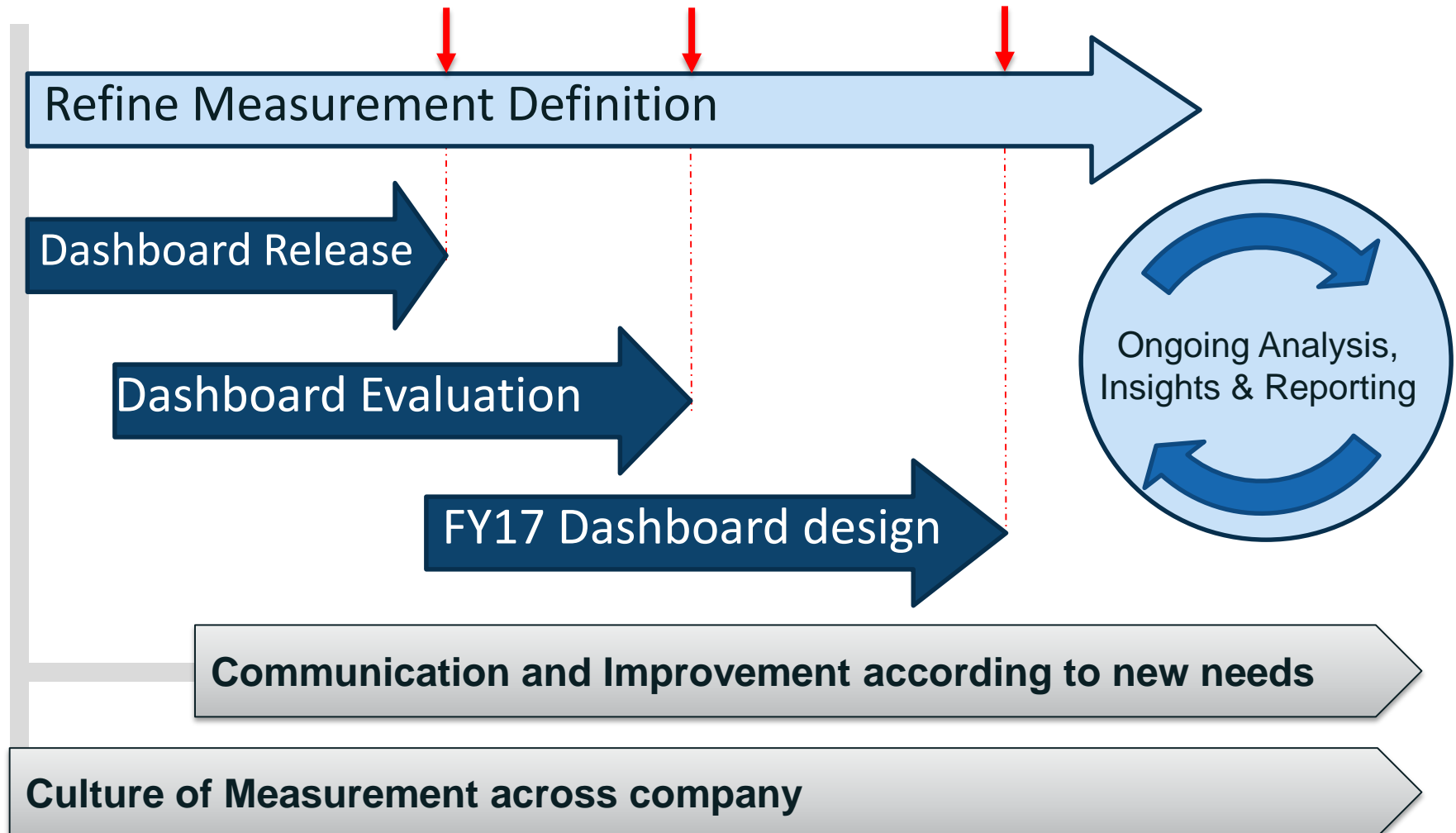
Dashboards to achieve multiple Purposes for multiple Audiences

Dashboard Development – FY16 Roadmap

Oct-2015 ICANN
54th Dublin

Mar-2016 ICANN
55th Marrakech

Jun-2016 ICANN
56th LAC (tbd)



- **Dashboard Live with monthly updates**

- KPI Beta Dashboard Published in September 2015
- Dashboard structure aligned with Portfolio System
- All ICANN functions engaged in collecting relevant data and evolving targets
- Culture of data-driven decisions

- **Ongoing Review, Analysis & Reporting**

- Monthly review meeting with Senior Management Team
- Review session with Board (Board meeting)
- Review session with stakeholder (quarterly Stakeholder call – Oct 7th)

Beta KPI Dashboard - August

Objectives & Overall Status

- ▶ **1** Evolve and further globalize ICANN
- ▶ **2** Support a healthy, stable and resilient unique identifier ecosystem
- ▶ **3** Advance organizational, technological and operational excellence
- ▶ **4** Promote ICANN's role and multistakeholder approach
- ▶ **5** Develop and implement a global public interest framework bounded by ICANN's mission

75

66

88

86

74

How to read and understand the charts:

0 - 49

Tracking significantly short of target
Immediate corrective action needed

50 - 84

Tracking short of target
Corrective actions as needed

85 - 100

Tracking to target
Stay the course, no corrective action needed

Beta KPI Dashboard:
<https://www.icann.org/progress>

Organizational Excellence

Organizational Excellence Update

- ◉ Completed FY15 ICANN-wide internal assessment in June 2015
- ◉ Identified strengths and areas for improvement
- ◉ Plan to achieve two key goals in FY16
 - ◉ Improve knowledge of the EFQM Excellence Model across all ICANN's staff to entrench its approach to structured continuous improvement in the culture
 - ◉ Deliver improvement successes across all parts of ICANN and at all levels
- ◉ FY16 plan has 2 phases
 - ◉ Departmental assessment
 - ◉ ICANN-wide assessment

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- Operational Metrics
- Identifier Systems
 - Security, Stability and Resiliency (S-SSR)

Continuous Improvement

Strategic context for our work

ICANN's **strategic objective** of advancing organizational, technological and operational excellence means that we need to improve the skills, processes, and technologies through which we operate to deliver services to the ICANN community and the public. We seek to develop a greater ability to meet the speed and scale of innovation happening around us and deliver with excellence in everything we do.

Overall approach

The operating plans we develop and execute have key elements focused on evaluating what we achieve against what we planned. We identify both the strengths and areas for improvement in our execution. We use the **EFQM Excellence Model** to provide an overall framework for our continuous improvements efforts. EFQM is **recognized globally** as the guardian of a premier excellence model and award process.

The diagram illustrates the EFQM Excellence Model as a circular process. At the center is a white square with three horizontal bars. Surrounding this is an orange circle with a grid pattern. Four white arrows point clockwise from the center to the four quadrants of the circle. The quadrants are labeled: 'Required RESULTS' at the top, 'Plan and develop APPROACHES' on the right, 'DEPLOY Approaches' at the bottom, and 'ASSESS AND REFINE Approaches and Deployment' on the left.

©EFQM 2012

Setting targets and measuring performance

Continuous improvement relies on continuous assessment and effective assessment relies on timely, reliable and accurate results that are appropriately scoped and segmented. Through our **Five-Year Operating Plan** and annual Operating Plans and Budgets we set out the performance targets we try to reach. We measure our actual performance indicators and report on them through our public **Dashboard**.

EFQM Member

Shares what works.

A world map where the continents are defined by a complex network of white dots and thin white lines. The dots vary in size, and the lines connect them to form a web-like structure. The background is a solid teal color.

APPENDIX

Management Systems

