

I C A N N
ANNUAL GENERAL

63

BARCELONA

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Presenters



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Agenda

FY18 Results

Timing: 20min

ICANN FY20
Operating Plan and
Budget Planning
Process
Timing: 10min

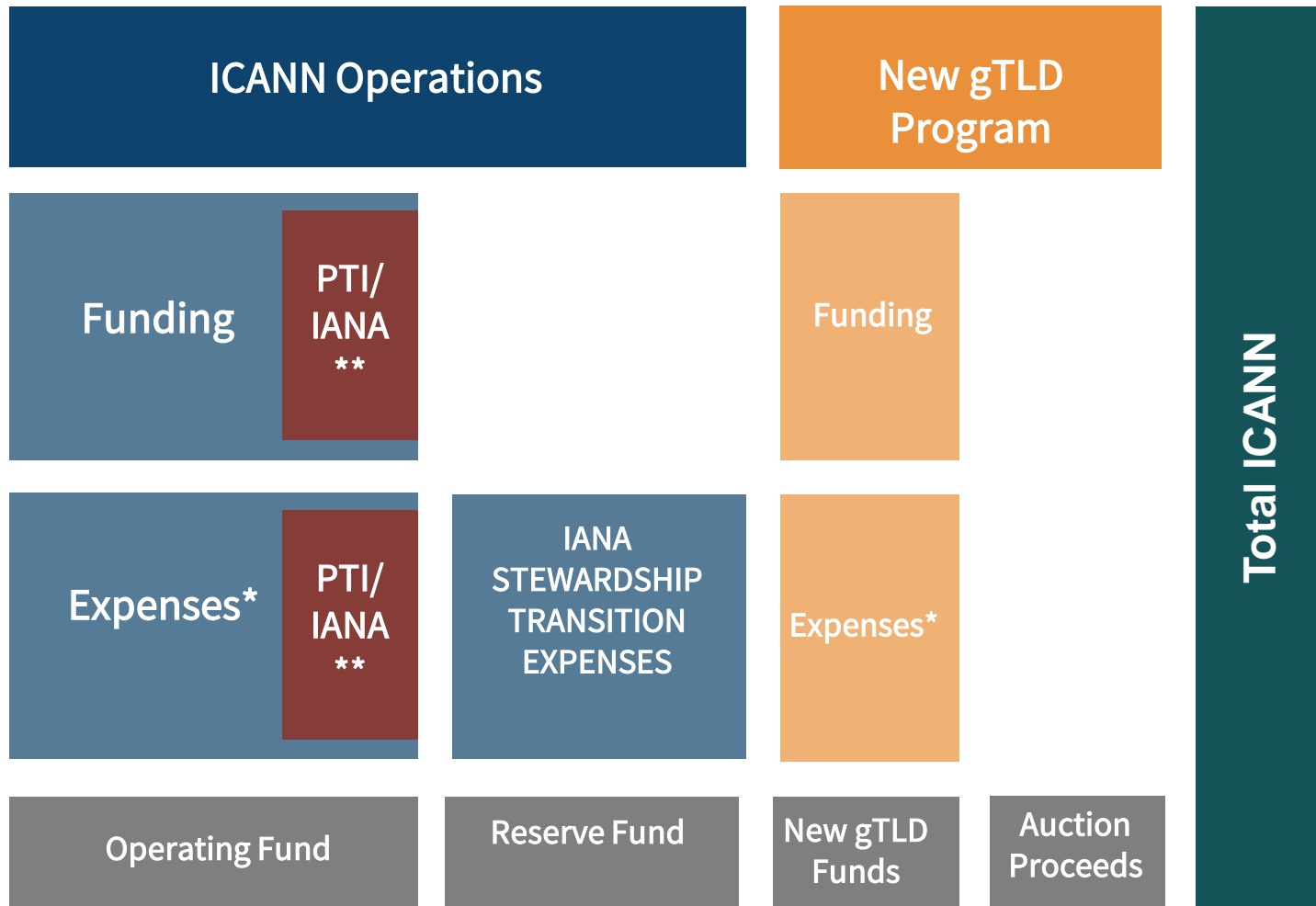
PTI/IANA Operating
Plan and Budget
Highlights
Timing: 10min

Q&A – General

Timing: 10min

FY18 Results

FY18 ICANN Organization Reporting Structure



*Excludes depreciation and bad debt expenses

**IANA Services includes ICANN's and PTI's IANA Expenses

FY18 Year End Financial Highlights

- ⦿ ICANN Operations generated an operational excess of \$2M, actual funding of \$134M and cash expenses of \$132M
- ⦿ ICANN Operations funding was \$1M lower than FY17 and \$9M lower than our budget
 - This is mainly due to a slower than anticipated growth of the new TLDs registrations.
- ⦿ We were successful in managing our FY18 expenses, \$2M lower than FY17 and \$14M lower than the budget
 - Given the stabilization of our funding growth, which resulted in a shortfall from the budget, ICANN org took action and reduced costs so that our expenses would not exceed funding.
 - Expenses were lower than budget across all cost categories

FY18 Financial Overview

ICANN OPERATIONS

Funding and Expenses below target.

	Actual	Budget	Var	% Var	FY17	Var	% Var
Funding	\$134	\$143	-\$9	-6%	\$135	(\$1)	-1%
Expenses	(\$131)	(\$143)	\$12	-9%	(\$128)	(\$2)	2%
IANA Stewardship Transition Expenses	(\$1)	(\$3)	\$2	-57%	(\$5)	\$4	-75%
Net	\$2	(\$3)	\$5	N/A	\$1	\$1	78%



Breakdown of Expenses	Actual	Budget	Var	% Var	FY17	Var	% Var
IANA Services	(\$8)	(\$10)	\$2	-23%	(\$6)	(\$1)	22%
All Other	(\$123)	(\$133)	\$10	-8%	(\$122)	(\$1)	1%

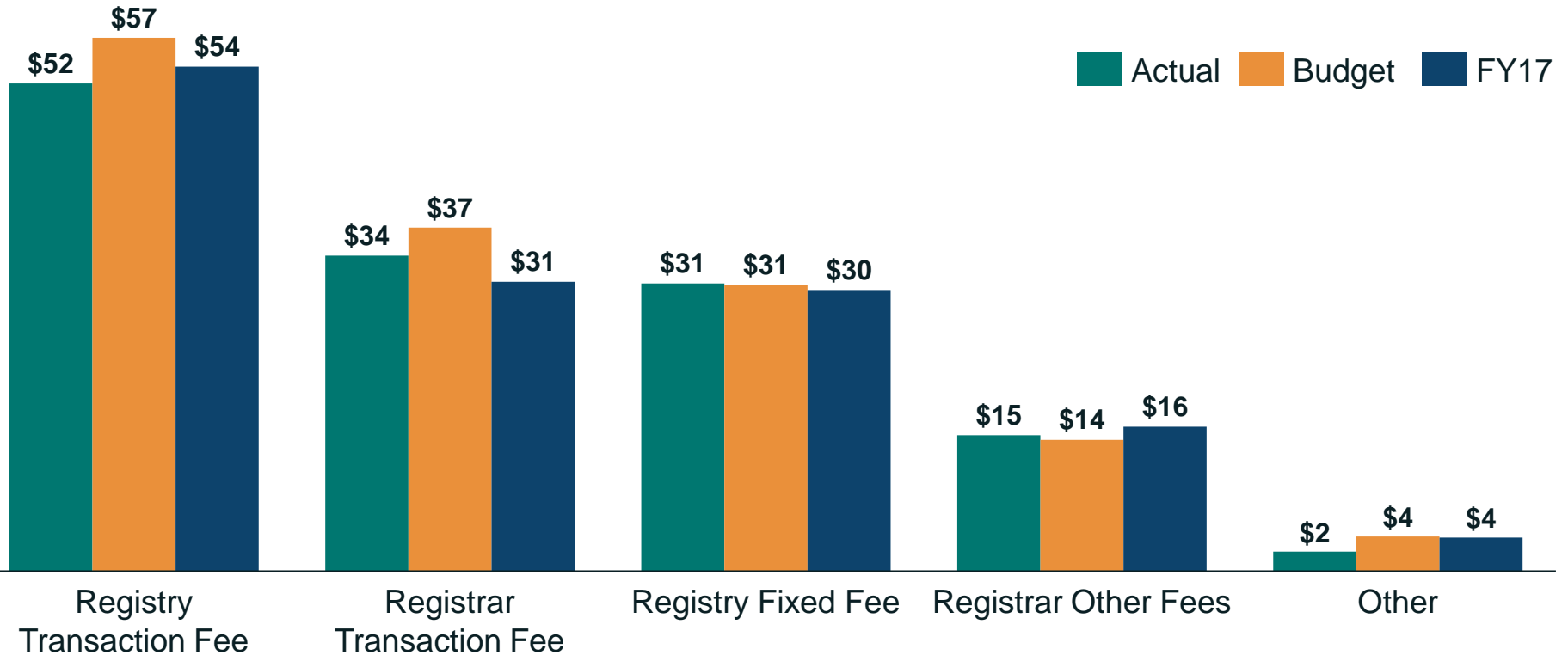
Note: Expenses exclude bad debt and depreciation and include capital expenses.

FY18 Funding vs Budget and FY17

ICANN OPERATIONS

Funding lower than budget primarily due to slower than expected growth of the new TLDs registrations

Actual: \$ 134
Budget: \$ 143
FY17: \$ 135



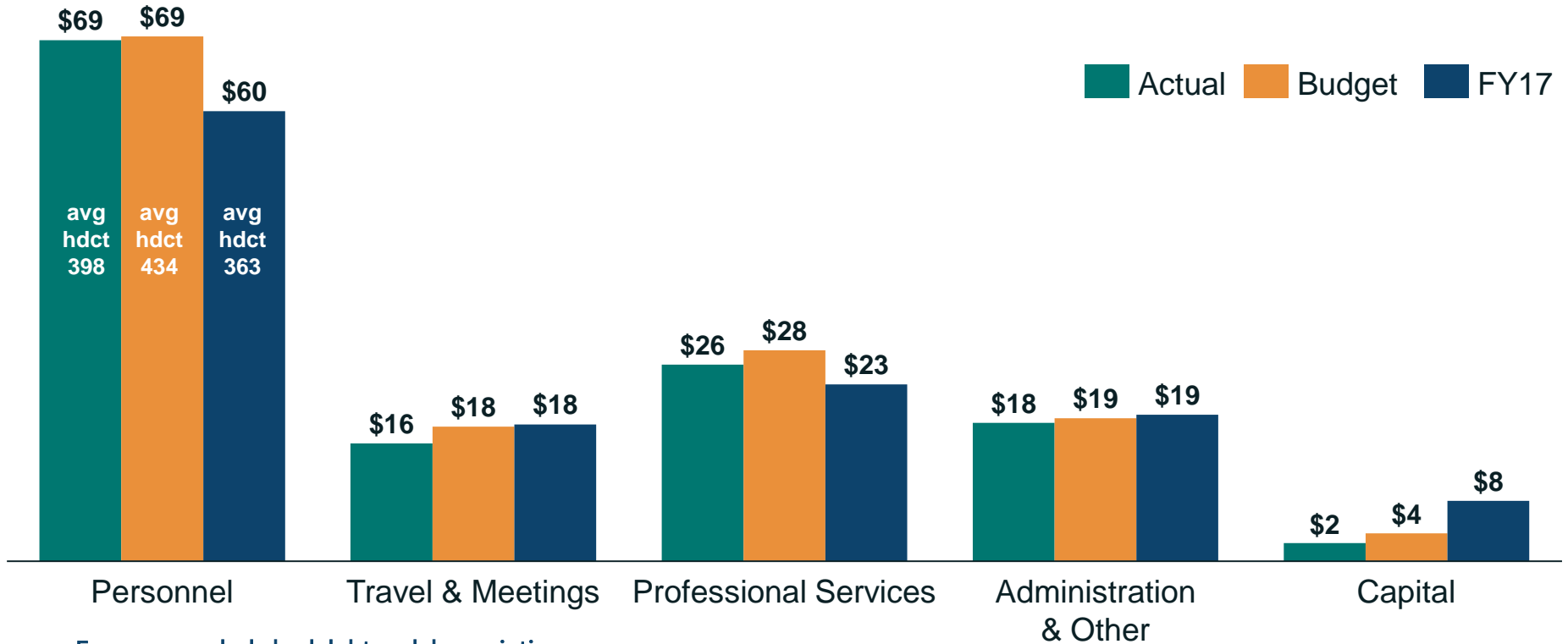
In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

FY18 Expenses vs Budget and FY17

ICANN OPERATIONS

Expenses lower than budget due to favorability across all cost categories

Actual: \$ 131
Budget: \$ 143
FY17: \$ 128



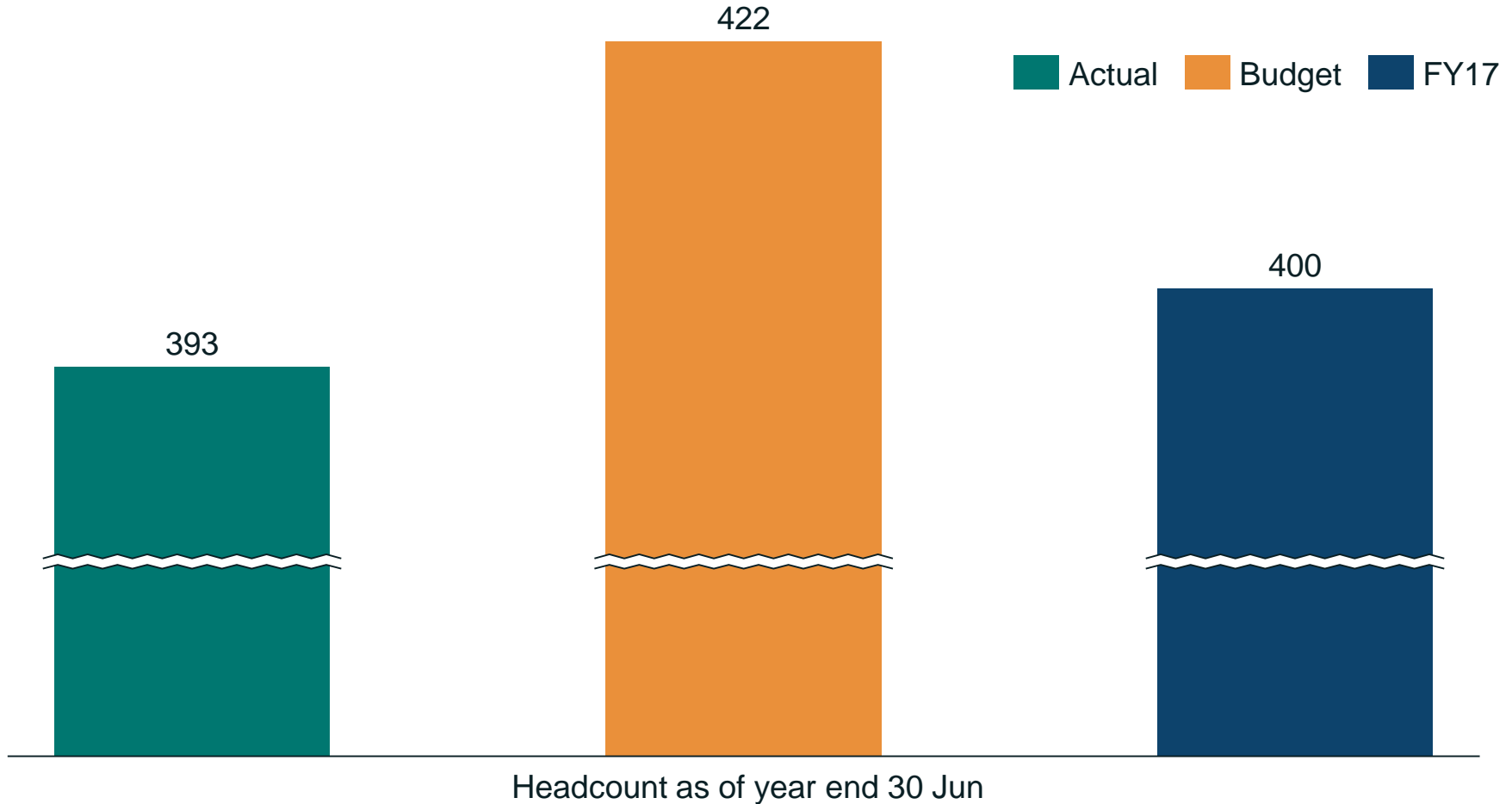
Expenses exclude bad debt and depreciation.

Avg hdct: Average Headcount over a 12-month period (Jul 2017 – Jun 2018)

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

FY18 Headcount vs FY18 Budget and FY17

FY18 ICANN Headcount declined compared with FY17 and was lower than FY18 Budget



FY18 Total ICANN Organization Actuals

TOTAL ICANN ORG.

	ICANN Operations (A)	IANA Stewardship Transition (B)	Total ICANN Operations (A+B)	New gTLD Program (C)	Total ICANN Org. (A+B+C)
Funding	\$134	\$0	\$134	\$6	\$139
Expenses*	(\$131)	(\$1)	(\$132)	(\$10)	(\$142)
Net	\$3	(\$1)	\$2	(\$5)	(\$3)

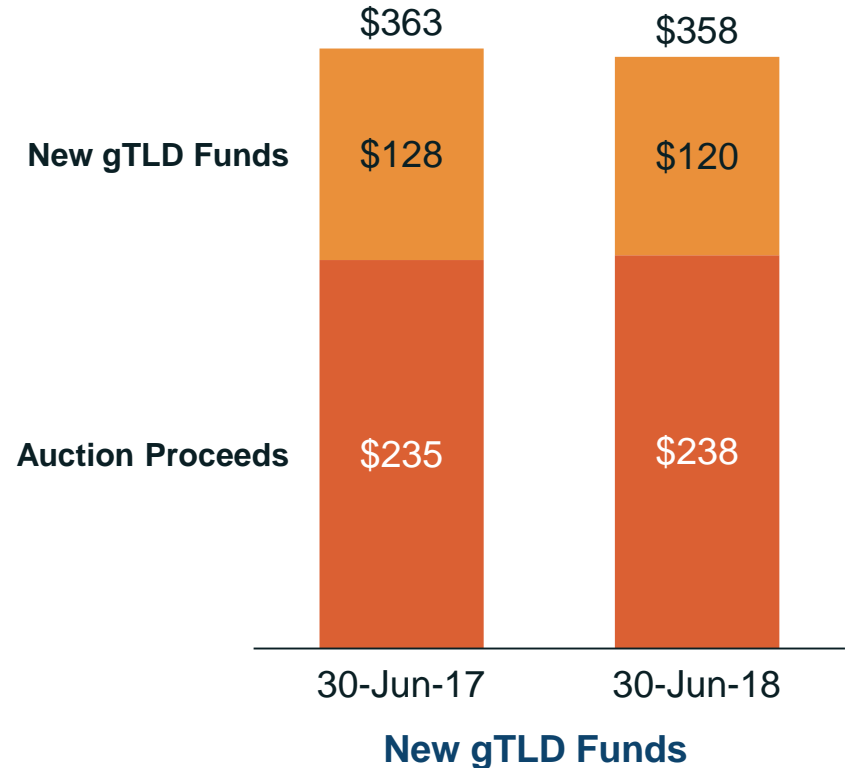
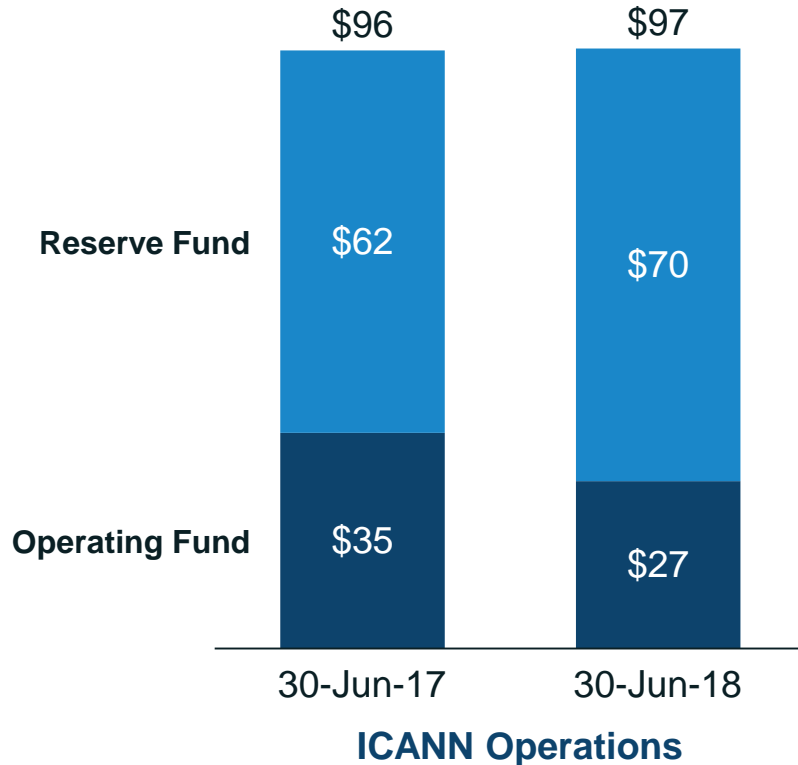
Total ICANN Operations is the sum of ICANN Operations (A) and IANA Stewardship Transition (B). Total ICANN Organization is the sum of ICANN Operations (A), IANA Stewardship Transition (B), and New gTLD Program (C).

*Expenses exclude bad debt, depreciation and refunds for withdrawn New gTLD applications which are included in the Funding line.

Funds Under Management as of 30 Jun 2017 and 2018

FUNDS UNDER MGMT.

Total Funds: \$ 455
ICANN Operations: \$ 97
New gTLD Program-related: \$ 358

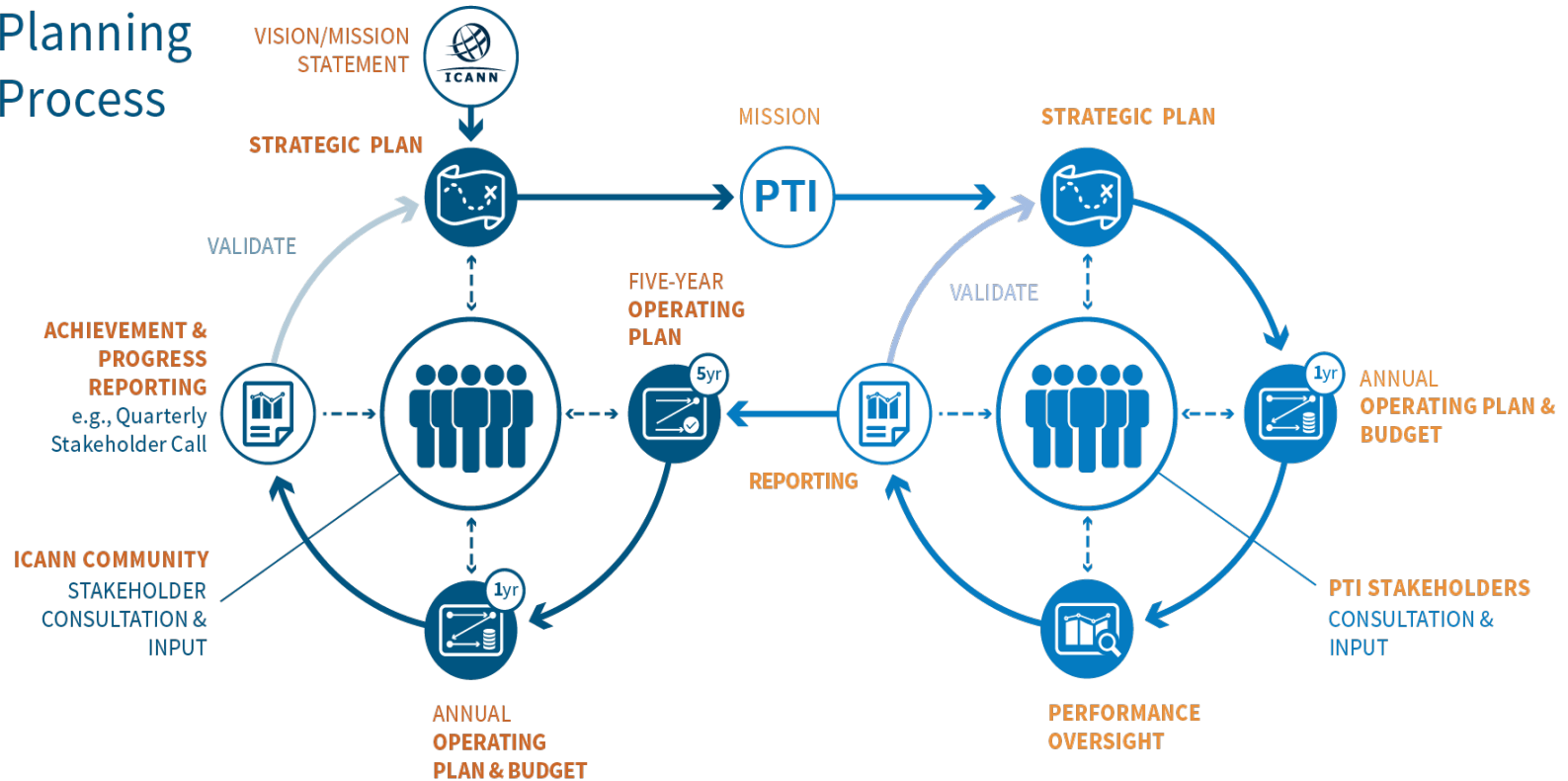


In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.

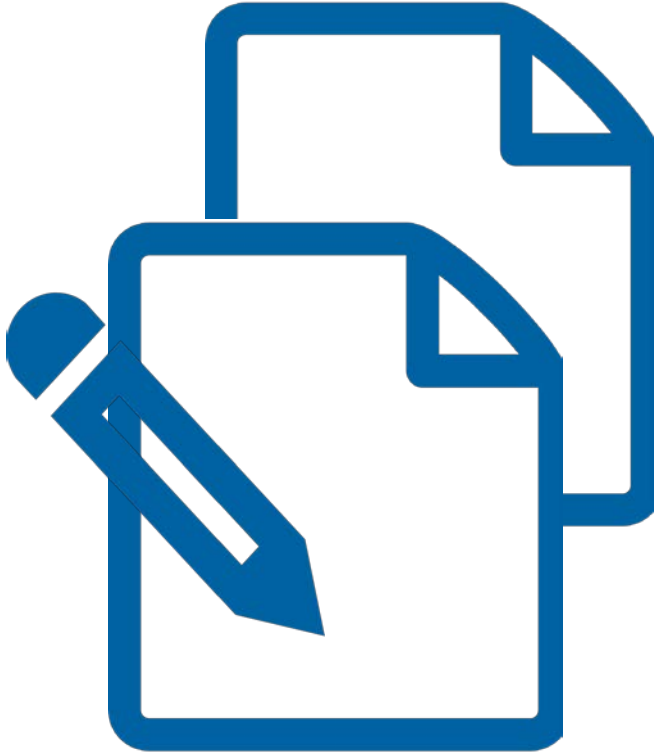
ICANN FY20 Planning Process

Process Overview: Planning Process Steps

Planning Process



Process Overview: Deliverables



- ICANN consults the community on its draft plans every year. The delivered plans are:
 - Strategic Plans (ICANN and IANA/ PTI)
 - Five Year Operating Plans (ICANN and IANA/PTI)
 - Annual Update to the Five Year Operating Plan
 - Annual Operating Plans and Budgets (ICANN, IANA/PTI)

Planning Structure

Community input



ICANN Org



ICANN's Work Structure



Key Process Updates

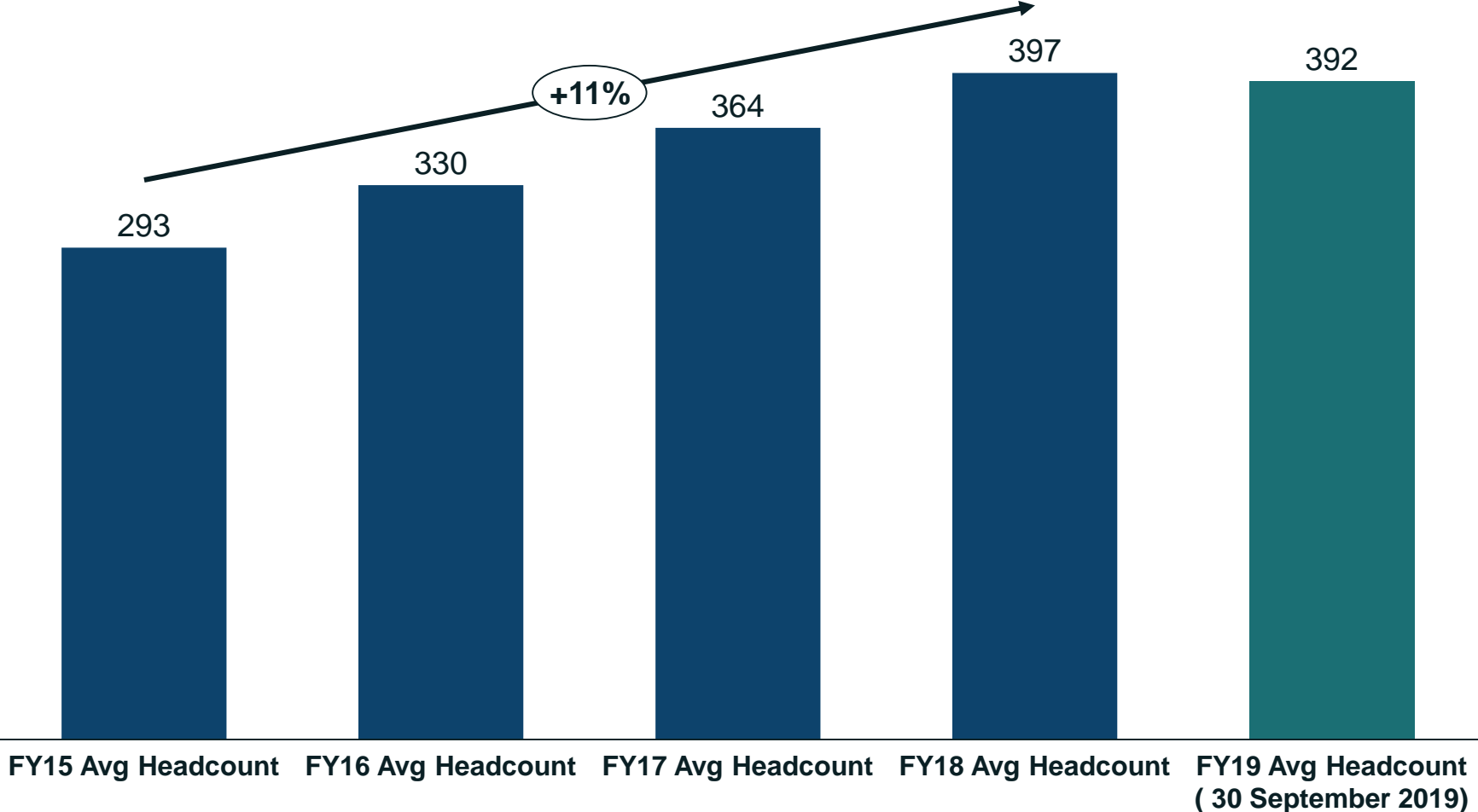
- ⦿ Revised timeline
 - The adoption of the ICANN Budget is one month earlier than the approval of the FY19 OP&B
 - To permit Board approval well in advance of the next fiscal year
 - Provides time for the Empowered community process (28 days) before the start of the next fiscal year
- ⦿ Timing of Approval for SO/AC Additional Budget Requests
 - Current process results in approval at the same time as overall Board approval
- ⦿ Multi Year Planning Process
 - Planning for the remaining year of the Five Year Strategic Plan (2016-2020)
 - Alignment with the next Five Year Strategic Plan (2021- 2025)
 - Designing a 2 year planning process

FY20 Planning Expense Assumptions

- ICANN organization activities and projects result directly or indirectly from Bylaws requirements, and from decisions made by the Board based on community-led policies or recommendations
- The funding growth for FY20 remains relatively flat
- ICANN needs to carefully plan and prioritize during the budget process, as well as make savings in order to not spend beyond ICANN's means

ICANN Operations Headcount Trending

ICANN Operations Headcount had been growing 11% on average, In FY19 headcount has begun to stabilize in alignment with our Funding



What FY20 documents do we publish?

PTI and IANA



PTI Operating Plan & Budget



IANA Budget

ICANN



ICANN Operating Plan and Budget



5 Year Operating Plan Update



Project and Portfolio Spreadsheets

FY20 ABR Process and Key Dates

Community Kick off and
Submission period

5 November 2018- 25 January 2019

SO/AC Consultations
at ICANN 64

9 March 2018-15 March 2018

Notify SO/ACs of Publication

3 May 2019- 6 May 2019

Publication on Website

6 May 2019

Total ICANN FY20 Proposed Planning Timeline – Key Dates

Step	Dates	Action By	Note	Complete
FY 20 Planning Kickoff Webinar	1 Aug/2 Aug 2018	ICANN org	FY20 Planning Process and Timeline	✓
PTI & IANA OP&B DRAFT Submitted to PTI Board & ICANN BFC	26 Sep 2018	PTI Board	At Least 9 Months Before Next Fiscal Year (Input to ICANN OP&B Per Bylaws)	✓
PTI & IANA Public Comment Period	28 Sep – 12 Nov 2018	Community	50 Days including 7 days for ICANN 63	
PTI & IANA Staff Report on Public Comment Published	26 Nov 2018	ICANN org		
PTI OP&B Adopted	13 Dec 2018	PTI Board		
ICANN Public Comment Period	17 Dec 2018 – 08 Feb 2019	ICANN BFC	54 Days including 7 days for Year End	
ICANN Staff Report on Public Comment Published	18 Mar 2019	ICANN Board	Staff Report Published	
ICANN Proposed OP&B Submitted to ICANN Board	22 Apr 2019	ICANN Board	At Least 45 Days Before Next Fiscal Year (Per Bylaws)	
ICANN Board Adopts	6 May 2019	ICANN Board	Target to allow for EC Review Period	

PTI/IANA Operating Plan and Budget Highlights

PTI/IANA Operating Plan and Budget Highlights

- PTI's Draft FY20 Operating Plan and Budget was developed from July through September 2018
- The six-week Public Comment will start 25 September, 2018 and encompasses ICANN 63 in late-October
- Responses to Public Comment will be available for a review by the PTI Board at the end of November 2018
- PTI Board adoption expected in early December 2018
- ICANN BFC adoption expected mid December 2018

PTI Budget Highlights

1

PTI Funding/ICANN Funding

FY20 Funding of PTI from the ICANN Subcontracting agreement is \$10.0M

2

PTI baseline cash expenses

FY20 Expenses of \$10.0M (including \$0.5M contingency) remained flat to FY19 Budget with higher professional service costs (\$0.4M) offset primarily by lower Travel and Meetings, Administration, and Capital expenses (-\$0.3M)

3

PTI contingency

Contingency of \$0.5M remains flat in FY20 as compared to FY19. Contingency is 10% of the direct dedicated costs and represents an amount of budgeted expense unallocated to specific activities or departments

4

Capital Budget

Capital for FY20 is for a Hardware Security Module (HSM) Replacements and Key Management Facility (KMF) improvements

TOTAL PTI in Millions, USD		PTI Services FY20 Budget	PTI Services FY19 Budget	Increase/(Decrease)		PTI Services FY18	Increase/(Decrease)	
				Total	%		Total	%
Operating Expenses	(a)	\$9.9	\$9.8	\$0.1	1.0%	\$7.8	\$2.1	27.3%
Capital		\$0.1	\$0.2	(\$0.1)	-47.5%	\$0.0	\$0.1	205.2%
TOTAL		\$10.0	\$10.0	(\$0.0)	-0.1%	\$7.8	\$2.2	28.1%

(a) Included budgeted contingency of \$0.5M.

FY 20 IANA Budget

FY20 IANA Budget in Millions, USD	FY20 IANA Budget	FY19 IANA Budget	Increase/(Decrease)		FY18 IANA Actuals	Increase/(Decrease)	
			Total	%		Total	%
PTI Services	\$10.0	\$10.0	(\$0.0)	-0.1%	\$7.8	\$2.2	28.1%
IANA Services (a)	\$1.0	\$0.5	\$0.5	114.8%	\$0.3	\$0.7	271.2%
TOTAL	\$11.0	\$10.5	\$0.5	5.1%	\$8.1	\$2.9	36.4%

(a) IANA Services includes the Root Zone Maintainer function, Customer Standing Committee,

Root Zone Evolution Committee and IANA Naming Function reviews

These costs are funded by ICANN Operations.

- ❑ The IANA Services budget is \$11.0 million in FY20 which is 114.8% higher than the FY19 Budget
 - Personnel costs increased \$0.15M in FY20 as compared to FY19 due to the addition of support for the IANA Naming Function review and the CSC Effectiveness review
 - Travel and Meetings increased \$0.3M due to costs for 15 review team members to travel to each ICANN Public Meeting per the ICANN bylaws
 - Professional Services increased \$75K from FY19 due to costs for a potential root zone maintainer caretaker role