The Framework for the FY11 Operating Plan and Budget
Framework for FY11 Operating Plan and Budget

Purpose of this discussion

- Kick off FY11 Operating Plan and Budget development process

- Over the next months, engage the community in FY11 operational priorities, and the budget resources required. Help ICANN make choices.

- Launch the process which culminates in final FY11 Budget submitted to Board in Brussels
Overview of FY11 Framework

- Strat plan updated; FY11 Ops Plan follows
- Allows for 5 months of feedback
- Commitments for FY11
- Allows for some growth: SSR, IANA, DNSSEC, policy, IT
- Resolve new gTLD and operational prep
- Little growth in revenue
- Cut and delay where possible
- Allows contributions of $2 million
- Community feedback solicited forum, calls, online
- Synthesize feedback and post draft budget, 17 May
- Submit FY11 Budget to Board in Brussels
Strat Plan and Ops Plan/Budget -- Process

- Ops Plan/Budget follows Strategic Plan
- Time for Feedback Built into Process
FY11 Ops Plan / Budget -- Schedule

✓ Board approves strategic plan; Feb 2010
✓ Framework for FY11 Ops/Budget Posted; 15 Feb

- Community meetings; Nairobi
- Open Forum in Nairobi
  - *Wednesday 10 Mar 2010 1400 – 1500 Nairobi time*
- Community calls; as requested
- Online public fora for community feedback
- **Post Draft FY11 Ops Plan and Budget; 17 May**

- Community calls and meetings in Brussels
- Final FY11 Budget reviewed by BFC
- **Final FY11 Budget submitted to Board; Brussels**
ICANN Strategic Plan 2010 to 2013 - Four Strategic Focus Areas

Supporting... One World. One Internet. Everyone Connected.

- DNS stability and security
- Consumer choice, competition and innovation
- IANA and core operations
- A healthy Internet eco-system

3 year Strategic Plan updated

Simplified with a “One Pager”

Key enablers across all

Multi-stakeholder – Collaborative – International – Transparent – Accountable
FY11 Budget Background

- Revenue increased 44.5% in 4 years; largely a result of contractual increases
  - FY11 revenue growth projected to be less than 3%
- New services and projects have caused expenses to grow at a level close to revenue
- Also during period:
  - Grew reserves to $45MM (+80%)
  - Reduced registrar fees by $0.25 to $0.18 (+28%)
- Challenge for Board, Community and staff in FY11 will be to prioritize existing and new work in low/no growth environment
Goals for developing plans in FY11, BFC

- Follow strategic plan
- Integrate with community desires
- Confirm revenue (e.g., ccTLD)
- Take balanced approach to expenses
  - Careful consideration of operating requests
  - Any new activities will require trade-off
Growth areas

- IANA excellence
- Security focus
- DNSSEC project
- Policy
- Palo Alto and enhanced in DC

Reduced needs

New gTLD: delay where possible and some work completed!

Others flat or cut

<table>
<thead>
<tr>
<th>Organizational Activities</th>
<th>FY11 Framework</th>
<th>FY10 Forecast</th>
<th>FY10 Budget</th>
<th>FY11 Framework less FY10 Budget</th>
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</thead>
<tbody>
<tr>
<td>New gTLD / IDN efforts</td>
<td>7,910</td>
<td>8,700</td>
<td>8,861</td>
<td>(951) -10.7%</td>
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<tr>
<td>IANA and Technology Operations Improvements</td>
<td>5,950</td>
<td>4,900</td>
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<td>Security, Stability and Resiliency Operations(SSR)</td>
<td>7,250</td>
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<td>Contractual Compliance</td>
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<td>3,400</td>
<td>3,155</td>
<td>205 6.5%</td>
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<td>Core Meeting Logistics</td>
<td>5,230</td>
<td>5,210</td>
<td>5,190</td>
<td>40 0.8%</td>
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<td>Constituency Support</td>
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<td>5,720</td>
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<td>Policy Development Support</td>
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<td>681 12.8%</td>
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<td>Global Engagement Increasing International</td>
<td>7,190</td>
<td>7,270</td>
<td>6,619</td>
<td>571 8.6%</td>
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<td>Community Travel Support, Ombudsman, Board Support, NomCom</td>
<td>5,640</td>
<td>5,200</td>
<td>5,326</td>
<td>314 5.9%</td>
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<tr>
<td>DNS Operations</td>
<td>2,310</td>
<td>2,370</td>
<td>1,199</td>
<td>1,111 92.7%</td>
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<td>Organizational Improvement</td>
<td>2,230</td>
<td>1,190</td>
<td>1,842</td>
<td>388 21.1%</td>
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<tr>
<td>Total</td>
<td>59,360</td>
<td>55,900</td>
<td>54,367</td>
<td>4,993 9.2%</td>
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Framework for FY11 Ops Plan and Budget

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<thead>
<tr>
<th></th>
<th>FY11 FRAMEWORK</th>
<th>FY10 FORECAST</th>
<th>FY10 BUDGET</th>
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<tr>
<td>Revenue</td>
<td>$65,521,000</td>
<td>$62,918,005</td>
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<td>Operating Expenses</td>
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<td>Contingency</td>
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<td>Change in Net assets</td>
<td>$2,047,000</td>
<td>$4,373,425</td>
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Framework for the FY11 Operating Plan - Highlights

1. **New gTLD Program**
   - Operational readiness – TAS, risk mgmt, other processes
   - Resolve outstanding implementation questions
   - Next draft(s) of the Applicant Guidebook
     - $6.8mil is 10.7% less than FY10; some work now reached completion

2. **IDN Implementation** (Fast Track and new gTLD)
   - Process requests
   - Initiate compliance project
   - Facilitate IDNA protocol revision
   - Provide outreach, add linguistic events
     - Costs of $1.1 million is similar to FY10
Framework for the FY11 Operating Plan

3. IANA and Technology Operations
   • Business Continuity
   • IANA feedback performance system
   • Streamline root zone requests, RZM software
   • Policy documentation
     • Nearly $6 million, 18.1% up from FY10 looking beyond conclusion of contract with US Dept of Commerce

4. Security, Stability and Resiliency (SSR)
   • Collaborate w/other Internet leaders (e.g.,DNS-Cert)
   • Support TLD continuity
   • Affirmation of Commitments
     • $7.3 million, 26.0% over FY10. DNSSEC implementation, external audits, hardening of infrastructure, more
Framework for the FY11 Operating Plan

5. Contractual Compliance
   • Aggressively enforce agreements, investigate new Whois accuracy system
     • $3.4 million, 6.5% over FY10 includes global outreach

6. Core Meetings logistics
   • Continue support thrice annual, other meetings, explore new approaches
     • $5.2 million, essentially flat from FY10

7. Policy Development Support
   • Support new WG model in GNSO and implementation plans for AC/SOs
     • $6.0 million, 12.8% up for an expanded list of topics/expectations

8. Global Engagement / Increasing International Participation
   • Engage governments and agencies worldwide
     • $7.2 million, 8.6% up including $1 million for translation
Framework for the FY11 Operating Plan

9. Travel Support for ICANN Community
   • Community guidelines to be updated with community feedback
     • $1.5 million, flat with FY10, assumes similar support

10. Ombudsman
    • Serves as an objective advocate for fairness for ICANN
      • $0.5 Mil close to FY10

12. Board Support
    • Directors and Liaisons at 3 ICANN Int’l and other meetings, plus support
      • $2.4 million, close to FY10

13. Nominating Committee (NomCom) Support
    • Continue support key structures
      • $0.8 million, flat with FY10
Framework for the FY11 Operating Plan

14. **DNS Operations**
   - Operate key DNSSEC root key signing key facilities, production quality DNSSEC for zones of responsibility
   - Costs of $2.3 million, a 92.7% increase increased staffing, external auditing requirements for DNSSEC

15. **Organizational improvement**
   - Support reviews for Affirmation of Commitments
   - Reviews for organizational structures; ccNSO and ASO
   - $2.2 million up 21.1% to handle volume and complexity of reviews
Key Budget Assumptions for FY11

Budget Assumptions

• Small staff growth, tighter travel policies
• Guidelines: procurement, cost accounting
• Only incur new gTLD costs as dictated by program progress
• New approaches to translation; more
• FY11 planned contribution, $2 mil
• Reserve Fund now $45 mil
• Consider appropriate level?
Framework for FY11 Ops Plan and Budget

FY11 Budget resources assigned to Strategic Plan’s 4 category and cross functional structure

- Contribute to shaping a healthy Internet eco-system
- Promote competition, trust, choice and innovation
- Preserve DNS stability and security
- Excel in IANA, core operations

Cross-functional Services

FY11 Budget resources assigned to Strategic Plan’s category and cross functional structure
FY11 Operating Plan and Budget
To be accountable and transparent – Alternate Views Presented

• Traditional Accounts view
• Functional Reporting view
• Expense Area Group (EAG) view
• Security, Stability and Resilience (SSR) view
• Strategic priority view
• Principle view
• Revenue source view
• 2010 to 2013 Strategic Plan view
• Multi-Year Revenue and Expense view
• Capital Budget
• Cash flow view
• Euro view
• Greater than $500k line item budgets
• Contingency analyses
• Forecasts
• Balance sheet
• Other specific line items
FY11 Budget Framework - Expense Area Group View

- 2-Generic TLD support & GNSO: 32%
- 3-CC Support & ccNSO: 16%
- 4-NomCom support: 4%
- 7-At Large Support & ALAC: 7%
- 8-TLG/IETF Support: 5%
- 9-Staff work for Board & Board Support: 14%
- 10-Government relations & GAC: 6%
- 11-Ombudsman: 1%
- 1-IP Addressing support & ASO: 2%

Functional and EAG Views
FY11 Operating Plan and Budget

What is next?

Solicit Community Input
  • Online comments
  • In open forum, Wednesday 2pm Nairobi time
  • Conference Calls with community groups

• Refine budget assumptions:
  • Confirm priorities
  • Consider delays or cuts

• Synthesize community feedback

• Draft FY11 Operating Plan and Budget posted by 17 May
• Solicit more community feedback
• Submit final FY11 Budget for Board in June, Brussels
Thank You