ICANN 67 COMMUNITY FORUM

7–12 March 2020

Operating Plan and Budget Community Session

Session Information

This session will be recorded.

Presentation PowerPoint and recording will be published on ICANN67 website.

This session is scheduled to last 90 minutes.

Q&As will be after the presentation.

Meanwhile, if you have questions during the presentation, please type it in the chat, we will answer all questions.

Questions and Answers

❖ Please raise your hand in zoom if you want to ask a question
❖ The host 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 of this zoom room will read out your question(s).

INTRODUCTION TO PLANNING TEAM

Xavier Calvez
Chief Financial Officer

Susanna Bennett
Chief Operating Officer

Becky Nash
VP Finance

Shani Quidwai
Director of Finance

Mukesh Chulani
Registrar Services Senior Manager

Victoria Yang
Senior Operations Program Manager

Introduction

- On 20 December 2019, the draft FY21-25 Operating & Financial Plan and draft FY21 Operating Plan & Budget that support the FY21-25 Strategic Plan was posted for Public Comment which closed on 25 February 2020

- An important question that this plan helps answer is "is the strategic plan affordable?"
  - With the Development of the 5 Year Finance Plan, ICANN org's view is that the plan is affordable.
  - However, it will take careful planning and strict control of expenses throughout the period.

- These plan documents have a different approach than in the past: they provide a lot more narrative about what we do, and it is a fully costed plan. And the documents are easier to navigate in order to increase transparency.

- We have received many public comments and we are looking forward to engage with the community on both the content and the documents.
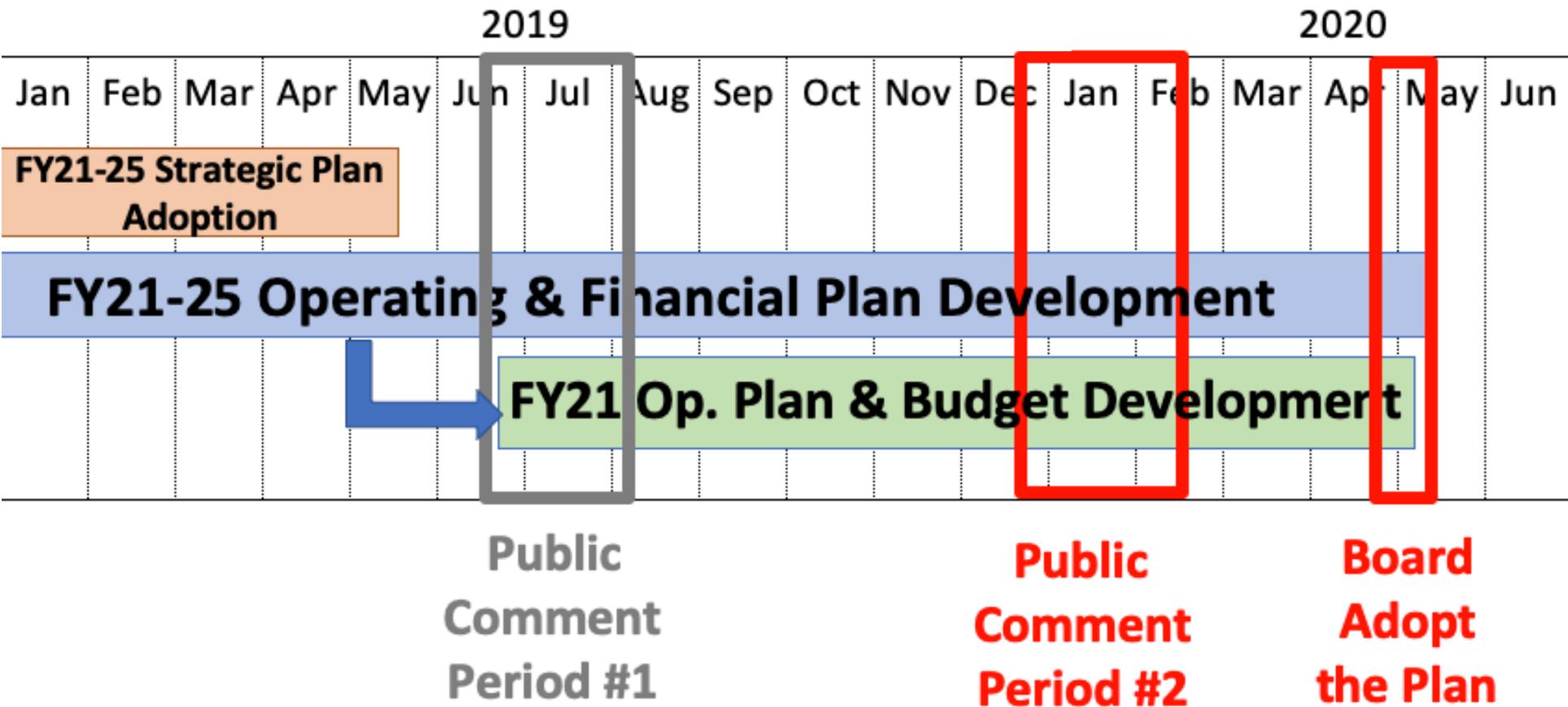
Agenda

1. Planning Process and Timelines - 5 min

2. FY21 Public Comment Overview and Discussion - 30 min

3. FY21-25 Draft Operating Plan Overview - 10 min

4. Funding Overview - 15 min

5. 5-Year Financial Plan - 5 min

6. FY21 Financial Plan - 5 min

7. Community Involvement in Planning Process - 5 min

8. Q&A

Planning Process & Documents

WHERE ARE WE NOW?
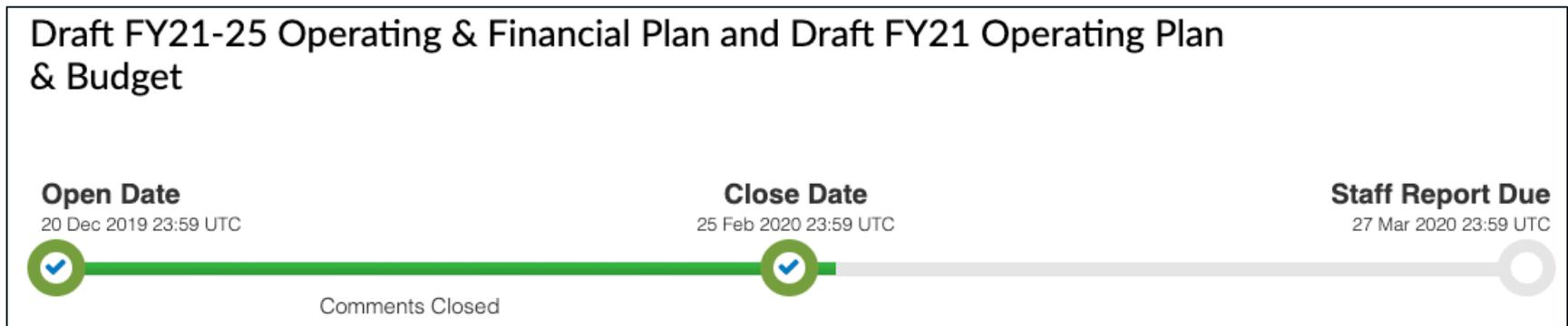
Strategic Plan

Achievement & Progress Reporting

HOW ARE WE DOING?

WHERE DO WE WANT TO BE?

WHO MUST DO WHAT?

HOW WILL WE GET THERE?

Operating & Financial Plan and Annual Operating Plan & Budget

Planning Timeline

Progress Update

What	When
✓ FY21-25 O&FP Public Comment Period #1	14 Jun – 5 Aug 2019
✓ Overview of FY21-25 O&FP development and Public Comment #1 materials	Pre-ICANN65 Webinar on 17 June 2019
✓ Review Public Comment #1 inputs and plan development of both FY21-25 O&FP and FY21 OP&B	Board Workshop Sep 2019
✓ Review draft FY21-25 O&FP and FY21 OP&B for Public Comment	10 Dec 2019
✓ FY21-25 O&FP Public Comment ✓ FY21 OP&B Public Comment	Dec 2019 – Feb 2020
✓ Community Webinar	Early / Mid-January
✓ Submit Clarifying Questions	21 January 2020
Review Public Comment inputs/development of both FY21-25 O&FP and FY21 OP&B	ICANN67 Mar 2020
Publish Staff Report of Public Comments	27 March 2020
Review for Plan adoption of both plans	Board Workshop May 2020
Empowered Community Period	May – Jun 2020

Public Comment Overview

Overview

- Published materials for Public Comment in Dec 2019. Comment period ended on 25 Feb 2020.

- Working on Staff Report of Public Comments to be published on 27 Mar 2020.

- Objective is an interactive discussion today on key themes to address in Staff Report of Public Comments.

Draft FY21-25 Operating & Financial Plan and Draft FY21 Operating Plan & Budget

Open Date	Close Date	Staff Report Due
20 Dec 2019 23:59 UTC	25 Feb 2020 23:59 UTC	27 Mar 2020 23:59 UTC

Comments Closed

Session Objectives

1   Provide thematic overview of submitted comments.

2   Allow community to further clarify comments where necessary.

3   Use clarification to better prepare staff report responses.

Public Comments- By Operating Plan & Budget Yr

- The Public Comment window was open from 20 December 2019 – 25 February 2020

- Community Involvement and Engagement continues to remain high

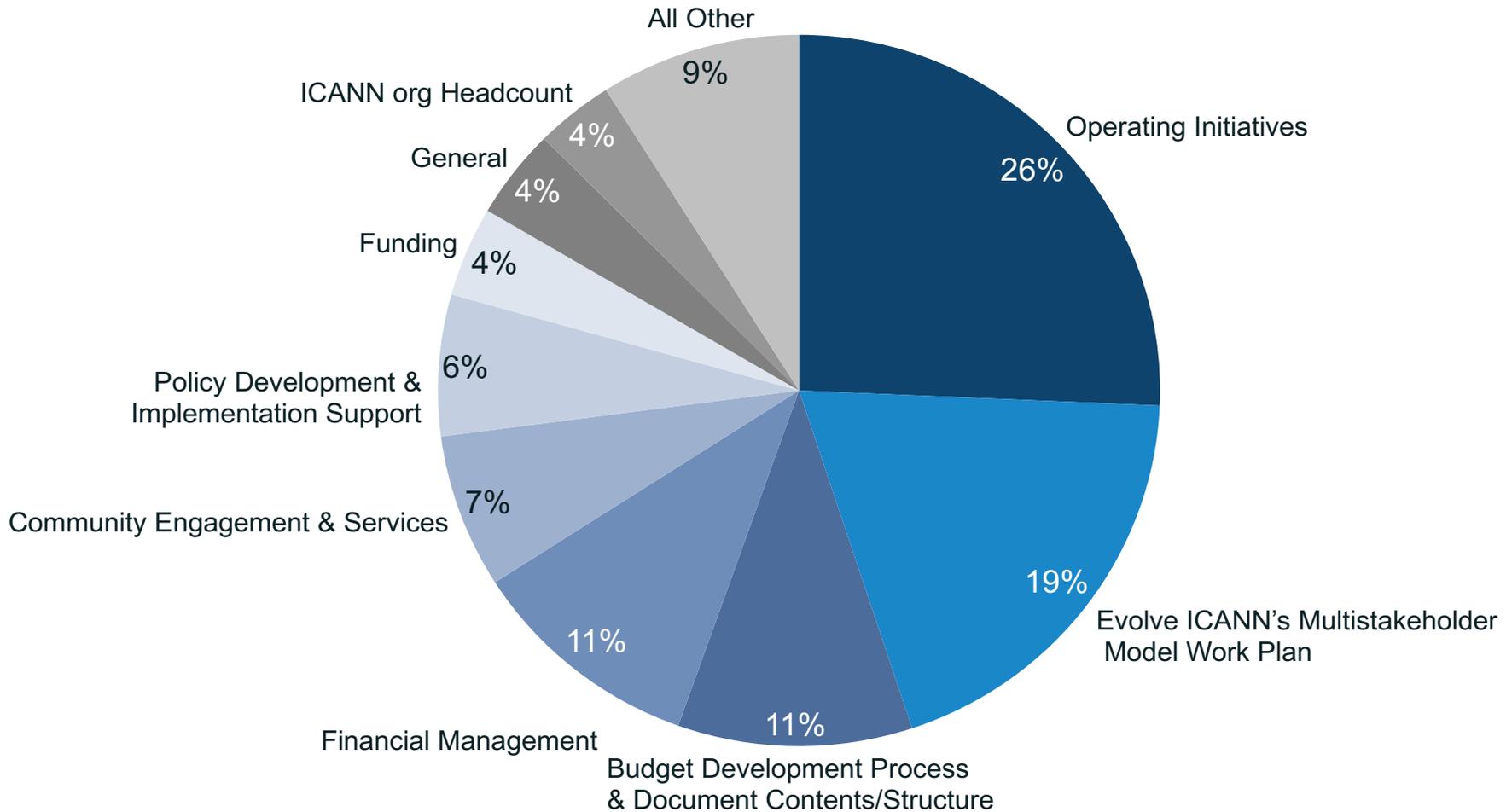- We are expecting to publish the Staff Report on 27 March 2020

FY17: 153
FY18: 134
FY19: 184
FY20: 143
FY21: 171
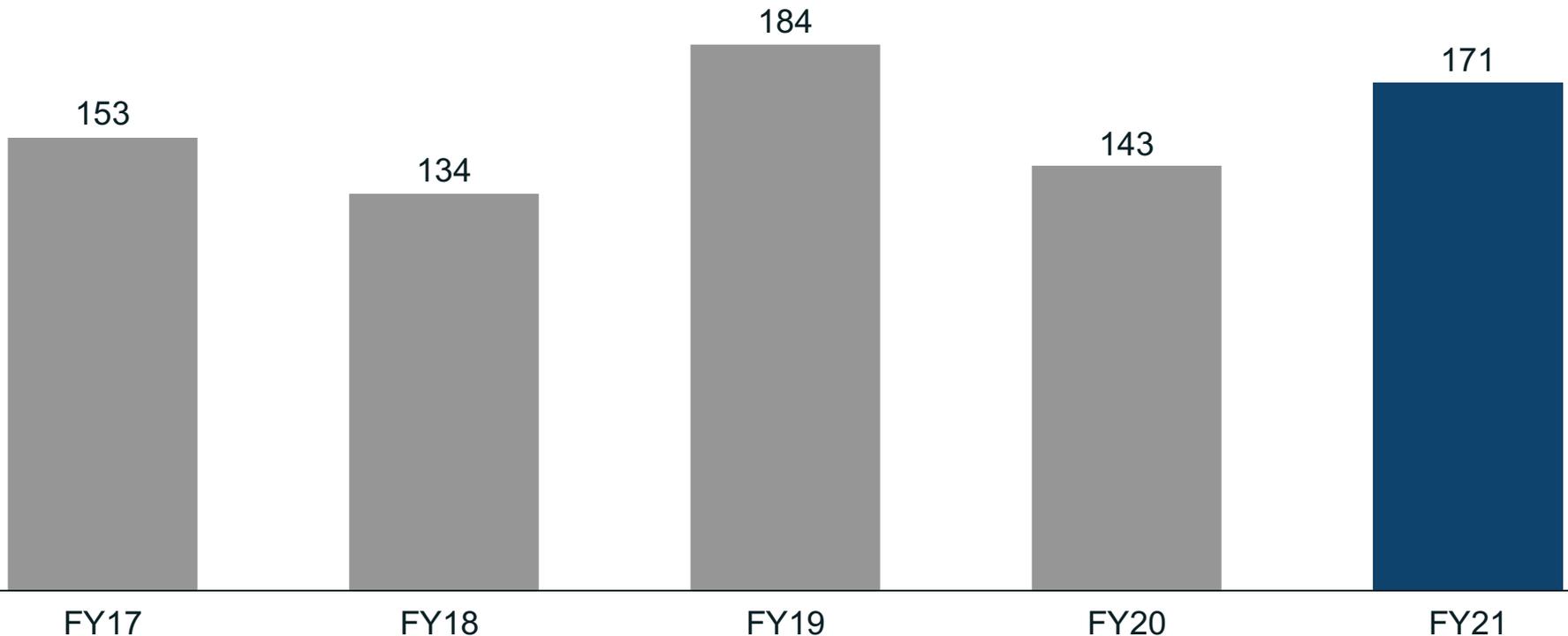
Public Comments- By Submitter and Year

Groups Submitting Comments	FY19 Number of Comments	FY20 Number of Comments	FY21 Number of Comments	FY21 vs FY19 Higher/(Lower)	FY21 vs FY20 Higher/(Lower)
Individual	44	1	8	-36	7
ccNSO Strategic and Operational Planning Committee (SOPC)	22	36	48	26	12
Non-Commercial Stakeholders Group (NCSG)	19	27	8	-11	-19
gTLD Registries Stakeholder Group (RySG)	18	16	37	19	21
GNSO Council	14	12	17	3	5
ISPCP	12	0	0	-12	0
At-Large Advisory Committee	9	10	17	8	7
Registrar Stakeholder Group (RrSG)	7	1	7	0	6
ICANN Business Constituency (BC)	7	6	21	14	15
i2Coalition	7	0	7	0	7
Blacknight Internet Solutions Ltd	5	4	0	-5	-4
Namibian Network Information Center	5	0	0	-5	0
Intellectual Property Constituency (IPC)	5	15	0	-5	-15
Security and Stability Advisory Committee (SSAC)	2	2	0	-2	-2
MarkMonitor	2	0	0	-2	0
The Centre for Internet and Society	0	8	0	0	-8
ICANN Governmental Advisory Committee (GAC)	0	4	1	1	-3
Customer Service Committee (CSC)	0	1	0	0	-1
Swahili ICANN Wiki	1	0	0	-1	0
Radix	1	0	0	-1	0
Fellowship alumni	1	0	0	-1	0
CEO, Allegravita LLC	1	0	0	-1	0
CEO of Registry Africa, Mr. Lucky Masilela	1	0	0	-1	0
registry.asia	1	0	0	-1	0
Total	**184**	**143**	**171**	**-13**	**28**
# of Groups Submitting	**21**	**14**	**10**	**-11**	**-4**

Public Comments: Thematic Breakdown FY21

FY21 Operating Plan & Budget Public Comments- 171

All Other
9%

ICANN org Headcount
4%

General
4%

Funding
4%

Policy Development &
Implementation Support
6%

Community Engagement & Services
7%

Financial Management
11%

Budget Development Process
& Document Contents/Structure
11%

Evolve ICANN's Multistakeholder
Model Work Plan
19%

Operating Initiatives
26%

Note: Operating Initiatives are new to the budgeting process in FY21

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Public Comments: Thematic Breakdown by SO/AC

Theme	FY21 Draft Operating Plan & Budget Total Number of Comments	ALAC	Business Constituency (BC)	ccNSO Strategic and Operational Planning Committee (SOPC)	ICANN Governmental Advisory Committee (GAC)	GNSO Council	gTLD Registries Stakeholder Group (RySG)	i2Coalition	Individual	Non-Commercial Stakeholders Group (NCSG)	Registrar Stakeholder Group (RrSG)
Operating Initiatives	44	0	2	12	0	5	22	0	0	3	0
Evolve ICANN's Multistakeholder Model Work Plan	33	7	9	0	0	0	9	0	3	0	5
Budget Development Process & Document Contents/Structure	18	2	4	6	0	1	2	2	0	1	0
Financial Management	18	2	1	3	1	3	2	3	1	1	1
Community Engagement & Services	12	0	3	7	0	1	0	0	1	0	0
Policy Development and Implementation Support	11	0	1	4	0	6	0	0	0	0	0
Funding	7	5	0	0	0	0	0	1	0	1	0
General	7	0	1	1	0	0	1	0	2	2	0
ICANN org Headcount	6	1	0	1	0	1	1	1	0	0	1
ICANN Org Governance	5	0	0	5	0	0	0	0	0	0	0
ICANN Org Shared Services	5	0	0	5	0	0	0	0	0	0	0
Technical & DNS Security	5	0	0	4	0	0	0	0	1	0	0
Total	**171**	**17**	**21**	**48**	**1**	**17**	**37**	**7**	**8**	**8**	**7**

Sample Discussion Topics from Public Comments

At this time we would like to have a collaborative discussion regarding public comments that were submitted, below are a few examples

Theme	Sample Comments	Submitter
Prioritization of Operating Initiatives	"A cost/benefit analysis of each Initiative may facilitate the understanding of its relevance against the Objectives."	ccNSO SOPC
Community involvement in Operating Initiatives	"…it is vital that the whole Community be included in the process from start to finish."	NCSG
Funding growth assumptions	"Published industry-wide reports from Verisign and others show these numbers to be unrealistic. Domain growth is relatively flat."	i2Coalition
Root Zone Management	"…we urge ICANN to proceed with caution and put parameters in place that will prevent wide-scale DNS changes that may pose stability risks to the root."	gTLD Registries Stakeholder Group (RySG)

FY21-25 Draft Operating Plan Overview

Introduction

FY21-25 Operating & Financial Plan includes descriptions of the major work ICANN org will undertake to achieve its Strategic Plan, operate the organization and implement its mission and mandate.

Functional Activities (35 in 5 groups)	Operating Initiatives (15)
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.*	The efforts of the Functions that focus directly on achieving the Strategic Plan. Some are not new but continued efforts toward key strategic directions.

Please refer to Appendix for lists of Functional Activities Operating Initiatives

Planning Assumptions and Approach

1 **Affordability Assumption** | The Draft Plan is developed based on the "base" scenario funding projections:
1.5% per year average growth

2 **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.

3 **Emphasizing Major Work & Deltas** |
- Operating Initiatives – Major work to achieve the Strategic Plan.
- Functional Activities – New or changed activities, (Delta), indicated with △ in the draft plan.

Planning Assumptions and Approach

4 **Dependency**

The Draft Plan includes high-level description of work under discussion with the community, such as:
- New gTLD "Subsequent Procedures" PDP,
- New gTLD auction proceeds,
- Reviews, e.g. CCT, RDS.

Specific implementation plans and timing will be in future updates of the 5-year O&FP and annual plans, upon Board's decisions triggering org actions.

5 **Rolling 5-Year O&FP**

The 5-year Plan will be updated annually and roll forward one year.

Demo

https://www.icann.org/public-comments/draft-opplan-budget-fy21-25-2019-12-20-en
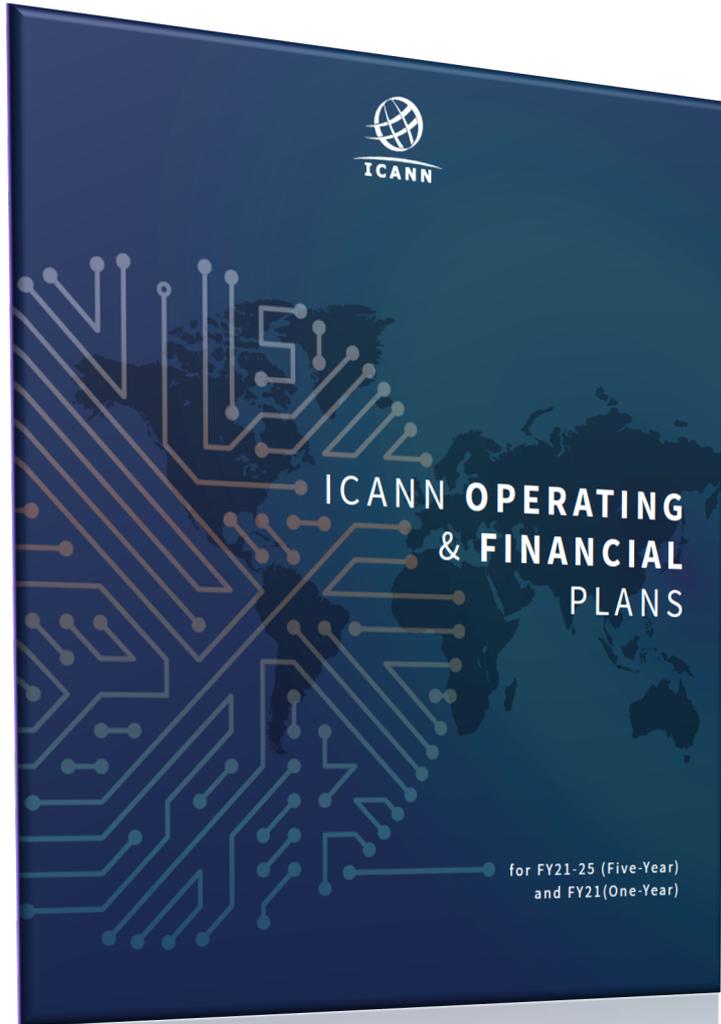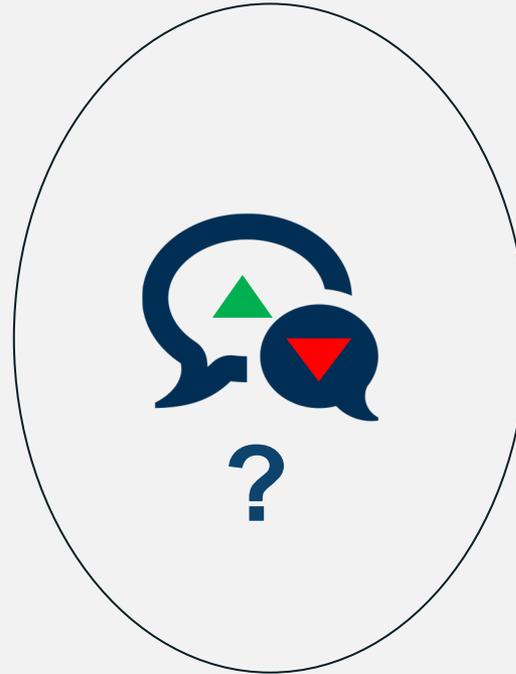
Funding Overview

ICANN's 5-Year Funding Projection Approach

• Five-year funding projection approach is developed through the following activities:

1 Marketplace Horizon Scan

2 Formulation of Assumptions
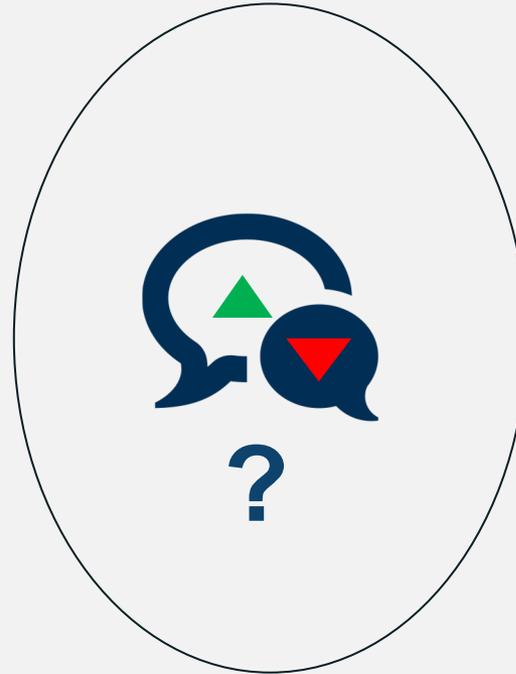
3 Forecast Generation

ICANN's 5-Year Funding Projection Approach

- Five-year funding projection approach is developed through the following activities:

1	Marketplace Horizon Scan

NEWS

100101101
100010110

10K

10Q

2	Formulation of Assumptions

?

3	Forecast Generation

Results of Marketplace Horizon Scan (Recap)

1

1 New gTLDs a key enabler of market growth over past five years

2 New business models have emerged from New gTLD rollout. e.g. – geographic, brand gTLDs

3 Establishing and maintaining online identity remains key part of contemporary life and digital economy

4 Platforms/apps that bypass domains can represent a drag on demand, but extent of challenge uncertain

5 Dynamism of market actors in consolidation and building new sales channels to registrants

6 Regional disparity in adoption rates - fulfillment of demand in key markets an important challenge

7 Lack of universal acceptance challenges rollout and adoption of new types of domains

8 Technical challenges of secure traffic and social elements of how the domain name system operates expanding

9 Effects of regional differences in privacy regimes on demand for domain name growth uncertain

ICANN's 5-Year Funding Projection Approach

- Our five-year funding projection approach is developed through the following activities:

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation

Formulation of Assumptions: Sample

Excerpt of Marketplace Horizon Scan Finding

"The continued importance of controlling a domain name to craft and maintain a digital presence on the global Internet remains a key market enabler of the industry…"

Formulation of Assumptions (Qualitative)

Digital presence will still rely largely on the use of domain names. Domain name transaction volumes will accordingly continue to see positive growth momentum over the forecast period, albeit at varying levels, at the 'base-case' and 'high' funding scenarios. To account for rapid maturation in the marketplace, the 'low' scenario factors an overall decline in transaction volumes...

Formulation of Assumptions (Quantitative)

Low Scenario	Base Case	High Scenario

New gTLD transaction volume and growth trendline
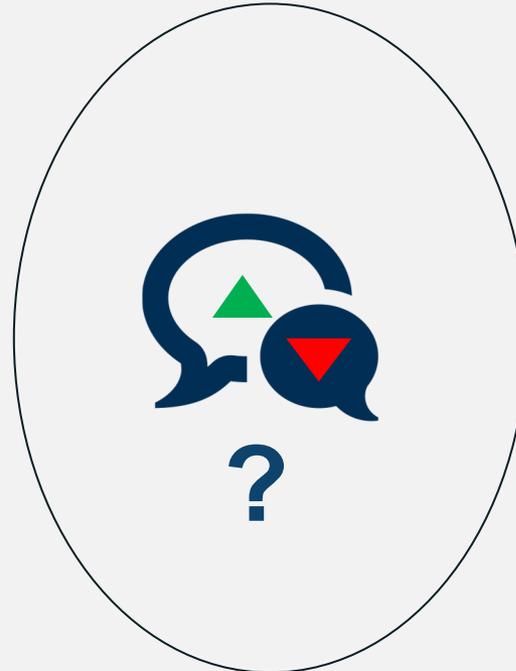Legacy gTLD transaction volume and growth trendline

ICANN's 5-Year Funding Projection Approach

- Our five-year funding projection approach is developed through the following activities:

1 Marketplace Horizon Scan

2 Formulation of Assumptions
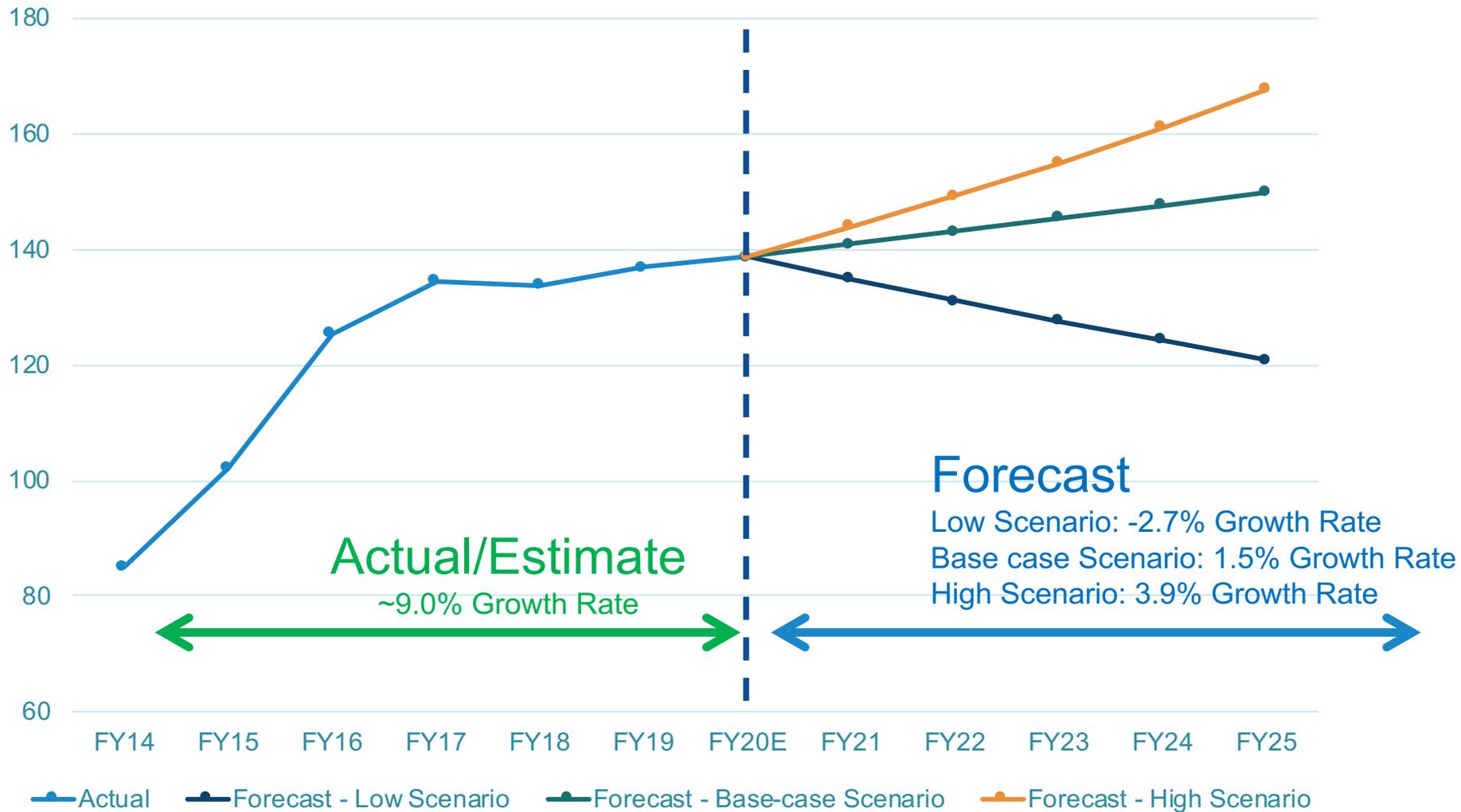
3 Forecast Generation

3 5-Year Funding Forecast: Sensitivity Analysis

	FY20	FY21-25 Forecast Scenarios		
	Base Forecast	Low	Base	High
Fixed fees				
Parameters				
Average number of registries	1,194	1,122	1,165	1,179
Registry fixed fee in year 5	$ 25,000	$25,000	$25,000	$25,000
Average number of registrars	2,542	2,129	2,532	2,722
Registrar fixed fee in year 5	$ 4,000	$4,000	$4,000	$4,000
Total fixed fees in year 5 (in $M)	$ 43.7	$ 38.7	$ 42.6	$ 44.2
Transactions volumes				
Parameters				
Total transaction volume in year 5 (in M)	198.5	170.8	225.1	260.8
Average annual transaction volume growth	-	-3.0%	2.5%	5.7%
Average transaction fee growth (Ry+Rr)	-	-3.1%	2.4%	5.5%
Total transaction fees in year 5 (in $M)	$ 91.8	$ 78.7	$ 103.6	$ 119.7
Revenues with no sensitivity analysis				
Other revenues	$ 3.8	$ 3.5	$ 3.7	$ 3.7
Total average revenues (in $M)	$ 139.3	$ 127.8	$ 145.4	$ 155.4
Total revenue in year 5 (in $M)	-	$ 120.9	$ 149.9	$ 167.7
FY21-25 CAGR (%)	-	-2.7%	1.5%	3.9%

Note: FY20 base-case forecast, Based on FY19Q2 actuals, In millions, USD- unaudited - Arithmetic inconsistencies due to decimal rounding.

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Funding: Actual & Forecast (FY14-FY25)

Forecast
Low Scenario: -2.7% Growth Rate
Base case Scenario: 1.5% Growth Rate
High Scenario: 3.9% Growth Rate

Actual/Estimate
~9.0% Growth Rate

Legend: Actual — Forecast - Low Scenario — Forecast - Base-case Scenario — Forecast - High Scenario

Note: FY14-FY18 based on audited actuals, FY19 Actual and FY20 Estimate based on FY19Q2 actuals,
CAGR values cover FY21-F25, In millions, USD; Arithmetic inconsistencies due to decimal rounding.

Growth Rate- Compound Annual Growth Rate *(CAGR)*

5-Year Funding Forecast: Scenarios

3

- Across the three scenarios generated, FY25 funding is forecast to range between $120.9M and $167.7M from the current FY20 projection of $139.3M.
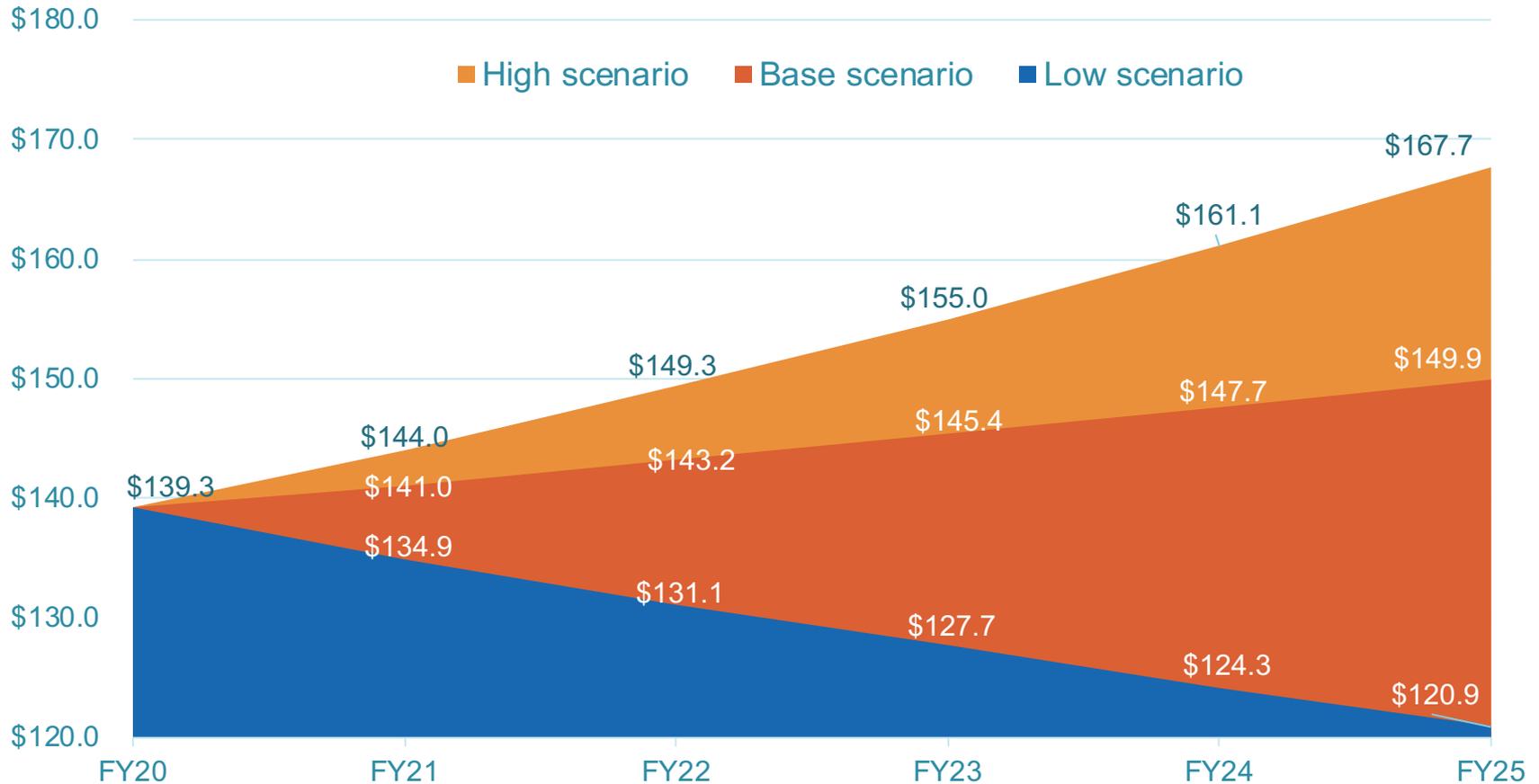
Note: FY20 base-case forecast, Based on FY19Q2 actuals, In millions, USD- unaudited - Arithmetic inconsistencies due to decimal rounding.

5-Year Financial Plan

5-Year Funding and Expense Assumptions

- The Five-year Plan will use the base scenario funding projections

- The Five-year Plan will include a planned annual contribution to the Reserve Fund

- The Five-year headcount is expected to remain relatively stable

- The Five-year Plan will be a balanced budget where expenses, plus a planned contribution to the reserve fund, will not exceed funding

Potential Implementation Projects and Activities

- ICANN org supports the community-based activities, which leads to reviews recommendations and cross-community working group recommendations, policy drafts, and advice recommendations.

- At any point in time, there are such recommendations and policies that are at any of these stages of progress: initiation, development, finalization, board consideration, implementation planning, implementation.

- As recommendations and policies move forward and reach the stage of Board consideration, ICANN org can then design the expected implementation work.

- The resources supporting the implementation of these activities consist mainly of the ICANN org staff contributing as required based on the nature of implementation work.

- Some additional specific resources may be required on a case by case basis. During the annual planning cycle, the implementation activities expected to be occurring during the year planned for are incorporated into the annual operating plan.

FY21-FY25 Financial Projections

(in Millions USD)

5-Year Projections	FY21 Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	5-Year Total
Funding	$140.4	$143.2	$145.4	$147.7	$149.9	$726.6
Expense						
Personnel	78.3	79.6	81.9	83.3	84.5	407.5
Professional Services	17.9	17.9	18.3	18.3	18.3	90.9
Travel and Meetings	16.4	16.4	16.4	16.4	16.4	81.9
Administrative	18.3	18.3	18.3	18.3	18.3	91.7
Capital	1.8	1.8	1.8	1.8	1.8	9.2
Contingency	5.2	5.4	5.5	5.7	5.9	27.6
Cost Savings Initiatives	(3.1)	(3.1)	(3.1)	(3.5)	(3.5)	(16.2)
Total	134.9	136.4	139.3	140.3	141.7	692.6
Funding Less Expenses	$ 5.5	$ 6.8	$ 6.1	$ 7.4	$ 8.2	34.0
Allocation to the Reserve Fund	3.0	2.0	2.0	1.5	1.0	9.5
Operating Initiatives Envelope	2.5	4.8	4.1	5.8	7.2	24.5
Net Excess	$ 0.0	$ 0.0	$ (0.0)	$ 0.0	$ (0.0)	0.0
Headcount	410	410	410	410	410	
Reserve Fund Balance	$ 126.4	$ 130.9	$ 135.6	$ 139.8	$ 143.6	

Operating Initiatives Financial 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 <u>incremental</u> efforts; it is assumed that some initiatives are already being worked on with existing budget

	Operating Initiatives	5-year Financial Estimate (low)	5-Year Financial Estimate (mid pt)	5-Year Financial Estimate (high)	Assumptions for Mid Pt Scenario
1	Support the evolution of the Root Server system	$ 3.0	$ 4.5	$ 6.0	2 FTE for the 5-year period and meeting facilitation costs
2	Facilitate Improvements of the DNS Ecosystem	4.0	6.0	8.0	1 FTE 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 policy-making	3.0	4.3	5.5	Project Manager role to facilitate and advise, similar to current Multistakeholder Model Initiative. Includes consultant cost 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 policy making	1.0	1.5	2.0	1 FTE for the 5-year period
5	Develop internal and external ethics policies	0.5	0.8	1.0	3rd party costs to help administer the tracking and facilitation of the program.
6	Continue the Root Zone Management evolution	3.0	4.5	6.0	Hardware and connectivy costs based on Singapore cluster.
7	Promote and sustain a competitive environment in the Domain Name System	-	-	-	This initiative is included within the existing budget of the functional activity
8	Universal Acceptance	1.5	2.0	2.5	ICANN org is already investing in Universal Acceptance, this assumes we will spend another $500K/yr.
9	Evaluate, align and improve engagement in the Internet ecosystem	-	-	-	This initiative is included within the existing budget of the functional activity
10	Targeted engagement to improve government and IGO engagement and participation in ICANN	-	-	-	This initiative is included within the existing budget of the functional activity
11	Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission	-	-	-	This initiative is included within the existing budget of the functional activity
12	Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name market	0.5	1.0	1.5	1 FTE for the 5-year period and funds for 3rd party research.
13	Implement New gTLD auction proceeds recommendation	-	-	-	This initiative is included within the existing budget of the functional activity
14	ICANN Planning	-	-	-	This initiative is included within the existing budget of the functional activity
15	ICANN Reserves	-	-	-	This initiative is included within the existing budget of the functional activity
	Total	**$ 16.5**	**$ 24.5**	**$ 32.5**	

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FY21 Financial Plan

Draft FY21 Operating Plan and Budget Assumptions

- The Draft FY21 Budget is stable with modest growth for funding and expenses.

- FY21 Headcount is aligned with this growth.

- FY21 is the second budget that includes a planned contribution into the Reserve Fund ($3m).

- Cost containment across the organization has enabled ICANN org to offset the Reserve Fund contribution, inflation, and other necessary increases.

ICANN Funding and Cash Expense Trends

Legend: ■ Funding ■ Cash Expenses

	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Adopted Budget	FY21 Draft Budget
Funding	$134.6	$133.8	$136.5	$140.1	$140.4
Cash Expenses	$133.9	$130.9	$130.0	$137.1	$137.4
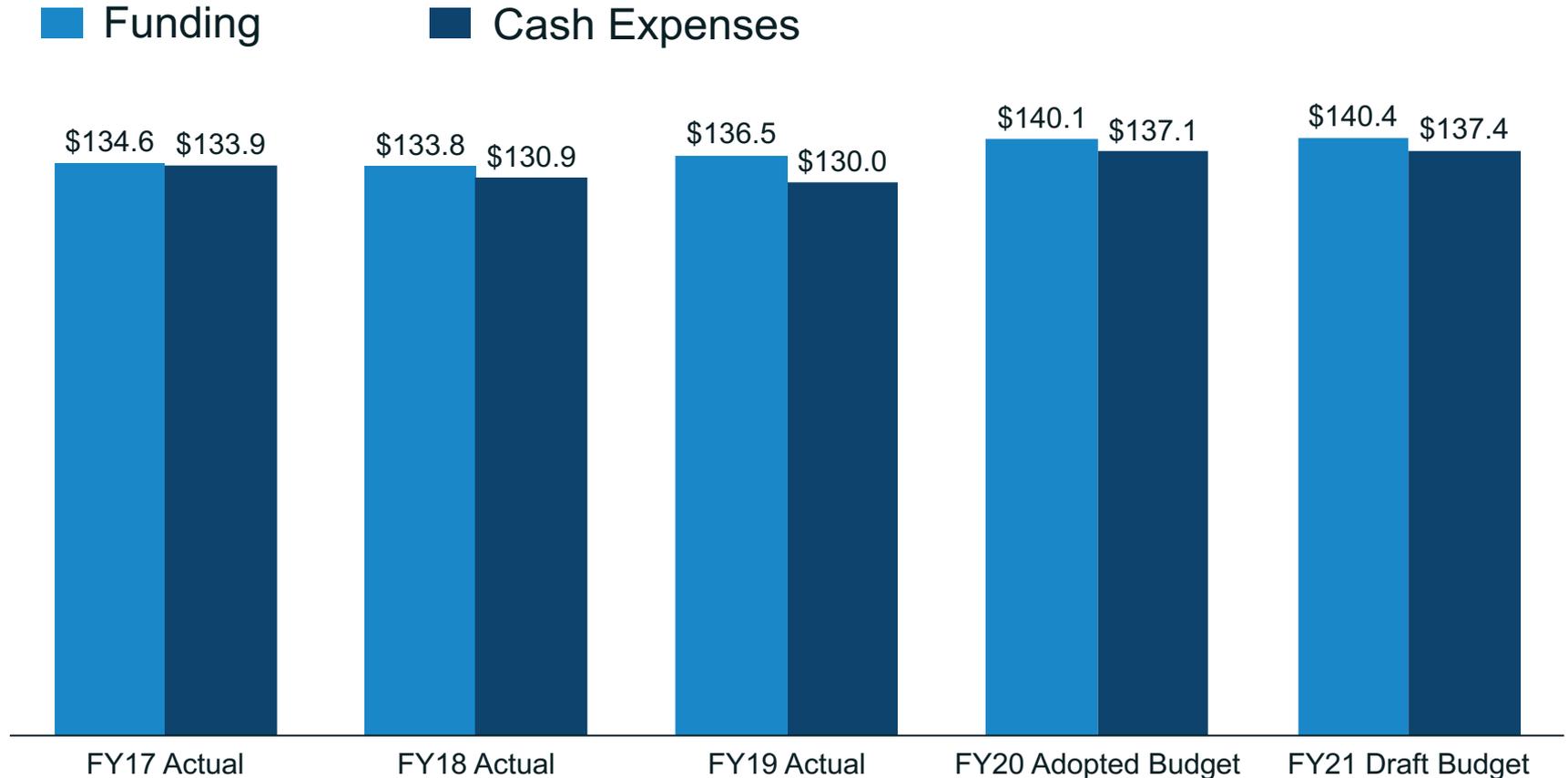
- ◉ Funding is stabilizing and expenses are brought in line accordingly
- ◉ Draft FY21 Budget assumes a $3M excess that will be used to replenish the Reserve Account

Headcount Trending (End of Period)

ICANN headcount has stabilized in alignment with Funding

		402	395	388	405	410
329	365					
FY15 Headcount (Actual)	FY16 Headcount (Actual)	FY17 Headcount (Actual)	FY18 Headcount (Actual)	FY19 Headcount (Actual)	FY20 Headcount (Adopted Budget)	FY21 Headcount (Draft Budget)
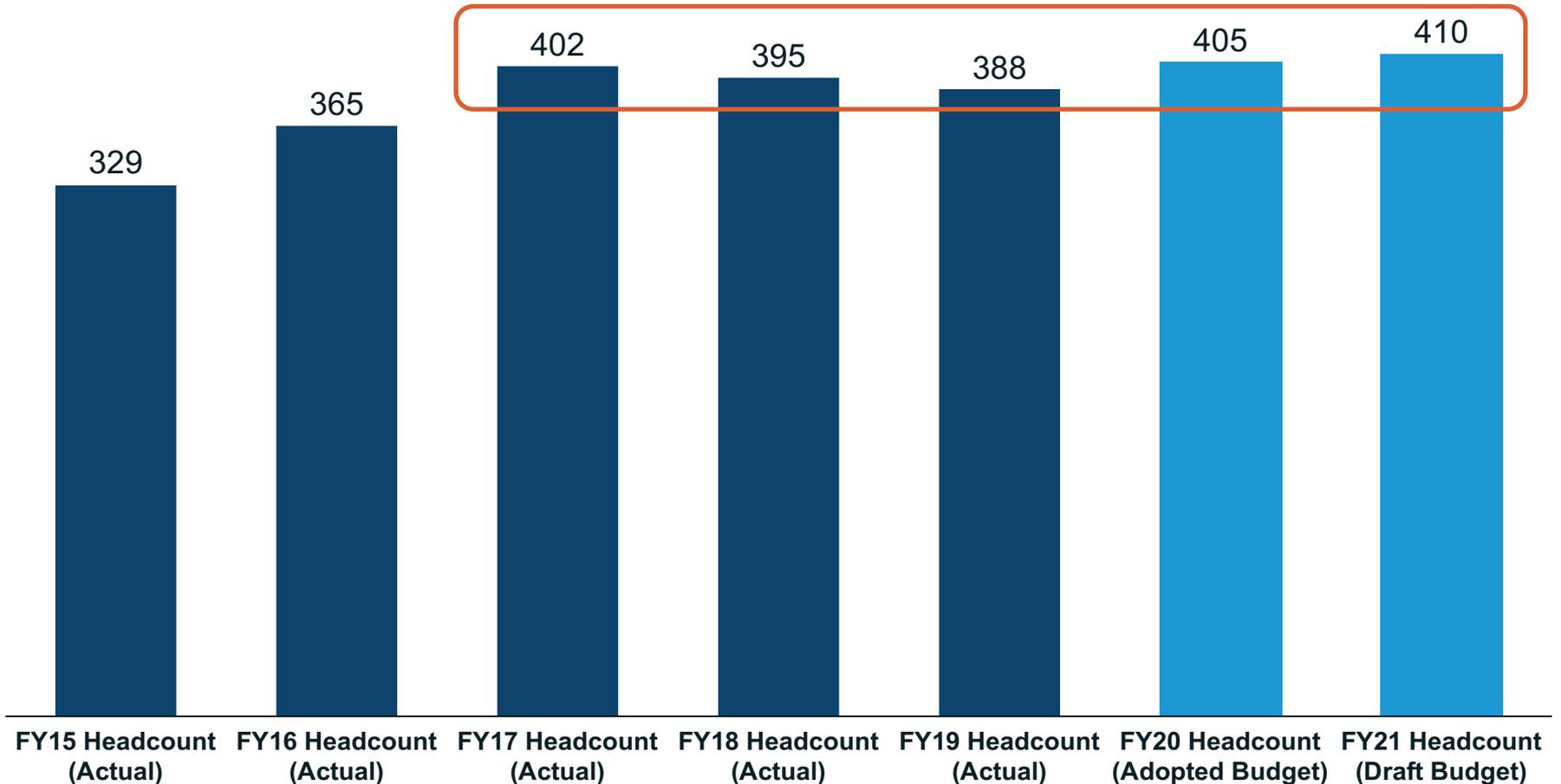
Reserve Fund Replenishment Strategy

- In alignment with the Board Approved Reserve Fund Replenishment Strategy, the FY21 Budget will include a planned contribution

Bar chart:
- FY17 Actual: $62
- FY18 Actual: $70
- FY19 Actual*: $116
- FY20 Forecast**: $121
- FY21 Draft Budget**: $126
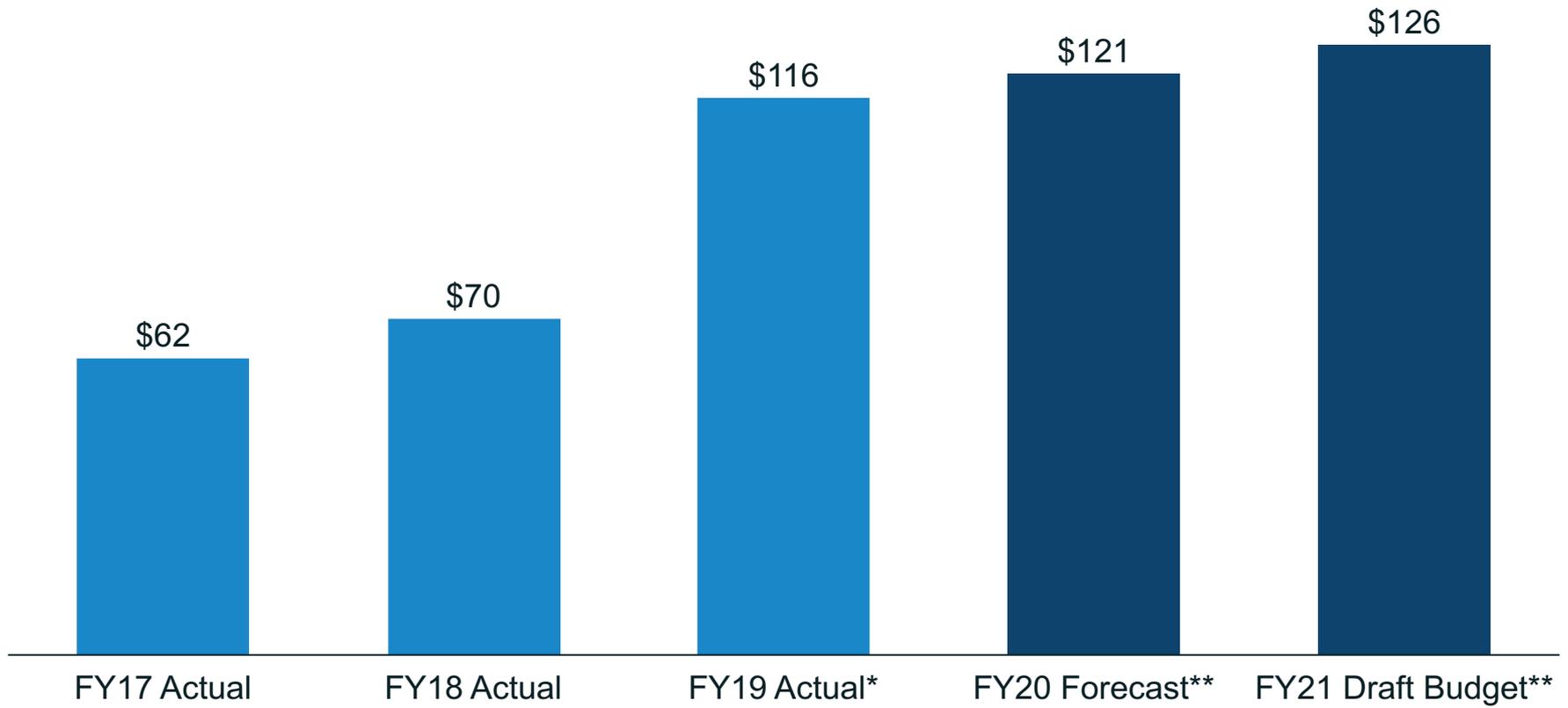
*$36M was transferred from Auction Proceeds to Reserve Fund in FY19   ** Includes contribution and estimated investment gains

Additional Budget Request: FY21 Key Dates

Community Kick off and
Submission period

11 November 2019- 31 January 2020

Notify SO/ACs of Publication

6 May 2020- 12 May 2020

Publication on Website

12 May 2020

Community Involvement in the Planning Process

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Why Engage on ICANN's Planning and Budgeting?

Our objective is to develop the ICANN FY21-25 O&FP and FY21 OP&B
with substantial community input
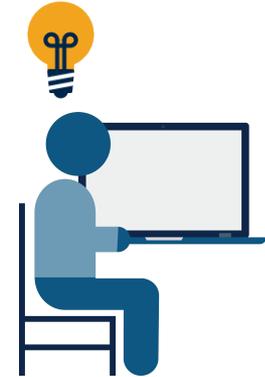
| The stakeholders engagement enables keeping ICANN accountable to the Public. | → | This engagement enables the Empowered Community to exercise its budget rejection power. | → | Many community members dedicate substantial amount of time to ensure multistakeholder participation |

When can community members participate?

Sep — Kickoff Webinars on Process and Timeline

Oct-Nov — PTI/IANA Public Comment & ICANN Annual General Meeting

Dec-Feb — ICANN Public Comment

Jan — Webinars on Content and Structure

Mar — ICANN Community Forum Meeting

May — Empowered Community Review
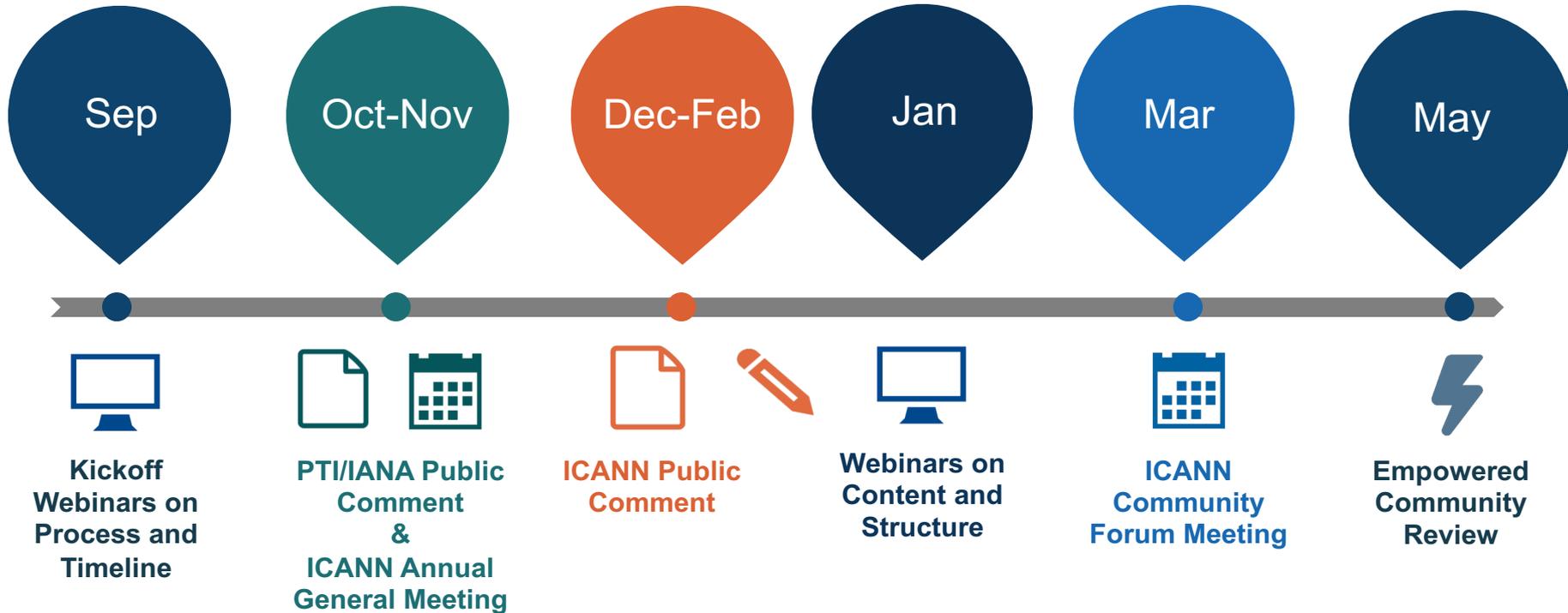
We are seeking your input!

Financial Accountability- Reporting

ICANN org reports results to the community in support of commitment to accountability and transparency.

Periodically, throughout the year

- Quarterly Financial Reporting
- Publication of the CEO Report
- ICANN Meetings travel reports

Annually

- Independent Auditors Report ✓
- Annual Report ✓
- Board Expenses ✓
- ccTLD Contributions ✓
- Funding by Source ✓
- Operating Plan and Budget ✓
- Tax Return (Form 990)
- ICANN org Remuneration Practices

Link to Financial Documents:

https://www.icann.org/resources/pages/governance/current-en

✓ *Indicates that annual update has been published on ICANN.org*

Q&A

Thank You and Questions

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Appendix: Operating Initiatives and Functional Activities

Content Structure – 15 Operating Initiatives

Purpose
Describes the reasons of why each of the Operating Initiatives is needed.

Scope
Describes the scope of work need to be done under each Operating Initiative.

Targeted Outcome Supported
Describes the linkage of the Operating Initiatives to the Targeted Outcomes identified in the Strategic plan.

Progression
Describes the key milestones, phases, or stages of progression projection of each Operating Initiative.

Resources
Features the collaboration needed among cross-functional teams in support of the Operating Initiatives.

Considerations
Describes the related dependencies, risks, opportunities of each Operating Initiative, and possible mitigation where applies.

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 Policy-making	**4** Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policy making
5 Develop Internal and External Ethics Policies	**6** Root Zone Management Evolution
7 Promote and Sustain a Competitive Environment in the Domain Name System	**8** Universal Acceptance

Operating Initiatives

9	Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem
10	Targeted engagement to improve government and 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
14	Planning at ICANN
15	ICANN Reserves

Content Structure – Functional Activities (35 in 5 groups)

Purpose

Describes the purpose of the activities of the Functions.

Activity

Describes the key activities and strategically-driven changes of each Function. Also lists the Operating Initiatives it leads or supports

Targeted Outcome Supported

Describes the linkage of the Functional Activities to the Targeted Outcomes identified in the Strategic plan.

Progression

Describes the key milestones, phase, or stages of progression projection of the Functional Activities.

Resources

Describes how the resources of the Functional teams would fluctuate during the 5-year period, i.e. stable, increase or decrease.

Considerations

Describes the related dependencies, risks, opportunities of the Functional Activities, and possible mitigation where applies.

Functional Activities – 35 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 Advice & Development
- ⊙ Policy Research
- ⊙ Contracted Parties Services Operations
- ⊙ Technical Services
- ⊙ Global Domains Division Strategic Programs
- ⊙ Constituent & Stakeholder Travel

Community Engagement and Services

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

Functional Activities – 35 in 5 groups

ICANN Org Governance

- ◉ Board Management
- ◉ Office of CEO
- ◉ Governance Support
- ◉ Nominating Committee Support
- ◉ Complaints Office
- ◉ Strategic Planning & Strategic Initiatives
- ◉ Accountability Reviews

ICANN Shared Services

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

Appendix: FY20 Year-To Date Financial Overview

FY20 Year-to-date (Jul 19 - Dec 19) Overview

Funding flat and and Expenses below Budget.

USD in millions	FY20 YTD Actual	FY20 YTD Budget	Var	% Var	FY19 YTD Actual	Var	% Var
Funding	$69	$68	$1	1%	$68	$1	2%
Expenses	($62)	($66)	$5	-7%	($59)	($3)	4%
Excess/(Deficit) Before Contribution	$8	$2	$6	273%	$9	($1)	-12%
Planned Reserve Fund Contribution	$3	$3	$0	0%	$3	$0	0%
Net Operating Excess/(Deficit)	$5	($1)	$6	-571%	$6	($1)	-19%

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

Breakdown of Expenses	FY20 YTD Actual	FY20 YTD Budget	Var	% Var	FY19 YTD Actual	Var	% Var
IANA Services	($4)	($5)	$1	-29%	($3)	($0)	4%
All Other	($58)	($61)	$3	-5%	($56)	($2)	4%

Headcount	FY20 YTD Actual	FY20 YTD Budget	Var	% Var	FY19 YTD Actual	Var	% Var
Total	387	403	(16)	-4%	391	(4)	-1%

FY20 Year-to-date (Jul 19 – Dec 19) Funding vs Budget & FY19

Funding flat to Budget.

Actual: $ 69M
Budget: $ 68M
FY19: $ 68M

Chart data (in millions, USD):

Category	Actual	Budget	FY19
REGISTRY TRANSACTION FEE	$27	$27	$27
REGISTRAR TRANSACTION FEE	$18	$17	$17
REGISTRY FIXED FEE	$15	$15	$15
REGISTRAR OTHER FEES	$7	$7	$7
OTHER	$2	$1	$2

■ Actual ■ Budget ■ FY19

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

FY20 Year-to-date (Jul 19 – Dec 19) Operating & Capital Expense

Actual:	**$ 62M**
Budget:	**$ 66M**
FY19:	**$ 59M**

Lower Personnel costs and timing differences of projects vs. Budget.

Legend: ■ Actual ■ Budget ■ FY19

	PERSONNEL	TRAVEL & MEETINGS	PROFESSIONAL SERVICES	ADMINISTRATION & OTHER	CAPITAL
Actual	$35	$6	$11	$8	$1
Budget	$37	$6	$12	$11	$1
FY19	$34	$7	$11	$7	$1

FY20 Funds Under Management as of 31 December 2019

FUNDS UNDER MGMT.

Total Funds: **$ 471M**
ICANN Operations: $ 172M
New gTLD Program-related: $ 299M

ICANN Operations

$150

Operating Fund $35

Reserve Fund $116

30 June 2019

$172

Operating Fund $48

Reserve Fund [1] $124

31 December 2019

New gTLD Program

$314

New gTLD Funds $106

Auction Proceeds $208

30 June 2019

$299

New gTLD Funds $89

Auction Proceeds [1] $210

31 December 2019

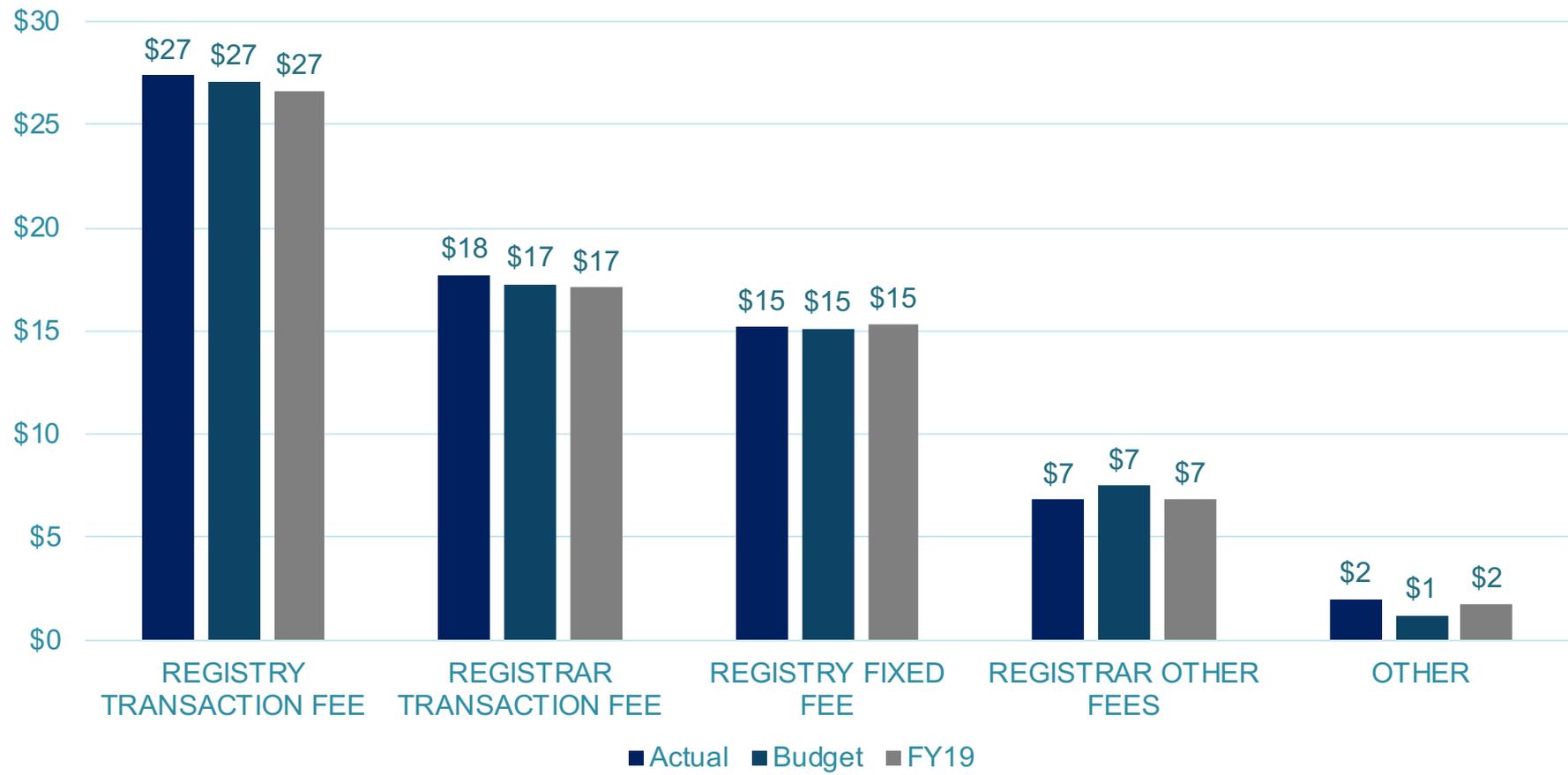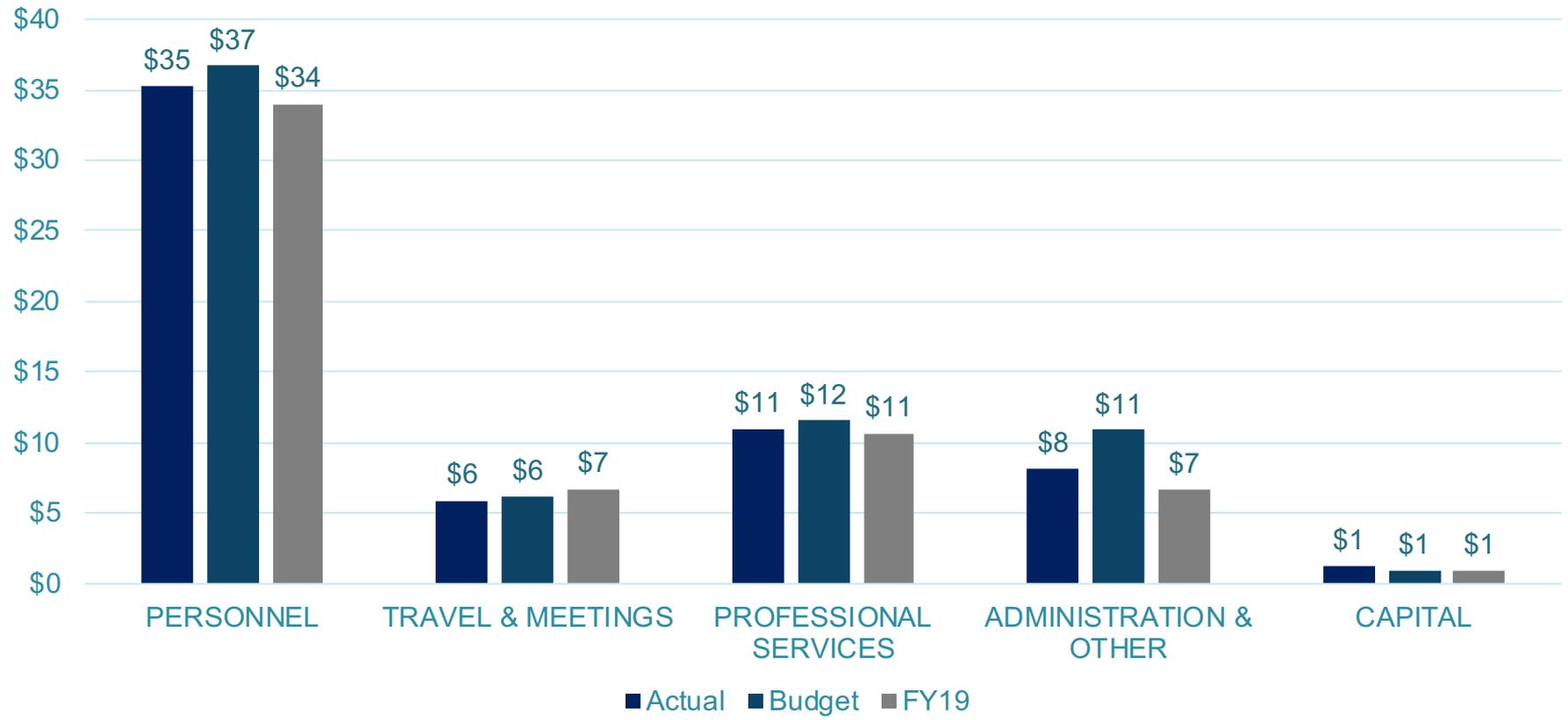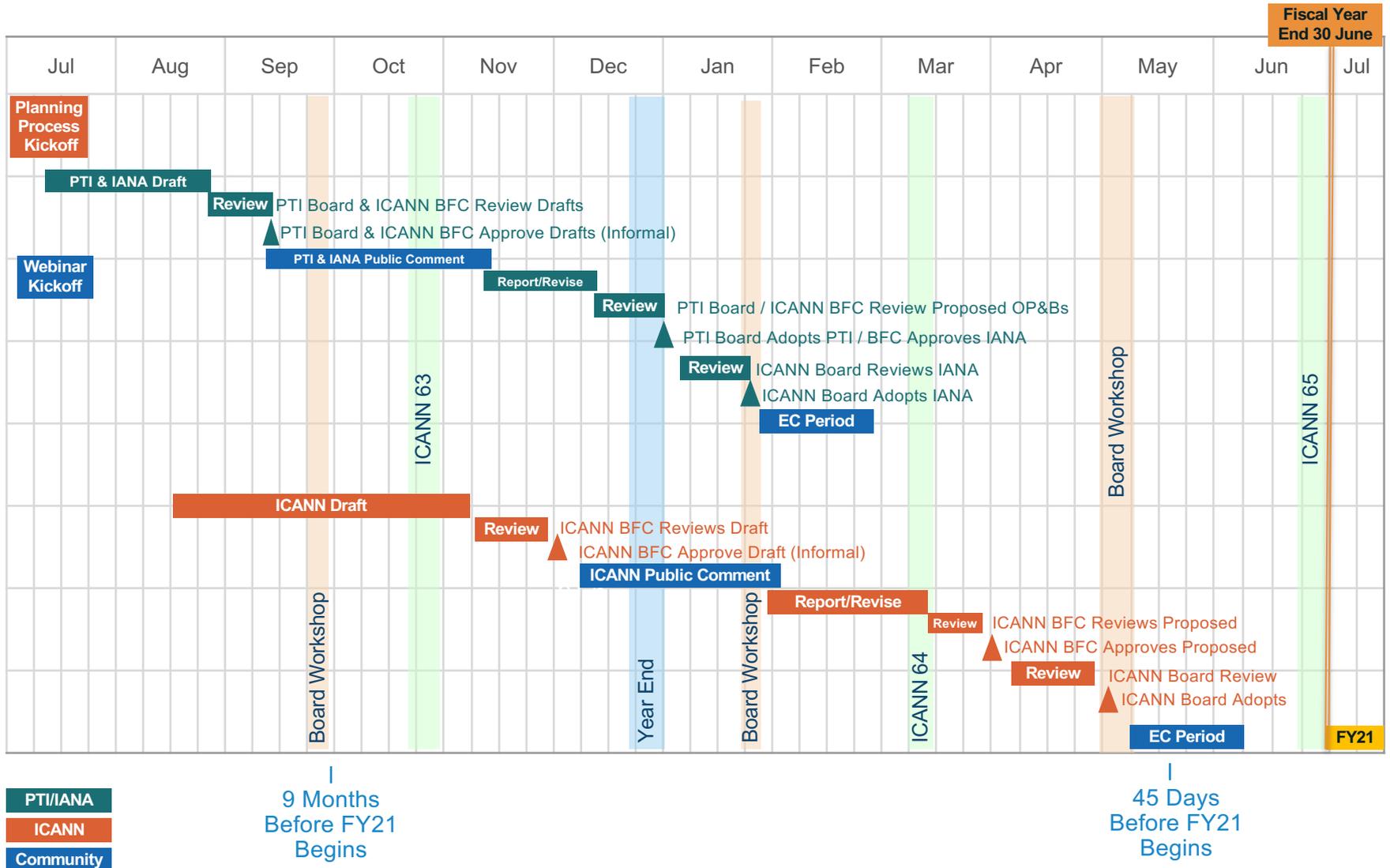*[1] Reflects $36M transfer from Auction Proceeds to Reserve Fund as part of Board Approved Replenishment Strategy*

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

Appendix: PTI and IANA Timelines

PTI and ICANN FY21 Planning Timeline

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul

Fiscal Year End 30 June

Planning Process Kickoff

PTI & IANA Draft

Review PTI Board & ICANN BFC Review Drafts

PTI Board & ICANN BFC Approve Drafts (Informal)

PTI & IANA Public Comment

Webinar Kickoff

Report/Revise

Review PTI Board / ICANN BFC Review Proposed OP&Bs

PTI Board Adopts PTI / BFC Approves IANA

Review ICANN Board Reviews IANA

ICANN Board Adopts IANA

EC Period

ICANN 63 (Board Workshop)

ICANN 65

Board Workshop

ICANN Draft

Review ICANN BFC Reviews Draft

ICANN BFC Approve Draft (Informal)

ICANN Public Comment

Report/Revise

Review ICANN BFC Reviews Proposed

ICANN BFC Approves Proposed

Review ICANN Board Review

ICANN Board Adopts

EC Period

FY21

Board Workshop

Year End

Board Workshop

ICANN 64

9 Months Before FY21 Begins

45 Days Before FY21 Begins

PTI/IANA
ICANN
Community

FY21 Operating Plan and Budget Process Timeline – PTI & IANA

Step	Dates	Action By	Note
PTI & IANA Public Comment Period	14 Oct – 27 Nov 2019	Community	48 Days including 7 days for ICANN 66
PTI & IANA Staff Report on Public Comment Submitted to PTI Board & ICANN BFC for Review	16 Dec 2019	PTI Board & ICANN BFC	
PTI & IANA Staff Report on Public Comment Published	19 Dec 2019	ICANN org	
PTI OP&B Adopted	09 Jan 2020	PTI Board	
ICANN BFC recommends IANA Budget Approval	16 Jan 2020	ICANN BFC	ICANN BFC recommends to the ICANN Board to approve
ICANN Board Adopted IANA Budget	24 Jan 2020	ICANN Board	The adopted plan is input into the IANA Functions Budget in the Total ICANN OP & Budget