

ICANN 61 Finance Presentation

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ICANN 61
10 March – 15 March 2018



Agenda

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FY18 Financial
Overview

2

Draft FY19 Operating
Plan and Budget

3

Reserve Fund
Replenishment

4

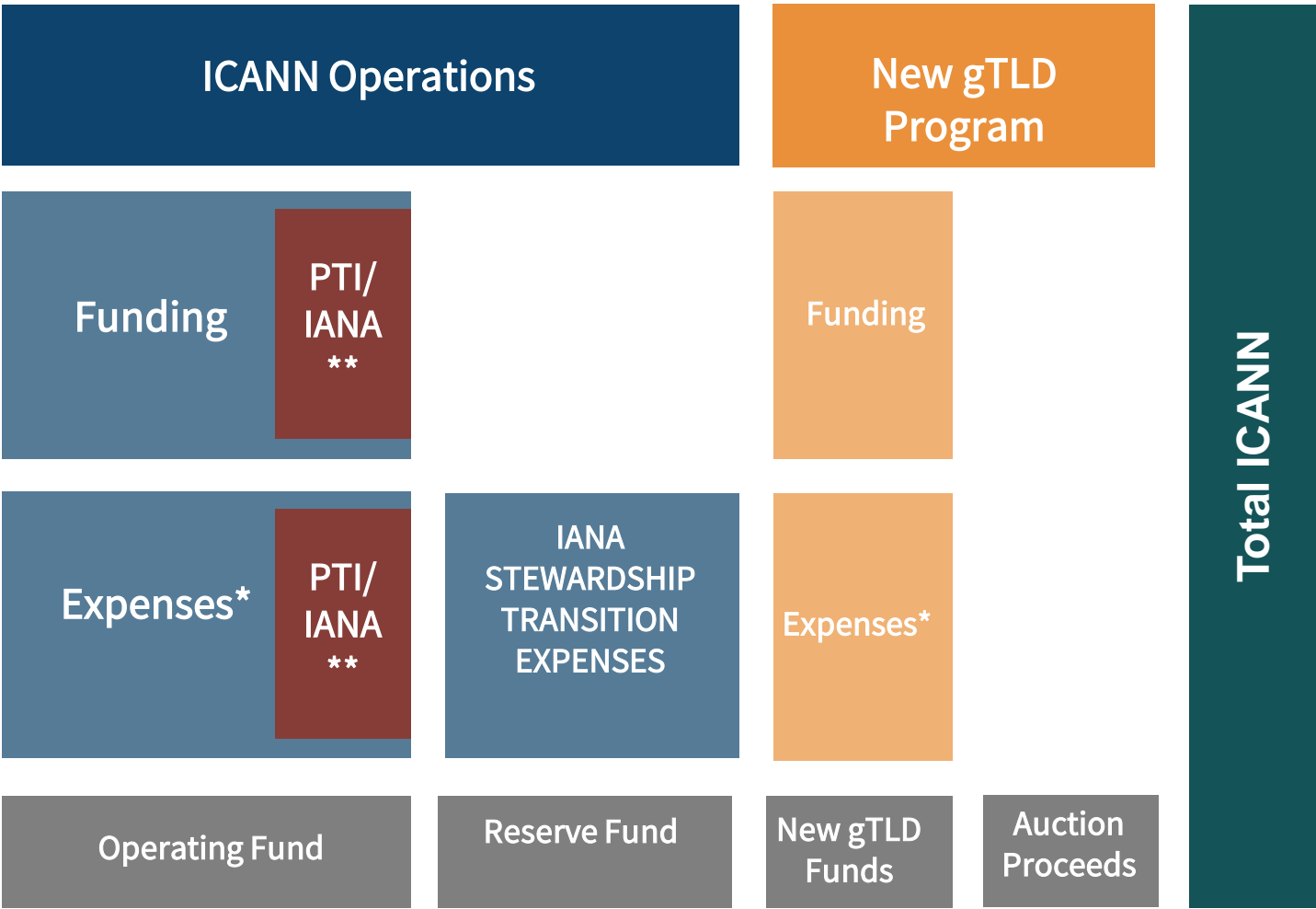
Q&A – General

5

Additional Topics

FY18 Financial Overview

ICANN Organization Reporting Structure FY18



*Excludes depreciation and bad debt expenses

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

FY18 Year-to-date (Jul 17- Dec 17) Overview

ICANN OPERATIONS

Funding and Expenses below target.

	Actual	Budget	Var	% Var	FY17	Var	% Var
Funding	\$65	\$71	-\$5	-8%	\$65	\$0	1%
Expenses	(\$59)	(\$68)	\$9	-13%	(\$57)	(\$2)	4%
IANA Stewardship Transition Expenses	(\$1)	(\$2)	\$1	-61%	(\$4)	\$4	-86%
Net	\$6	\$1	\$4	N/A	\$4	\$2	58%

Breakdown of Expenses	Actual	Budget	Var	% Var	FY17	Var	% Var
IANA Services	(\$4)	(\$5)	\$1	-17%	(\$6)	\$3	-41%
All Other	(\$55)	(\$63)	\$8	-13%	(\$50)	(\$5)	9%

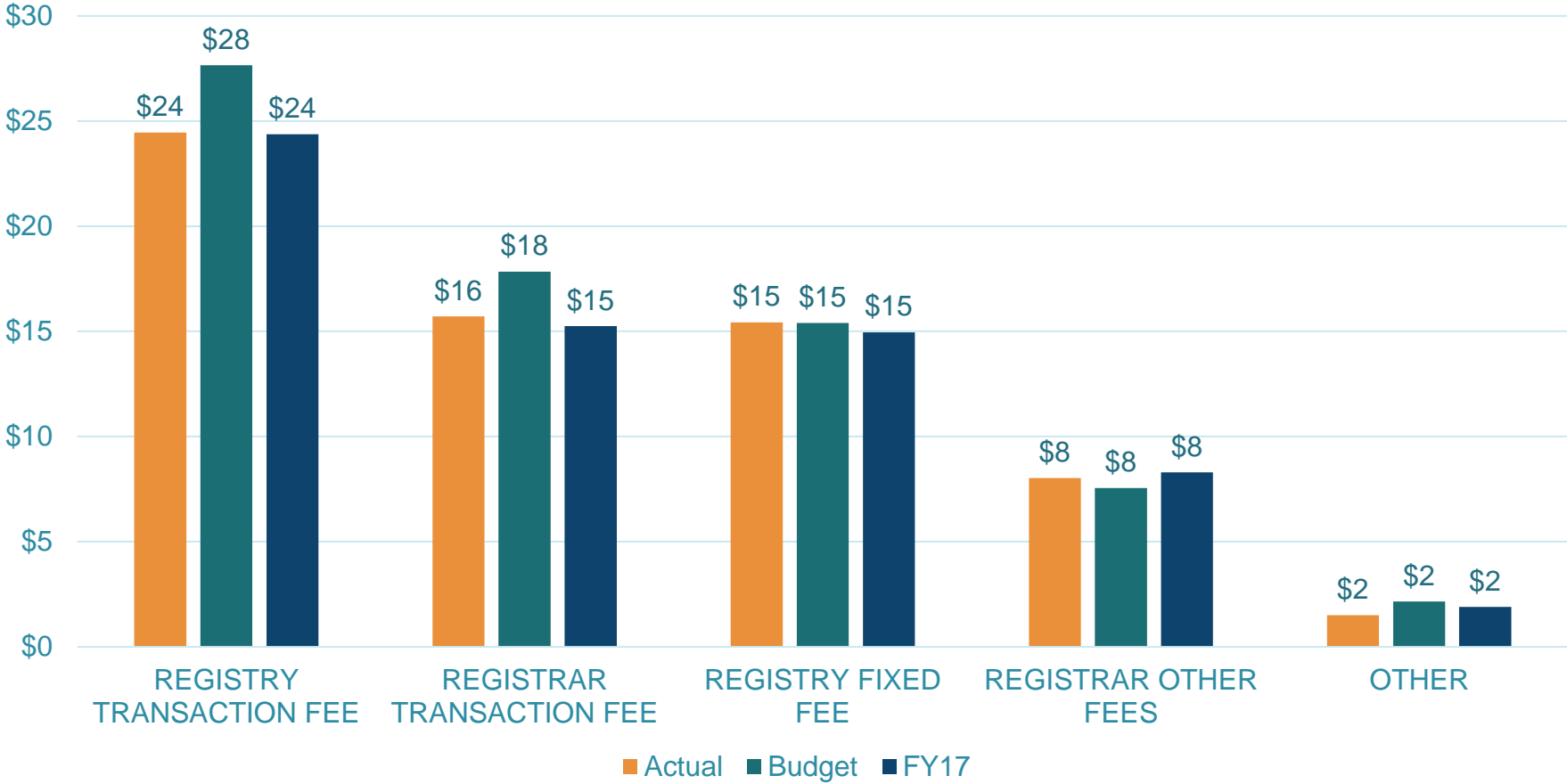
Note: Expenses exclude bad debt and depreciation and include capital expenses.

FY18 Year-to-date (Jul 17 – Dec 17) Funding vs Budget & FY17

ICANN OPERATIONS

Actual: \$ 65M
 Budget: \$ 71M
 FY17: \$ 65M

Funding below target due to lower registration volumes



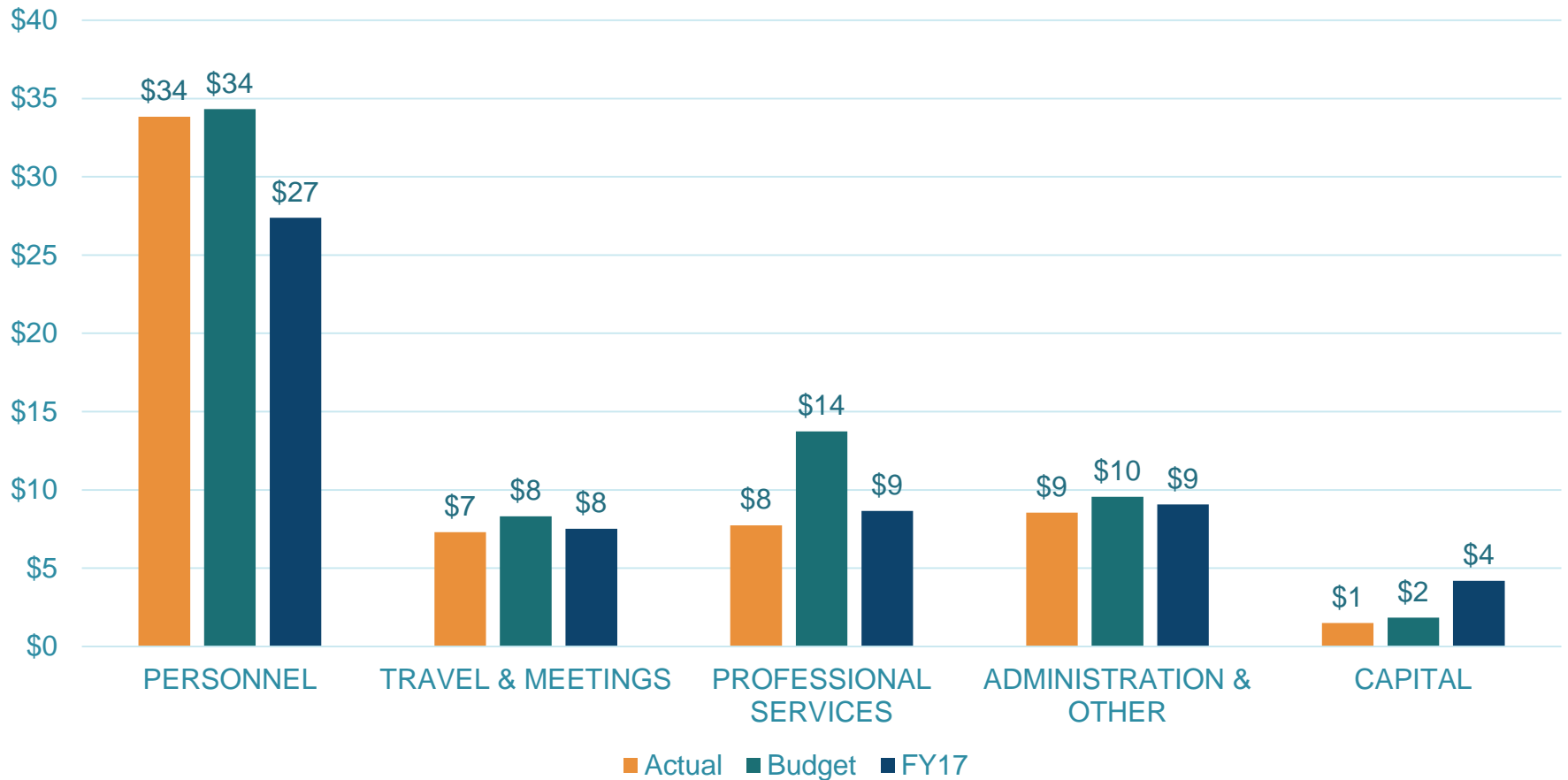
In millions, USD- unaudited – Scale and Arithmetic inconsistencies are due to rounding to the nearest million.

FY18 Year-to-date (Jul 17 – Dec 17) Operating & Capital Expenses

ICANN OPERATIONS

Lower professional services costs and timing differences of projects vs. plan.

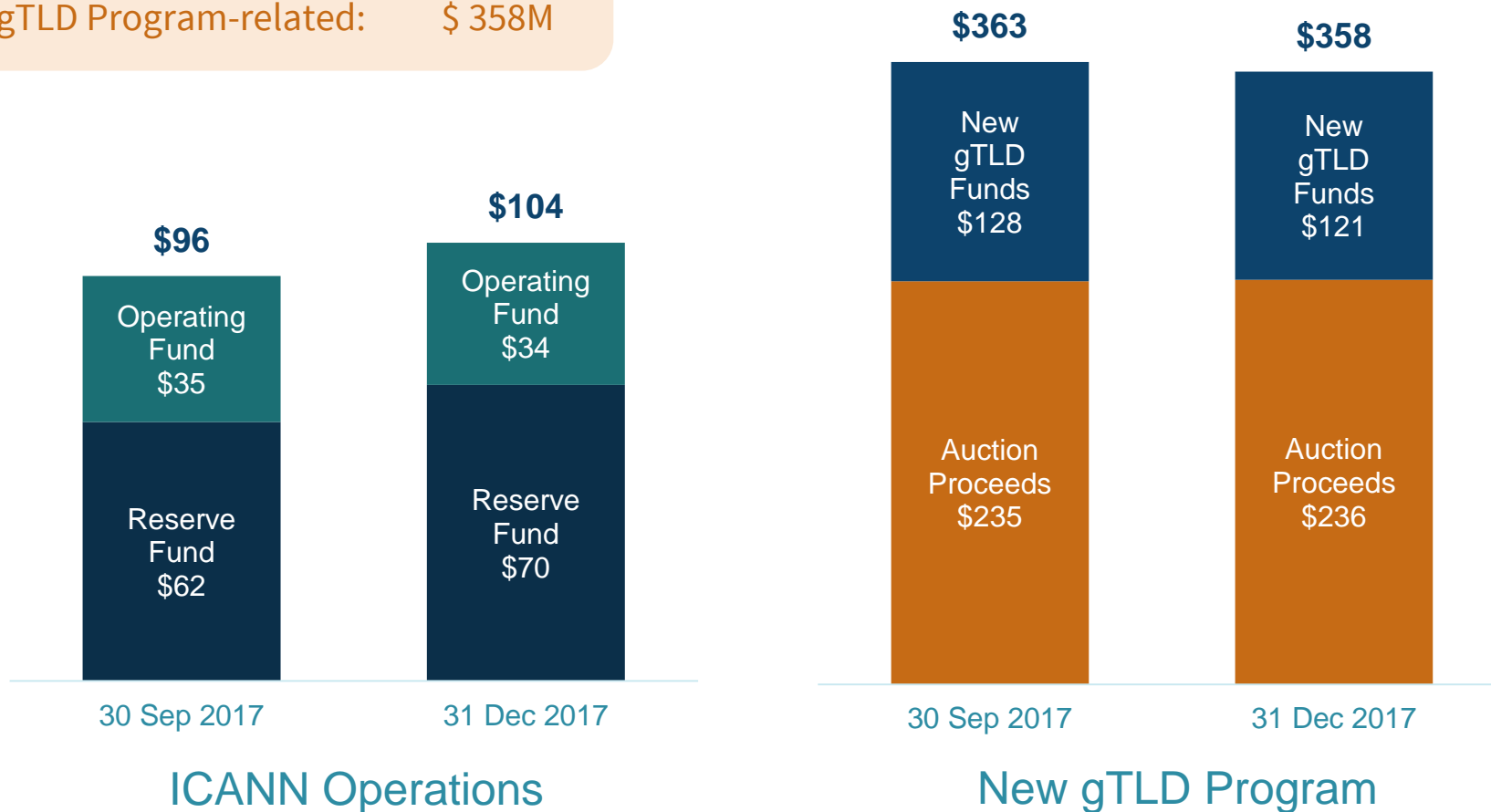
Actual:	\$ 59M
Budget:	\$ 68M
FY17:	\$ 57M



Funds Under Management as of 31 Dec 2017

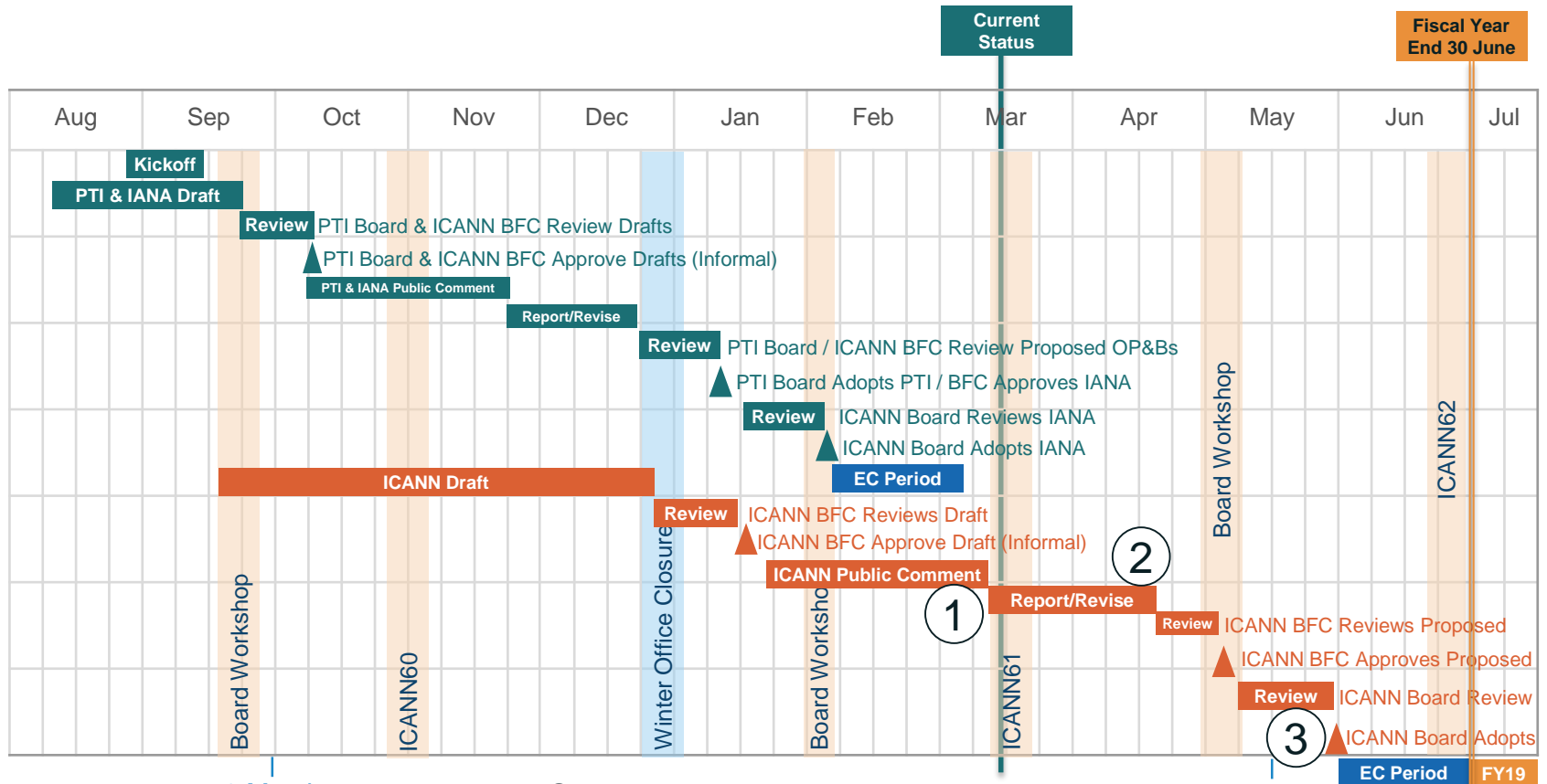
FUNDS UNDER MGMT.

Total Funds: \$ 462M
ICANN Operations: \$ 104M
New gTLD Program-related: \$ 358M



FY19 Planning Process

FY19 Planning Timeline Highlights



Key Next Steps:

1. Public Comment Period Ends 8 March
2. ICANN.org report on Public Comment Due 12 April
3. ICANN Board Approval 31 May 2018

9 Months Before FY19 Begins

45 Days Before FY19 Begins

Planning Document Structure

Document Number	Document Name	Description of Contents
1	FY19 Budget Introduction & Highlights	Overview of the key elements of the draft FY19 plans
2	FY19 Total ICANN Budget	High-level review of the draft FY19 budget
3	FY19 Key Projects & Activities	Information on key cross-functional projects and activities planned for FY19
4	FY19 Operating Plan	Section 1: Summary of 6 modules of work planned for FY19 Section 2: Breakdown of the operating plan with the budget by strategic goal
5	FY19 Five-Year Operating Plan Update	High-level five-year perspective on the operations ICANN undertakes to implement its strategic plan
6	FY19 Excel Spreadsheet	Detailed breakdown of the budget for each project

- New series of six documents that form the ICANN annual update to the fiscal Operating Plan and Budget.
 - Introduction and Highlights document recommended to read first
 - Each document is standalone and can be reviewed separately in no specific order, dependent on interest.
 - Key Projects and Operating Plan Modules provide more information on planned projects and activities

Draft FY19 Budget Summary

ICANN Operations	FY17 Actuals	FY18 Adopted Budget ¹	FY18 Forecast ²	Draft FY19 Budget
Funding	\$135	\$143	\$135	\$138
Cash Expenses	\$128	\$143	\$137	\$138
Funding from FY17 Savings (Approved by Board)	\$0	\$0	\$2	\$0
Excess/(Deficit)	\$6	\$0	\$0	\$0

\$ in USD Millions

¹ FY18 Adopted Budget in June 2017

² FY18 Forecast is the most recent data on FY18

FY19 Budget Highlights

1

FY19 Budget balanced

- Funding = Operations expenses = \$138M
- Significant shift in budgeting only for defined requirements, and not including tentative and unapproved potential work.
- Draft budget include \$6m of cost reductions to offset inflation and necessary increases.

2

Funding increases at a slower rate

- Funding of \$138M, 2.6% above the FY18 forecast \$135M.
- Slower growth in funding as all new gTLDs are now delegated.

3

ICANN Operations expenses

- Operations expenses are stable year on year.
- Personnel expenses increase offset by cost reductions (FY19 \$133.5M vs. FY18 Forecast \$133.3M, both excluding contingency).

4

Headcount Trends

- Total ICANN headcount in FY19 is growing at a slower pace.
- End of Period headcount for FY19 is 425 or 1% higher than the expected headcount of 421 for the end of FY18.

FY19 Planning Timeline – Key Next Steps

Step	Target Dates	Note
ICANN Public Comment	19 Jan – 8 Mar	49 Days (7 weeks)
ICANN 61 Community Forum	10 Mar – 15 Mar	2 Public Sessions to discuss comments received on ICANN OP&B. Attend SO/AC/SG Meetings to discuss comments as needed.
ICANN.org Report on Public Comment	12 April	Report on Responses to Public Comment Published
ICANN Proposed OP&B Submitted to ICANN Board	15 May	At Least 45 Days Before Next Fiscal Year (Per Bylaws)
ICANN Board to Approve ICANN OP&B	31 May	Target to allow for EC Review Period before 1 July

ICANN Reserve Fund Replenishment Strategy

Reserve Fund: Public comment #2 on Replenishment

- ICANN Reserve Fund created in 2007, funding through operational surpluses.
 - Target 12 months of operating expenses.
 - In 2014: Reserve Fund = 11 months of Operating Expenses.
 - Starting in 2014: withdrawals to fund IANA Stewardship Transition. Total \$36 million over 4 years.

- Target level = 12 months of Operating Expenses = US\$138m
 - Amount of Reserve Fund as of 31/12/2017 (most recently published): US\$70m
 - Shortfall: US\$68m

- Strategy suggested: replenishment period 5 years (principle #1)
 - Over 5 years, ICANN Org operational savings US\$15m (principle #2)
 - Auction Proceeds: US\$36m, for IANA Stewardship Transition expenses
 - Remainder shortfall of US\$17m (68 less 15 less 36):
 - Contribution from leftover funds from the new gTLD program, if any
 - Additional contribution from ICANN org.
 - Additional contribution from the Auction Proceeds.



Questions?

Additional Topics

FY19 SO/AC Additional Budget Requests

Step	Timing
Process launched on Finance Community	1 December 2017
ABR Submissions received	31 January 2018
SO/AC consultations at ICANN 61	10 March – 15 March 2018
Evaluations by assessment team	15 April 2018
Recommendation to ICANN Management and ICANN BFC	25 April 2018
Recommendations to ICANN Board	15 May 2018
ICANN Board Adoption of FY19 OP&B including SO/AC ABR	31 May 2018

How to Get Involved



Thank You

Email: planning@icann.org



**Report on Public
Comment**

icann.org/public-comments



Community Finance Email List

Subscribe

Finance Sessions at ICANN 61:

FY19 Operating Plan and Budget Discussion on Public Comments Received- Part 1:

Tue, Mar 13, 2018-**13:30 - 15:00**, – Room 202

FY19 Operating Plan and Budget Discussion on Public Comments Received- Part 2:

Wed, Mar 14, 2018– **10:15 - 12:00**, – Room 202

Budget Working Group - Topics Include: FY18 Financial Results, FY20 Planning, Reserve Fund, Strategic Planning

Wed, Mar 14, 2018- **13:30 - 16:45** - Room 202