ICANN 68

VIRTUAL POLICY FORUM

ICANN Org Planning Team
ccNSO SOPC Presentation

25 June 2020

Agenda

⊙ Current Status FY21 Planning

⊙ Discussion Topics with ccNSO SOPC

⊙ Overview of Adopted FY21-25 Five Year Operating & Financial Plan

⊙ Overview of Adopted FY21 Budget

⊙ FY22 Planning Process and Next Steps

Current Status FY21 Planning

- ICANN org published a draft FY21-25 Operating & Financial Plan and FY21 Operating Plan and Budget for public comment in December 2019. These drafts were developed based on the approved FY21-25 Strategic Plan.

- Since concluding the Public Comment process, the economic impact of the COVID-19 pandemic has had a significant and ongoing impact on the world.

- ICANN org expects that its planned activities and financial position for the remainder of FY20 (ending 30 June 2020) and FY21 will be impacted.

- ICANN org developed a new set of financial projections and presented these to the Board and Community in early May. These plans were adopted by the Board shortly thereafter.

- The Empowered Community (EC) Rejection Action Petition period has terminated regarding the adopted FY21-25 Operating and Financial Plan and FY21 Operation Plan and Budget. The plans will go into effect on 1 July 2020 for FY21.

- FY21 Financial and Planning updates will be presented at Community Webinars. September Webinar to be scheduled shortly

Specific Discussion Points with the ccNSO

Comment received from the ccNSO SOPC:

- A final, high-level report of the previous Operating Plan cycle would be desirable to have an overview of the achievements, changes in the Plan, and, above all, lessons learnt"

ICANN org Planning Team Discussion Points:

- As part of the FY22 Planning cycle ICANN org planning team will provide a lessons learned report on the previous Five Year Plan and a high level view of the achievements accomplished as part of the previous Five Year Strategic and Operating Plan for FY16-FY20.

- Org agrees that a Lessons Learned process provides valuable feedback on both the process and the content of the Plans

- Reporting on progress toward achievement of the Strategic Plan is important. For the previous five-year Operating Plan cycle, each year the ICANN annual report provides a summary of activities that were achieved in delivering the Strategic Objectives and Goals.

- ICANN's Accountability Indicators reporting is being integrated into the CEO reporting process

Specific Discussion Points with the ccNSO

Comment received from the ccNSO SOPC:

o The SOPC comment on the Operating Initiative "Promote and Sustain a Competitive Environment in the Domain Name System" seems not to have been addressed properly. The staff report mentions studies about the impact of new gTLDs, but no answer was given to the other part of our comment ("fail to see the logic between the next application window/the new gTLD Program and the evolution of the unique identifier systems/competitive environment").

ICANN org Planning Team Discussion Points:

o As noted in the targeted outcomes for this Operating Initiative, ICANN expects that with expansion of the DNS through new rounds of Ngtld delegations, there will be continued investment and innovation via market developments and new registry services.

Specific Discussion Points with the ccNSO

Comment received from the ccNSO SOPC:

- o The language of the Operating Initiatives remains challenging for English native speakers and even more for non-mother tongue. One example is "Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking".

ICANN org Planning Team Discussion Points:

- o ICANN org notes the suggestion that the description of the Operating Initiates remains challenging. ICANN org intends to make all of the content understandable for all readers of the documents.

Additional comment: Operating Initiative: Planning

- ⊙ The Complexity of ICANN at the organisational level and, consequently, the complexity of the planning process makes meaningful contributions from the community difficult – perhaps even impossible – and limited in scope. Therefore, we strongly recommend that

- ⊙ ICANN includes 'How to make the planning processes more accessible to the community' as a key goal of this Initiative.

Specific Discussion Points with the ccNSO

Comment received from the ccNSO SOPC:

- ○ As last point, would it be possible to let us know if and how the recent budget review affects the projects and initiatives that are relevant to the ccTLD community?

- ○ There was a question regarding the analysis of spending by SO/AC which includes expenses used to support the work of the ccNSO.

ICANN org Planning Team Discussion Points:

- ○ Based on the FY21 Adopted Operating Plan and Budget, the planned work for the support for the ccNSO in policy development remains unchanged.

  - • The plan also includes funding for travel for 3 face to face meetings, however, as of June 2020, the ICANN Board took a decision to have ICANN 69 as a virtual meeting.

  - • In addition, the FY21 Budget includes the funding for the approved ABRs but none were submitted by the ccNSO.

- ○ The analysis of spending by SO/AC which includes expenses used to support the work of the ccNSO is being worked on as a draft to discuss with the community for input.

ICANN 68 Prep Week Planning Webinar

2) ICANN Org Planning Webinar

Tuesday, 9 June 2020 16:00-17:00 UTC

Session now concluded

Topics:
- ICANN's FY21 Operating Plan and Budget
- ICANN's FY21-25 Operating and Financial Plan

Archive Files:
Zoom Recording

Presentation Materials:
https://meetings.icann.org/en/icann68prepweekwebinar_planning.pdf

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Adopted FY21-25 Financial Plan

(in Millions USD)

5-Year Projections	FY21 Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	5-Year Total
Funding	$129.3	$136.5	$138.8	$141.0	$143.2	$688.8
Expense						
Personnel	76.0	76.8	77.5	78.3	79.1	387.7
Professional Services	17.0	17.0	17.0	17.0	17.0	84.8
Travel and Meetings	12.4	16.1	16.1	16.1	16.1	76.9
Administrative	17.1	17.1	17.1	17.1	17.1	85.3
Capital	1.7	1.7	1.7	1.7	1.7	8.3
Contingency	5.2	5.5	5.6	5.7	5.8	27.7
Cost Savings Initiatives	0.0	-3.0	-3.2	-3.3	-2.9	-12.4
Total	129.3	131.1	131.7	132.5	133.7	658.3
Funding Less Expenses	0.0	5.5	7.0	8.5	9.5	30.5
Allocation to the Reserve Fund	0.0	0.0	1.0	2.0	3.0	6.0
Operating Initiatives Envelope	0.0	5.5	6.0	6.5	6.5	24.5
Net Excess	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Average Headcount	395	395	395	395	395	395

Operating Initiatives Financial Plan

- A high and low scenario envelope was estimated for all Operating Initiatives; for modeling purposes the midpoint is used
- Financials were estimated for initiatives that require incremental efforts; it is assumed that some initiatives are already being worked on with existing budget

(in Millions USD)

	Operating Initiatives	5-Year Financial Estimate (Low)	5-Year Financial Estimate (Midpoint)	5-Year Financial Estimate (High)	Assumptions for Midpoint Scenario
1	Support the evolution of the Root Server system	$ 3.0	$ 4.5	$ 6.0	2 headcount for the 5-year period and meeting facilitation costs
2	Facilitate Improvements of the DNS Ecosystem	4.0	6.0	8.0	1 headcount 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 headcount 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	Promote and sustain a competitive environment in the Domain Name System	-	-	-	See note below
7	Universal Acceptance	1.5	2.0	2.5	ICANN org is already investing in Universal Acceptance, this assumes we will spend another $500K/yr.
8	Continue the Root Zone Management evolution	3.0	4.5	6.0	Hardware and connectivy costs based on Singapore cluster.
9	Evaluate, align and improve engagement in the Internet ecosystem	-	-	-	See note below
10	Targeted engagement to improve government and IGO engagement and participation in ICANN	-	-	-	See note below
11	Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission	-	-	-	See note below
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 headcount for the 5-year period and funds for 3rd party research.
13	Implement New gTLD auction proceeds recommendation	-	-	-	See note below
14	ICANN Planning	-	-	-	See note below
15	ICANN Reserves	-	-	-	See note below
	Total	$ 16.5	$ 24.5	$ 32.5	

Note: Resources for these initiatives are included within the functional activities of the financial plan core budget and therefore no incremental resources are needed.

FY21 Adopted Budget Highlights

In Millions, USD	FY21 Adopted Budget Total ICANN Operations
Funding	**$129.3**
Personnel	76.0
Travel & Meetings	12.4
Professional Svcs.	17.0
Administration [(1)] & Capital	18.7
Contingency [(2)]	5.2
Cash Expenses	**$129.3**
Excess/(Deficit) Before Contribution	**($0.0)**
Reserve Fund Contribution	**$0.0**
Net Operating Excess/(Deficit)	**($0.0)**
Average Headcount	395

(1) ICANN Operations cash expenses excludes Depreciation and Bad Debt.
(2) The FY21 contingency expense represents an amount of budgeted expenses unallocated to specific activities or functions.

- FY21 Funding reflects economic crisis impact resulting from the pandemic

- Cash Expenses are balanced with Funding and are achievable given the trend of expenses in recent years

  o Travel & Meetings reflects travel restrictions and budget for three face-to-face ICANN Meetings

  o Contingency in line with previous years

  o Additional Budget Requests are $20k higher than in previous years

- Recommended delay in FY21 Reserve Fund contribution but still on track to achieve Board approved replenishment strategy by FY25

FY21 Adopted Budget vs FY20 Forecast

In Millions, USD	FY21 Adopted Budget Total ICANN Operations	FY20 Forecast Total ICANN Operations	Under/(Over) vs. FY20 Forecast Total ICANN Operations	%
Funding	**$129.3**	**$137.5**	**($8.2)**	**-6%**
Personnel	76.0	72.4	(3.6)	-5%
Travel & Meetings	12.4	8.0	(4.4)	-54%
Professional Svcs.	17.0	18.8	1.8	10%
Administration [1] & Capital	18.7	18.1	(0.6)	-3%
Contingency [2]	5.2	4.3	(0.9)	-20%
Cash Expenses	**$129.3**	**$121.6**	**($7.7)**	**-6%**
Excess/(Deficit) Before Contribution	**($0.0)**	**$15.9**	**($15.9)**	**-100%**
Reserve Fund Contribution	**$0.0**	**$0.0**	**$0.0**	**n/a**
Net Operating Excess/(Deficit)	**($0.0)**	**$15.9**	**($15.9)**	**-100%**
Average Headcount	395	389	6	1%

(1) ICANN Operations cash expenses excludes Depreciation and Bad Debt.
(2) The FY21 contingency expense represents an amount of budgeted expenses unallocated to specific activities or functions.

- ⊙ FY21 Funding is projected to be 6% lower than FY20 Forecast as the economic impact is projected to affect ICANN org funding beginning in FY20-Q4

- ⊙ FY21 Personnel costs are projected to increase due to inflationary increases and a modest increase in headcount

- ⊙ FY21 Travel is higher as it assumes travel restrictions being relaxed and holding all 3 face-to-face ICANN Meetings whereas FY20 includes 1 face-to-face and 2 virtual meetings

Preparing for FY22 planning

- FY21 will be a year where the consequences on ICANN of the global pandemic will be monitored carefully.

- The lesson's learned from the FY21 plan development process is that the ICANN community, the ICANN Board and ICANN org have much work to accomplish and this work needs to be planned for and prioritized given limited resources.
  - Work to be prioritized include:
    - Operating Initiatives in the new Five-Year Plan
    - Implementation work: Adopted policies, review recommendations, advice, WS2
  - In addition to the on-going policy development community work.

- The Operating Initiative in the FY21-25 Operating Plan provides a framework to improve the overall ICANN planning process.

Planning at ICANN Next Steps

- ICANN is initiating the Operating Initiative "Planning at ICANN" during the planning cycle of FY22 (happening during FY21).

- This involves updates on a rolling basis to the five-year plans (strategic, operating and financial)
  - Strategic Outlook Trends Identification is the input to the strategic planning process.

- Collaborating to prioritize ICANN's community and org work is a key objective driving the design of the FY22 planning process.

- Next step: ICANN org to propose an FY22 planning process during the month of August 2020.

Questions and Answers

- ❖ Please raise your hand in zoom if you want to ask a question
- ❖ The Remote Participants Manager 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 will read out your question(s).