

A world map composed of numerous small blue dots of varying shades, creating a pixelated or halftone effect. The map is centered on the Atlantic Ocean, with North and South America on the left and Europe and Africa on the right.

Finance Public Session

26 June 2014

#ICANN50



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1.1 FY14 Highlights

ICANN Ops

- Change in Net Assets = +\$5M (below budget by \$2M)
 - Revenues < Budget; Expenses = Budget
 - Personnel Headcount < Budget
- 3 activities applied against contingency
 - Research (eFriction), Technical (IETF Sponsorship), Internet Governance (1Net, NETmundial, IGF, etc.)
- Strategy Panels scope reduced to fund unplanned IG activities

New gTLD

- Completion of Program extended to 2017
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1.2 Contingency Expenditures (Ops)

in millions, \$USD

Research (eFriction Report)			
Report Production	0.5	Report Communication	0.1
Technical Support for Community			
IETF Sponsorship	0.3	IETF In-kind Services	0.3
Internet Governance			
1Net		ICANN Contribution to NETmundial's costs	
Consulting	0.3	Community Travel and Lodging	0.6
Legal Fees	0.3	Space and catering (50% of total)	0.3
Communications	0.3	ICANN Staff Travel and Lodging	0.3
Meetings Space	0.3	Interpretation/ Communication	0.2
Travel and Lodging	0.2	Other (consult, contributions, etc.)	0.1
Website	0.2		
Equipment	0.1	Bali IGF Sponsorship	0.3
Contributions	0.1		
		USG Transition (legal fees)	0.4
Total Expenses	\$5.0		
Budget	\$3.7		
Under/ (Over)	(\$1.3)		

1.3 FY14 Exceptional Items (Ops)

in millions, \$USD

Exceptional Items	
ATLAS II	\$0.8
Strategy Panels	1.5
Total Expenses	\$2.2
Budget	\$3.9
Under/ (Over)	\$1.7

1.4 FY14 Personnel (End of Year)

in millions, \$USD

OPS	<u>Headcount</u>	<u>Amount</u>
Forecast	267	\$36.6
Budget	277	\$36.7
Under/ (Over)	10	\$0.1
	3.3%	0.3%

New gTLD	<u>Headcount</u>	<u>Amount</u>
Forecast	24	\$3.2
Budget	29	\$4.1
Under/ (Over)	5	\$0.9
#	17.2%	22.0%

1.5 Operating Expense Variances

in millions, \$USD

ICANN Ops	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
Total Operating Expenses	<u>\$92</u>	<u>\$92</u>	<u>\$0</u>
<u>Global Domains</u> – Slower technical, operational, research and security functions	17.8	21.1	3.3
<u>GSE/Gov. Eng.</u> – Lower travel and personnel (dept. transfers and less hirings)	9.6	11.7	2.1
<u>Constituents Travel</u> – Higher average rates and more travelers	3.8	3.1	(0.7)
<u>Depreciation</u> – Write off of aged assets	3.5	2.6	(0.9)
<u>Operations</u> – Unbudgeted ERM, Mgmt., and Admin (primarily LA and D.C. rent \$0.4M)	7.5	6.5	(1.0)
<u>CEO Office travel</u> – Globalization/IG	1.3	0.3	(1.0)
<u>Language Services</u> – Higher volume of translation/ interpretation	5.3	3.7	(1.6)
<u>All Other Expenses</u>	43.8	44.0	0.2

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1.6 FY14 Forecast vs. Budget

in millions, \$USD

	FY14			FULL PROGRAM		
	Current Estimate (Apr 2014)	Adopted Budget (Aug 2013)	Incr/ (Decr)	Current Estimate (Apr 2014)	Adopted Budget (Aug 2013)	Incr/ (Decr)
Total Application Fees	\$58	\$143		\$362	\$363	
Less: Total Refunds	-\$15	-\$31		-\$51	-\$52	
Net Application Fees	\$43	\$112	-\$69	\$311	\$311	-\$1
Expenses						
Evaluation Costs	\$21	\$43	-\$22	\$137	\$130	\$6
Overheads	\$15	\$18	-\$3	\$54	\$41	\$13
HDC/ Investments	\$3	\$11	-\$9	\$32	\$32	\$0
Total Operating Exp.	\$39	\$73	-\$34	\$223	\$204	\$19
Remaining Balance	\$4	\$39	-\$35	\$87	\$107	-\$20

- Revenue below budget due to (i) project timing, (ii) extending forecasted end of contracting/delegation from FY15 to FY17 (i.e. spreading the revenues over 5 years instead of 3).
- Expenses below budget (see next page for highlights)

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1.7 Operating Expense Variances

in millions, \$USD

New gTLD	<u>Forecast</u>	<u>Budget</u>	<u>Variance</u>
Total	<u>\$36</u>	<u>\$62</u>	<u>\$25</u>
<u>Pre-delegation</u> – Lower spend due extended duration of the program and internalization of contracting efforts	4.6	16.2	11.6
<u>Extended Evaluation</u> – RSTEP no longer occurring	1.6	5.1	3.5
<u>Quality Control</u> – timing	2.1	5.5	3.4
<u>Initial Evaluation</u> – favorable contract negotiations	6.3	8.8	2.5
<u>Objections</u> – lower number of objections and lower average costs	0.5	3.0	2.5
<u>New gTLD Team</u> – timing of hiring	3.9	6.4	2.5
<u>Program Administration</u> – system depreciation and legal prof services	5.8	4.9	(0.9)
<u>#ICANN50</u> All Other expenses	11.6	11.7	0.1

2.1 FY15 Draft Budget - Comments to date

Public comment period: 8-May to 1-Jul

2 comments received as of 25-Jun

- K. Stubbs:
 - Elaboration on USG Transition costs requested
- ccNSO:
 - Positive feedback on format and content structure
 - Expenses growing too much and revenue optimistic

2.2 FY15 Draft Budget – Next steps

Next steps:

- Public comment closes 1-Jul
- Staff drafts answers to comments 1-Aug
- BFC reviews and approves draft answers, including potential changes by 10-Aug
- Final budget recommended by BFC to the Board, for approval by 27-Aug

3.1 FY16 Planning process – FY15, looking back

- What worked well (or better):
 - Format/structure of contents
 - Increased time for public comment submission and responses
 -?
- What did not:
 - No link with the strategic plan
 - Changes in the middle of the process
 - Delayed publication of draft vs original plan
 - Less frequent interaction with community
 - ...?

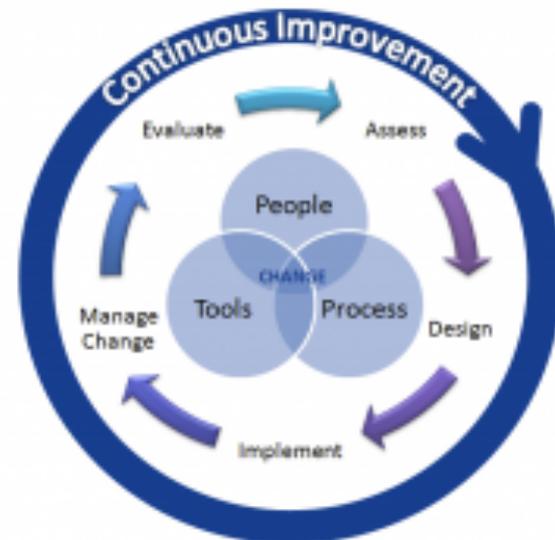


3.2 FY16 Planning process – Position

We all want to change for the better!

The Board approved resolution 2014.04.30.12 requesting Staff to develop a new process by the LA meeting that includes:

- a multi-year forecast
- broader community input



3.3 FY16 Planning process – Approach 1/2

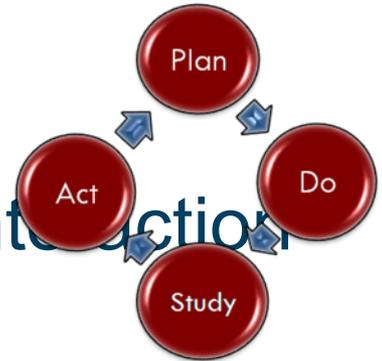
As per discussions initiated in Singapore, Staff suggests a focused **Task Force**:

- To submit a draft annual planning process to the BFC during Sep Board workshop
- Deliverables will include a tentative Draft Operating plan and budget process including Roles and responsibilities, Formats, and Roadmap.

3.4 FY16 Planning process – Approach 2/2

Task Force

- No more than 12 members for ease of interaction and efficiency
- Participation includes community and staff
- Meets face-to-face by August end
- Engages broader community for review and input by Sep end
- Terminates once FY16 process is finalized and approved (Oct)



3.5 FY16 Planning process – Next steps

Task Force Tentative planning	By
Finalize timeline and participants	11-Jul
Staff prepares materials	tbd
Hold 2-day face-to-face meeting	tbd
Presentation of draft to BFC	9-Sep
Review with broader community	30-Sep
Finalize with BFC / Present to community	9-Oct

Questions

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Thank You

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