



Planning and Finance Update

Prep Week Webinar

08 September 2022



Webinar Information



This session is recorded



This session is scheduled to last 1.5 hours



Presentation is published [here](#) on the Prep Week page



Q&A will be during and at the end of the presentation

Agenda

- FY22 Financial Update
- FY23 Adopted Operating Plan and Budget
- FY24 Planning Process
 - Strategic Planning
 - Operating Planning
 - Prioritization
- Q&A

Planning and Finance Team



Becky Nash
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FY22 Financial Update

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

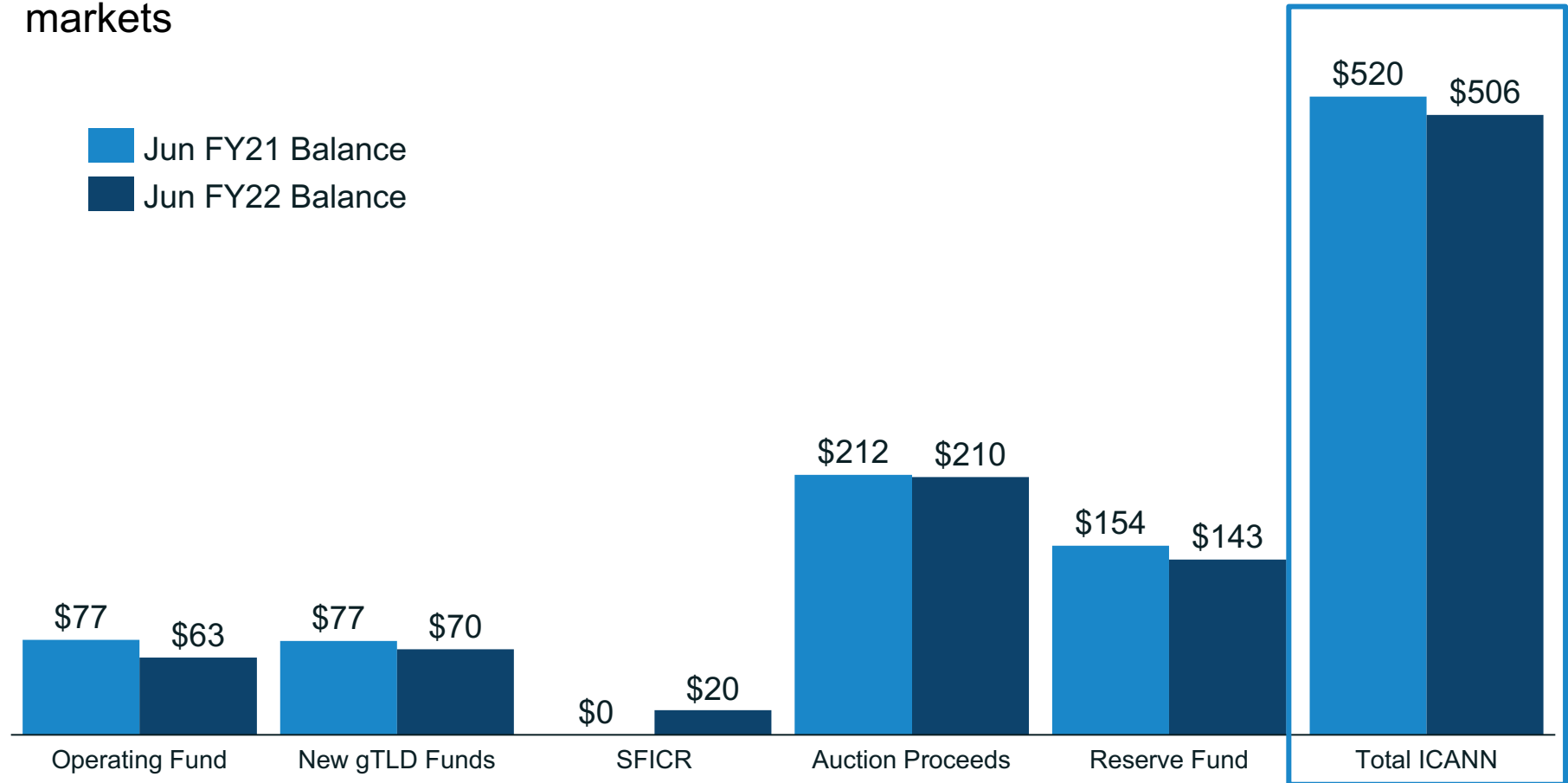
- Independent Auditors Report
- Board Expenses
- ccTLD Contributions
- Funding by Source
- Operating Plan and Budget
- Tax Return (Form 990)
- ICANN org Remuneration Practices

Link to Financial Documents:

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

Total ICANN – Funds Under Management

- Funds Under Management as of 30 June 2022 decreased by \$14M as compared to 30 June 2021 driven by investment declines in the Reserve Fund and operational expenses for the New gTLD Program 2012 Round
- All investment funds experienced investment declines due to volatility in the financial markets



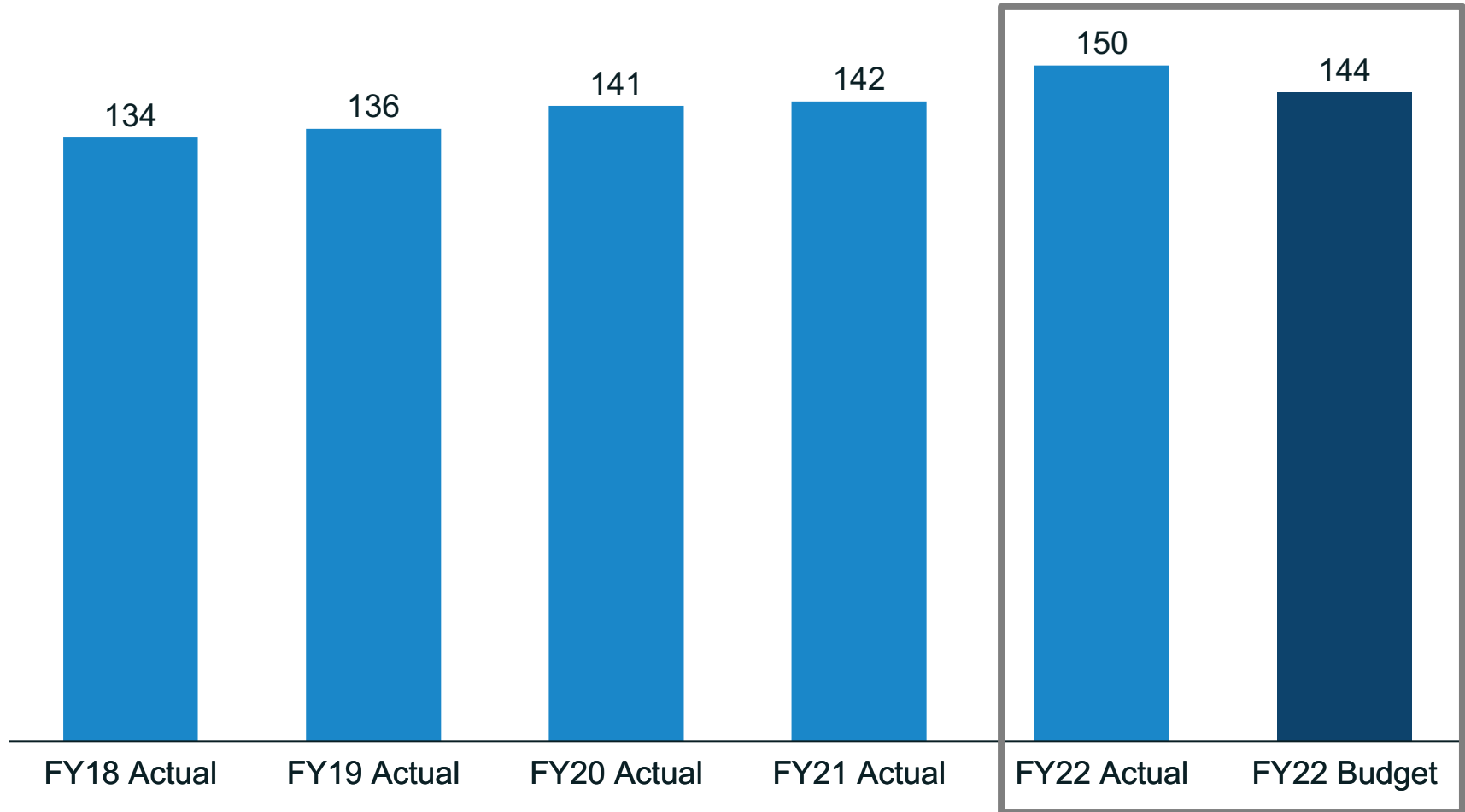
ICANN Operations – Financial Overview (Jul 21 – Jun 22)

ICANN Operations	FY22 Actual	FY22 Budget	Var	FY21 Actual	Var
Funding	\$150	\$144	\$5	\$142	\$8
Expenses	\$125	\$143	\$18	\$116	(\$9)
Net Operating Excess/(Deficit)	\$24	\$1	\$23	\$25	(\$1)
Average Headcount	389	405	16	392	3

- FY22 funding was \$5M higher than budget primary due to:
 - Higher than planned transaction fees from legacy and new gTLDs
 - Higher than planned registry fixed fees and registrar accreditation fees
- FY22 Expenses were \$18M lower than budget primarily due to holding two ICANN meetings virtually, savings from other travel which did not occur, lower than planned headcount, and lower SSR expenses incurred than planned.

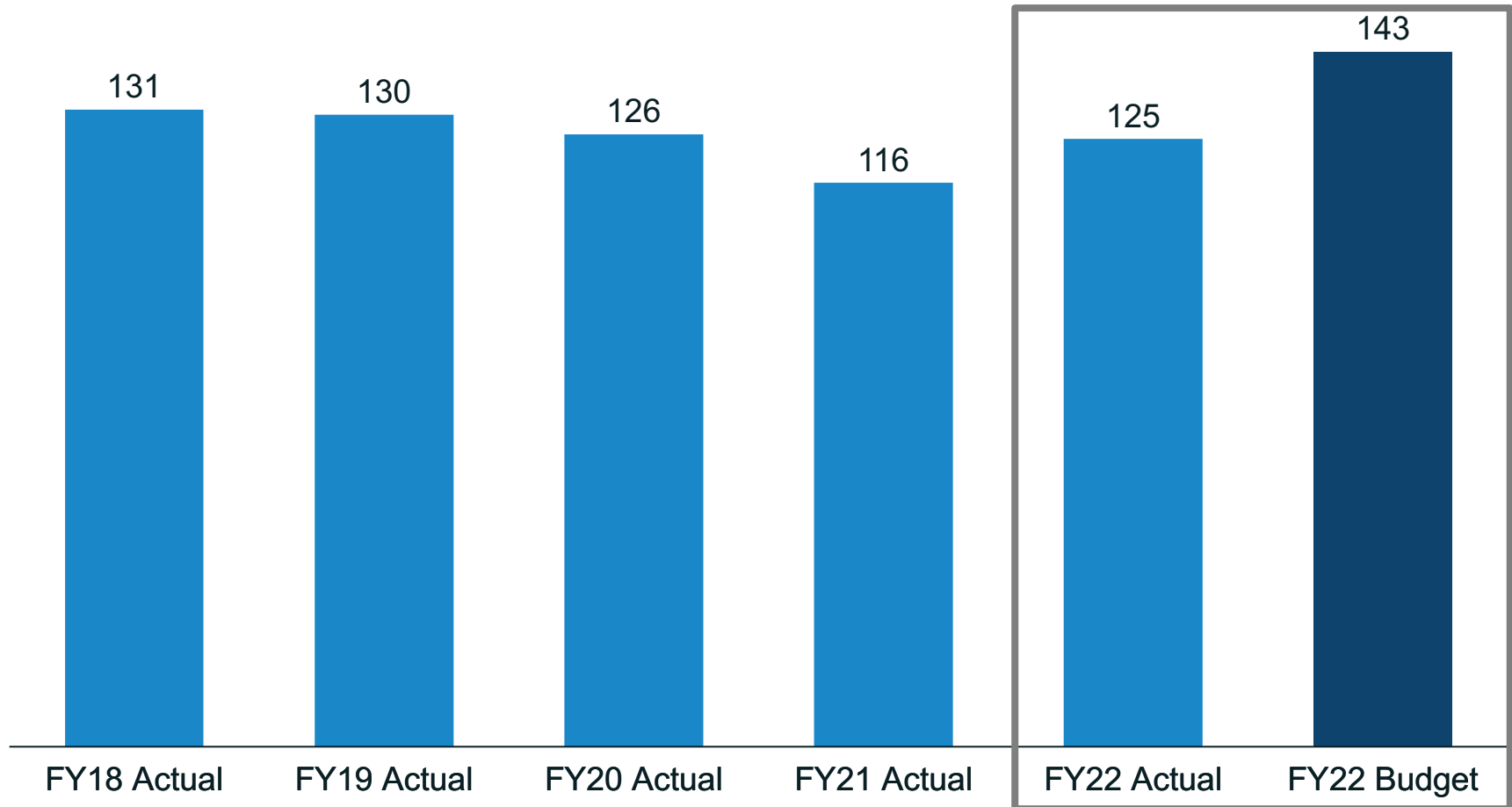
ICANN Operations – Funding Trends

- ICANN funding remains stable with modest year-over-year growth
- FY22 funding growth was higher than past years due to funding for SSR contribution



ICANN Operations – Cash Expense Trends

- Expenses higher than prior year primarily due to higher personnel costs and ICANN 74 face-to-face meeting costs



New gTLD 2012 Round – Multiyear Forecast (as of June 2022)

Application Fees Collected: \$361M

- Projected Refunds: \$53M

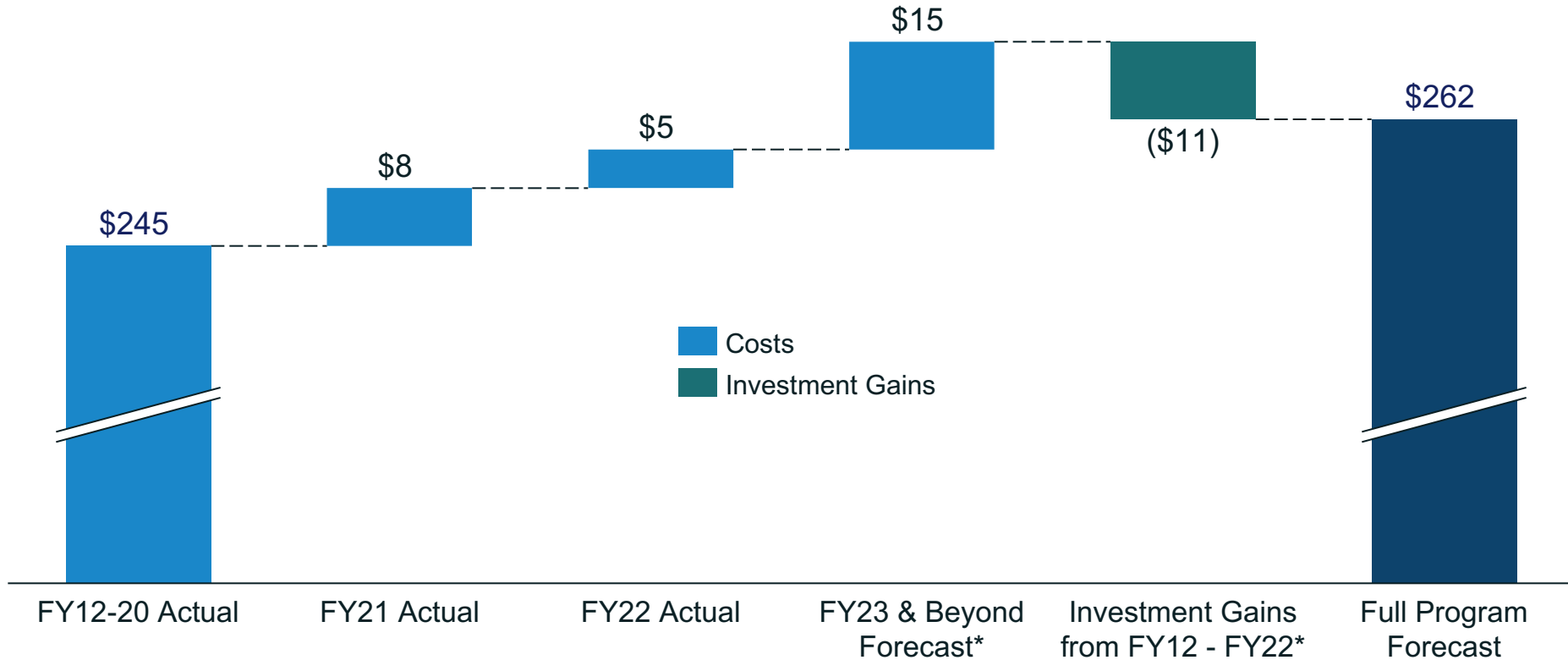
Applicant Fees Net of Refunds: \$308M

- Projected Program Costs: \$273M

+ Investment Gains from FY12 - FY22: \$11M

Projected Remaining Funds: \$47M

*Risk Costs and Investment Gains are not estimated for future years



SubPro Operational Design Phase – Expenses (Jan 22 – Jun 22)

- Expenses consisted primarily of personnel expenses and shared services support allocations for the ODP
- ICANN org is in the initial stages of the ODP and expects costs to rise in the coming months
- More comprehensive reporting for the SubPro ODP can be found here:
<https://www.icann.org/resources/pages/subpro-odp-announcements-blogs-webinars-2022-04-20-en>

SubPro ODP	Project-to-Date (January 2022 - June 2022)			
	Staff FTE (avg)	Contractor FTE (avg)	Total Hours	Total Expenses*
Work Track				
Project Governance	1.8	0.7	2,288	\$313
Policy Development and Implementation Materials	2.5	0.1	2,303	\$254
Operational Readiness	0.8	0.1	795	\$105
Systems and Tools	1.5	0.0	1,388	\$180
Vendors	0.1	0.0	78	\$43
Communications and Outreach	0.9	0.1	863	\$93
Resources, Staffing, and Logistics	0.9	0.4	1,125	\$109
Finance	0.6	0.0	525	\$58
Overarching	1.0	0.1	908	\$99
Shared Services Support**	0.0	0.0	0	\$447
Total	10.0	1.4	10,271	\$1,700

*Expenses presented in USD Thousands and are draft subject to change with year end close

** Shared Services Support is not a work track and

Any arithmetic inconsistencies are due to rounding

FY23 Adopted Operating Plan and Budget

FY23–27 Planning Documents



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

ICANN Financial and Planning Information

FY23 Reports

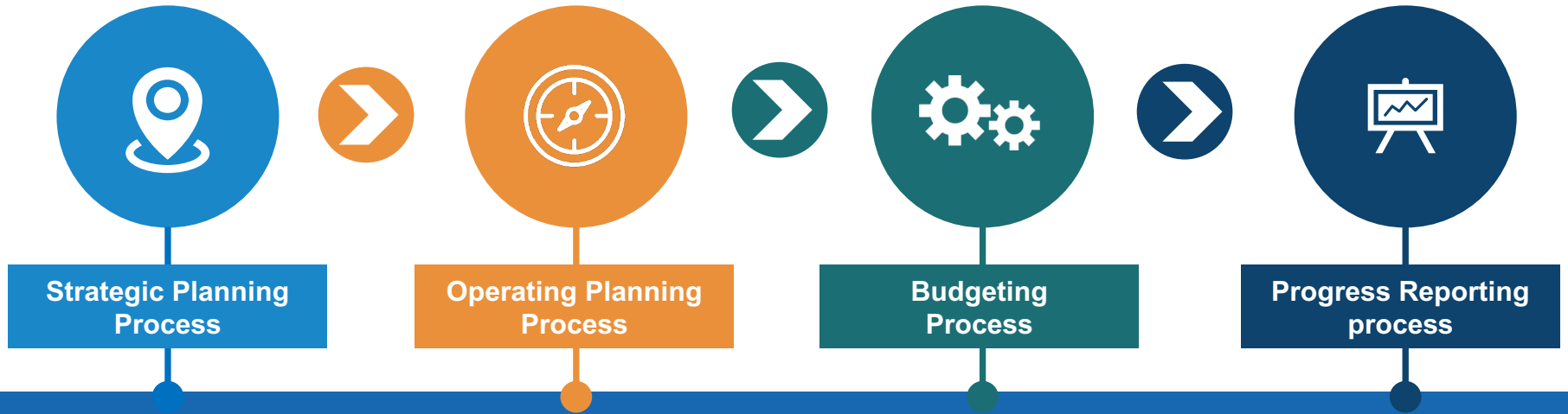
FY23 – FY27 Planning Documents

- [Highlight of ICANN FY23-27 Operating and Financial Plan and FY23 Operating Plan and Budget](#)
- [ICANN FY23-27 Operating and Financial Plan and FY23 Operating Plan](#)
- [ICANN FY23 Budget](#)
- [IANA FY23 Operating Plan and Budget](#)

FY24 Planning Process

Overall Planning Process and Strategic Planning Process

ICANN Planning Overview



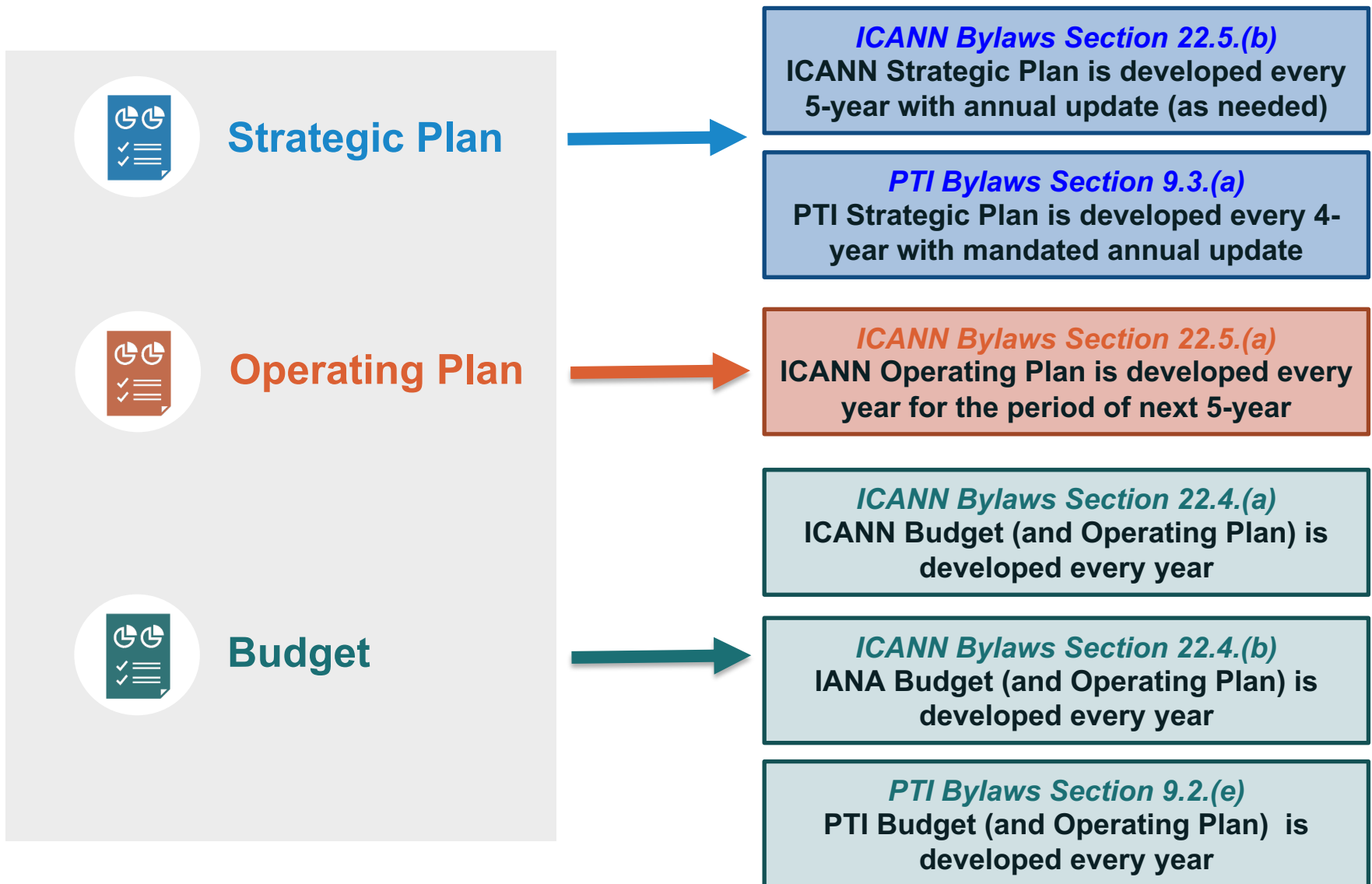
The process of defining ICANN's strategic direction, including its mission, vision, Strategic objectives and goals

The process of determining key initiatives (Operating Initiatives) and what each functional area plans to do (Functional Activities), to achieve the strategic plan

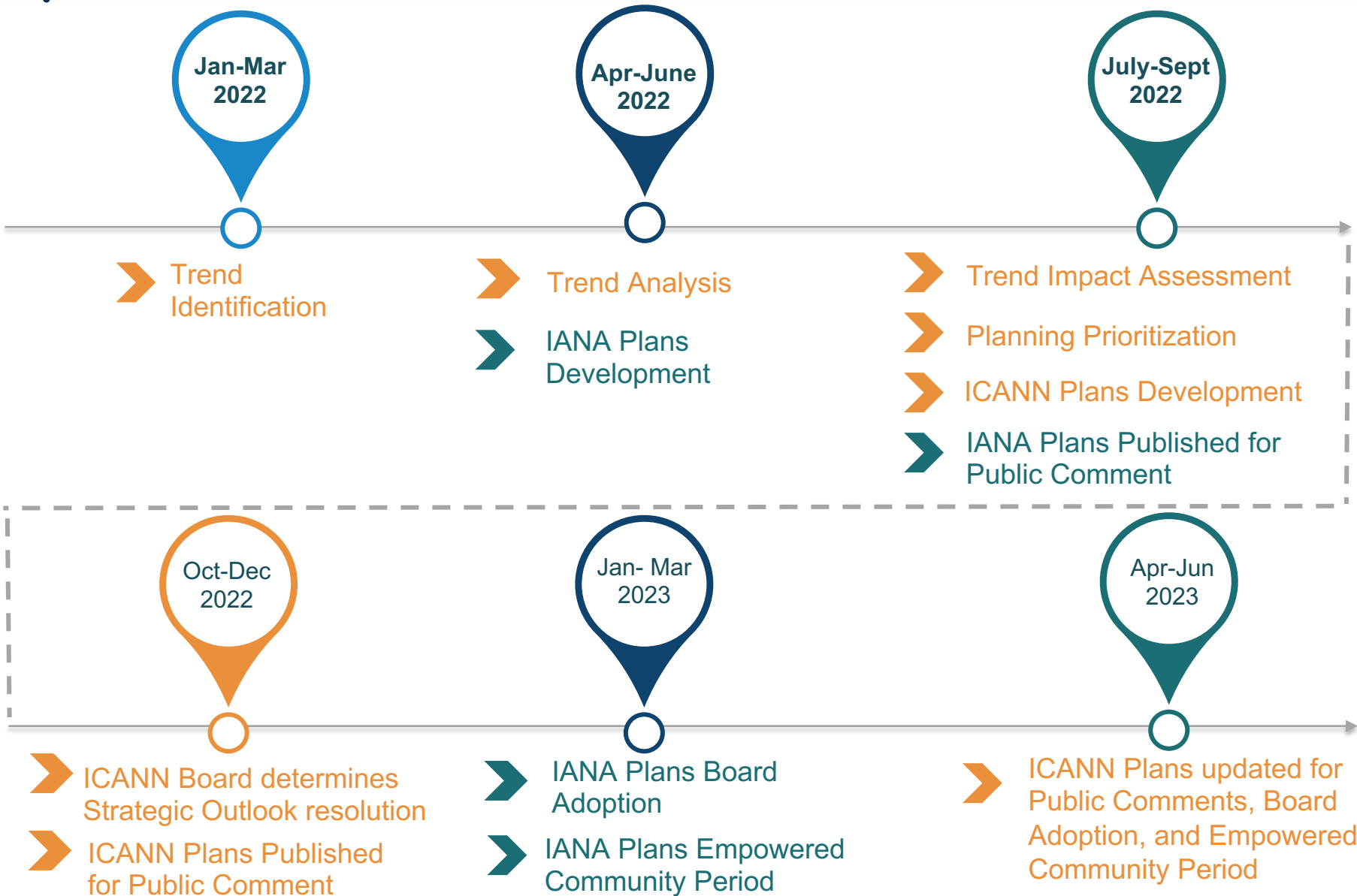
The process of allocating resources to planned activities, and prioritize activities as needed

The process of explaining the achievement via a series of mechanisms

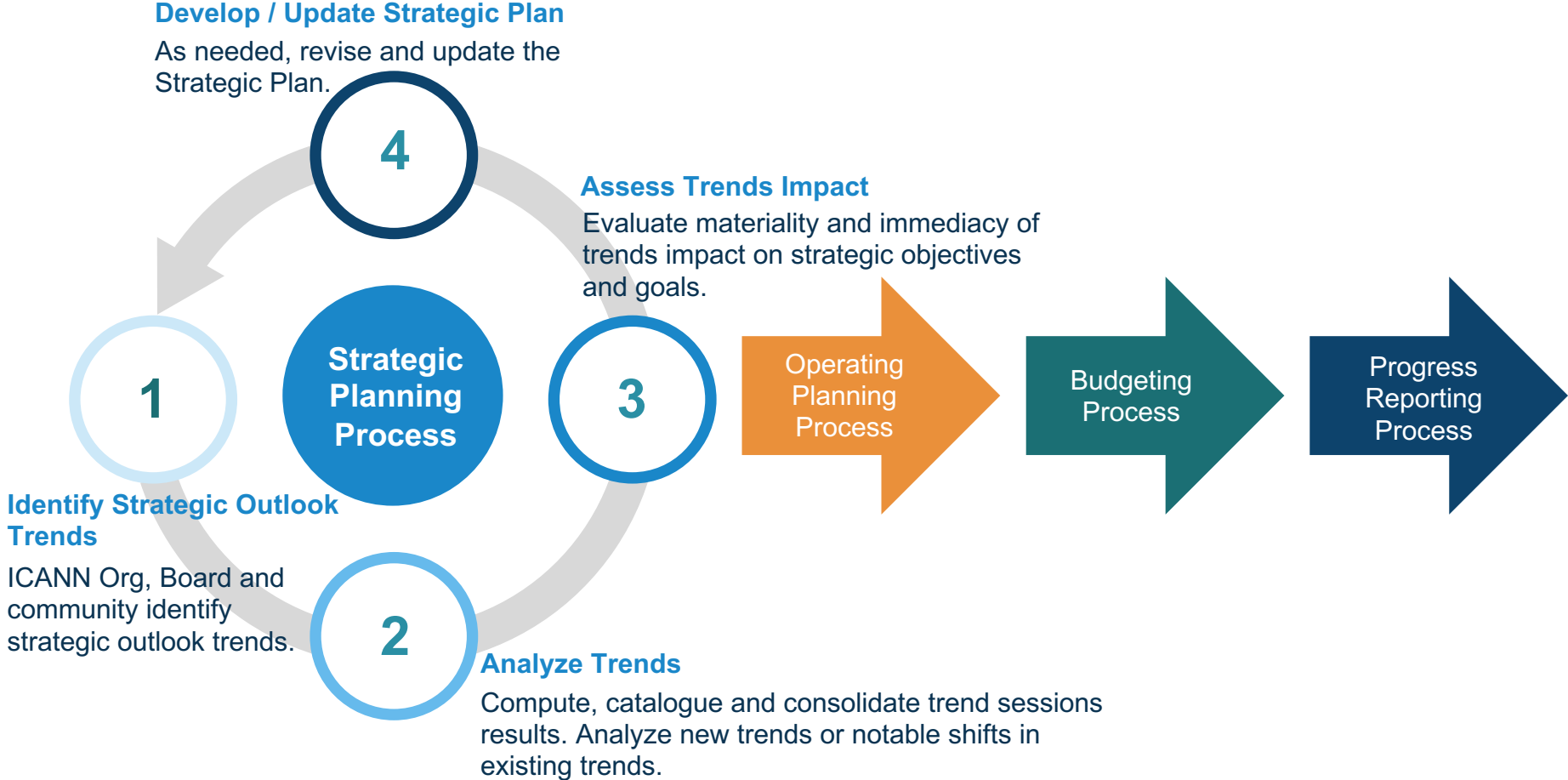
Planning Related Bylaw Requirements



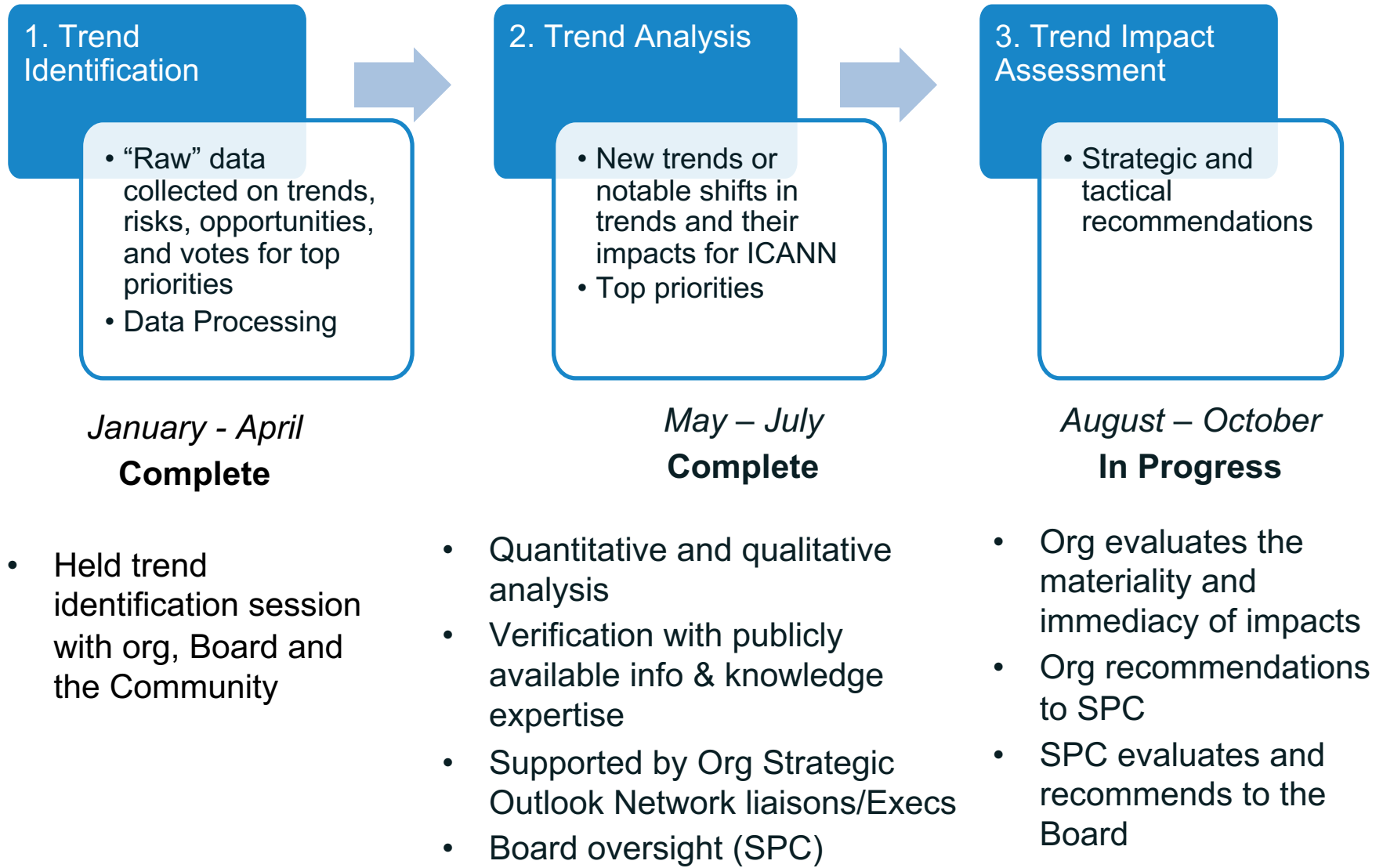
FY24 Planning Timeline



Strategic Planning Process



FY24 Strategic Outlook Status Update



ICANN Strategic Plan FY21-25



OBJECTIVE 1

Strengthen the **security** of the Domain Name System and DNS Root Server System



OBJECTIVE 2

Improve the effectiveness of ICANN's multistakeholder model of **governance**



OBJECTIVE 3

Evolve the **unique identifier systems**



OBJECTIVE 4

Address **geopolitical issues** impact ICANN's mission



OBJECTIVE 5

Ensure ICANN's long-term **financial sustainability**

ICANN is currently operating under the ICANN Strategic Plan for fiscal years 2021-2025. The current Strategic Plan was adopted by the ICANN Board on 23 June 2019, and went into effect on 01 June 2020

FY24 Planning Process

Operating Planning

Operating Planning Process



Connections of the Strategic and Operating Plan

Strategic Plan

Strategic Objective

Strategic Goal 1*

- Targeted Outcome 1.1
- Targeted Outcome 1.2

Strategic Goal 2

- Targeted Outcome 2.1
- Targeted Outcome 2.2

Strategic Goal 3

- Targeted Outcome 3.1
- Targeted Outcome 3.2



Operating Plan

Operating Initiatives

Progress Measurements

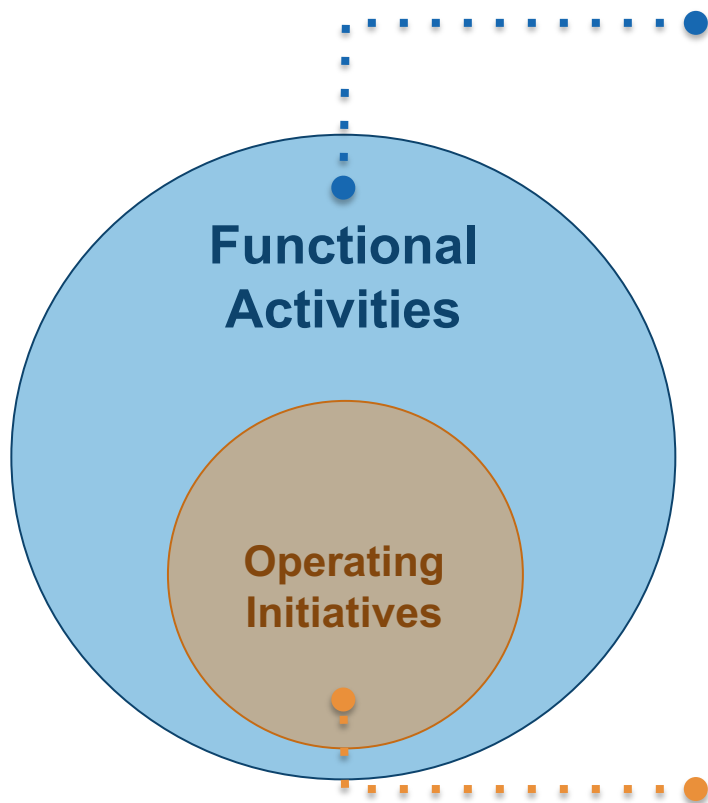
Functional Activities

Progress Measurements

**Numbers are for illustration purpose only*

Operating Plan Structure

The Operating Plan includes description of the activities ICANN org will undertake to achieve ICANN's Strategic Plan, operate the organization and implement ICANN's mission and mandate



Functional Activities (34 in 5 groups)

Continuing Operations to:

- Operate the organization, such as *Human Resources* or *Finance*
- or
- Implement ICANN's mission and mandate, such as *Contractual Compliance* or the *IANA*

Operating Initiatives (15)

- The 15 operating initiatives represent major areas of work that support the strategic objectives identified in the strategic plan

34 Functional Activities

34 Activities in 5 Service Groups



Technical and DNS Security

- Office of the Chief Technology Officer
- IANA Functions
- IDN and UA
- ICANN Managed Root Server
- Contractual Compliance

5 Functional Activities



Policy Development and Implementation Support

- Policy Development and Advice
- Policy Research and Stakeholder Programs
- Contracted Parties Services Operations
- Etc.

6 Functional Activities



Community Engagement and Services

- Global Stakeholder Engagement
- Government and IGO Engagement
- GDD Accounts and Services
- Etc.

7 Functional Activities



ICANN Org Governance

- Board Activities
- Office of CEO
- Governance Support
- Etc.

7 Functional Activities



ICANN Org Shared Services

- Finance and Procurement
- Engineering and Information Technology
- Global HR and Administrative Services
- Economist
- Etc.

9 Functional Activities

Operating Initiatives – page 1 of 2

Operating Initiatives		Examples of Key Milestones
1	Support the Evolution of the Root Server System	<ul style="list-style-type: none"> Finalize prototype and begin internal operation of RSS Metric Monitoring System. Operate a prototype root zone distribution service (hyperlocal) for testing purposes. Publish and implement KSK Rollover Policy.
2	Facilitate DNS Ecosystem Improvements	<ul style="list-style-type: none"> KINDNS project launched in FY21, and work will continue in FY23. Coordinate a Special Interest Forum on Technology (SIFT) to allow the community to engage technically with ICANN between Public Meetings.
3	Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking	<ul style="list-style-type: none"> Continue to work with the community to identify tools and other ways to ensure global representation in policy development processes, especially during a prolonged period of fully virtual meetings.
4	Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking	<ul style="list-style-type: none"> Support individual SOs, ACs, stakeholder groups, and constituencies in continuing to evaluate and revise their internal processes to improve decision-making and ensure transparency, including through work on implementing CCWG-WS2 and support for Empowered Community processes.
5	Develop Internal and External Ethics Policies	<ul style="list-style-type: none"> Improve internal ICANN org Ethics Program for FY23. Collaborate with the ICANN community to develop an ICANN Community Ethics Policy for FY23–24.
6	Promote and Sustain a Competitive Environment in the Domain Name System	<ul style="list-style-type: none"> Supporting the Board of Directors in developing information and analysis necessary to inform decisions on the policy recommendations, including execution and completion of an Operational Design Phase. Planning and executing operational readiness activities including systems, tools, process definition, procurement, and other activities. Planning and executing communications and outreach to support the program.
7	Promote the Universal Acceptance of Domain Names and Email Addresses	<ul style="list-style-type: none"> Conduct gap analyses of tools and systems for UA readiness. Continue to reach out to technology developers and tool providers for UA remediation.
8	Root Zone Management Evolution	<ul style="list-style-type: none"> Continue to monitor the policy development work being done in the ICANN community (most notably through the New gTLD Subsequent Procedures Policy Development Process and on IDNs) to ensure RZMS will meet those emerging requirements.

Operating Initiatives – page 2 of 2

Operating Initiatives	Examples of Key Milestones
<p>9 Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem</p>	<ul style="list-style-type: none"> • Revise engagement plan to reflect the prioritization or reprioritization of engagement based on the ecosystem mapping and the MoU evaluation and relationship assessment completed in FY22. • Publish a document that serves as a definitional publication for the distinction between technical Internet governance and Internet governance.
<p>10 Improve Governmental and Intergovernmental Organization (IGO) Engagement and Participation in ICANN Through Targeted Engagement</p>	<ul style="list-style-type: none"> • Continue creating targeted materials as needed for government participants. • Delivery of the postponed FY22 High-Level Governmental meeting may occur in FY23 as a virtual or in-person event in conjunction with an ICANN meeting, depending on the COVID-19 pandemic safety protocols and discussions with the GAC.
<p>11 Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration with Others that May Impact the ICANN Mission</p>	<ul style="list-style-type: none"> • Utilizing the assessment and monitoring process from FY21, continue monitoring and assessing legislative and regulatory developments around the world that could have an impact on ICANN's ability to fulfill its Mission. • Publish country focus papers explaining how international, national, and regional Internet-related initiatives might touch on ICANN's Mission.
<p>12 Improve Depth of Understanding Domain Name Market Drivers which Impact ICANN's Funding</p>	<ul style="list-style-type: none"> • Continue to increase ICANN's overall domain market intelligence in relation to the forecasting process. For instance, ICANN org must continue to build its understanding of the prospective impacts of the COVID-19 pandemic on its future funding. • Annual delivery of funding assumptions and projections for the next five fiscal years.
<p>13 Implement New gTLD Auction Proceeds Recommendations as Approved by Board</p>	<ul style="list-style-type: none"> • Expects to conduct an implementation feasibility review assessment, develop the implementation plan and begin execution of deliverables outlined in the plan dependent on Board direction and approval.
<p>14 Planning at ICANN</p>	<ul style="list-style-type: none"> • Implement the draft prioritization framework during the planning process of FY24 draft operating plan and budget.
<p>15 ICANN Reserves</p>	<ul style="list-style-type: none"> • The minimum reserve fund target level was achieved in FY21 which is 6 years earlier than Board approved timeline

Key FY24 Planning Assumptions

Strategic Objectives Remain Unchanged

The Strategic Outlook trends impact assessment is underway. ICANN org will assume no changes to the Strategic Objectives set forth in the FY21–25 Strategic Plan for planning purposes

Affordability and Balanced Budget

The Draft plans are based on “base” scenario operations funding projections. ICANN org plans for operating expenses to remain at or lower than budgeted funding, drawing from designated and available funding sources

Face-to-Face Meetings and Engagement

Although there is still some uncertainty, for planning purposes, the FY24 plans assume that ICANN public meetings, Board, org and community travel will resume according to the planned meetings schedule

Planning Prioritization Framework

The new Planning Prioritization step with the community will take place in August. Planning will reach out to teams that will be impacted by the outcome of this discussion in August and September 2022

Planning For Board Approved Activities

ICANN org begins designing the expected implementation work only as recommendations and policies move forward and reach the stage of Board approval

FY24 Planning Process

Prioritization

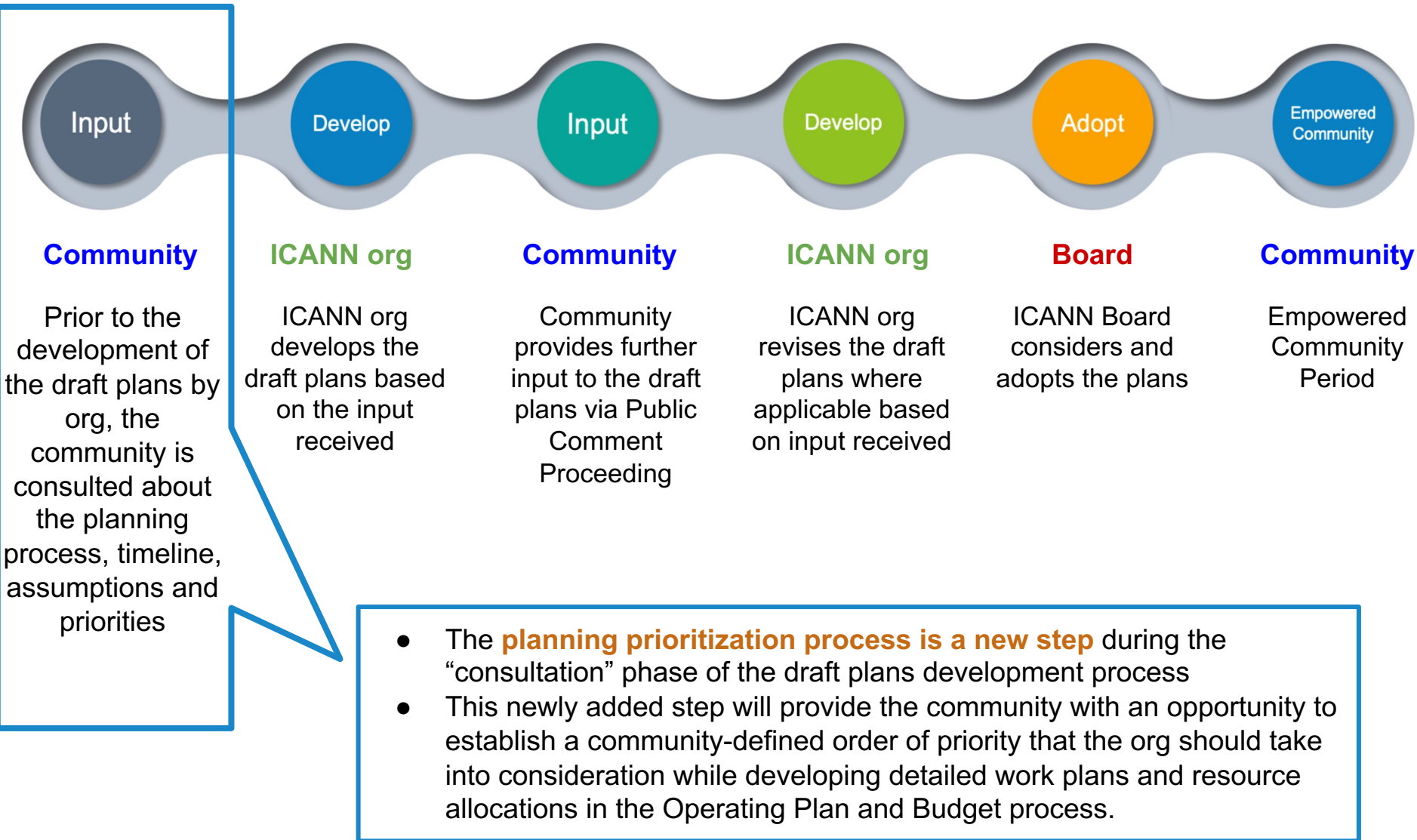
Planning Prioritization Framework

- Planning Prioritization Framework is one of the deliverables of “Planning at ICANN” Operating Initiative in the Operating Plan
- The Framework is intended to serve as a guide the prioritization process during the annual planning process
- The Framework describes and outlines what to prioritize, who will prioritize, when and how to prioritize
- The Framework has been developed and is updated based on input received from the numerous webinars, consultations and workshops and a Pilot with SOs/ACs and other stakeholders. The Framework will continue to evolve as needed basis.
- The latest Framework is Planning Prioritization Framework Version 2 (V2)

Link to the Finance and Planning Community Wiki

<https://community.icann.org/display/projfinadhocws/ICANN+Planning+Prioritization+Framework+Project>

Planning Process Roles & Responsibilities



Status of FY24 Prioritization Process



The Planning Prioritization Members and Alternate Members were nominated by the SO/AC Leaders

Affiliation*	Member	Alternate Member
At-Large - ALAC	Cheryl Langdon-Orr	Jonathan Zuck
ccNSO	Chris Disspain	Irina Danelia
GAC	Rosalind Kenny Birch	Tulio Cesar Mourthe de Alvim Andrade
GNSO - CPH	Donna Austin	Jothan Frakes
GNSO - CSG	Susan Payne	Philippe Fouquart
GNSO - NCSG	Bruna Marin dos Santos	n/a
RSSAC	Ken Renard	Erum Welling
SSAC	Jeffrey Bedser	Kimberly Claffy (KC)

* ASO elected not to participate

FY24 Planning Timeline – Key Dates

Step	Dates	Action By	Note
IANA Community Engagement Webinar	11&12 August 2022	ICANN Community	Community Engagement
ICANN 75 Planning and Finance Webinar	ICANN 75 Prep Week: 8 Sep 2022	ICANN Community	Community Engagement: FY24 timeline and key assumptions
Draft IANA Functions OP&B published for Public Comment	15 September - 31 October 2022	ICANN Community	40 Days
BFC Reviews Draft ICANN FY24 Plans for Publication	01 December 2022	ICANN BFC	
Draft IANA FY24 OP&B Summary Report on Public Comment Published	08 December 2022	ICANN org	
ICANN Public Comment Period	14 December 2022 - 06 Feb 2023	ICANN Community	61 Days including 10 days for Holidays
Draft ICANN FY24 Plans Community Webinars	14 & 15 December 2022	ICANN Community	Draft FY24 Plans engagement
Additional Budget Request Submission Period	Nov 2022 - Jan 2023	ICANN Community	Submit to planning@icann.org
Draft ICANN FY24 Plans Summary Report on Public Comment Published	End Mar / Early April 2023	ICANN org	
BFC Recommends to the Board Adoption of Plans	May 2023	ICANN BFC	
ICANN Board Adopts	Late May 2023	ICANN Board	Target to allow for EC Review Period
Empowered Community(EC) Process	May - Jun 2023	EC Decisional Participants	

Questions and Answers



- ❖ Please raise your hand in zoom if you want to ask a question
- ❖ Unmute your microphone to ask questions when it is your turn
- ❖ Mute your microphone when not speaking



- ❖ Type your questions in the chat



Email the planning team ▶

planning@icann.org

Appendix

Functional Activities – 34 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 Development & Advice
- Policy Research and Stakeholder Programs
- Contracted Parties Services Operations
- Technical Services
- Strategic Initiatives
- Constituent & Stakeholder Travel

Community Engagement and Services

- Global Stakeholder Engagement
 - Regional Offices
- Public Responsibility Support
- Government & IGOs Engagement
- GDD Accounts & Services
- Communications & Language Services
- Global Meetings Operations
- Ombudsman

Functional Activities – 34 in 5 groups

ICANN Org Governance

- Board Management
- Office of the President and CEO
- Governance Support
- Nominating Committee Support
- Complaints Office
- Planning
- Reviews Support and Implementation

ICANN Shared Services

- Finance & Procurement
- Risk Management
- Engineering & Information Technology
- Global Human Resources & Administrative Services
- Security Operations
- Global Shared Services
- Board Operations
- ICANN Offices
- Economist

FY24 Strategic Outlook Trend Sessions

13 strategic outlook sessions

- 5 stakeholder group sessions
- 1 Board sessions
- 7 org cross-functional sessions

261 participants

- 93 community members
- 19 Board members
- 149 org members



1016 data elements collected

- 771 trend statements
- 142 risks or threats
- 103 suggested actions or opportunities

Additional Budget Request: FY24 Tentative Key Dates

Community Kick off and
Submission period

November 2022 to January 2023

SO/AC Consultations
at ICANN 76

11 March 2022 to 16 March 2022

Notify SO/ACs of Publication

May 2023

Publication on Website

May 2023