ICANN Planning and Finance update

Carole Cornell & Xavier Calvez | Event Name | 10 February 2015

Planning Process

VISION/MISSION STATEMENT

STRATEGIC PLAN

VALIDATE

ACHIEVEMENT & PROGRESS REPORTING
e.g. Quarterly Stakeholder Call

5yr FIVE-YEAR OPERATING PLAN

STAKEHOLDER CONSULTATION & INPUT

1yr ANNUAL OPERATING PLAN & BUDGET

Agenda 1 Slide

1

Five - Year Operating Plan Update

2

Public Comments on Draft Five -Year Operating Plan

3

FY16 Operating Plan & Budget Development

Five -Year Operating Plan Update

Summary of Public Comments

1 Positive feedback on the development of initial Five-Year Operating Plan (process & format)

2 More work needed to refine the proposed KPIs (more specificity and clarity)

3 Introduction of Five-Year Financial Model helps understanding of ICANN's approach
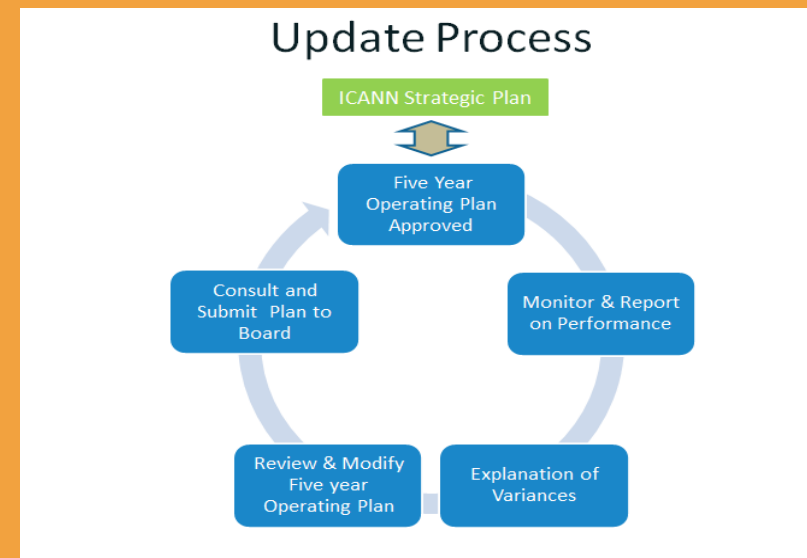
Summary of Results

Respondents	Planning / Process	KPIs	Dependencies	Phasing	Financial Model	Other
Business Constituency		4	1		1	3
Intellectual Property Constituency		5	1	1		3
U.S. Chamber of Commerce		1				2
ccNSO Strategy & Operating Plan WG	2	13		2	6	9
Registries Stakeholder Group		8		4	3	3
Center for Data Innovation		2		1		4
ALAC		3		1		6
Noncommercial Users Constituency		2		1		8
Total (8/100)	2	38	2	10	10	38

Planning/Process Comments

1. Several contributors noted the process improvements that have taken place

2. Clarification on the mechanisms for keeping the Five-Year Operating Plan updated in line with community expectations

Five-Year Operating Plan will be updated each year, using a similar timeframe

Update Process

ICANN Strategic Plan

Five Year Operating Plan Approved

Monitor & Report on Performance

Explanation of Variances

Review & Modify Five year Operating Plan

Consult and Submit Plan to Board

KPI Comments

1. Requests for clarification or definition of KPIs and their phrasing

2. Comments on the KPI development and review process

3. Comments on the quality of some KPIs

1. Continue to refine KPIs over time & share with the community

2. KPI results will be shared with the community, using a number of mechanisms

3. Questions / clarifications available in posted Public Comments Report & appropriate changes will be included in updated Five-Year Operating Plan

Dependencies Comments

1. Dependencies identified for 4.3 should be incorporated in the phasing section

2. Community bandwidth is not just a dependency for 2.3 but supports ICANN's success in almost all areas

1. Dependencies wording on 4.3 revised

2. Message received, adjusting the text to explain the particular issues associated with engaging the community on the evolution of domain name marketplace

Phasing Comments

1. Requests for clarification or definition of phases and their phrasing

2. Comments on the SO-AC Special Request process

3. Comments on the underlying Strategic Plan

1. Clarifications will be added

2. Elimination of this SO-AC process is planned after structural improvements to ICANN's planning and budgeting process

3. Changes to the Strategic Plan will take place during FY19 or if a critically significant event or development

Financial Model Comments

1. Input on the financial model received compliments but also set of questions and requests for clarification

2. Difficult to assess proposed activities in the plan are affordable or unacceptable increases or decreases to ICANN's income and expenditure

3. Clarification of the expenses for new gTLDs

1. Satisfied with the structure of the financial model

2. Appropriate changes will be included in the updated Five-Year Operating Plan

3. Clarification of the expenses added to the model

Other Comments

1. Input ranged from typographical errors found in the document

2. Requests for more information about aspects of the plan

3. Comments on the underlying Strategic Plan

1. Typographical errors noted & corrected

2. Questions / clarifications available in Public Comments Report & appropriate changes updated in Plan

3. Changes to the Strategic Plan will take place during FY19 or if a critically significant event or development is observed

Process to Finalize Five-Year Operating Plan

Public Comments Report:

https://www.icann.org/public-comments/proposed-opplan-budget-2016-2020-2014-11-11-en

Consult & engage with Stakeholders in Singapore	→	Update the Draft Five-Year Operating Plan	→	Submit Five-Year Ops Plan to Board for Approval
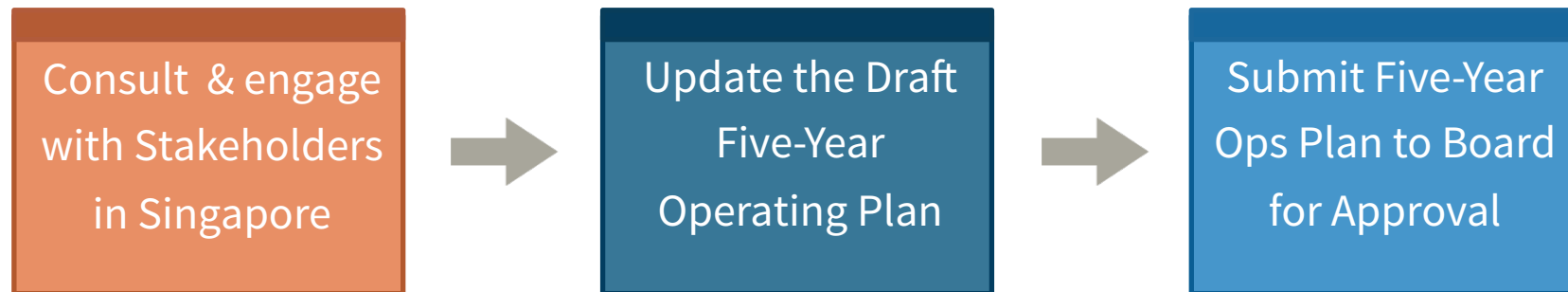
ICANN is currently operating under its FY2015 Operating Plan and Budget which ends 30 June 2015.

Five-Year Operating Plan Schedule
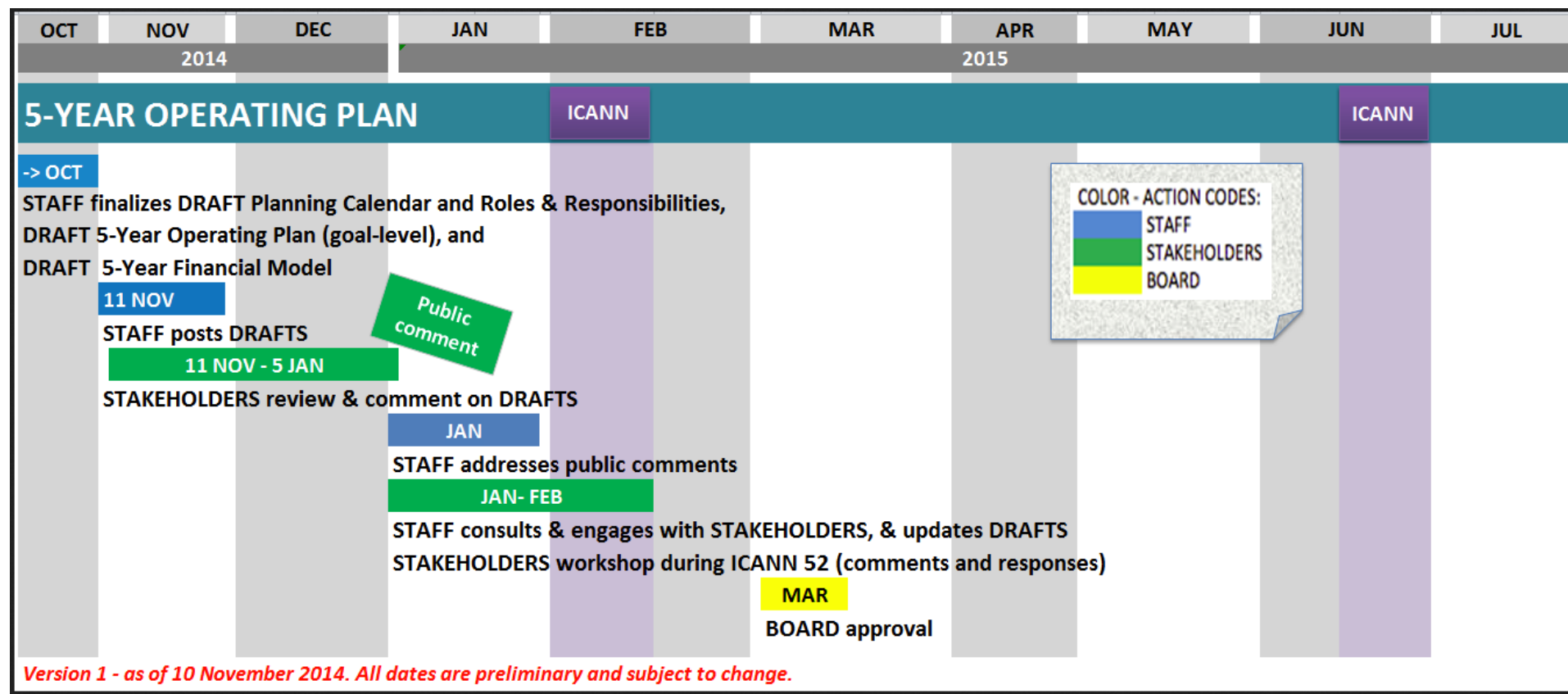
Public Comment Forum link:

https://www.icann.org/public-comments/proposed-opplan-budget-2016-2020-2014-11-11-en

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Q2 Stakeholders Presentation

Financial section (excerpts)

Agenda of the Q2 Stakeholders call

/ President's Overview (10 min)   - Fadi Chehadé
/ Policy Update (10 min)   - David Olive
/ Management Update (15 min)   - Sally Costerton
/ Financial Update (10 min)   - Xavier Calvez
/ Q&A (30 min)   - All

FY15 H1 Revenue Overview – ICANN Ops

Contracted parties revenue	Driven by Domain name registrations	Driven by # of Contracted Parties

Coming from Registries — 57%

46% — $22.4m — Transaction-based fee

11% — $5.1m — Per-TLD fixed fee

Coming from Registrars — 40%

28% — $13.4m — Transaction-based fee

12% — $5.7m — Application fees / Accreditation fees / Per-registrar variable fees

Other income — Contributions & sponsorships — $1.7m – 3%
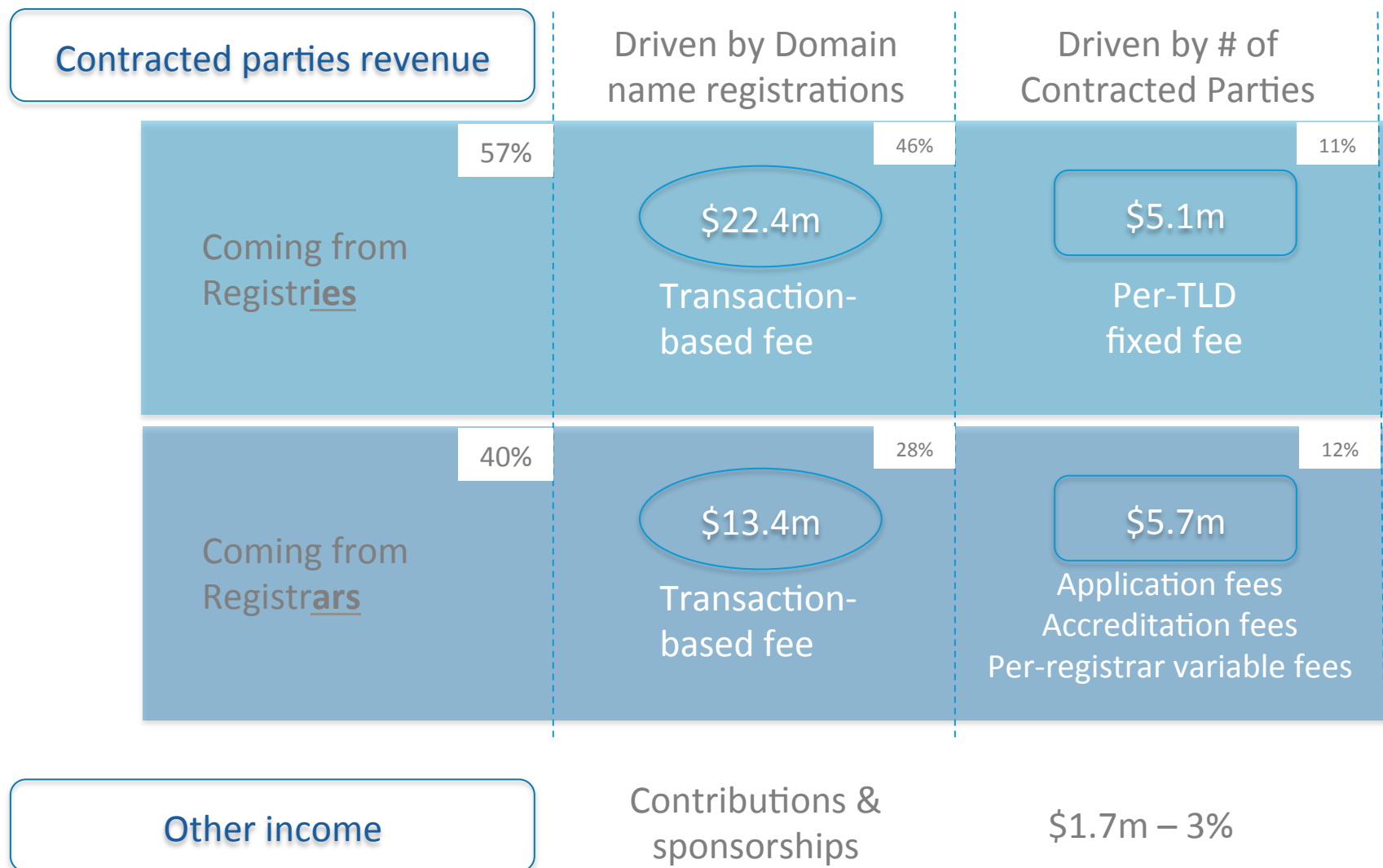
In millions, USD - unaudited

FY15 H1 Revenue vs Budget – ICANN Ops

Revenue overall on target in H1. Continued slower new TLD delegations impacting fixed fee revenue.

Registry Transaction Fees 22 +1 = higher transaction volume

Registry Fixed Fees 5 -1 = slower TLD delegations

Registrar Fees 19 +1 = 1-time new accreditations

Other 2 +1 = ccTLD contribution timing

Total H1 Actual Revenue: $48M FY15 Budget : $46M
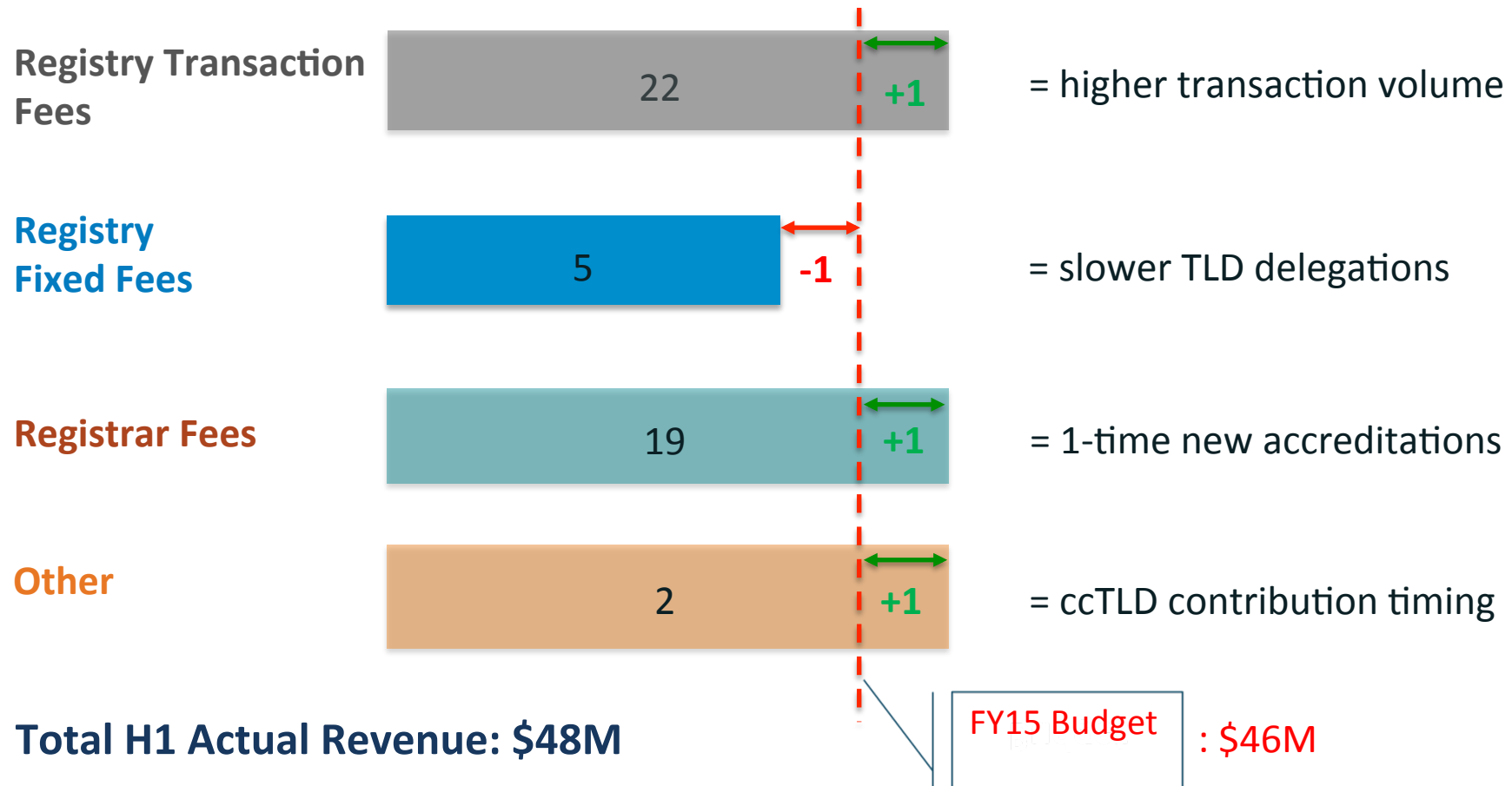
In millions, USD - unaudited

FY15 H1 Expenses vs. Budget – ICANN Ops

Cost control keeps baseline expenses within budget in H1.

Managed by Staff

Operating Expenses
(Baseline – excl. Initiatives &
Hist. Dev. Costs Reimbursement)

46
H1 Budget

45
H1 Actual

$101M
FY15 Budget

Capital Expenses

4
H1 Budget

3
H1 Actual

$8M
FY15 Budget
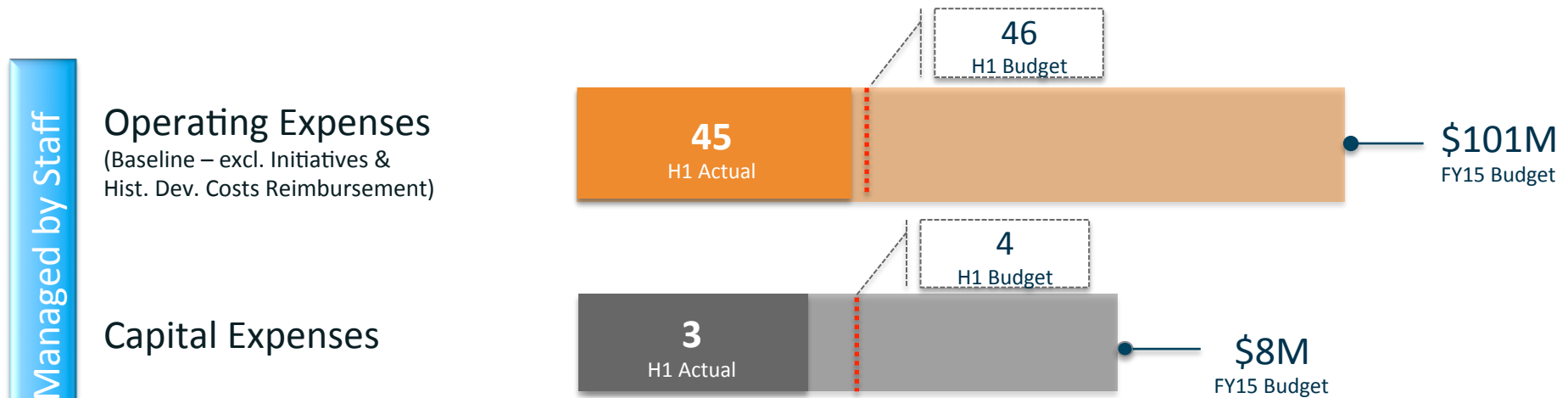
Initiative spend slower than assumed in H1.

Community driven

Approved Initiatives
(USG Transition Project)

3
H1 Budget

1
H1 Actual

$7M
FY15 Budget

In millions, USD - unaudited

FY16 Operating Plan and Budget Development

FY16 OPERATING PLAN & BUDGET

Timeline header: OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL
2014 | 2015

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27 OCT - 3 DEC
Ops STAFF prepares kick off package for Global Leadership meeting

3-19 DEC
Global Leaders set hi-level direction, Ops STAFF finalizes pkg for data collection

Global Leadership direction on:
- revenue assumption/ scenarios
- initiatives
- baseline operating exp envelop
- FY15 exit run-rate scenarios
- FY16 exit run-rate scenarios

22 DEC - 4 FEB
Budget Owners develop DRAFT FY16 Op Plan & Budget

[TBD] JAN
BFC & BOARD review & provide input on PRELIM FY16 Revenue & Initiatives

29 JAN
STAFF posts PRELIM FY16 Revenue and Initiatives for ICANN 52

9-12 FEB
STAKEHOLDERS' consultation input at ICANN 52 on PRELIM FY16 Revenue & Initiatives

FY16 Op Plan & Budget package:
- overview
- portfolios
- risks & dependencies
- key performance indicators
- budget & projects of each portfolio

16 FEB - 4 MAR
STAFF reviews STAKEHOLDERS' input for adjustments
& finalizes DRAFT FY16 Op Plan & Budget

wk of 4 MAR
BFC review of DRAFT FY16 Op Plan & Budget

14-17 MAR
Public Comment
STAFF finalizes DRAFT FY16 Op Plan & Budget and posts

18 MAR - 1 MAY
STAKEHOLDERS review and comment on DRAFT FY16 Op Plan & Budget

[TBD] APR
BOARD briefing of DRAFT

1 - 22 MAY
STAFF addresses public comments

'1 - 22 MAY
STAFF consults & engages with STAKEHOLDERS
& updates DRAFT FY16 Op Plan & Budget

wk of 22 MAY
BFC review of
FINAL DRAFT FY16 Op Plan & Budget

1 -5 JUN
STAFF finalizes for BOARD

19 JUN
BOARD approval of
FY16 Op Plan & Budget

Draft

COLOR - ACTION CODES:
- STAFF
- BOARD
- STAKEHOLDERS

Version 2 - as of 18 December 2014. All dates are preliminary and subject to change.

5 Strategic Objectives | 16 Goals

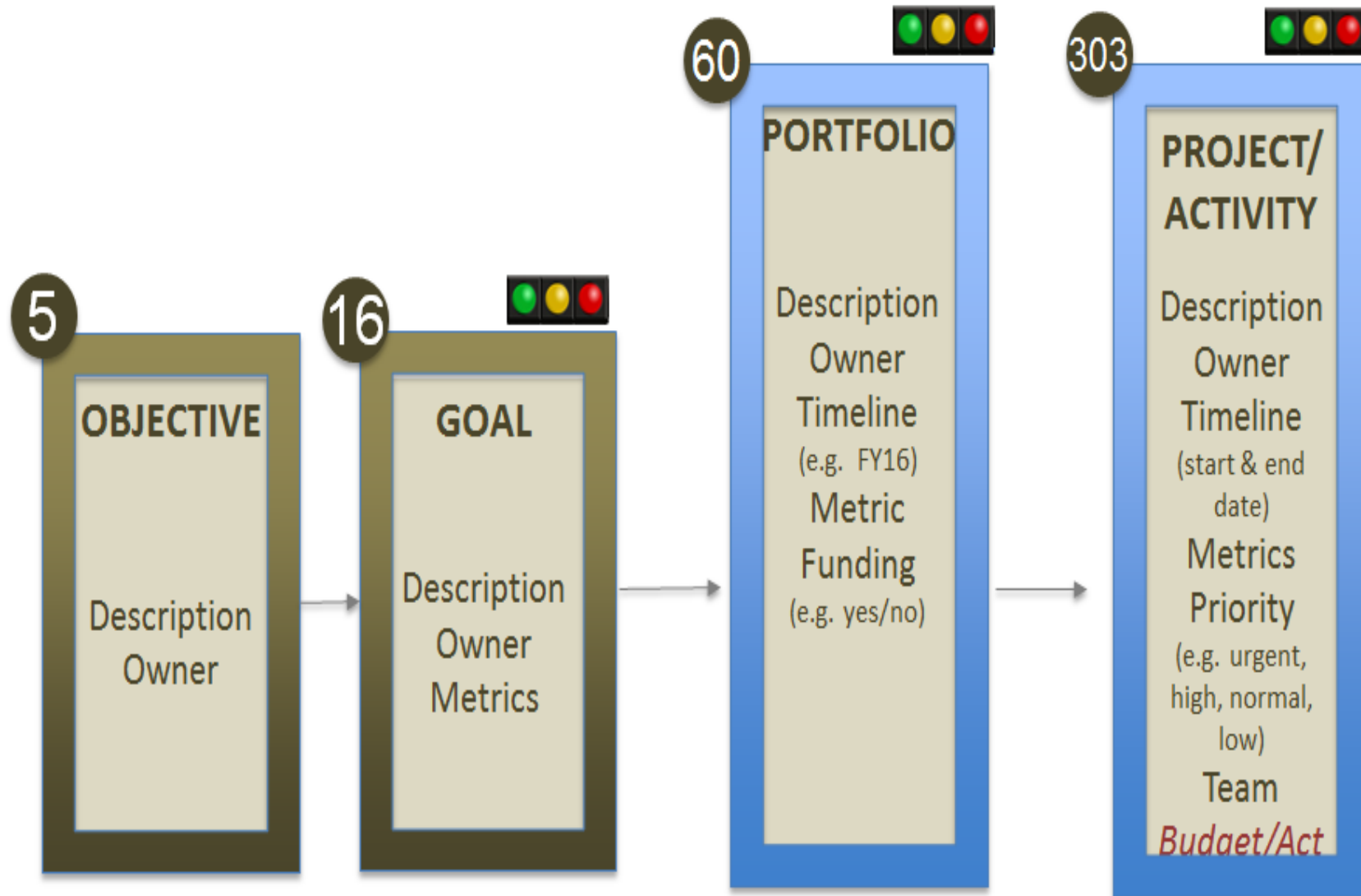1. Evolve and further **globalize** ICANN

2. Support a healthy, stable, and resilient **unique identifier ecosystem**

3. Advance **organizational, technological** and **operational excellence**

4. Promote ICANN's role and **multistakeholder** approach

5. Develop and implement a **global public interest** framework bounded by ICANN's mission.

Management System

OBJECTIVE

Description
Owner

GOAL

Description
Owner
Metrics

PORTFOLIO

Description
Owner
Timeline
(e.g. FY16)
Metric
Funding
(e.g. yes/no)

PROJECT/ ACTIVITY

Description
Owner
Timeline
(start & end date)
Metrics
Priority
(e.g. urgent, high, normal, low)
Team
Budget/Act

5   16   60   303

Operating Plan and Budget

INPUT — FY16 Projects in AtTask (carried over and new) · As per 5-yr Operating plan

ALLOCATE — FY16 Budget items assigned to AtTask projects (in Excel) · All costs categories

PUBLISH — FY16 Operating Plan & Budget by Project >>>> MyICANN