



The Framework for the FY11 Operating Plan and Budget



Framework for FY11 Operating Plan and Budget

Purpose of this discussion

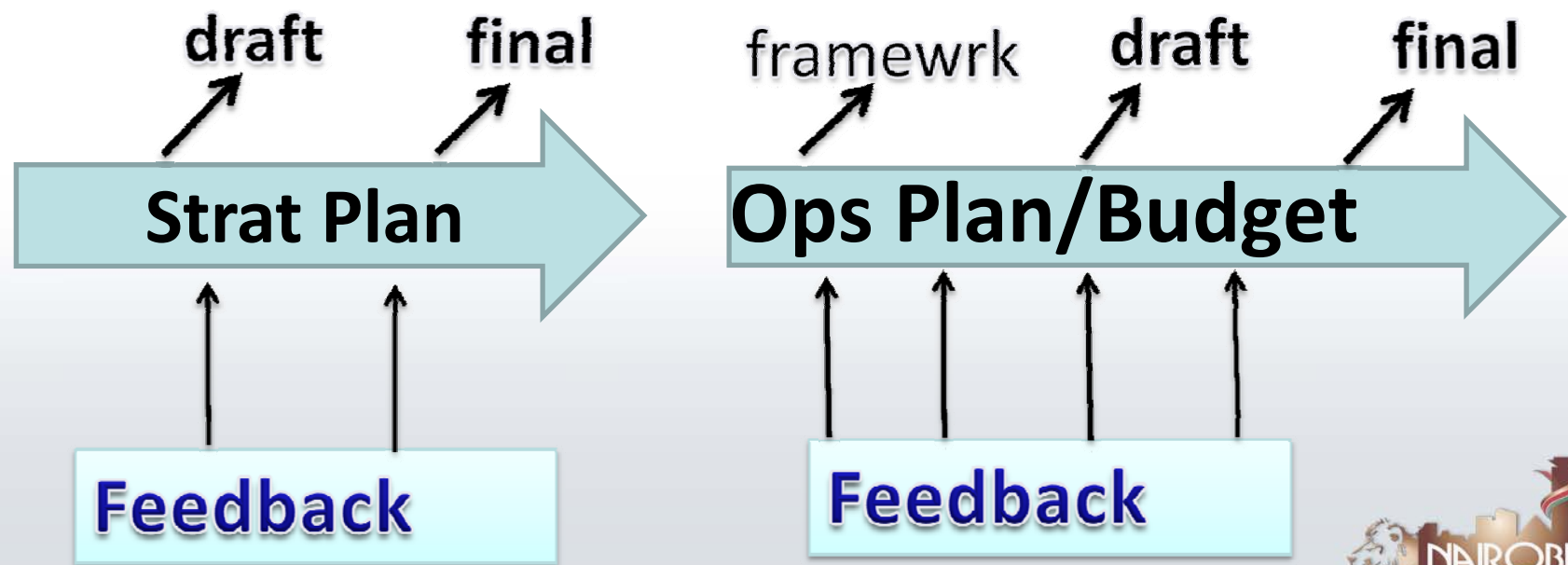
- Kick off FY11 Operating Plan and Budget development process
- Over the next months, engage the community in FY11 operational priorities, and the budget resources required. Help ICANN make choices.
- Launch the process which culminates in final FY11 Budget submitted to Board in Brussels

Overview of FY11 Framework

- Strat plan updated; FY11 Ops Plan follows
- Allows for 5 months of feedback
- Commitments for FY11
- Allows for some growth: SSR, IANA, DNSSEC, policy, IT
- Resolve new gTLD and operational prep
- Little growth in revenue
- Cut and delay where possible
- Allows contributions of \$2 million
- Community feedback solicited forum, calls, online
- Synthesize feedback and post draft budget, 17 May
- Submit FY11 Budget to Board in Brussels

Strat Plan and Ops Plan/Budget -- Process

- Ops Plan/Budget follows Strategic Plan
- Time for Feedback Built into Process



FY11 Ops Plan / Budget -- Schedule

- ✓ Board approves strategic plan; Feb 2010
- ✓ **Framework for FY11 Ops/Budget Posted; 15 Feb**

- Community meetings; Nairobi
- Open Forum in Nairobi
- *Wednesday 10 Mar 2010 1400 – 1500 Nairobi time*
- Community calls; as requested
- Online public fora for community feedback
- **Post Draft FY11 Ops Plan and Budget; 17 May**

- Community calls and meetings in Brussels
- Final FY11 Budget reviewed by BFC
- **Final FY11 Budget submitted to Board; Brussels**

ICANN Strategic Plan 2010 to 2013 - Four Strategic Focus Areas

Supporting... One World. One Internet. Everyone Connected.



Strategic objectives

- 100% DNS uptime
- Lower DNS abuse
- More secure top level domains (TLDs)
- Improved attachment
- Everyone connected
- Increased TLD options in more languages
- Flawless Internet Assigned Numbers Authority (IANA) operations
- Connected, global Internet
- Stakeholders have a voice
- Improved accountability and

Community work

- Develop external
- Work with Data
- Address

Strategic projects

- Develop
- Enhance
- Coordinate
- Improve

Staff work

- Contingency planning
- Training for ccTLDs
- Collaborative response
- ccTLD and risk management education in developing countries
- Compliance
- Supporting Organization (SO) and Advisory Committee (AC) support
- IANA
- Board support
- Security & contingency ops
- I Root operations
- Thought leadership
- International forum participation
- Build capacity & strengthen partnerships across eco-system
- Strengthen regional engagement

Four Focus Areas

3 year Strategic Plan updated

Simplified with a "One Pager"

Key enablers across all

Multi-stakeholder – Collaborative – International – Transparent – Accountable

FY11 Budget Background

- Revenue increased 44.5% in 4 years; largely a result of contractual increases
 - FY11 revenue growth projected to be less than 3%
- New services and projects have caused expenses to grow at a level close to revenue
- Also during period:
 - Grew reserves to \$45MM (+80%)
 - Reduced registrar fees by \$0.25 to \$0.18 (+28%)
- Challenge for Board, Community and staff in FY11 will be to prioritize existing and new work in low/no growth environment

Goals for developing plans in FY11, BFC

- Follow strategic plan
- Integrate with community desires
- Confirm revenue (e.g., ccTLD)
- Take balanced approach to expenses
 - Careful consideration of operating requests
 - Any new activities will require trade-off

Growth areas

- IANA excellence
- Security focus
- DNSSEC project
- Policy
- Palo Alto and enhanced in DC

Reduced needs

New gTLD: delay where possible and some work completed!

Others flat or cut

Organizational Activities	FY11 Framework	FY10 Forecast	FY10 Budget	FY11 Framework less FY10 Budget	
New gTLD / IDN efforts	7,910	8,700	8,861	(951)	-10.7%
IANA and Technology Operations Improvements	5,950	4,900	5,040	910	18.1%
Security, Stability and Resiliency Operations(SSR)	7,250	6,500	5,755	1,495	26.0%
Contractual Compliance	3,360	3,400	3,155	205	6.5%
Core Meeting Logistics	5,230	5,210	5,190	40	0.8%
Constituency Support	6,270	5,720	6,041	229	3.8%
Policy Development Support	6,020	5,440	5,339	681	12.8%
Global Engagement Increasing International	7,190	7,270	6,619	571	8.6%
Community Travel Support, Ombudsman, Board Support, NomCom	5,640	5,200	5,326	314	5.9%
DNS Operations	2,310	2,370	1,199	1,111	92.7%
Organizational Improvement	2,230	1,190	1,842	388	21.1%
Total	59,360	55,900	54,367	4,993	9.2%

Framework for FY11 Ops Plan and Budget

(in US dollars)	FY11 FRAMEWORK	FY10 FORECAST	FY10 BUDGET
Revenue	\$65,521,000	\$62,918,005	\$63,641,600
Operating Expenses	\$59,374,000	\$55,944,580	\$54,366,797
Non Cash Expenses	\$2,600,000	\$2,600,000	\$2,900,000
Contingency	\$1,500,000		\$1,500,000
Total Expenses	\$63,474,000	\$58,544,580	\$58,766,797
Change in Net assets	\$2,047,000	\$4,373,425	\$4,874,803



Framework for the FY11 Operating Plan - Highlights

1. New gTLD Program

- Operational readiness – TAS, risk mgmt, other processes
- Resolve outstanding implementation questions
- Next draft(s) of the Applicant Guidebook
 - \$6.8mil is 10.7% less than FY10; some work now reached completion

2. IDN Implementation (Fast Track and new gTLD)

- Process requests
- Initiate compliance project
- Facilitate IDNA protocol revision
- Provide outreach, add linguistic events
 - Costs of \$1.1 million is similar to FY10

Framework for the FY11 Operating Plan

3. IANA and Technology Operations

- Business Continuity
- IANA feedback performance system
- Streamline root zone requests, RZM software
- Policy documentation
 - Nearly \$6 million, 18.1% up from FY10 looking beyond conclusion of contract with US Dept of Commerce

4. Security, Stability and Resiliency (SSR)

- Collaborate w/other Internet leaders (e.g., DNS-Cert)
- Support TLD continuity
- Affirmation of Commitments
 - \$7.3 million, 26.0% over FY10. DNSSEC implementation, external audits, hardening of infrastructure, more



Framework for the FY11 Operating Plan

5. Contractual Compliance

- Aggressively enforce agreements, investigate new Whois accuracy system
 - \$3.4 million, 6.5% over FY10 includes global outreach

6. Core Meetings logistics

- Continue support thrice annual, other meetings, explore new approaches
 - \$5.2 million, essentially flat from FY10

7. Policy Development Support

- Support new WG model in GNSO and implementation plans for AC/SOs
 - \$6.0 million, 12.8% up for an expanded list of topics/expectations

8. Global Engagement / Increasing International Participation

- Engage governments and agencies worldwide
 - \$7.2 million, 8.6% up including \$1 million for translation



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9. Travel Support for ICANN Community

- Community guidelines to be updated with community feedback
 - \$1.5 million, flat with FY10, assumes similar support

10. Ombudsman

- Serves as an objective advocate for fairness for ICANN
 - \$0.5 Mil close to FY10

12. Board Support

- Directors and Liaisons at 3 ICANN Int'l and other meetings, plus support
 - \$2.4 million, close to FY10

13. Nominating Committee (NomCom) Support

- Continue support key structures
 - \$0.8 million, flat with FY10

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14. DNS Operations

- Operate key DNSSEC root key signing key facilities, production quality DNSSEC for zones of responsibility
 - Costs of \$2.3 million, a 92.7% increase increased staffing, external auditing requirements for DNSSEC

15. Organizational improvement

- Support reviews for Affirmation of Commitments
- Reviews for organizational structures; ccNSO and ASO
 - \$2.2 million up 21.1% to handle volume and complexity of reviews

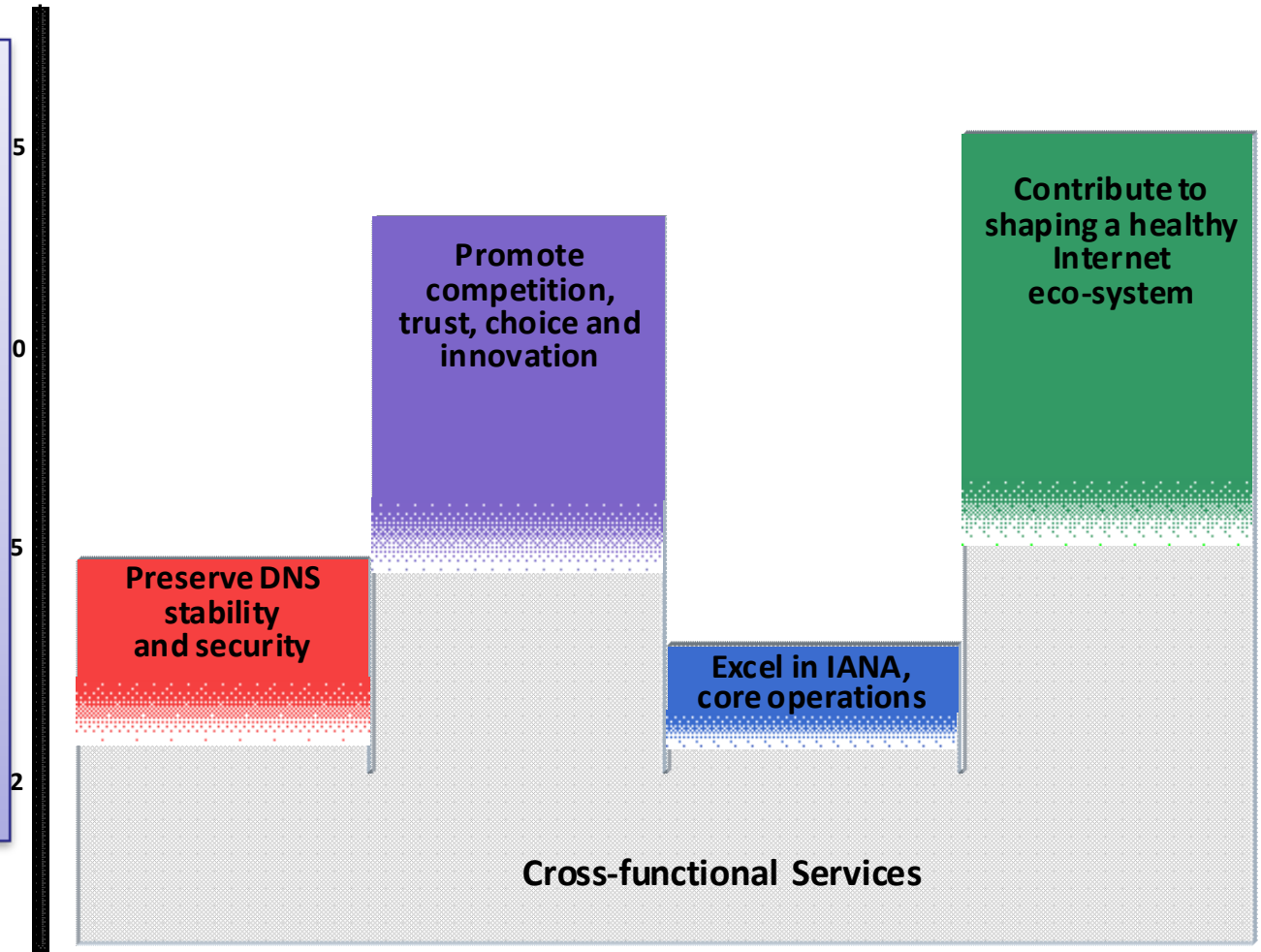
Key Budget Assumptions for FY11

Budget Assumptions

- Small staff growth, tighter travel policies
- Guidelines: procurement, cost accounting
- Only incur new gTLD costs as dictated by program progress
- New approaches to translation; more
- FY11 planned contribution, \$2 mil
- Reserve Fund now \$45 mil
- Consider appropriate level?

Framework for FY11 Ops Plan and Budget

FY11 Budget resources assigned to Strategic Plan's 4 category and cross functional structure

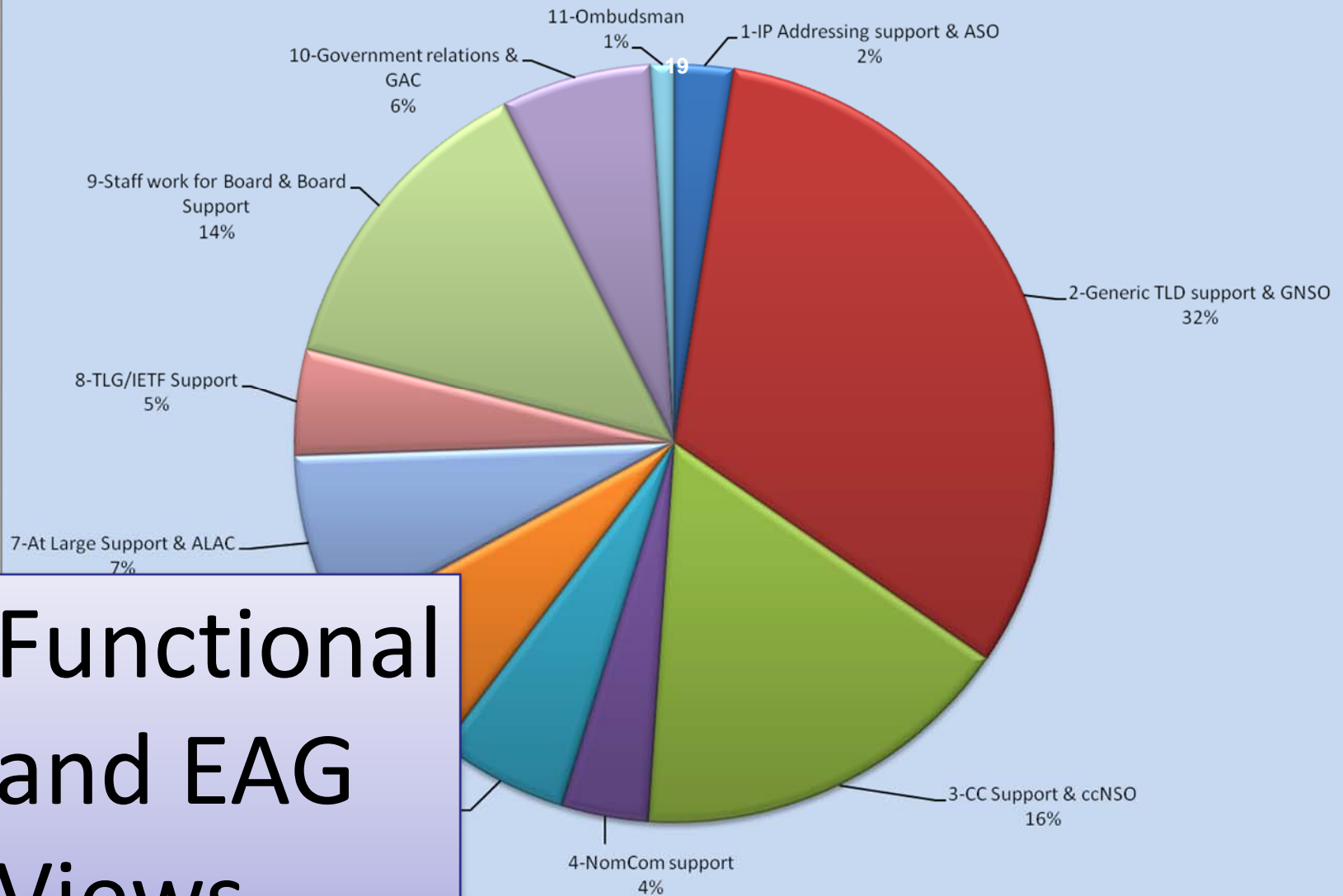


FY11 Operating Plan and Budget

To be accountable and transparent – Alternate Views Presented

- Traditional Accounts view
- Functional Reporting view
- Expense Area Group (EAG) view
- Security, Stability and Resilience (SSR) view
- Strategic priority view
- Principle view
- Revenue source view
- 2010 to 2013 Strategic Plan view
- Multi-Year Revenue and Expense view
- Capital Budget
- Cash flow view
- Euro view
- Greater than \$500k line item budgets
- Contingency analyses
- Forecasts
- Balance sheet
- Other specific line items

FY11 Budget Framework - Expense Area Group View



Functional
and EAG
Views

FY11 Operating Plan and Budget

What is next?

Solicit Community Input

- Online comments
- In open forum, Wednesday 2pm Nairobi time
- Conference Calls with community groups
- Refine budget assumptions:
 - Confirm priorities
 - Consider delays or cuts
- Synthesize community feedback
- Draft FY11 Operating Plan and Budget posted by 17 May
- Solicit more community feedback
- Submit final FY11 Budget for Board in June, Brussels

Thank You