ICANN 70

VIRTUAL COMMUNITY FORUM

Planning and Finance Presentation

Presented by ICANN org Planning and Finance Team

09 March 2021

Webinar Information

This session is recorded.

This session is scheduled to last 1.5 hour.

Presentation is published here on ICANN70 Prep week web page and ICANN Finance and Planning Community Wiki page.

Q&A will be during and at the end of the presentation.
Please use the Q&A pod to ask questions.

Opening Remarks

Xavier Calvez

SVP Planning &
Chief Financial Officer

Team

Becky Nash
VP of Planning

Shani Quidwai
Sr. Director of Finance

Nathalie Vergnolle
Director of Planning

Alex Morshed
Finance Manager

Victoria Yang
Sr. Manager of Planning

Mukesh Chulani
GDS Manager

Agenda

◉ Review of Financial Results

◉ FY22 Draft 5 Year Operating Plan and Draft FY22 Operating Plan

◉ FY22 – FY26 Funding Projections

◉ FY22 Draft 5 Year Financial Plan and Draft FY22 Budget

◉ FY22 Draft Plans Public Comments Overview

◉ FY22 and FY23 Planning Next Steps

◉ Q&A

Financial Results

- **FY20 Full Year Overview**
- **FY21 Q2 Results**

Shani Quidwai

FY20 Financial Overview (Jul 2019 – Jun 2020)

Overall, ICANN org had a **financially strong year in FY20**

- **Funding** was $140.7M or **$0.6M higher than budget** despite the COVID-19 pandemic

  - The domain name market was resilient in the second half of FY20, but a continuation of these market trends remains uncertain

- **Expenses** were $126.1M or **$11.1M lower than budget** primarily due to:

  - Travel restrictions and savings from holding ICANN67 and ICANN68 virtually

  - Fewer positions than budgeted

  - Savings on administrative expenses from Regional Offices

- **Net Excess** was $14.6M or **$11.7M higher than budget** primarily due to lower than planned expenses

- **Funds Under Management** increased by **$15.8M versus prior year**

  - Increase primarily due to net excess and investment gains despite market volatility from the pandemic

Financial Accountability- Reporting

ICANN org reports results to the community in support of commitment to accountability and transparency. Today we will highlight the recent publication of the FY21-Q2 financials.

Periodically, throughout the year	Annually
• Quarterly Financial Reporting	• Independent Auditors Report
• Publication of the CEO Report	• Annual Report
• ICANN Meetings travel reports	• Board Expenses
	• ccTLD Contributions
	• Funding by Source
	• Operating Plan and Budget
	• Tax Return (Form 990)
	• ICANN org Remuneration

Link to Financial Documents:

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

FY21 (Jul 20 – Dec 20) Financial Overview

ICANN Operations	FY21 YTD Actual	FY21 YTD Budget	Var	% Var	FY20 YTD Actual	Var	% Var
Funding	$69	$63	$6	10%	$69	($0)	0%
Expenses	$55	$60	$5	8%	$62	$6	10%
Net Operating Excess/(Deficit)	$14	$3	$11	408%	$8	$6	82%
Average Headcount	391	392	1	0%	389	-2	0%

Unaudited - USD in millions - any arithmetic inconsistencies are due to rounding

FY21 (Jul 20 – Dec 20) Funding by Category

YTD FY21 Funding- $69M

Includes Accreditation Fees, Per-registrar Variable Fees, and Application Fees

Registrar Other Fees

Other Funding

Includes Contributions and Sponsorships

3%

10%

Registry Transaction Fees

39%

Registry Fixed Fees

Driven by number of TLDs

22%

Driven by domain name registrations

Driven by domain name registrations

26%

Registrar Transaction Fees
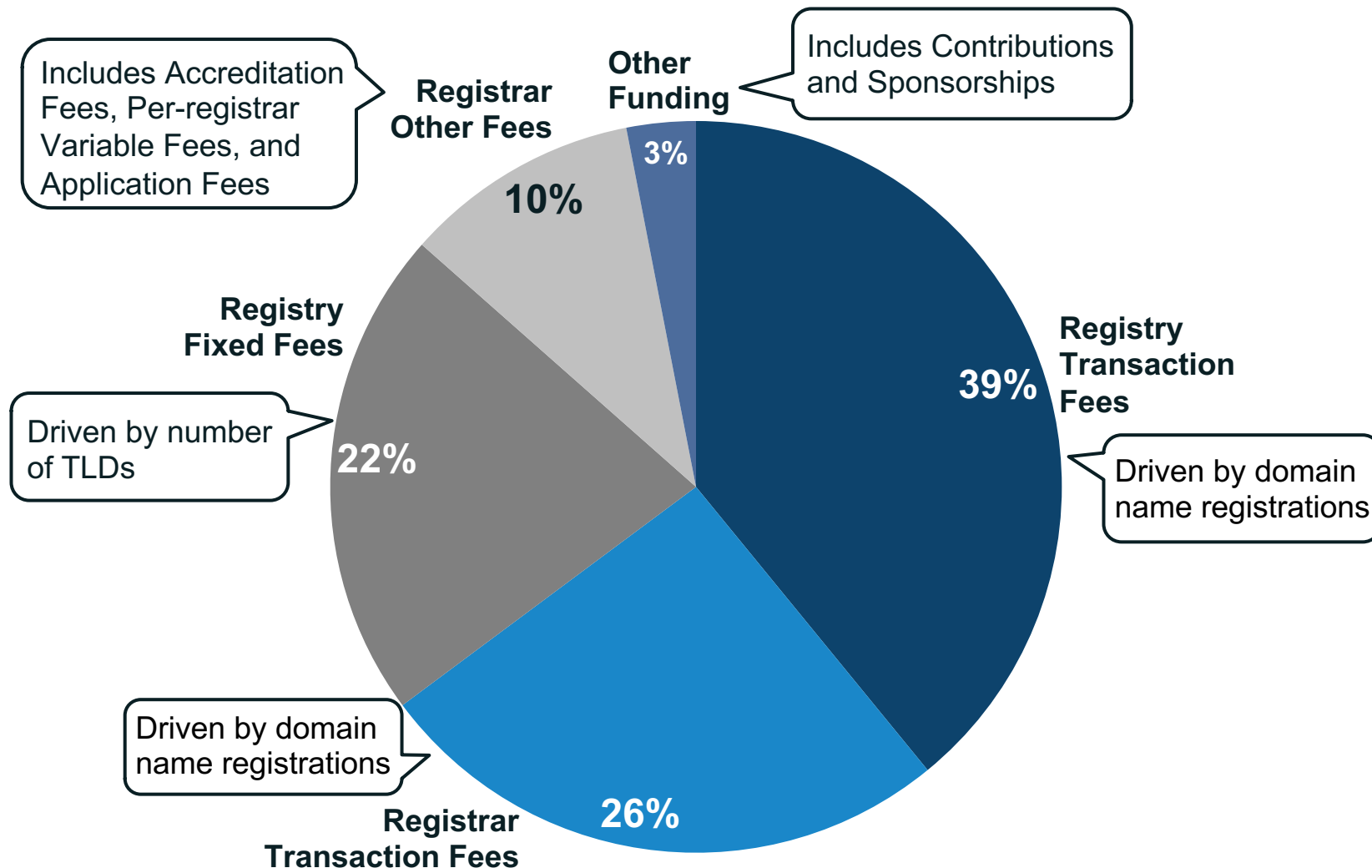
FY21 (Jul 20 – Dec 20) Expenses by Cost Category

FY21 YTD Expenses- $55M

Unaudited - USD in millions - any arithmetic inconsistencies are due to rounding
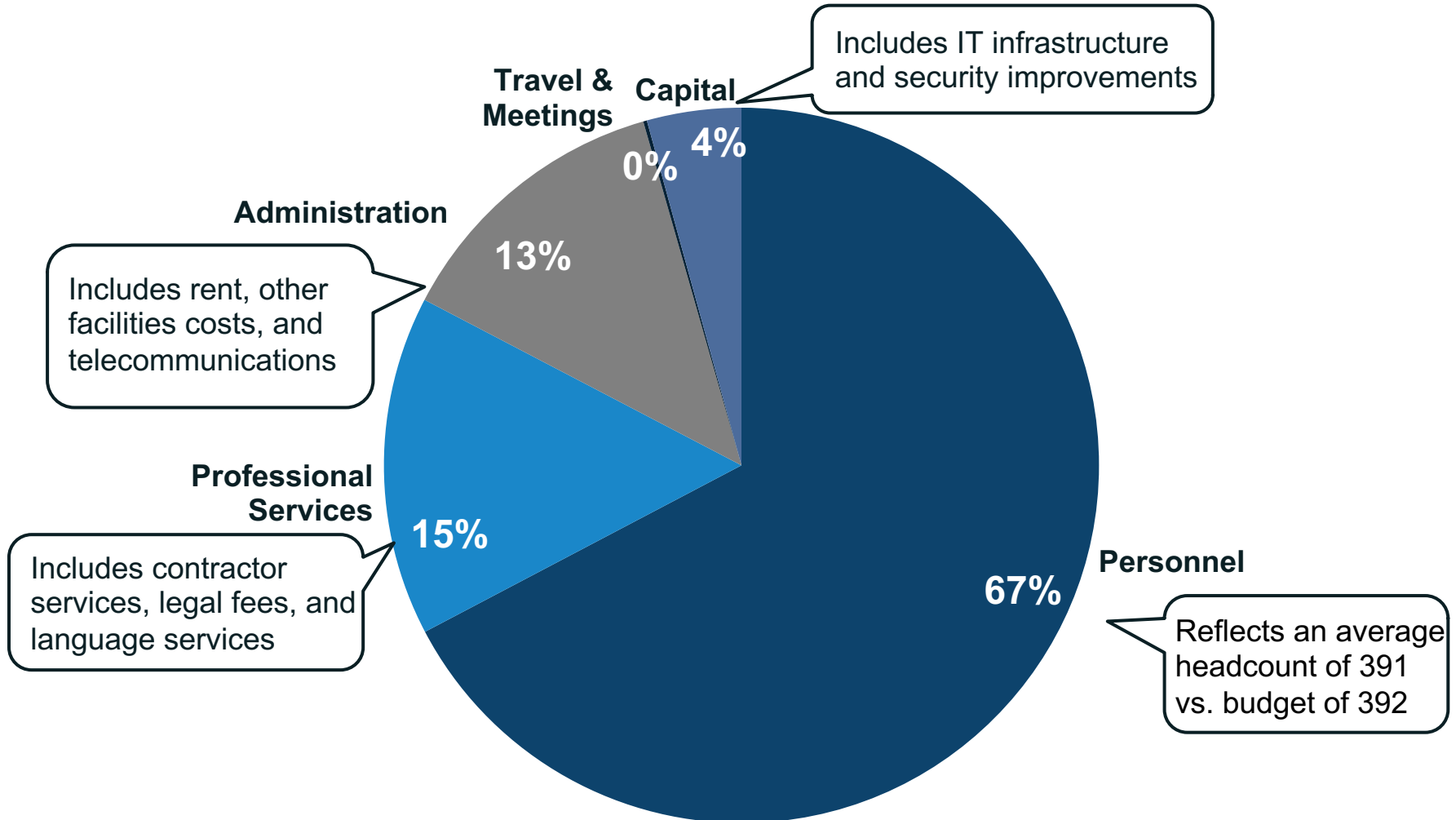
FY21 Funds Under Management

Legend: Jun FY20 Balance, Dec FY21 Balance

	Auction Proceeds	New gTLD Application Fees	Reserve Fund	Operating Fund	Total ICANN
Jun FY20 Balance	$212	$84	$125	$59	$480 (30 Jun 20)
Dec FY21 Balance	$212	$83	$138	$67	$501 (30 Dec 20)
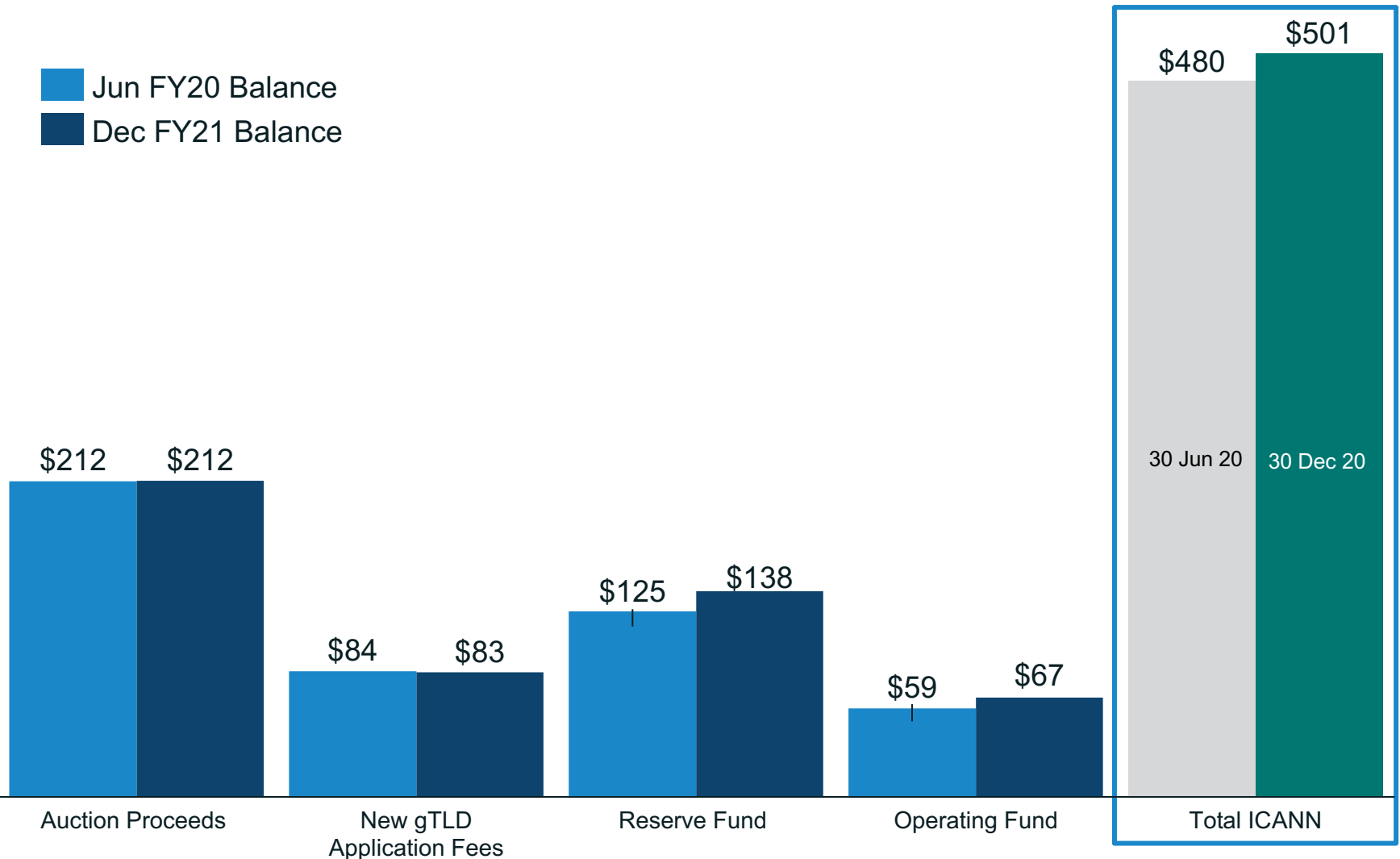
Total ICANN represents sum of month-end balances for all accounts

Unaudited - USD in millions - any arithmetic inconsistencies are due to rounding

FY22 Draft 5 Year Operating Plan and Draft FY22 Operating Plan

Becky Nash

Overview of FY22 Planning Documents

Draft FY22-26 Operating & Financial Plan and Draft FY22 Operating Plan
& Budget

Open Date	Close Date	Staff Report Due
17 Dec 2020 23:59 UTC	15 Feb 2021 23:59 UTC	18 Mar 2021 23:59 UTC

Comments Closed

https://www.icann.org/public-comments/draft-opplan-budget-fy22-26-2020-12-17-en

The following documents were published on 17 Dec 2020 for public comment until 15 February 2021:

- Highlights Document

- Draft FY22 – 26 Operating and Financial Plan and FY22 Operating Plan Document

- Draft FY22 Budget Document

The following documents are published as supporting documents:

- ICANN Strategic Outlook: 2020 Trends Report

- Funding Forecast Assumptions Report for Fiscal Years 2022 - 2026

Operating Plan Structure

The Operating Plan includes description of the activities ICANN org will undertake to achieve its Strategic Plan, operate the organization and implement its mission and mandate.
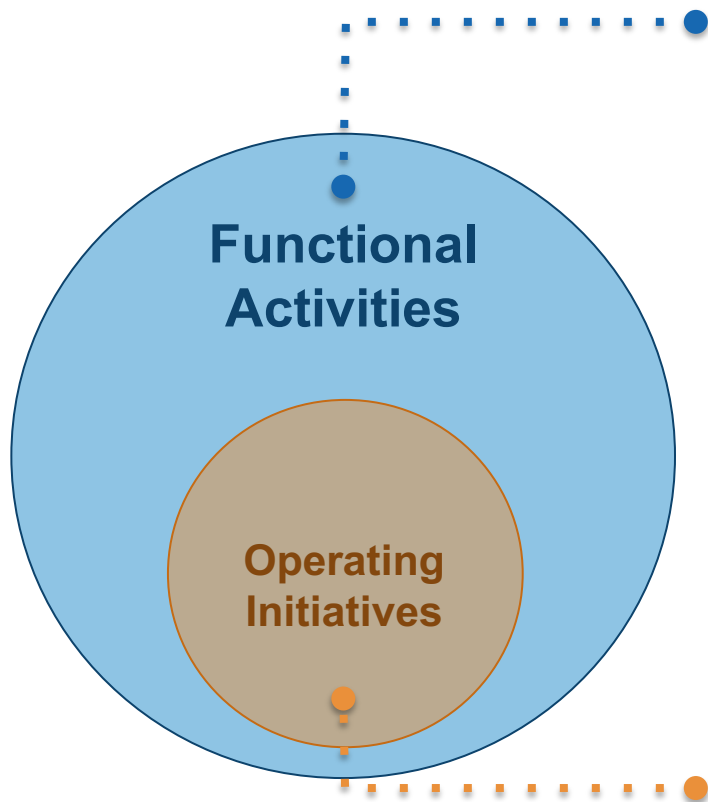
Functional Activities (34 in 5 groups)

Activities of the Functions to:

- Operate the organization, such as *Human Resources or Finance*

or

- Implement ICANN's mission and mandate, such as *Contractual Compliance or the IANA.*

Functional Activities

Operating Initiatives

Operating Initiatives (15)

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

Please refer to Appendices for the list of all Functional Activities and Operating Initiatives

FY22 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 IGOs Engagement
- GDD Accounts and Services
- Etc.

8 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
- Etc.

8 Functional Activities

Please refer to Appendices for the list of all Functional Activities

Key Planning Assumptions

Strategic Objectives Remain Unchanged	Based on the Strategic Outlook trends assessment, the Strategic Planning Committee has recommended no changes to the Strategic Objectives
Affordability Assumption and Balanced Budget	The Draft plans are based on "base" scenario funding projections. Each fiscal year, the resources for the cost of work planned do not exceed funding available
Recurring Work Continues	Majority of ICANN org's work recurs year over year: • needed for organization operations, or • to support ICANN's mission and mandate
Dependencies and Rolling Plan	The 5-Year Operating Plan and Financial Plan is developed each fiscal year as a rolling plan. The 1-Year Operating Plan and Budget then includes detailed implementation work resulting from Board's decisions of policy and community recommendations

Operating Plan Highlights

Face-to-Face Meetings and Engagement	Although there is still uncertainty, tor planning purposes, the FY22 plans assume business travel and three face-to-face meetings ICANN meetings and other engagement activity will resume
Community Recommended and Board Approved Implementation work	The WS2 Implementation work is prioritized in the FY22 plans. Other Board adopted recommendations will be subject to prioritization process
Operating Initiatives and Key Projects	Progression towards the achievement of the Operating Initiatives is included in FY22 plans
Cost Savings and Efficiencies	Cost savings and efficiencies are assumed over the 5-year period

FY22 – FY26 Funding Projections

Mukesh Chulani

Funding Projection Approach: Marketplace Horizon Scan

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation

Evaluation of key trends and industry developments that are likely to have a significant impact on supply-side or demand-side conditions, including:

1. Global macroeconomic forecasts and commentary from sources such as the Organization for Economic Co-operation and Development, International Monetary Fund, World Bank, Economist Intelligence Unit, International Data Corporation, National Institute of Economic and Social Research, etc.

2. Interviews with contracted parties, both via their ICANN GDS Account Managers and via a third-party consultant.

3. Performance and guidance from publicly-traded industry participants via investor statements/documents

4. Recent marketplace developments: actual or expected changes in supply-side and demand-side conditions

5. Historical transaction data:

   - Volume of transactions, including new acquisition vs. renewals
   - Growth pattern of launched strings, in terms of DUMs
   - In-depth evaluation of both Legacy and New gTLDs
   - Data escrow records

Funding Projection Approach: Formulation of Assumptions

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation

- **Low funding scenario:** This scenario illustrates a plausible depressed forecast outcome. Beyond the retention of the current fee values, this scenario factors in a **decrease in all drivers to ICANN's funding** – from the total number of contracted parties to the volume of domain name transactions. The decrease in all combined drivers within this scenario **reflects a contraction of the entire DNS marketplace.**

- **Base-case scenario:** Representing the funding outcome deemed most likely to occur, this scenario takes a **conservative appraisal of the growth** of ICANN's accredited registrar base and domain name transaction volumes, along with retention of the current fee values. The scenario assumes that **domain transactions do not witness any long-lasting dislocations** arising from the current global economic recession. This scenario leverages historical growth values and is aligned closely with global Gross Domestic Product (GDP) growth trends, thereby implying an **overall steady state of growth in a maturing industry.**

- **High funding scenario:** This scenario combines increases across all the drivers to ICANN's funding, except for a marginal decline in the number of registries and the retention of the current fee values. The growth rates in this scenario therefore depict an **optimistic view of resurgent growth in the overall DNS marketplace**, total size of the accredited registrar base, and domain name transactions.
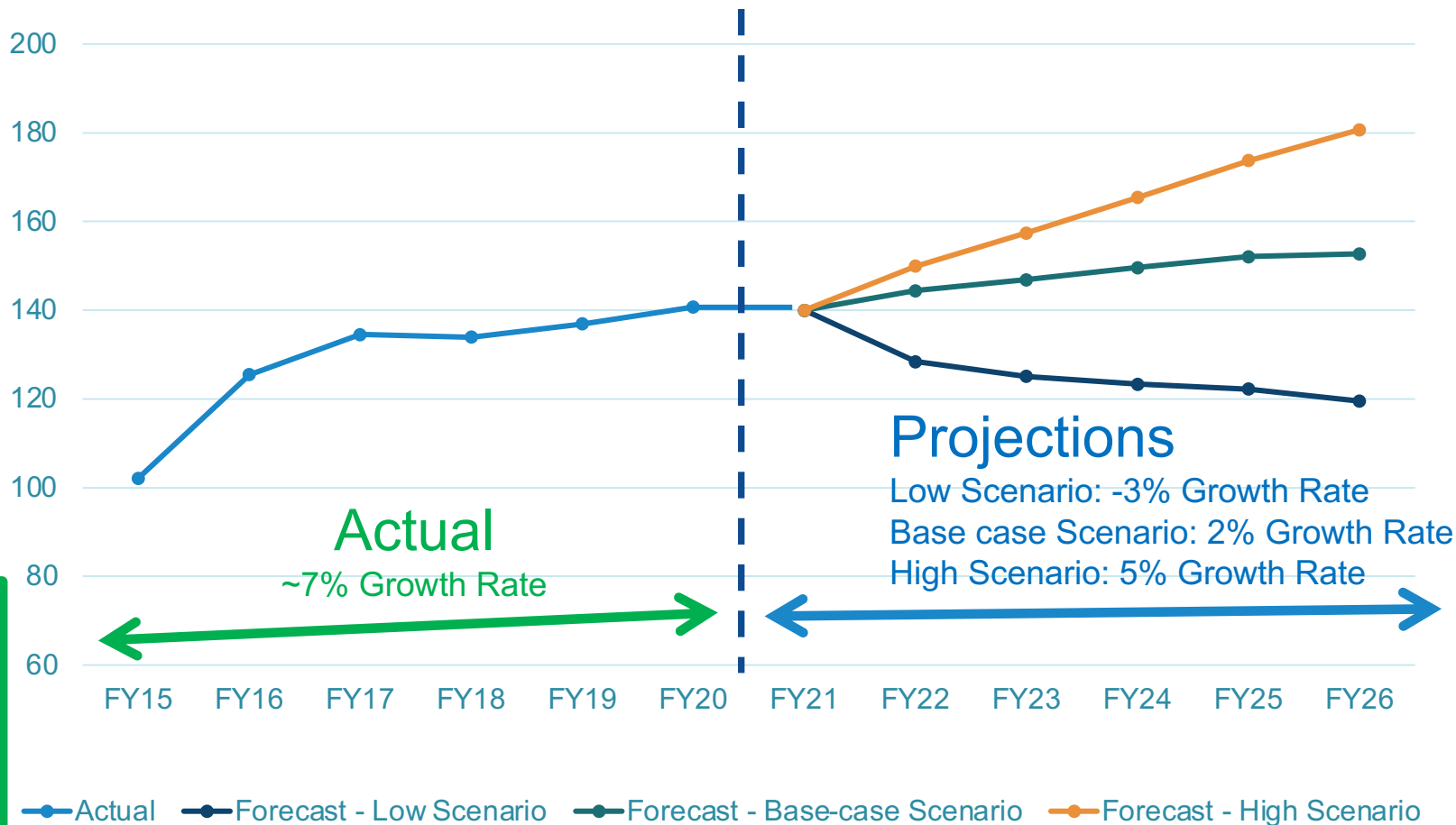
Funding: Actual (FY15-20) & 5-Year Projections (FY22-FY26)

1 Marketplace Horizon Scan

2 Formulation of Assumptions

3 Forecast Generation

5-Year Funding Forecast includes Low – Base Case – High Scenarios. Across the three scenarios generated, FY26 funding is forecast to range between $119M and $181M from the current FY21 projection of $140M. Does not include funding for New gTLD, Sub Pro, or Auction Proceeds.

Actual
~7% Growth Rate

Projections
Low Scenario: -3% Growth Rate
Base case Scenario: 2% Growth Rate
High Scenario: 5% Growth Rate

| FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |

— Actual — Forecast - Low Scenario — Forecast - Base-case Scenario — Forecast - High Scenario

Note: FY15-FY20 based on audited actuals, FY21-FY26 include contributions for SSR Activities
CAGR values cover FY21-F26, In millions, USD; Arithmetic inconsistencies due to decimal rounding.

Growth Rate- Compound Annual Growth Rate *(CAGR)*

Funding Projections Accuracy

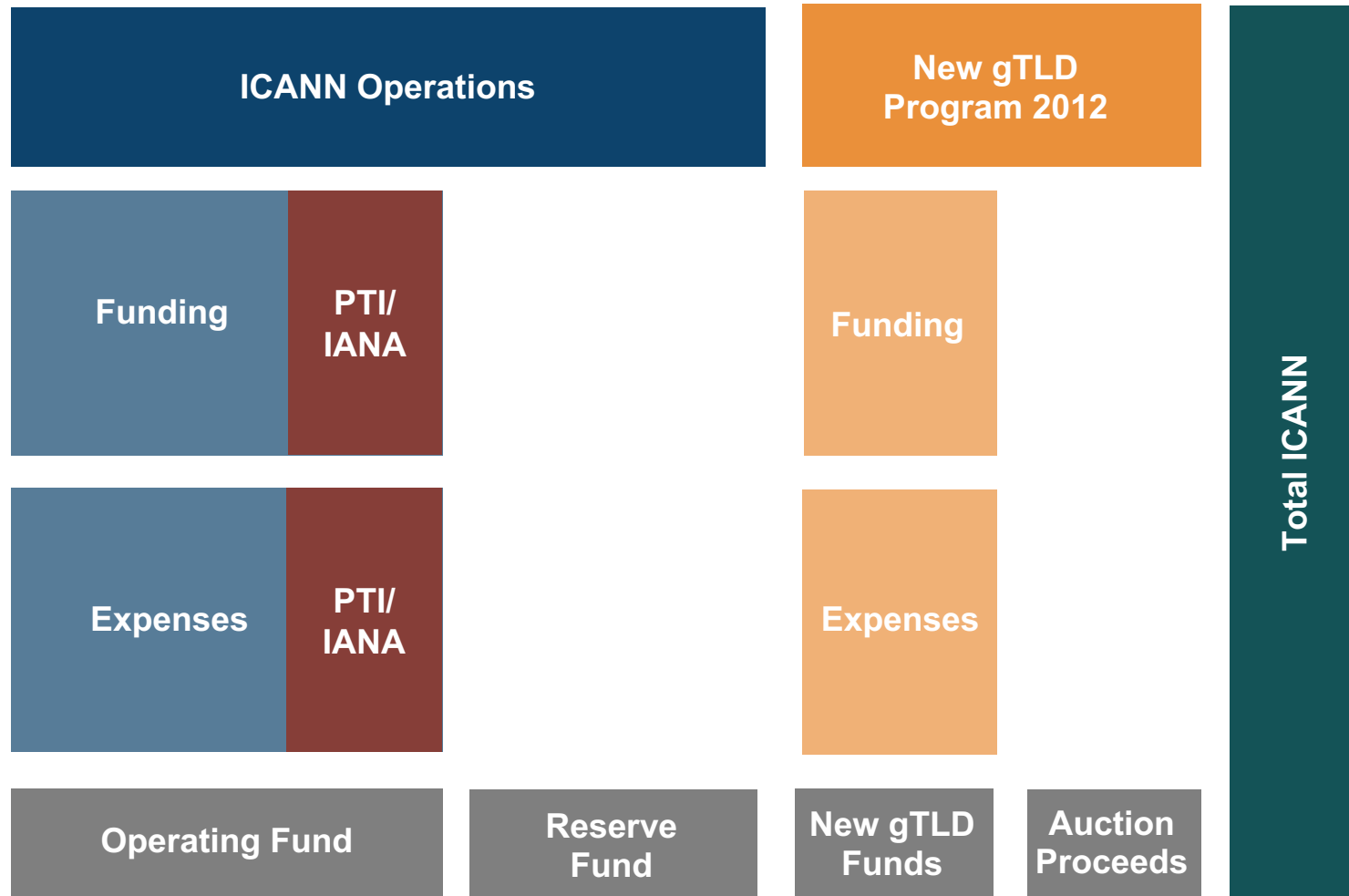- Most years our funding projections have been within ~2% of actual
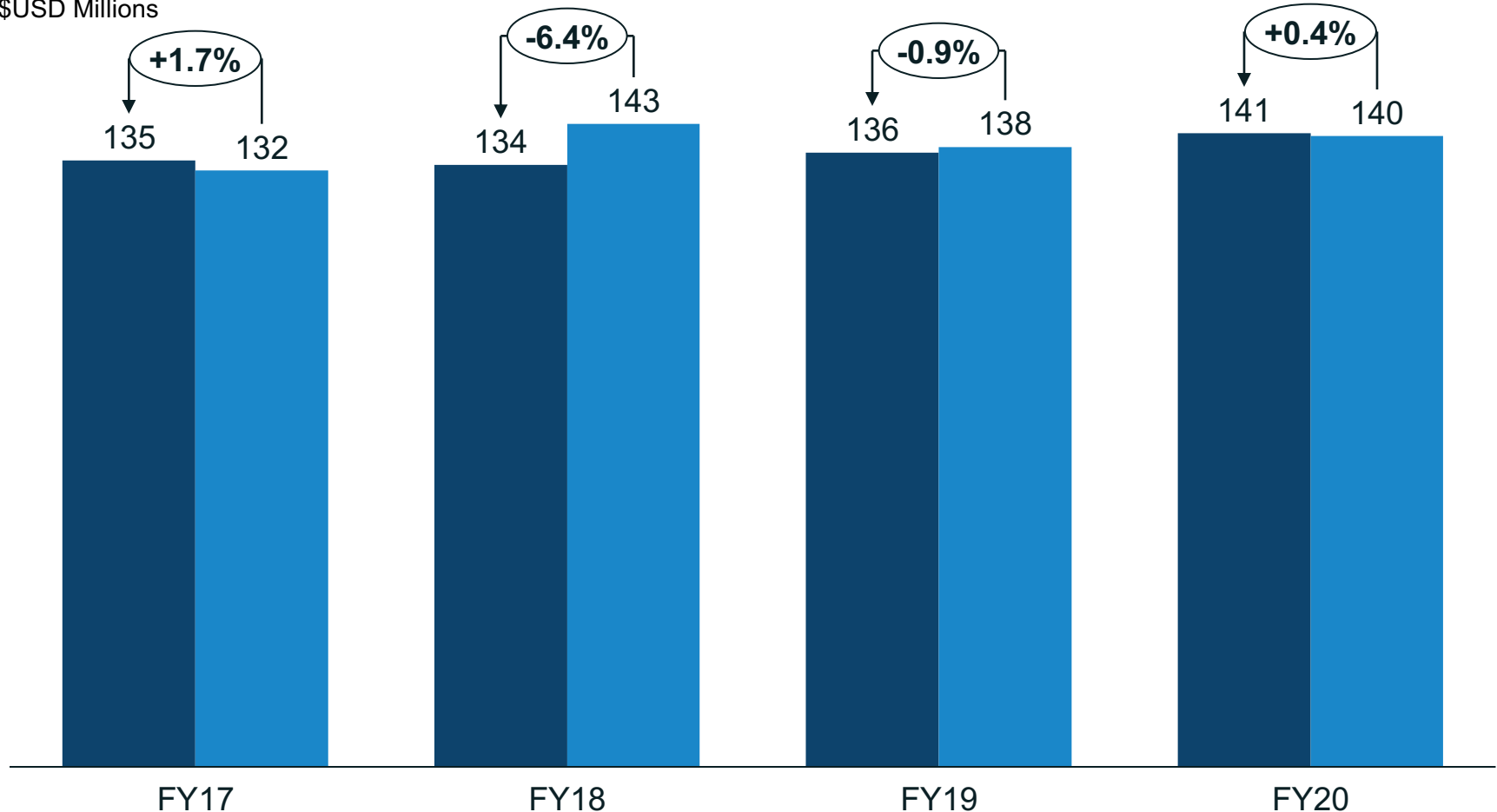
FY22 Draft 5 Year Financial Plan and Draft FY22 Budget

Shani Quidwai

ICANN Financial Reporting Structure

5-Year Funding and Expense Assumptions

- **5-Year Funding**
  - The Five-year Plan will use the "base" scenario funding projections
  - Includes contributions from Verisign to support ICANN's efforts to preserve and enhance the security, stability, and resiliency of the DNS

- **5-Year Expenses**
  - Personnel Expense and Headcount is assumed to remain stable until the impact on resources of pending implementation work to be approved is reflected.
  - At this time, we are not including work from future Board decisions that have yet to be approved and implementation work that is subject to prioritization such as GPDR/EPDP 2, RSSAC 037/38 etc.
  - Expenses related to Auction Proceeds and the subsequent round of New gTLDs are also not included as these will be funded separately
  - The Five-Year Plan will include contingency funding for unplanned work that has yet to be approved

- **Reserve Fund**
  - The Reserve Fund balance reached 1 year of expenses in FY21; The Five-Year Plan will include allocations to ensure ICANN stays at or above this minimum target level

- **Affordability**
  - The Five-year Plan will be a balanced budget where expenses, plus planned contributions to the Reserve Fund, will not exceed funding in each fiscal year

5-Year Financial Projections

(in Millions USD)

5-Year Projections	FY22 Projections	FY23 Projections	FY24 Projections	FY25 Projections	FY26 Projections	5-Year Total
Funding [1]	$144.4	$146.9	$149.6	$152.1	$152.7	$745.6
Expense						
Personnel	$80.1	$81.7	$83.4	$85.0	$86.8	$417.1
Travel and Meetings	$13.8	$14.2	$14.6	$15.0	$15.5	$73.1
Professional Services	$19.6	$19.6	$19.6	$19.6	$19.6	$98.2
Administrative	$17.2	$17.2	$17.2	$17.2	$17.2	$85.9
Capital	$4.0	$4.0	$4.0	$4.0	$4.0	$20.2
Incremental Operating Initiatives [2]	$5.5	$6.0	$6.5	$6.5	-	$24.5
Contingency [3]	$5.2	$5.4	$5.5	$5.7	$5.9	$27.6
Cost Savings Initiatives	($2.2)	($2.7)	($3.3)	($3.5)	-	($11.7)
Total Operating Expenses	$143.2	$145.4	$147.6	$149.6	$148.9	$734.8
Excess/(Deficit) before Contributions	$1.1	$1.5	$2.0	$2.5	$3.7	$10.8
Reserve Fund allocation to maintain minimum level	$1.1	-	-	-	-	$1.1
Additional Reserve Fund allocation	-	$1.5	$2.0	$2.5	$3.7	$9.7
Allocation to the Reserve Fund	$1.1	$1.5	$2.0	$2.5	$3.7	$10.8
Net Operating Excess/(Deficit)	-	-	-	-	-	-
Average Headcount	405	410	410	410	410	

(1) Includes contributions for ICANN Security, Stability, and Resiliency (SSR) activities.

(2) Figures only reflect Operating Initiatives that require resources in addition to functional activity plans.

(3) Contingency expense represents an amount of budgeted expenses unallocated to specific activities or functions.

Operating Initiatives Financial Estimates: 5-Year Projections

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

	Operating Initiatives (in Millions USD)	5-Year Financial Estimate (Low)	5-Year Financial Estimate (Midpoint)	5-Year Financial Estimate (High)	Financial 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 and funds for 3rd party consulting expense for meeting facilitation and research
2	Facilitate DNS Ecosystem Improvements	$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 Policymaking	$3.0	$4.3	$5.5	1 headcount for a Project Manager to facilitate and advise 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 Policymaking	$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 consulting costs to help administer the tracking and facilitation of the program
6	Promote and Sustain a Competitive Environment in the Domain Name System	-	-	-	Separately funded and therefore no incremental resources are included in the projections
7	Universal Acceptance	$1.5	$2.0	$2.5	3rd party consulting expense
8	Root Zone Management Evolution	$3.0	$4.5	$6.0	1.5 FTEs from Engineering and IT and 1 FTE from the IANA team and and funds for 3rd party consulting expense for research
9	Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem	-	-	-	Resources for this initiative are included within the functional activities of the financial plan
10	Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN	-	-	-	Resources for this initiative are included within the functional activities of the financial plan
11	Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission	-	-	-	Resources for this initiative are included within the functional activities of the financial plan
12	Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers	$0.5	$1.0	$1.5	1 headcount for the 5-year period and funds for 3rd party consulting expense for research
13	Implement New gTLD Auction Proceeds Recommendations As Approved by Board	-	-	-	Separately funded and therefore no incremental resources are included in the projections
14	Planning at ICANN	-	-	-	Resources for this initiative are included within the functional activities of the financial plan
15	ICANN Reserves	-	-	-	Resources for this initiative are included within the functional activities of the financial plan
	Total	**$16.5**	**$24.5**	**$32.5**	

Operating Initiatives Expense: 5-Year Phasing

- Incremental costs for Operating Initiatives have been estimated as a percentage of work projected to be completed by year, subject to prioritization

	Operating Initiatives (OI) (in Millions USD)	Phasing $					
		FY22	FY23	FY24	FY25	FY26	FY22-26
1	Support the Evolution of the Root Server System	1.8	1.8	0.5	0.5	-	4.5
2	Facilitate DNS Ecosystem Improvements	1.2	1.3	1.4	2.1	-	6.0
3	Evolve and Strengthen the Multistakeholder Model to Facilitate Diverse and Inclusive Participation in Policymaking	1.4	1.4	1.4	-	-	4.3
4	Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking	0.4	0.4	0.4	0.4	-	1.5
5	Develop Internal and External Ethics Policies	0.2	0.2	0.2	0.2	-	0.8
6	Promote and Sustain a Competitive Environment in the Domain Name System	-	-	-	-	-	-
7	Universal Acceptance	0.5	0.5	0.5	0.5	-	2.0
8	Root Zone Management Evolution	-	-	1.8	2.7	-	4.5
9	Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem	-	-	-	-	-	-
10	Through Targeted Engagement Improve Governments and Intergovernmental Organizations (IGOs) Engagement and Participation in ICANN	-	-	-	-	-	-
11	Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration With Others That May Impact the ICANN Mission	-	-	-	-	-	-
12	Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers	-	0.4	0.4	0.2	-	1.0
13	Implement New gTLD Auction Proceeds Recommendations As Approved by Board	-	-	-	-	-	-
14	Planning at ICANN	-	-	-	-	-	-
15	ICANN Reserves	-	-	-	-	-	-
	Total	**5.5**	**6.0**	**6.5**	**6.5**	**-**	**24.5**

FY22 Budget Assumptions

- The ICANN budget will be balanced; projected expenses will not exceed projected funding in the fiscal year

- The condition of the pandemic remains uncertain, including its impacts on ICANN's Funding and Operations

- The ICANN budget will continue to include funds for contingency
  - Contingency is an amount included in the budget, but not allocated to specific activities. This allows for the flexibility to cover the difference between projected and actual costs, expenses impossible to forecast such as litigation costs, or activities that have been confirmed for implementation by the Board after the budget was finalized.

FY22 Budget Assumptions (continued)

- **Funding**

    o Expected to grow modestly from the FY21 Forecast projection

    o Includes a contribution from Verisign to support ICANN's efforts to preserve and enhance the security, stability, and resiliency of the DNS

- **Expenses**

    o Average headcount is assumed to be at 405, similar to current staffing levels until the impact on resources of pending implementation work to be approved is reflected

    o Travel is assumed to be comparable to levels prior to pre-pandemic levels

    o FY22 Budget assumes 3 face to face ICANN Public Meetings and on-going ICANN staff travel

- The Reserve Fund balance reached 1 year of expenses in FY21; the FY22 Budget includes an allocation to ensure ICANN stays at or above the minimum target level

Financial Overview: FY22 Draft vs FY21 Forecast

- The FY21 Forecast is based on four months of actual data and eight months of estimates

- The FY22 Draft Budget assumes unrestricted travel for the entire fiscal year, whereas the FY21 Forecast assumes pandemic-related travel restrictions for the first nine months of the fiscal year

In Millions, USD	FY22 Draft Budget ICANN Operations	FY21 Forecast ICANN Operations	Under/(Over) vs. FY21 Forecast $	Under/(Over) vs. FY21 Forecast %
Funding [1]	$144.4	$140.0	$4.4	3%
Personnel	80.1	76.6	(3.5)	-5%
Travel & Meetings	13.8	4.7	(9.1)	-195%
Professional Services	19.6	17.9	(1.7)	-10%
Administration	17.2	16.6	(0.6)	-4%
Capital	4.0	6.3	2.2	36%
Incremental Operating Initiatives [2]	5.5	2.0	(3.5)	-173%
Contingency [3]	5.2	1.2	(4.0)	-333%
Cost Savings Initiatives	(2.2)	(1.4)	0.8	-55%
Total Operating Expenses	$143.2	$123.9	($19.4)	-16%
Excess/(Deficit) before Contributions	$1.1	$16.1	($15.0)	n/a
Reserve Fund Contribution	1.1	0.0	(1.1)	n/a
Net Operating Excess/(Deficit)	$0.0	$16.1	($16.1)	n/a
Average Headcount	405	395	(10)	-2%

(1) Includes contribution for SSR initiatives, which are part of ICANN's Operating Initiatives
(2) Figures only reflect Operating Initiatives that require resources in addition to functional activity plans
(3) Contingency represents an amount of budgeted expenses unallocated to specific activities or functions

- The FY22 Draft Budget funding is $4.4 million higher, driven by growth in domain name transactions per historical trends and a full year contribution for SSR initiatives versus half a year in FY21 Forecast

- Expenses in the FY22 Draft Budget are $19.4 million higher, driven by two incremental face to face ICANN Public Meetings, more headcount and inflationary Personnel expenses, and incremental operating initiatives

Additional Budget Request: FY22 Key Dates

Community Kick off and
Submission period

9 November 2020 to 29 January 2021

SO/AC Consultations
at ICANN 70

20 March 2021 to 25 March 2021

Notify SO/ACs of Publication
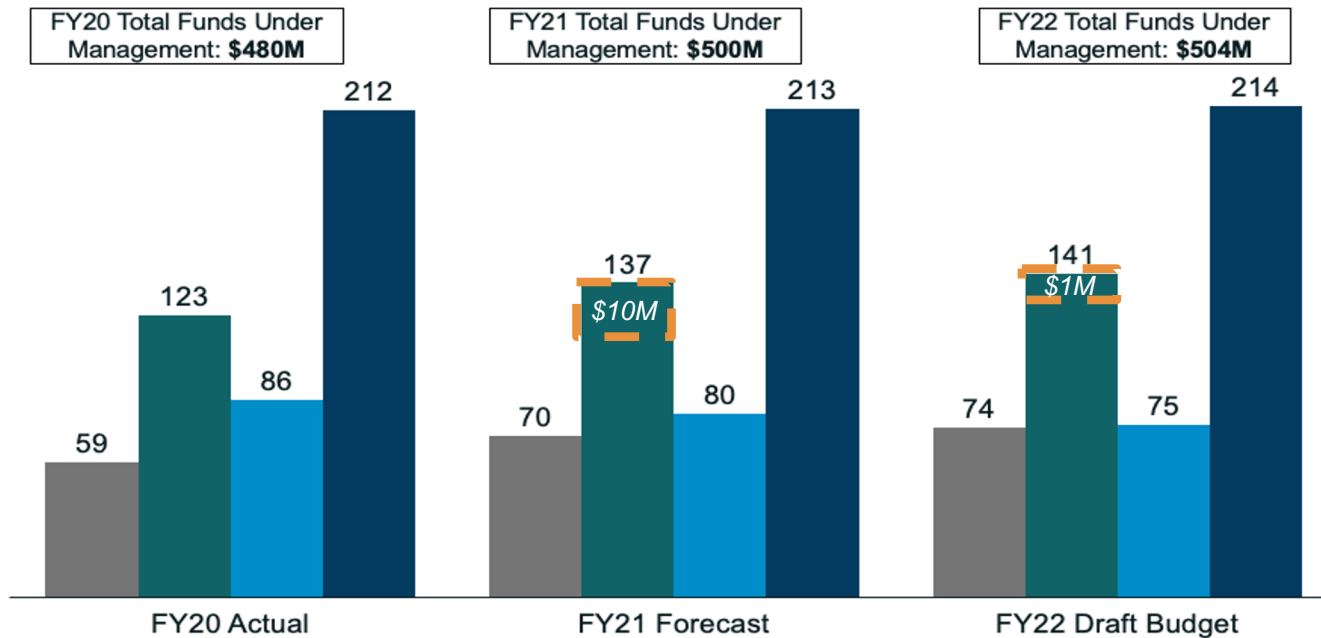
14 May 2021 to 17 May 2021

Publication on
Website

17 May 2021

FY22 Projected Funds Under Management

Legend: Operating Fund | Reserve Fund | NgTLD | Auction Proceeds

$ in Millions
Balance on 30 June of each fiscal year

FY20 Total Funds Under Management: **$480M**
FY21 Total Funds Under Management: **$500M**
FY22 Total Funds Under Management: **$504M**

	Operating Fund	Reserve Fund	NgTLD	Auction Proceeds
FY20 Actual	59	123	86	212
FY21 Forecast	70	137 ($10M)	80	213
FY22 Draft Budget	74	141 ($1M)	75	214

- Operating Fund is projected to remain higher than the historical trend of three months of operating expenses (~$32M) due to the current economic uncertainty and pending Board decisions. Balances and potential Reserve Fund contributions will be evaluated on an annual basis.
- $10 million Proposed contribution to the Reserve Fund in FY21 pending Board decision.
- $1 million minimum contribution to the Reserve Fund planned in FY22, and a 2% interest increase from FY21 balance to FY22
- New gTLD balance declines due to costs from processing remaining applications
- Modest investment gains with Auction Proceeds investments
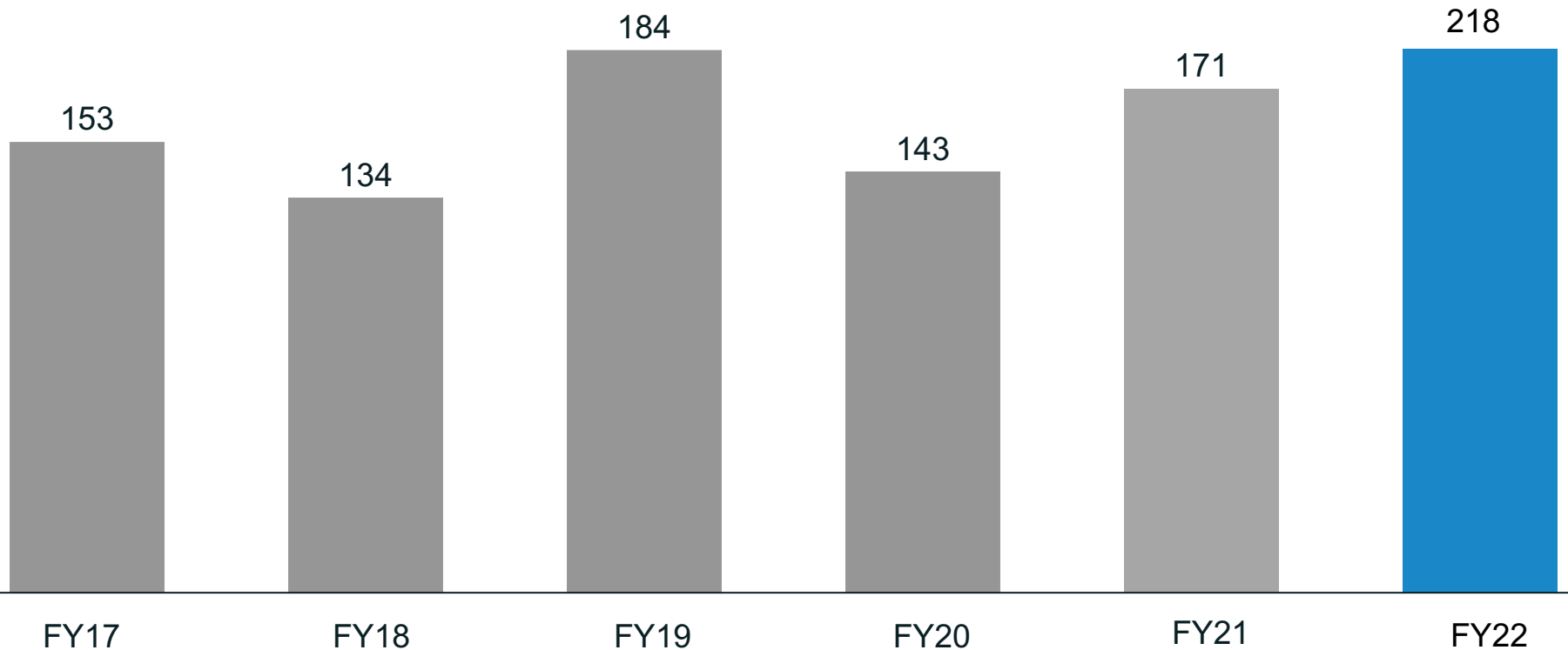
FY22 Draft Plans
Public Comments Overview

Becky Nash

Number of Comments by Year

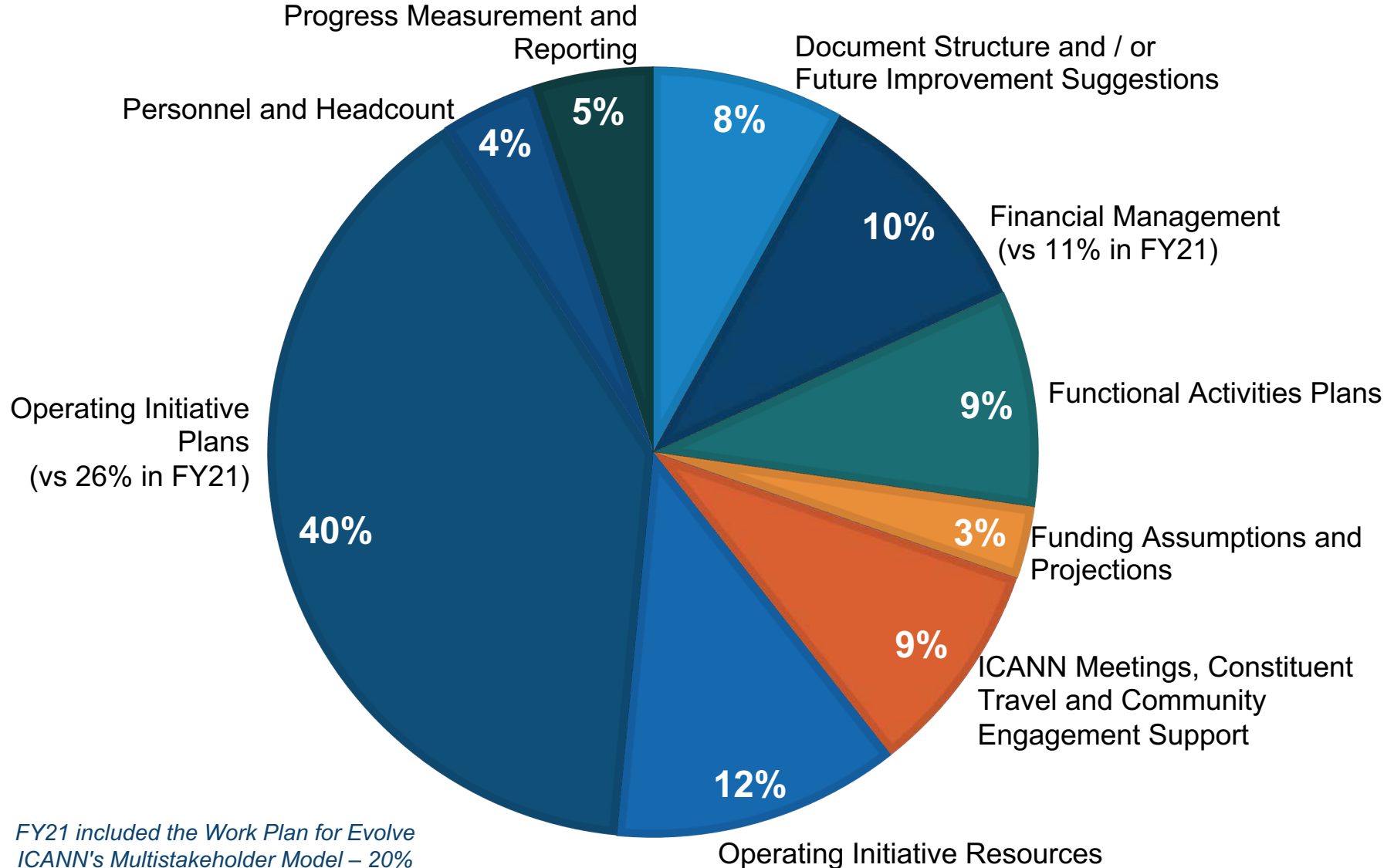Community involvement and engagement continues to remain high

153 | 134 | 184 | 143 | 171 | 218

FY17 | FY18 | FY19 | FY20 | FY21 | FY22

Public Comments: Thematic Breakdown by SO/AC

No.	Groups Submitting Comments	FY20 Number of Comments	FY21 Number of Comments	FY22 Number of Comments	FY22 vs FY21 Higher / (Lower)
1	Article 19 (note 1)			2	2
2	At-Large Advisory Committee	10	17	19	2
3	Blacknight Internet Solutions Ltd	4			
4	ccNSO Strategic and Operational Planning Committee (SOPC)	36	48	57	9
5	Coordination Center for TLD RU (ccNSO Community)			6	6
6	Customer Service Committee (CSC)	1			
7	Generic Names Supporting Organization Council (GNSO)	12	17	15	-2
8	gTLD Registries Stakeholder Group (RySG)	16	37	33	-4
9	i2Coalition		7		-7
10	ICANN Business Constituency (BC)	6	21	64	43
11	ICANN Governmental Advisory Committee (GAC)	4	1	7	6
12	Individual	1	8	1	-7
13	Intellectual Property Constituency (IPC)	15			
14	Non-Commercial Stakeholders Group (NCSG)	27	8	10	2
15	The Registrar Stakeholder Group (RrSG) (note 1)	1	7	4	-3
16	Security and Stability Advisory Committee (SSAC)	2			
17	The Centre for Internet and Society	8			
	Total	**143**	**171**	**218**	**47**
	# of Groups Submitting by Year	**14**	**10**	**11**	**1**

Note 1- There were 15 submissions on time and two that were submitted after the due date. These two are listed as such in the report.

Public Comments: Breakdown by Theme

Progress Measurement and Reporting — 5%

Personnel and Headcount — 4%

Operating Initiative Plans (vs 26% in FY21) — 40%

Document Structure and / or Future Improvement Suggestions — 8%

Financial Management (vs 11% in FY21) — 10%

Functional Activities Plans — 9%

Funding Assumptions and Projections — 3%

ICANN Meetings, Constituent Travel and Community Engagement Support — 9%

Operating Initiative Resources — 12%

❖ *FY21 included the Work Plan for Evolve ICANN's Multistakeholder Model – 20%*

Public Comments: Thematic Breakdown by SO/AC and Theme

Theme	Total Number FY22	Article 19	At-Large Advisory Committee	ccNSO (SOPC)	Coordination Center for TLD RU (ccNSO Community)	Generic Names Supporting Organization Council (GNSO)	gTLD Registries Stakeholder Group (RySG)	ICANN Business Constituency (BC)	ICANN Governmental Advisory Committee (GAC)	Individual	Non-Commercial Stakeholders Group (NCSG)	The Registrar Stakeholder Group (RrSG)
Document Structure and / or Future Improvement Suggestions	17		1	2		1	7	3	2	1		
Financial Management	21		3	7		1	3	5			1	1
Functional Activities Plans	20	1	1	13		3	1		1			
Funding Assumptions and Projections	8		1	2			1	3		1		
ICANN Meetings, Constituent Travel and Community Engagement Support	20		5	1		4	2	2	2		3	1
Operating Initiative Resources	28		1	9		1	1	10	1		4	1
Operating Initiatives Plans	83	1	1	13	6	5	16	39	1		1	
Personnel and Headcount	8		1	3			1	2				1
Progress Measurement and Reporting	13		5	7			1					
Total	**218**	**2**	**19**	**57**	**6**	**15**	**33**	**64**	**7**	**1**	**10**	**4**

FY22 and FY23 Planning Next Steps

Becky Nash

FY22 Planning Next Steps

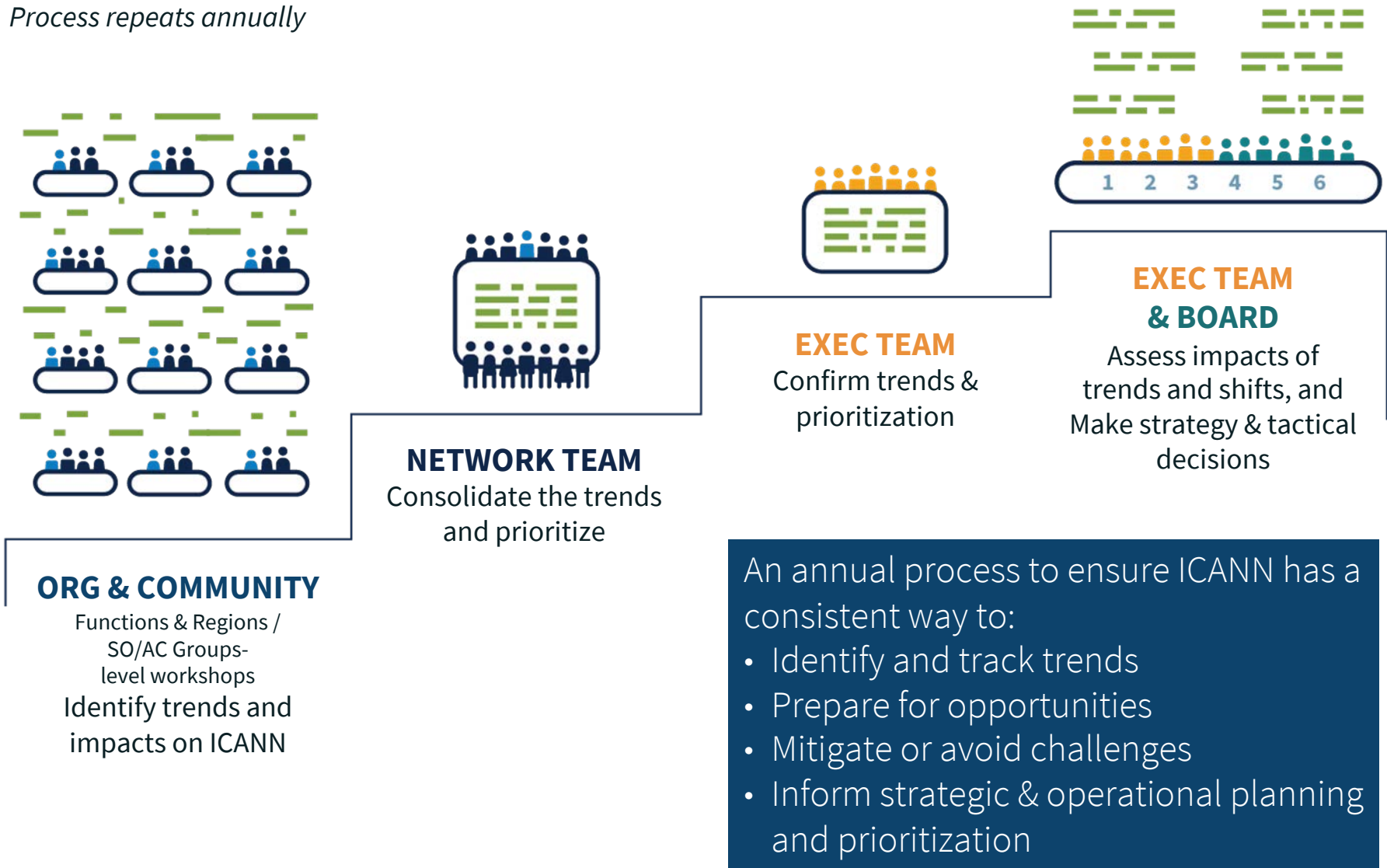| What	Who	When
FY22 Planning Process Kick Off	Community	ICANN 69 Prep Week
Review draft FY22-26 O&FP and FY22 OP&B	BFC	9 December 2020
FY22-26 O&FP Public Comment FY22 OP&B Public Comment	Community	17 December 2020 – 15 February 2021
Community Webinars	Community	12/13 January 2021 UTC
ICANN BFC recommends IANA Budget Approval	BFC	19 January 2021
ICANN Board Adopts IANA Budget	Board	Board Workshop January 2021
Review Public Comment inputs/development of both FY22-26 O&FP and FY22 OP&B	Board & Community	ICANN 70
Review for Plans adoption	Board	Board Workshop May 2021
Empowered Community Period	Community	May – June 2021

Strategic Plan and Outlook Trends
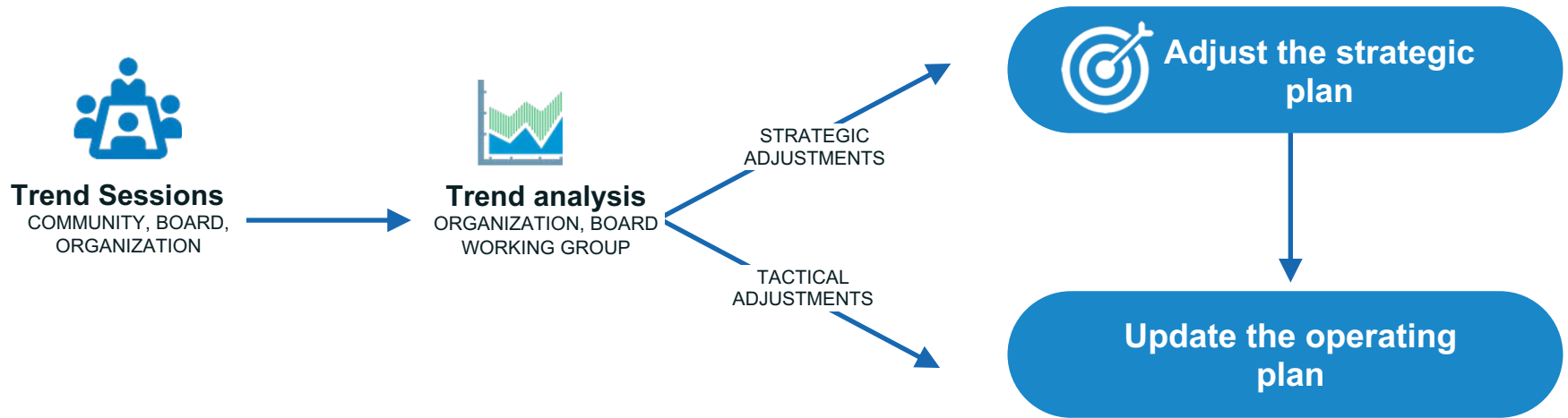
- The purpose of strategic planning is to set out the long-term strategic objectives for the organization, reflecting the ICANN mission and vision.
- The strategic planning process starts with a yearly identification and analysis of trends that affect ICANN
- The Board Strategic Planning Committee, with the support of the organization, assesses each year the strategic outlook trend results, with a focus on evaluating potential short- and/or long-term impacts on ICANN's strategic plan

Strategic Outlook Trends Identification & Analysis

Process repeats annually

ORG & COMMUNITY
Functions & Regions /
SO/AC Groups-
level workshops
Identify trends and
impacts on ICANN

NETWORK TEAM
Consolidate the trends
and prioritize

EXEC TEAM
Confirm trends &
prioritization

**EXEC TEAM
& BOARD**
Assess impacts of
trends and shifts, and
Make strategy & tactical
decisions

An annual process to ensure ICANN has a
consistent way to:
• Identify and track trends
• Prepare for opportunities
• Mitigate or avoid challenges
• Inform strategic & operational planning
and prioritization

Prioritization of ICANN's Work Project

- Planning at ICANN is one of 15 Operating Initiatives included in the Draft FY22-FY26 5-year Operating and Financial Plan with the following purpose:
  - ICANN org needs to prioritize its activities with community input to deliver its mission in the global public interest in both an efficient and cost-effective way

- The Planning at ICANN Operating Initiative includes the following description of the Prioritization project:
  - The analysis, design, and implementation of a work prioritization approach in collaboration with the ICANN Community, Board and org

- The Prioritization of ICANN's work is a project to develop a framework and techniques to prioritize with Community input

Project Scope

- ◉ The scope of the Prioritization project includes:
  - ◉ Implementing tools and processes to efficiently prioritize work and make "trade-offs" where necessary
- ◉ Examples of what is included in scope:
  - ◉ Major org projects such as Information Transparency Initiative and NSP/Salesforce
  - ◉ Community Initiated activities supported by ICANN org
    - • PDP support and implementation
    - • Review Support and Recommendations implementation
    - • Other non-policy and advice work and recommendations implementation
- ◉ Examples of work that would not necessarily be in scope:
  - ◉ Smaller projects that do not significantly affect ICANN and that may be at the discretion of a given org department or community group.
  - ◉ Ongoing operations that are not subject to prioritization

Stakeholder Involvement

◉ The org Planning Department is responsible for facilitating prioritization at an organizational level at the time when projects and community recommendations are approved to be implemented

◉ Discussion and engagement activities will take place throughout all phases of the project and will include:
  ◉ Community, Board and org - Informal consultations and discussions
  ◉ SO/AC Leadership and membership consultations and discussions
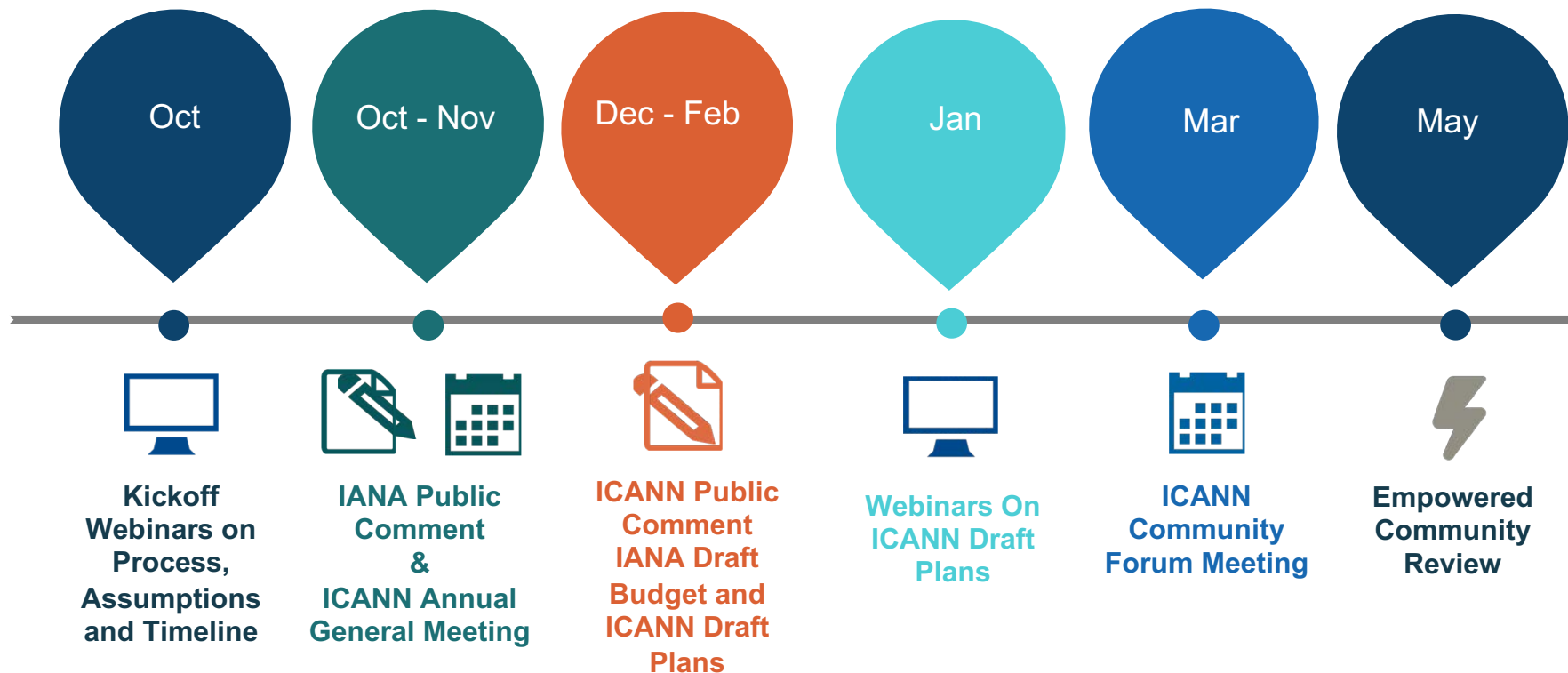 ◉ Public comment process as part of the planning process

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

❖ Please use the Q&A pod to ask questions
❖ The Remote Participants Manager will read out your question(s)

Appendix

When can community members participate?

Oct	Oct - Nov	Dec - Feb	Jan	Mar	May
Kickoff Webinars on Process, Assumptions and Timeline	**IANA Public Comment & ICANN Annual General Meeting**	**ICANN Public Comment IANA Draft Budget and ICANN Draft Plans**	**Webinars On ICANN Draft Plans**	**ICANN Community Forum Meeting**	**Empowered Community Review**

We are seeking your input!

✉ Email The Planning Team ▶

planning@icann.org

Functional Activities – 34 in 5 groups

Technical and DNS Security	**Policy Development and Implementation Support**	**Community Engagement and Services**
◉ Office of the Chief Technology Officer	◉ Policy Development & Advice	◉ Global Stakeholder Engagement
◉ ICANN Managed Root Server	◉ Policy Research and Stakeholder Programs	◉ Regional Offices
◉ Internationalized Domain Names and Universal Acceptance	◉ Contracted Parties Services Operations	◉ Public Responsibility Support
◉ IANA Functions	◉ Technical Services	◉ Government & IGOs Engagement
◉ Contractual Compliance	◉ Strategic Initiatives	◉ GDD Accounts & Services
	◉ Constituent & Stakeholder Travel	◉ Consumer Safeguards
		◉ 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
- Global Support Center
- Board Operations
- Security Operations
- ICANN Offices

Operating Initiatives

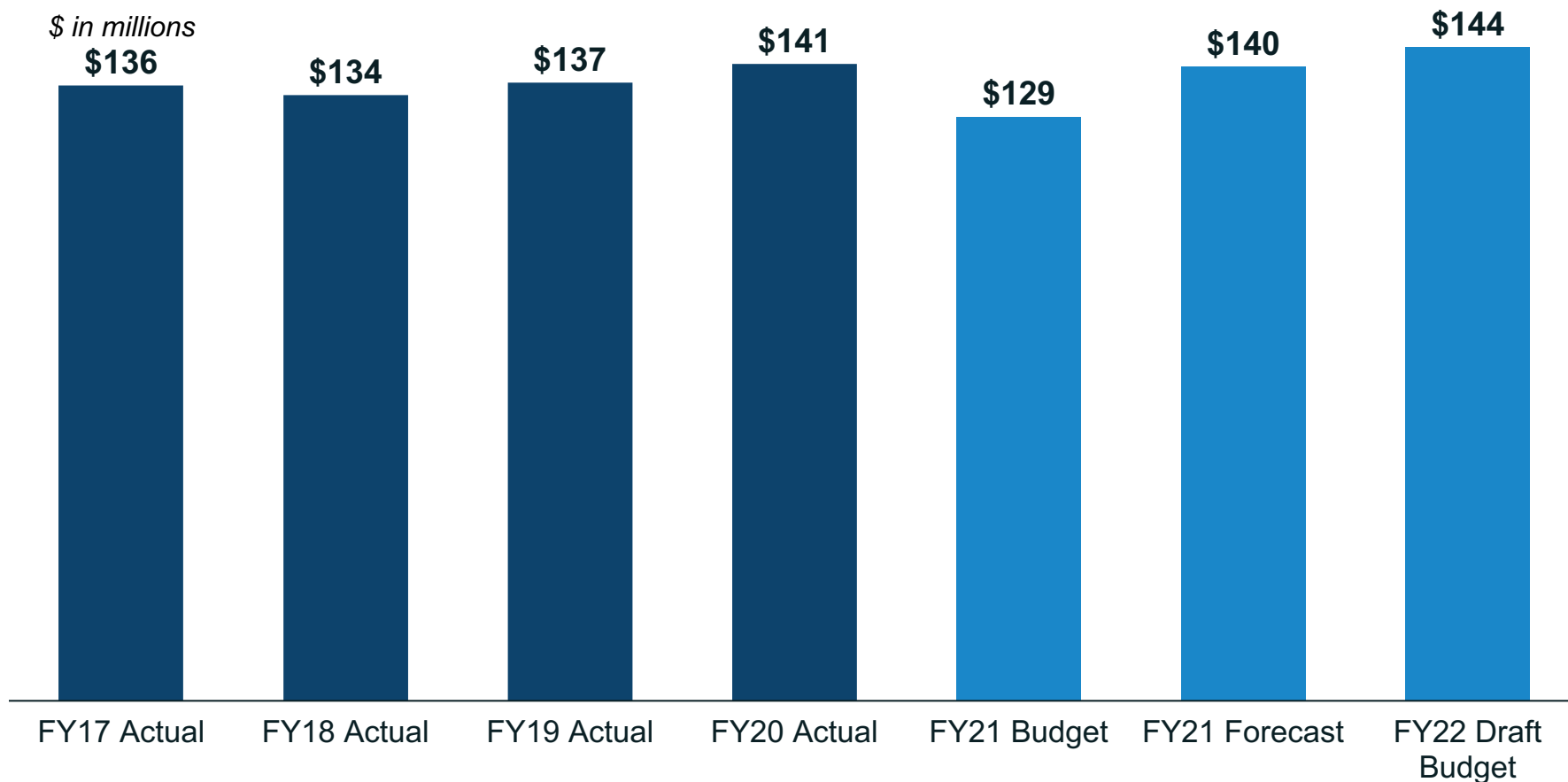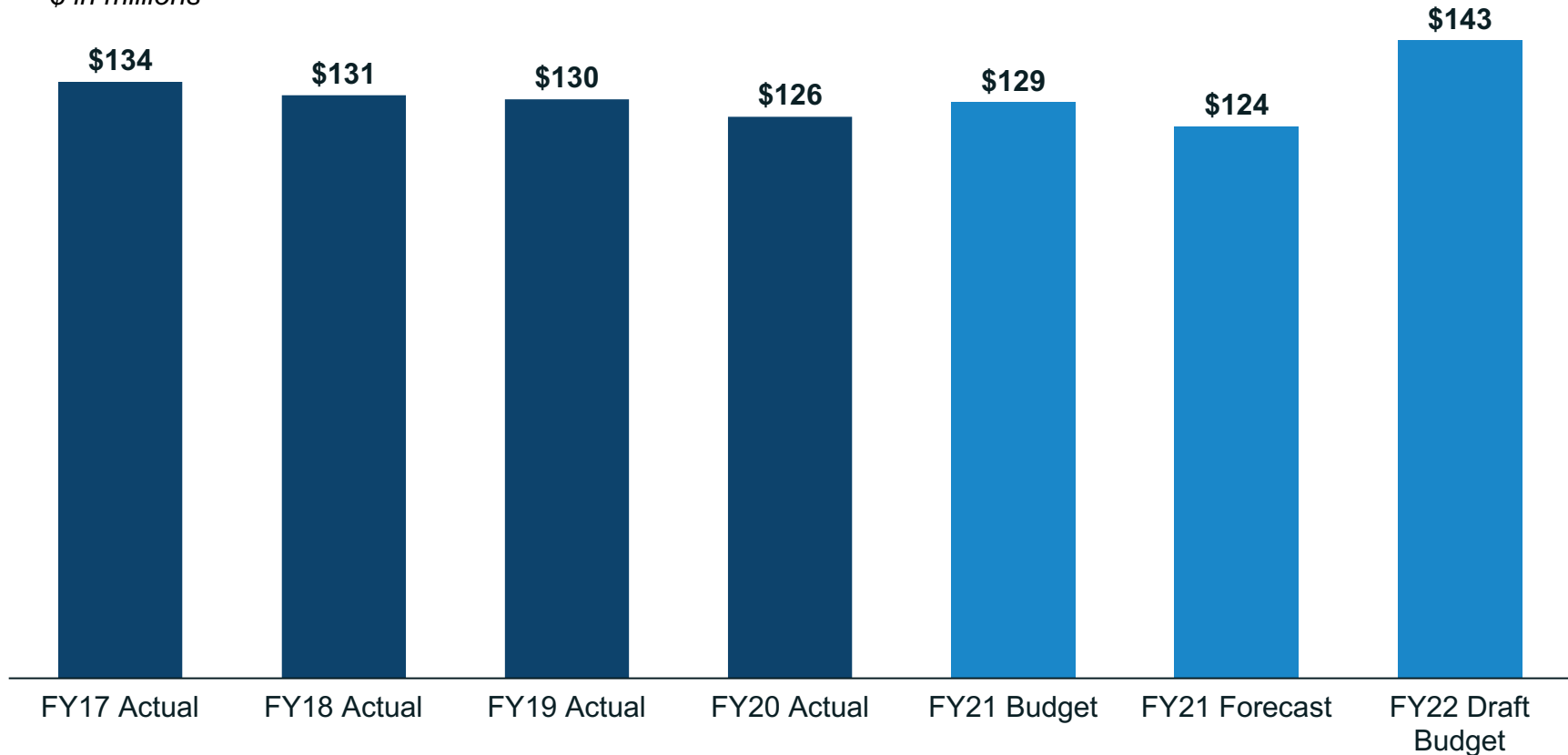|	
1	Support the Evolution of the Root Server System
2	Facilitate DNS Ecosystem Improvements
3	Evolve and Strengthen the Multistakeholder Model to facilitate Diverse and Inclusive Participation in Policymaking
4	Evolve and Strengthen the ICANN Community's Decision-making Processes to Ensure Efficient and Effective Policymaking
5	Develop Internal and External Ethics Policies
6	Promote and Sustain a Competitive Environment in the Domain Name System
7	Universal Acceptance
8	Root Zone Management Evolution
9	Evaluate, Align, and Facilitate Improved Engagement in the Internet Ecosystem
10	Through Targeted Engagement Improve Governmental and Intergovernmental Organization (IGO) Engagement and Participation in ICANN
11	Monitor Legislation, Regulation, Norms, Principles, and Initiatives in Collaboration with Others that May Impact the ICANN Mission
12	Formalize the ICANN Org Funding Model and Improve Understanding of the Long-term Domain Name Market Drivers
13	Implement New gTLD Auction Proceeds Recommendations as Approved by Board
14	Planning at ICANN
15	ICANN Reserves

Funding Trends

- There are still several unknowns due to the global pandemic, but we are assuming stable funding aligned with prior years

- FY21 Forecast assumes a half year contribution for SSR initiatives while FY22 Draft Budget assumes a full year contribution

$ in millions

FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Forecast	FY22 Draft Budget
$136	$134	$137	$141	$129	$140	$144

Cash Expense Trends

- Cost containment throughout the organization has led to declining expenses

- More recently, expenses have declined primarily due to impacts from the COVID-19 pandemic

- FY22 Draft Budget assumes no travel restrictions, including three face-to-face ICANN Meetings

$ in millions

FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Budget	FY21 Forecast	FY22 Draft Budget
$134	$131	$130	$126	$129	$124	$143

Cash Expenses are total operating expenses before contribution to the Reserve Fund

Additional Budget Request Overview

The Additional Budget Request process pertains to a dedicated part of the overall ICANN annual budget that is set aside to fund specific requests from the community for activities that are not already included in the recurring ICANN budget.

Assessment Process:

◉ Allocating available resources to those requests which, on their face are directly and demonstrably related to current ICANN policy development, advisory and technical work

◉ Addressing capacity development objectives through encouraging collaboration with ICANN's Public Responsibility Support and Global Stakeholder Engagement teams, including development of materials that can be used for online (rather than face-to-face) training

◉ Considering the availability of resources, both financial and staff, to support the individual and collective requests submitted in an equitable and transparent manner

◉ For travel related requests, a primary consideration is to prioritize events taking place at an ICANN Public Meeting or other ICANN-organized meeting (e.g. the GDD Summit)

ABR Principles

◉ The ABR process helps the ICANN Board and org better **understand and develop resources** for present and future ICANN community needs.

> At ICANN Board/org discretion, a request from a community group may be granted broadly and consistently to all similarly-situated community groups.

◉ Only community groups **recognized by the ICANN Board** can utilize the ABR process.

> Requests must be consistent with the charter of the requesting community group.

> ICANN org will ensure the consistency of requests across different community groups.

◉ Every request merits a **fully resolved response.**

> Decisions will be clearly articulated (e.g., "yes", "no", or "partial") with well-defined rationales.

◉ Although recommendations come from ICANN org, the **ICANN Board is the final decisionmaker.**

> Every request has both financial and resource commitments.