

The logo for ICANN 70 Virtual Community Forum is located at the top right. It consists of a white rectangular border containing the text 'ICANN' in large, bold, white capital letters, 'VIRTUAL COMMUNITY FORUM' in smaller, white capital letters below it, and a large '70' on the right side. The background of the slide features a blue-to-red gradient with a wireframe globe on the left and a grid of plus signs on the right.

ICANN

VIRTUAL COMMUNITY FORUM

70

Planning and Finance Presentation

Presented by Org Planning and Finance
Teams
22 March 2021

Agenda

- Introduction (10')
- Finance Presentation (10')
 - ICANN Financial Accountability and Reporting Structure
 - FY20 Financials overview
- Planning Presentation (10')
 - Planning at ICANN overview
 - FY22 and FY23 Planning update
- How to participate
- Q&A (15')

Introduction

- Org functions supporting org's "operational excellence":
 - **Planning:** to organize ICANN's work to efficiently deliver ICANN's mission
 - **Finance:** steward of the funds entrusted by registrants, allocating funding to the org and the stakeholders activities
 - **Procurement:** maintaining ethical and efficient use of ICANN's funds
 - **Risk Management:** supporting ICANN's delivery of its mission by anticipating and mitigating risks
 - **Project Management network:** continuous improvement of the org's operational efficiency in everything we do.
 - **Human Resources:** supporting org by ensuring competence and bandwidth and safety of operations.

Finance Presentation

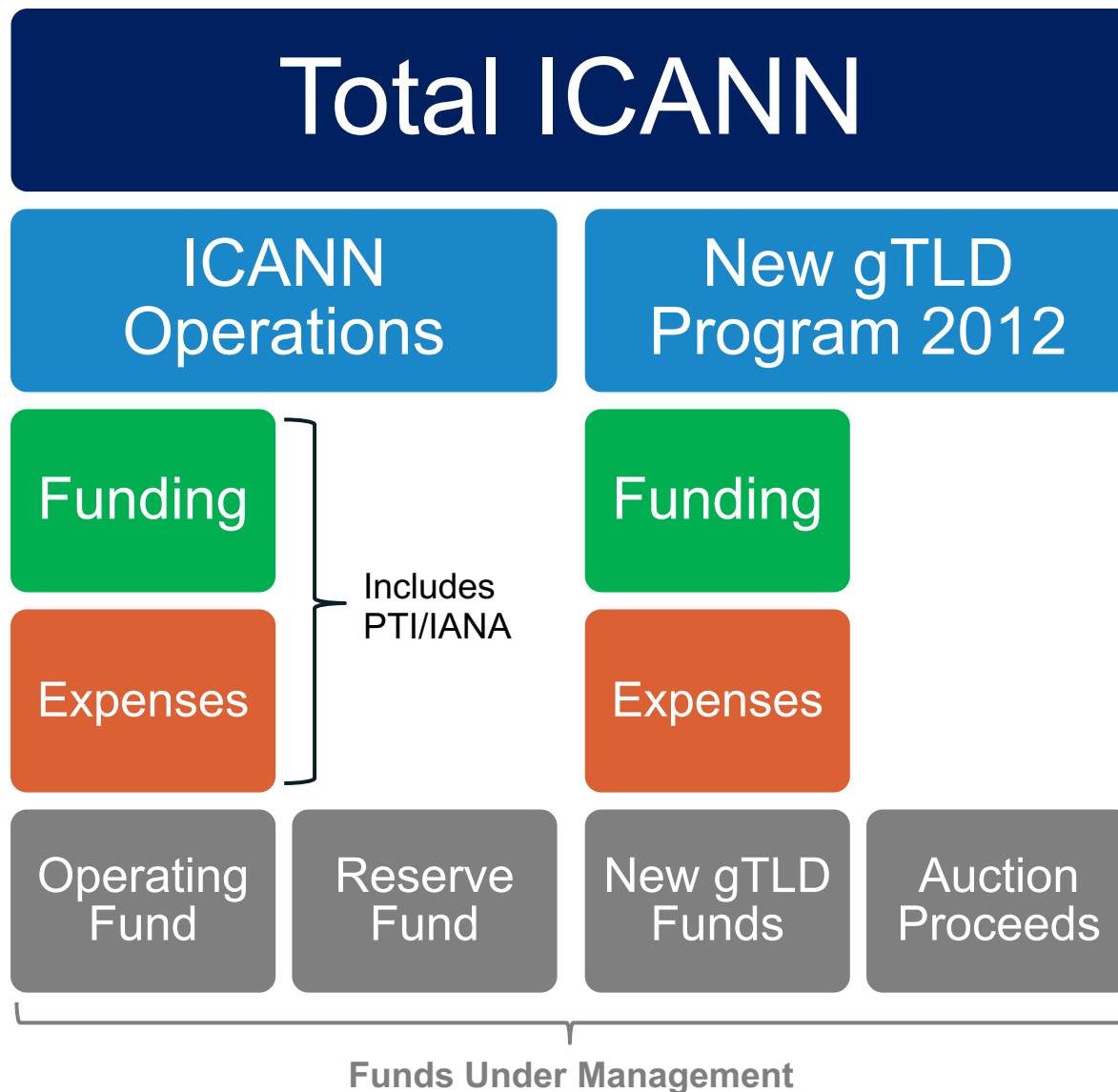


Shani Quidwai

Finance Introduction and Agenda

- Financial Reporting Structure
- Fiscal 2020 Financial Results
 - Funding, Expenses
 - Funds Under Management
- Financial Reporting Overview

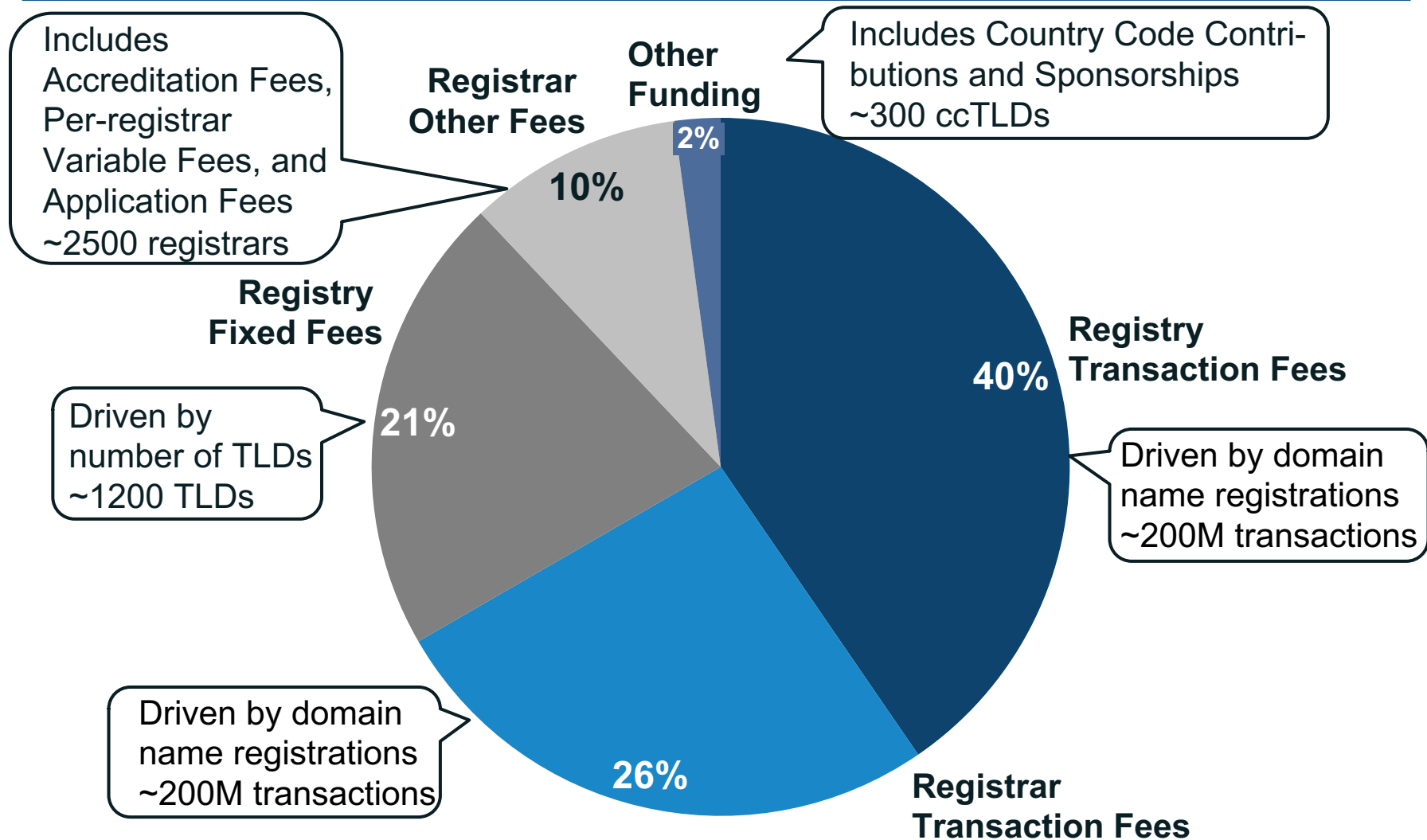
ICANN Financial Reporting Structure



FY20 (Jul 19 – Jun 20) Funding by Category

\$USD in Millions

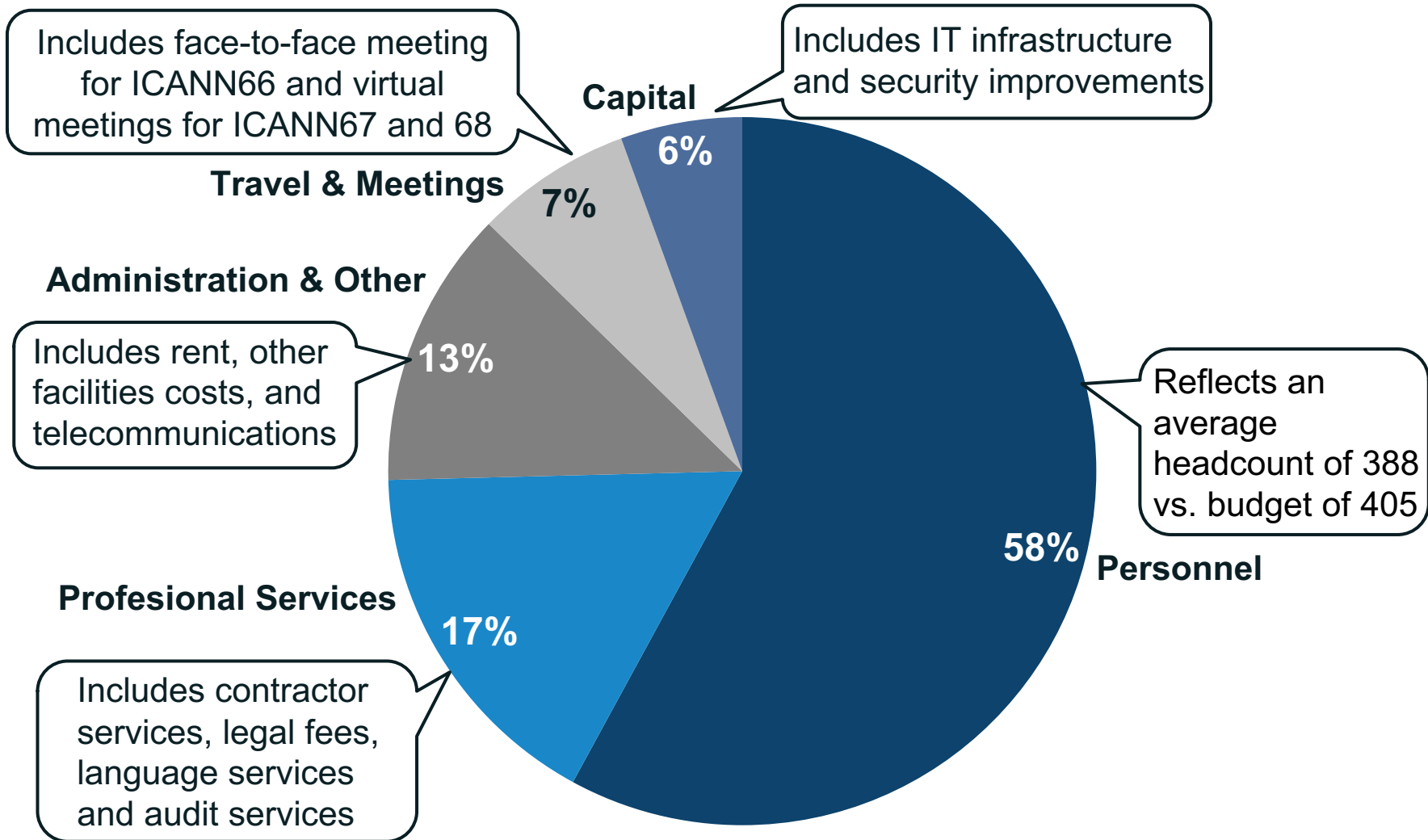
FY20 Funding- \$141M



FY20 (Jul 19 – Jun 20) Expenses by Cost Category

\$USD in Millions

FY20 Expenses- \$126M



Funds Under Management Overview

ICANN manages four funds. Below are the FY20 ending balances and a description of each.

Governed by

- ⦿ **Operating Fund (\$61M):** covers day-to-day operations including all items in the ICANN Board approved annual budget. The Operating Fund is set at a level necessary to fund a minimum of three months expected operating expenses.
- ⦿ **Reserve Fund (\$123M):** ICANN's funding to cover large expenses resulting from unavoidable, unpredictable or unplanned events, which cannot be funded from ICANN's Operations.
- ⦿ **New gTLD Program (\$86M) :** correspond to the unspent portion of the New gTLD Program application fees, collected from applicants during the application window in 2012. The funds are used to evaluate the applications and to cover hard-to-predict costs, including risks.
- ⦿ **Auction Proceeds (\$212M):** come from ICANN auctions held to resolve string contention in the New gTLD Program. These are reserved and earmarked until the Board determines a plan for the appropriate use of the funds after consultation with the community.

ICANN
Investment
Policy

New gTLD
and
Auction
Proceeds
Investment
Policy

Financial Accountability- Reporting

ICANN org reports financial results to the community in support of the 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
- Annual Report
- Board Expenses
- ccTLD Contributions
- Funding by Source
- Operating Plan and Budget
- Tax Return (Form 990)
- ICANN org Remuneration

Link to Financial Documents:

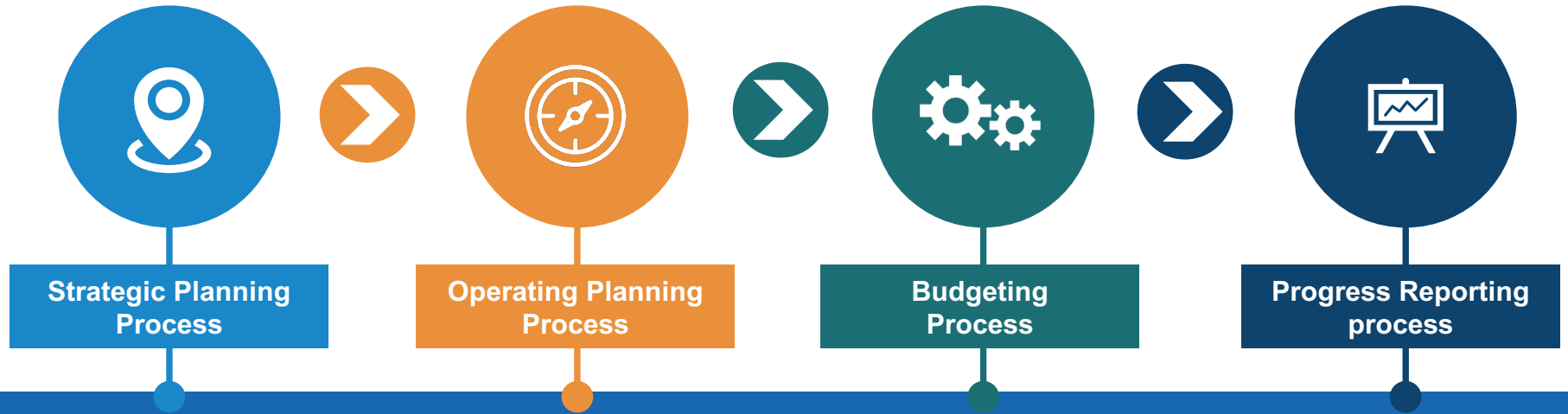
<https://www.icann.org/resources/pages/governance/current-en>

Planning at ICANN



Becky Nash

Planning Processes 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.

ICANN Plans



ICANN Strategic Plan



Developed every 5-years with annual update (as needed)



IANA (PTI) Strategic Plan



Developed every 4-years with annual update



ICANN Operating Plan (OP)



Developed every year for the period of next 5-years



IANA/PTI OP



Developed every year



ICANN Budget



Developed every year



IANA/PTI Budget



Developed every year



ICANN Annual Report

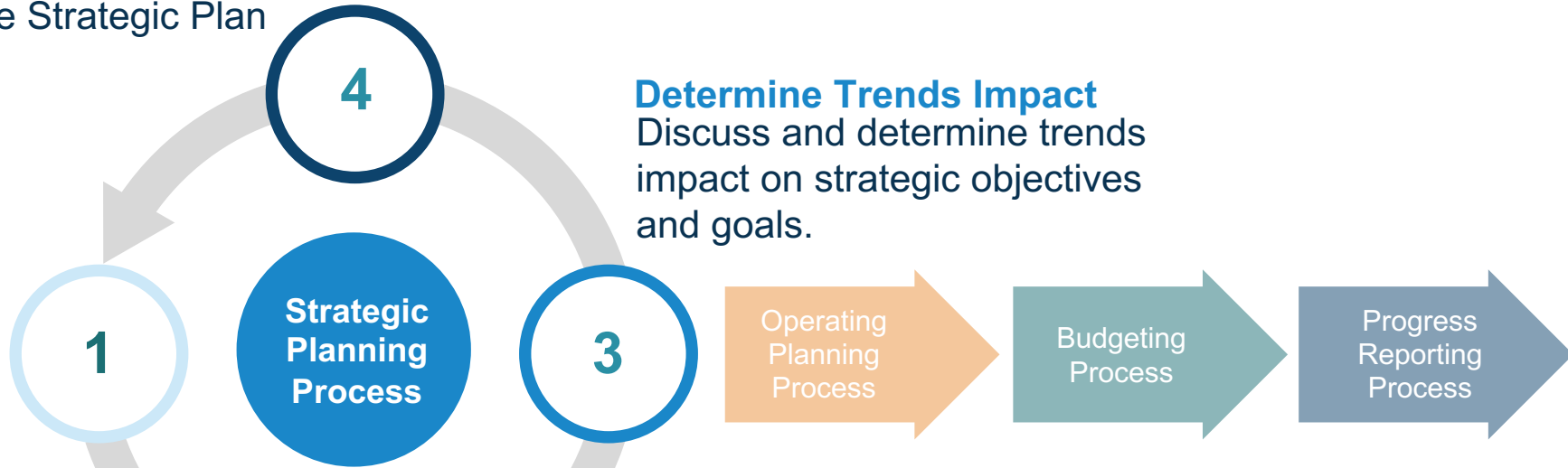


Developed every year

Strategic Planning Process

Develop / Update Strategic Plan

As needed, revise and update the Strategic Plan



Identify Strategic Outlook Trends

ICANN Org, Board and community identify strategic outlook trends.

Analyze Trends

Develop / revise high-level target, measurement of activities. Highlight major capital expenditure, cost to the implementation of new policies and procedures, and operational changes that impact the resources changes.

GAC Trend Session coming up early April 2021

FY22 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.

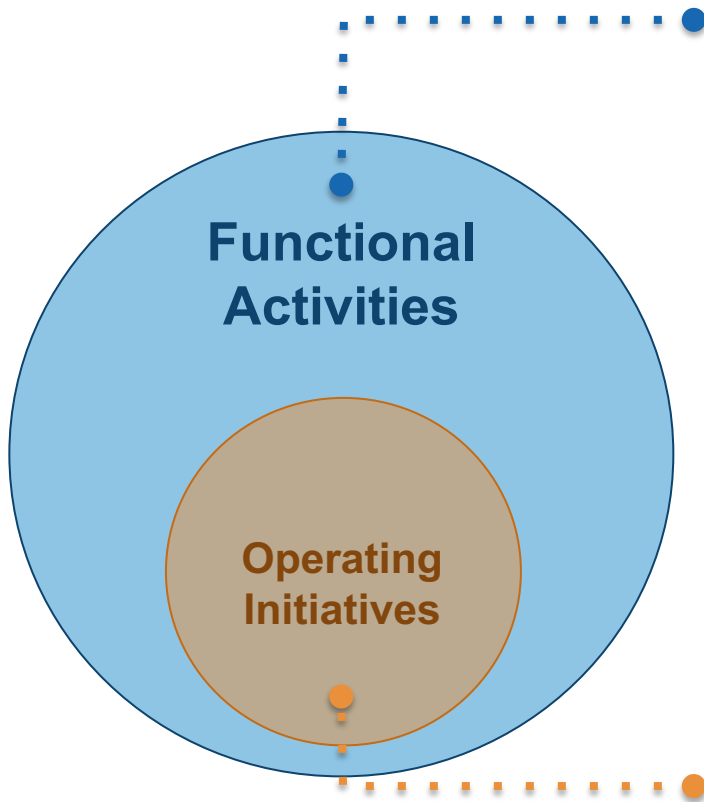
Functional Activities (34 in 5 groups)

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*.

Operating Initiatives (15)

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

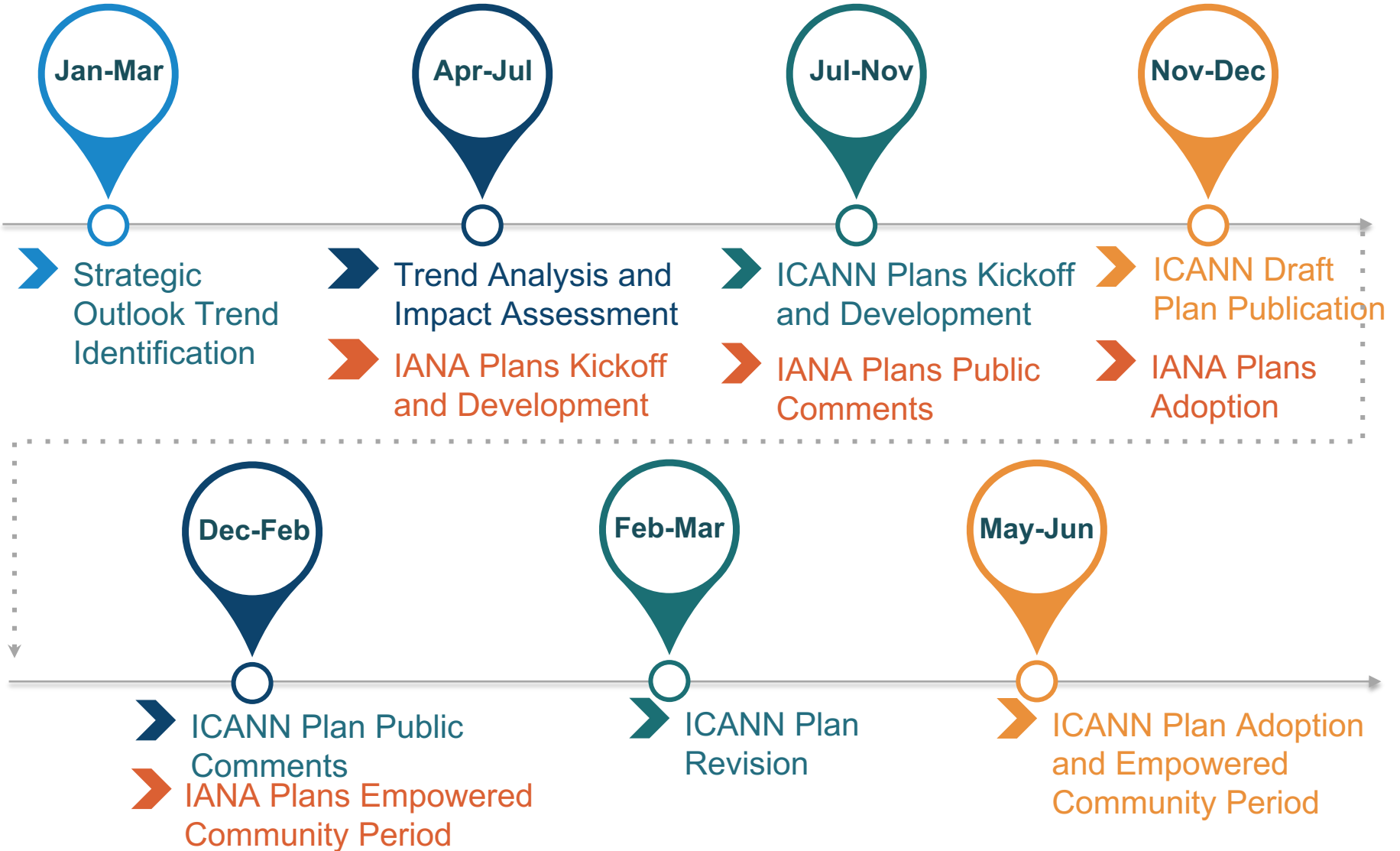


Please refer to Appendices for the list of all Functional Activities and Operating Initiatives

FY22 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

Community Participation



✉ Email The Planning Team ▶ planning@icann.org

Questions and Answers



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



- ❖ Type your questions in the chat

Appendix

Resources & useful links

- ICANN70 Prep week Planning and Finance community [webinar](#) (includes a review of financial results for FY20 and FY21 , FY22 plans and funding projections, FY22 draft plans public comments overview and planning next steps)

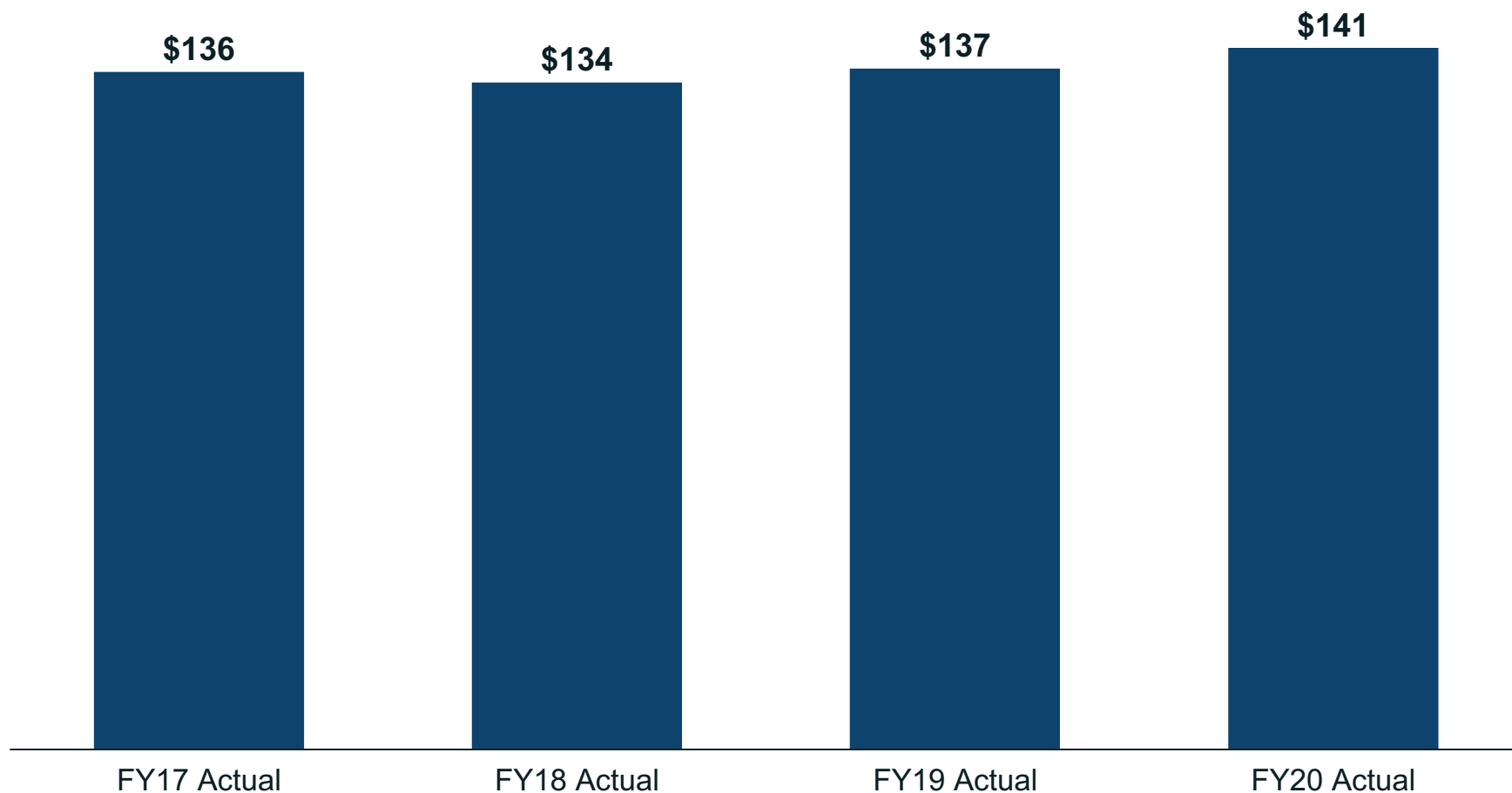
- ICANN Plans:
 - ICANN FY21-25 Strategic Plan and 2020 Strategic Outlook trend report can be found on the [Strategic Planning web page](#) on icann.org
 - [PTI Strategic Plan](#) for July 2020 to June 2024
 - Draft FY22-26 Operating & Financial Plan and Draft FY22 Operating Plan & Budget can be found on the corresponding [Public Comments](#) page.

- ICANN [Financial Information](#)

Funding Trends

\$USD in Millions

- Funding has been very stable over the past few fiscal years despite the pandemic which occurred during FY20



Cash Expense Trends

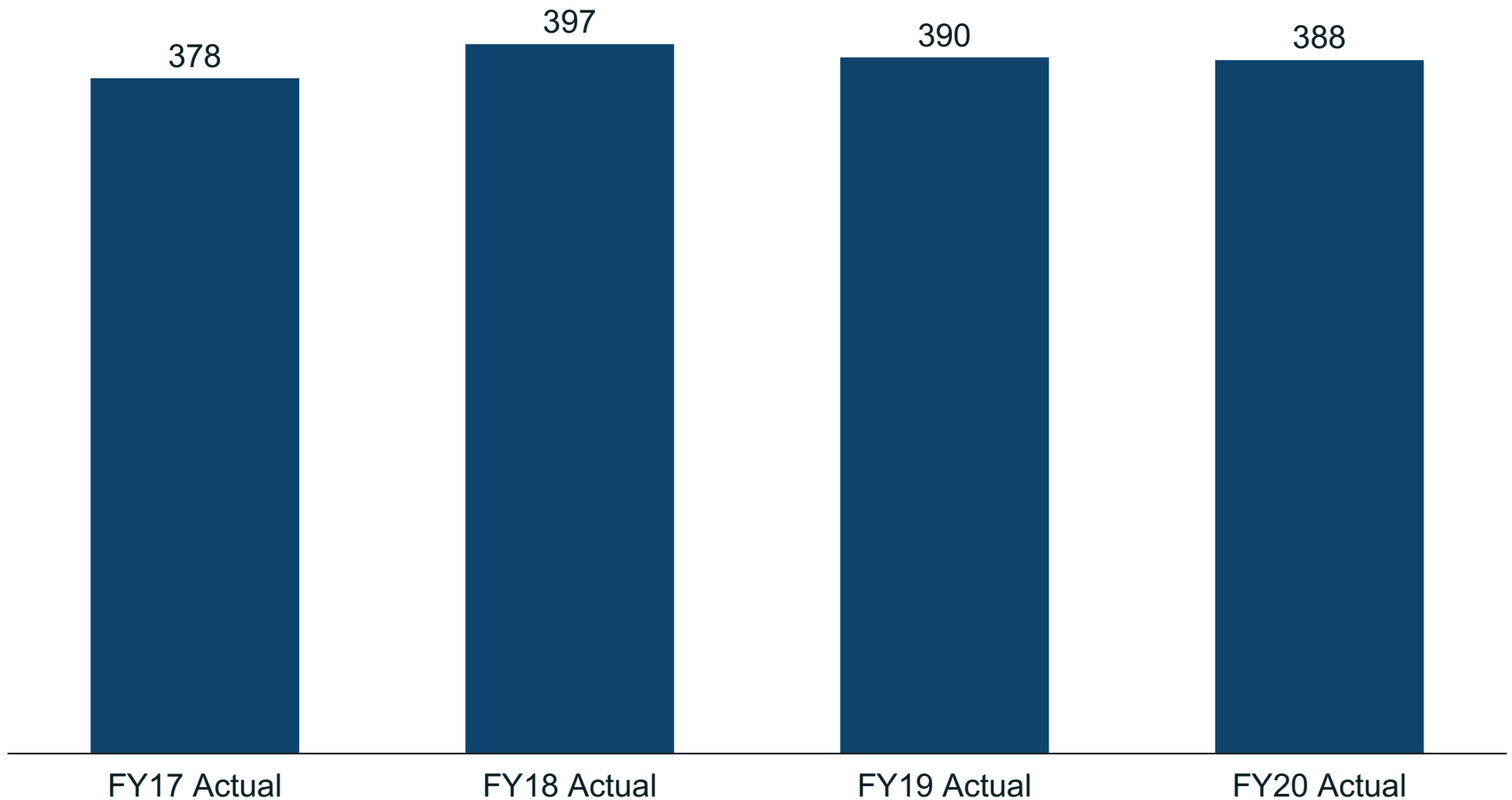
\$USD in Millions

- Cost containment throughout the organization has led to declining expenses
- More recently, expenses have declined primarily due to impacts from the COVID-19 pandemic



Average Headcount Trends

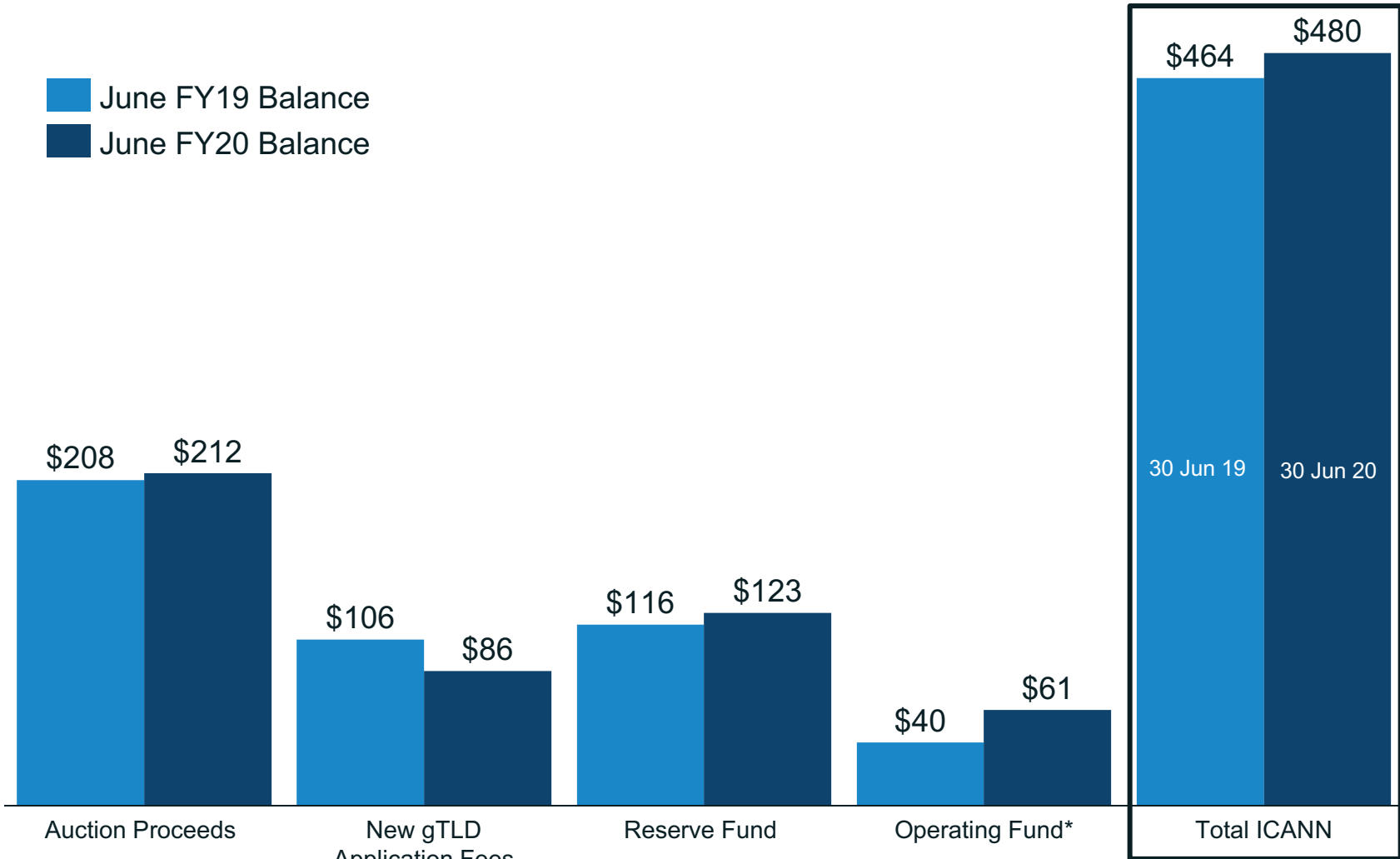
- Figures below represent the number of ICANN org personnel working in each fiscal year
- Headcount levels have remained stable for the past few fiscal years



FY20 Funds Under Management

\$USD in Millions

■ June FY19 Balance
■ June FY20 Balance

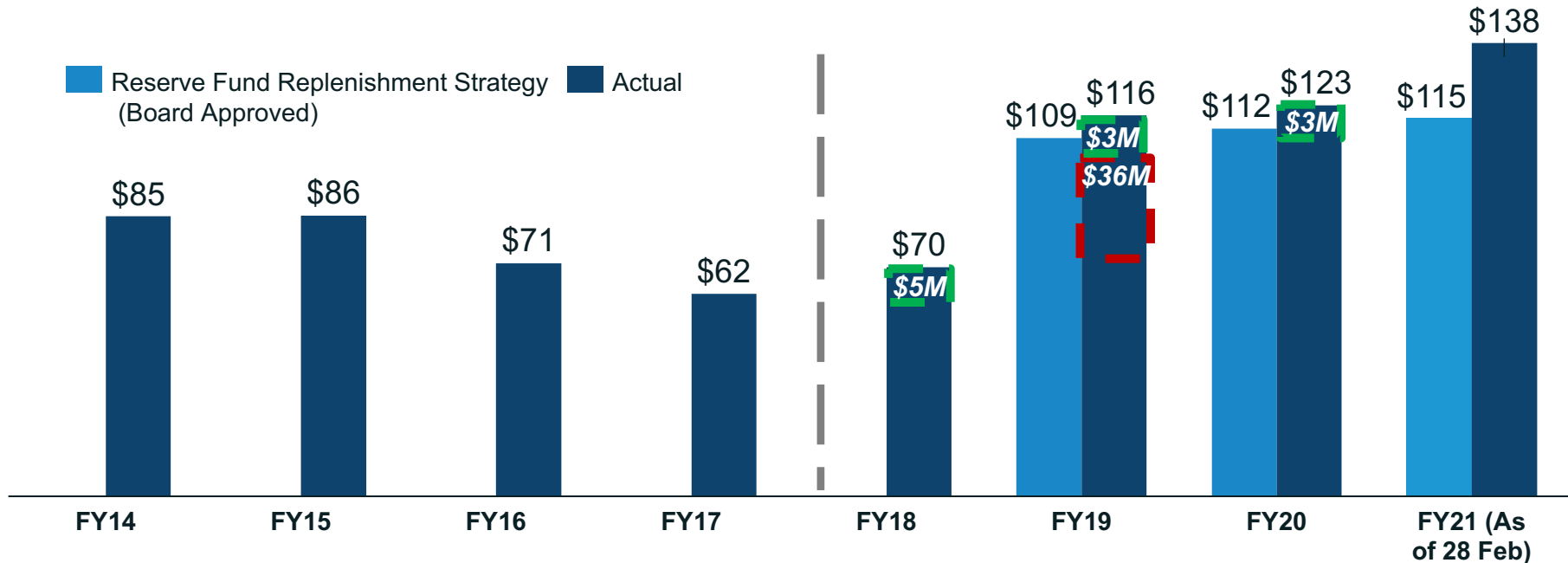


Total ICANN represents sum of month-end balances for all accounts

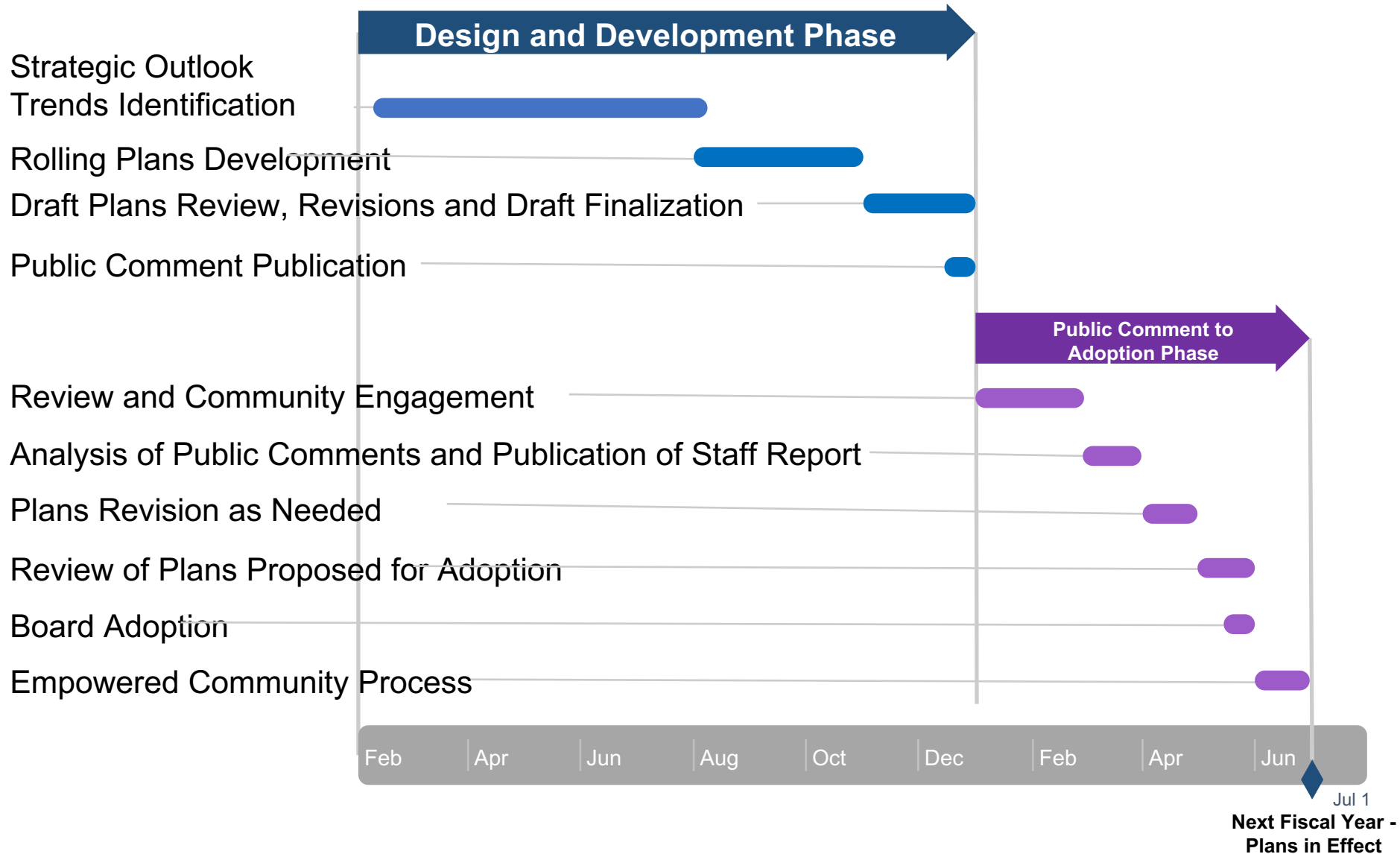
*Blue bars represent month-end balances except for Operating Fund which show rolling 3-month averages

Reserve Fund Replenishment Strategy

- In October 2018 the Board approved a strategy to replenish the Reserve Fund
- Prior to developing the replenishment strategy, the Reserve balance was below our minimum goal, at least one year of expense budget (~\$100-\$140M, depending on the yr)
- The Reserve Fund balance was lower than our goal because no contributions were made, funds were withdrawn for USG transition costs and expenses were increasing which increased our goal (at least one year of expense budget)
- **The replenishment is tracking well ahead of the approved strategy**



High Level Planning Timeline



Overview of FY22 Planning Documents

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

Open Date

17 Dec 2020 23:59 UTC

Close Date

15 Feb 2021 23:59 UTC

Staff Report Due

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

ICANN Strategic Plan for FY2021-2025



Mission:

To ensure the stable and secure operation of the Internet's unique identifier systems

Vision: To be a champion of the single, open, and globally interoperable Internet, by being the independent, trusted, multistakeholder steward of the Internet's unique identifiers, and by providing an open and collaborative environment where diverse stakeholders come together in the global public interest to:

- Secure operational excellence in the stewardship of the IANA functions.
- Continuously improve the unique identifier systems.
- Strengthen the security of the Domain Name System (DNS) and the DNS Root Server System.
- Evolve ICANN's governance model to be increasingly effective, transparent, and accountable.
- Improve the effectiveness and inclusiveness of ICANN's multistakeholder policy development processes.
- Anticipate and manage the impact of legislation and regulation.
- Ensure that ICANN is technically robust and financially sustainable.



ICANN Strategic Plan for FY2021-2025

Five Strategic Objectives:



On **Security**: Strengthen the security of the Domain Name System and the DNS Root Server System.



On **ICANN's Governance**: Improve the effectiveness of ICANN's multistakeholder model of governance.



On **Unique Identifier Systems**: Evolve the unique identifier systems in coordination and collaboration with relevant parties to continue to serve the needs of the global Internet user base.



On **Geopolitics**: Address geopolitical issues impacting ICANN's mission to ensure a single and globally interoperable Internet.



On **Financials**: Ensure ICANN's long-term financial sustainability.