



FY14 Draft Operating Plan and Budget

Status:
Version 3.0
31 MAY 2013

**Business Constituency Comments
on the FY14 Budget and Operating Plan**

Preamble:

We welcome the release of Draft FY14 Operating Plan and Budget on the 10 May 2013 as planned and the subsequent webinar presented by Xavier Calvez.

We appreciate this opportunity to comment on the FY14 Operating Plan & Budget as we have deep interest in this subject.

We acknowledge the work undertaken by ICANN to install, configure, and add data to the ATASK management system and support this system. We note that the data cells are very different from previous years which make comparisons difficult and limited. In view of this, we submit these comments as a rebuilding of the foundations for future years.

We welcome the efforts that are emerging to improve the interaction by the CFO and his team with the leadership of the SOs/ACs and the entities within the GNSO – its constituencies and stakeholder groups regarding input to the operating plan and budget.

Statement:

General Comments

The level of detail in the FY14 draft plan is greater than previous years. Most of the community have repeatedly called for more detail in the belief that lack of detail presents major challenges to the ability to provide comments. In terms of dimension, in previous year the operating expenses were divided into 15 organizational activities plus about 5 subdivision breakdown and 40 operating expenses. In FY14, information is provided in 160 programs with four categories (Personnel, Travel, Professional Service, Administration), creating potentially 640 data cells. (**This scoreboard is Fy13 = 60 Fy14 = 468.**) However, only 117 of the 160 have figures. Q. Is this because financial data has still to be evaluated and is expected to be provided in FY15?

The presentation of the budget is different this year. Instead of the 80-page document style, it has a 12-page glossy introduction followed by 30 pages of tables. This is more information and probably preferred by constituency veterans since there is more and compact information. The explanatory text was largely obvious and bulking. However this approach may be a concern to the newcomer.

The ATASK dump spreadsheet is an important document in spite of being difficult to print in xls and impossible in pdf. Let's think about improvements. Suggest band background shading or thin horizontal border every 5 lines.

Q Please clarify what the Admin category entails if Personnel is a separate category?

High level

Revenue

We note the forecast general revenue for FY13 is similar to budget at 76m\$
gTLD application revenue is difficult to comment on at **174m\$** up from an original **61m\$**

General revenue budget is 88m\$ We note that historic transaction volumes are predicted at down 1% and consider this might be conservative due to work economic situations and new gTLD release.

We highlight the predicted new New gTLD domain sales income in 7m\$.

Operating Expenses

Operating Expenses FY13 forecast of **68m\$** against **77m\$** suggests that planned projects are running behind schedule. The BC expressed this concern last year since FY12 budget was **71m\$** and **63m\$** in FY12 Forecast. Q. Is the best place to find the actual in "Audited financial statements posted within 120 days after the fiscal year end"? If so the 63m\$ forecast became a 70m\$ actual. Why such a difference?

Subject to inaccurate forecasts, the BC expresses concern that FY14 operating expenses at 84 m\$ are again optimistically high, and hide and delay the realization that the that non-gTLD planned projects are running significantly behind schedule even though the dashboards in myICANN.org do not seem to corroborate this.

FY13 change in net assets in FY13 is forecast as an extraordinary 30m\$. Noting 8m\$ is from operations, 4m\$ is from financial investment and 18m\$ 'historic development cost'. The BC requests a statement from the Board Finance Committee on the current ICANN reserves now that it must have reached one year's operating cost.

Staff Levels – Operations non-gTLD

In FY13 approved budget stated staff levels up from 158 in FY12 to **189 in FY13**

FY13 forecast is now average 163 and end of year 198

FY14 Budget is average 230 and end of year 263

Because FY14 is broken down into 11 'group functions' and FY13 was 15 'organizational activities,' is not possible to comment on the increase in decrease given to resources as the divisions are so different. Except **Compliance** is common to both lists.

FY11 Budget	11 persons
FY12 Budget	15
FY13 Budget	20
FY13 Forecast	15 average 17 end of year
FY14 Budget	18 average 19 end of year.

As the BC considers Compliance to be the utmost importance,

Q We ask the question why compliance staffing remains below FY13 budget levels.

Q As the above figures are do not include new gTLD, are there more compliance staff in the FY14 gTLD group?

Comments on selected core or project activities

Compliance

Summing 11 programs from ATASK that make up Compliance we deduce that the budget for FY14 is 3.6m\$ FY13 actual are not reported in sections. FY13 Budget was 4.8m\$ and FY12 Forecast was 3.8m\$

Q Why has compliance dropped to budget levels of two years ago?

Q As this is a project of significant interest to BC, where is the budget update on the New Compliance ticket and CRM system outlined on page 54 of FY13 Budget in the ATASK?

Outreach

Summing 11 programs from ATASK that make up Outreach, we deduce that the budget for FY14 is 11.0 m\$. This is a significant percentage of the annual budget. One programme alone, "Implement Regional Strategies to Engage Stakeholders Regionally," is 5.5m\$

Q Is there any intention to break this down further?

Security Stability and Resiliency

This appears to have dropped from 9.1m\$ in FY13 to 2.7m\$ in FY14

We support and note that SSR review team recommendations endorsed by the recent public comment should be reflected as priorities in the FY14 and future budgets, as applicable.

Q We find that on first review, there were financial implications to many of the recommendations. Have these been incorporated?

IANA and Tech Ops

IANA appears to have a budget of 2.7m\$ in FY14. (no breakdown available in FY13)

We support that the IANA function, administered as a responsibility of ICANN, coordinates the unique codes and numbering systems that help keep the Internet running smoothly. Excellence in Root Zone Management is essential and the enhancement of software to support the increasing demands being placed on IANA is supported. The effective measurement and analysis of statistics will prove essential not only ensuring the effectiveness of the IANA operations but also in meeting the accountability requirements placed on the organizations. In a similar manner, the automation of the Private Enterprise Number process is also viewed as a positive enhancement for IANA.

As an urgent matter, we call on ICANN to fulfill the requirements in the NTIA RFP and ensure that ICANN continues to maintain responsibility for the IANA Functions Agreement. ICANN's role in maintaining the single authoritative root is reliant upon ICANN fulfilling the necessary requirements to continue to act as the IANA administrator.

Document Management System (DMS)

This was a project in FY13 that the BC supported.

Q Where is this in ATASK is this?

Enhance Multi-lingual Strategy

BC supports this and there appears to be a large increase in FY14.

IDN Variant Management Projects

We have many questions about this project and how it is supporting ICANN's mission. \$1.5 M is a significant amount of funding for a project that has little detailed information available.

2013 – 2016 Strategic Plan Development

Q Where is this in ATASK?

TLD Universal Acceptance

We strongly support

BC Rapporteur for this comment submission: Chris Chaplow

Input in preparing spreadsheets to support these comment from Angie Graves:
Additional input for Gabriela Szlak and Marilyn Cade.

Level of Support of BC Members:

This document was posted to BC members for review and comment on 28th May, 2013

This document was updated with corrections to typos on 29/30th May, 2013 – Angie Graves & Elisa Cooper.

A number of members supported this posting, no members opposed it.

Chris Chaplow