



FY13 Operating Plan and Budget

Status:
Structure
Version: 0.0
24 MAY 2012

Chris Chaplow
Vice Chair Finance and Operations BC

Preamble:

We welcome the release of Draft FY13 Operating Plan and Budget on the 1 May 2012 as planned and the subsequent webinar presented by Xavier Calvez.

We welcome this opportunity to reply comment on the FY13 Operating Plan & Budget as we have deep interest in this subject.

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 FY13 draft plan is very similar to previous years. Most of the community have repeatedly called for more detail in the belief that it presents major challenges to the ability to provide comments, and believe that remains a major barrier to others trying to participate in the public comment process. These calls have been acknowledged and then ignored. We request that this subject be specifically addressed by the Board Finance Committee taking into account the status of the Financial System Replacement (FSR) Implementation to decide what level of detail is desirable and communicate this to the community and the CFO for once and for all.

The extraction of number that I did for FY12 reduced the budget to 41 line items of operating costs (including all heading, sub-heading and sub-sub-headings) in addition to the 19 lines of expensed by functional areas. A similar document was issued as a consolidated budget in for FY12 last September.

We welcome the addition this year of the FY13 Project work in 25 projects.

We miss the disappearance of the Community Feedback (FY12 Appendix A)

We miss the disappearance of 5 year historical summary (FY12 Appendix B)

We do not miss the disappearance of the operating expense views as they were cosmetic (FY12 Appendix C)

We note the dropping of Expense Area groups (included in the Budget Initial Consultation presentation in Dakar (slide 10) and (FY12 Appendix C Table C-3)

The annual budget cycle timetable is much improved in FY13 from FY12 except that the new system of Comment and Reply has reduced the comment period for this (the most important of all comments) down from 31 days to 24 days. We note that the new comment system needs a review as it has become chaotic in its use.

The FY11 draft budget was approved by the Board at Brussels without any modification at all. The FY12 was approved subject to unspecified modifications at Singapore. The minor modifications were published with the budget on 9 August. This approach does not give the community much confidence that the comments are seriously considered.

Comment on FY13 ICANN priorities

1. Execute IANA contract follow up
2. Launch New gTLD Program

3. Ensure excellency in the management of DNS Stability, DNS Security, IP addresses and parameters
4. Build on Contractual Compliance
5. Strengthen globalization of Operations
6. Enhance infrastructure, processes and systems for effectiveness and efficiency
7. Integrate ATRT Recommendations into day-to-day culture
8. Enable effective and constructive early participation of the GAC in the policy development process
9. Effectively support SO/AC and Board increasing activities
10. Engage new stakeholders into the multi-stakeholder model
11. Support Law Enforcement engagement with Community
12. Advance Whois database policy and procedures
13. Evolve ICANN meetings

We highlight this table that appeared in isolation in the FY13 Framework plan (page 6) reading that they were “gathered from the discussions and input from the 2012 – 2015 Strategic Plan; community [Dakar] and from the ICANN Operations Planning Sessions and includes the four “Strategic Pillars” of the Strategic Plan. We are not clear on how the community agreed on and supported the FY13 priorities. This lack of debate and discussion on priorities does raise concerns, and should be addressed going forward.

The SO/AC constituency support request process has been much improved this year. We thank the CFO for that.

We understand that in Cartagena the FY12 budget cycle presentation heralded three improvements. The first, Strategic Plan completion timing was addressed. The second was “SO/AC comment only after framework or Draft plan posted” was solved by “SO/AC leadership can submit requests earlier” This may have been overshadowed by the third, the community support requests. We would appreciate clarification whether the second will be formulated into FY14 cycle.

Strategic Overview

We support the split of Operations Core plus projects and New gTLD application processing.

Operating Plan and Budget

Natural View is a high level summary and the budget can very soon (and in advance of Prague) be updated for the 2000 application scenario rather than the 500 application. Is this the reason for the “proposed final FY13 Operating plan and Budget” cited by the CFO on the letter of 24th May?

The overall expense is an increase on FY12 but it is noted that the FY12 forecast is 8m\$ down on budget suggesting that a large number of planned initiatives have not taken place. We encourage the corporation to ring fence the new gTLD from influence on core and project as well as financially.

Functional View

The total operating expenses are divided into 16 Organizational Activities.

“Core plus Projects” is a highlight of the Framework Budget and this draft Budget. In the framework the total expense was \$75.1m and in the Draft Budget \$74.4m which correlates.

Core activity in the framework was \$63.1m (84% of budget) as there was no breakdown there was limited community feedback. Whether this was influential or not is an unknown in Draft Budget as there are no core activities itemized. We have tried to cross reference in the table below.

Project Activity Item 1 Stakeholder project represents \$5.259m Seven projects are listed without financial breakdown. Why are these separate from the 25 projects listed on page 53 which total 8.586m\$? Five of the seven appear to be duplicates? Why are these projects not included in gTLD costs? How do these correlate? We have made an attempt to correlate in the table below.

Core from Framework	Functional Activities Budget
IANA Function	New gTLD Programme
IDN Fast track	Stakeholder Projects ----->
Security Stability and Resiliency	IDN programs
Contractual Compliance	IANA and Tech Ops improve.
ICANN Public Meetings	SSR
AC, SO, SG Support	Contractual compliance
Policy Development	Core meeting Logistics
Community Travel Support	Community Support
International relations - new	Policy Development support
Ombudsman	Global Engagement & inc Int. Participation
Board Support	Org Effectiveness & Excellence
Nom-Com	Ombudsman
DNS Operations	Board Support
Facilities and Staff Support	Nominating Committee
	DNS Operations
	Organizational reviews
\$63.1m = 84%	\$74.4 =100%

Projects from Framework	Projects from Budget	Stakeholder Projects
New gTLD Operations	New Compliance System/CRM \$1,200	Work plan for 2 nd round
New gTLD Appl Support	Constituency Travel Database \$20	Trademark Clearinghouse
Advanced Whois Program	Enhance Multi-lingual strategy \$980	Right Protect Mechanisms
DNS security	Document Management System (DMS) \$595	Whois Programme
Compliance improvements	IANA RT: Data Tracker Integration 2.0 \$30	TLD acceptance
Information Security Plan	IANA Private Ent Num (PEN) Automation \$190	String Similarity
ATRT recommendations	Root Zone Management (RZM) \$195	Data Escrow Spec Dev
CRM	Emergency Back End Registry Operator \$360	
DNSSEC Propagation	IDN Variant Management Projects \$1,500	
OEI	Visual Similarity Process Enhancement \$220	
Policy PDP	Implement Rights Protection Mechanisms \$133	
Doc management System	Measurable Metrics \$82	
AOC Reviews	New gTLD Applicant Support \$328	
Advocate IPv6 adoption	Outreach2.0 \$230	
Restful WHOIS	Registry – Registrar Onboarding \$190	
IDN Variant Management - Imp	WHOIS Program \$969	
IDN Variant Management - Studies	New gTLD Program: 2nd Round \$175	
Widen International Engagement	SAC 051 Implementation Roadmap \$60	
System Enhancements	SLA Monitoring system for new gTLDs \$320	
IANA Contract RZM v2	2013–2016 Strat Plan Development \$45	
URS	Stakeholder Feedback MechEval Prgm \$50	
Root Zone System Monitoring	TLD Universal Acceptance \$33	
Intercessional Meetings	Trademark Clearinghouse \$438	
Additional Right Protection Mechanisms	Uniform Rapid Suspension (URS) \$175	
Enhance Community Wikis	Zone File Access Program (CZDAP) \$68	
IANA contract PEN Automisation		
HRMS		
Enhancement to Measurable Metrics		
TLD Delegation Acceptance		
Outreach		
EBERO		
Enhance Multi Lingual Strategy		
Independent Objector		
L – Root Expansion of Operations		

Ops Readiness Impact
Registry / Registrar Gathering

\$11,466m = 16%

\$ 8,586 = 11.5%

\$5,279 = 7%

Why is the project list different from those of the Framework Plan?

How do the two project lists below map to each other? We can not do it.

Where is the rationale that took us from framework plus community feedback to Draft Budget list?

What has happened to the significant number of projects that have 'disappeared' from the Framework to Draft Budget list?

Which projects in the draft Budget are new and await this Budget approval to start?

Are any of these project relating to new gTLD ring fenced expenditure?

Staffing by Organizational Areas on page 40 is a helpful inclusion in the Budget as was Project work internal FTE on page 53. Do the costs of the projects include for the staff FTE equivalent at cost? Do the staff numbers include or exclude consultants whose cost is presumably also included professional services in table 3-12

All Projects ICANN should have clear project number, status (ie proposed or underway or complete), staff member responsible and description, goal and measurable targets, staff numbers occupied. It must be declared as where it is nested under one or more (%) Organizational activity areas. References and links to information and background material on the ICANN website. We would appreciate presentations dedicated to the projects at the ICANN meetings.

Two areas that do not have declared budget for the community to comment on are:

Fellowship Programmed We can not identify from the website which Stakeholder groups the fellows are aligned to.

Communications How much of the Board Voted gTLD communications plan was spent in FY12. The second phase which was to be directed at users rather than applicants did not appear to happen. Is this carried over into FY13?

Professional Services Cost in table 3-12 is a significant part of ICANN expenditure. The descriptive listing in the table needs to be linked back against a project, core activity or functional area for a more meaningful community comment. ICANN prides itself on transparency is very opaque on vendor contracts. Is there a central register of these? For example Media and Communication is predicted set to double in FY13. Which projects or functional area is this part of?

Comments on selected functional activities

IANA and Tech Ops improve.

We support 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 organisation. 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.

Security Stability and Resiliency

We support and note that SSR review team recommendations endorsed by the recent public comment should be reflected as priorities in the Fy'13 [and FY '14 and beyond] budgets, as applicable. We find that on first review, there are financial implications to many of the recommendations.

The project in the framework plan “AOC Reviews” appears to have disappeared in draft Budget. Is this now downgraded to a non project in the functional area of SSR and WHOIS RT, SSR RT, and the final RT on Consumer Choice/Confidence [yet to be developed] which all have implications for FY 13 and FY 14 budgets

Contractual Compliance

We strongly support the increase in resources in Contractual Compliance.

Strategic Projects

New Compliance System/CRM

We support. Is this the project that the BC & IRPT-C has written letters about? We would appreciate a presentation about these projects in Prague.

Enhance Multi-lingual strategy

We support

Document Management System (DMS)

Is this the one that the GNSO Improvement CCT team discussed?

Is there any community involvement?

Is there any documentation on the website?

Root Zone Management (RZM)

We support the previous community request for explanation and will reserve our comments after consultation with senior technical experts within the CSG’s member companies. We are not concerned about the amount of funding, until we take that consultation and determine if it is sufficient.

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 in the Budget. Was this reduced from \$2.8 in the Framework documents?

New gTLD Applicant Support

This programme cost has dropped since framework form 40c in every \$ to 16c. Is this project funded from the gTLD programme itself? Communication presentation on this subject in Prague did not clearly identify costs for this against cost for the overall communications budget.

New gTLD Program: 2nd Round

Two FTE staff member seems excessive for this project. Assuming the 2nd round will be cost neutral and have historic costs removed from general operating costs, Why include it here? If so better temp housed in first round costs?

2013 – 2016 Strategic Plan Development

Is this different from previous years plan development?

More recourses to develop grater community interest in this project needed.

TLD Universal Acceptance

We strongly support

Submitted respectfully by Chris Chaplow the Vice Chair Finance & Operations of the Business Constituency. The Business Constituency will submit enhancements in the reply comment period.

Chris Chaplow