COMMENTS ON ICANN'S FY14 OPERATING PLAN AND BUDGET

Executive Summary

- The draft plan is a significant improvement from previous draft Operations Plans&Budgets. As before, the SOP WG urges ICANN to include quantitative and/or qualitative, measurable milestones, goals and deliverables for the various activities and projects in the plan.

- The plan shows a strong increase in expenses for ICANN operations. Understandably, the professionalization of ICANN will cost money, but in a situation of global economic recession and difficult domain name trading conditions, such an increase should be clearly justified.

- In many cases, the breakdown found at the AtTask system does not provide sufficient information to assess the need for and efficiency and effectiveness of significant expenses on specific programs. Based on the information provided, it is often unclear whether programs mainly include recurring activities or contain projects with a duration beyond FY 2014.

- The plan shows a large increase in staff in the course of FY2014. There is a clear risk that this will lead to insufficient attention to increasing individual productivity and performance.

Introduction

The Strategic and Operational Planning Working Group (SOP WG) of the ccNSO welcomes the opportunity to comment on ICANN's FY14 Operating Plan and Budget Framework.

The SOP WG was created at the Cairo ICANN meeting in November 2008. The goal of the WG is to coordinate, facilitate, and increase the participation of ccTLD managers in ICANN's strategic and Operating planning processes and budgetary processes.

According to its Charter (http://ccnso.ICANN.org/workinggroups/sopiwg-charter-18aug10-en.pdf) the WG may as part of its activities take a position and provide input to the public comments forum and relate to ICANN or other Supporting Organizations and Advisory WG's on its own behalf. The views expressed are therefore not necessarily those of the ccNSO (Council and membership) or ccTLD community at large. The ccNSO Council and individual ccTLD managers, either collectively or individually, will be invited to endorse or support the position or input of the WG. Membership of the WG is open to all ccTLD managers (members and non-members of the ccNSO).

To facilitate ICANN to relate our comments to the relevant sections of the FY 2014 draft Operating Plan and Budget, we have structured our submission in the following manner:

First we will provide high level, general comments. This will be followed by additional, specific comments, which are aligned with each of the four management objectives mentioned in the plan as the "AtTask Structure Overview":

- Affirmation of Purpose
- Operations Excellence
- Internationalization
- Multi-Stakeholder Model Evolution

General comments

- *Good improvements.* The draft plan is a significant improvement from previous draft Operations Plans&Budgets, in particular from a budgetary point of view. It is well structured, generally provides a good insight and at a general level contains comprehensive allocations of budgets. This said, the WG will focus its comments on the operational aspects of the plan.

- *Lack of measurable goals.* Quite a large number of formulated goals start with "evolve", "increase", "improve", "optimize" and "promote". For each of the listed objectives, goals, portfolios and programs, we continue to recommend the inclusion of measurable deliverables (target values), and milestones, bearing in mind that the measurements of the deliverables and milestones can be both qualitative and quantitative. First of all, without these, it is very difficult to provide meaningful feed-back on the relevance of the portfolio's and programs from a ccTLD perspective. Secondly, such metrics will allow the community to appropriately assess progress, signal lack thereof and to suggest mitigating measures, if needed.

- *Duration of programs.* It is our understanding that each of the programs is a set of related projects and ongoing activities. Based on the information provided, it is not clear to us whether, some of these programs mainly include recurring activities, or also contain large projects with a duration beyond FY 2014.

- *Lack of reference.* Unfortunately, it was not possible to compare the programs and their costs between FY13 and FY14. This is considered a significant omission, because that would have allowed us to understand progress to date.

- *Large increase in expenses.* The plan shows a $16mio (23.8%) increase in operating expenses for ICANN operations. We appreciate and support the effort to professionalize ICANN. However, increased transparency, also implies a need to better understand and ascertain the value of all the programs. The rationale for such an increase needs to be clear and related to a Strategic Plan,

especially in an environment of global economic recession, difficult domain name trading conditions and entities scrutinizing ICANN's remit, operational and financial performance and the multi-stakeholder model it represents.

- *Large increase in headcount*. The plan shows an EOY FY14 headcount of 263 (average FY14 230) for ICANN operations (excluding new gTLD program) against EOY FY13 198 (average FY13 163). Apart from the question if such a number of new staff can be properly mentored and managed by existing staff, there is a clear risk that the preferred route of improving productivity and performance will be merely replaced by increasing capacity.

Specific comments

Affirmation of Purpose

Within the Affirmation of Purpose Objective, as presented by the At Task spreadsheet, the major cost centers are:
- IANA and other tech ops (5,6M$)
- Engagement in the Internet eco system (3,2M$)
- Compliance (2,9M$)
- IDN variant (1,4M$)

Our comments in this respect:
- We find it difficult to understand that engagement in the Internet ecosystem is the second largest cost component. Given that there are no defined metrics, apart from number of meetings and people invited, for assessing performance of such engagement costs, the justification of such expenses is difficult to establish. We therefore urge ICANN to start reporting about these activities, including relevant metrics, as early as the beginning of FY14, and to provide clear goals and efficiency metrics for this component of its budget at the earliest stage of the upcoming strategic process.
- Secondly, the opportunity of the IDN variant project remains highly questionable. There have been ongoing debates within the technical and ICANN communities about the usefulness of this program, and the extremely high cost foreseen raises the question on the return on investment for the community as a whole (expressed in community benefits). ICANN should consider downgrading resources on this program, if not terminating it.
- We note and welcome the pursuit of IANA's EFQM program. We urge ICANN to provide information about the maturity level targeted and achieved to date. Such information has been lacking so far, making it impossible to evaluate the progress of this promising initiative, and missing the opportunity to enhance the credibility of ICANN as a professional organization.

Operations Excellence

More than 50% of the budget within the Operations Excellence Objective is planned to be spent on Optimizing gTLD Services. The breakdown found at the AtTask system does not provide an understanding of or justification for such a large investment in this particular program. ICANN needs to adequately execute the new gTLD program but should balance the optimization of operations of the whole organization, specially taking into account its new focus on global representation.

Internationalization

The internationalization of ICANN requires the engagement of all stakeholders. Such engagement can be realized through regional meetings, capacity building programs, roadshows and workshops, and increased funding of the participation of representatives. We note the inclusion of programs in this area. However, because of the lack of information and prior consultation on the scope and objectives of these programs, it is unclear whether these programs will deliver effectively and efficiently.

Multi-Stakeholder Model Evolution

In the view of the SOP WG several goals of the Internationalization objective seem to overlap with those of "Multi-stakeholder model evolution", ICANN should consider to either merge the two objectives or check on redundancy.

Concerning the objective as it is currently structured, it would be desirable to have a better understanding of:

- The interaction between the organizational reviews and enabling cross stakeholder collaboration. We believe it would be recommendable to firstly review the organizational aspects of the SO/AC structures and then identify what, if any, issues there are and how they support current policy development efforts.
- The interaction between "Increase and Improve Global Participation" with "Engage stakeholders globally" in the Internationalization objective. We believe that "Engage stakeholder globally" is a way to "Increase Global Participation". We also think that "Engage stakeholders regionally" (under Internationalization) is one of the core elements for increasing Global Participation. Furthermore, considering the possible (mis)interpretations of "internationalization", it might be advisable to change the name into the original "Realize globalization or "Realize global participation".
- Optimize Policy Development Process is and will continue to be a crucial element in the ICANN multi-stakeholder model. Recent examples of flaws in the PDP should be reason for ICANN to investigate how the PDP can be refined and eventually, redesigned to meet the needs of the Internet community, especially from a timing perspective.