Briefing on the Draft FY11 Operating Plan and Budget

Kevin Wilson, CFO
Purpose for the Briefing

- Encourage further community feedback
- Highlight the draft FY11 Operating Plan and Budget
- Highlight what changed from the framework posted in February
- Next Steps
The Process

✓ 3-year Strategic Plan updated; 19 Feb
✓ Framework for FY11 Ops/Budget posted; 15 Feb
✓ Community feedback synthesized
✓ Draft FY11 Ops/Budget posted; 17 May
  o Community feedback and synthesis
  o Final FY11 Budget submitted to Board; Brussels

➢ Consider altering process for FY12
Current Process

- Ops Plan/Budget follows Strategic Plan
- Time for Feedback Built into Process
New Process under consideration

- SO/AC input formalized
- Strat plan earlier; more time for resource allocations

Strat Plan (4 mo) → Draft

Fin’l Frmwrk (4 mo) → Framework

Ops /Budget (4 mo) → Final

Feedback → SO/AC Input → Feedback
Community Feedback

- Open forum in Nairobi, chat room
- In Nairobi: RYSG, BC, IPC, NomCom, ccNSO, ccNSO SOP WG, ALAC, Travel
- Conf calls: RRSG, ALAC, BC, GNSO Travel
- Board briefings 2x
- GNSO resolution on studies for PDP
- Online comments, 12, 70 pages, links
- Travel guidelines, 10 more

19 page analysis posted includes:
I. Key points
II. Summary of all points
III. Responses to each comment
Community Feedback - Key Points

- Need for more detailed information. (20)
- Need for more resources. (7)
- Revenue management. (2)
- Operations suggestions. (9)
- Cost Reduction. (3)
Responses to community feedback

- Responded to request for more detail.
  - 39 pages in framework and 80+ pages in draft
  - 30+ extra tables and analyses
- More fact based studies – increased resources
- At Large support – more staffing
- Conservative revenue forecasting – querying all
- DNS stability and security – “internal” security
- Reduce expenses – kept w/in $59mil framework

All comments analyzed, response provided and documented in Appendix C
## FY11 Budget Snapshot

<table>
<thead>
<tr>
<th>(in Thousands USD)</th>
<th>FY11 BUDGET</th>
<th>FY10 FORECAST</th>
<th>FY10 BUDGET</th>
<th>FY11 BUDGET change from FY10 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$65,509</td>
<td>$63,313</td>
<td>$62,642</td>
<td>$2,867 4.6%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$60,788</td>
<td>$57,980</td>
<td>$55,867</td>
<td>$4,921 8.8%</td>
</tr>
<tr>
<td>Non-Cash Expense</td>
<td>$2,600</td>
<td>$2,210</td>
<td>$2,900</td>
<td>($300) -10.3%</td>
</tr>
<tr>
<td>Contribution to Reserve</td>
<td>$2,121</td>
<td>$3,123</td>
<td>$3,875</td>
<td>($1,754) -45.3%</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$1,000</td>
<td>$4,500</td>
<td>$1,000</td>
<td>$0 0.0%</td>
</tr>
<tr>
<td>Change in Net assets</td>
<td>$3,121</td>
<td>$7,623</td>
<td>$4,875</td>
<td>($1,754) -36.0%</td>
</tr>
</tbody>
</table>
**FY11 Operating Expenses Kept To Framework of $59 million**

Still growth in internal SSR, Policy, DNSSEC

Reductions in new gTLD, to complete

<table>
<thead>
<tr>
<th>Organizational Activities</th>
<th>FY11 Budget</th>
<th>FY10 Forecast</th>
<th>FY10 Budget</th>
<th>FY11 Budget less FY10 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-New gTLD Implementation and Delegation</td>
<td>6,683</td>
<td>7,677</td>
<td>7,605</td>
<td>(922) -12.1%</td>
</tr>
<tr>
<td>2-IDN Implementation</td>
<td>1,365</td>
<td>1,351</td>
<td>1,256</td>
<td>109 8.7%</td>
</tr>
<tr>
<td>New gTLD / IDN efforts</td>
<td>8,048</td>
<td>9,028</td>
<td>8,861</td>
<td>(813) -9.2%</td>
</tr>
<tr>
<td>3-IANA and Technology Operations Improvements</td>
<td>5,804</td>
<td>4,772</td>
<td>5,040</td>
<td>764 15.2%</td>
</tr>
<tr>
<td>4-Security, Stability and Resiliency Operations (SSR)</td>
<td>7,037</td>
<td>6,743</td>
<td>5,755</td>
<td>1,282 22.3%</td>
</tr>
<tr>
<td>5-Contractual Compliance</td>
<td>3,399</td>
<td>3,525</td>
<td>3,155</td>
<td>244 7.7%</td>
</tr>
<tr>
<td>6-Core Meeting Logistics</td>
<td>5,255</td>
<td>5,404</td>
<td>5,190</td>
<td>65 1.3%</td>
</tr>
<tr>
<td>7-Constituency Support</td>
<td>6,216</td>
<td>5,931</td>
<td>6,041</td>
<td>175 2.9%</td>
</tr>
<tr>
<td>8-Policy Development Support</td>
<td>6,421</td>
<td>5,641</td>
<td>5,339</td>
<td>1,082 20.3%</td>
</tr>
<tr>
<td>9-Global Engagement and Increasing International Participation</td>
<td>6,792</td>
<td>7,850</td>
<td>6,619</td>
<td>173 2.6%</td>
</tr>
<tr>
<td>10-Community Travel Support</td>
<td>1,852</td>
<td>2,116</td>
<td>1,722</td>
<td>130 7.6%</td>
</tr>
<tr>
<td>11-Ombudsman</td>
<td>612</td>
<td>450</td>
<td>451</td>
<td>161 35.7%</td>
</tr>
<tr>
<td>12-Board Support</td>
<td>2,647</td>
<td>2,035</td>
<td>2,393</td>
<td>254 10.6%</td>
</tr>
<tr>
<td>13-Nominating Committee (NomCom) Support</td>
<td>820</td>
<td>797</td>
<td>760</td>
<td>60 7.9%</td>
</tr>
<tr>
<td>14-DNS Operations</td>
<td>2,185</td>
<td>2,458</td>
<td>1,199</td>
<td>986 82.2%</td>
</tr>
<tr>
<td>15-Organizational improvement</td>
<td>2,199</td>
<td>1,235</td>
<td>1,842</td>
<td>357 19.4%</td>
</tr>
</tbody>
</table>

Total Operating Expenses: $59,287 - $57,985 = $4,920 (9.1%)
Financial changes in Draft

- gTLD readiness - for now, focus on long lead time projects, build separate budget with timeline
- Delay some external focused security initiatives
- Formalize efficient meeting; lower staff counts
- Five new staff (18 total) including Int’l, Policy, Registry
- Further travel reductions
- Cut some new initiatives
- Support for GNSO studies ($500k)
Presentation changes in Draft

- 39 pages → 80+ pages
- EAG (ie SO/AC)
- Strategic plan focus areas
- Revenue and expense – side by side
- Supporting detailed analyses (e.g., headcount)
- Community feedback – Responses
- Highlights of what is NOT provided
- ccTLD IDN revenue separately shown
- More
Next Steps

- Community Feedback; 17 June
  http://www.icann.org/en/announcements/announcement-2-17may10-en.htm
- Synthesize
- Submit to Board for adoption; Brussels
Thank You