ICANN FY18 Operating Plan and Budget

Comments prepared and submitted on behalf of the RySG

Overall

Balanced Budget: The RySG is pleased to see that the proposed expenses do not exceed the projected revenue as has been the case in some prior years. However, we also note that ICANN reserves are not sufficient to cover the ICANN Board's target of 1 year of operating expenses. Accordingly, please confirm that the 1 year target is no longer in place. However, if it or a replacement target is remains in place, the RySG proposes that ICANN budgets for an operating surplus such that ICANN is able to replenish the reserves and make concrete progress towards the Board's one year or now current target for reserve funds.

GDRP: We note that there appears to be no specific provision for support to deal with GDRP and request that this be identified (if it exists) or, failing that, efforts must be made to ensure that there are adequate funds to cover an independent analysis of the GDRP requirements and how contracted parties will comply without violating their agreements with ICANN.

Travel Support: We refer you to our previous comment and request relating to the Registry (and Registrar) Stakeholder Group travel support funding relating to ICANN's GDD summit.

Document Development: We refer you to our previous comment and request relating to the Registry Stakeholder Group Document Development and Drafting Pilot Program.

3.1 Financial Overview

Average headcount is projected to grow significantly from 358.2 (FY17) to 413.8 (FY18). It is of concern to the RySG that average headcount is still being added to in this substantial way. The RySG notes the addition of 10 staff to DNS / GDD / IANA, apparently in direct support of contracted party related work. However, the overarching need to continue to add more staff overall is not well-explained and neither is there any specific demonstration of any program or activity to improve the efficiency of use of human resources and hence to reduce the average headcount.

Portfolio 1.3.1: Policy Development, Policy-Related and Advisory Activities

ICANN is projected to spend US$6.7m on the support of policy development activities. This represents approximately 5% of ICANN's funding. On what basis is that proportion determined? The RySG believes that the adequate and comprehensive funding for this area is critical because policy development is one of ICANN's core and most important functions.

Portfolio 2.1.1 – 2.1.7: GDD & Related Activities

The ICANN GDD is projected to spend US$19m (including approx. US$7m on PTI). At approximately 14% of budget (approx. 9% excluding PTI), is this area adequately and

proportionality resourced? The RySG depends on an effective and well-funded GDD and we are concerned to ensure that this area of ICANN's work is fully and appropriately resourced.

Portfolio 3.3.5: Global Operations

Is $10.2M for Global Operations a cost-effective expense? The RySG suggests that this may be an area where cost benefit analysis would be a good idea. More budget detail is needed.

Portfolio 2.2.1 – 2.2.3: Proactively Plan for Changes in the Use of Unique Identifiers

It is proposed to spend US$6m on 10 people working on Identifier Evolution, Technical Reputation and Observing, Assessing and Improving internet identifier SSR. This figure seems particularly high. Does it need to be or could it be managed more tightly? The RySG would appreciate more complete and clear rationalisation for the purpose and quantum of this expenditure.

Portfolio 3.2.2: IT Infrastructure and Service Scaling

Work towards a top-tier global IT infrastructure performing at 99.999% uptime and have ICANN recognized by the global community as having technical excellence and thought leadership will cost US$18.2m. What is the rationalization for this 5 9's figure and related expenditure? Is it this a necessary level of performance for the tasks provided? Therefore, is this expenditure too high?

Portfolio 5.1.4: Support ICANN Board

The ICANN board is supported with a budget of almost US$4m per year. How is this expenditure rationalised? Has it been benchmarked against equivalent organisations and, if not, the RySG recommends that it should be. In addition, what is the ICANN Board doing to improve cost-effectiveness and to set such an example of improved efficiency to the ICANN organisation? The RySG recommends that the board targets reduced year on year operating expenditure.