

Registries Stakeholder Group Statement

Issue: **Draft Financial Assumptions & Projections and Operating Initiatives for the development of Fiscal Years 2021-2025 Operating & Financial Plan**

Date statement submitted: **5 Aug 2019**

Reference url: <https://www.icann.org/public-comments/draft-financial-projections-fy2021-2025-2019-06-14-en>

Background¹

ICANN is seeking community input on the two key elements of the Fiscal Year 2021–2025 Operating & Financial Plan:

I. Draft Financial Assumptions and Projections for FY 2021-2025

<https://www.icann.org/en/system/files/files/draft-financial-projections-fy2021-2025-14jun19-en.pdf>

II. Draft Operating Initiatives for FY 2021-2025

<https://www.icann.org/en/system/files/files/draft-operating-initiatives-fy2021-2025-14jun19-en.pdf>

Note: the 16 Operating initiatives are not a comprehensive list of ICANN Org efforts that will support the Strategic Plan. ICANN's day-to-day operating activities will be detailed in the next version of the document (expected December 2019), along with further details for each of the initiatives, including milestones, estimated resources and costs, key measurements and dependencies, risks and potential mitigation.

Registries Stakeholder Group (RySG) comment:

The Registries Stakeholder Groups (RySG) welcomes the opportunity to provide ICANN the feedback it seeks on the two key elements of the Fiscal Year 2021–2025 Operating & Financial Plan (FY21–25 O&FP), namely:

1. Financial assumptions and high-level projection of the "base-case," "high," and "low" funding scenarios for Fiscal Year 2021 through Fiscal Year 2025.
2. 16 major operating initiatives that ICANN org should prioritize to successfully achieve the objectives set out in the FY21–25 Draft Strategic Plan.

I. RySG comments on the Draft Financial Assumptions and Projections for the Development of FY21-25 Operating & Financial Plan

Overarching Comment: The RySG notes that the scenarios presented do not assume any further TLD delegations arising from the potential resumption of the New gTLD program. The document explicitly acknowledges that there is ongoing work and an intent to launch a subsequent round but highlights that the timing of its release remains unclear and potential

¹ *Background:* intended to give a brief context for the comment and to highlight what is most relevant for RO's in the subject document – it is not a summary of the subject document.

impact(s) on funding therefore indeterminate. ICANN has deemed it prudent not to assume any impacts from a subsequent round across the described scenarios.

Specific Comment: The RySG would like to see ICANN further clarify any Income and / or Cost scenarios that have been developed in preparation for future TLD rounds and / or delegations, even if these are not currently included in the Financial Assumptions.

P.7; Section G on Universal Acceptance, the report states: ‘Unfortunately, many of the problems are widely distributed through the technical infrastructure of the Internet - routers, servers and portals - making it difficult to ensure that data packets using IDN domains are treated the same as traditional domains.’

Specific Comment: The last part of the sentence should be amended (please delete the words ‘data packets using’) to avoid confusion around the role and function of DNS.

P.21; The draft states that over the period of the five-year plan, ICANN’s Expenses will be funded from the annual Funding available once an allocation to the Reserve Fund has been set aside. This reflects the application of two key principles of ICANN’s long-term financial sustainability: (1) Expenses do not exceed Funding and (2) Sufficient reserves are reached and maintained at all times.

Specific Comment: The RySG welcomes and strongly supports the two key principles and ICANN’s commitment to the practical application of these. ICANN’s sustainability is predicated on financial stability and the principles applied are welcome since they effectively describe two key pillars of financial stability.

II. RySG comments on the Draft Operating Initiatives for the Development of FY21-25 Operating & Financial Plan

Overarching Comment: The Strategic Objectives and Goals are presented in a coherent and structured manner; this is welcome. However, without further detail on the key milestones and resources required, it is difficult to evaluate these consistently and coherently. What are the priorities for these various activities or are we to assume that they all have equal priority? How is that priority impacted by costs and what are the specific deliverables? We expect that these questions will be addressed in detail in the next version of the document in December together with (for each initiative) the major milestones, estimated resources and costs, key measurements and dependencies, risks and potential mitigation, as announced in the current document.

ICANN should augment this document with clear timelines (e.g. by using a Gantt chart) demonstrating a dispersal in time and resource allocation for when each of the initiatives listed here will be addressed.

In addition, we suggest the list of key operating initiatives be subject to annual review and re-evaluation, followed by updates to the milestones, estimated resources and costs, key measurements and dependencies, risks and potential mitigation. Please make it clear how this document will evolve and how the dynamic evolution of it will occur over the 2021 to 2025 period.

Specific comments on some of the 16 proposed Operating Initiatives

Operating initiative 4:

[Evolve and strengthen the ICANN community's decision-making processes to ensure efficient and effective policy making](#)

Specific Comment: The ATRT, PDP 3.0 and “Evolving ICANN’s Governance” efforts are all investigating the efficacy of and possible changes to the Policy Development Process, in parallel and apparently independently. These efforts should be coordinated or limited to a single overall effort to avoid potentially wasteful duplication and delay incurred as a result of competing conclusions. Please indicate how duplication will be avoided and coordination achieved within these overlapping areas of work.

Operating initiative 12:

[Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission](#)

Specific Comment: Given the recent history with GDPR, this is a rational development. But, the costs for this work are not clearly articulated. Will this be handled by ICANN staff using existing resources or is this an expansive activity that will incur (potentially significant) external costs? Please be specific about the mechanics, resources and costs projected to undertake this activity.

Operating Initiative 13:

[Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name marketplace](#)

Specific Comment: The RySG welcomes this initiative. ICANN funding is strongly dependent on the gTLD market and ICANN’s contracted parties. The contracted parties need to see a stable and predictable ICANN financial model. ICANN is a well funded organization and ought to be able to live well within its means in a relatively predictable environment.