ICANN 60
ANNUAL GENERAL
ABU DHABI
28 October–3 November 2017

BUDGET WORKING GROUP
Presenters

Xavier Calvez  
ICANN CFO

Becky Nash  
ICANN VP Finance

Jessica Castillo  
ICANN Project Coordinator

Cyrus Namazi  
ICANN VP DNS Industry Engagement
Budget Working Group - Part 1

Review and Q&A

Xavier Calvez, ICANN CFO
Becky Nash, ICANN VP Finance

ICANN 60
01 November 2017 – 1030-1200
Purpose

1. Interactive engagement between ICANN organization and Community on planning
2. Informal exchange with no specific representation role
3. Participation based on interest in ICANN’s planning process

Approach

1. Timing of ICANN60: early in the budget process before development of budget
2. Review the planned process
3. Gather constructive input: comments and proposals

Desired outcome

1. Deepen mutual understanding of expectations and involvement with community members
2. Input received to be considered in development of budget assumptions
Part 1 Agenda

1. FY17 Results
   - Timing: 20min

2. Changes to Process and Timeline
   - Timing: 15min

3. PTI/IANA Operating Plan and Budget Highlights
   - Timing: 15min

4. Reserve Fund
   - Timing: 20min

5. Q&A – General
   - Timing: 15min

6. Wrap Up/Next Steps
   - Timing: 5min
FY17 Results

Agenda Item #1
ICANN Organization Reporting Structure FY18

ICANN Operations

Funding
PTI/IANA **

Expenses*
PTI/IANA **
IANA STEWARDSHIP TRANSITION EXPENSES

New gTLD Program
Funding

Total ICANN
Expenses*
PTI/IANA **
IANA STEWARDSHIP TRANSITION EXPENSES

Operating Fund
Reserve Fund
New gTLD Funds
Auction Proceeds

*Excludes depreciation and bad debt expenses

**IANA Services includes ICANN’s and PTI’s IANA Expenses
FY17 Year End Financial Highlights

• Operations: Fiscal Year End position (after 12 months) was higher than Budget
  – Excess of $1m, instead of a budgeted deficit of -$9m
    • Funding higher than budgeted by $2m, and
    • Total Expenses under budget by $4m.
      – The FY17 IANA Transition expenses within Operations were lower than budget (+3.4M) as activities for WS2 are now to be completed in FY18

• New gTLD: Expenses lower than budget
  – Due to lower refunds from withdrawn applications, partially offset by defense costs and auction fees incurred.

• Funds under management increased by $119M to $460M as of year end
  – Includes the Auction proceeds of $135M
## FY17 Year-to-date (Jul 16-Jun 17) Overview

### Funding ahead of target and Expenses below target.

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Var</th>
<th>% Var</th>
<th>FY16</th>
<th>Var</th>
<th>% Var</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding</strong></td>
<td>$ 135</td>
<td>$ 132</td>
<td>$ 2</td>
<td>2 %</td>
<td>$ 126</td>
<td>$ 9</td>
<td>7 %</td>
</tr>
<tr>
<td><strong>Baseline Expenses</strong></td>
<td>-$ 129</td>
<td>-$ 132</td>
<td>$ 4</td>
<td>3 %</td>
<td>-$ 107</td>
<td>-$ 22</td>
<td>-21 %</td>
</tr>
<tr>
<td><strong>IANA Stewardship</strong></td>
<td>-$ 5</td>
<td>-$ 9</td>
<td>$ 3</td>
<td>39 %</td>
<td>-$ 18</td>
<td>$ 13</td>
<td>70 %</td>
</tr>
<tr>
<td><strong>Transition Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$ 1</td>
<td>-$ 9</td>
<td>$ 10</td>
<td>n/a</td>
<td>$ 1</td>
<td>$ 0</td>
<td>23 %</td>
</tr>
</tbody>
</table>

### Breakdown of Baseline Expenses

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Var</th>
<th>% Var</th>
<th>FY16</th>
<th>Var</th>
<th>% Var</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IANA Services</strong></td>
<td>-$ 6</td>
<td>-$ 7</td>
<td>$ 2</td>
<td>27 %</td>
<td>-$ 6</td>
<td>$ 1</td>
<td>15 %</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
<td>-$ 123</td>
<td>-$ 125</td>
<td>$ 2</td>
<td>2 %</td>
<td>-$ 100</td>
<td>-$ 23</td>
<td>-23 %</td>
</tr>
</tbody>
</table>

*IANA Services includes ICANN’s and PTI’s Expenses relative to IANA functions from the effective PTI affiliate incorporation date.*

**Note:** Expenses exclude bad debt and depreciation and include capital expenses.

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In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
**FY17 Year-to-date (Jul 16-Jun 17) Total ICANN Organization Actuals**

<table>
<thead>
<tr>
<th></th>
<th>ICANN Baseline Operations (A)</th>
<th>IANA Stewardship Transition (B)</th>
<th>Total ICANN Operations (A+B)</th>
<th>New gTLD Program (C)</th>
<th>Total ICANN Org. (A+B+C)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding</strong></td>
<td>$135</td>
<td>$0</td>
<td>$135</td>
<td>$156</td>
<td>$290</td>
</tr>
<tr>
<td><strong>Expenses</strong>*</td>
<td>-$129</td>
<td>-$5</td>
<td>-$134</td>
<td>-$21</td>
<td>-$155</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>$6</td>
<td>-$5</td>
<td>$1</td>
<td>$135</td>
<td>$135</td>
</tr>
</tbody>
</table>

Total ICANN Operations is the sum of ICANN Baseline Operations (A) and IANA Stewardship Transition (B). Total ICANN Organization is the sum of ICANN Baseline Operations (A), IANA Stewardship Transition (B), and New gTLD Program (C).

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY17 Year-to-date (Jul 16-Jun 17) Funding

ICANN OPERATIONS

Driven By Domain Name Registrations

- Transaction-based fees: $54M (40%)

Driven By # of Contracted Parties

- Per-TLD fixed fees: $30M (22%)

FROM REGISTRIES

- Transaction-based fees: $31M (23%)

FROM REGISTRARS

- Application fees Accreditation fees: $16M (12%)

Other Income: $4M, 3%

Total Funding: $135M

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
Funds Under Management as of 30 Jun 2016 and 2017

**Total Funds:** $460
- ICANN Operations: $96
- New gTLD Program-related: $364

**ICANN Operations**
- Operating Fund: $26 (30 Jun 2016) vs. $35 (30 Jun 2017)
- Reserve Fund: $71 (30 Jun 2016) vs. $61 (30 Jun 2017)

**New gTLD Program**
- Auction Proceeds: $235 (30 Jun 2016) vs. $102 (30 Jun 2017)
- New gTLD Funds: $142 (30 Jun 2016) vs. $128 (30 Jun 2017)

In millions, USD - unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
**FY18 Budget Overview**

FY18 (Jul 17-Jun 18) approved ICANN Operations budget, aligned to Operating Plan, published on ICANN.org

<table>
<thead>
<tr>
<th>FY18 Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>$143</td>
</tr>
<tr>
<td>ICANN Operations Baseline Expenses</td>
<td>-$143</td>
</tr>
<tr>
<td>IANA Stewardship Transition</td>
<td>-$3</td>
</tr>
<tr>
<td>Net</td>
<td>-$3</td>
</tr>
</tbody>
</table>

*Expenses exclude bad debt and depreciation.*

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY19 Planning Process

Agenda Item #2
Draft FY19 PTI Operating Plan and Budget:
- Published for Public Comment 9 Oct 2017
- Six week Public Comment period closes 26 November 2017
- On schedule for PTI Board adoption at the end of Jan 2017

Draft ICANN Five-Year Operating Plan update and FY19 Operating Plan and Budget:
- Under development during Oct – Dec 2017
- On schedule to publish for public comment in mid January
- Draft ICANN FY19 SO/AC Additional Budget:
  - Process on schedule to begin in Dec 2017

FY19 Planning Process Status Update
FY19 Documents and Content

- ICANN Five-Year Operating Plan update (year 4)
  - Updated Portfolio KPIs, Dependencies, Phasing, and Five-Year Financial Model
- ICANN and PTI FY19 Operating Plan and Budget
  - Operating Plan and Budget by Objective, Goal, Portfolio and Project
  - Executive Summary
  - Funding
  - Operating Expenses by Category (Personnel, Travel etc.)
  - Risks and Opportunities
  - Headcount
  - Multiyear view of New gTLD Program
  - Funds Under Management
  - SO/AC Additional Budget Requests
  - Key Projects Reporting
  - Caretaker Budget
### Operating Plan and Budget by Portfolio and by Project

#### FY18 Proposed Budget By Portfolio and Project

<table>
<thead>
<tr>
<th>FTE: Full-time staff equivalent</th>
<th><strong>Notes</strong>: Totals for the projects are in USD and are rounded to the nearest millions with thousands as a decimal. Projects and Portfolios appearing with $0 are due to rounding.</th>
</tr>
</thead>
</table>

#### Objective: Advance Organizational, Technological and Operational Excellence

<table>
<thead>
<tr>
<th>Objective</th>
<th>Goal</th>
<th>Portfolios</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Ensure ICANN’s long-term financial accountability, stability and sustainability</td>
<td>3.1.1 Strategic and Operating Planning</td>
<td>6.5</td>
</tr>
<tr>
<td></td>
<td>3.1.2 Finance and Procurement</td>
<td>17.9</td>
</tr>
<tr>
<td></td>
<td>3.1.3 Enterprise Risk Management</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>3.1.4 Security Operations</td>
<td>4.2</td>
</tr>
<tr>
<td>3.1 Ensure ICANN’s long-term financial accountability, stability and sustainability Total</td>
<td>25.9</td>
<td></td>
</tr>
<tr>
<td>3.2 Ensure structured coordination of ICANN’s technical resources</td>
<td>3.2.1 Cybersecurity Hardening and Control</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>3.2.2 IT Infrastructure and Service Scaling</td>
<td>53.7</td>
</tr>
<tr>
<td></td>
<td>3.2.3 Root Systems Operations</td>
<td>6.1</td>
</tr>
<tr>
<td>3.2 Ensure structured coordination of ICANN’s technical resources Total</td>
<td>61.9</td>
<td></td>
</tr>
<tr>
<td>3.3 Develop a globally diverse culture of knowledge and expertise available to ICANN’s Board, organization, and stakeholders</td>
<td>3.3.1 People Management</td>
<td>10.7</td>
</tr>
<tr>
<td></td>
<td>3.3.2 ICANN Technical University</td>
<td>0.0</td>
</tr>
<tr>
<td></td>
<td>3.3.3 Organizational Assessment and Continuous Improvement</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>3.3.4 Board Operations</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>3.3.5 Global Operations</td>
<td>17.0</td>
</tr>
<tr>
<td>3.3 Develop a globally diverse culture of knowledge and expertise available to ICANN’s Board, staff, and stakeholders Total</td>
<td>34.0</td>
<td></td>
</tr>
</tbody>
</table>
New to the FY19 Process

○ New to the Process
  ○ Accelerated timeline
    • The adoption of the ICANN Budget is expected to be one month earlier
      Provides time for the Empowered community process (28 days) before the start of the next fiscal year
  ○ Multi Year Planning Process
    • Planning for two years during Budget Development Process: FY19 and FY20
<table>
<thead>
<tr>
<th>Step</th>
<th>Proposed Dates</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTI &amp; IANA OP&amp;B DRAFT Submitted to PTI Board &amp; ICANN BFC</td>
<td>25 Sept 2017</td>
<td>At Least 9 Months Before Next Fiscal Year (Per Bylaws)</td>
</tr>
<tr>
<td>PTI &amp; IANA Public Comment</td>
<td>9 Oct – 26 Nov 2017</td>
<td>41 Days (48 Days Minus 7 Days ICANN Meeting)</td>
</tr>
<tr>
<td>ICANN 60 Annual General Meeting</td>
<td>28 Oct – 3 Nov 2017</td>
<td>Engage with Community on PTI/IANA/ICANN</td>
</tr>
<tr>
<td>PTI Board to Approve PTI OP&amp;B</td>
<td>9 Jan 2018</td>
<td>Before ICANN Public Comment Begins (Input to ICANN OP&amp;B Per Bylaws)</td>
</tr>
<tr>
<td>ICANN DRAFT Submitted to ICANN BFC</td>
<td>5 Jan 2018</td>
<td>After Year End Break</td>
</tr>
<tr>
<td>ICANN Public Comment</td>
<td>15 Jan – 4 Mar</td>
<td>48 Days (7 weeks)</td>
</tr>
<tr>
<td>SO/AC Additional Budget Request Submission Due Date</td>
<td>30 January</td>
<td>Process timing similar to last year</td>
</tr>
<tr>
<td>ICANN 61 Community Forum</td>
<td>10 Mar – 15 Mar</td>
<td>Engage with Community on Comments Submitted for ICANN</td>
</tr>
<tr>
<td>ICANN Proposed OP&amp;B Submitted to ICANN Board</td>
<td>11 May</td>
<td>At Least 45 Days Before Next Fiscal Year (Per Bylaws)</td>
</tr>
<tr>
<td>ICANN Board to Approve ICANN OP&amp;B</td>
<td>31 May</td>
<td>Target to allow for EC Review Period before 1 July</td>
</tr>
</tbody>
</table>
PTI/IANA Operating Plan and Budget Highlights

Agenda Item #3
PTI/IANA Operating Plan and Budget Highlights

• Draft PTI Operating Plan and Budget developed in August – September 2017

• The PTI six-week Public Comment started 9 October, 2017

• Clarifying Questions due by 16 October 2017. Received 1 and response was published 23 October

• On-schedule for Responses to Public Comment which ends on 26 November

• PTI Board adoption expected in early January 2018

• IANA Budget adoption by the ICANN Board scheduled for early February
PTI Budget Highlights

1. PTI Funding/ICANN Funding
   Funding from ICANN of 100% of Expenses, $10.4M

2. PTI baseline cash expenses
   Baseline expenses $10.2 (including $0.5M contingency) increased
   $0.7M over FY18 due to higher personnel costs of $0.6 million for
   annual merit and increased Direct Shared support.

3. PTI Ops Net Excess / Deficit
   PTI’s Budget is balanced with Total Cash Expenses funded by
   ICANN

<table>
<thead>
<tr>
<th>TOTAL PTI in Millions, USD</th>
<th>PTI Services FY19 Budget</th>
<th>PTI Services FY18 Budget</th>
<th>Increase/(Decrease) Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses*</td>
<td>$10.2</td>
<td>$9.5</td>
<td>$0.7</td>
<td>7.0%</td>
</tr>
<tr>
<td>Capital</td>
<td>$0.2</td>
<td>$0.1</td>
<td>$0.1</td>
<td>157.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$10.4</td>
<td>$9.6</td>
<td>$0.8</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

*Includes depreciation
FY 19 IANA Budget

• The draft IANA Operating Plan and Budget includes the amounts covered in the draft Public Technical Identifiers (PTI) Budget and the amounts for the IANA services performed by ICANN as the IANA Functions Operator, and which are not performed by PTI.

<table>
<thead>
<tr>
<th>FY19 IANA Budget in Millions, USD</th>
<th>FY19 IANA Budget</th>
<th>FY18 IANA Budget</th>
<th>Increase/(Decrease) Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTI Services</td>
<td>$10.4</td>
<td>$9.6</td>
<td>$0.8</td>
<td>8.3%</td>
</tr>
<tr>
<td>IANA Services</td>
<td>$0.5</td>
<td>$0.4</td>
<td>$0.1</td>
<td>31.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$10.9</td>
<td>$10.0</td>
<td>$0.9</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

(a) IANA Services include RZMA = Root Zone Maintainer Agreement and Empowered Community, and RZERC support. It will be funded by ICANN Operations.
Reserve Fund

Agenda Item #4
Reserve Fund Public Comment and Next Steps

- Board Reserve Fund Working Group (created in 2015):
  - Established rationale and 12-month target level
  - Determined to publish in 2 steps: (i) rationale/target level, (ii) governance/replenishment.

- Public Comment on rationale/target level:
  - 12-October to 30-November.
  - Public comment report issued by 22-December.

- Next steps: 1-Investment Policy update
  - ICANN org proposed response to public comments
  - ICANN org proposed Investment Policy update
  - BFC review and recommendation to the Board
  - Board decision

- Next steps: 2-Governance model / Replenishment
Q&A – General

Agenda Item #5
Questions?
Part 1 Wrap Up/Next Steps

Agenda Item #6
Part 1 Wrap Up/Next Steps

Summary/Action Items

Short 10 Minute Break

Part 2 - Working Lunch and Discussion
Budget Working Group - Part 2

Working Lunch and Discussion

Xavier Calvez, ICANN CFO
Cyrus Namazi, VP DNS Industry Engagement
Becky Nash, ICANN VP Finance

ICANN 60
01 November 2017 – 1200-1400
Part 2 Agenda

1. Funding Projections
   Timing: 30min

2. Long-Term Financial Planning
   Timing: 30min

3. Q&A – General Topics
   Timing: 30min

4. Wrap Up/Next Steps
   Timing: 5min
ICANN Funding Projections

Cyrus Namazi
Global Domains Division
ICANN60 – Abu Dhabi, UAE

30 October 2017
FY17 Budget versus Actuals
FY17 Budget versus Actual Funding

- FY2017 Actual at $134.5 million
- 2% higher than FY17 budget of $132.5 million

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
## FY17 Budget vs. Actual Transactions & Contracted Parties

<table>
<thead>
<tr>
<th></th>
<th>FY17 Actual</th>
<th>FY17 Budget</th>
<th>Variance</th>
<th>FY16 Actual</th>
<th>FY15 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong># of Transactions (in Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legacy gTLDs</td>
<td>160.9</td>
<td>161.7</td>
<td>-0.8</td>
<td>161.5</td>
<td>151.2</td>
</tr>
<tr>
<td>New gTLDs – Total</td>
<td>22.2</td>
<td>30.7</td>
<td>-8.5</td>
<td>23.4</td>
<td>7.3</td>
</tr>
<tr>
<td>New gTLDs - Billable</td>
<td>18.6</td>
<td>23.1</td>
<td>-4.5</td>
<td>18.1</td>
<td>6.0</td>
</tr>
<tr>
<td>% of Billable New gTLDs vs. Total New gTLDs</td>
<td>84%</td>
<td>75%</td>
<td></td>
<td>77%</td>
<td>82%</td>
</tr>
<tr>
<td>% of Total New gTLDs vs. Total</td>
<td>12%</td>
<td>16%</td>
<td></td>
<td>13%</td>
<td>5%</td>
</tr>
<tr>
<td>% of Legacy vs. Total</td>
<td>88%</td>
<td>84%</td>
<td></td>
<td>87%</td>
<td>95%</td>
</tr>
<tr>
<td><strong># of Contracted Parties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(end of year)</td>
<td>4,149</td>
<td>2,841</td>
<td>1,308</td>
<td>3,173</td>
<td>2,207</td>
</tr>
<tr>
<td>Legacy gTLDs</td>
<td>22</td>
<td>22</td>
<td>0</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>New gTLDs (delegated)</td>
<td>1,216</td>
<td>1,237</td>
<td>-21</td>
<td>1,050</td>
<td>679</td>
</tr>
<tr>
<td>Registrars</td>
<td>2,911</td>
<td>1,582</td>
<td>1,329</td>
<td>2,105</td>
<td>1,510</td>
</tr>
</tbody>
</table>
ICANN Ops FY18 Funding

- FY18 Funding projected at $142.8 million

**Driven By:** Domain Name Registrations

- **Transaction fees:** $57.3 million (40%)

**Driven By:** # of Contracted Parties

- **Per-TLD fixed fees:** $30.8 million (22%)

**REGISTRIES**

- **Transaction fees:** $36.9 million (26%)

**REGISTRARS**

- **Application fees:** $14.1 million (10%)

**Other Funding:** $3.7 million (2%)

In millions, USD- unaudited - Arithmetic inconsistencies are due to rounding to the nearest million.
FY18 Budget represents 7.8% increase over FY17 budget levels.

Growth in funding vs. prior year reflects expectations of a maturing market.

Y-o-Y Budget Growth: 16.8%

Y-o-Y Actual Funding Growth: 22.9%
Legacy gTLDs:

Transaction Based Fees

- Assumes growth in transaction volume of 1.7% versus FY17 actuals.

New gTLDs:

Fixed Fees

- 1,240 TLDs assumed delegated by June 31, 2018

Transaction-based Fees

- Estimated using the per-TLD average number of transactions per month since delegation (average transactions during month 1, month 2,...) resulting in forecasted transaction volume growth of 87.6% versus FY17 actuals.
Registrar Accreditation:

Application Fees
- The number of newly accredited registrars increases at a rate of 15 each quarter or 60 total for the fiscal year

Accreditation Fees
- The base of total accredited registrars is reduced by 250 each quarter after FY18Q1 as a measure to account for a possible decline in aftermarket accreditations as per conservative future outlook.

Per Registrar Variable Fee
- Constant total of $3.4 million

New gTLD Program:

Application Fees Revenue
- Portion of application fees recognized in funding ratably based on evaluation expense incurred versus total evaluation expense forecasted
### ICANN Ops Funding Key Assumptions (3 of 3)

<table>
<thead>
<tr>
<th># of Transactions (in M)</th>
<th>FY18 Budget</th>
<th>FY17 Actual</th>
<th>% Inc/ (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>205.3</td>
<td>183.1</td>
<td>12.1%</td>
</tr>
<tr>
<td>Legacy gTLDs</td>
<td>163.6</td>
<td>160.9</td>
<td>1.7%</td>
</tr>
<tr>
<td>New gTLDs – Total</td>
<td>41.7</td>
<td>22.2</td>
<td>87.8%</td>
</tr>
<tr>
<td>New gTLDs - Billable</td>
<td>35.4</td>
<td>18.6</td>
<td>90.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># of Contracted Parties (as of end of year)</th>
<th>FY18 Budget</th>
<th>FY17 Actual</th>
<th>% Inc/ (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,503</td>
<td>4,149</td>
<td>-15.6%</td>
</tr>
<tr>
<td>Legacy gTLDs</td>
<td>22</td>
<td>22</td>
<td>0.0%</td>
</tr>
<tr>
<td>New gTLDs (delegated)</td>
<td>1,240</td>
<td>1,216</td>
<td>2.0%</td>
</tr>
<tr>
<td>Registrars</td>
<td>2,241</td>
<td>2,911</td>
<td>-23.0%</td>
</tr>
</tbody>
</table>
FY19 Funding Approach
FY19 Funding Principles and Approach

- Scenarios are prepared for Low, Medium and High estimates
- New gTLD transaction levels are estimated using growth pattern of earlier-launched strings
- Delegation dates estimated from contracting dates/deadlines and other available information
- Legacy transaction levels based on historical trend line (using quarterly billing seasonal trends)
- Assuming no change to fee schedule/structure in FY19
## FY19 Funding Assumptions

<table>
<thead>
<tr>
<th>Funding type</th>
<th>Baseline scenario</th>
<th>High Scenario</th>
<th>Low Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Registrar accreditation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Application fees</td>
<td>Assumptions on new applicants using historical averages multiplied by the existing application fee.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Accreditation fees</td>
<td># of new registrars to be added to existing base multiplied by the existing annual fee.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Per registrar var. fee</td>
<td>No change expected - Total at $3.4m</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Legacy TLDs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registrations volumes</td>
<td>Assumptions on historical growth average.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>New TLDs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New gTLDs Delegations</td>
<td>Expected delegation dates will be estimated for each TLD based on the current status of the applications</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Registrations volumes</td>
<td>Assumptions on historical growth average.</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>
Long-Term Financial Planning

Agenda Item #2
Financial Planning (Long-term)

• Why?
  – Community workload, post IANA stewardship transition.
  – Limited resources: ICANN’s funding is stabilizing.
  – Next 5-year Strategic plan needs to be renewed.

• What?
  – 5-year “rolling” plan
  – Strategic objectives resulting from prioritization
  – Milestone-based roadmap of action plans, including resource requirements, limited by resources available.

• How?
  – ICANN’s budget mostly committed
  – Emerging Trends, analyzed and prioritized annually
  – Trade-off between existing activities and new work from trends

• Next steps?
  – Define a strategic plan development process with community engagement
Q&A – General Topics

Agenda Item #3
Q&A - General Topics

Questions?
Part 2 Wrap Up/Next Steps

Agenda Item #4
Part 2 Wrap Up/Next Steps

Summary/Action Items

Draft PTI/IANA Operating Plan and Budget Public Comment
(Closes: 26 Nov 2017)

Reserve Fund Public Comment
(Closes: 30 Nov 2017)

Draft ICANN Operating Plan and Budget Public Comment
(Target: 15 Jan 2018 - 4 Mar 2018)
Thank You and Questions
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