



Comment on DRAFT PTI and IANA FY22 Operating Plan and Budgets

Status: FINAL

Version: 3

30-Nov-2020

Business Constituency Submission

GNSO//CSG//BC

Background

This document is the response of the ICANN Business Constituency (BC), from the perspective of business users and registrants, as defined in our Charter:

The mission of the Business Constituency is to ensure that ICANN policy positions are consistent with the development of an Internet that:

1. promotes end-user confidence because it is a safe place to conduct business
2. is competitive in the supply of registry and registrar and related services
3. is technically stable, secure and reliable.

BC comment on DRAFT PTI and IANA FY22 Operating Plan and Budgets¹

The Business Constituency (BC) was pleased to provide this comment on the Draft FY22 PTI and IANA Budgets. We note that the Public Technical Identifier (PTI) performs the core Internet Assigned Numbers Authority (IANA) functions while the IANA Budget encompasses the IANA functions performed by ICANN Org which are not performed by PTI.

PTI:

The BC identified that a vital information is missing in the Executive Summary (ES) and that is the total Budget value. The purpose of ES is to have the high-level information on any document and the total budget value is a very important information that should be incorporated into the ES so that without having to read the entire document, readers can be acquainted with the key budget data. It was thus recommended that the budget total value be added to Executive Summary.

The BC noted PTI's expectation in Fiscal Year (FY) 22 to continue to deliver a comprehensive set of systems and tools to support protocol parameter assignment workflows following a **multi-year development** effort. As enquired last year, BC wished for PTI to indicate the expected end of this multi-year development effort. Projects and Programmes should have start dates and proposed end dates which are subject to change based on management approval. The idea behind this is to avoid unending/unpredictable multi-year efforts. Once the project/Programme is completed, it can be absorbed into the general day-to-day activity as part of "business as usual".

Overall, the BC is satisfied with the draft FY22 PTI services budget of USD9.7m which is \$0.3m lower than the FY21 Budget due to reduction in one Personnel headcount and decreases in direct shared and shared services allocations; partially offset by incremental direct costs for capital.

While the outcome of ICANN org comprehensive hiring process has led to reduction in Personnel cost by one headcount, it is our expectation that no role will suffer as a result. To assist us in understanding where the reduction occurred, please clarify whether the change is in direct dedicated or direct shared resources, and how responsibilities are being adjusted or re-assigned.

We guess on page 11 that the word "Office" is missing at the end of the Direct Shared Cost line item of "Administration and Rent for Los Angeles (Office)".

¹ ICANN comment page, at <https://www.icann.org/public-comments/draft-pti-iana-fy22-budgets-2020-10-08-en>

The BC notes that variances in FY22 PTI services budget to that of the budget estimates for FY21 under Administration, including rent and other facilities costs, software, and general office expenses, decreased by \$0.1 million from the prior year driven by a reduction in shared services allocations but noticed this expense head was flat in the chart below.

FY22 PTI Budget in Millions, USD	PTI Services FY22 Budget	PTI Services FY21 Budget	Under/(Over)		PTI Services FY20 Actuals	Under/(Over)	
			Total	%		Total	%
FUNDING	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
Personnel	\$6.1	\$6.3	\$0.2	3.8%	\$4.9	(\$1.2)	-24.7%
Travel & Meetings	\$0.6	\$0.5	(\$0.1)	-16.9%	\$0.2	(\$0.4)	-224.1%
Professional Services	\$1.3	\$1.4	\$0.1	5.0%	\$0.9	(\$0.4)	-50.4%
Administration	\$0.9	\$0.9	\$0.1	8.8%	\$1.2	\$0.4	31.4%
Contingency	\$0.5	\$0.5	\$0.0	0.0%	\$0.0	(\$0.5)	0.0%
Capital	\$0.3	\$0.1	(\$0.2)	-173.9%	\$0.3	(\$0.0)	-7.6%
Depreciation (a)	\$0.1	\$0.3	\$0.2	63.0%	\$0.0	(\$0.1)	-5251.3%
TOTAL CASH EXPENSES	\$9.7	\$10.0	\$0.3	2.8%	\$7.5	(\$2.2)	-29.9%
EXCESS/(DEFICIT)	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	\$0.0	0.0%
Average Headcount (FTE) (b)	22.0	23.0	1.0	4.3%	19.9	(2.1)	-10.4%

(a) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN
(b) FTE: Full-time staff equivalent

The decrease of \$0.1 million on administration estimates compared to the previous year is consistent with the last two budget estimates and it suggests that the organisation is stable in its operations due to its shared services allocations with ICANN.

The BC is concerned that the Capital costs estimates for FY22 went up by 174% over that of the previous year to incorporate software development costs for the root zone. This concern is borne out of the fact that the details of the software’s development scope, budgeted for in this estimate is not defined. It is hoped that the development and annual maintenance cost would not cause a spike in the budget Year-on-Year going forward.

The BC also notes from the data provided, that the budget estimates for PTI Services in FY2022 for Names, Protocol Parameters and PTI Budget showed a steady decline, whilst estimates for Numbers increased by some margin, when compared to the previous year.

PTI Services FY22 Budget In Millions, USD	Names	Numbers	Protocol Parameters	FY22 Budget
Direct costs / Dedicated resources	2.7	0.9	1.4	5.0
Direct costs / Shared resources	1.2	0.4	0.6	2.3
Support Services Allocations	1.3	0.4	0.7	2.5
Total	\$5.3	\$1.7	\$2.8	\$9.7

PTI Services FY21 Budget In Millions, USD	Names	Numbers	Protocol Parameters	FY21 Budget
Direct costs / Dedicated resources	2.7	0.8	1.4	4.9
Direct costs / Shared resources	1.4	0.4	0.6	2.3
Support Services Allocations	1.5	0.4	0.8	2.7
Total	\$5.7	\$1.6	\$2.8	\$10.0

Variance FY22 vs FY21				
In Millions, USD	Names	Numbers	Protocol Parameters	Variance
Direct costs / Dedicated resources	(0.0)	0.1	0.0	0.1
Direct costs / Shared resources	(0.2)	0.0	0.0	(0.1)
Support Services Allocations	(0.2)	(0.0)	(0.1)	(0.3)
Total	(\$0.4)	\$0.1	(\$0.0)	(\$0.3)

There were however no footnotes or explanations in the FY2022 estimates on the Numbers side to help determine if the increase in budget estimates was organically induced or momentary.

The BC supports that for the purposes of FY22, the "Caretaker IANA Budget" defined in the FY20 IANA Operating Plan and Budget as approved by the ICANN Board in May 2019 be maintained.

IANA:

The BC noted that a vital information is missing in the Executive Summary (ES) and that is the total Budget value. The purpose of ES is to have the high-level information on any document and the total budget value is a very important information that should be incorporated into the ES so that without having to read the entire document, readers can be acquainted with the key budget data. The thus recommend that the budget total value be added to Executive Summary.

On the last line of the last paragraph of page 4, it appears one of the two of "carried out", "borne" may need to be struck-out.

The BC noted that the FY22 IANA Services Budget sum of US\$600,000 is flat compared to that of FY20 & FY21. Therefore, prudence is the stated optimization of the services cost is commended.

Conclusion

It is pertinent to note that ICANN continues to fulfill the PTI Bylaws regulation requiring "at least nine months prior to the commencement of each fiscal year, the Corporation shall submit to the PTI Board and the Board of Directors of ICANN an annual operating plan and budget for the Corporation's next fiscal year." This is commendable in the face of all the disruptions that came with the global pandemic and outbreak of COVID-19.

The BC supports the FY22 IANA Budget of \$10.3 million, of which \$9.7 million is for PTI services and \$0.6 million is for IANA services (not performed by PTI).

This comment was drafted by Jimson Olufuye, with edits from Lawrence Olawale-Roberts and Tim Smith.

It was approved in accord with our charter.