



FY18 PTI Operating Plan and Budget

Draft posted for Public Comment | October 2016

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1 - Introduction

Contents of the document

This document contains the total IANA Services draft FY18 Operating Plan and Budget, which is submitted for public comment as required by ICANN's Bylaws, and in accordance with ICANN's public comment policy. The total IANA Services include the management of Protocol Parameters, Numbering and Names. Public Technical Identifiers (PTI), an ICANN affiliate, is the largest component of the IANA Services and this document contains the Operating Plan and Budget for PTI and for IANA Services provided by other parties.

This document provides the details of the total IANA Services activities for its fiscal year 2018 (FY18) from 1 July 2017 to 30 June 2018.

Section 4 of this document describes the IANA Services and describes the activities performed to deliver them. Where useful, comparative information for FY17 is provided, which represents the total IANA Services forecast information for this fiscal year.

Timeline and PTI

PTI was incorporated in early August 2016 and the Board met for the first time on 28 September 2016, where it reviewed a draft Operating Plan and Budget. PTI presented a budget to ICANN on 28 September 2016 and that budget, which forms a part of this document, is now published for Public Comment.

This is the first year of the PTI and total IANA Services and the [CWG-Stewardship](#) recommended that "PTI should submit a budget to ICANN at least nine months in advance of the fiscal year to ensure the stability of the IANA Services. It is the view of the CWG-Stewardship that the IANA budget should be approved by the ICANN Board in a much earlier timeframe than the overall ICANN budget." This is intended to further enhance the understanding and transparency of its activities, and ultimately its accountability in the management of funds in the public interest.

This year's Operating Plan & Budget includes data on all projects to be carried out during FY18, and displays all costs categories for each service. Each project is also mapped to one of the five objectives of the ICANN Strategic Plan for fiscal years 2016-2020, through the hierarchy of portfolios and goals, making the rationale for each project and activity clear and transparent.

We will prepare an updated set of Plans, based on input from the multistakeholder community. The updated Plans will be proposed to the PTI Board for adoption during January 2017, five months before the start of the fiscal year.

Caretaker Budget

ICANN's [new Bylaws require](#) the development of a "Caretaker" Operating Plan and Budget to preserve the continuation of its operations, in the event that a particular year's Plans are not accepted by the community. A plan for a caretaker budget is described in Appendix C.

Multistakeholder Participation

Our multistakeholder model enables the engagement of stakeholders in the planning process through accessible information and effective interaction. We have published these draft Plans for public comment to involve the community in the planning process.

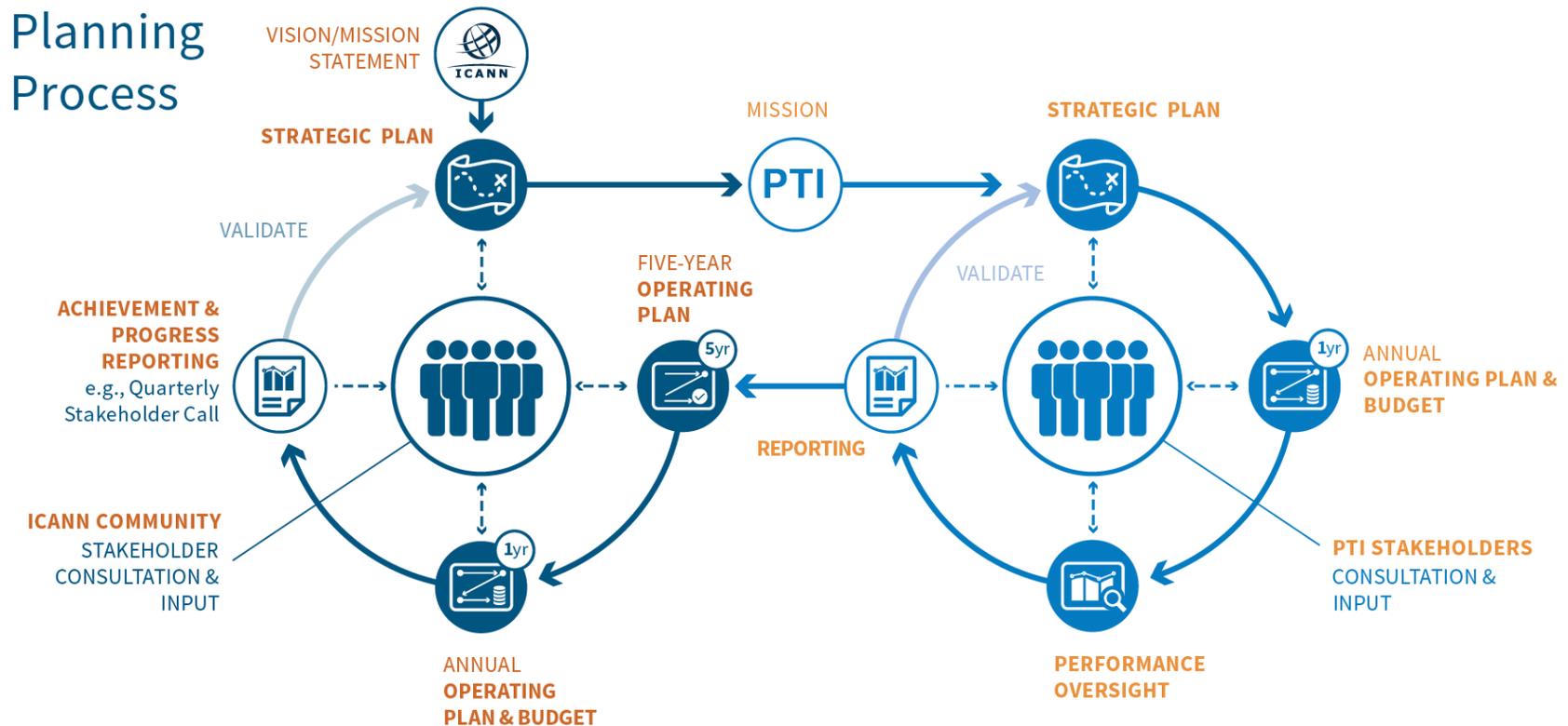
Enabling the engagement of stakeholders in the planning process of ICANN, through accessible information and effective interaction, is a fundamental part of ICANN's multistakeholder model. The publishing of this draft Operating Plan and Budget for public comment is a key element of the transparency and community engagement in ICANN's planning process.

ICANN welcomes and recognizes the past, present and future engagement of all stakeholders into the ICANN's planning process, whether relative to the strategic plan, operating plan, budget, or on-going operational and financial updates.

We are publishing early in the second quarter of ICANN's FY17 fiscal year to give the multistakeholder community an early opportunity to provide input.

2- Planning and Budget Overview

This graphic shows the PTI planning process and the encompassing ICANN planning process. PTI's strategic goals are a part of ICANN's strategic goals. PTI's multiyear plans are a part of ICANN's Five-Year Operating Plan. The adopted version of this Plan will become a component of ICANN's FY18 Operating Plan and Budget.



3 - PTI Financial Overview

3.1 – Budget Overview

PTI develops an Operating Plan and Budget each year. The draft Plan is presented for Public Comment, using ICANN’s Public Comment process. When that process ends, staff develops a proposed Operating Plan and Budget for the PTI Board to review and adopt. The adopted Plan forms the basis for ICANN’s funding of PTI operations.

FY18 PTI Budget in Millions, USD	PTI Operations FY18 Budget	PTI Operations FY17 Budget	Increase/(Decrease)	
			Total	%
FUNDING	\$9.6	\$9.0	\$0.6	7.0%
Personnel	\$5.8	\$5.2	\$0.5	10.4%
Travel & Meetings	\$0.6	\$0.4	\$0.2	42.3%
Professional Services	\$1.1	\$1.0	\$0.1	11.9%
Administration	\$1.2	\$1.2	\$0.0	2.4%
Contingency	\$0.5	\$0.6	(\$0.1)	-17.7%
Capital	\$0.1	\$0.1	(\$0.0)	-14.1%
Depreciation (b)	\$0.4	\$0.5	(\$0.1)	-26.2%
TOTAL CASH EXPENSES	\$9.6	\$9.0	\$0.6	7.0%
EXCESS/(DEFICIT)	\$0.0	\$0.0	\$0.0	0.0%
AVERAGE HEADCOUNT (FTE) (a)	22.6	21.3	1.3	6.2%

FY18 IANA Services Budget in Millions, USD	IANA Services FY18 Budget	IANA Services FY17 Budget	Increase/(Decrease)	
			Total	%
PTI Operations	\$9.6	\$9.0	\$0.6	7.0%
RZMA (Operating Exps & Capital) (c)	\$0.4	\$0.3	\$0.1	33.3%
TOTAL	\$10.0	\$9.3	\$0.7	7.8%

(a) FTE: Full-time staff equivalent

(b) Depreciation is treated as a cash expense for PTI since it will be reimbursed to ICANN

(c) RZMA = Root Zone Maintainer Agreement. It will be funded by ICANN Operations

The IANA Services budget is \$10.0 million, an increase of \$0.7 million from \$9.3 million in FY17. The primary drivers of the increase are:

- **Personnel costs increase \$0.5 million, 10.4% due to the impact of:**
 - **Merit awards for existing FTE's, increase by \$0.2 million**
 - **Direct Dedicated Resources: increase by \$0.5 million**
 - **Three FTEs to be hired in FY17 working a full year in FY18 versus a partial year in FY17**
 - **Two FTE's planned to be hired in FY18 for Software Development and Cryptographic Key Services**
 - **Direct Shared Resources decrease by \$0.2 million**
 - **0.7 FTE less than FY17 due to non-recurring PTI Implementation support**
- **Travel and Meetings includes travel and venue costs for outreach, meetings, and PTI Board activities. Travel and Meeting costs increase in FY18 \$0.2 million, 42.3% due to:**
 - **Incremental community engagement by PTI adds \$0.1 million**
 - **The implementation of the PTI Board with three meetings each year adds \$0.1 million**
- **Professional Services include contractor services, legal fees and audit services. Professional Services costs increase \$0.1 million, 11.9% in FY18 primarily due to:**
 - **Outside legal counsel expenses add \$0.07 million**
 - **Audit and tax filing expenses add \$0.05 million**
- **Administration includes rent and other facilities costs, software, and general office expenses. Administration costs remain relatively flat in FY18 with slight 2.4% increase due IT system and maintenance support.**
- **Contingency is for potential insurance, communication and unforeseen costs. Costs related to the formation of PTI's legal entity were allocated to contingency in FY17. These will not be incurred again, allowing the budget to be reduced \$0.1 million, this is a decrease of 17.7%.**
- **Capital includes a new Hardware Security Module and Key Management Facility (KMF) improvements. Capital decreases in FY18 by 14.1% due to fewer KMF upgrades needed.**
- **Depreciation represents the cost associated with the use of ICANN's assets in carrying out IANA Services. The estimated depreciation cost decreases by \$0.1 million, a 26.2% change in FY18 due to KMF assets that have fully depreciated by end of FY17.**
- **ICANN contracts with Verisign for the provision of the Root Zone Maintainer Agreement (RZMA) function. This cost is a component of delivering the IANA Names Service, and so is reflected in the IANA Services budget. The RZMA costs increase \$0.1 million, 33% due to a fully year of operation in FY18 versus nine months in FY17.**

3.2 - Funding

Now that the National Telecommunications and Information Administration's stewardship has transferred to the global multistakeholder community, PTI performs the IANA Services, outlined in Section 4, on behalf of ICANN. PTI will send ICANN quarterly invoices for providing the services. As PTI and ICANN are both not for profit organizations, the invoices and payments will be for the actual costs of providing the IANA Services.

3.3 - Operating and Capital Expenses

The Operating and Capital Expenses budget table shows a summary of all expenses other than the \$0.4 million allocated for Root Zone Maintainer Agreement. That agreement is described in the lower section of the Budget Overview in Section 3.1 to provide a complete picture of the costs for providing the IANA Services.

TOTAL PTI in Millions, USD	PTI Operations FY18 Budget	PTI Operations FY17 Budget	Increase/(Decrease)	
			Total	%
Operating Expenses*	\$9.5	\$8.9	\$0.6	7.2%
Capital	\$0.1	\$0.1	(\$0.0)	-14.1%
TOTAL	\$9.6	\$9.0	\$0.6	7.0%

*Includes depreciation

4 - IANA Services Overview

The IANA Services include the management of protocol parameters, Internet Number Resources and domain names. PTI, an ICANN affiliate, performs these functions on behalf of the global Internet community.

4.1 - IANA Numbering Services

The IANA Numbers Service consists of administration of the IANA Number Registries in accordance with Global Policies and any applicable and mutually acceptable and agreed upon guidelines and procedures, including:

- **Allocation of Internet Number Resources to Regional Internet Registries.**
- **Management of returned Internet Number Resources.**
- **General IANA Number Registries maintenance.**
- **Administration of the unicast portion of the special- purpose “IN-ADDR.ARPA” and “IP6.ARPA” DNS zones.**



More information: iana.org/numbers

4.2 - IANA Protocol Parameter Services

The IANA Protocol Parameter Service consists of:

- **Assigning and registering Internet Protocol Parameters as directed by the criteria and procedures specified in [RFCs](#), including:**
 - **Proposed, Draft and full Internet Standards.**
 - **Best Current Practice documents.**
 - **Any other RFC that calls for IANA assignment.**
- **Assigning and registering Internet Protocol Parameters procedures and criteria directed by Supplemental Agreements agreed to between the IETF and ICANN.**
- **Registering Protocol Parameters of interest to the Internet community upon agreement with other parties.**
- **Providing on-line facilities for the public to request Internet Protocol Parameter assignments.**

- **Making available to the public, on-line and free of charge, information about each current assignment, including contact details for the assignee.**

 More information: iana.org/protocols

4.3 - IANA Names Services

The IANA Names Service consists of:

- **Management of the DNS Root Zone.**
- **Management of the .INT top-level domain.**
- **Maintenance of a repository of Internationalized Domain Name tables and Label Generation Rule sets.**
- **Providing of other services related to the management of .INT top-level domain.**

 More information: iana.org/domains/root

 More information: iana.org/domains/arpa

 More information: iana.org/domains/int

5 - IANA Services and Budget

The work performed to deliver the IANA Services, which are outlined in Section 4, is described in Sections 5.1 and 5.2. This work is performed within ICANN’s overarching [strategic structure](#). It sits within the objective “Support a healthy, stable and resilient unique identifier ecosystem” and goal “Foster and coordinate a healthy, secure, stable, and resilient identifier ecosystem.”

Within that strategic structure, PTI operationalizes work using two portfolios of projects: one is focused on operational activities and the other is focused on systems enhancements. To help readers understand the management structure, the PTI Operations portfolio has been subdivided into programs of similarly themed projects. The 13 activities described in ICANN’s FY17 Operating Plan and Budget have been mapped to these portfolios in the Appendix.

The tables in this section show two types of costs. Direct costs are shown for resources fully dedicated to delivering the IANA Services. Direct shared costs are shown for resources shared with ICANN. The costs of support functions shared with ICANN are shown in the table in Section 5.3.

Costs are shown in millions of US dollars with a granularity of \$100,000. An absence of any expenditure is shown with a dash. The cost tables use abbreviations in some column headers and these are explained in this table.

Abbreviation	Meaning
T&M	Travel and Meetings
Prof Svcs	Professional Services
Admin	Administration

5.1 - PTI Operations

Operational responsibilities for maintaining registries for Protocol Parameters, IP numbers, Autonomous System Numbers, and root zone changes. Maintenance of relationship with Internet Engineering Task Force, Internet Architecture Board, five Regional Internet Registries, and TLD operators.

5.1.1 – Operational Activities

This program contains project and non-project based work dedicated towards the delivery of the IANA Services. It includes:

- **Ongoing daily activities required to provide the IANA Services, such as processing requests, responding to correspondence, and other recurring activities.**

- **Customer-related activities in which PTI participates, such as Public Speaking, Conferences, Meetings and other community events.**
- **Evaluating, planning and implementing enhancements to the Key Management Facilities and the related security system setup.**
- **Performing four key signing ceremonies per year. This work includes:**
 - **Reviewing and revising the policy and procedures documents**
 - **Selecting Trusted Community Representatives for each of the ceremonies**
 - **Updating ceremony scripts, and other administrative tasks related to signing of the root zone.**

Operations Activities							
Cost Category	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct costs / Dedicated resources	8.8	\$1.5	\$0.3	\$0.4	\$0.0	\$0.0	\$2.2
Direct costs / Shared resources	4.6	\$0.9	\$0.2	\$0.4	\$0.7	-	\$2.2
Total	13.3	\$2.4	\$0.5	\$0.8	\$0.7	\$0.0	\$4.4

5.1.2 – Improvement Activities

This program contains project work dedicated towards continuous improvement in the delivery of the IANA Services. It includes:

- **Engaging a third-party auditor to audit the IANA Registry Maintenance Systems using the SOC2 Framework and the DNSSEC systems and processes using the SOC3 Framework.**
- **Conducting the sixth annual customer service survey about customer satisfaction with the performance of the IANA Services.**
- **Planning and executing a table-top exercise to test the Contingency and Continuity of Operations Plan and identify strengths and areas for improvement.**
- **Conducting an annual internal EFQM Excellence Model assessment to identify strengths and areas for improvement.**

 More information: iana.org/about/audits

 More information: efqm.org/the-efqm-excellence-model

Improvement Activities							
	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct costs / Dedicated resources	5.6	\$0.9	\$0.0	\$0.4	\$0.0	-	\$1.3
Direct costs / Shared resources	0.0	-	-	-	-	-	-
Total	5.6	\$0.9	\$0.0	\$0.4	\$0.0	-	\$1.3

5.1.3 – Administrative Activities

This program contains project work dedicated towards training and developing staff. It includes:

- **Planning, scheduling and completing training activities related to audit, security, and the EFQM Excellence Model as well as other relevant training programs.**
- **Planning and executing necessary steps to maintain the ability for staff to work in the US or another suitable ICANN office location.**

Administrative Activities							
	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct costs / Dedicated resources	2.2	\$0.4	\$0.1	\$0.1	\$0.0	-	\$0.6
Direct costs / Shared resources	0.0	-	-	-	-	-	-
Total	2.2	\$0.4	\$0.1	\$0.1	\$0.0	-	\$0.6

5.2 - PTI System Enhancements

This portfolio of projects is focused on software enhancements, tool development, and other discrete projects to improve delivery of the IANA Services. The two focus areas for FY18 are:

- **Analyzing and enhancing automation systems to support the common registry workflow used for protocol parameter assignments and other IANA registries. This is a multi-phase project scheduled to run for at least two years.**
- **Delivering an overarching design update for the iana.org website. This is a multi-phase project scheduled to run for at least two years. Key deliverables include:**

- ❑ Improved search functionality
- ❑ General notification service
- ❑ Customer API
- ❑ Migration to CDN
- ❑ Stand alone technical checks
- ❑ Knowledgebase
- ❑ Registry change tracking

Systems and Tools							
	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct costs / Dedicated resources	1.5	\$0.4	-	\$0.1	\$0.0	\$0.0	\$0.5
Direct costs / Shared resources	0.0	-	-	-	-	-	-
Total	1.5	\$0.4	-	\$0.1	\$0.0	\$0.0	\$0.5

5.3 – Grand Total Including Support Functions Shared with ICANN

The work to perform the PTI Operations and Systems Enhancement activities is supported by ICANN support functions. As a result, a portion of the costs for these functions is allocated to PTI. The allocation amount was determined by dividing the support functions costs by the direct (dedicated and shared) costs as defined above to determine a percentage of support functions costs. This percentage was then applied to the FY18 PTI Services costs (dedicated and shared) to determine the support function allocation PTI.

The list of functions included in the allocated support costs are:

- Executive
- Communications
- Governance support
- ❑ Board Operations

- Legal
- NomCom
- IT
 - Administration
 - Cyber-Security
 - Infrastructure
 - Project Management Office
 - Staff-Facing Solutions
- Operations
 - Administration and Real Estate
 - Enterprise Risk Management
 - Executive
 - Finance
 - Human Resources
 - Procurement

	Grand Total						
	FTE	Personnel	T&M	Prof Svcs	Admin	Capital	Total
Direct costs / Dedicated resources	18.0	\$3.2	\$0.3	\$0.9	\$0.1	\$0.1	\$4.6
Direct costs / Shared resources	4.6	\$0.9	\$0.2	\$0.4	\$0.7	-	\$2.2
Support Services Allocations		\$1.6	\$0.1	\$0.3	\$0.8	-	\$2.8
Total	22.6	\$5.8	\$0.6	\$1.6	\$1.6	\$0.1	\$9.6

Appendix A – Mapping FY17’s 13 Activities to FY18’s Structure

A set of 13 activities performed to deliver the IANA Services was described in the Appendix to ICANN’s FY17 Operating Plan and Budget. The overall set of activities planned for PTI’s FY18 Operating Plan and Budget is the same as planned for FY17. We have tried to present the work in a way that is easier to understand. This is the format we intend to use for PTI’s future Operating Plans and Budgets.

To provide continuity with FY17, this table describes how those activities have been translated into the work described in Section 5 of this document.

Activities FY17	Work planned for FY18
Stakeholder Reports	5.1.1 - Operational Activities
Request Handling	5.1.1 - Operational Activities
Stakeholder Engagement	5.1.1 - Operational Activities
Internal Reports	5.1.2 - Improvement Activities
Systems/Tools Enhancements	5.2 – PTI Systems Enhancements
Department Management Responsibilities	5.1.3 – Administrative Activities
Key Signing Ceremonies	5.1.1 - Operational Activities
Key Management Facility Management	5.1.1 - Operational Activities
Customer Surveys	5.1.2 - Improvement Activities
Third-Party System Audits	5.1.2 - Improvement Activities
Risk, Security, Continuity Plans	5.1.2 - Improvement Activities
Consultation to Policy Groups	5.1.1 - Operational Activities
Organizational Meetings	5.1.2 - Improvement Activities

Appendix B – Budget Overview by IANA Service

These three tables show the variance in the budgeted costs incurred to provide the IANA Names, Numbering, and Protocol Parameters between FY17 and FY18.

PTI Operations FY18 Budget In Millions, USD	Names	Numbers	Protocol Parameters	FY 18 Budget
Direct costs / Dedicated resources	2.7	0.7	1.2	4.6
Direct costs / Shared resources	1.4	0.3	0.5	2.2
Support Services Allocations	1.7	0.4	0.7	2.8
Total	\$5.7	\$1.4	\$2.4	\$9.6

PTI Operations FY17 Budget In Millions, USD	Names	Numbers	Protocol Parameters	FY 17 Budget
Direct costs / Dedicated resources	2.6	0.5	1.2	4.3
Direct costs / Shared resources	1.2	0.3	0.6	2.0
Support Services Allocations	1.6	0.4	0.8	2.7
Total	\$5.3	\$1.2	\$2.5	\$9.0

Variance FY18 vs FY17 In Millions, USD	Names	Numbers	Protocol Parameters	Variance
Direct costs / Dedicated resources	0.2	0.2	0.0	0.4
Direct costs / Shared resources	0.2	0.0	(0.1)	0.2
Support Services Allocations	0.1	0.1	(0.1)	0.1
Total	\$0.4	\$0.3	(\$0.1)	\$0.6

Appendix C – Caretaker Budget

This draft FY18 Operating Plan and Budget represents the complete set of activities required to provide a reliable and resilient set of IANA Services. As such, it is proposed that the FY18 Operating Plan and Budget be adopted as the "Caretaker IANA Budget" described in Annex F to ICANN's Bylaws.

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