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# **Public Technical Identifiers (PTI) FY23 Q3 Financial Report (Unaudited)**

Nine Months Ending 31 March 2023

May 2023

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# 1 FINANCIAL HIGHLIGHTS

## 1.1 FY23 PTI Operations

### March 2023 Year to Date (9 months) Actuals vs. Budget

Public Technical Identifiers (PTI) is a nonprofit organization and affiliate of ICANN that was created in 2016. ICANN org has delegated the performance of the Internet Assigned Numbers Authority (IANA) functions to PTI pursuant to contracts and sub-contracts with PTI. The IANA functions include maintenance of Internet number resources, management of the DNS root zone, and other operational aspects of coordinating the Internet's unique identifiers. Below is a summary of year to date unaudited financials for PTI Operations.

FY23 PTI Operations in Millions, USD	9 Months Through March 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
<b>FUNDING</b>	<b>\$6.7</b>	<b>\$7.2</b>	<b>\$0.4</b>	<b>6%</b>
Personnel	\$4.7	\$4.7	(\$0.0)	0%
Travel & Meetings	\$0.3	\$0.4	\$0.0	13%
Professional Services	\$0.6	\$1.0	\$0.3	33%
Administration	\$0.8	\$0.7	(\$0.1)	-17%
Contingency	\$0.0	\$0.2	\$0.2	100%
Capital	\$0.2	\$0.2	\$0.1	31%
Depreciation (a)	\$0.1	\$0.0	(\$0.1)	-877%
<b>TOTAL CASH EXPENSES</b>	<b>\$6.7</b>	<b>\$7.2</b>	<b>\$0.4</b>	<b>6%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0%</b>
Average Headcount	20.4	22.0	1.6	7%

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

FY23 PTI Operations in Millions, USD	9 Months Through March 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
Direct Dedicated	\$3.0	\$3.7	\$0.6	17%
Direct Shared	\$1.8	\$1.6	(\$0.2)	-13%
Shared Services	\$1.8	\$1.9	\$0.0	1%
<b>TOTAL CASH EXPENSES</b>	<b>\$6.7</b>	<b>\$7.2</b>	<b>\$0.4</b>	<b>6%</b>

Due to rounding, numbers presented may not add up precisely to the totals indicated.

**\*Please see Appendix for definitions of cost category terms above\***

PTI Operations has funding and cash expenses lower than budget by \$0.4M. Since PTI is funded by ICANN, when expenses are lower than budget, the funding from ICANN is also lower by the same amount.

Expenses are lower than budget by \$0.4M driven by lower than planned Professional Services due to timing of audit and community mandated expenses planned. Administration is slightly higher than budget due to Direct Shared E&IT higher than planned software and license costs. Depreciation is slightly higher than budget due higher than planned root zone software development.

Direct Dedicated expenses are lower than budget \$0.6M driven by lower than planned headcount, lower than planned Contingency usage, lower Administration costs for team activities, and lower than planned Capital expenses for development work on the next generation Root Zone Management System project.

Direct Shared expenses are slightly higher than budget driven by E&IT administrative expenses and Depreciation as stated above.

Shared Services expenses are flat to budget.

## 1.2 FY23 IANA Functions Operations

### March 2023 Year to Date (9 months) Actuals vs. Budget

IANA Functions includes PTI Operations (see section above) and IANA Support Activities which include the Root Zone Maintainer function, Customer Standing Committee, and IANA Naming Function reviews. IANA Support Activities are incurred by ICANN to oversee PTI’s performance of IANA services, plus costs solely incurred to enable IANA functions.

FY23 IANA Functions in Millions, USD	9 Months Through March 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
PTI Operations	\$6.7	\$7.2	\$0.4	6%
IANA Support Activities (a)	\$0.4	\$0.4	(\$0.0)	-1%
<b>TOTAL</b>	<b>\$7.1</b>	<b>\$7.6</b>	<b>\$0.4</b>	<b>6%</b>
Average Headcount	20.4	22.0	1.6	7%

(a) IANA Support Activities expenses consist of the RZMA = Root Zone Maintainer Agreement and capital expense, both funded directly by ICANN Operations

Total IANA expenses of \$7.1M is lower than budget by \$0.4M. This favorability is attributed to a favorable variance for PTI Operations noted above. The IANA Support Activities remained relatively flat to budget.

## 2 APPENDIX

### 2.1 FY23 PTI Operations by Cost Category

#### March 2023 Year to Date (9 months) Actuals vs. Budget

Because PTI is an affiliate of ICANN and it relies on support from ICANN, there are three categories to help define its cost structure. Below is an explanation and financial summary of each cost category's year to date expenses.

#### Direct Dedicated

Direct Dedicated costs are resources fully committed to delivering the IANA functions. Examples of Direct Dedicated costs are Personnel costs for PTI employees, Professional Service costs for technical audits, and website improvements Capital costs for Key Management Facility (KMF) replacements.

FY23 PTI Operations in Millions, USD	FY23 Actual Direct Dedicated	FY23 Budget Direct Dedicated	Under/(Over) Budget	
			Direct Dedicated	
			Total	%
<b>FUNDING</b>	<b>\$3.0</b>	<b>\$3.7</b>	<b>\$0.6</b>	<b>17.0%</b>
Personnel	\$2.4	\$2.5	\$0.1	3.5%
Travel & Meetings	\$0.2	\$0.2	\$0.1	26.7%
Professional Services	\$0.3	\$0.4	\$0.1	30.7%
Administration	\$0.0	\$0.1	\$0.0	59.4%
Contingency	\$0.0	\$0.2	\$0.2	100.0%
Capital	\$0.2	\$0.2	\$0.1	31.5%
Depreciation	\$0.0	\$0.0	\$0.0	0.0%
<b>TOTAL CASH EXPENSES</b>	<b>\$3.0</b>	<b>\$3.7</b>	<b>\$0.6</b>	<b>17.0%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Headcount	15.3	17.0	1.7	9.8%

## Direct Shared

Direct Shared costs comprise of staff within the ICANN org who provide material support to PTI as a dedicated component of their key responsibilities, as well as external costs directly related to PTI but incurred under another function. Examples of Direct Shared costs are Personnel costs for the time select Legal staff spend supporting PTI, Professional Service costs for algorithm support which is facilitated by the Office of the CTO function, and Administrative costs for the KMFs overseen by the Engineering & IT function.

FY23 PTI Operations in Millions, USD	FY23 Actual Direct Shared	FY23 Budget Direct Shared	Under/(Over) Budget	
			Direct Shared	
			Total	%
<b>FUNDING</b>	<b>\$1.8</b>	<b>\$1.6</b>	<b>(\$0.2)</b>	<b>-12.6%</b>
Personnel	\$1.0	\$1.0	(\$0.0)	-0.7%
Travel & Meetings	\$0.1	\$0.1	(\$0.0)	-48.5%
Professional Services	\$0.2	\$0.2	\$0.0	20.8%
Administration	\$0.5	\$0.4	(\$0.1)	-26.9%
Contingency	\$0.0	\$0.0	\$0.0	0.0%
Capital	\$0.0	\$0.0	\$0.0	0.0%
Depreciation (a)	\$0.1	\$0.0	(\$0.1)	-877.0%
<b>TOTAL CASH EXPENSES</b>	<b>\$1.8</b>	<b>\$1.6</b>	<b>(\$0.2)</b>	<b>-12.6%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Headcount	5.1	5.0	(0.1)	-1.4%

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

### Shared Services

Shared Services are support functions providing a baseline set of services in common with the rest of ICANN org, which help the PTI team members deliver on all aspects of their work. Shared Services are determined for all of ICANN org and a portion of this is allocated to PTI.

FY23 PTI Operations in Millions, USD	FY23 Actual Shared Services	FY23 Budget Shared Services	Under/(Over) Budget	
			Shared Services	
			Total	%
<b>FUNDING</b>	<b>\$1.8</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>1.0%</b>
Personnel	\$1.3	\$1.2	(\$0.1)	-7.2%
Travel & Meetings	\$0.0	\$0.1	\$0.0	36.8%
Professional Services	\$0.2	\$0.3	\$0.1	43.5%
Administration	\$0.3	\$0.2	(\$0.1)	-25.8%
Contingency	\$0.0	\$0.0	\$0.0	0.0%
Capital	\$0.0	\$0.0	\$0.0	0.0%
Depreciation	\$0.0	\$0.0	\$0.0	0.0%
<b>TOTAL CASH EXPENSES</b>	<b>\$1.8</b>	<b>\$1.9</b>	<b>\$0.0</b>	<b>1.0%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Headcount	0.0	0.0	0.0	0.0%

## 2.2 FY23 PTI Operations by Service

### March 2023 Year to Date (9 months) Actuals vs. Budget

PTI's provision of the IANA services is typically divided into three categories: domain names, number resources and protocol parameters. Below is an explanation of each category and a financial summary of year to date expenses by category.

#### Names

Management of the DNS Root, the .int and .arpa domains, and an IDN practices resource.

#### Numbers

Coordination of the global pool of IP and AS numbers, primarily providing them to Regional Internet Registries (RIRs).

#### Protocol Parameters

Internet protocols' numbering systems are managed in conjunction with standards bodies.

FY23 PTI Operations In Millions, USD	FY23 Actuals			
	Names	Numbers	Protocol Parameters	FY23 Actuals
Direct Dedicated	1.8	0.5	0.8	3.0
Direct Shared	1.1	0.3	0.5	1.8
Shared Services	1.1	0.3	0.5	1.8
<b>Total</b>	<b>\$4.0</b>	<b>\$1.0</b>	<b>\$1.7</b>	<b>\$6.7</b>

FY23 PTI Operations In Millions, USD	FY23 Budget			
	Names	Numbers	Protocol Parameters	FY23 Budget
Direct Dedicated	2.2	0.6	0.9	3.7
Direct Shared	1.0	0.2	0.4	1.6
Shared Services	1.1	0.3	0.5	1.9
<b>Total</b>	<b>\$4.2</b>	<b>\$1.1</b>	<b>\$1.8</b>	<b>\$7.2</b>

FY23 PTI Operations In Millions, USD	Under/(Over) Budget			
	Names	Numbers	Protocol Parameters	Total
Direct Dedicated	0.4	0.1	0.2	0.6
Direct Shared	(0.1)	(0.0)	(0.1)	(0.2)
Shared Services	0.0	0.0	0.0	0.0
<b>Total</b>	<b>\$0.3</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.4</b>

*Due to rounding, numbers presented may not add up precisely to the totals indicated.*



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## 2.3 Glossary of Terms

The following section explains the terms used to describe the fundamental elements of this document. For additional references, please visit the [Acronyms and Terms feature on ICANN.org](#).

### **Budget**

The Budget is a financial estimate for ICANN activities throughout the fiscal year, which begins 1 July and ends 30 June of the following calendar year. The Budget includes estimates for funding and expenses that enable ICANN to carry out its mission. Budget documents are published twice per planning cycle: as a “Draft” in December and after the Board approves the “Adopted” in April or May of the following year.

### **Public Technical Identifiers**

Public Technical Identifiers (PTI) is a nonprofit organization and affiliate of ICANN that was created in 2016. ICANN org has delegated the performance of the Internet Assigned Numbers Authority (IANA) functions to PTI pursuant to contracts and sub-contracts with PTI. The IANA functions include maintenance of Internet number resources, management of the DNS root zone, and other operational aspects of coordinating the Internet’s unique identifiers.

### **Personnel**

Personnel expenses represent the expenses for all personnel inclusive of standard of living increases, promotions, and health and benefits costs. Careful management of resources has kept the headcount at ICANN org stable and consistent with the Budget. Requests to create new positions or fill existing vacant positions must be approved by the ICANN President and CEO, the SVP, Planning and CFO, and the SVP, Global Human Resources. This rigorous process allows the organization to strategically evaluate each new hire, controlling headcount growth and ensuring proper allocation of resources. In regard to new hires, ICANN org budgets as a whole organization for headcount growth. The new hire figure is represented as a whole and not allocated out to the functional activities since it cannot be predicted at a department level.

### **Travel and Meetings**

Travel and meeting costs reflect travel of personnel to support customer and community engagement for the IANA functions. Regular forms of such travel include participation in ICANN public meetings, IETF conferences, and regional Internet forums.

### **Professional Services**

Examples of professional services include technical audits, outsourced software development, and security testing.

### **Administration**

This cost category includes general and administrative expenses such as rent for the KMFs, software licenses, employee activities, and facility supplies.

### **Capital**

Capital expenses cover purchases for net assets, usually for hardware expenses such as servers and computer equipment.

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### **Contingency**

Contingency is a placeholder in a Budget or Forecast for unforeseen costs that may occur throughout the fiscal year.

### **Depreciation**

A reduction in the value of an asset with the passage of time, due in particular to wear and tear.

### **Net Excess/(Deficit)**

Net Excess/(Deficit) represents the difference between funding and operating expenses. Net Excess, a positive number, indicates that funding was greater than operating expenses. Net Deficit, a negative number usually shown with parentheses, indicates that expenses were greater than funding.

### **Full-Time Equivalents**

Full-Time Equivalents (FTEs) is a unit that indicates the level of employee resources towards an organizational segment or project. Reporting using FTEs allows organizations to compare levels of resources. For example, a segment with 1.0 FTEs is equivalent to one full-time employee dedicated to that area, while a segment with 0.5 FTEs signals half of a full workload.