



# ICANN Proposed Fiscal Year 2008 Budget

Raimundo Beca, Board Finance Committee Chair

Doug Brent, COO

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# Budget Summary

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- Created with iterative senior staff process (significant CEO involvement) tying proposed expenses to operating plan
- Proposed budget anticipates
  - net revenue of \$46.6MM (37% above 06/07 budget)
  - expenses of \$41.6MM (32% above 06/07 budget)
  - capital budget allocation of \$1.6MM
  - contribution to reserve of \$3.4MM
- Expense growth driven by the highest priority initiatives
- At near-final proposal and data presentation/analysis; ready for consideration by Board

# Budget Process

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- Started with operating plan detail
  - Deliver on operating plan; eliminate some internal efficiency projects (capital and implementation expense)
- Department managers provided detailed line-item input on key controllable expense categories:
  - People, travel, professional services, capital, other
- Top-down review of this input
  - Ensure spending on key initiatives
  - Recognize cross-department savings opportunities
  - Hire only where needed, and in “customer”-facing roles
- Iterative process, with substantial budget improvement, and elimination of proposed spending

# Key Initiatives Drive Spending

<u>Initiative</u>	<u>Spending</u>
gTLD Start-up	\$1,647K
Outreach - Fellowship & ALAC	\$1,068K
IDN	\$988K
IANA Automation	\$735K *
Compliance	\$831K
Legal - major initiative support	\$708K *
Registrar Data Escrow	\$536K
Economist/Market Analysis	\$400K
<b>Total</b>	<b>\$6,913K</b>

\* Legal and IANA amounts are incremental, not total; all other numbers totals

Note: No overhead allocated

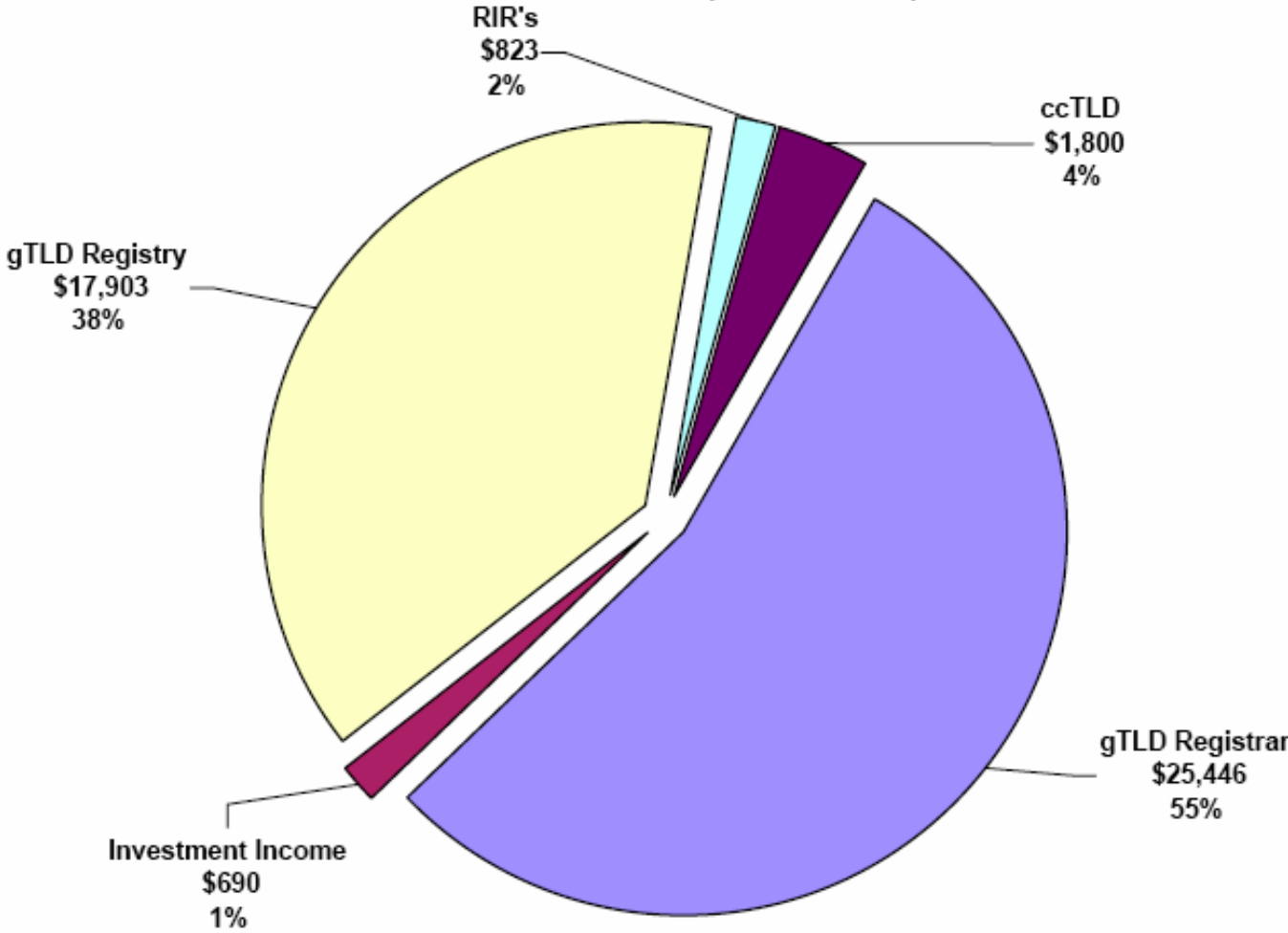
# Budget Estimation Approach

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- Actual department line item budgets add up to about \$39.6MM in expenses
  - In general, at the “lean” end of manager comfort zone
- As agreed with Finance Committee, have identified separate contingency budget held in a single department (Ops) of \$1.9MM
- With spending controls previously discussed, will manage to \$39.6MM number; expect to spend some of the contingency amount
- Likely, some money currently budgeted for contingency will be applied to reserves

# Revenue Sources for FY-08 (in thousands)



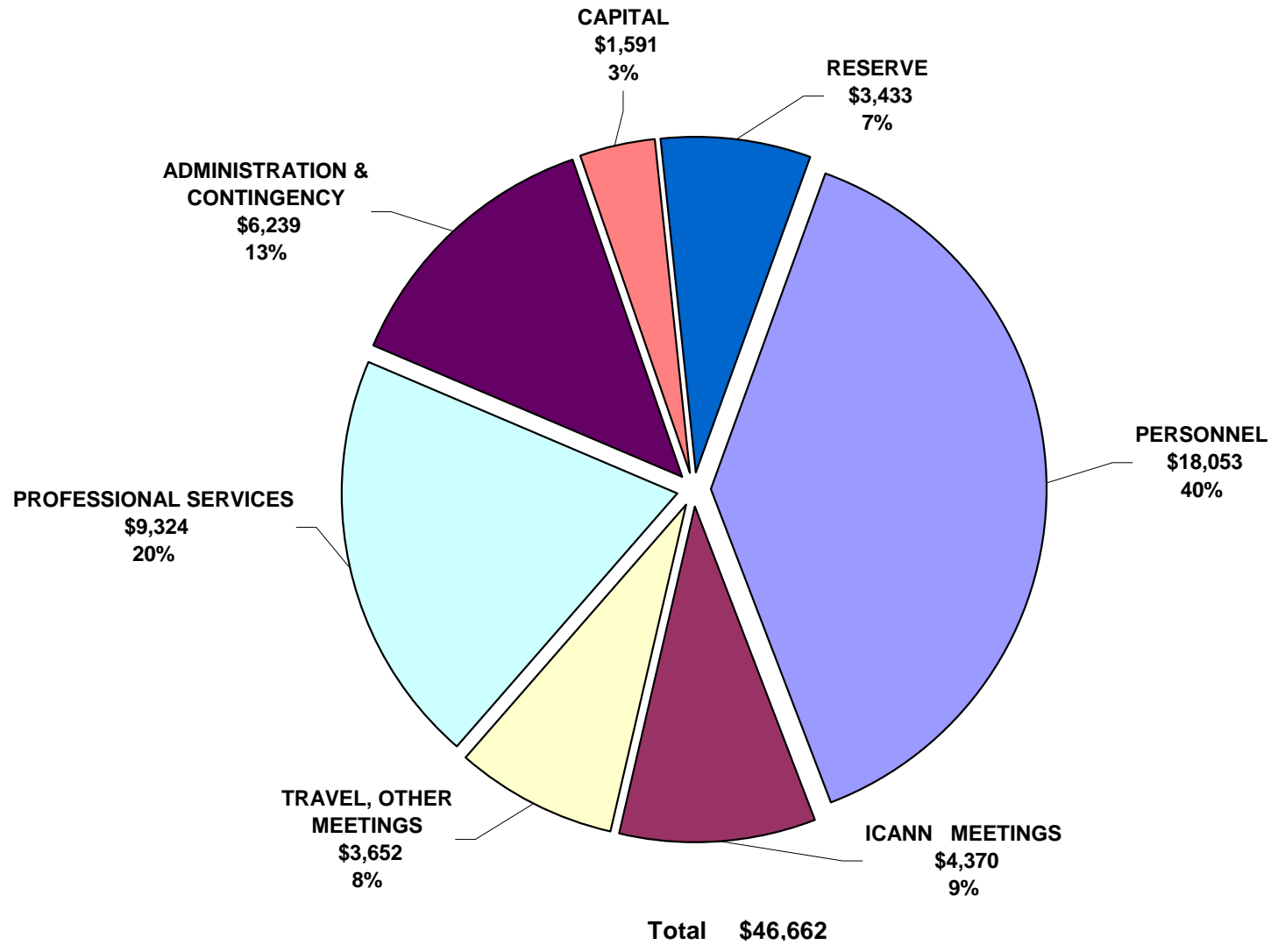
Total : \$46,662



# Major Capital Items

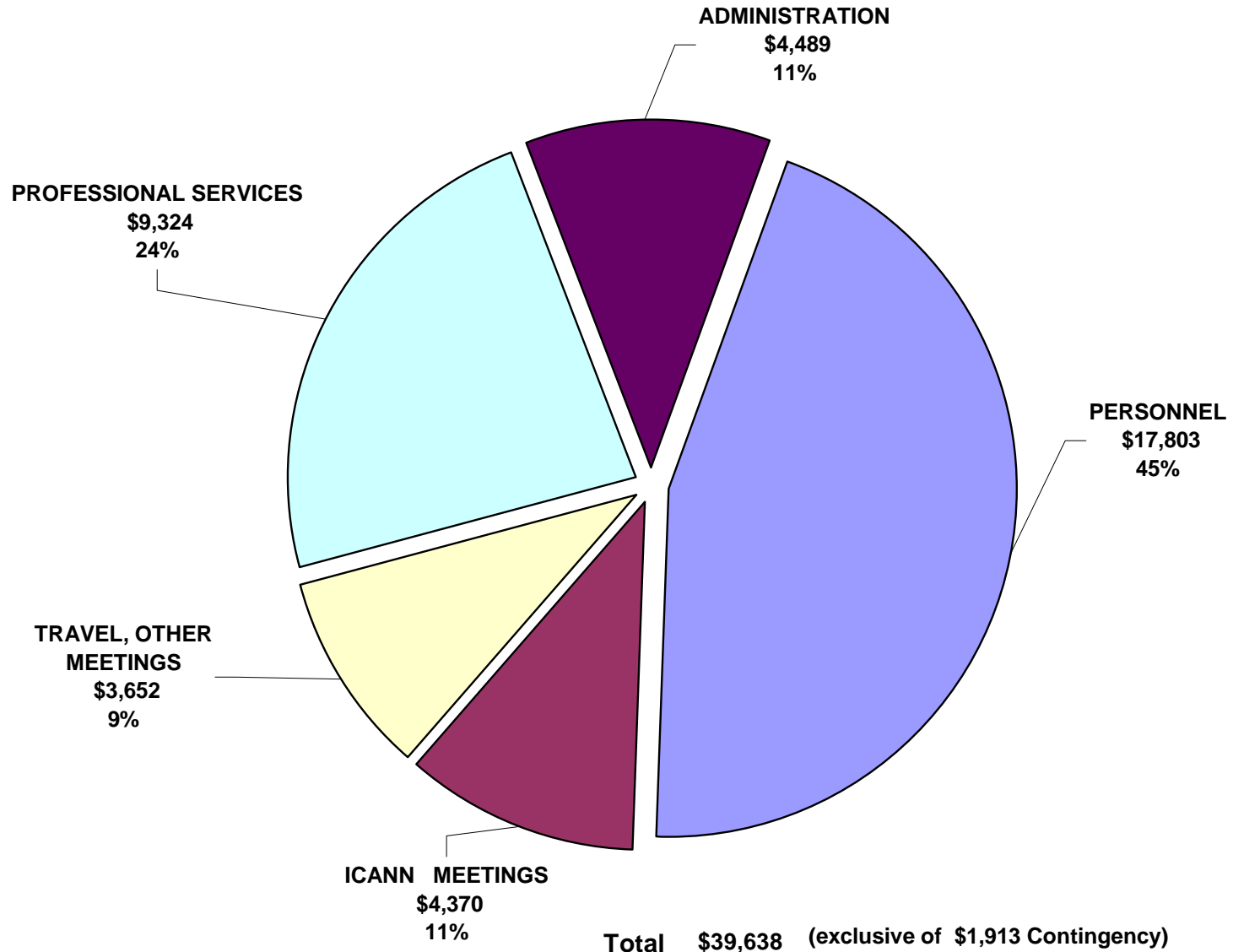
DNSSEC hardware (IANA)	\$54K
Data Center Relocation	\$160K
Storage Area Network (SAN)/Backup	\$303K
Avaya Phone System (timed with move)	\$120K
Web-based project management software	\$17K
Inquiry processing system	\$80K
Due Diligence Software	\$25K
L Root	\$650K
Furniture/Fixtures (new office)	\$182K
Total	\$1,591K

**ICANN Uses of Revenue for FY-2008**  
(in thousands)

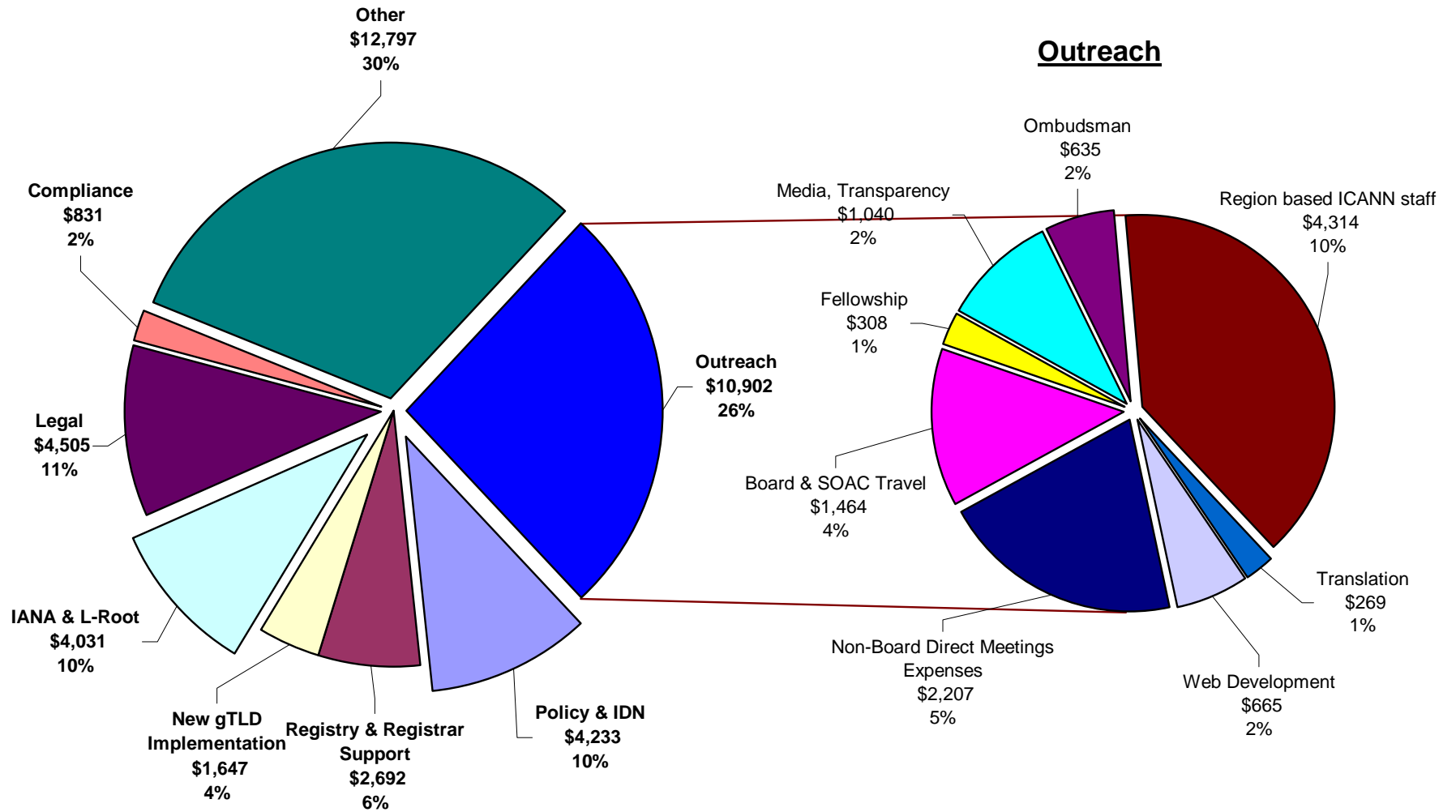




**ICANN Planned Expenses for FY-2008**  
(in thousands)



## FY-08 Key Project Areas (in Thousands)



**Total : \$41,638**



# Summary

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- Moving into implementation phase on key initiatives, ICANN will spend approximately \$41.6MM (including contingency) in FY 08
  - Driven by and consistent with three year strategic plan and proposed operating plan for FY 08
- Plan to improve efficiency and reduce spending on some internal functions; shift money to activities that directly benefit constituencies
- Assuming no exogenous shift in domain name market, revenue assumption is likely conservative (yielding more increase in reserve)
- The proposed budget supports the operating plan activities
- Careful fiscal management will allow for:
  - Some flexibility in execution through contingency
  - Ongoing improvement in reserve fund