

Staff Report of Public Comment Proceeding

Draft Financial Assumptions & Projections and Operating Initiatives for the development of Fiscal Years 2021-2025 Operating & Financial Plan

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Public Comment Proceeding

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Close Date:	5 August 2019
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Important Information Links

Announcement
Public Comment Proceeding
View Comments Submitted

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Section I: General Overview and Next Steps

On 14 June 2019, ICANN organization (org) opened a Public Comment forum on the draft Financial Assumptions & Projections and Operating Initiatives. The objective of this Public Comment is to obtain feedback on the two key elements of the Fiscal Year 2021–2025 Operating & Financial Plan (FY21–25 O&FP):

1. Financial assumptions and high-level projection of the “base-case,” “high,” and “low” funding scenarios for Fiscal Year 2021 through Fiscal Year 2025.
2. Sixteen (16) major operating initiatives that ICANN org should prioritize to successfully achieve the objectives set out in the FY21–25 Draft Strategic Plan.

In particular, the proceeding sought input on how appropriate the financial assumptions are, and if any additional assumptions should be considered by ICANN org in estimating funding projections for FY21-25. The proceeding also sought input on whether the listed sixteen (16) Operating Initiatives described are the ones to advance the objectives of the Strategic Plan, and if there were any major initiatives missing.

ICANN org also held a [pre-ICANN65 webinar](#) on 10 June 2019 regarding this Public Comment proceeding.

ICANN org will use this input to help make improvements to the draft Fiscal Year 2021–2025 Operating & Financial plan, so that it can be published for Public Comment in December 2019. Details of how each comment received are considered in the development of draft FY25-FY25 O&FP will be published in December as well.

Section II: Contributors

At the time this report was prepared, a total of eight (8) community submissions had been posted to the forum. The contributors, both individuals and organizations/groups, are listed below in chronological order by posting date with initials noted. To the extent that quotations are used in the foregoing narrative (Section III), such citations will reference the contributor's initials.

Organizations and Groups

Name	Submitted by	Initials
Country Code Names Supporting Organization Strategic and Operational Standing Committee	Giovanni Seppia	ccNSO SOPC
Business Constituency	Steve DelBianco	BC
Registries Stakeholder Group	Donna Austin	RySG
Registrar Stakeholder Group	Zoe Bonython	RrSG
Noncommercial Stakeholders Group	Rafik Dammak	NCSG
Generic Names Supporting Organization Council	Marika Konings	GNSO
At-Large Advisory Committee	ICANN Policy Staff in support of the At-Large Community	ALAC

Individuals

Name	Affiliation (if provided)	Initials
Maureen Hilyard		MH

Section III: Summary of Comments

General Disclaimer: This section intends to summarize broadly and comprehensively the comments submitted to this Public Comment proceeding but does not address every specific position stated by each contributor. The preparer recommends that readers interested in specific aspects of any of the summarized comments, or the full context of others, refer directly to the specific contributions at the link referenced above (View Comments Submitted).

Draft Financial Assumptions & Projections

ICANN org welcomed all comments and encouraged the community to consider whether the financial assumptions are appropriate and what additional assumptions ICANN org should consider in estimating funding projections for FY21-25. For more information, such as the rationale of community comments, please view comments using the links provided under "Important Information Links."

General Comments

Support / Satisfaction

1. The BC noted they are "pleased with the financial projections."
2. The BC noted that they agree the low, base, and high projection scenarios are realistic, based on historical data.
3. The RrSG stated "Overall the RrSG does not have any objections to what has been proposed in either document."

4. The GNSO noted and appreciated the effort that went into the development of the Financial Assumptions document and indicated “the approach seems sound.” The GNSO also “agrees with the framework as defined by the Industry Context, Forecast Assumptions, and the Forecast Summary sections of the document.”

Concerns

1. Most of the concerns relate to a future New gTLD Round. Please see comments below, the specific comments under “Assumption of a New gTLD Round.”
2. The NCSG commented “we do not expect to see resurgent growth in the marketplace from registrations of new and legacy gTLDs, nor do we consider it likely that a greater uptake in domain name registrations from within emerging economies will successfully counter the ongoing decline in new registrations that we have seen of late.” The NCSG also encourages “ICANN org to update its projections to reflect a more realistic scenario.”

Language edits

1. The RySG suggested to amend the sentence on page 7 in Section G on Universal Acceptance, to delete the words ‘data packets using’ “to avoid confusion around the role and function of DNS.”
2. The NCSG commented on the following statement appearing on page 11: “While increased consumer privacy and security may offer some consumers and business increased incentives for domain name adoption, the additional layer of regulatory mandates may also act as a counterbalance on the market.” The NCSG suggested “if there is no evidence to support this claim, then this claim should be withdrawn by ICANN org.”

Other Comments

1. The BC recommended that ICANN org should update the financial projections yearly going forward.
2. The ALAC indicated “The ALAC believes that reasonable conservative financial projections would be the best way forward.”

Specific Comments on Financial Assumption and Projections

Roll-out New gTLDs.

1. “The BC considers it prudent for ICANN not to factor in funding from the possible new gTLD rounds during the next 5-year period.”
2. The RrSG noted “the absence of proper consideration for a future new round of gTLDs, which would impact both income and costs and therefore any assumptions and projections to be made.” They RrSG indicated “the next new round is more likely than not to impact the FY 2021-2025 Operations & Financial Plan.”
3. The RrSG would like to see the funding for the next round application and yearly fees, as well as attributed costs, incorporated into the forecasts.
4. The RrSG commented that “it is vital that the community understands how ICANN Org is planning to calculate and deal with the next round, which could potentially add significant numbers of new TLDs to the market.”
5. The RySG noted that “the scenarios presented do not assume any further TLD delegations arising from the potential resumption of the New gTLD Program.” The RySG “would like to see ICANN further clarify any income and / or cost scenarios that

have been developed in preparation for future TLD rounds and / or delegations, even if these are not currently included in the Financial Assumption.”

6. “ALAC is not optimistic that assumptions A and B will be highly successful vehicles to new revenue.” Note: Assumption A is Roll-out of New gTLDs and assumption B is New Business Models. The ALAC also indicated “ALAC cannot support the strategy of reliance on these new gTLDs as a source of new revenue.”
7. ALAC asked whether the cost-benefit analysis for the next round of New gTLDs is done.
8. ALAC recommended that “ICANN’s focus should be on security, stability, strengthening the multistakeholder system and other fundamental tasks noted in the strategic plan, rather than focusing on further rounds of new gTLDs for the time being.”

Difficulty in ensuring universal acceptance

1. ALAC noted that they are supportive of ICANN investment in resolving the “current challenges around Universal Acceptance, which will open new markets in areas with low rate of domain name adoption (assumption G).”

Funding Type

1. The RrSG noted that “only registrar and registry fees have been included as income. It would be useful for the report to include more information on the statistics behind these numbers that the forecast is being based on.”
2. ALAC stated that “ICANN might need to consider a temporary increase on per-domain registrar fees.”

Key Sustainability Principles

1. The RySG “welcomes and strongly supports the two key principles and ICANN’s commitment to the practical application of these.” The two key principles of ICANN’s long-term financial sustainability are: (1) Expenses do not exceed Funding and (2) Sufficient reserves are reached and maintained at all times.
2. The NCSG noted “we endorse the financial sustainability principles that ICANN org has proposed, which will ensure that expenses do not exceed funding in any given year and that sufficient reserves are reached and maintained in the Reserve Fund at all times.”
3. The GNSO indicated “we endorse the financial sustainability principles that ICANN org has proposed, which will ensure that expenses do not exceed funding in any given year.”

Draft Operating Initiatives for the Development of Fiscal Years 2021-2025 Operating and Financial Plan:

ICANN org welcomed all comments and encouraged the community to consider whether the listed Operating Initiatives are the ones to advance the objectives of the Strategic Plan. For more information, such as the rationale of community comments, please view comments using the links provided under “Important Information Links.”

General Comments

Support / Satisfaction

1. The RrSG noted that “the listed Operating Initiatives do advance the stated objective of the Strategic Plan.”

Suggestions for language changes

1. The ccNSO SOPC recommended “the overall narrative should be improved to be more accessible and to allow more stakeholders to understand the plan and (subsequently and eventually) to submit comments.” The ccNSO SOPC also recommend “to share the rationale that led to the 16 initiatives being presented and the others discarded.”
2. The ccNSO SOPC and RySG indicated that it is difficult to comment when a description of the initiative milestones, resources needed, and prioritization is missing.
3. The BC proposed a language change from “Best practice” to “good practice” because there is no absolute “best practice.”
4. The BC proposed a language change from “capacity building” to “capacity development” in tandem with the global Sustainable Development Goals (SDGs).
5. The RySG suggested the list of key Operating Initiatives be subject to annual review and re-evaluation, followed by updates to the milestones, estimated resources and costs, key measurements and dependencies, risks and potential mitigation.

Communication Improvement

1. The ccNSO SOPC recommended that ICANN org always announce the publication of draft plans in the news section of the website as well as in a blog entry.
2. The ccNSO SOPC recommended using an infographic to display the distinctions between Strategic Objectives and Strategic Goals, Operating Initiatives and Operating Activities.
3. The RySG suggested adding clear timelines to this document with a Gantt chart, to show when each of the initiatives listed will be addressed and what resources it will need.

Comments Specific to Individual Operating Initiatives

Promote Domain Name System Security Extensions and increase its deployment

1. The ccNSO SOPC commented that “the rationale behind the decision to focus on DNSSEC to achieve the Strategic Objective is unclear.” They recommended “ICANN surveys the registry, registrar and registrant community to gain better understanding of the end-user demands of DNSSEC, of the challenges in educating end-users, and of the financial efforts that registries and registrars who are supporting and promoting DNSSEC are facing.”
2. The GNSO Council indicated “In general, the Council supports appreciates any effort that enhances the security and stability of the DNS, but it takes note that there does not appear to be complete agreement among the community about the priority of deployment for DNSSEC.”

Coordinate security in the DNS ecosystem

1. The ccNSO SOPC supported this initiative “but remains vigilant for its concrete implementation,” as the ccNSO SOPC believes that “content regulation should be avoided at all cost and is an area in which ICANN should not be involved.”
2. The GNSO noted its support for this initiative and looks forward to receiving more detailed information around this coordination, specifically on how much can be completed well before the conclusion of this new five-year plan, as “it does appear to have a sense of urgency.”

Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making

1. The ccNSO SOPC noted that “ICANN should address this complex matter, not in a five-year timeframe, but for a much longer term.”
2. ALAC agreed and supported this Operating Initiative.
3. The GNSO noted the importance of diverse and inclusive participation as an essential element in the credibility of the multistakeholder model but noted that “participation must also be informed and evidence-based.”
4. MH noted that “ICANN should be structured in a way that improves and facilitates this model of working together and more regularly encourages this.”

Evolve and strengthen the ICANN community’s decision-making process to ensure efficient and effective policy making

1. The ccNSO SOPC recommended editing the language under this Operating Initiative.
2. The RySG asked ICANN org to indicate how duplication will be avoided and coordination achieved within the overlapping areas of work in light of ATRT, PDP 3.0 and “Evolving ICANN’s Governance” efforts.
3. The GNSO indicated that “this operating initiative by itself will not last the duration of the five-year plan, but instead be comprised of a series of efforts as noted the ATRT3, PDP3.0, WS2, and the Governance Plan to Improve the MSM. There should be an exercise to string these complimentary efforts together to achieve specific outcomes.”

Develop internal and external ethics policies

1. The ccNSO SOPC noted that “the texts fail to explain - why this is important in order to achieve the Strategic Objective.”
2. The ccNSO SOPC commented that this initiative should be classified as an Operating Activity.
3. The ALAC indicated “We share the goal that internal and external ethics policies must be exemplary.”
4. The NCSG supported this initiative.
5. The GNSO supported the concept but would appreciate further information about “how and where this initiative connects back to the Strategic Goals and Strategic Objectives.”

Review and evaluate current meeting strategy

1. The ccNSO SOPC commented that this initiative should be classified as an Operating Activity.
2. ALAC commented “we are somewhat concerned about the review and evaluation of the current face-to-face meeting strategy.” “The ALAC underlines that face-to-face meetings are essential to the functioning of the multistakeholder model.”
3. The NCSG commented “we laud ICANN for assessing how it can reduce the ‘carbon footprint’ of ICANN meetings, however we are concerned and ask if this is shorthand for a rumored proposal to cancel one of the three annual meetings.”
4. The NCSG commented “We ask that this be a joint effort, with community members plugged in and highly involved in this process.”
5. “The GNSO agrees that face-to-face ICANN meetings are central to ICANN’s multistakeholder model and an essential vehicle for progressing policy work.” The Council commented “We ask that this be a joint effort.”

Formalize a framework for further cooperation and coordination among the domain name, Internet numbers, and protocol parameter communities on risks associated with the evolution of the Internet’s system of unique identifiers

1. The ccNSO SOPC commented that this initiative should be classified as an Operating Activity.
2. The ccNSO SOPC commented that “ICANN could better explain both what they mean when they refer to ‘framework’ and why exactly they want to act as a coordinator among the various players of the DNS community.”
3. The GNSO requested additional information on the scope of the effort, intended participants, process, and timeframes associated with this work.

Root Zone Management Evolution

1. The GNSO supported this effort and thinks this is one of the best examples of the Operating Initiatives presented for this consultation.

Promote and sustain a competitive environment in the Domain Name System

1. The ccNSO SOPC noted that there are “historical and technical inaccuracies in the text.”
2. The ccNSO SOPC commented that “ICANN should explain how they believe that the only way to ‘promote and sustain a competitive environment’ is to have a new gTLD round.” The ccNSO SOPC commented “we believe there are many other ways to promote and sustain a competitive DNS environment.”
3. The ccNSO SOPC recommended “detailed Initiatives concerning the possible technical/administrative/logistical support that ICANN could provide to expand domain name literacy at a worldwide level.”
4. The RrSG commented “a specific budget may not be necessary (or possible) at this time, but ICANN org’s vision for this future should still be outlined.”
5. ALAC pointed out that “this is not a priority for Internet end users. We do not support allocating major resources to a new round until there is more evidence that a major demand exists and that such an activity will truly benefit the global Internet community.”
6. The GNSO noted that “The GNSO’s policy development process on future rounds of gTLDs is anticipated to conclude in the final quarter of 2019 and therefore it makes sense that the commitment by the Board to launching a next round ‘as expeditiously as possible’ be fulfilled.”

Evaluate, align and facilitate improved engagement in the Internet ecosystem

1. The ccNSO SOPC indicated “we believe that the ‘alignment’ is a crucial element, especially within rather than outside ICANN.”
2. The ALAC “agrees and has also noted in previous comments filed on the multistakeholder model that ICANN must continue to engage with other bodies in the Internet ecosystem.
3. The NCSG indicated “We agree that there is value in ICANN org conducting a review of how and when it interacts with other actors in the Internet governance ecosystem.”
4. The GNSO noted that “ICANN does not operate in a silo” and “The GNSO Council agrees that there is value in ICANN org conducting a review of how and when it interacts with other actors in the Internet governance ecosystem.”

Improve engagement and participation with Government, Intergovernmental Organizations

1. The ccNSO SOPC recommended that ICANN rephrases the title of the Initiative to make it clearer and more precise.
2. The ccNSO SOPC noted “we believe that the creation of ‘targeted material’ and the organization of ‘training courses’ should be daily operations rather than Initiatives.”

3. The BC appreciated the call for more proactive participation of GAC to effectively address geopolitical issues that may impact ICANN's Mission.
4. The GNSO commented that the prior Operating Initiative and this one can be consolidated into one.
5. "The GNSO Council does not object to the funding of modest capacity-building to increase and enhance the ability of the GAC to appropriately participate in the policy development process."

Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission

1. The ccNSO SOPC recommended that "this to be a true top-priority for ICANN."
2. The BC recommended that "ICANN Org provide analytical information on global legislative trends (e.g. description and purpose of the legislative instrument) that could impact ICANN's Mission, instead of meta data that it currently provides."
3. The RySG commented that "the costs for this work are not clearly articulated." They RySG requests ICANN org "be specific about the mechanics, resources and costs projected to undertake this activity."
4. The NCSG did not object to this initiative, but also commented "ICANN org should not take too much credit for its existing work monitoring legislative and regulatory developments around the world" and "some deep reflection is required in order to understand why it is that ICANN has not been successful in the past at responding to legislative and regulatory developments."
5. "The GNSO Council fully supports this as an Operating Initiative and we also support it being assigned a higher priority."

Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name marketplace

1. The ccNSO SOPC welcomed this initiative.
2. The RySG welcomed this initiative.
3. ALAC expected the community be part of this process.
4. The GNSO supported this activity generally but would like more detail of why this rises above an Operating Activity.

Implement New gTLD Auction Proceeds recommendations

1. ALAC commented "it is gratifying to read that ICANN org will be prepared to support the next phase of this work."
2. The NCSG agreed that "ICANN org should facilitate the implementation of these community-developed recommendations."
3. The GNSO supported this as an Operating Initiative but notes that CCWG-AP has not yet delivered its final recommendations. The Council would like more details on the resources required to launch this program.
4. MH noted that it is important the selection of projects using Auction Proceeds are "community-needs driven."

Planning at ICANN

1. The ccNSO SOPC welcomed and supported this initiative but suggests it should be classified as an activity.
2. ALAC indicated that "without an understanding of the priority of each of ICANN project, it is difficult for the community to respond and advocate effectively."

3. The NCSG was “encouraged by the initiative that seeks to make ICANN’s planning processes more transparent, structured, and participatory.”
4. The GNSO supported this as an Operating Initiative. The Council noted that planning “has modestly improved over the last several years.” The Council supported addressing prioritization “which is no doubt among the most challenging issues.” The Council also supported “investments in the consolidation of business operations with enterprise solutions” so that effective measurements can support better planning.

ICANN reserves

1. The ccNSO SOPC supported this initiative.
2. ALAC indicated they are a “strong supporter” of this initiative “to safeguard ICANN’s long-term financial sustainability.”
3. The NCSG supported the initiative of ensuring that the level of ICANN’s Reserve Fund is continuously set, reached, and maintained.
4. The GNSO noted that the proposed plan “appears to be on target” and the Council is “cautiously optimistic that it can be achieved.”
5. MH noted that “ICANN Reserves appear to be set according to current ICANN needs which are always perceived to be overly high for ICANN Org and minimal and falling for volunteers who do a lot of the heavy lifting with regards to the policy setting.” Additionally, MH stated that the “Reserve Fund may not necessarily require such a high target if operating expenses were not so demanding.”

Other Operating Initiatives to be added

1. The ccNSO SOPC commented “we strongly recommended initiatives concerning ‘Universal Acceptance’ and supported ‘DN implementation and use’ for inclusion in the Plan.”

Section IV: Analysis of Comments

General Disclaimer: This section intends to provide an analysis and evaluation of the comments submitted along with explanations regarding the basis for any recommendations provided within the analysis.

The eight organizational and one personal comment received through the Public Comment proceedings were broken down into 98 comments, which covered the following topics as follows:

	Total	# of statements expressing support	# of statements expressing support, but with edits	# of statements indicating concerns	# of other statements or suggestions
# of comments	98	37	17	7	37
Financial Assumptions and Projections					
General Comments	6	2	1	1	2
Roll-out of New gTLDs	8	1	1	2	4
Difficulty in ensuring universal acceptance	2	1			1
Funding Type	2				2
Key Sustainability Principles	3	3			

Operating Initiatives					
General Comments	12	1		1	10
Operating Initiative 1	3	2			1
Operating Initiative 2	2	1	1		
Operating Initiative 3	4	2			2
Operating Initiative 4	3		3		
Operating Initiative 5	5	2	1		2
Operating Initiative 6	5			2	3
Operating Initiative 7	3				3
Operating Initiative 8	1	1			
Operating Initiative 9	6	1	1	1	3
Operating Initiative 10	4	4			
Operating Initiative 11	6	2	3		1
Operating Initiative 12	5	3	2		
Operating Initiative 13	4	3	1		
Operating Initiative 14	4	2	1		1
Operating Initiative 15	4	2	1		1
Operating Initiative 16	5	4	1		
Other Initiatives	1				1

Next Step

The ICANN org will incorporate feedback from this Public Comment proceeding to continue the development of the FY21-25 O&FP. The draft FY21-25 O&FP will be discussed with ICANN Board, then published for Public Comment in December 2019, with the comment period running until February 2020. Comments received during that period will be available for consideration by the Board and ICANN community at ICANN67 in March 2020. After ICANN67, the proposed final FY21-25 O&FP is intended to be presented to the ICANN Board with the aim of Board adoption in May / June 2020.

Appendix:

Draft Funding Forecast Assumptions:

- A. Roll-out of New gTLDs.
- B. New business models – geographic gTLDs and brand gTLDs.
- C. Importance of establishing digital presence via domain names.
- D. User interfaces on platforms and apps that bypass domains.
- E. Dynamism of market actors with respect to sales channels.
- F. Regional disparity in domain adoption rates.
- G. Difficulty in ensuring universal acceptance.
- H. Security concerns and trust within the industry.
- I. Potential for fractures within the DNS.

Draft Financial Projection Funding Type:

- Legacy gTLDs
 - Transaction-based Fees
- New gTLDs
 - Fixed Fees
 - Transaction-based Fees

- Registrar Accreditation
 - Application Fees
 - Accreditation Fees
 - Per-registrar Variable Fees

Draft Operating Initiatives:

1. Promote Domain Name System Security Extensions and increase its deployment
2. Coordinate security in the DNS ecosystem
3. Evolve and strengthen the multistakeholder model to facilitate diverse and inclusive participation in policy-making
4. Evolve and strengthen the ICANN community's decision-making process to ensure efficient and effective policy making
5. Develop internal and external ethics policies
6. Review and evaluate current meeting strategy
7. Formalize a framework for further cooperation and coordination among the domain name, Internet numbers, and protocol parameter communities on risks associated with the evolution of the Internet's system of unique identifiers
8. Root Zone Management Evolution
9. Promote and sustain a competitive environment in the Domain Name System
10. Evaluate, align and facilitate improved engagement in the Internet ecosystem
11. Improve engagement and participation with Government, Intergovernmental Organizations
12. Monitor legislation, regulation, norms, principles and initiatives in collaboration with others that may impact the ICANN mission
13. Formalize the ICANN org funding model and improve understanding of the long-term drivers of the domain name marketplace
14. Implement New gTLD Auction Proceeds recommendations
15. Planning at ICANN
16. ICANN reserves