The ICANN GNSO "Business Constituency"

ICANN Business Constituency comment

on

DRAFT PTI and IANA FY23 Operating Plan and Budgets

25-Oct-2021

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; and
>
> 3. Is technically stable, secure and reliable.

BC comment on DRAFT PTI and IANA FY23 Operating Plan and Budgets[1]

The Business Constituency (BC) is pleased to provide this comment on the Draft FY23 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.

The IANA operating plan and budget (IANA OP&B) provides itemized details of costs for Public Technical Identifiers (PTI) to perform the IANA functions, direct costs for shared resources between ICANN and PTI, and support functions provided by ICANN to PTI.

General Comments:

1. The BC notes the restructuring of reporting for FY23 from what obtained in the past, where work was divided into two portfolios: operations and system enhancements. We welcome the changes which aligns with the objectives defined in the strategic plan published in September 2020, and which divides reporting into four core areas of Operations, Operational Excellence, Technical Services and Governance.

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[1] ICANN comment page, at https://www.icann.org/en/public-comment/proceeding/draft-pti-and-iana-fy23-operating-plan-and-budgets-15-09-2021

We are pleased with this this categorization and believe it will assist in better articulation of PTI work for the coming years provided it is maintained as intended to the end of Fiscal 24. We also appreciate the improvement in navigation whereby links are placed at appropriate points that cross-reference and direct the reader to other pertinent areas of the presentation, particularly when referencing vital budgetary data. For ease of benchmarking growth, the BC suggests that the layout of the variance of FY23 to FY22 on pages 19-20 be laid side-by-side for ease of review.

2. For FY23, while many of the items appear to be divided among Operations, Operational Excellence and Technical Services; there is no reference to budgetary allocations to individual incremental improvements that would demonstrate consistency with previous years other than the assignment of FTE staff.

3. Projections for FY22 provided details of specific improvements but the FY23 draft does not. The BC requests clear understanding of improvements planned for the coming year and the identification of budget allocated to each and, where appropriate, start and end dates for each improvement.

Comments and Questions regarding PTI:

The BC notes PTI's expectation in FY23 for continued efforts to improve the root zone management system (RZMS) and the registry workflow system used for protocol parameter assignments (codenamed Opal) amongst others. As the FY23 PTI Operating Plan and Budget represents about 90 percent of the FY23 IANA Operating Plan and Budget, the BC would like to see detailed notes especially as to the nature of professional services incurred by PTI.

The BC notes that the total cost of the activities covered in the FY23 PTI Operating Plan is $5.1M but see NO detailed breakdown of the cost components.

The BC notes that the PTI FY23 Operating Plan and Budget sustains current performance of the IANA services, will incrementally improve systems and processes and does not envisage significant new undertakings.   This indicates stability from a budgeting standpoint though does the document does not identify any smaller undertakings that may be included.

FY23 PTI Planning Assumptions

Strategy:
We note that PTI worked in close collaboration with ICANN's planning team to review operating initiatives and functional activities as laid out in the Five-Year ICANN Operating Plan and the work to date supports an assumption that no changes be made to the PTI 2020-2024 Strategic Plan. Thus this should suggest that there will be no increase to the PTI Budget for FY23 as against last year's budget, which isn't totally the case.

Financials:

The BC notes that a key assumption in developing the FY23 PTI Budget is that funding for the IANA functions and the activities laid out in the FY23 PTI OP&B will remain a priority for ICANN. PTI is expected to exercise careful cost control in its operations.

The BC also notes that Personnel costs are the highest expenses in the PTI Budget and for FY23, additional headcount may be required but are not included in this budget in order to align with ICANN's common process for approving and budgeting for new positions. If PTI requires additional headcount in FY23, the draft budget document states that resources will be prioritized using budgeting and approval process.

The BC requires clarification on two matters that appear concerning from a budgetary standpoint:

- First, we see "For FY23, additional headcount may be required but are not included in this budget…not allocated to the functional activities until they are hired." While we understand this to be consistent with standard ICANN budgeting process for new hires, the BC requests to know if any such new hires would be accommodated within the $500,000 contingency of the budget or whether this would require additional funding from ICANN.

- Second, we are concerned that "…the current allocation of PTI's Direct Dedicated resources poses a risk to timely delivery of key projects." The BC wonders what risks are being foreseen with such a statement. While cost containment is admirable when presenting budgets for ongoing activities, if it is already known that the budget is not adequate for the scope of work, we believe this should be identified in detail.

The BC notes that PTI currently has 17 direct dedicated Full Time Employees (FTE) and would like to know what percentage of the Personnel costs accounts for the total cost of $6.3M absorbed by Personnel in the budget.

Operations:

The BC notes that the volume of transactions performed across the IANA functions typically shows a modest year-on-year increase, and this is expected to continue for the scope of the existing services. The BC is however concerned that despite the realization that the current allocation of PTI's Direct Dedicated resources poses a risk to timely delivery of key projects as the relatively small team of highly specialized individuals juggle between meeting its contractual deliverables and Service Level Agreements, and also serving as subject matter experts to the various system improvements and policy implementation projects, no budgetary plan is made to mitigate this risk nor clear operational plan to mitigate the risk.

Engagement:

The BC notes plans to continue managing cost by working remotely and holding all meetings virtually. We however encourage a phased plan to return to face-to-face meetings and engagement at pre-pandemic levels. The Key signing key (KSK) ceremonies planned to resume as normal operations in FY23 should be hybrid events with options for remote participation.

Community Recommendations:

The BC notes that PTI assumes that the Contingency funds will remain available to fund any ongoing review and policy-related work that is not yet Board-approved and has not been included in the FY23 PTI Operating Plan and Budget for urgent unplanned activities if and when they arise as the PTI will remain available for implementation of Board-approved recommendations. In the case where significant funding is required, the BC would like to know what contingency plans are available?

Comments and Questions regarding IANA:

The BC notes that the Draft FY23 IANA Budget stands at $10.4 million, of which $9.8 million is for performing the core IANA services and $0.6 million is for IANA support activities (not performed by PTI).

On the surface, $0.6 million remains consistent with FY22, and even FY21 and FY20. Nonetheless, as noted in the narrative, there is actually a $100,000 increase Year over Year. This represents an 8.8% increase as identified below.

FY23 IANA Budget in Millions, USD	FY23 IANA Draft Budget	FY22 IANA Adopted Budget	Under/(Over) Total	Under/(Over) %	FY21 IANA Actuals	Under/(Over) Total	Under/(Over) %
PTI Budget	$9.8	$9.7	($0.1)	-1.1%	$7.7	($2.1)	-27.7%
IANA Support Activities (1)	$0.6	$0.6	$0.1	8.8%	$0.6	$0.0	2.0%
TOTAL	**$10.4**	**$10.3**	**($0.1)**	**-0.5%**	**$8.3**	**($2.1)**	**-25.6%**

(1) IANA Support Activities include the Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee, and IANA Naming Function reviews.

While this is explained as being due to an increase of personnel costs due to inflation, The BC seeks clarification on how it has remained flat for the past three years yet is not sufficient for FY23.

The FY23 PTI Budget is $100,000 higher than the FY22 PTI Budget but the IANA support activities component is $100,000 lower compared to the FY22 IANA Budget due to the mix of personnel support. Overall the services remain the same as the FY22 Budget, however while the IANA Support Activities remain at $0.6million for Root Zone Maintainer function, Customer Standing Committee, Root Zone Evolution Committee, and IANA Naming Function reviews; There is actually an increase by $100,000 or 8.8% Year over Year? We would appreciate an explanation as to why?

Page 5 of the PTI FY23 OP&B lays out the IANA Naming Function activities. The BC is particularly interested in the reference to "Fostering support for Internationalized Domain Names (IDNs) by maintaining a shared repository of IDN practices and label generational rulesets (LGRs) across TLDs". We are interested in seeing this activity be better defined for purposes of understanding PTI's work in this area and also it is foreseen that time commitment to IDN will increase from FY22 to FY23 and beyond. The BC would like to know what ongoing program(s) the PTI have instituted in maintaining a repository and what advancements have been made towards achieving Universal Acceptance for IDN's and if such programs also budgeted for in FY23?

As noted, The IANA Numbering Function consists of the administration of Internet number resource registries in accordance with global policies, and any applicable and mutually acceptable and agreed upon guidelines and procedures. Recent occurrences in the African RIR where access to its operational funds were fully blocked indefinitely is at variance with maintaining stability of the Internet and the absence of contingency plans in the IANA budget to mitigate this issue further places the Region at a huge risk. The BC would like to know what contingency plans are being made to mitigate the current situation and efforts being put in place to forestall any future occurrence.

Conclusion

The BC continues to support the Caretaker IANA Budget should the Empowered Community effect a rejection process for the draft budget as pursuant to Annex D of the ICANN Bylaws approved by the ICANN Board in May 2019.

The BC appreciates the effort that has gone into developing the PTI and IANA draft budgets for FY23 and for its timely release of this information in accordance with PTI Bylaws at least nine months prior to the commencement of the fiscal year.

This comment was drafted by Tim Smith and Lawrence Olawale-Roberts.

It was approved in accord with our Charter.