



# PTI Board Meeting Los Angeles

Elise Gerich | 18 January 2017

# Agenda

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Update

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# 1. FY17 Financial Update

# FY17 IANA Services– YTD November 2016 (5 months) Actuals vs. Budget

FY17 IANA Services in Millions, USD	YTD Through November 2016		Variance vs Budget		FY17
	YTD Actual	YTD Budget	Total	%	Budget
PTI Operations	\$3.1	\$3.7	\$0.5	14.4%	\$9.0
RZMA (Operating Exps & Capital) (c)	\$0.1	\$0.1	\$0.0	0.0%	\$0.3
<b>TOTAL</b>	<b>\$3.2</b>	<b>\$3.7</b>	<b>\$0.5</b>	<b>14.2%</b>	<b>\$9.3</b>

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



## Total IANA Services

Total IANA Services expense is lower than budget by \$0.5M attributed to favorability for PTI Operations (discussed on next slide) and the RZMA expense is at budget.

# FY17 PTI Operations Financials– YTD November 2016 (5 months)

## Actuals vs. Budget

FY17 PTI Operations in Millions, USD	YTD Through November 2016		Variance vs Budget		FY17
	YTD Actual	YTD Budget	Total	%	Budget
<b>FUNDING</b>	<b>\$3.1</b>	<b>\$3.7</b>	<b>(\$0.5)</b>	<b>-14.4%</b>	<b>\$9.0</b>
Personnel	\$1.7	\$2.2	\$0.4	20.4%	\$5.2
Travel & Meetings	\$0.2	\$0.2	(\$0.0)	-24.5%	\$0.4
Professional Services	\$0.5	\$0.4	(\$0.1)	-25.1%	\$1.0
Administration	\$0.4	\$0.7	\$0.2	35.8%	\$1.2
Contingency	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6
Capital	\$0.0	\$0.0	(\$0.0)	-17.1%	\$0.1
Depreciation (a)	\$0.2	\$0.2	\$0.0	0.0%	\$0.5
<b>TOTAL CASH EXPENSES</b>	<b>\$3.1</b>	<b>\$3.7</b>	<b>\$0.5</b>	<b>14.4%</b>	<b>\$9.0</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>	<b>\$0.0</b>
<b>AVERAGE HEADCOUNT (FTE) (b)</b>	<b>17.2</b>	<b>21.4</b>	<b>(4.2)</b>	<b>-19.5%</b>	<b>21.4</b>

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

(b) FTE: Full-time staff equivalent

### Key Variances Commentary

- Personnel favorability is due to the delay of new positions to be hired
- Professional Services increase due to legal direct shared support.
- Administration costs below budget due to favorable rent expenses for both the KMF Facilities and lower rent expense from the ICANN supporting services allocation.

# FY17 PTI Operations Services - YTD November 2016 (5 months) Actuals vs.

FY17 PTI YTD Actuals Through November 2016 In Millions, USD	YTD Actuals			
	Names	Numbers	Protocol Parameters	FY 17 Actuals
Direct costs / Dedicated resources	0.8	0.2	0.3	1.3
Direct costs / Shared resources	0.5	0.1	0.2	0.8
Support Services Allocations	0.6	0.2	0.3	1.0
<b>Total</b>	<b>\$1.8</b>	<b>\$0.5</b>	<b>\$0.8</b>	<b>\$3.1</b>

FY17 PTI YTD Budget Through November 2016 In Millions, USD	YTD Budget			
	Names	Numbers	Protocol Parameters	FY 17 Budget
Direct costs / Dedicated resources	1.0	0.3	0.4	1.7
Direct costs / Shared resources	0.5	0.1	0.2	0.8
Support Services Allocations	0.7	0.2	0.3	1.1
<b>Total</b>	<b>\$2.2</b>	<b>\$0.5</b>	<b>\$0.9</b>	<b>\$3.7</b>

Variance FY17A vs FY17B In Millions, USD	Variance vs Budget			
	Names	Numbers	Protocol Parameters	Variance
Direct costs / Dedicated resources	(0.2)	(0.1)	(0.1)	(0.4)
Direct costs / Shared resources	(0.0)	(0.0)	(0.0)	(0.0)
Support Services Allocations	(0.1)	(0.0)	(0.0)	(0.1)
<b>Total</b>	<b>(\$0.3)</b>	<b>(\$0.1)</b>	<b>(\$0.1)</b>	<b>(\$0.5)</b>

FY17 Budget PTI by Service In Millions, USD	FY17 Full Year Budget			
	Names	Numbers	Protocol Parameters	FY Budget
<b>Total</b>	<b>\$5.3</b>	<b>\$1.2</b>	<b>\$2.5</b>	<b>\$9.0</b>



## 2. Draft FY18 Operating Plan and Budget Public Comments Summary

# FY18 Operating Plan and Budget: Public Comments

- Public comment period ran from 24 October -10 December 2016 (~7 weeks)
- 2 organizations/groups and 3 individuals submitted 21 comments\*.
  - Registries Stakeholder Group (RySG) - 4
  - Business Constituency (BC) - 9
  - Allan MacGillivray - 1
  - Stephania Milan and Edward Morris - 7
- Consistent themes across comments.
  - Budget Development Process - 2
  - Caretaker Budget - 2
  - Document Quality - 3
  - Engagement - 3
  - Financial Management - 10
  - Separability - 1
- No substantive changes to Operating Plan and Budget as a result of public comments.

\*ALAC submitted a comment after the public comment period closed. As a result, the comment is not included in the Staff Report. Staff reviewed the comment and it echoes the other comments reviewed.



# 3. FY18 Operating Plan and Budget (OP&B) for Adoption

## No change to final funding and expenses resulting from public comment.

<b>FY18 PTI Budget in Millions, USD</b>	<b>PTI Operations FY18 Budget</b>
<b>FUNDING</b>	<b>\$9.6</b>
Personnel	\$5.8
Travel & Meetings	\$0.6
Professional Services	\$1.1
Administration	\$1.2
Contingency	\$0.5
Capital	\$0.1
Depreciation (b)	\$0.4
<b>TOTAL CASH EXPENSES</b>	<b>\$9.6</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>
<b>AVERAGE HEADCOUNT (FTE) (a)</b>	<b>22.6</b>
<b>FY18 IANA Services Budget in Millions, USD</b>	<b>IANA Services FY18 Budget</b>
PTI Operations	\$9.6
RZMA (Operating Exps & Capital) (c)	\$0.4
<b>TOTAL</b>	<b>\$10.0</b>

(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

Draft Budget reviewed by PTI Board 11 October 2016 Board Meeting (see Appendix)

## No change to final funding and expenses resulting from public comment.

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
<b>Total</b>	<b>\$5.7</b>	<b>\$1.4</b>	<b>\$2.4</b>	<b>\$9.6</b>

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
<b>Total</b>	<b>\$5.3</b>	<b>\$1.2</b>	<b>\$2.5</b>	<b>\$9.0</b>

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
<b>Total</b>	<b>\$0.4</b>	<b>\$0.3</b>	<b>(\$0.1)</b>	<b>\$0.6</b>

# 4. Next Steps

# FY18 Budget Process Timeline

<b>1</b>	Draft FY18 Operating Plan & Budget Public Comment Period	24 Oct - 10 Dec
<b>2</b>	Draft Staff Report of Public Comment and update Draft FY18 Operating Plan & Budget as needed	11 Dec – 10 Jan
<b>3</b>	PTI Board reviews Staff Report of Public Comment and final FY18 Operating Plan & Budget	11 – 17 Jan
<b>4</b>	PTI Board to Approve FY18 Budget and publication of Staff Report	18 Jan
<b>5</b>	BFC to Review and Approve FY18 PTI Budget (tentative)	30 Jan
<b>6</b>	ICANN Board approval: ICANN 58 (tentative)	11 Mar

# 5. Appendix

# Draft FY18 IANA Services Resource Utilization

Draft Budget reviewed by PTI Board 11 October 2016 Board Meeting  
and published for public comment 24 October 2016

FY18 PTI Budget in Millions, USD	PTI Operations FY18 Budget	PTI Operations FY17 Budget	Increase/(Decrease)	
			Total	%
<b>FUNDING</b>	<b>\$9.6</b>	<b>\$9.0</b>	<b>\$0.6</b>	<b>7.0%</b>
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%
<b>TOTAL CASH EXPENSES</b>	<b>\$9.6</b>	<b>\$9.0</b>	<b>\$0.6</b>	<b>7.0%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
<b>AVERAGE HEADCOUNT (FTE) (a)</b>	<b>22.6</b>	<b>21.3</b>	<b>1.3</b>	<b>6.2%</b>

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%
<b>TOTAL</b>	<b>\$10.0</b>	<b>\$9.3</b>	<b>\$0.7</b>	<b>7.8%</b>

(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

- ⊙ Personnel increase due to the impact of 2 New Hires (Software Development and Cryptographic Key services )
- ⊙ Travel and Meetings increase due to increase in community engagement by PTI staff and the implementation of the PTI Board.
- ⊙ Professional Services increase due to legal and finance direct shared support.
- ⊙ Contingency decrease due to cost for the formation of the PTI legal entity in FY17 that will not be incurred in FY18.

In millions, USD - Arithmetic inconsistencies are due to rounding to the nearest million.

# Draft PTI FY18 Budget by Client Groups

Draft Budget reviewed by PTI Board 11 October 2016 Board Meeting  
and published for public comment 24 October 2016

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
<b>Total</b>	<b>\$5.7</b>	<b>\$1.4</b>	<b>\$2.4</b>	<b>\$9.6</b>

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
<b>Total</b>	<b>\$5.3</b>	<b>\$1.2</b>	<b>\$2.5</b>	<b>\$9.0</b>

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



# FY18 PTI Budget Overview

## Public Technical Identifiers

1

### PTI Funding/ICANN Funding

Funding from ICANN of 100% of Expenses, \$9.9M : PTI \$9.6M & RZMA \$0.3M

2

### PTI baseline expenses

Baseline expenses (less \$0.5M contingency) increased \$0.7M to \$9.1M due to additional personnel support and incremental travel

3

### PTI contingency

Contingency to support insurance, communications, and unanticipated costs post transition, decreased by \$0.1M

4

### PTI Ops FY18 Excess / Deficit

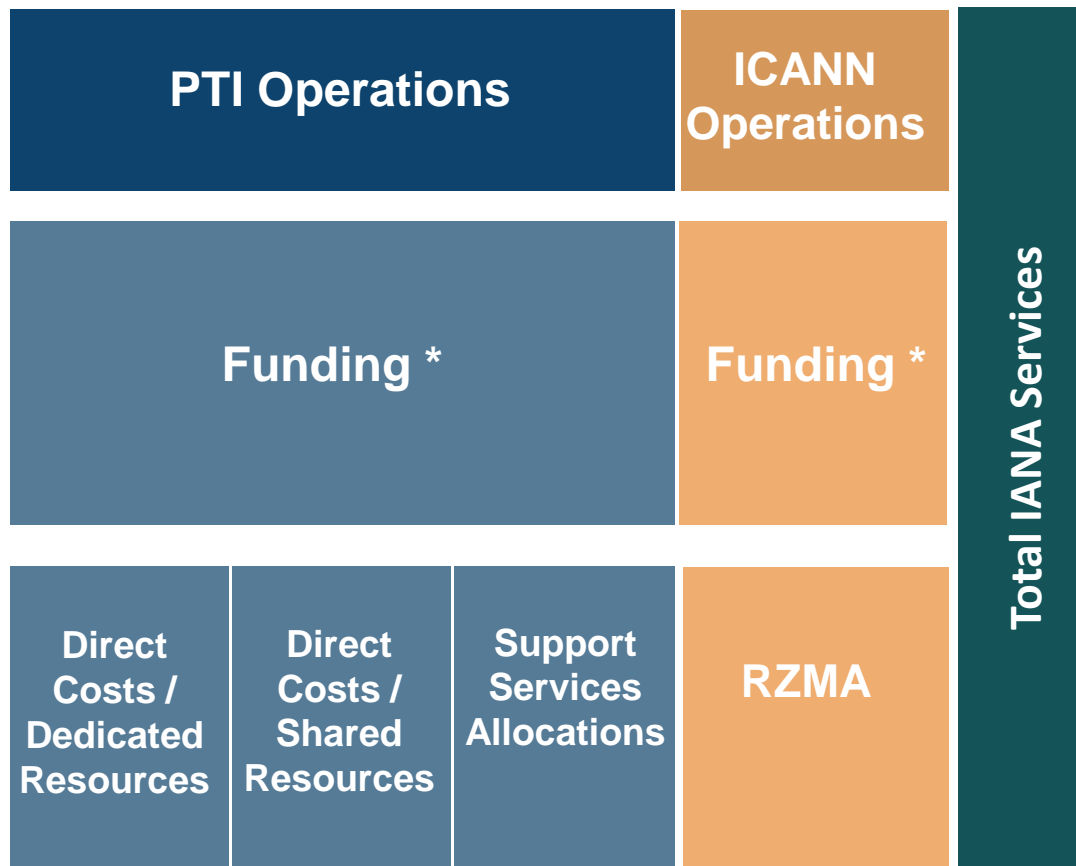
Balanced budget with Total Cash Expenses funded by ICANN

5

### Caretaker Budget

No nonessential IANA activities; baseline budget = caretaker budget

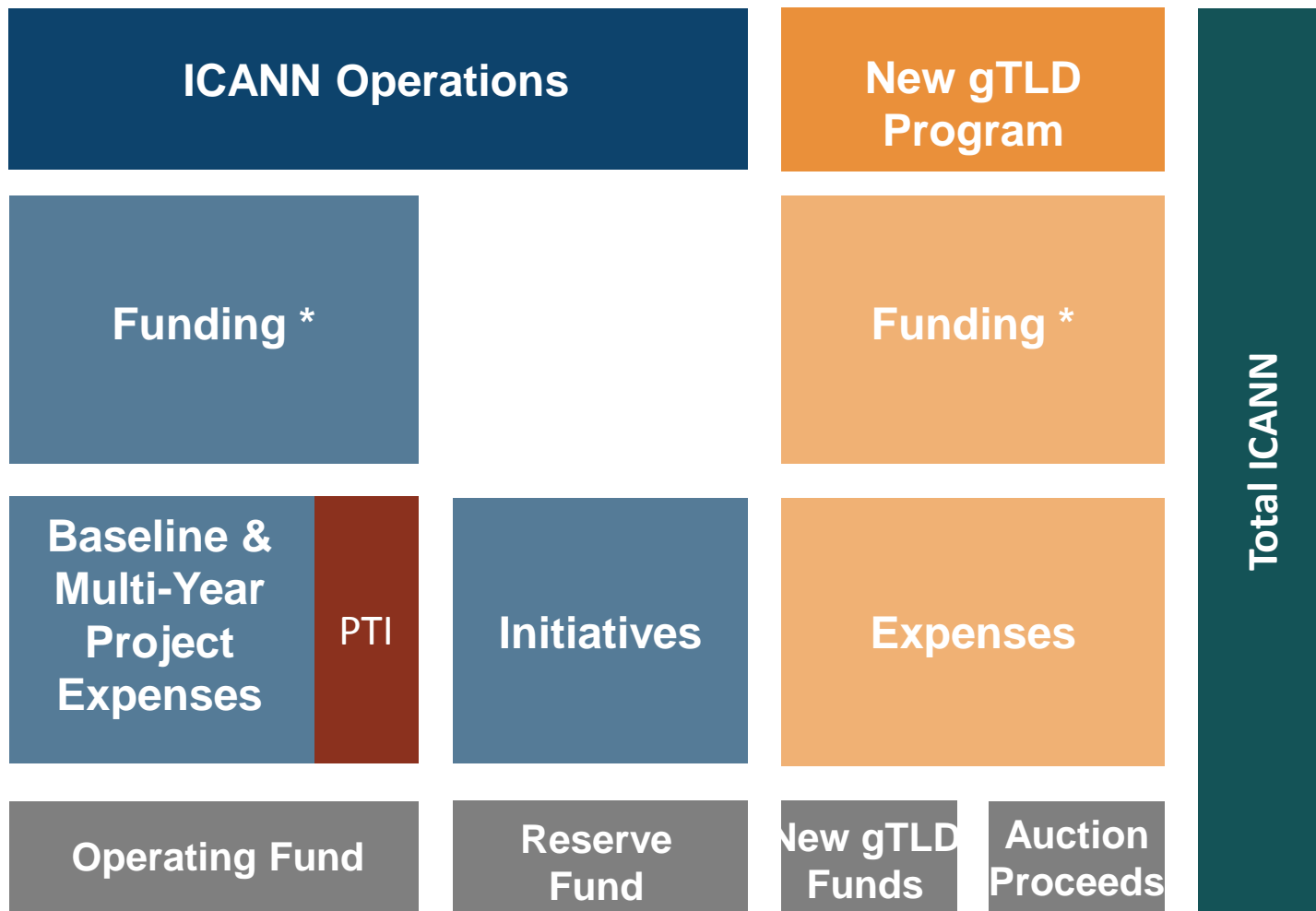
# Financial Reporting Structure – PTI



- Direct Costs / Dedicated Resources represent the activities fully dedicated to delivering the IANA Services
- Direct Costs / Shared Resources represent the resources shared with ICANN
- Support Services Allocations represent supporting functions allocated to IANA/PTI
- Root Zone Maintainer Agreement (RZMA)

\* Previously labeled as revenue

# Financial Reporting Structure – Total ICANN



\* Previously labelled as revenue