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# **Public Technical Identifiers (PTI) FY23 Q4 Management Financials Report (Unaudited)**

Twelve Months Ending 30 June 2023

August 2023

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# 1 FINANCIAL HIGHLIGHTS

## 1.1 FY23 PTI Operations

### Full Year 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 full year unaudited financials for PTI Operations.

FY23 PTI Operations in Millions, USD	12 Months Through June 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
<b>FUNDING</b>	<b>\$9.0</b>	<b>\$9.8</b>	<b>\$0.8</b>	<b>8%</b>
Personnel	\$6.3	\$6.3	(\$0.0)	0%
Travel & Meetings	\$0.5	\$0.5	\$0.1	11%
Professional Services	\$1.0	\$1.3	\$0.3	21%
Administration	\$0.9	\$0.9	\$0.0	2%
Contingency	\$0.0	\$0.5	\$0.5	100%
Capital	\$0.3	\$0.3	\$0.0	6%
<b>TOTAL CASH EXPENSES</b>	<b>\$9.0</b>	<b>\$9.8</b>	<b>\$0.8</b>	<b>8%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0%</b>
Average Full-Time Equivalents	20.7	22.0	1.3	6%

FY23 PTI Operations in Millions, USD	12 Months Through June 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
Direct Dedicated	\$4.3	\$5.1	\$0.8	16%
Direct Shared	\$2.2	\$2.2	\$0.0	2%
Shared Services	\$2.5	\$2.5	(\$0.0)	-1%
<b>TOTAL CASH EXPENSES</b>	<b>\$9.0</b>	<b>\$9.8</b>	<b>\$0.8</b>	<b>8%</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 \$0.8M. 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 \$0.8M driven by unrequired Contingency usage and lower than planned Professional Services.

Direct Dedicated expenses are lower than budget \$0.8M driven by unrequired Contingency usage, lower than planned headcount, lower than planned travel, and lower than planned third-party Algorithm Rollover studies.

Direct Shared expenses are flat to budget.

Shared Services expenses are flat to budget.

## 1.2 FY23 IANA Functions Operations

### Full Year 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	12 Months Through June 2023		Under/(Over) Budget	
	FY23 Actual	FY23 Budget	Total	%
PTI Operations	\$9.0	\$9.8	\$0.8	8%
IANA Support Activities (a)	\$0.6	\$0.6	(\$0.0)	-1%
<b>TOTAL</b>	<b>\$9.6</b>	<b>\$10.4</b>	<b>\$0.8</b>	<b>8%</b>
Average Full-Time Equivalent	20.7	22.0	1.3	6%

(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 \$9.6M is lower than budget by \$0.8M. 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

#### Full Year 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 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>\$4.3</b>	<b>\$5.1</b>	<b>\$0.8</b>	<b>15.7%</b>
Personnel	\$3.2	\$3.3	\$0.1	4.2%
Travel & Meetings	\$0.2	\$0.3	\$0.1	28.9%
Professional Services	\$0.5	\$0.6	\$0.1	13.0%
Administration	\$0.1	\$0.1	\$0.0	20.0%
Contingency	\$0.0	\$0.5	\$0.5	100.0%
Capital	\$0.3	\$0.3	\$0.0	6.2%
<b>TOTAL CASH EXPENSES</b>	<b>\$4.3</b>	<b>\$5.1</b>	<b>\$0.8</b>	<b>15.7%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Full-Time Equivalents	15.6	17.0	1.4	8.3%

## 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>\$2.2</b>	<b>\$2.2</b>	<b>\$0.0</b>	<b>1.8%</b>
Personnel	\$1.3	\$1.3	(\$0.0)	-1.8%
Travel & Meetings	\$0.2	\$0.1	(\$0.0)	-35.7%
Professional Services	\$0.2	\$0.3	\$0.1	23.5%
Administration	\$0.4	\$0.5	\$0.0	8.7%
Contingency	\$0.0	\$0.0	\$0.0	0.0%
Capital	\$0.0	\$0.0	\$0.0	0.0%
<b>TOTAL CASH EXPENSES</b>	<b>\$2.2</b>	<b>\$2.2</b>	<b>\$0.0</b>	<b>1.8%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Full-Time Equivalents	5.1	5.0	(0.1)	-1.6%

## 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>\$2.5</b>	<b>\$2.5</b>	<b>(\$0.0)</b>	<b>-1.2%</b>
Personnel	\$1.8	\$1.6	(\$0.1)	-8.2%
Travel & Meetings	\$0.1	\$0.1	\$0.0	17.8%
Professional Services	\$0.3	\$0.4	\$0.1	30.8%
Administration	\$0.4	\$0.3	(\$0.0)	-15.1%
Contingency	\$0.0	\$0.0	\$0.0	0.0%
Capital	\$0.0	\$0.0	\$0.0	0.0%
<b>TOTAL CASH EXPENSES</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>(\$0.0)</b>	<b>-1.2%</b>
<b>EXCESS/(DEFICIT)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>0.0%</b>
Average Full-Time Equivalent	0.0	0.0	0.0	0.0%

## 2.2 FY23 PTI Operations by Service

### Full Year 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 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	2.5	0.6	1.1	4.3
Direct Shared	1.3	0.3	0.6	2.2
Shared Services	1.5	0.4	0.6	2.5
<b>Total</b>	<b>\$5.3</b>	<b>\$1.4</b>	<b>\$2.3</b>	<b>\$9.0</b>

FY23 PTI Operations In Millions, USD	FY23 Budget			
	Names	Numbers	Protocol Parameters	FY23 Budget
Direct Dedicated	3.0	0.8	1.3	5.1
Direct Shared	1.3	0.3	0.6	2.2
Shared Services	1.5	0.4	0.6	2.5
<b>Total</b>	<b>\$5.8</b>	<b>\$1.5</b>	<b>\$2.5</b>	<b>\$9.8</b>

FY23 PTI Operations In Millions, USD	Under/(Over) Budget			
	Names	Numbers	Protocol Parameters	Total
Direct Dedicated	0.5	0.1	0.2	0.8
Direct Shared	0.0	0.0	0.0	0.1
Shared Services	(0.0)	(0.0)	(0.0)	(0.0)
<b>Total</b>	<b>\$0.5</b>	<b>\$0.1</b>	<b>\$0.2</b>	<b>\$0.8</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 activities throughout the fiscal year, which begins 1 July and ends 30 June of the following calendar 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.

### **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.

### **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

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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.