



Operations Update

24 June 2015

Agenda

- ⦿ Management Systems
- ⦿ FY16 Operating Plan & Budget
- ⦿ FY15 Financials - Overview
- ⦿ Enterprise Risk Management
- ⦿ Dashboard
- ⦿ Organizational Excellence

Management Systems



A world map where the continents are defined by a complex network of white dots and thin white lines, set against a solid teal background. The dots vary in size and are interconnected by a web of lines, creating a digital or network-like appearance of the globe.

FY16 Operating Plan & Budget

FY16 Budget: Public comments

1

Summary of public comments received

- 9 Organizations / 85 comments
- Topics: Policy support insufficient, lack of clarity on USG Transition, comments/questions on KPIs

2

Responses to Public comments

- Calls with SO/AC – Board (BFC) – Staff
- Draft responses reviewed by Board members
- Responses published on June 5th

3

Changes to the Draft Budget

- Policy support: INcreased by \$0.5m (incl. 2 FTE)
- Language Services: INcreased by \$0.6m
- Contingency: DEcreased by \$1.1m
- Clarification on impact of USG Transition
- Other language edits or additions

A world map where the continents are defined by a complex network of white dots and thin white lines, set against a solid teal background. The dots vary in size, and the lines connect them to form a web-like structure that outlines the major landmasses.

FY15 Financials -Overview

Preliminary forecast resulting from:

- 10 months of actual results (July through April)
- 2 months of forecasted activity (May+June)

Unaudited	Forecast	Budget	Var	%
Revenue	\$103.0	\$104.0	(\$1.0)	-1%
Baseline Operating Expenses	(100.5)	(101.3)	0.8	-1%
Initiative (USG Transition)	(7.9)	(6.9)	(1.1)	16%
Other Income/ (Expense)	1.0	0.0	1.0	0%
Net asset change	(4.4)	(4.2)	(0.2)	6%
Net asset change – Cash impact	1.6	1.1	0.5	47%
Capital Expenditures	(7.5)	(8.0)	0.5	-6%
Funding from Reserve Fund (USG Stewardship Transition)	1.5	6.9	(5.4)	-78%
Net impact on Operating Cash	(\$4.4)	(\$0.1)	(\$4.4)	n/a

*: Net asset change (4.4), removing non-cash expenses (6.0), equal the Cash impact of the Net asset change

Actuals after 11 months

- Actual spend includes legal firms accruals (invoices pending)
- Legal firms spend close to \$3m since 1 March.
- Possible excess of spend vs budget

FY15 USG Stewardship Transition Costs

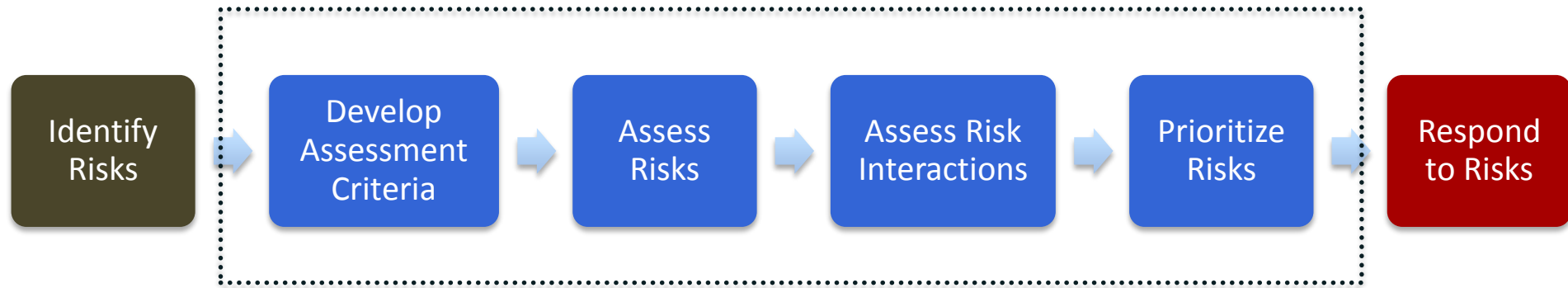
31-May-15

Track	Personnel*	T&M	Prof. Svcs.	Admin	YTD Actual	YTD Budget	Better/ (Worse)	FY15 Budget	Left to Spend
Transition of U.S. Government stewardship of IANA functions	\$0.4	\$0.7	\$2.7	\$0.1	\$3.9	\$2.9	-\$1.0	\$3.1	-\$0.8
Strengthen ICANN Governance & Accountability	0.4	0.3	2.1	0.0	2.9	2.1	-0.7	2.3	-0.6
Post-Transition: Document strengthened relationships with policy and advisory bodies	0.2	0.0	0.0	0.0	0.2	0.7	0.5	0.8	0.6
Maintain security and stability of implementation of root zone updates	0.0	0.0	0.0	0.0	0.1	0.6	0.5	0.7	0.7
Total	\$1.0	\$1.1	\$4.8	\$0.1	\$7.0	\$6.2	-\$0.7	\$6.9	-\$0.1

A world map where the continents are defined by a complex network of white nodes and connecting lines, set against a solid teal background. The nodes vary in size and are densely packed in some areas, creating a digital or network-like appearance of the globe.

Enterprise Risk Management (ERM)

ICANN Risk Assessment Process



Leveraging COSO ICIF (Committee of Sponsoring Organizations Internal Controls Integrated Framework- v2013)

- Identify the risk via inquiry
- Measure impact/likelihood
- Make a decision
- Respond

ERM Roadmap – Short-Term

	FY15		FY16		
	Prior to June	June	Q1	Q2	Q3
5-Yr Strat./Op. Plan Alignment	✓		★		
Framework & Methodology	✓	Evaluate	Progress Update	Review Results	
Board/Stakeholder Insights	✓	Review Approach			Seek
Reporting:					
- Annual - Risk Mgmt Report			Finalize	Communicate	
- Quarterly - Risk Assessment - KSFs & KPIs - Mitigation plan & status - Controls	✓		★	★	★

A world map where the continents are defined by a network of white dots and lines, resembling a social or data network. The background is a solid teal color. The word "Dashboard" is written in white, bold, sans-serif font on the left side of the map.

Dashboard

Planning System



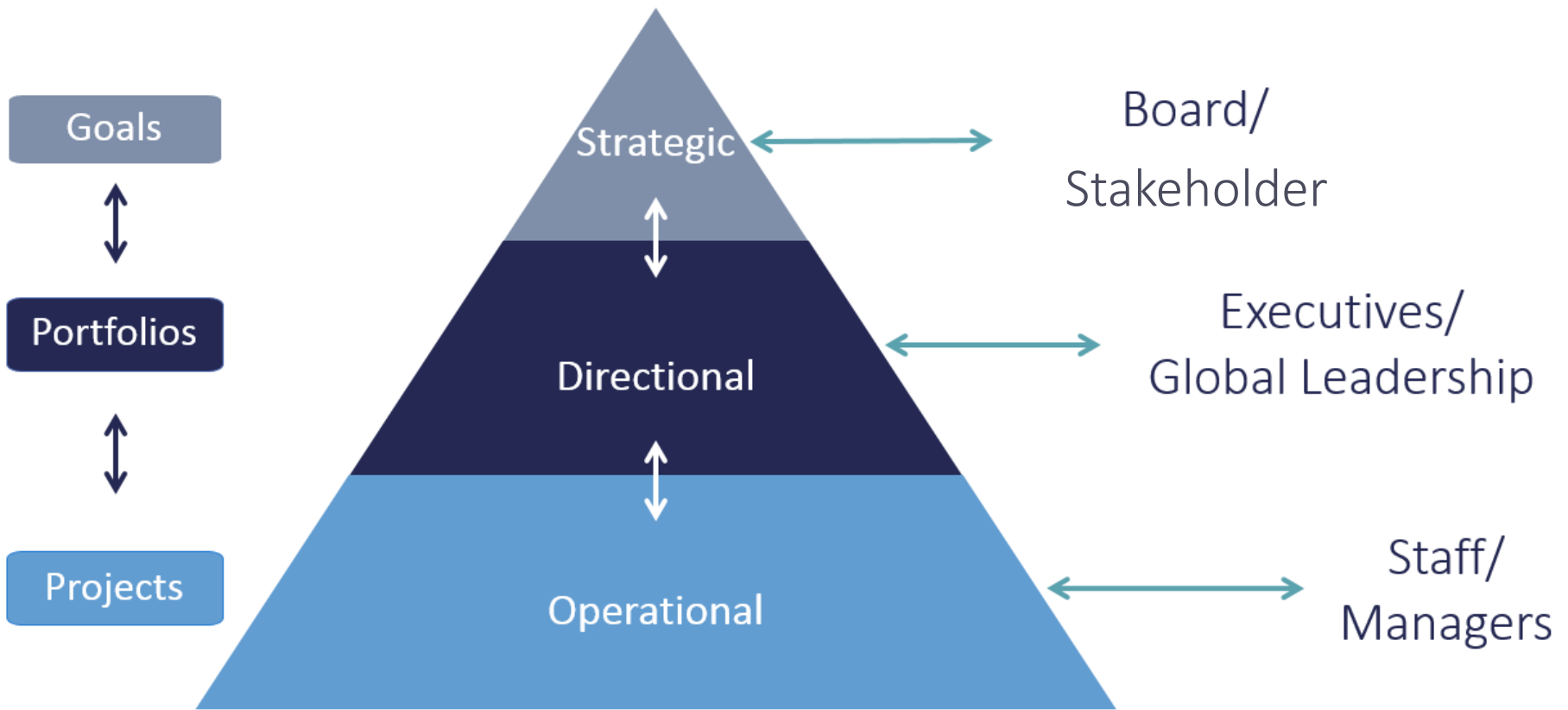
Planning System

ACHIEVEMENT & PROGRESS REPORTING

- Quarterly Stakeholder Calls
Next call: August 20th
- ICANN KPI Dashboard
BETA Launch: August 20th



Purpose & Audience



Dashboards to achieve multiple Purposes for multiple Audiences

Status & Plan

Completed =

- ⊙ Dashboard structure aligns with Operating Plan
- ⊙ Project & Portfolio level Dashboard in use & continue to advance

In progress =

- ⊙ At ICANN 53, previewing Goal-level Dashboard Beta version to engage Board & Stakeholders' input

Next steps =

- ⊙ Target to release Objective & Goal level “ICANN KPI Dashboard” by August 2015 Quarterly Stakeholder call
- ⊙ Dashboards will continue to advance



Dashboard

Objectives & Overall Status

1	Evolve and further globalize ICANN	76
2	Support a healthy, stable and resilient unique identifier ecosystem	...
3	Advance organizational, technological and operational excellence	87
4	Promote ICANN's role and multistakeholder approach	...
5	Develop and implement a global public interest framework bounded by ICANN's mission	81

How to read and understand the charts :

Problematic
Immediate Actions Required

0-49

Below Target
Corrective Actions as needed

50-84

On Target
No corrective actions required

85-100

The number reflects the weighted score of the dashboard charts per goal.



ICANN KPI Dashboard

As of March 2015 (FY2015)



Dashboard

Dashboard > Objective 3 & Goals

Objective Status

3	Advance organizational, technological and operational excellence	87
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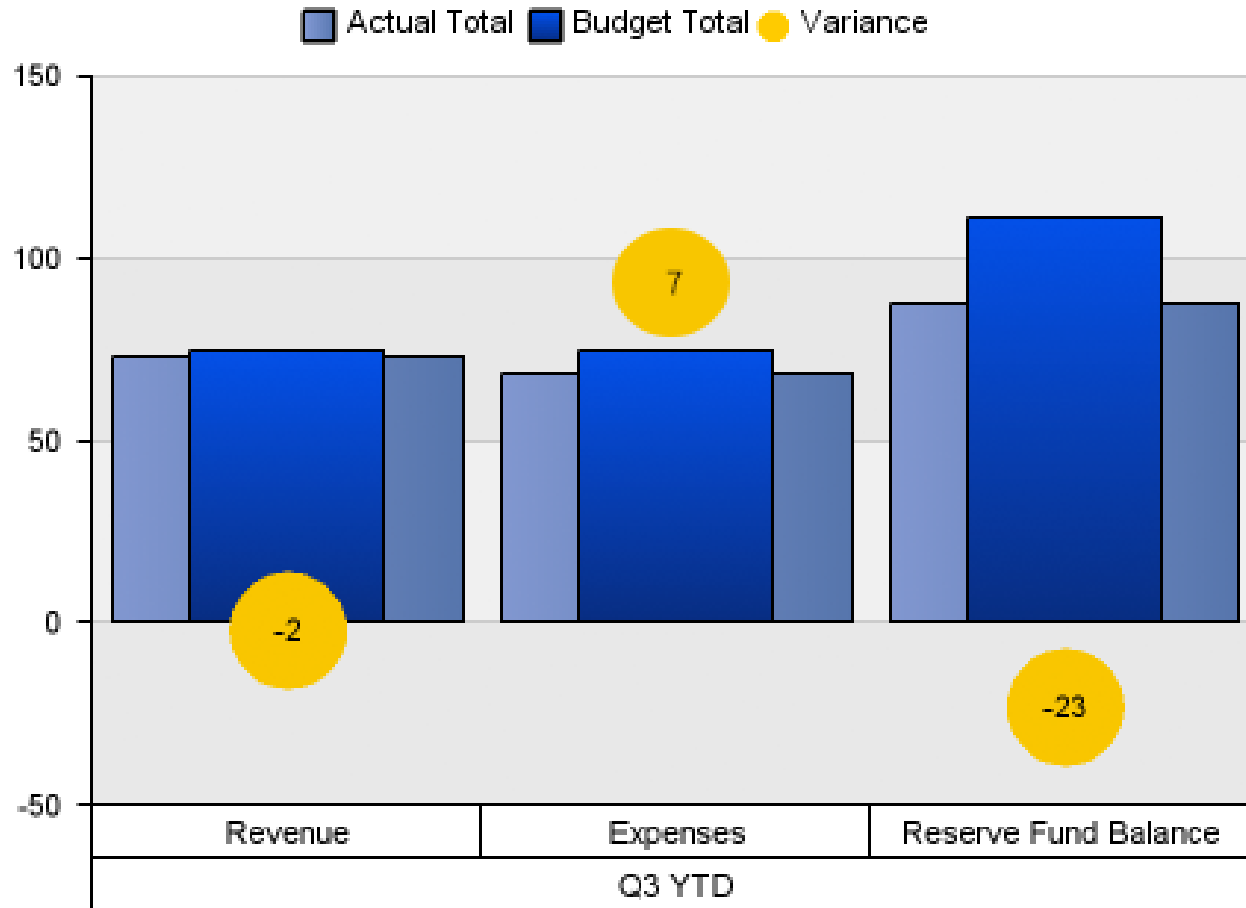
Goals Overall Status

3.1	Ensure ICANN's long term financial accountability, stability and sustainability	94
	Actual to budget reserve fund balance & utilization, and financial performance metrics	●
	Internal control performance indicators	●
	% Project completion indices (with emphasis on major projects)	●
	Comparing actual to target – Staff voluntary attrition trailing 12 month trend	●
	Comparisons of actual to target enterprise risk management roadmap achievement	●
	ON-time delivery index of the ICANN Planning process	●



Actual to Budget Variance (Revenue, Expenses and Reserve Fund)

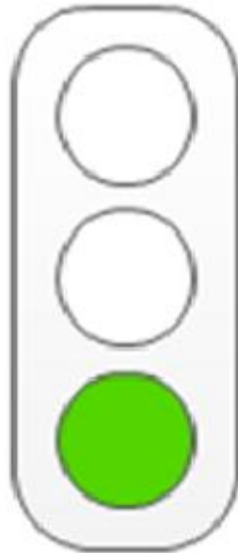
Revenue/Expenses overall consistent with budget.
Reserve Fund progresses towards target.








Number of deficiencies in external auditors Internal Control review

Continued assurance provided by ICANN's internal controls



No Deficiencies

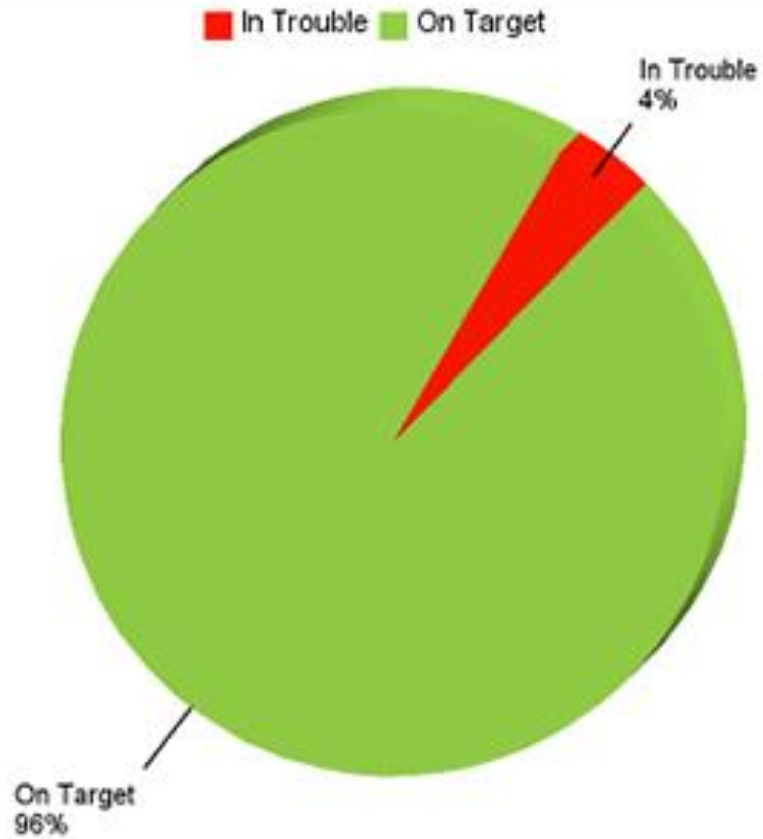
Legend

-  Material Weakness
-  Significant Deficiencies
-  No Deficiencies



% project completion indices

Major projects progressing on target



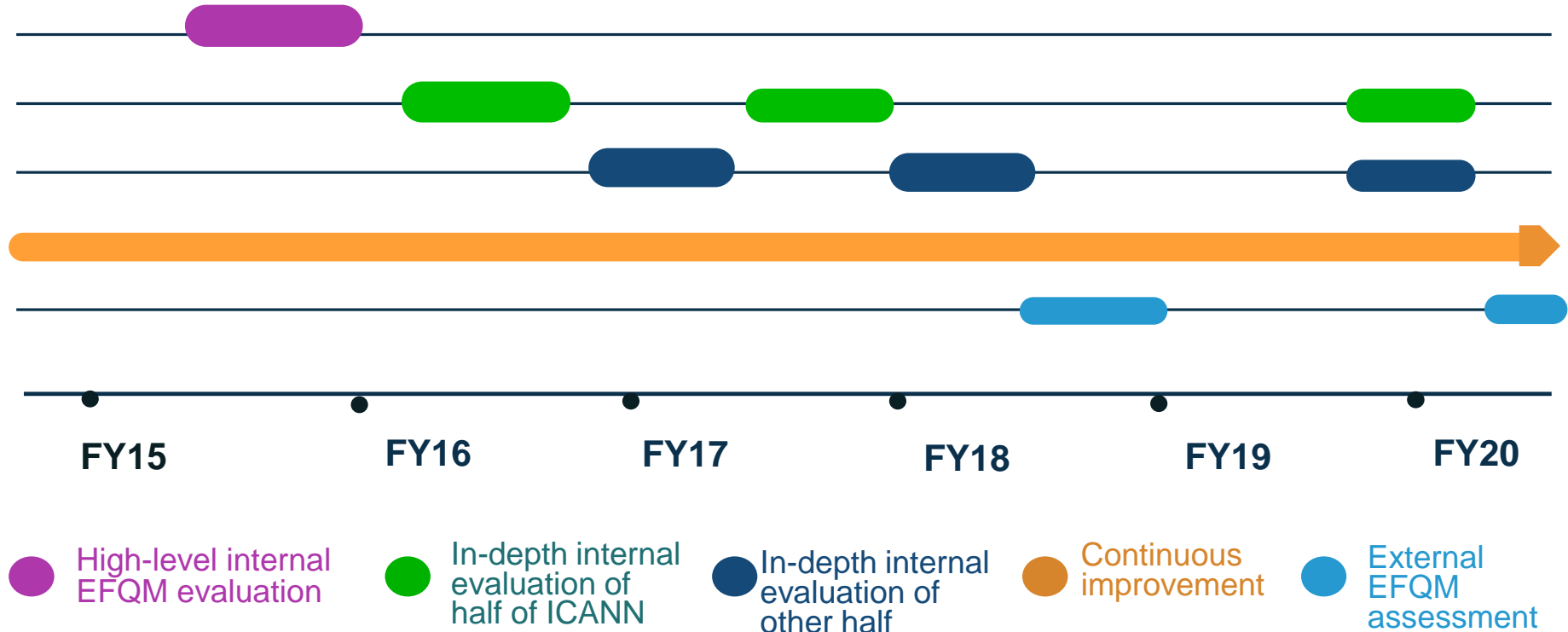
- All Objective 1 Objective 2 Objective 3 Objective 4

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Organizational Excellence

- ⦿ ICANN is applying EFQM Excellence Model in driving organization excellence across ICANN
 - ⦿ Leveraging the experience gained from the IANA Department's EFQM program (started in 2009)
- ⦿ Progress in FY15:
 - ⦿ Completed a draft high-level assessment of the organization using EFQM Methodology
 - ⦿ Identified initial set of improvements
 - ⦿ Developed roadmap to reach an external assessment by FY18

5-year roadmap



Continuous improvement:

After each evaluation, the groups will work on identified improvements to be ready for the next evaluation



Question & Answer



Appendices:

- **EFQM Model**
- **Dashboard**
 - **Strategic vision, structure & objectives**

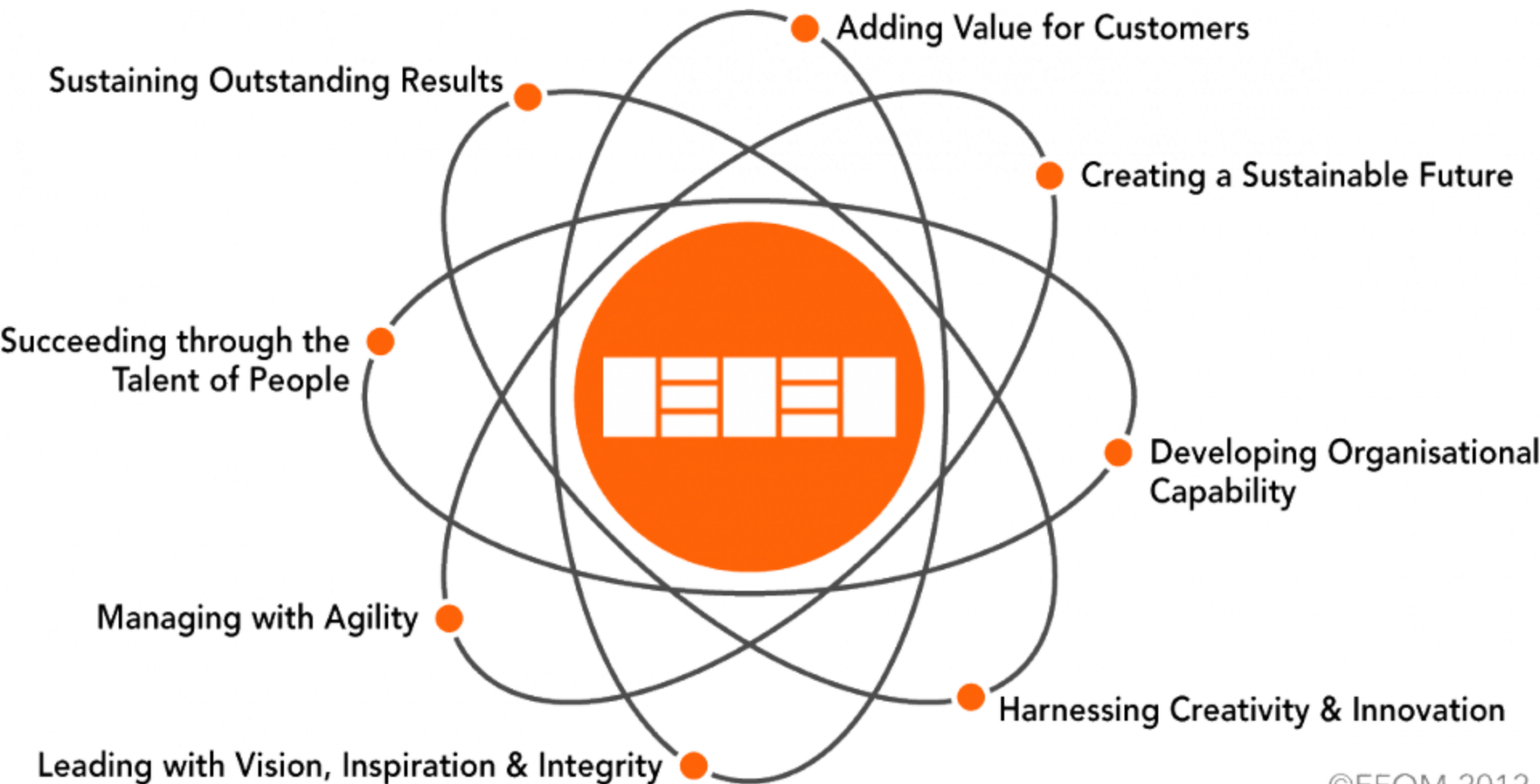
About EFQM Excellence Model

- ◉ Globally recognized framework that has driven sustainable organizational developments to a diverse range of sectors and industries across Europe, the Middle East, Africa, Latin America, and North America since 1989

Expanding beyond the IANA Department

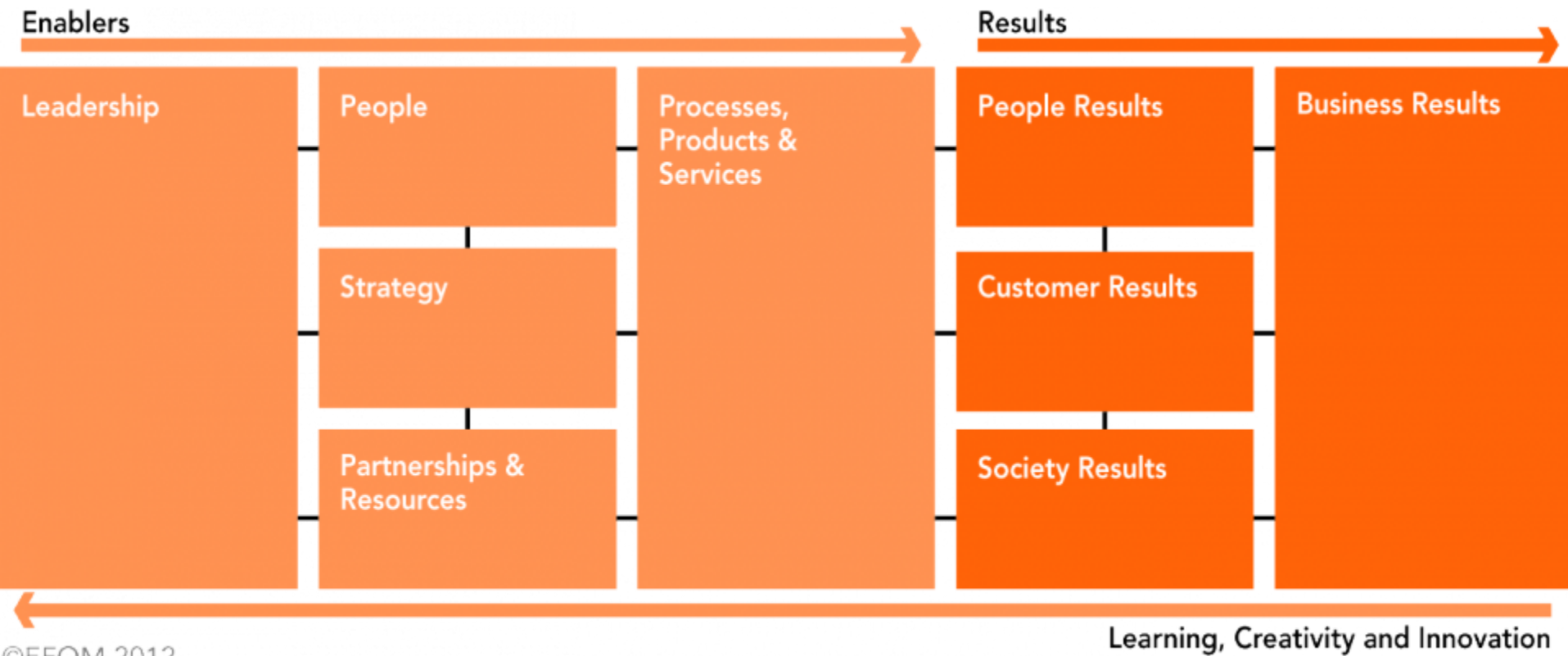
- IANA has been using the EFQM Excellence Model since 2009
- Conducted annual internal assessments, and in 2013 completed first external assessment
- We are expanding EFQM program to organization-wide

EFQM methodology: Fundamental concepts

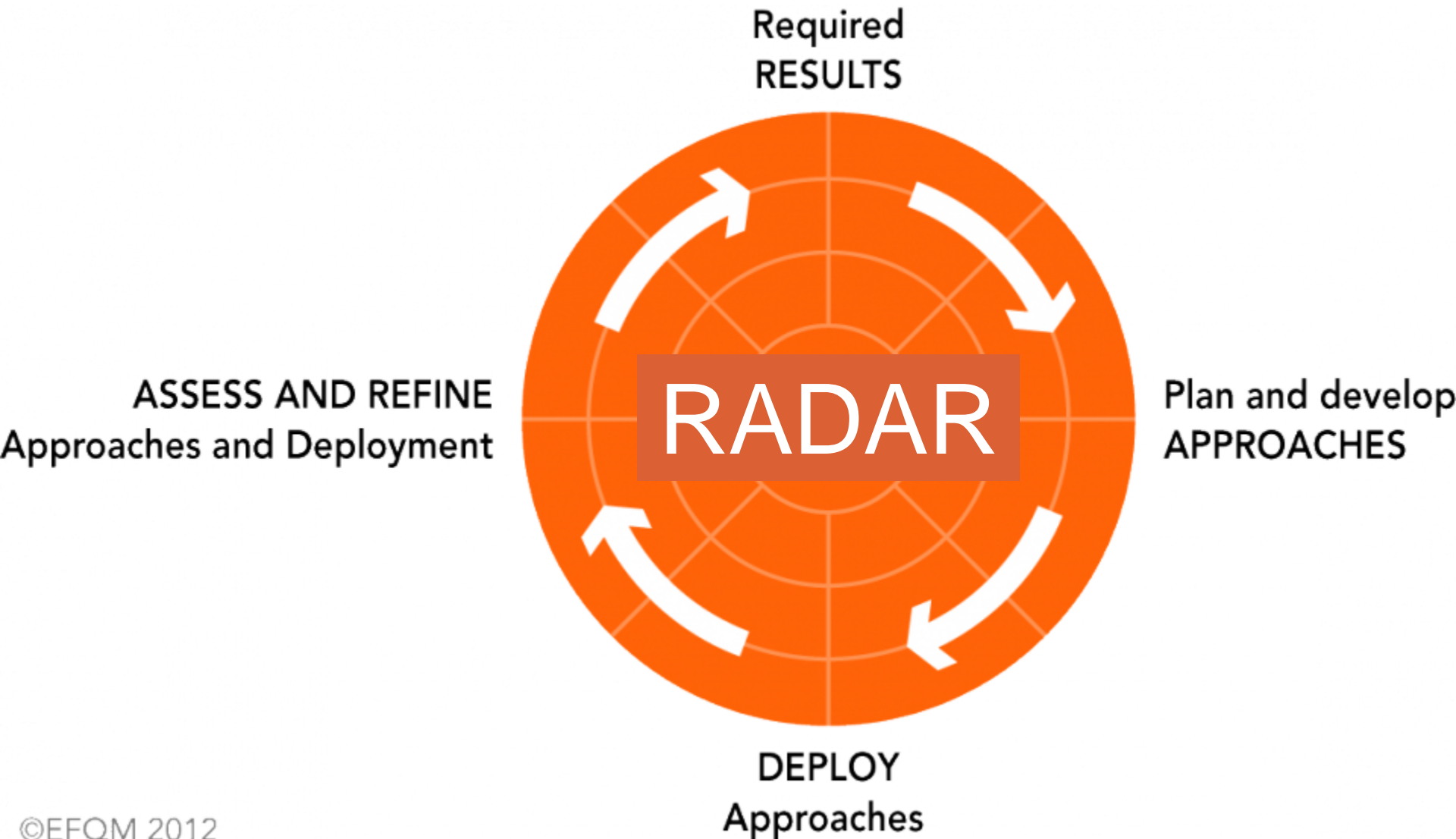


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EFQM methodology: Model



Driving Continuous Improvements



©EFQM 2012

Strategic Vision



Organize and present information in an accessible way to improve accountability, communication, visibility, and operational effectiveness & efficiency.

Strategic, mission-critical decisions require a clear understanding of organization performance.

The vision is to measure performance, validate them and model how specific strategic and operational decisions are going to be executed.

Strategic Structure



Strategic Objectives

1. Evolve and further
globalize ICANN

2. Support a healthy,
stable, and resilient
**unique identifier
ecosystem**

3. Advance
**organizational,
technological
and operational
excellence**

4. Promote
ICANN's role and
**multistakeholder
approach**

5. Develop
and implement a
**global public
interest** framework
bounded by
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