
4 - Overview of the IANA Stewardship Transition and implementation (including PTI)

4.1 - Overview of Transition and Implementation

The global multistakeholder community has engaged in a process to develop recommendations for transitioning the stewardship of the IANA Functions since [NTIA's announcement](#) in March of 2014. This community, comprise of:

- individuals
- operational communities
- ICANN Supporting Organizations (SOs)
- ICANN Advisory Committees (ACs)
- businesses and trade associations
- civil society groups
- governments
- and others from all regions of the world.

These recommendations are contained in the IANA Stewardship Transition Coordination Group (ICG) proposal (the Proposal).

In implementing the recommendations of the Proposal, ICANN is guided by its mission to ensure the stable and secure operation of the Internet's unique identifier systems and by its duty to ensure the stability of ICANN's operations while respecting the IANA contract obligations.

There are three tracks of work. Planning for the new IANA stewardship arrangements is based on an expectation that the contract between NTIA and ICANN for the IANA Functions will expire on of 30 September 2016. ICANN is developing plans to implement new IANA stewardship arrangements resulting from the Proposal by the IANA Stewardship Transition Coordination Group (ICG) and new ICANN accountability mechanisms resulting from the Cross Community Working Group on Enhancing ICANN Accountability (CCWG-Accountability). The three tracks are:

Track 1: Root Zone Management – contains the work related to changes to the Root Zone Management System (RZMS) to remove NTIA's Root Zone Administrator (RZA) role with authorization process, and execution of an agreement between ICANN and Verisign for Verisign to serve as the Root Zone Maintainer (RZM).

Track 2: Stewardship Transition – contains work related to developing relationship documentations with the three operational communities, including Service Level Agreements, creation of a Post-Transition IANA (PTI) entity, establishment of a Customer Standing Committee (CSC) and a Root Zone Evolution Review Committee (RZERC), and operationalizing the IANA customer service escalation mechanisms and SLAs.

Track 3: Accountability Enhancements (Workstream 1) – contains work related to implementing enhancements to ICANN's Independent Review and Reconsideration Request processes, updating ICANN's governance documents, and operationalizing new community powers defined by the CCWG-Accountability.

Workstream 2: The CCWG-Accountability will, following transmission of the Workstream 1 proposal, focus work on issues identified that are not related to the IANA Stewardship Transition but are issues the community notes should be addressed as part of ICANN's broader continued accountability enhancement work.

For FY17, all the activities described above (tracks 1 to 3 and Workstream 2) require support from ICANN staff, for:

- organization of calls
- notes and follow up
- meetings organization and support
- constituent travel support
- professional services and advice (including legal advice).

IANA Stewardship Transition expenses of \$8.8 million have been included in the FY17 budgeted expenses. The funding of these expenses is designated to come from the Reserve Fund as a temporary measure, until a community discussion is conducted early in FY17 to determine the appropriate and final funding of these expenses.

Amounts in USD thousands (000's)	IANA Stewardship Transition FY17 Budget						
	Total						
	Staff	Travel & Meetings	Telecom & Language Services	Legal Services	Other Professional Services		Total
	<i>(including contractor support)</i>				<i>US Gov't Affairs (Lobbying)</i>	<i>Other (excluding contractor support)</i>	
IRP Phase 2	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ 119	\$ 919
Accountability WS2 (Proposal Development, Bylaws Drafting and Implementation)	\$ 808	\$ 354	\$ 201	\$ 1,400	\$ -	\$ 225	\$ 2,988
Transition Implementation	\$ 1,713	\$ 153	\$ 629	\$ 1,130	\$ -	\$ 115	\$ 3,739
General Project Activities	\$ 869	\$ 45	\$ -	\$ -	\$ 250	\$ -	\$ 1,164
Total	\$ 3,389	\$ 552	\$ 830	\$ 3,330	\$ 250	\$ 459	\$ 8,810

The IANA Stewardship Transition budget is comprised of the following types of costs:

Staff – This includes staff and contractors that take their assignments and direction from the leadership of the individual WGs and staff supporting ICANN’s implementation work. The staff costs are tracked monthly by position/employee using a percentage of time allocated to the transition projects. These percentages are reviewed by each department manager.

Community and Staff Travel and Meetings – This includes all travel costs for funded members and participants as well as staff and contractors performing WG support and ICANN’s implementation work. The budget for funded members and participants includes travel and meeting costs for 20 members for an additional dedicated day of meeting of a cross community working group at each of the three ICANN meetings.

Telecom and Language Services – This includes all costs associated with supporting the WGs for Adobe rooms, teleconferences, dial-outs, recording and transcription of calls as well as interpretation, scribing and translation services.

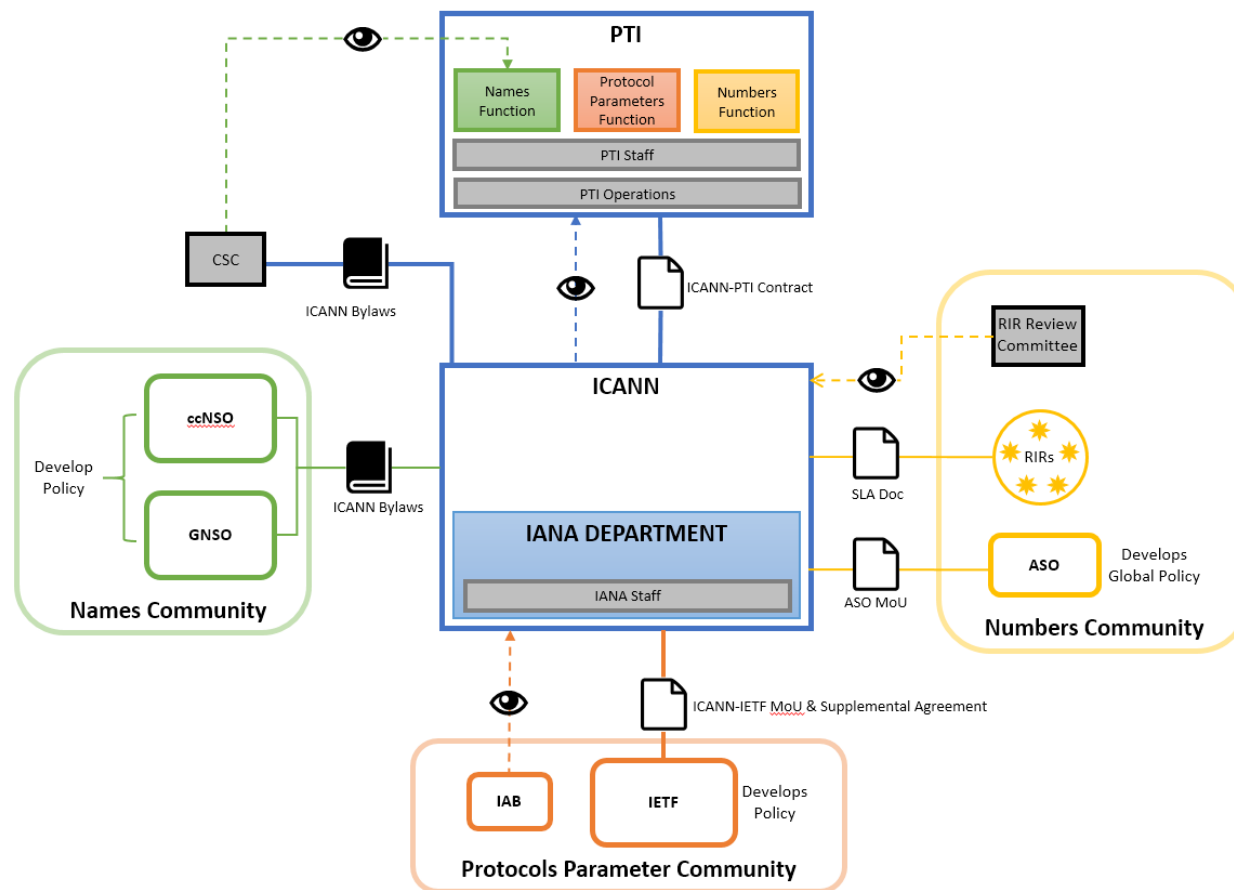
Legal Services – Costs for independent legal advice obtained on request.

Lobbying and Other Professional Services –This includes all costs associated with external services and contractors in service of the transition which are not covered by Work Group support. These fees consist of firms and contractors for services such as Education/Engagement/Advice, Root Zone Management evaluation and Graphics/media. Lobbying costs are for pre transition lobbying with the US government and have been broken out for clarity.

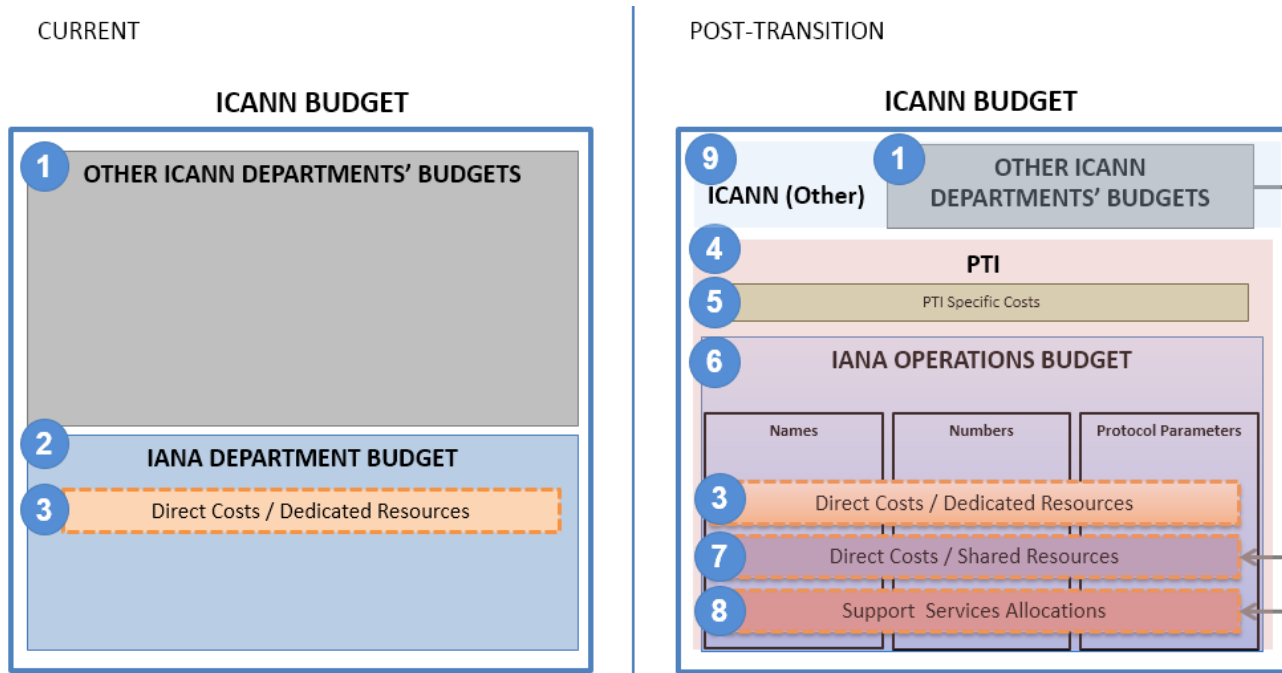
4.2 – Focus on the Post-Transition IANA (PTI) Implementation

In its proposal to the IANA Stewardship Transition Coordination Group (ICG), the CWG-Stewardship recommends that a new, separate legal entity, Post-Transition IANA, be formed as an affiliate of ICANN to perform the naming function post transition.

The following graph is an excerpt from the draft Implementation Plan currently under review, to depict the post-transition state:



The structure of ICANN's Operating Plan and Budget that results from the above future state, focusing on the PTI, is described below:



#	Item	Description
1	Other ICANN Departments' Budgets	Budgets of all ICANN departments except for the IANA department
2	IANA Department's Budget	Budget for the IANA department, consisting only of direct costs/dedicated resources (see below)
3	Direct Costs / Dedicated Resources	Costs of the IANA Department, inclusive of the costs to deliver the 3 IANA functions and to support IANA operations (i.e., system audit)
4	PTI (Post-Transition IANA)	New legal entity, destined to host activities and costs of the IANA functions in service of the 3 IANA functions
5	PTI Specific Costs	Costs incurred by PTI outside of the cost related to deliver the naming function (i.e., annual financial audit)
6	IANA Operations Budget	Budget required to deliver the 3 IANA functions as well as to support IANA operations, inclusive of direct costs/dedicated resources (see above), direct costs/shared resources (see below), and support services allocation (see below)
7	Direct Costs / Shared Resources	Costs of the specific activities directly contributing to the IANA functions, carried out by ICANN departments that also support other ICANN activities or functions (i.e., Legal, IT)
8	Support Services Allocation	Costs representing the estimated value for the IANA functions portion of the services provided by support functions to all or most ICANN departments
9	ICANN (Other)	The portion of the ICANN budget without PTI (see above)

4.3 - Focus on the IANA Functions Operating Plan and Budget

The IANA Functions operating plan is defined by 13 activities, listed below, and further described in the Appendix.

1) Stakeholder Reports	8) KMF Facility Management
2) Request Handling	9) Customer Surveys
3) Stakeholder Engagement	10) 3rd Party Systems Audits
4) Internal Reports	11) Risk, Security, Continuity Plans
5) Systems/Tools Enhancements	12) Consultation to Policy Groups
6) Dept. Management Responsibilities	13) Organizational Meetings (Org. & Dept.)
7) Key Signing Ceremonies	

The budget of the IANA Functions is defined by three sources of costs:

- Direct Costs (from both dedicated and shared resources) resulting from the 13 activities required to perform the IANA Functions.
- Direct costs of shared resources
- Support Services Allocations represent the cost of support functions allocated to IANA.

The IANA Functions activities as defined above are then detailed or allocated by operational community, on the basis of estimated effort percentages, or through allocation keys. The portion of the IANA Functions related to Names as a result of this exercise, is included in the PTI entity, along with PTI specific costs.

Below is a summarized view of the total IANA Functions costs, and its breakdown by operational community, and by the three sources of costs:

FY17 Budget IANA/PTI

In millions, USD	Names	Numbers	Protocol Parameters	PTI
				Total
Direct costs / Dedicated resources	2.1	0.5	1.1	3.7
Direct costs / Shared resources	1.2	0.3	0.6	2.0
Support Services Allocations	1.6	0.4	0.8	2.7
Total	\$4.9	\$1.1	\$2.4	\$8.4
PTI Specific Costs				0.6
Total PTI Costs				\$9.0

The three sources of costs are further described below.

Direct costs of dedicated resources

These costs cover direct and dedicated personnel (16 employees) and associated costs assigned to delivering the IANA Functions: registration and maintenance of protocol parameter registries; allocation of Internet numbers and the maintenance of the Internet number registries; validation and processing of root zone change requests as well as maintenance of the root zone registry; management of the .int and .arpa domains; and holder of the root zone key signing key for the security of the DNS root zone.

Direct costs of shared resources

Within ICANN, departments other than the IANA department perform or participate to processes directly related to the delivery of the IANA Functions.

The costs of the activities carried out by other departments to perform the IANA Functions were evaluated by each department's budget owner. They identified the direct external costs (professional services and infrastructure) and estimated the time spent by personnel from the department on the identified activities valued at the annual cost of each employee (base+benefits).

The Appendix contains a full description of the activities carried out by those departments, which are summarized below:

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- Request processing - IT
 - Root Key Signing - IT, Registry technical Services, SSR, GSE
 - IANA Website - IT, Legal, Web-admin
 - Protection of data and systems - IT, Security, Legal
 - Continuity and Contingency of service - IT
 - Conflict of Interest assertions - IT, Legal
 - Monthly reporting of performance - IT, Legal, Gov. Engagement
 - Administrative support (shared with Compliance)
 - Annual updates to Agreements - Legal

The direct costs of shared resources also include an estimate for the depreciation costs of capital assets of \$0.5 million.

Allocated support functions costs

The total costs of the allocated support functions after excluding the shared from those functions were divided by the total costs of operational functions to determine a percentage of support functions. This percentage was then applied to the total IANA Functions costs (both IANA department direct costs and shared resources direct costs as defined above), to determine a cost of support function allocated to delivering the IANA Functions.

List of functions included in the Allocated support functions are:

- Executive
- Communications
- Operations (HR, Finance, Procurement, ERM, HR development, Operations Executive, Administrative / Real Estate)
- IT (cyber-security, admin, infrastructure, PMO, Staff facing solutions)
- Governance support (Legal, Board support, NomCom)