**Business Constituency (BC) Comment on the Draft FY23 PTI-IANA Operating Plan and Budget.**

The Business Constituency (BC) is pleased to provide this comment on the Draft FY23 PTI and IANA Budget. We note that Public Technical Identifier (PTI) performs core Internet Assigned Numbers Authority (IANA) functions while the IANA Budget encompasses IANA functions performed by ICANN Org which are not performed by PTI.

The IANA operating plan and budget (IANA OP&B) provides the community itemized details of all 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 for the next fiscal year.

**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.

 We do believe this categorization will assist in better articulation of PTI work going forward. 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.

1. 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.
2. 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.

**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.

**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 there should be no increase to the PTI Budget for FY23 as against last year’s budget.

**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 request further details on how this process evolves and would like to know what contingency plan funds this requirement, should additional headcount be required.

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.

**Engagement:**

The BC notes plans to continue to manage 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?

**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).

The FY23 PTI Budget is $0.1M higher than the FY22 PTI Budget but the IANA support activities component is $0.1M lower compared to the FY22 IANA Budget due to the mix of personnel support. Overall the services remain the same to the FY22 Budget, however the BC notes that 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?

Nevertheless, the BC supports the draft PTI Budget.

The BC notes that one of the IANA Naming Function includes “Fostering support for Internationalized Domain Names (IDNs) by maintaining a shared repository of IDN practices and label generational rulesets (LGRs) across TLDs Operational information on the IANA naming”. 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**

As a general note, the BC would like to compute the budgets to arrive at the percentage values indicated and would therefore like to have access to the raw data from which computations were made. Or as an alternative, base data could be provided up to 2 or 3 decimal points. Based on the data provided, we should also be able to verify the computational results indicated without any assumptions.

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.