



13 Jul 2009

## **ICANN Expenditure Analysis: Expense Area Group**

Please accept the following comments in response to the publication of ICANN's Expenditure Analysis by Expense Area Groups (EAG).<sup>1</sup> Go Daddy reserves the right to future comments on this issue, and our positions include, but are not necessarily limited to those noted herein.

### **Introduction and Acknowledgements**

Firstly, we would like to thank ICANN for providing this analysis of projected expenditures in the FY10 budget, according to Expense Area Group (EAG). We recognize that this report is in response to numerous submissions made during the period that the FY10 Budget and Operating Plan was open for public comment, and are pleased that these concerns were given thoughtful consideration.

With that, the analysis of some EAG and associated expense allocations raises questions and concerns, which are outlined below.

### **Disparity between g / cc**

EAG Areas 2 and 3 illustrate some of the financial disparities that often occur between Generic (g) and Country-Code (cc) top level domains (TLDs). While gTLD registries and registrars contribute \$32.4M and \$27.2M, respectively, only \$1.6M is expected in contributions from ccTLDs. And even this figure falls short of the \$2.3M projected for FY09. Overall, ccTLD revenue contributions total about 3% of similar gTLD contributions.

The same proportion does not hold when one reviews projected expenditures. ICANN has detailed \$18.6M for gTLD activities, and over \$9M for equivalent ccTLD activities. In effect, contributions from gTLD organizations are subsidizing many of the expenditure outlays for activities that exclusively benefit the ccTLD space. ICANN should continue to work with ccTLD registries, sponsors, and their representatives on the GAC, to bring ccTLD expenses (EAG 3) in line with expected contributions.

### **Staff Expenditures and Allocation**

We appreciate that ICANN has been more forthcoming of late in disclosing compensation information for key staff members. Still, we would like to see additional transparency in this area, particularly in regard to incentive plans for employees and executives. The community must have a better understanding of how the progress of ongoing initiatives (new gTLDs, IDN adoption, etc.) affects staff compensation.

### **Travel, Meetings and Outreach**

For FY10, ICANN is projecting that it will spend 22% of budgeted expenditures on travel (staff and supported volunteers) and meeting logistics. Given the significant expense involved, we urge ICANN to continue its examination of travel support policy and the planning of meetings and events. Travel support for SO/AC volunteers must be strictly limited, and meeting costs should be controlled via competitive bidding, agreements with air carriers and hotels, and choosing standard regional cities.

Additionally, ICANN should consider conducting an annual study on the benefits of holding three meetings each year in global locations, some of which are difficult to reach. Does this approach result in greater geographic diversity or increased participation? Does the attendance of various volunteer organizations (GNSO, ALAC, etc.) increase in line with additional travel support? Are there other means of outreach, such as media campaigns, that would be a more optimal use of these funds?

### **Transparency in Government Relations**

We ask that ICANN provide additional details on its expenses related to government relations. Specifically, which individuals or agencies are being contacted? On which issues is ICANN offering consultations or opinions? As ICANN spends more in this EAG, we expect that it will similarly work to be more transparent in its government relations activities.

### **Conclusions**

Presenting ICANN's budget in terms of EAGs is indeed a welcome improvement, and helpful in understanding some of the key issues as they relate to FY10 planning. We look forward to a further dialogue on the issues raised in this comment, and welcome the opportunity to help ICANN control growth in its projected expenses.

Sincerely,  
GoDaddy.com, Inc.



Tim Ruiz  
Vice President  
Corporate Development and Policy  
GoDaddy.com, Inc.

1. <http://icann.org/en/announcements/announcement-3-29may09-en.htm>