



Comments on ICANN's Budget for Fiscal Year 2010 (FY10)

The Coalition Against Domain Name Abuse (CADNA) appreciates the opportunity to comment on ICANN's proposed budget for the 2010 fiscal year (FY10).

Strategic Plan

The ICANN Operating Plan and Budget are derived from the approved Strategic Plan, which enumerates ICANN's goals for the upcoming year. To begin, CADNA would like to offer comments on these goals and ICANN's plan to accomplish them.

The first goal set out in the Strategic Plan is the implementation of IDNs and new gTLDs. CADNA has already been very vocal about its opposition to the hasty way in which this plan is being executed, but wishes to reiterate that the demand for new gTLDs has not been substantially proven. The impact that such a rapid expansion would have on the economy and on the security and stability of the space has not been proven. Therefore, CADNA maintains that ICANN should not continue to move forward with the rollout of new gTLDs, and thus should not provide budgeting for it at this time.

The next goal of the Strategic Plan is to enhance security, stability and resiliency in the allocation and assignment of the Internet's unique identifiers. CADNA fully supports this initiative, especially since it is one of the core tenets of ICANN's mission. As such, CADNA believes that this item should have a very high priority on the budget.

ICANN listed as its next goal to strive for excellence in its core operations. As such, this goal should have the highest priority, and the ICANN budget should reflect this commitment. Furthermore, ICANN should focus its attention on accomplishing this level of excellence in its core operations before devoting itself to new, more complicated initiatives such as the new gTLD program.

CADNA supports ICANN's next goal, which is to strengthen the process for developing policy. The Coalition recommends that this initiative include examining the GNSO restructuring changes that appear to further increase the voice of the contracted parties at the expense of all other Internet users. That goal is closely related to the next one, which is to strengthen ICANN's multi-stakeholder model to manage increased demands and changing needs. CADNA again supports this goal, particularly with the objective of increasing private sector leadership and encouraging the involvement of more traditional Internet users. However, neither of these goals is addressed in the FY10 budget.

The final goal of the Strategic Plan is to globalize ICANN's operations. If necessary to meet the demands of ICANN's mission, than such global expansion is necessary. That said, CADNA maintains that expansion must not include any change in the corporate structure of ICANN as a California based not for profit organization.



CADNA acknowledges that the Strategic Plan has already been approved in its entirety, but still urges ICANN to consider these comments when developing its budget. Certain items should receive a much higher priority and subsequently, a higher portion of the budget than others, and CADNA hopes that ICANN will allocate funding appropriately to ensure that the most important goals are achieved during this upcoming fiscal year.

Fiscal Year 2010 Operating Plan

CADNA would like to begin its comments on the FY10 Operating Plan by commending ICANN on two aspects. First, CADNA praises the emphasis on security, as demonstrated by the increase in budgetary support for security, stability and resiliency. Similarly, CADNA applauds ICANN for allocating Contractual Compliance funds to hire a WHOIS compliance manager and auditors, as well as to commission WHOIS accuracy studies. The issue of WHOIS accuracy is highly important in maintaining both security and stability, and competition in the domain name space.

On the other hand, there are various aspects of the Operating Plan that concern CADNA. Firstly, despite the fact that ICANN has announced that a separate budget for the new gTLD Program is forthcoming, a significant portion of the FY10 budget is being allocated to different parts of the new gTLD Program. Namely, many areas of ICANN, including the IANA, for example, will have to expand to accommodate the new program. This expansion will drive up costs, but are included in the general Operating Plan budget, not in the separate gTLD budget. CADNA is concerned that this inclusion will obscure the real financial impact of the new gTLD Program, thereby decreasing the level of transparency of ICANN's activities.

Secondly, CADNA wishes to note that Item 7, "Constituency Support," which comes in the form of a 3.2% increase over FY09, does not include all constituents, but rather is limited to new registries and registrars. This is another example of ICANN overlooking the business community. Although ICANN raises an accurate point by mentioning that more registries and registrars will crop up with the introduction of new gTLDs, it is not fair for ICANN to devote its resources solely to these groups. The business community will undoubtedly need support amid the new system as well, and ICANN should offer services designed to help consumers and others adjust.

Fiscal Year 2010 Revenue Budget

CADNA is concerned about a seeming incongruence raised in the Revenue Budget. Given the impending introduction of new gTLDs, it is logical that ICANN is predicting an increase in revenue from registries. However, CADNA is unable to comprehend why it is predicting a decrease in revenue from registrars. The availability of new gTLDs will inevitably spur users to register new domains, and yet, on page 15 of the budget plan, ICANN estimates that the total volume of transactions will be reduced. However, on page 16 of the plan, it says, "Transaction volume is proposed to increase at a modest rate in FY10 relative to prior years." CADNA urges ICANN to rectify this contradiction before it finalizes the budget for FY10.



It is possible that some of these issues will be further clarified in the separate new gTLD budget. If that is the case, CADNA recommends that ICANN provide evidence for its assertions about domain transactions in that budget, because the lack of clarity in this draft is unacceptable. In addition, ICANN must be sure to provide ample time for public comment before it releases the finalized budget for the new gTLD program.

Fiscal Year 2010 Operating Expenses

The FY10 Operating Expenses budgets over \$12 million for Travel and Meeting costs. While this number is less than the FY09 budget, it is still extremely high. CADNA recommends that ICANN should seek more cost-effective solutions to meet their meeting needs, whether that be scheduling fewer meetings, scheduling meetings in more easily reached locals, or conducting certain meetings electronically, through webcasts and teleconferencing.

CADNA maintains that there are many areas that require further review and consideration. The main focus of ICANN's activities in the upcoming fiscal year should be to improve its core operations and comply with its central mission. The budget should reflect this focus; in other words, the majority of the budget should be dedicated to activities that bring ICANN closer to its original goals. These must be completed before ICANN embarks on new initiatives like the New gTLD Program. Moreover, before moving forward with such new initiatives, ICANN must be more thorough in assessing the demand for them.