

Mr. Peter Dengate Thrush  
Chairman of the Board of Directors  
Internet Corporation for Assigned Names and Numbers  
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Copenhagen, 4 April 2011

Dear Peter Dengate Thrush,

The Danish Internet Forum (DIFO) welcomes the opportunity to comment on ICANN's Draft Framework for the FY12 Operating Plan and Budget (hereinafter *Operating Plan*). DIFO is responsible for the Danish top-level Internet domain, .dk. Its core business is the registration of domain names and the administration and technical operation of the national domain name registry in Denmark.

DIFO has the following comments on ICANN's Operating Plan:

#### **General comments**

ICANN has four strategic focus areas as decided in the Strategic Plan 2011-2014:

1. DNS stability and security
2. Consumer choice, competition and innovation
3. Core operations including IANA
4. A healthy internet eco-system.

Although the four focus areas, and details on how they should be carried out, are mentioned briefly in the Operating Plan, it is not clear to DIFO how the budget should be connected to them. The Operating Plan specifies the cost of the main areas but fails to specify the costs on specific projects.

It is important to DIFO that the Operating Plan (and Budget) clearly set out what expenses should be used in order to fulfill the Strategic Plan 2011-2014. DIFO recognizes that a draft budget will be published later in details. Nevertheless, the lines of how the expenses are used need to be traceable in the present operating plan.

By not being specific, ICANN fails to fulfill its aim to be transparent. The Operating Plan as it stands does not show how expenses are divided among the various projects.

## **Cost of personnel**

The Operating Plan shows a raise in the expenses for Personnel from 25.9 million in 2011 to 28.5 million in 2012. The number of employees is not mentioned in the Operating Plan but the "Strategic Plan 2011 – 2014" mentions 140 employees. This gives an average of more than 203,000 dollars per employee, which seems to be an inexplicable high average. Even considering a large group of senior staff, this average income seems too excessive.

## **Cost of Professional services**

Along with the high average of wages there is also a high cost of Professional Services. These expenses rise from 16.3 million to 17.2 million dollars – not including the launch of new TLDs (which will raise the amount to 50.2 million dollars). An organization with costs to Professional Services of more than half the Personnel budget has a high usage of out-sourced services. This might in some situations be justified, but to DIFO it does not seem clear why ICANN needs this excessive use of professionals outside the organization, compared with the fairly high number of staff in ICANN.

## **The final result**

The Operating Plan shows two scenarios - one without the launch of new TLDs with a deficit of 2.9 million dollars, and one with new TLDs with a surplus of 2.5 million dollars. Thus, seen from DIFO's perspective ICANN does not take precautionary measures by presenting a budget with a deficit. Publishing an Operating Plan and budget with a deficit put an unnecessary pressure on the launching of new TLDs, which DIFO finds unacceptable. ICANN needs to present an Operating Plan without new TLDs which at least has a break even result and not a deficit of 2.9 million dollars – even if this will mean cut in expenses (preferably on professional services).

DIFO trusts that ICANN will collect and publish all the comments reviewed with responses to the various issues raised. We look forward to this and to receiving a more detailed budget to comment on in May.

On behalf of the Board of Danish Internet Forum

Yours sincerely,



Lise Fuhr

CEO

Danish Internet Forum