

Instructions for [Financial Evaluation Templates](#)

MLS and WCS Instructions

Purpose:

The purpose of the Most Likely Scenario (MLS) and Worst-Case Scenario (WCS) financial projections is to provide financial projections for the startup period and the first three years of operations with a focus on all cash flows. Applicants must demonstrate that sufficient cash flows exist to cover this period, whether it be from funding and/or revenue from operations. All cash flow into the applicant and out of the applicant must be included in these financial projections.

Instructions:

Do not add, change, or delete any row, column, cell position or format in the MLS or WCS templates.

The following information describes the line items included in the MLS and WCS. If a line item does not pertain to the applicant's Operational Plan, the applicant must show zero for that line item and explain that the cash flows are not relevant to the future expected cash flows and why.

- **Currency** – The MLS and WCS projections must be completed using currency in USD (United States Dollars) or the nationally recognized currency for the jurisdiction of the applicant or QPE (Qualified Parent Entity).
- **Startup Period** – This period is meant to represent the time between the last financial statement submitted as part of the evaluation process and the commencement of the new gTLD operations.
- **Year 1** – This is meant to be 365 days beginning on day one when the applicant begins commencement of new gTLD operations.
- **Year 2** – This is meant to be day 366 to day 730.
- **Year 3** – This is meant to be day 731 to day 1,095.
- **Comments** – For each line that requires data from the applicant, the applicant must provide brief comments to help reference or explain the related cash inflow or outflow. All comments must be no more than 2 pages. Documents requested in other sections of the application should not be entered into comments. Any information cited must be consistent with any other submitted information submitted with the application.

NOTE FOR MULTI-STRING APPLICANTS – Financial responses, including the cash flow projection templates, apply to all strings. Multi-string applicants will complete financial evaluation (including templates) only once and must include information about all applied-for strings in the response.

Projected Cash Inflows – This section of the MLS and WCS projections is meant to be used to forecast all expected cash inflows to the applicant during the startup period and the first three years of operations. Only cash inflows must be shown in this section.

Forecasted Registration Volume – This field is automatically filled from the MLS and WCS Registrations Projection tab.

Registration Revenue – This is a formula within Excel to multiply the Forecasted Registration Volume by the Registration Fee.

Funding Source-1 and Source-2 – These lines were added to allow the applicant to list other sources of cash inflows and related amounts. Except for registration revenue and cash on hand at the time of application, any type of cash inflow, such as financing, investing, or other operations must be shown on these lines. Debt or Equity financing can be presented in this section but must be accompanied by information to explain the source and purpose of such financing as well as the key terms and restrictions associated with such financing. The timing of such cash inflows, whether in the startup periods, Year 1, Year 2, of Year 3 must be explained.

Cash On-Hand at Time of Application – This field is for the applicant to input the cash on hand at the time of the application. A minimum cash on hand based on the following calculation: US\$50,000 + 25% of the applicant's total application fees. If the calculated cash on hand exceeds US\$300,000, the required minimum is US\$300,000. This cash must be in the account of the applicant or QPE and be confirmed as included in Cash or Cash Equivalents on the balance sheet.

Total Cash Inflows – This is a preformulated row which seeks to calculate the sum of all expected projected cash inflows. Comments may be entered in this row.

Projected Cash Outflows – This section of the MLS and WCS projections is meant to be used to forecast all expected cash outflows from the applying entity during the startup period and the first three years of operations. Only cash outflows must be shown in this section.

Capital Expenditures – This section of the MLS and WCS projections is for the applicant to break out forecasted capital expenditures in the start-up period and the first three years of operations. Identify and list in Comments all planned significant investments in capital expenditures.

Capital Expenditure Category-1, Category-2 – These rows are included for the applicant to list various classifications of related capital expenditure. These lines should forecast the meaningful groups of capital expenditures expected in the startup period and the first three years of operations.

Outsourcing Operating Costs – This section of the MLS and WCS projections is for the applicant to break out forecasted outsourced operating costs in the startup period and the first three years of operations. Identify and list in Comments all the significant outsourced services planned for the startup period and the first three years of operation. All contracts, letters of intent (LOIs), and proposals for outsourcing must be included in the materials provided in this application.

Registry Service Provider – This line item is for all outsourced costs services provided by a Pre-evaluated Registry Service Provider. Confirm in Comments that Contracts, LOIs, or proposals for Pre-evaluated Registry Services are included in the materials provided in this application.

Service & Provider-2 and Provider-3 – These rows are included to allow the applicant to list various classifications of related outsourced operating costs (excluding Pre-evaluated Registry Services already provided). These lines must include the meaningful groups of outsourced operating costs expected in the startup period and the first three years of operations.

All Other Cash Outflows – This line item of the MLS and WCS projections is included for the applicant to account for all other expected cash disbursements that are not specifically covered in the Capital

Expenditures or Outsourcing Operating Costs. Identify and list in Comments all other significant cash outflows that the applicant plans expect to incur. The list should include such items as labor, marketing, customer service (technical, general & administrative), marketing, facilities, research & development, ICANN fees, debt repayment, interest, and taxes.

Total Cash Outflows – This is a preformulated row which seeks to calculate the sum of all expected projected cash outflows. Comments may be entered in this row.

Projected Net Cash Flow – This is a preformulated row which seeks to calculate the sum of all expected projected cash inflows minus the sum of all expected projected cash outflows.

Projected Total Cash Flow – This is a preformulated cell which adds together the sum of the Net Cash Flows across the start-up period and the first three years of operations. The ending value in this cell must not be negative. A negative value indicates that the applicant has presented a scenario that does not have sufficient expected cash inflows to support the cash outflows for the start-up period and the first three years of operations.

MLS and WCS Registration Projections Instructions

Purpose:

The MLS and WCS Registration Projections templates are provided to assist the applicant in preparing the required revenue projections for the MLS and WCS. The Template calculates the total revenue from registrations for ALL applied-for gTLDs Year 1, Year 2, and Year 3 in the MLS and WCS. The calculated revenue projections automatically populate MLS and WCS appropriate cells.

Instructions:

1. The requirements for calculating the revenue projections are as follows:
 - a. **Registration Volume** – This field is filled from the MLS and WCS Registrations_Projection tabs.
 - b. **Average Registration Fee** – This field is the average registration price charged to registrants for all applied-for strings and is filled from the MLS and WCS Registrations. The applicant must provide comments describing why registrants will be charged this average amount.
 - c. **Premium Fees** – This field is the total of all estimated premium fees for all applied-for strings. Provide comments describing why registrants will be charged this average amount.
2. Each applied-for gTLD must be entered individually beginning in row 9.
3. Do not modify the template format or the cell formulas.
4. All cells require a non-zero entry.

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Risk Assessment Instructions

Purpose:

Contingency planning requires identifying risks that, should they occur, would impact the applicant's TLD operations and/or future funding. These risks must have action plans to determine the probability of occurrence, the impact on the current and future operations, and mitigation plans to minimize the impact.

Instructions:

Using the spreadsheet titled "Financial Evaluation Templates – Risk Assessment," document the applicant's assessment of the material risks that are predefined, as well as those specific to your domain portfolio, which could significantly impact the successful operation of the portfolio of applied-for TLDs. Risks could be for an individual TLD or for the portfolio of TLDs.

There are five mandatory risks to address, and space to include up to 25 additional risks specific to your domain portfolio.

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The mandatory risks are:

1. **Reduced funding:** Any shortfall in funding streams other than fewer registrations than projected.
2. **Human Resources:** Loss of key personnel, inability to fill critical roles, insufficient staffing levels.
3. **Regulatory:** Any potential changes in law or regulation in any jurisdiction that your registries will be subject to.
4. **Material deviation from expected activity volume:** Deviations may be higher or lower depending on the activity.
5. **Catastrophic technical failure:** Failure of internal technical hardware/software platforms and/or outsourced technical operations.

Step 1: Identify specific risks and enter a description for each into the spreadsheet beginning in Row 14.

Step 2: For each of the mandatory risks and any additional risks specific to your portfolio, enter the information required by the Template. To assist you, the Template includes automation, through conditional formatting, to highlight when input is required. This does not validate your input, but only marks areas where responses are required.

- Yellow cells require input of some kind.
- Gray cells are optional to provide input.
- Green cells contain fixed content.

If the "Financial Evaluation Templates – Risk Assessment" spreadsheet is submitted with one or more yellow cells, a clarification question will be issued to the applicant.

Probability Assessment (Column F) is selected from the dropdown list. The table below defines the probability in terms of percentages.

Probability	In % terms	Description
Minimal	Less than 1%	Highly unlikely and in some cases not possible, but it may occur in exceptional circumstances.
Low	1 to 25%	Not expected, but there is a slight possibility it may occur at some time.
Medium	26 to 50%	The event might occur at some time. There is a history of infrequent occurrences.
High	51 to 75%	There is a strong possibility the event will occur. There is a history of occasional occurrences.
Very High	Greater than 75%	The event is certain or there is near certainty that the event will occur. A history of common occurrence exists. The event may be ongoing.

Input for cells in Columns E, G, and H should be limited to a maximum of 2 pages.

- (Column E): Describe scenarios that could cause the risk to occur in "Risk Scenarios".
- (Column G): Describe how these scenarios may impact both registry operations and registrants.
- (Column F): From the probability assessment, define the likelihood one or more of the scenarios could occur during the first three years of operation. Select the appropriate probability from the pulldown list in Column F.
- (Column H): Describe under "Mitigation Strategy" what plans you have in place to limit the impact and/or reduce the probability of the risk scenarios from occurring.