

OVERVIEW OF COSTS PER ACTIVITY IN 2023

For 2023, the RIPE NCC's operating expenses are under budget by 2.7 MEUR:

- The Registry: 146 kEUR over budget
- Information Services: 257 kEUR under budget
- External Engagement & Community: 840 kEUR under budget
- Organisational Sustainability: 1,807 kEUR under budget
- Bad Debts and Depreciation: 17 kEUR over budget

We are proud that we have been able to reduce costs with 2.7 MEUR, but the reasons for deciding to take this course of action are worrisome regarding our long-term financial stability. We have seen an unexpected reduction in income due to fewer new LIR accounts than budgeted and an expected decline in the number of LIR accounts overall (due to consolidation of multiple LIR accounts), combined with our inability to collect membership fees from Ultra High-Risk Countries. Additionally, there was the outcome of the May 2023 GM vote on the Charging Scheme 2024, in which the GM voted not to increase membership fees for 2024 and to reject a category-based charging scheme model. This meant a reduced budget for 2024 on top of increased costs due to inflation, which prompted an executive decision to immediately start

cutting costs to avoid a deficit for 2023 and to ensure a good starting base for 2024.

As a result, 2023 was a year focused on cost-cutting and efficiency for the RIPE NCC, while making sure we continued to deliver the level of service our members expect. This was achieved alongside rising costs due to inflation and a general trend of increasing salaries in the Dutch labour market. In 2023, the RIPE NCC conducted a benchmarking study on salary packages to ensure we conform to the market in terms of remuneration so that we can attract and retain knowledgeable and competent staff. A significant correction based on the outcome of this benchmarking study was processed in 2023. Here, we also made sure to include the effect of the extraordinary inflation of around 10% over 2022 for the Netherlands. This had a significant impact on the non-staff related operating expenses, which had to endure the bulk of the cost savings. This effect can be clearly seen in the actual versus budget results across all four budget divisions.

THE REGISTRY

These activities were over budget by 146 kEUR (1.5%). The Registry budget consists of over 70% of personnel

costs, and with that the benchmark corrections were the main factor in being over budget. This effect was offset by cost savings in consultancy (in software engineering) and information technology (compliance software in relation to sanctions).

INFORMATION SERVICES

These activities were under budget by 257 kEUR (3.4%). Personnel costs also made up the largest share of the budget, at 60%. Savings were made mainly in information technology, with cloud costs being the main contributor. These savings were offset by the steep increase in energy costs for our off-site server location. Overall, the costs reflect the change in CTO and cost-saving efforts in 2023.

EXTERNAL ENGAGEMENT & COMMUNITY

In light of the financial challenges outlined above, the External Engagement and Community teams were tasked with implementing a significant reduction in operational costs mid-year. These changes were reflected in our finances, as the External Engagement and Community activities concluded the year under budget by 840 kEUR, equating to an 8.4% decrease. This reduction was largely possible because many of these activities had a one-