The Domain Name Business

Everything you want to know, ask or discuss

Registries and Registrars Stakeholder Groups

ICANN69 Plenary Session
Monday, 19 October 2020

ICANN

Opening Remarks

Donna Austin

Background and Market Overview

Jonathan Robinson & Graeme Bunton

Background

- ◉ ICANN formed in 1998

    COM, NET & ORG with single <u>combined</u> operator
    (Network Solutions)

    Global distribution of largely nascent ccTLDs

    SLD sales direct from registries or through domain name resellers

- ◉ ICANN's Mission and Core Values <u>still</u> include

    "enabling competition" and

    "introducing and promoting competition in domain names"

- ◉ Competition introduced from 1999

    Contractual agreements with ICANN; hence <u>Contracted Parties</u>

    Separation of gTLD services into Registrars and Registries

    Commitment to successive rounds of new gTLDs

Market Evolution

- Registrars

    Initial 5 "testbed" registrars introduced in 1999

    ICANN accredited registrars introduced in volume from 2000

- Registries – additional gTLDs introduced in successive rounds

    1. 2001 – Initial round
       (.biz, .info, .name, .pro AND .aero, .coop & .museum)

    2. 2004 – Sponsored TLDs
       (.asia, .cat, .jobs, .mobi, .post, .tel, .travel & .xxx)

    3. 2012 – The "Big Bang"

- Since 2012, 1200+ gTLDs added to the root zone and brought to market; the "New gTLDs"

Contracted Parties

- All ICANN Contracted Parties have contracts with ICANN and one another
    - Registry Agreement
    - Registrar Accreditation Agreement
    - Registry / Registrar Agreement

- All agree to abide by current <u>and</u> future Consensus Policies

- Consensus Polices developed within the GNSO; GNSO Council manages a structured process - the Policy Development Process (PDP)

- ICANN bylaws define what can and cannot be the subject of Consensus Policies

- Contracted parties refer the "picket fence"; critically important construct that provides a baseline of business certainty

- ccTLDs (~45% of the market) - no comparable contractual arrangement with ICANN
  Therefore, are <u>not</u> subject to the same, uniform (gTLD) Consensus Policies

gTLD Registries - Diversity of TLDs

- ◉ Pure generics; .com, .biz, .info, .xyz
  No registration restrictions

- ◉ Generic with meaning; .org, .club, .vote
  Open TLD with a specific meaning

- ◉ Niche / vertical market; .design, .art, .bot
  Target registrants in a specific market

- ◉ Verified TLDs; .bank, .pharmacy
  Defined and verified registration criteria

- ◉ Brand TLDs; .audi, .canon, .fox, .google, .sncf
  Prohibition of domain registration to third parties

- ◉ GeoTLDs; .paris, .berlin, .cymru
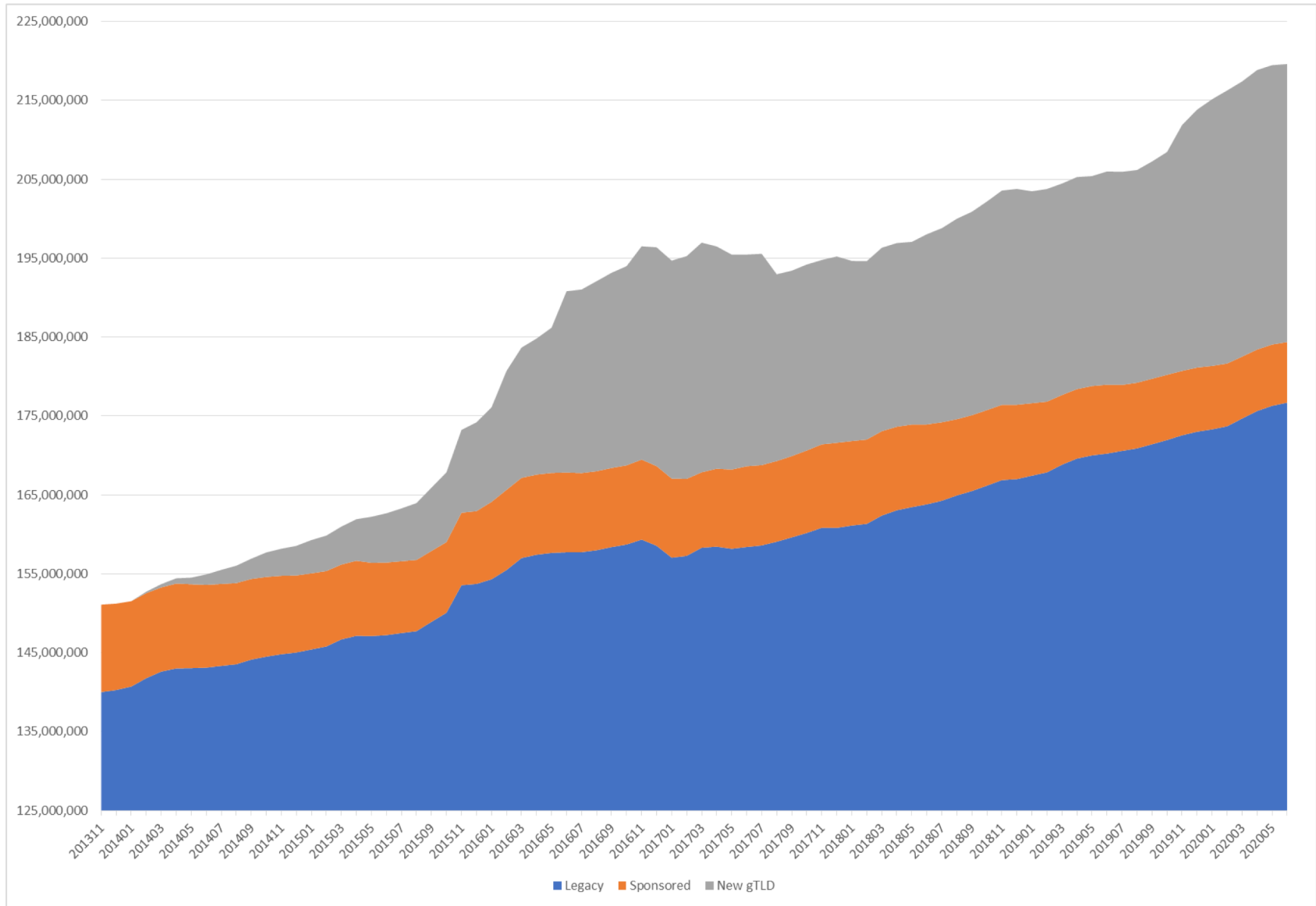 Support from government, typically with nexus requirement

gTLD Registries - Diversity of Business Models

- ◉ Different businesses and business models have emerged, particularly as a result of the 2012 new gTLD program

- ◉ A number of entities hold a portfolio of TLDs, hence operational synergies

- ◉ A number of registry operators provide their own registry infrastructure, while most engage a third party provider (RSP).

- ◉ A small number of Registry Services Providers (RSP) are supporting the bulk of the New gTLDs; many of which are also registry operators (RO)

- ◉ Brand TLDs have adopted a variety of approaches to using their TLD

- ◉ Organic and acquisition driven changes have resulted in organisations operating or owning both registry and registrar registrars i.e.
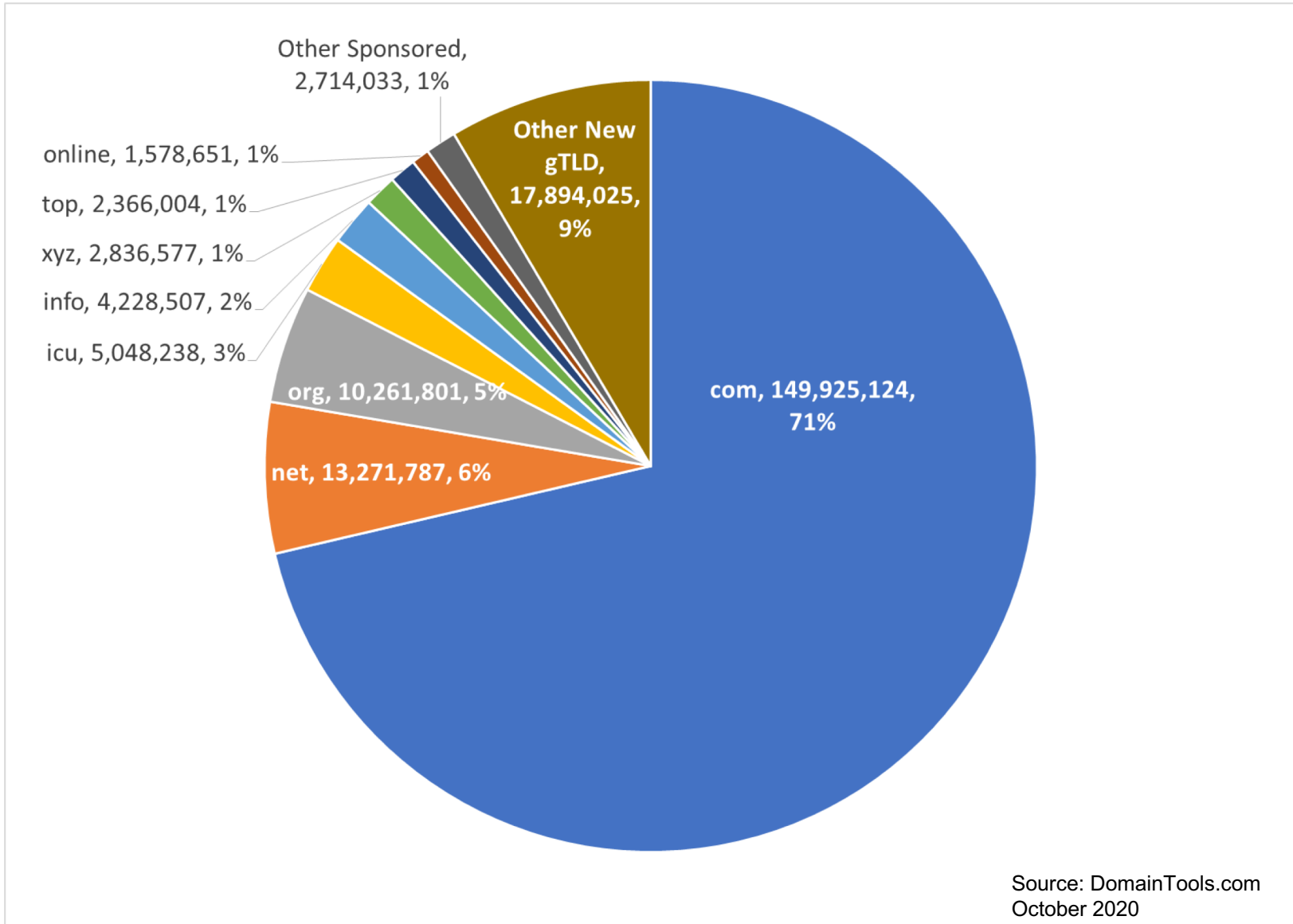Vertical Integration that was originally prohibited by ICANN

gTLD Registries - Diversity of Key Indicators

- ◉ Success no longer measured solely by domains under management (DUMS)

- ◉ Other success metrics may include
  - Renewal rates
  - Usage rates and detail
  - Continued growth in use by target market

- ◉ Public visibility of the TLD (or keystone SLDs) and customer awareness

- ◉ Measured or perceived value to the intended community

- ◉ User trusted and secure online locations

- ◉ Brand owner adoption

- ◉ Innovation

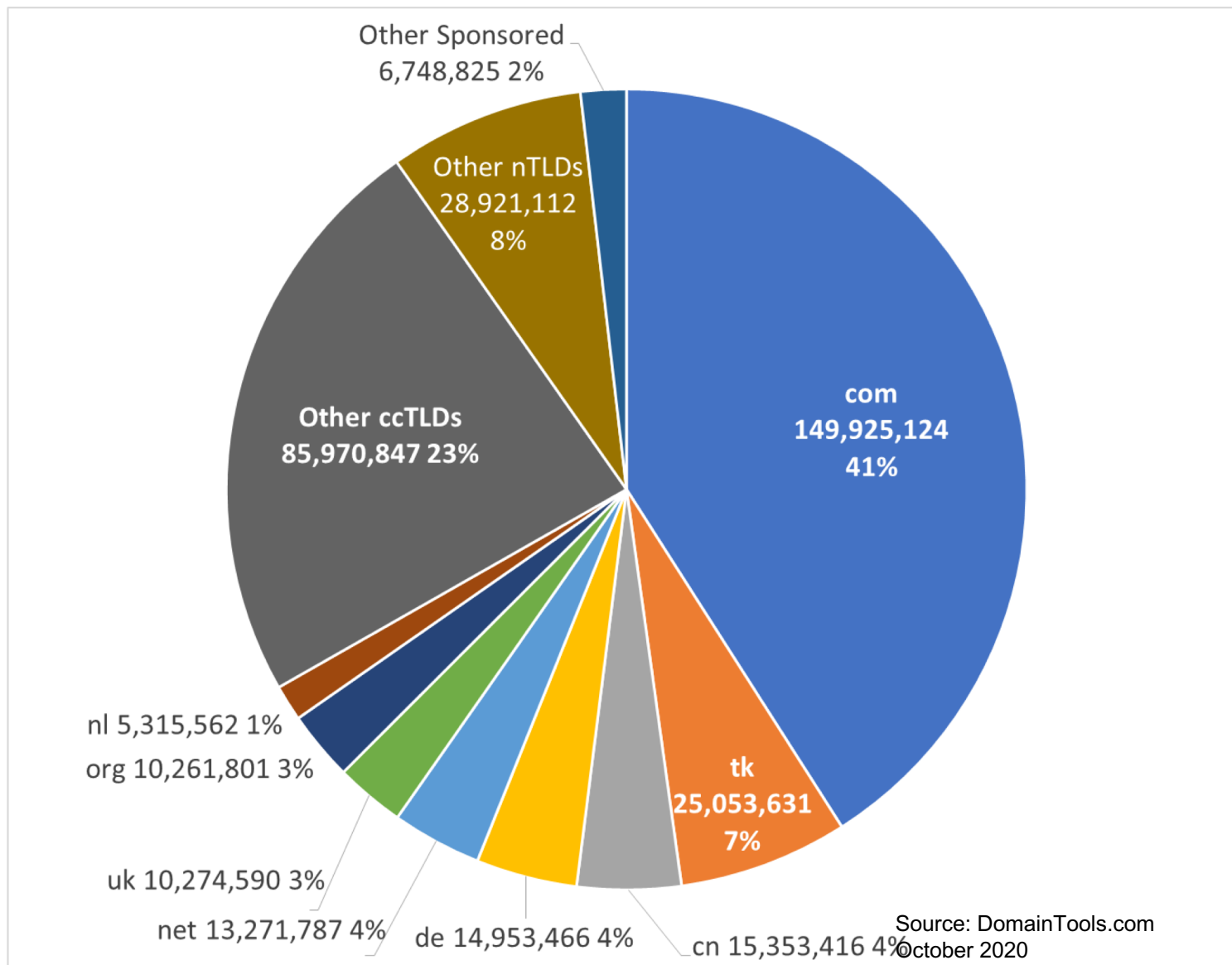- ◉ Realising original vision including commercial success / profitability

Registry Market – The Introduction of the New gTLDs

Registry Market – gTLDs by SLD Volume

Other Sponsored, 2,714,033, 1%

online, 1,578,651, 1%

top, 2,366,004, 1%

xyz, 2,836,577, 1%

info, 4,228,507, 2%

icu, 5,048,238, 3%

org, 10,261,801, 5%

net, 13,271,787, 6%

Other New gTLD, 17,894,025, 9%

com, 149,925,124, 71%

Source: DomainTools.com
October 2020

Registry Market share – gTLDs and ccTLDs

Other Sponsored
6,748,825 2%

Other nTLDs
28,921,112
8%

Other ccTLDs
85,970,847 23%

com
149,925,124
41%

nl 5,315,562 1%

org 10,261,801 3%

uk 10,274,590 3%

net 13,271,787 4%

de 14,953,466 4%

cn 15,353,416 4%

tk
25,053,631
7%

Source: DomainTools.com
October 2020

What is a Registrar?

- A service that allows registrants to register and manage domain names

- Introduced to develop and promote; competition, innovation, market growth, and to meet local needs

Registrars - Diversity of Business Models

- Retail

  GoDaddy, Name.com, Blacknight, HiChina

- Wholesale & Resellers

  Tucows, Realtime Register, KeySystems

- Brand/Corporate

  MarkMonitor, SafeBrands, CSC

- Alternate: Dropcatching, Aftermarket , Atypical TLDs

  Snapnames, Encirca

Registrar Market

- ◉ 2451 Registrar Accreditations with ICANN

- ◉ 426 Registrar families

- ◉ Largest family has over 1252 accreditations

- ◉ Next largest almost 481

- ◉ 64 Registrars with more than 1 credential, 8 with more than 10

- ◉ Multiple accreditations through acquisition or for drop catching use

- ◉ Diverse geography - 66 Countries

- ◉ Responsible for approximately 35% of ICANNs revenue
  - Via registration, accreditation and application fees

Geographic Diversity
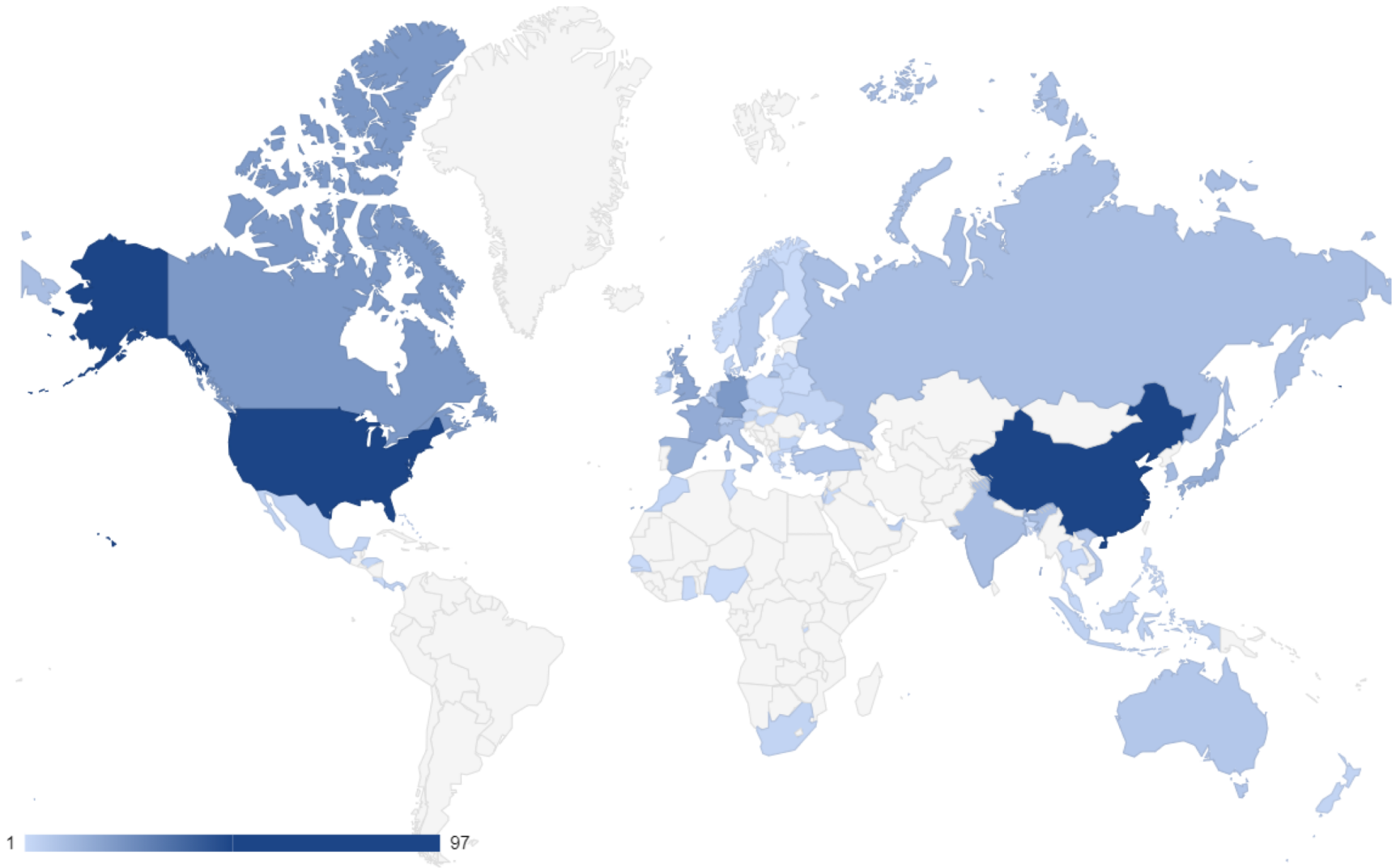
Registrar Market Share

Registrar	gTLDs UM
GoDaddy	63,295,661
NameCheap	10,476,296
Tucows	10,260,027
Network Solutions	6,902,669
HiChina	6,630,043
Enom	5,256,877
Onamae	5,218,398
Alibaba	5,075,726
Google	5,018,673
PublicDomainRegistry	4,890,532
1&1 Internet	4,868,333
XinNet	3,466,949
Chengdu	3,397,243
NameSilo	3,387,618
West263	3,306,706
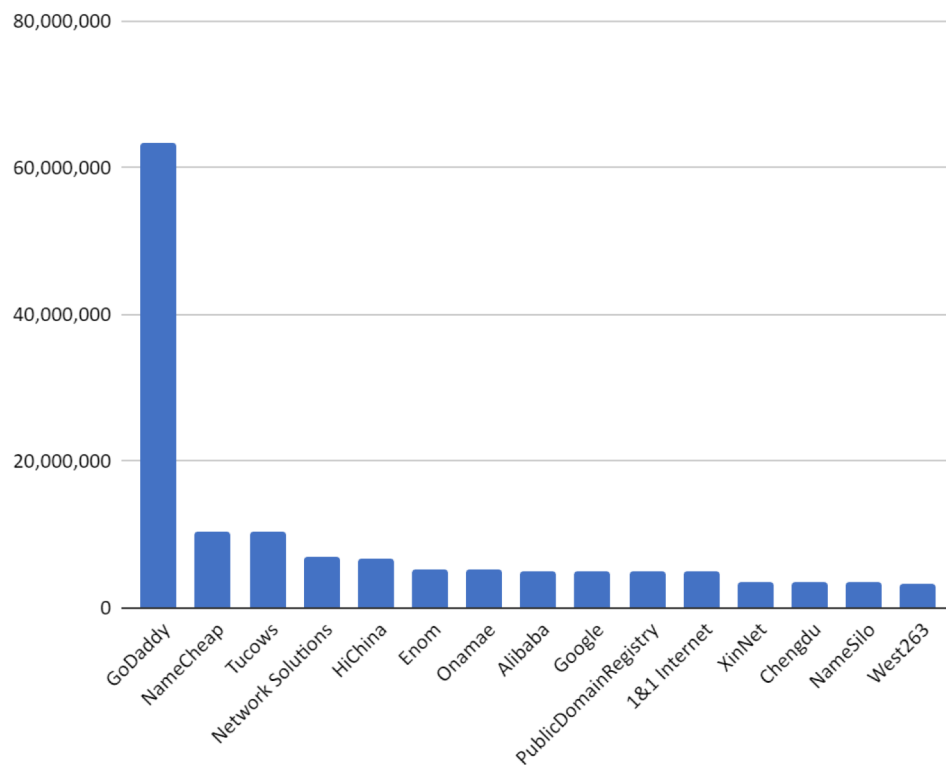
Data as of June 2020, From RegistrarOwl

Registrar – Registry Issues

- ◉ Volume / Diversity

  Over a 1000 new gTLDs

  100s of Registry Operators

  10s of Registry Service ("backend") Providers

- ◉ Frequent specification changes

  Technical and regulatory requirements

  Contracts

  Market dynamics

Case Studies and Business Models

Kurt Pritz, Crews Gore & Nacho Amadoz
(Registries)

Graeme Bunton & Prudence Malinki
(Registrars)

.ART

THE ART WORLD'S EXCLUSIVE DOMAIN

.ART History:

- Moderate, steady growth, headed to 100K DUM by year-end, more aggressive growth to come
- Good renewal (~70%, 85+% for premiums)
- Moderately priced domains
- Reliance on many but moderately priced premiums
- Many notable first adopters
- Called a "niche" but the "art community" is a huge (and largely untapped) market
- Recognized in Observer "Power 50"

.ART Challenges:

- Perceived hurdle of turning a domain name into something useful
- Registrars, back-end providers

.ART Focus & Future: Innovation

Domain valuation algorithm:

- big data collection of searches and word usage in online and offline sources
- algorithmic calculation of domain value based on 14 attributes

Art Digital Twin that:

- associates domains with art objects
- stores art object information and provenance in domain registration data, the DNS and the blockchain

.ART's Digital Twin Solution

Using the DNS, WHOIS & Blockchain
(innovation + stable, flexible, universal databases)

- A unique domain name for each art object

- Domain transfers with the art object

- Providing a form of provenance, chain of custody
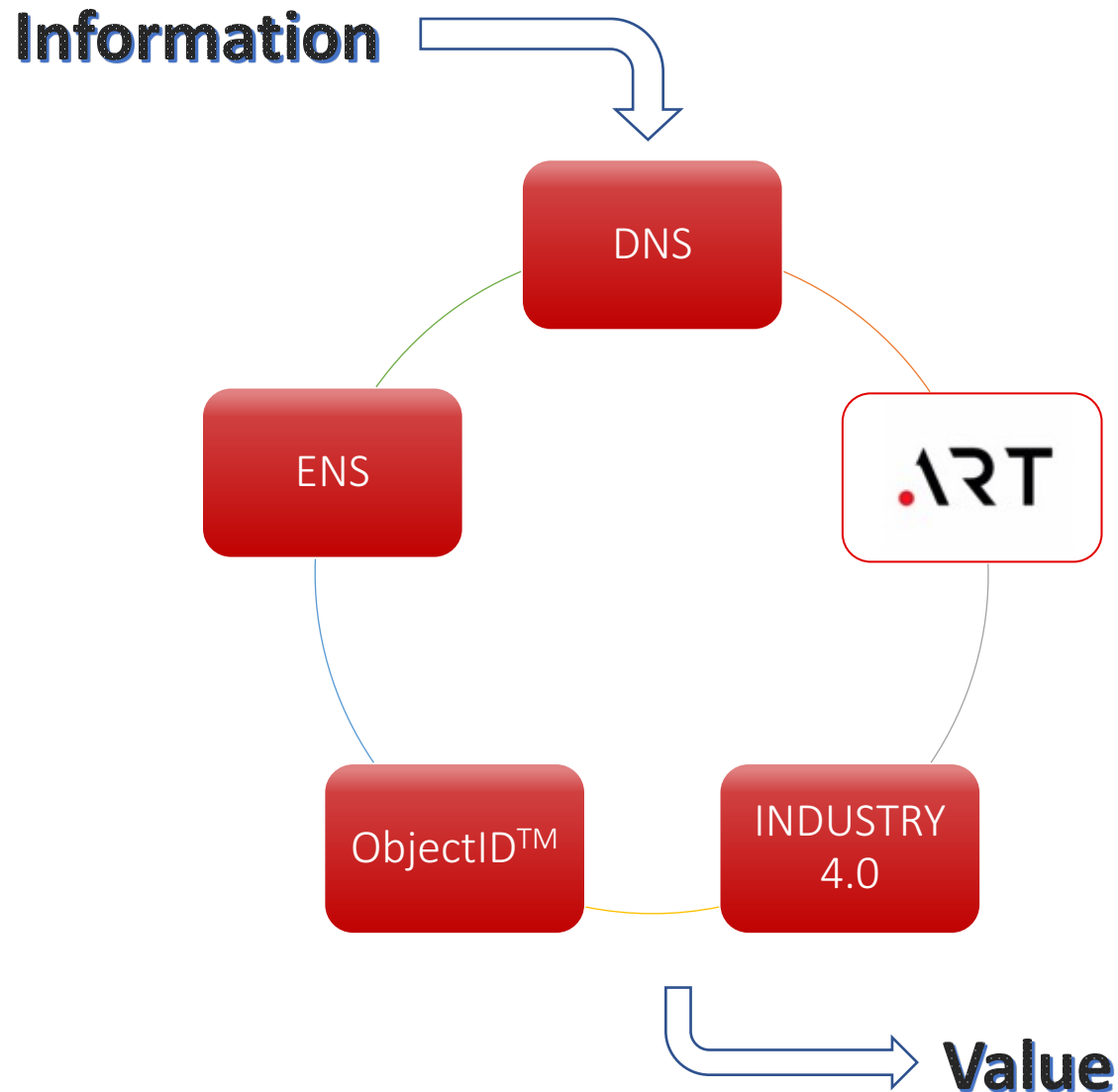
1) Use domain registration (WHOIS) data fields to identify art work

2) Store unlimited content in DNS records (e.g., webpages, text, audio guides, videos, 3D models)

3) Use Blockchain transactions to establish a trustworthy chain of custody

Information

DNS

ENS

.ART

ObjectID™

INDUSTRY 4.0

Value

DNS WHOIS

Domain Name: https://ateliersovetski.art
Registry Domain ID: D156469081-CNIC
Registrar WHOIS Server: whois.aliyun.com
Registrar URL: http://www.alibabacloud.com
Updated Date: 2018-09-03T11:57:03.0Z
Creation Date: 2018-08-31T15:06:43.0Z
Registry Expiry Date: 2019-08-31T23:59:59.0Z
Name Server: ZARA.NS.CLOUDFLARE.COM
Name Server: LOGAN.NS.CLOUDFLARE.COM

Art Record - Date or Period: 2014
Art Record - Measurements: Duration: loop
Art Record - Features: Edition 2/3 + 1AP
Art Record - Maker: Orkhan Huseynov
Art Record - Materials & Techniques: Video installation on 8 monitors
Art Record - Type of Object: Video installation
Art Record - Reference: 0x3a34cBc3a7a4dBe06244A7268d7C0C87fE3c149B
Art Record - Title: Atelier Sovetski

.ART

Domain Registration
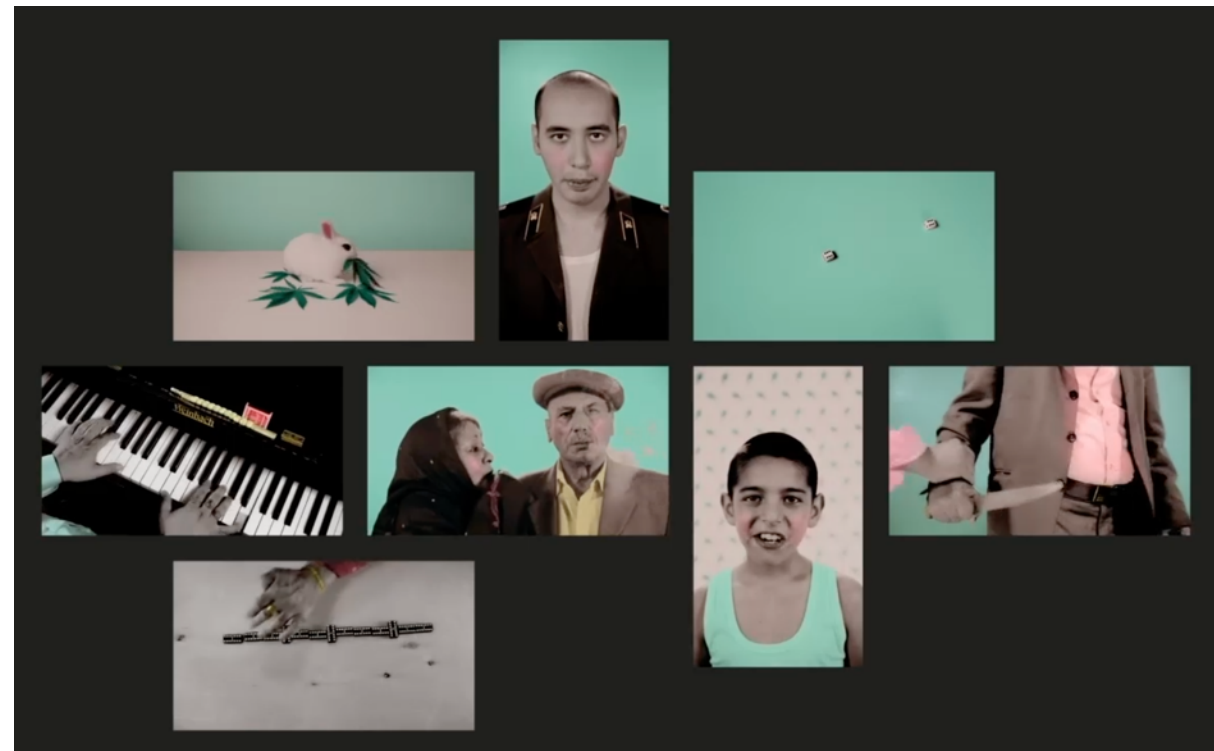
https://ateliersovetski.art

Data collect based on Object ID™ Standard
developed by the Getty Trust & ICOM

app.ens.domains ➡ ⬡ ENS | 🔍 ateliersovetski.art 📄   ♡ **Details**   Subdomain

ETHEREUM BLOCKCHAIN ➡

DNS WHOIS ↑

PARENT	art
CONTROLLER	🟣 0xbaf547935Ac43004F6926140512FcAEfcFD534C5 📄	Transfe
RESOLVER	🟣 0x3a34cBc3a7a4dBe06244A7268d7C0C87fE3c149B 📄	Set

RECORDS

TEXT RECORD	artrecords	{"title":"Atelier Sovetski","maker":"Orkhan Huseynov","type":"Vide...
	registrant	{"name":"Ulvi Kasimov","organization":""} 📄

ART RECORDS

TITLE	Atelier Sovetski
MAKER	Orkhan Huseynov

Art Record - Date or Period: 2014
Art Record - Measurements: Duration: loop
Art Record - Features: Edition 2/3 + 1AP
Art Record - Maker: Orkhan Huseynov
Art Record - Materials & Techniques: Video installation or
Art Record - Type of Object: Video installation
Art Record - Reference: 0x3a34cBc3a7a4dBe06244A7268d7C0C87fE3c149B
Art Record - Title: Atelier Sovetski

.ART

ART OBJECT /
DIGITAL TWIN

DOMAIN NAME
REGISTRATION

BLOCKCHAIN
TRANSACTION

REGISTRATION
DATA

DOMAIN NAME
SYSTEM (DNS)

Stores chain of custody

Stores Object ID™ information

Stores information about the
artworks: images, history, data
files for reproduction

(12) **United States Patent**
Kasimov et al.

(10) **Patent No.:** US 10,805,263 B2
(45) **Date of Patent:** Oct. 13, 2020

THANK YOU

.ART

.FOX
Registry

.FOX is a trusted digital space for everything we love about FOX.

Presented by Crews Gore
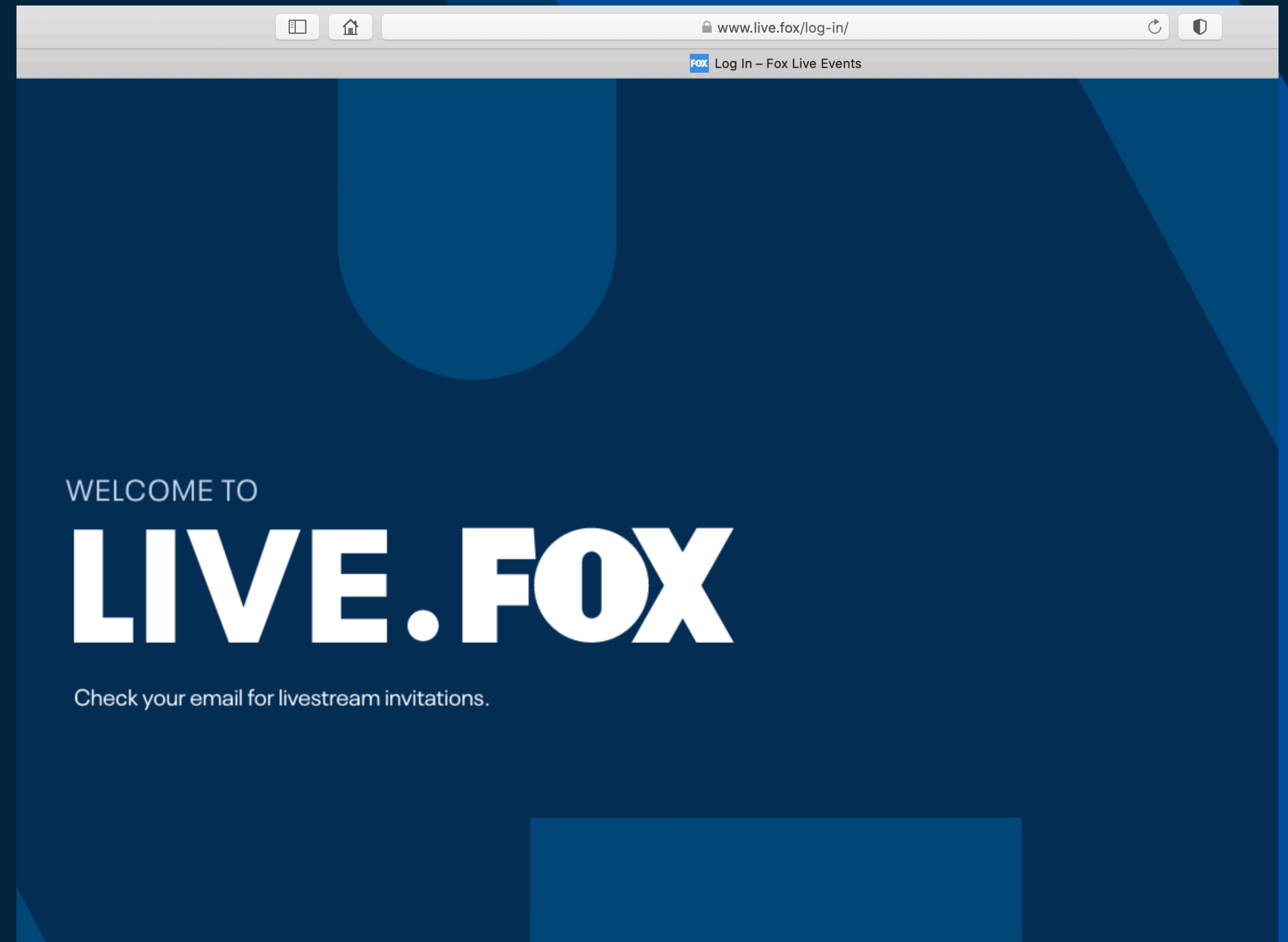Associate Director, Domain Name Strategy

FOX

OPPORTUNITIES FOR .FOX

- .FOX can only be used by FOX

- No .FOX registration costs for our business units

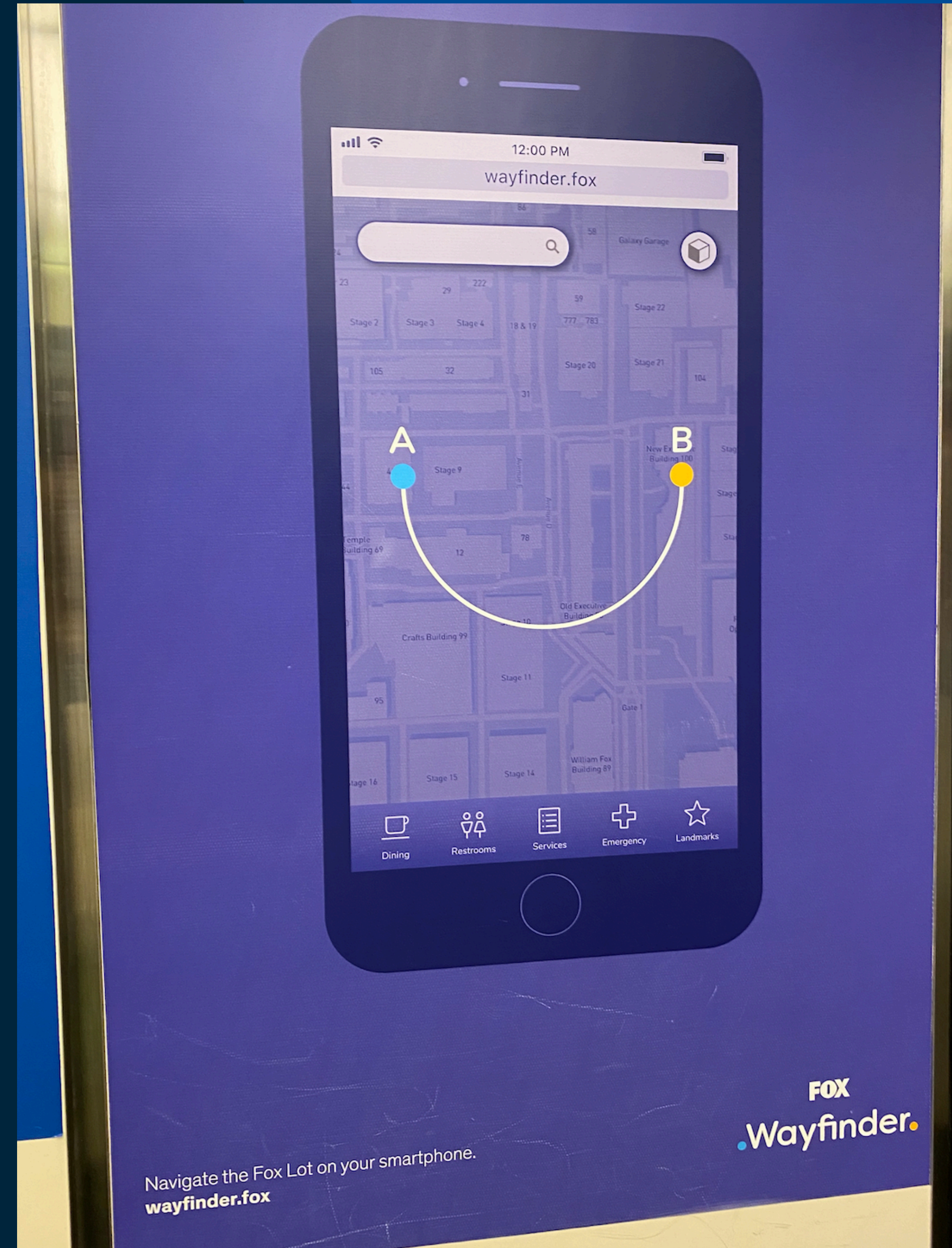- .FOX boosts security and brand awareness

- Speeds up SSL Validations

CHALLENGE

- New TLD Awareness

www.live.fox/log-in/

FOX Log In – Fox Live Events

WELCOME TO

LIVE.FOX

Check your email for livestream invitations.

FOX

.FOX USE CASES

- .www.Live.FOX

- FOX nameservers are delegated to the domain dns.FOX (e.g. ns01.dns.fox)

- www.Wayfinder.FOX

FOX

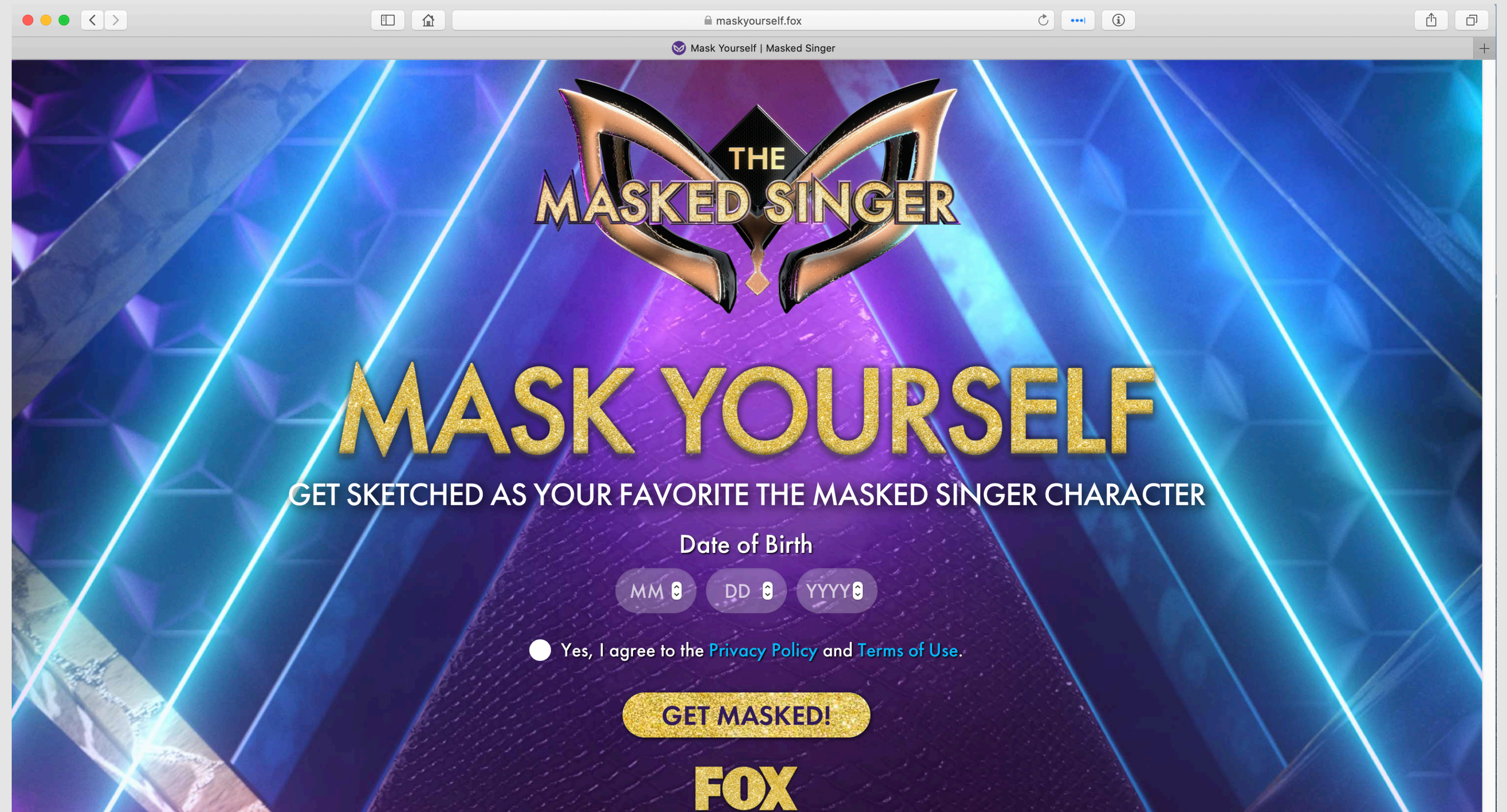# .FOX USE CASES

- MaskYourself.FOX

- Activate.FOX

- High traffic redirects
  - News.FOX
  - Football.FOX

Promoting local digital Identities for Cities, Regions, Languages and Cultures on the Internet

geoTLD.group

.boston
.miami
.quebec
.nyc
.vegas

.alsace
.amsterdam
.bayern
.brussels
.bzh
.cologne
.cymru
.eus
.gal
.gent
.irish
.koeln
.london
.nrw
.paris
.ruhr
.scot
.saarland
.swiss
.vlaanderen
.wales
.zuerich

.lat
.rio

.barcelona
.bcn
.berlin
.budapest
.corsica
.hamburg
.ist
.istanbul
.madrid
.tirol
.wien

.helsinki
.krd
.moscow
.Москва
.stockholm
.tatar

.abudhabi
بوظبي.
.arab
.dubai
.دبي

.africa
.capetown
.durban
.joburg

.佛山 (.fohsan)
.广东 (.guangzhou)
.广州 (.guangdong)

.kyoto
.nagoya
.okinawa
.osaka
.ryuku
.tokyo
.yokohama

.melbourne
.sydney

geoTLDs 2019
geoTLD members 2019

gTLD Registries - Diversity of Key Indicators

- Success no longer measured solely by domains under management (DUMS)
- Other success indicators include
  - Renewal rates
  - Usage rates and detail
  - Continued growth in use by target market
- User trusted and secure online locations
- Measured or perceived value to the intended community
- Public visibility of the TLD (or keystone SLDs) and customer awareness
- Brand owner adoption
- Innovation
- Realising original vision
- Commercial Success / Profitability

geoTLD.group

seo amsterdam economics

What determines the success of GeoTLDs?

Final results

What determines the success of GeoTLDs?

- Background
  - Circa 50+ GeoTLDs since 2012
  - Growth in domains was not uniform

- Objective of this study
  - What determines the success of geoTLDs?

- Research questions
  - What are proper indicators for the success of GeoTLDs?
  - Construct a benchmark of GeoTLDs
  - Determine success factors

Reasons for introduction of GeoTLD

Motivations for starting the GeoTLD

1. Economic
   - Fulfills demand: There was an anticipated scarcity of other domain names
   - City branding/marketing tool for regional companies
   - Creation of successful business model

2. Cultural
   - To promote regional identity on the internet
   - Promotion of cultural identity/language

3. Political
   - Support for digital agenda/commitment to digital innovation
   - Provision of digital 'real estate' that is open to everybody in the region

Benchmark

- Benchmark consists of 28 cities and regions
- Circa 8 very large regions (> 10 mln inhabitants)
- Amsterdam part of large group "midsize" regions
- Tyrol smallest region and only one < 1mln
- Strong correlation between regional GDP and number of inhabitants

- *Sources: Eurostat, OECD and regional statistical offices*
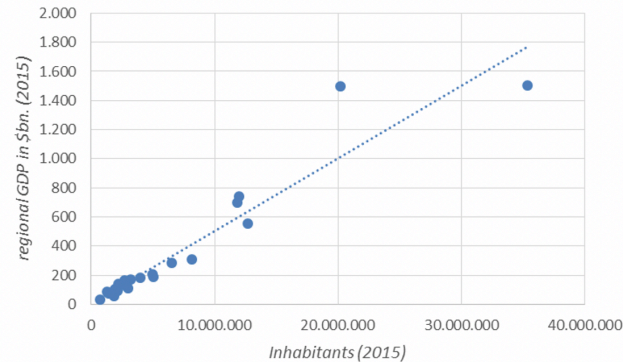
Indicators

- What are indicators for success of a GeoTLD?
- Registered domains indicate direct use
- Size of the economy may determine potential market for GeoTLD → correction in terms of regional GDP
- Number of inhabitants is used as an indicator for differences in scale of city/regions

- Our indicator: Number of domains per $bn regional GDP per million inhabitants

Benchmark

- Data for this benchmark can be collected from trustworthy sources

- The benchmark can henceforth be periodically update to track the relative positions of GeoTLDs

- Discussion: regional identity may be stronger in smaller cities and regions, which explains the higher ranking of GeoTLDs in smaller regions/cities

Green → score higher than dotAmsterdam
Blue → score lower than dotAmsterdam

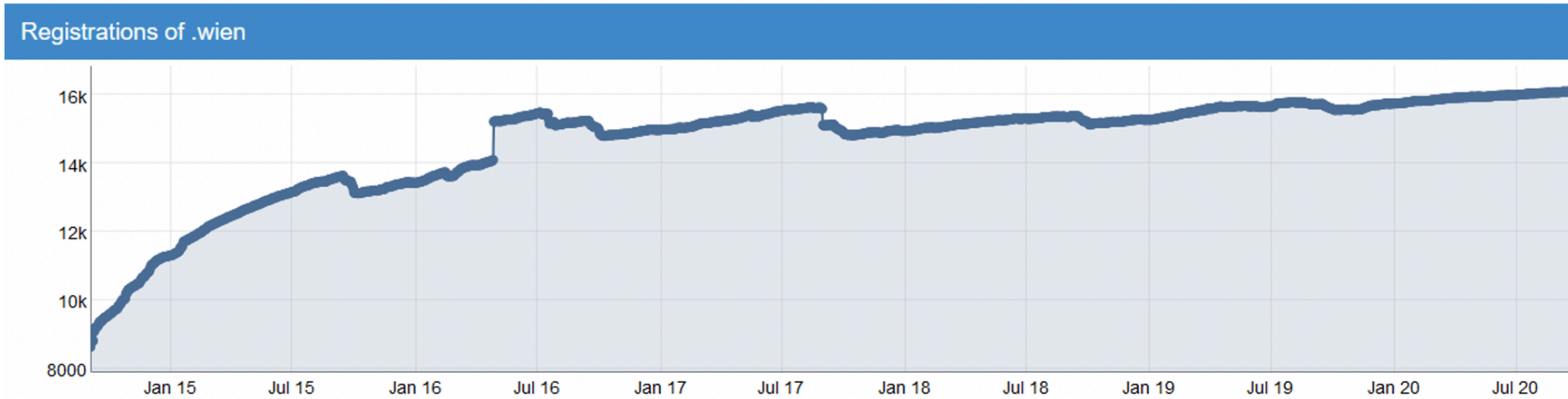|	Registration domains (April 2019)	Population (2015)	Regional GDP (2015, $ bn.)	Domains per $bn GDP, per mln. inhabitants
.tokyo	141.650	35.385.804	1.502	3
.nyc	69.406	20.194.502	1.499	2
.koeln/.cologne	61.358	1.948.704	106	297
.tirol	6.500	728.826	31	288
.wien	15.000	2.793.510	131	41
.berlin	54.797	5.065.574	190	57
.london	51.896	11.853.946	697	6
.bayern	30.905	12.691.568	554	4
.amsterdam	28.075	2.687.514	164	64
.hamburg	23.388	3.193.316	169	43
.paris	22.636	12.006.868	743	3
.moscow	20.577	16.170.000	553	2
.vegas	18.110	2.158.520	95	88
.istanbul	11.648	13.287.000	349	3
.quebec	8.913	8.164.361	311	4
.sydney	8.742	4.938.039	209	8
.brussels	7.713	2.605.984	142	21
.barcelona	5.895	3.986.088	182	8
.capetown	4.848	3.812.000	59	22
.alsace	3.423	1.879.265	57	32
.taipei	2.143	7.438.000	327	1
.rio	941	11.727.000	209	0
.stockholm	127	2.231.439	138	0
.dubai	6	3.933.000	83	0
.madrid	5	6.548.823	282	0
.budapest	2	2.956.479	111	0
.helsinki	2	1.453.078	72	0
.zuerich	1	1.317.535	85	0

Indicators

- Possible extensions

- It would be an improvement to use an indicator for the <u>actual use</u> rather than registered domains of a specific GeoTLD, such as data on website visits

- Market potential refers to the number of organizations and firms that could potentially make use of the GeoTLD. Hence an alternative would be to use <u>registered firms</u> and their <u>revenue</u> in a region or city to indicate market potential

- For these possible <u>extensions</u> the data are currently lacking

6 years of .WIEN

Registrations of .wien

All-Time-High (16.123) in September 2020

Registrar Sales

- internetx 21,53%
- netzadresse 15,56%
- epag 12,04%
- ledlnet 11,48%
- keysystems 7,60%
- uniteddomains 6,05%
- vautron 5,04%
- ascio 4,43%
- 1und1 3,93%
- registrygate 3,50%
- others 8,85%
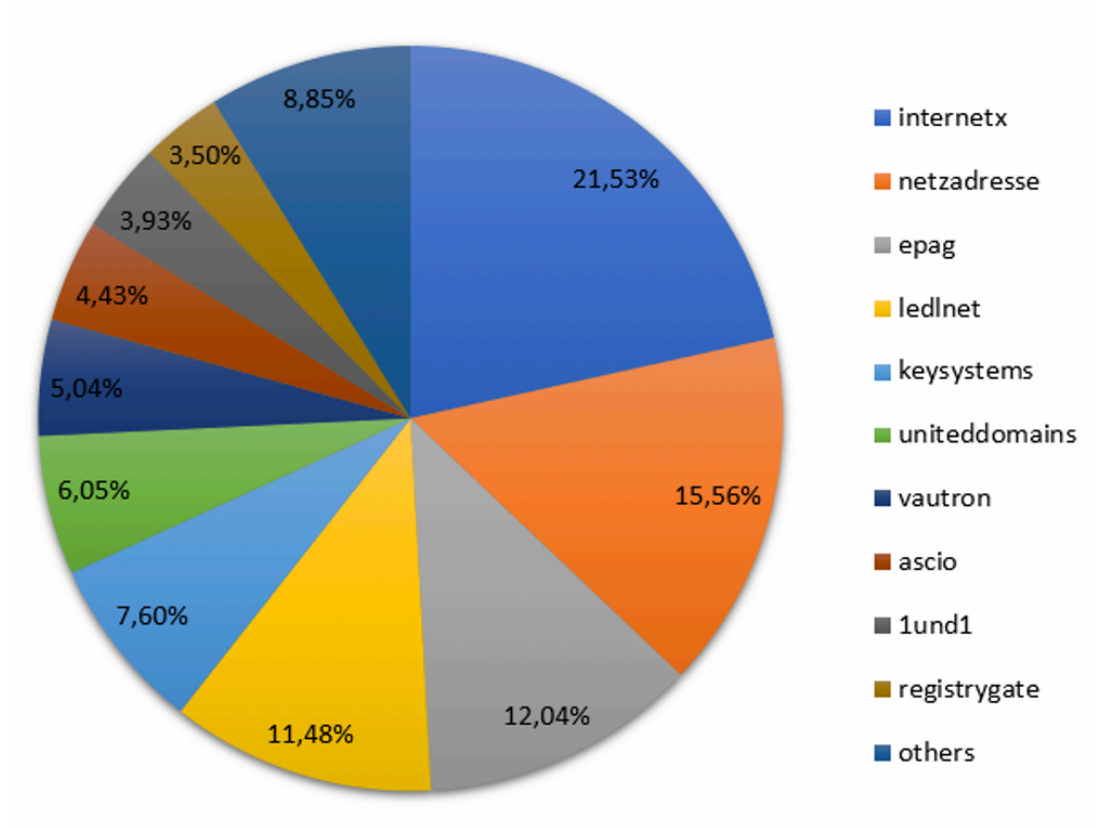
- Number of Registrars: 41

- Top10 Registrars generate 91,15% of sales

- Almost 50% of sales were generated by 3 Registrars

.WIEN in use

Single registrant – City Council

January 2019

Move from Stockholm.se (3.000 pages and tens of thousands of documents and links)

Decision adopted in parallel to the website renovation

Transition based on an episerver multisite platform

301 redirects – very few users noticing any the change

Same overall SEO rankings after a few weeks

DUMs < 100

Social adoption

Source: https://www.domeinuak.eus/en/observatory/
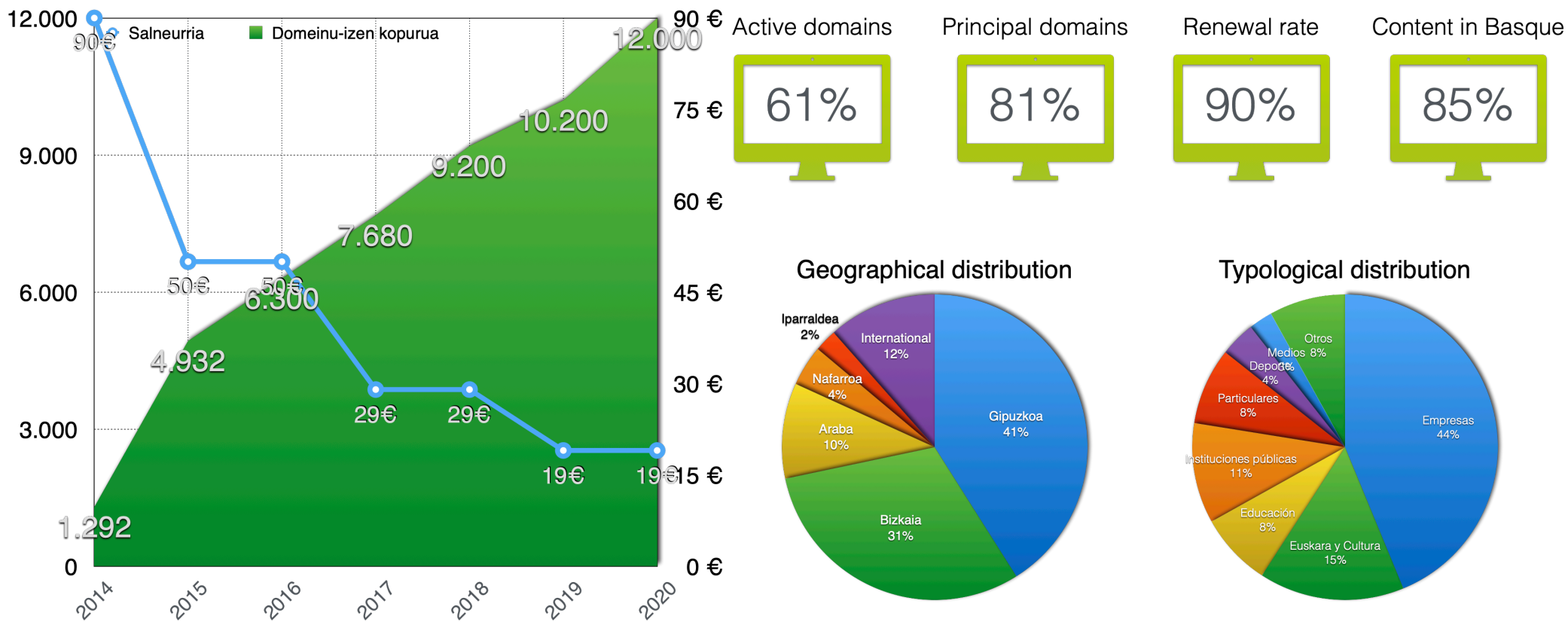
geoTLD.group

Become a member of the geographic top-level domain community and connect to your peer group.

office@geotld.group

Registries - Key Remarks

- New gTLDs introduce competition and choice

- Different TLD types and business models have emerged post 2012

- Success of New gTLD program should not only be measured by domains under management

- New gTLD Registry Operators still face significant challenges
    - Compliance
    - Awareness and acceptance
    - Operational and other barriers (including from registrars)
    - Cost base including ICANN fees

Retail & Wholesale Registars

Retail Registrars

- Retail Registrars sell directly to the public, and manage the contractual and financial relationship with the Registrant and/or Customer.
- Domain Registration as product is essentially the same, so how do you compete?

  Price

  Customer service & customer experience

  TLD availability

  Additional Services like email, web hosting, website builders, SSL

  Local knowledge

  All of the above

Retail Registrars - Scale

◉ Domain Registration is a business of scale.

◉ If a domain costs $8 from the Registry, and you sell it for $10, you need to sell 40,000 of them to pay for an engineer

◉ Factor in: ICANN and other regulatory fees, infrastructure, management overhead (including handsome, charismatic and modest policy nerds)

◉ Maintaining an accreditation requires significant scale

◉ Justifying the costs of ICANN participation can be difficult

Between renewal rates and price competition, Domains are an extremely low margin business.

Retail Registrars - Price & Renewal Rates

Year	Renewal Rate									
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Year 1	100	100	100	100	100	100	100	100	100	100
Year 2	10	20	30	40	50	60	70	80	90	100
Year 3	1	4	9	16	25	36	49	64	81	100
Year 4	0	1	3	6	13	22	34	51	73	100
Year 5	0	0	1	3	6	13	24	41	66	100
Year 6	0	0	0	1	3	8	17	33	59	100
Year 7	0	0	0	0	2	5	12	26	53	100
Year 8	0	0	0	0	1	3	8	21	48	100
Year 9	0	0	0	0	0	2	6	17	43	100
Year 10	0	0	0	0	0	1	4	13	39	100
Total Domain Years	111	125	143	167	200	248	324	446	651	1000

First Year Discount   -5 Domain Cost   -8 Retail Price   10

Year	Renewal Rate									
	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Year 1	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00	-$300.00
Year 2	$20.00	$40.00	$60.00	$80.00	$100.00	$120.00	$140.00	$160.00	$180.00	$200.00
Year 3	$2.00	$8.00	$18.00	$32.00	$50.00	$72.00	$98.00	$128.00	$162.00	$200.00
Year 4	$0.20	$1.60	$5.40	$12.80	$25.00	$43.20	$68.60	$102.40	$145.80	$200.00
Year 5	$0.02	$0.32	$1.62	$5.12	$12.50	$25.92	$48.02	$81.92	$131.22	$200.00
Year 6	$0.00	$0.06	$0.49	$2.05	$6.25	$15.55	$33.61	$65.54	$118.10	$200.00
Year 7	$0.00	$0.01	$0.15	$0.82	$3.13	$9.33	$23.53	$52.43	$106.29	$200.00
Year 8	$0.00	$0.00	$0.04	$0.33	$1.56	$5.60	$16.47	$41.94	$95.66	$200.00
Year 9	$0.00	$0.00	$0.01	$0.13	$0.78	$3.36	$11.53	$33.55	$86.09	$200.00
Year 10	$0.00	$0.00	$0.00	$0.05	$0.39	$2.02	$8.07	$26.84	$77.48	$200.00
Total Margin	-$278.00	-$252.00	-$216.60	-$168.00	-$103.10	-$3.00	$147.80	$392.60	$802.60	$1,500.00

Renewal Rates Continued

◉ Renewals are typically the core of a Registrars business.

◉ Renewal rates between 60% and 80%

◉ Usage is a key factor in renewal rates - does the name resolve?

◉ As with most businesses, keeping a customer is MUCH easier than acquiring a customer

Wholesale Registrars

Wholesale Registrars sell domains to Resellers. Operating as a reseller allows the integration of domains in your product or business without the complexity or regulatory overhead. It allows organization to focus on their strategic advantages.

- The *vast* majority of companies that sell domain names are not ICANN accredited Registrars, they are *Resellers*

Many resellers are:

- Hosting companies
- Website builders
- Web developers
- Advertising and marketing firms
- Real Estate
- Brand managers/Lawyers
- Companies selling into a particular set of businesses.

Wholesale Registrars

◉ Wholesale Registrars want to appeal to the broadest set of potential resellers, so will typically integrate as many Registries as possible.

◉ Wholesale Registrars maintain a contractual relationship with the domain registrant, but may not have a relationship with account holder.

◉ Tucows has more than 36,000 resellers, in nearly every country in the world. Local resellers can meet local needs in ways that most Registrars could not.

◉ Compete on:

wholesale price

API

additional services

◉ Resellers can build scale, and accredit directly as it makes sense

![Clarivate MarkMonitor™ logo]

Corporate registrars

Business model

Prudence Malinki

MarkMonitor, part of Clarivate
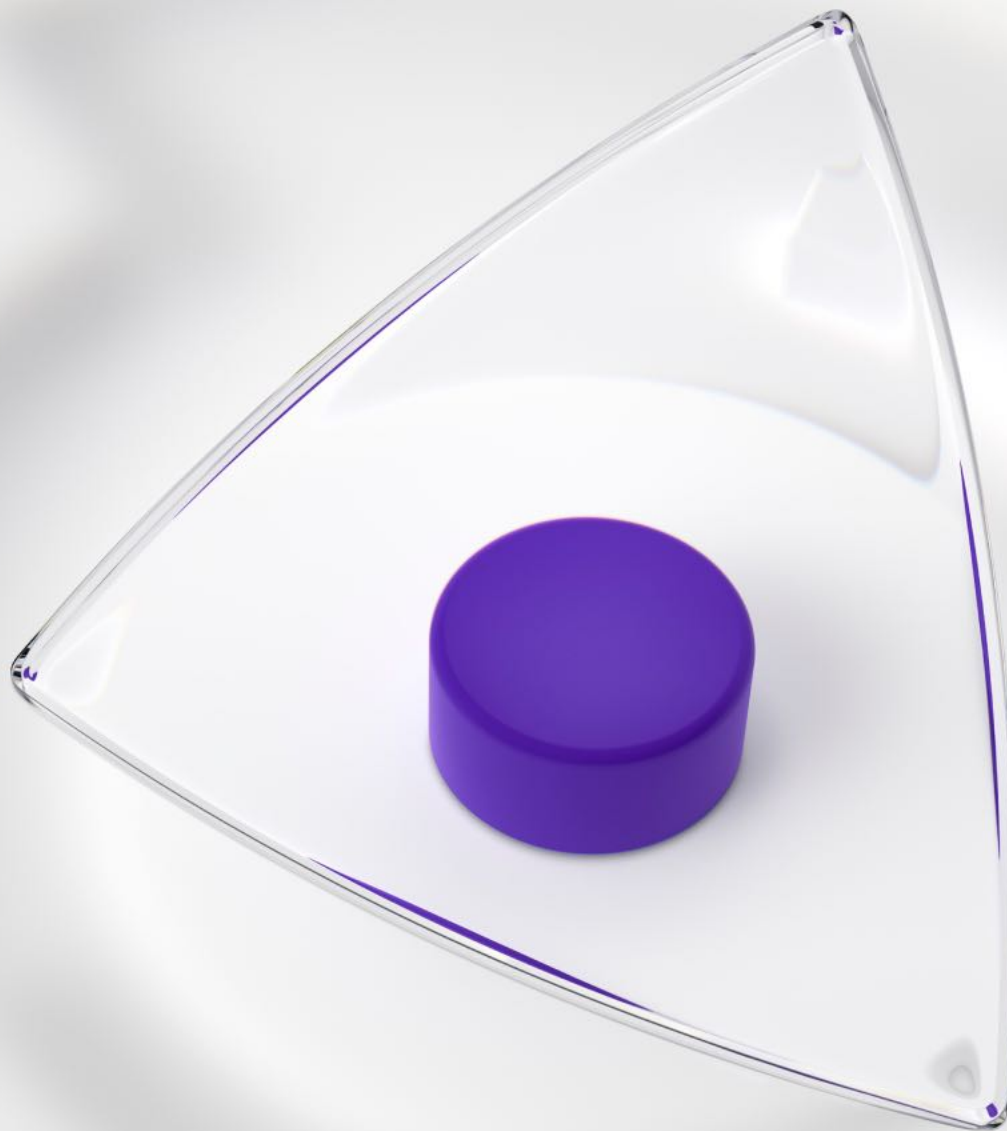
Overview

Corporate registrars:

Offer nearly every ccTLD

- Large global clients need domains in nearly every country

- Registrar must have large global office footprint and/or vendor network

- High staff costs to process TLDs manually

Focus on needs specific to corporate clients

- Budgets and billing

- Global business development strategy, aligned with clients' trademarks

- Develop corporate policies for domain registration

Sell domain-related brand protection services

- TMCH

- Blocks

Corporate registrars:

Typically have a single, dedicated support person

- Translate complex registry requirements
- Possess technical expertise needed to:
    - Configure nameservers and zone files
    - Manage SSL/TLS certificates

Focus on domain and account security

- Advocate for security as a policy priority (e.g. transfer policy)
- Consult with registries and advise on registry locks

Sell ancillary security services

- SSL certificates
- EPP locks
- Nameservers with high SLAs
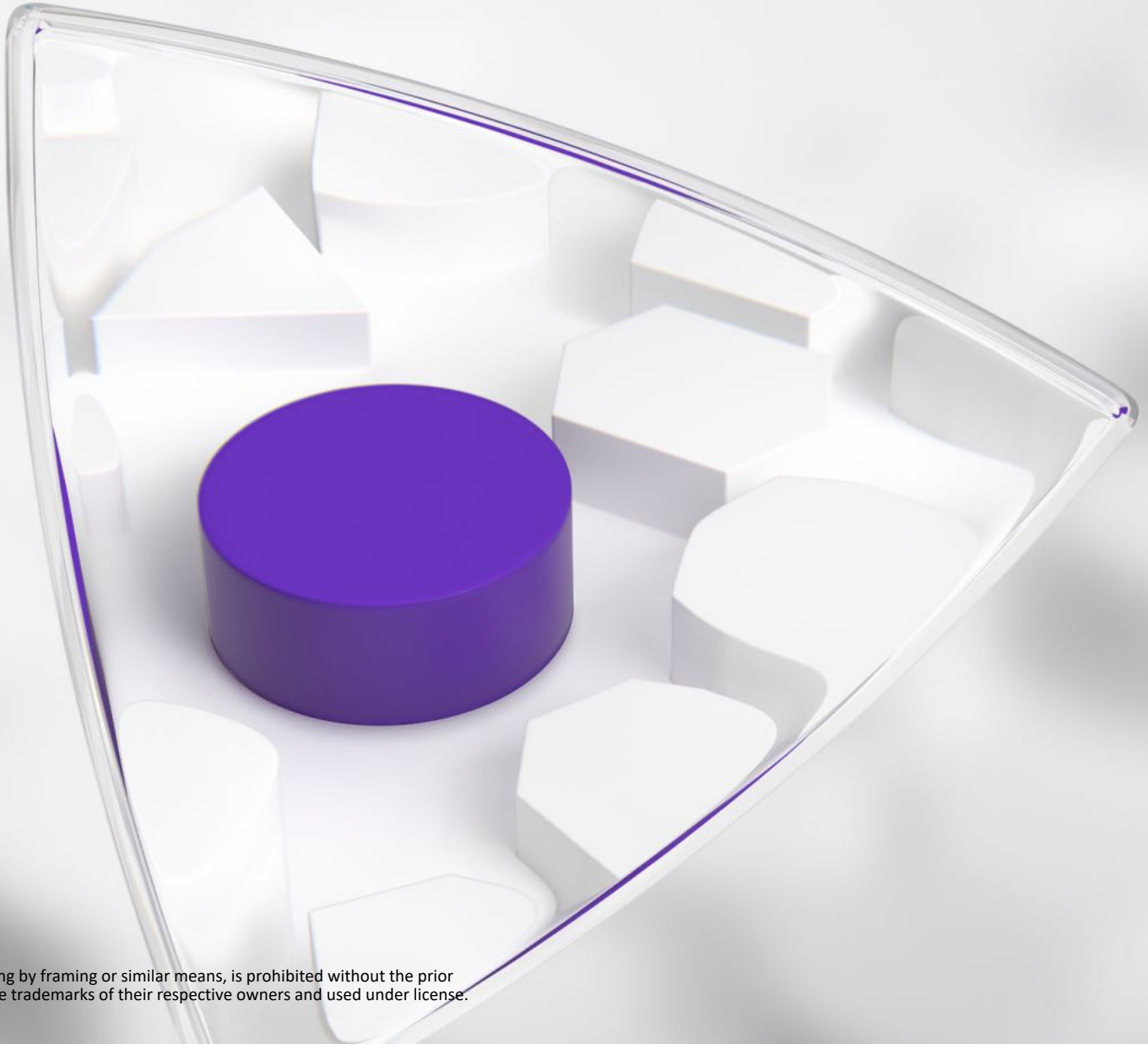
Corporate registrars typically do not:

- Run promotions (clients typically favor budget predictability)

- Favor or promote one TLD over others

- List pricing publicly

- Offer hosting

- Sell domains to "the public"

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Questions?

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Thank you!

Registrars - Key Remarks

- Considerable work not visible to existing new gtlds in isolation

- Ambivalence on another round of new gTLDs

- Innovation at Registry often competes with the value added services provided by Registars

- Different Registry requirements often require custom code, deep backlogs and limited resources

- Room for improvement in domain search and suggestion as it's a substantial data science problem

- Continued industry consolidation

- Increasing complexity of the DNS marketplace reduces new entrants, which likely impacts the global south disproportionately

Questions, Answers, Discussion

Closing Remarks

Donna Austin

One World, One Internet

ICANN

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