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# Responding to a changing marketplace

Russell Haworth  
Chief Executive Officer

# Key discussion points for today

- Nominet's impetus for change
- A new strategy for a new era
- Bringing value to the industry



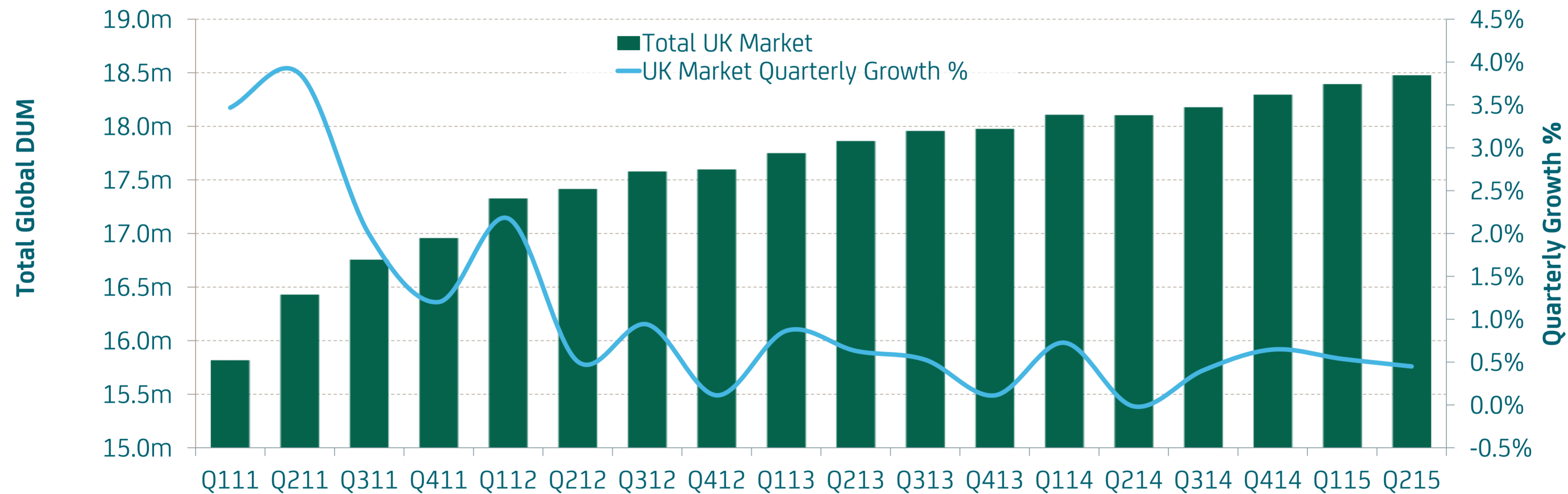
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# Impetus for change

# UK domain market growth rate is slowing

- Just below 18.5m domains registered
- Net growth rate consistently below 1%, and has slightly reduced in last quarters to 0.4%
- Trend of low growth in domains likely to continue

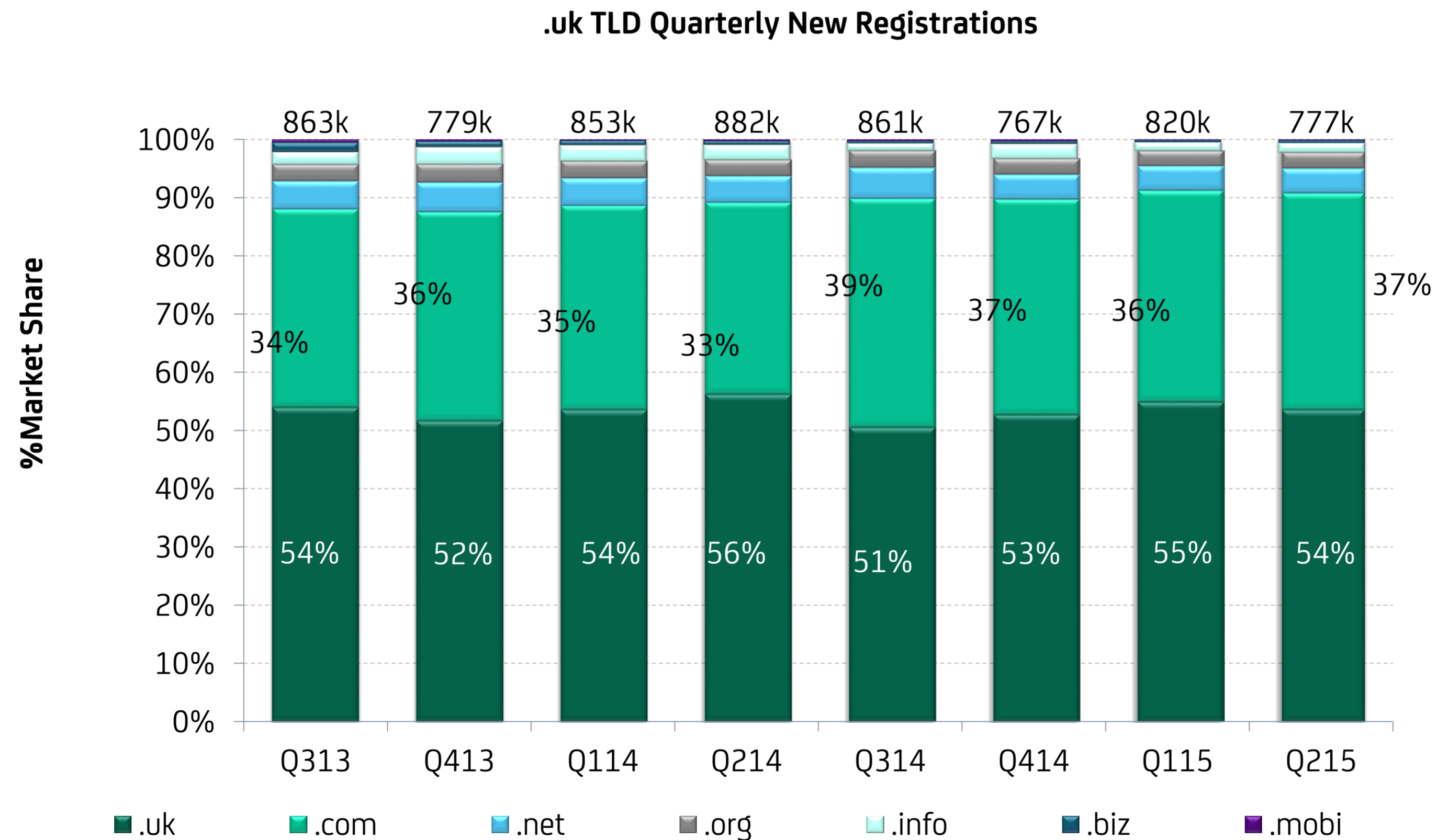
**.uk TLD Market: DUM Quarterly Growth**



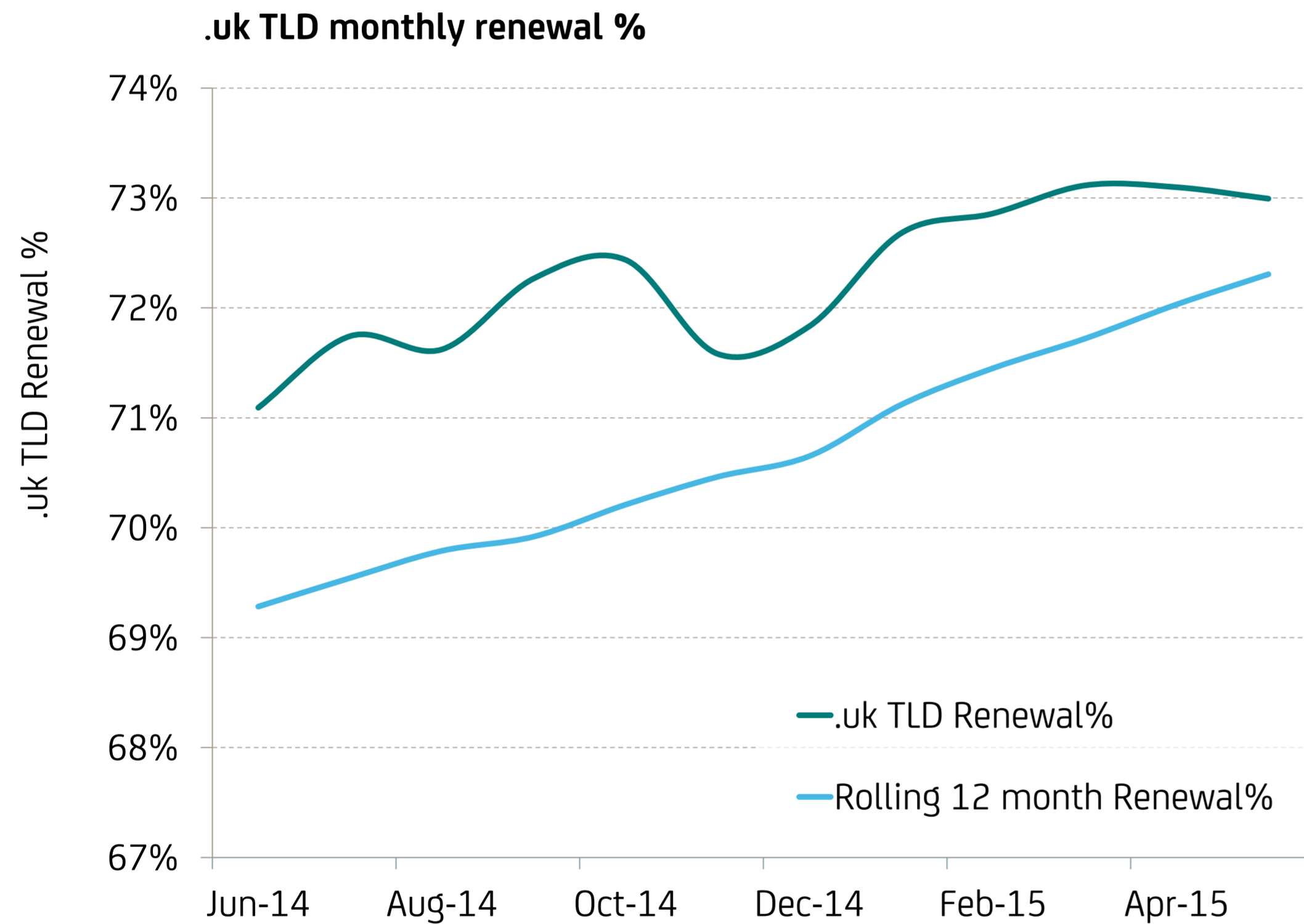
**Definition of UK market**  
For non-Nominet TLDs – all domain registrations to registrants based in the UK;  
for Nominet – all registrations regardless of registrant origin

# .UK continues to hold market share

- Not yet seeing impact from new gTLD's but competitive pressure with .com remains
- DUM has reached highest level – 10.6 million domains

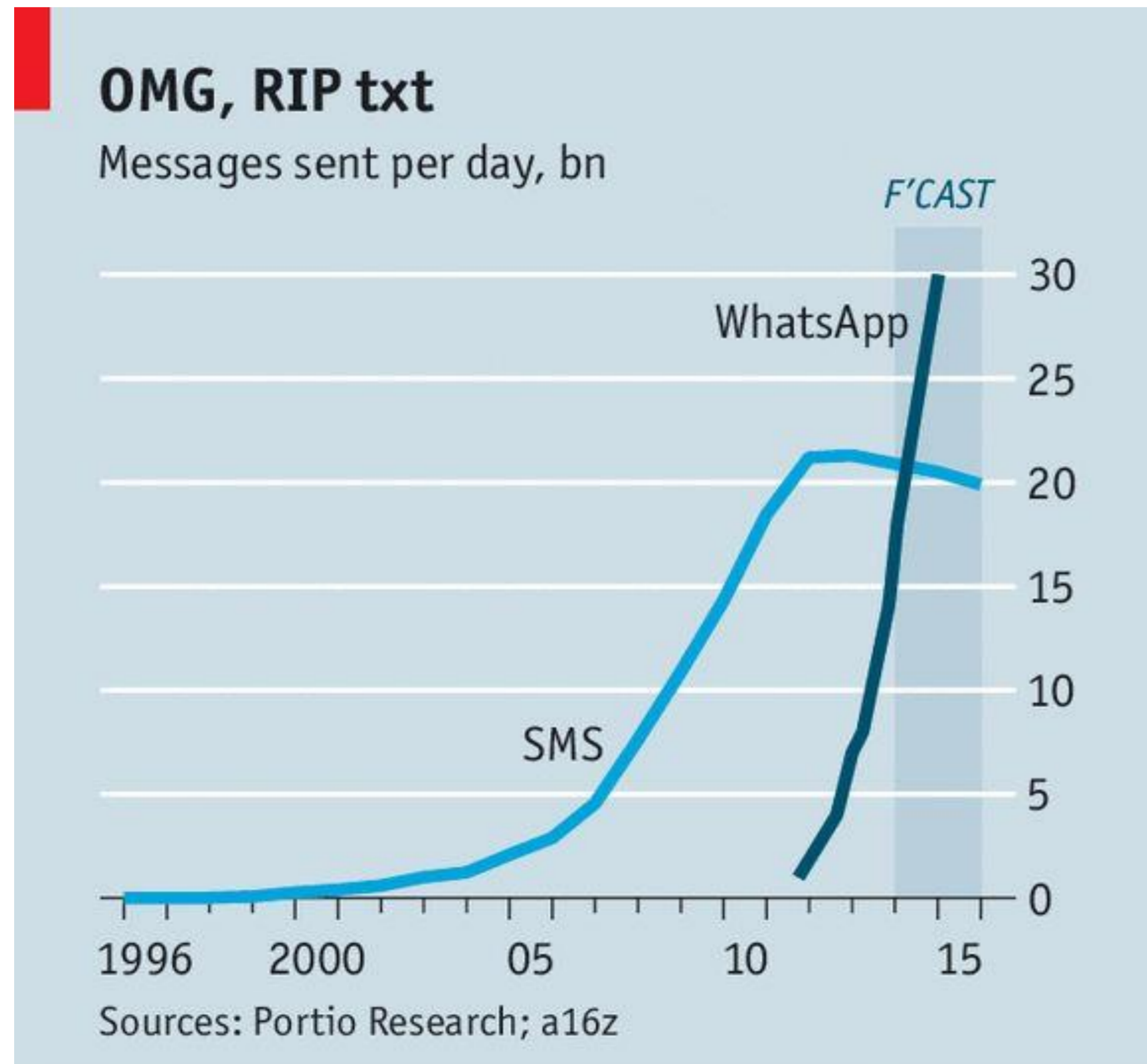


# Renewal rates are increasing but expected to stabilise



- .uk renewal rate at 82% - driven by high proportion of Right-of-Refusal registrations
- Expect following months to settle around 75%
- This compares to 56% for .co.uk first renewals and an average of 72.5% for all .co.uk domains

# Expanding beyond domains is a priority



Economist.com

- Domain growth likely to continue to slow in the future
- Over 95% of Nominet's revenue from Domains
- Other industries show that disruption is a potential risk
- Expanding services to our channel, and diversifying our product portfolio necessary for long-term

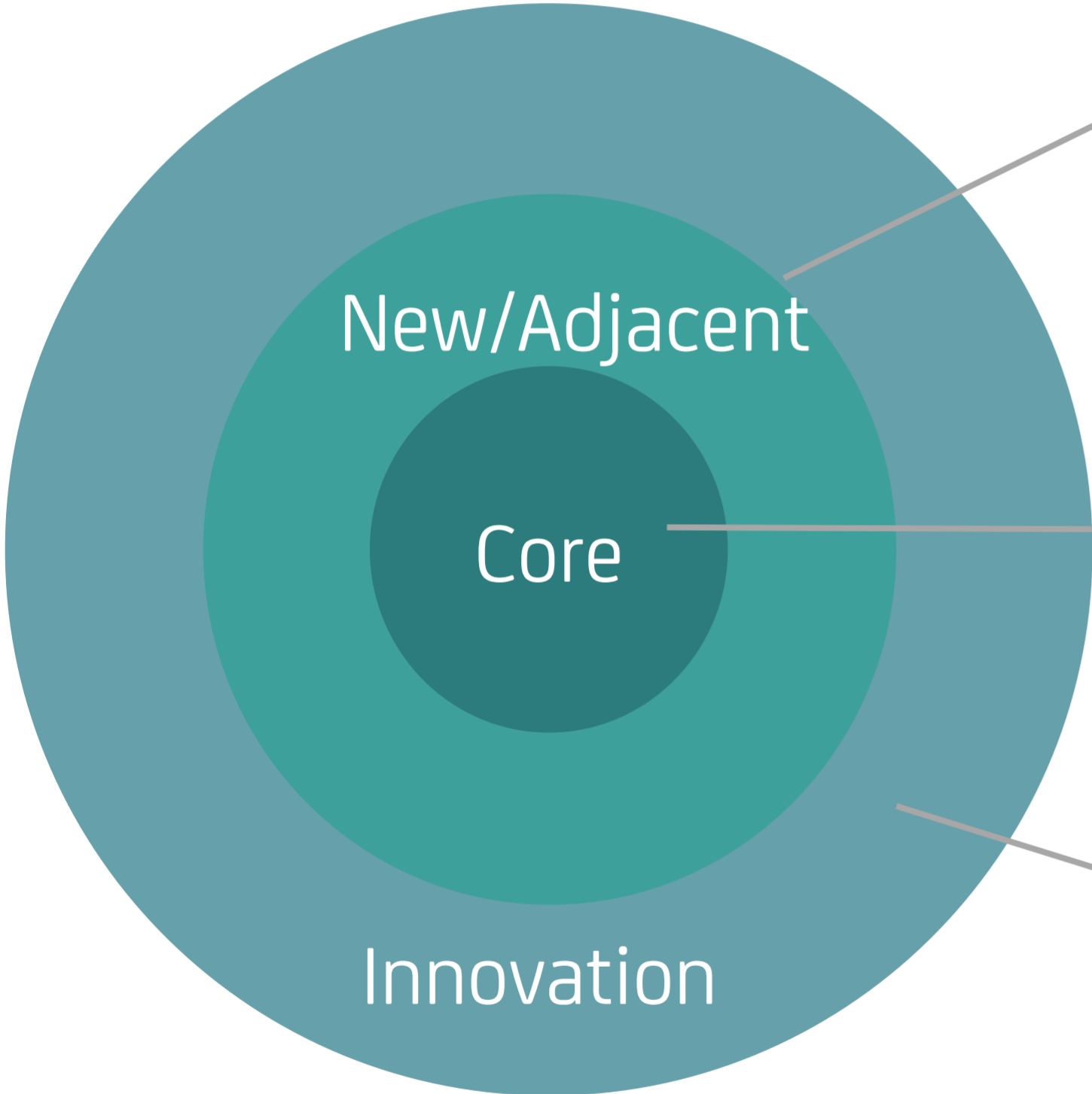


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# Our strategic focus



# Our strategy is focus on three areas



## New Products & Services

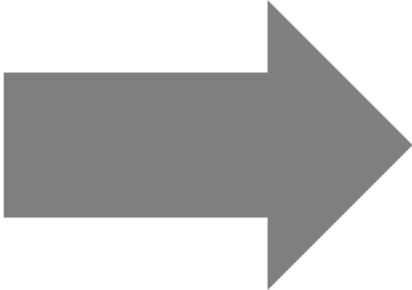
Network Analytics and Security  
Turing Enterprise, and Turing Cloud

## Registry Services

More commercial promotion  
Increased partnerships  
Enhanced collaboration with channel

## Applied Innovation

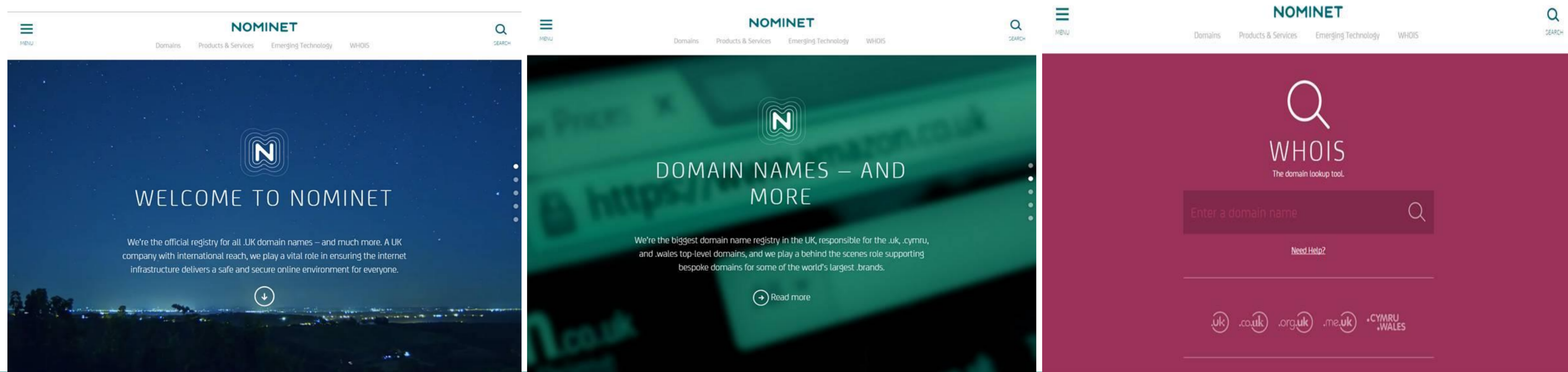
IoT – Security and Interoperability i.e. Smart Cities  
DNS Security & Analytics  
Dynamic Spectrum Management (TV White Space)



Commercial focus  
Executing well  
Delivering public benefit

# Our strategy is reflected in our new brand

- Nominet brand out-dated
- Not contemporary or 'tech' focused in line with our vision
- Brand goes beyond a veneer, and represents a culture shift as we execute on our strategy
- Improved corporate web site and user functionality – navigation, WHOIS search etc.
- Also refreshed Online Services for registrants

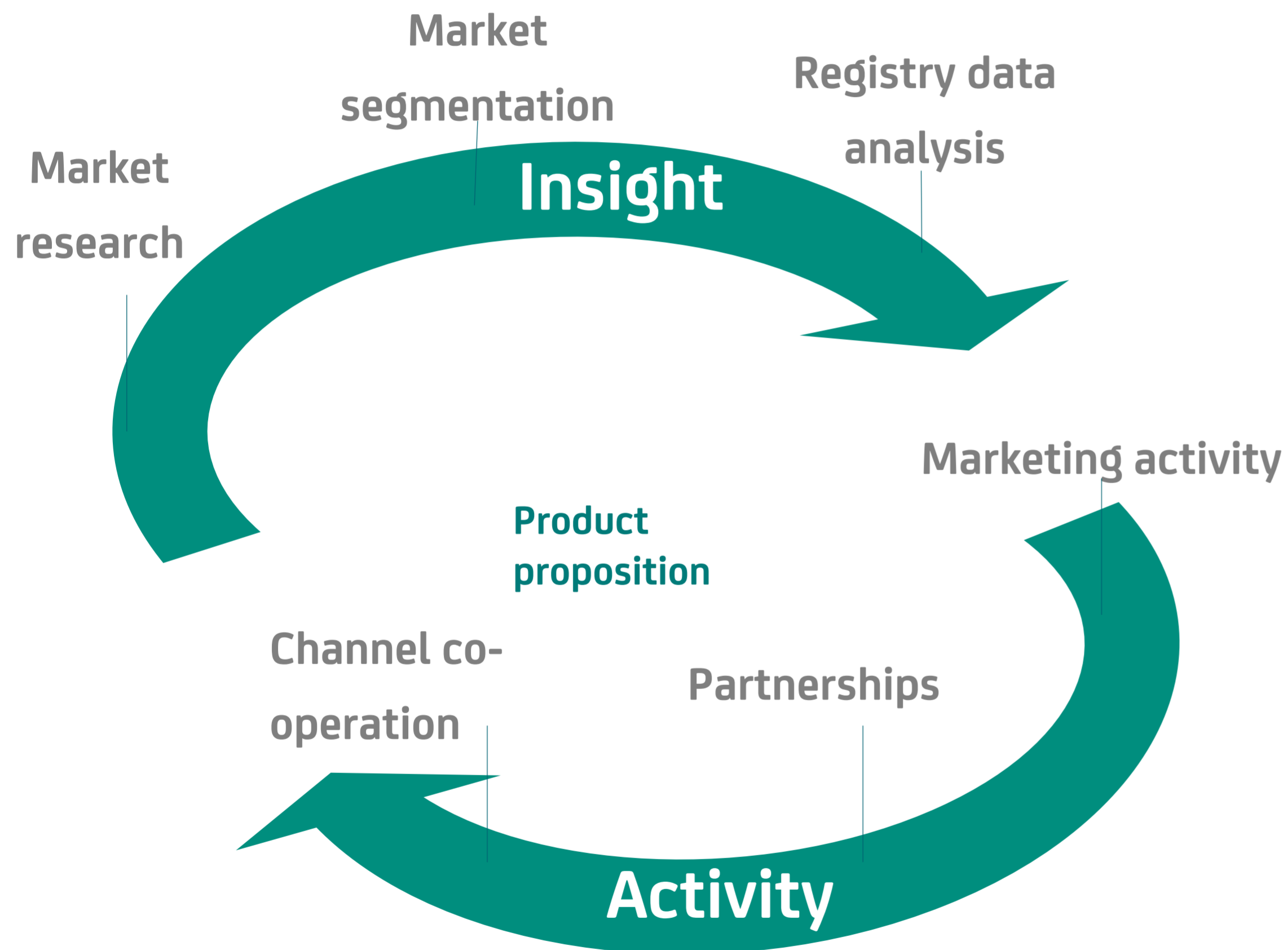




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# Priority: New marketing approach

# Nominet's registry will focus on insight and activity

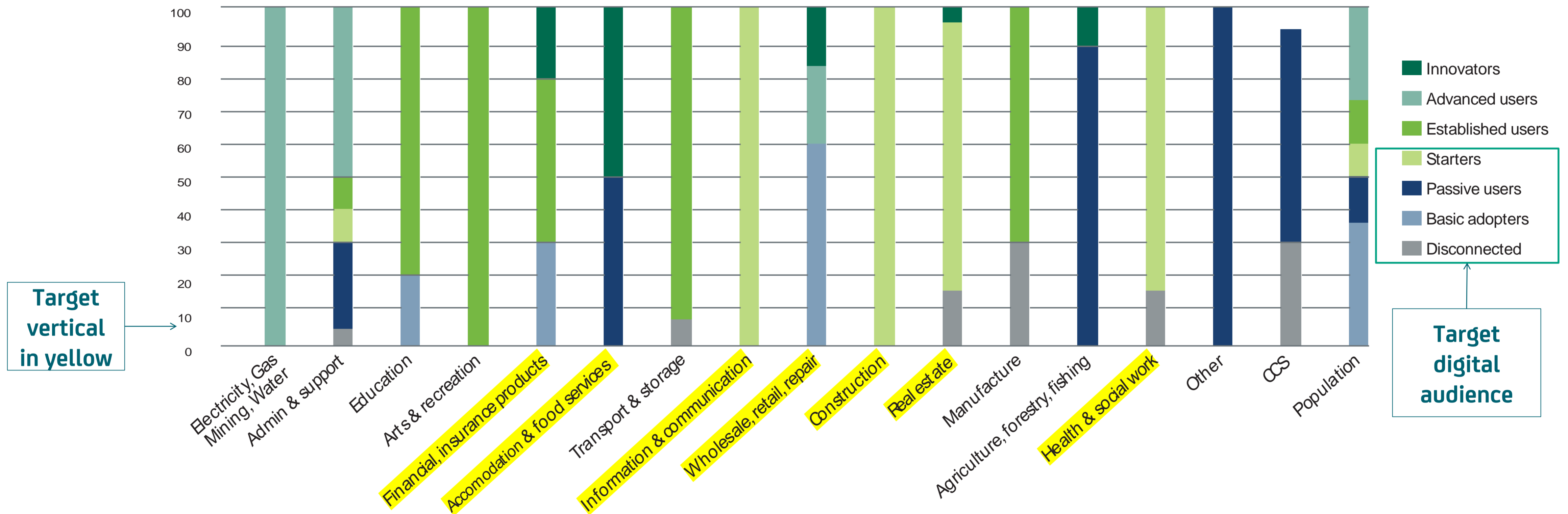


- Our focus is on providing **Insight** and simulating **Activity** to increase awareness and adoption of .UK domains
- We're doing this through:
  - A clear value proposition
  - Segmenting the market in the UK
  - Researching these segments for trends
  - Developing marketing collateral for the channel
  - Forging partnerships i.e. GoOnUK
  - Collaborating with channel on promotions

# Some SME sectors are underpenetrated

Seven segments have low digital adoption in the UK

Target verticals by digital sophistication



Source: Lloyds Banking Group Business Digital Index 2014

# The size of the opportunity is potentially significant

The addressable volume in the four priority verticals comprise 25% of the 5.2m businesses in SMB sector (1.28m)

SMB vertical	Total size '000	Addressable size % <small>(based on digital profile)</small>	Addressable size '000	Target digital profile
Construction	950	75%	713	Basic adopters
Information & communication	320	80%	256	Starters
Health & social care	336	65%	218	Starters
Accommodation & food services	179	50%	90	Basic adopters
Wholesale, retail & repair	539	60%	323	Starters & disconnected
Real estate	100	85%	85	Starters & disconnected
Financial & insurance	84	30%	25	Passive users
	<b>2,508</b>	<b>68%</b>	<b>1,710</b>	

# Some Consumer sectors are underpenetrated

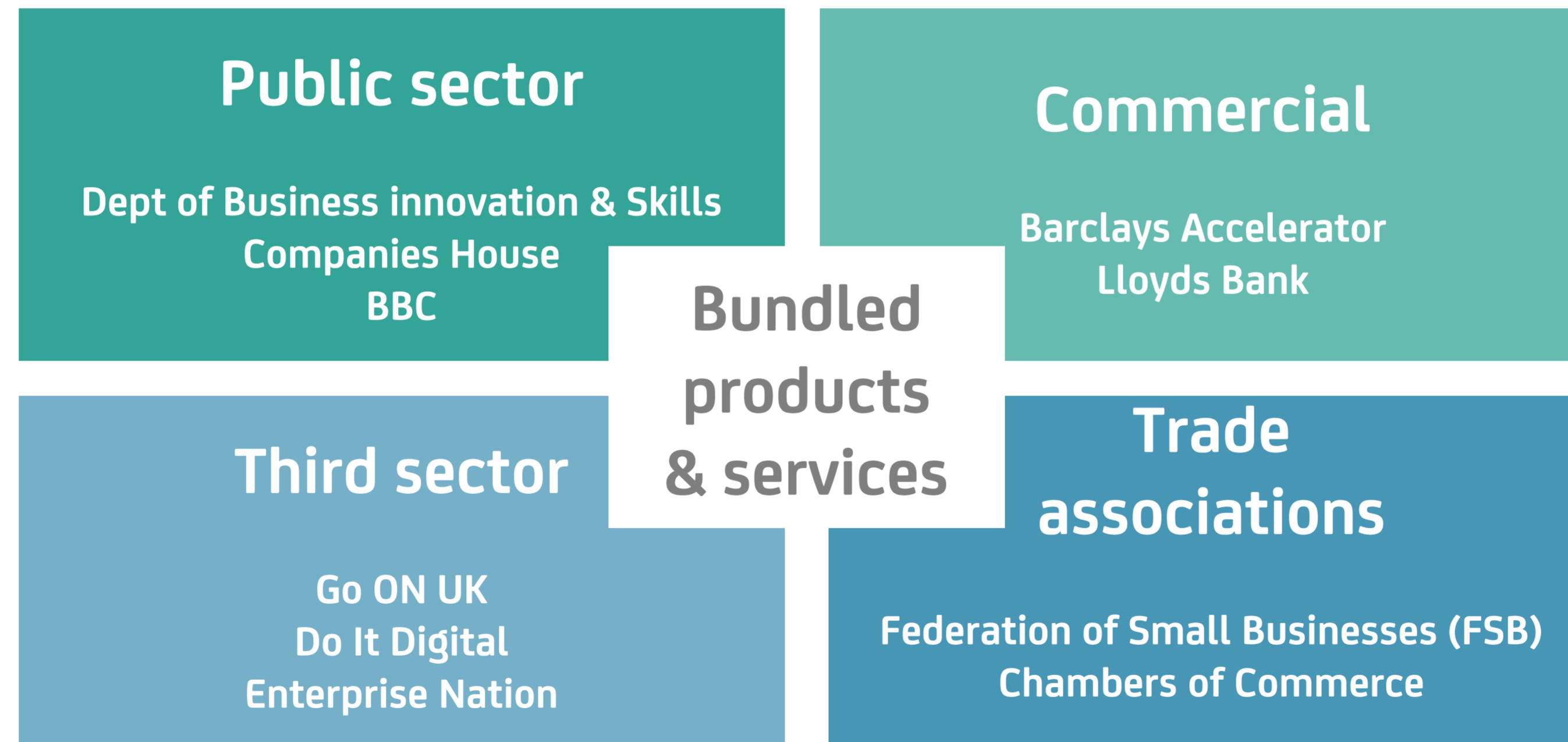
The addressable volume in the three target consumer segments comprise 32% of the population (25.9 m people)

Target group	Total size '000	Addressable size % (based on digital profile)	Addressable size '000
16-24 age group	6,000	50%	3,000
65+ age group	11,000	25%	2,750
Young families			
• Families	8,000	25%	2,000
• Births	0.700	50%	0,350
• Marriages	0.262	50%	0,131
	<b>25,962</b>	<b>32%</b>	<b>8,231</b>

# Partnerships with 3rd parties are key to growth

- Priority partnership types and target organisations have been identified
- We are committed to engaging with the channel to maximise these opportunities

Target partners are based in our core target markets with a focus on small businesses





# Activity – three promotions will have been run by end of year

## £1 promotion

- Doubled .uk sales (102%) with 58k registrations in the period
- Uplift was more significant for ROR sales (123% uplift) vs. new .uk registrations (95% uplift)
- Very little impact on .co.uk sales with a 10% lift across all .UK domains

## Buy One Get One Free

- More complex for registrars to participate
- So far seeing a 9% uplift across the .UK domain family
- Average proportion of bundles is 20% across the register, but varies between participating registrars from 12-55%

## Rights of Refusal promotion (Nov-Jan)

- Aim is to push active usage of .uk domain
- Registrar positive opt in required, based on meeting certain criteria

Direct .UK registrations during price promotion



# Activity – providing the channel with collateral to effectively promote .UK



## Using the web to give football back to its fans

In May this year, four and a half thousand people packed out the new Broadhurst Park Stadium to watch their local team...



## START YOUR ONLINE JOURNEY WITH A .uk DOMAIN NAME

There's no better time to get your business noticed online.

Whether you're a start-up business or entrepreneur looking to get online, register your .uk domain name today and start your journey. Find out more at [agreatplacetobe.uk](http://agreatplacetobe.uk)

With a .uk domain, you too could signpost your website and email address as a safe, trusted space for customers to do business with. Nominet, who brings you .uk domain names, is one of the world's largest internet registries, responsible for the smooth and secure running of over 10



## PR & content

- 30 stories of the UK Domain space
- .uk case study films
- 'Domain Family' consumer films
- E-book content

## Campaign banners

- Digital assets
- Generic and targeted banners



## Toolkits

- Generic .UK domain family
- Promotion specific





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# Emerging technology

# *turing* is a new opportunity for Nominet

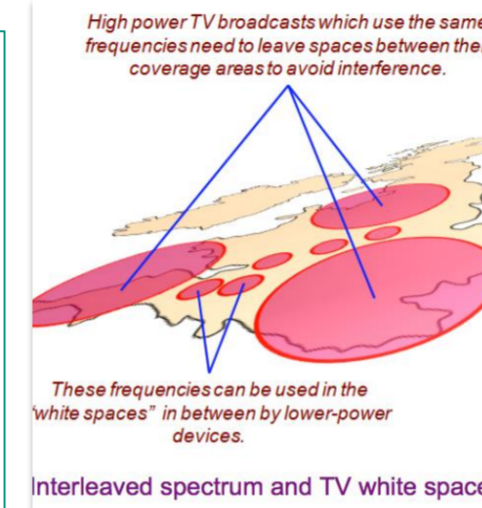
- Output from the innovation pipeline
- Created new team to enhance product development and create 'v2' for Cloud
- Current 'Enterprise' version circa \$100 - \$200k/year
- Potential market size of £15m
- Exploring partnerships with key distributors for increased scale

**turing**  
by NOMINET

# Innovation strategy – in a nutshell



Privacy for the Internet of Things



Dynamic Spectrum Management



Internet of Things toolkit including registry, analytics and security tools



Environmental monitoring system for the insurance sector



Support for new versions of Turing



Partners to help Nominet to deploy and scale



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# Bringing value to the industry