Transcription ICANN Dublin
Wednesday 21 October 2015
RySG-DNA University Session: Working with Registrars

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Man: This is the RySG-DNA University Session "Working with Registrars." We are located in Liffey Meeting Room 2 and this session will run from 9:15 to 10:30 am local time.

Tony Kirsch: Good morning everyone. This is being done for remote participation as well. So for those of you here in Dublin, welcome. And for those of you joining us from wherever you may be welcome to the first live DNA University session. Today we're going to be doing a wonderful panel session with some registrars here.

Absolutely invite the audience to participate, ask questions. We're going to try and - as we do at the DNA University - provide some insight at a really commercial level for folks as to what's happening in the registrar world and indeed for the TLD operators in the room, you know, how you can work better with registrars.

So quick introduction, my name is Tony Kirsch. I lead the TLD advisory business for Neustar. And because of those things I've been given the most ridiculous title in the world which is the dean of the DNA University, which sounds - it's embarrassing isn't it?

So we've got some great speakers and I'm going to get those guys to come up now if you don't mind and we'll introduce you. But as I said, lots of questions today.

The DNA - for those of you that are not across it - is really a fantastic group that started, you know, roughly one or two years ago to try and bring the commercial industry element, you know, to the world. We've got a great board of people with some great supporters so if you're not a member please look us up at DNA.org. and get involved in it.

Today's session as I said is about the DNA University. It's the education arm of that. We've done two previous Webinars and we'll continue to do more to provide education to the industry. And then you'll see that come through in a variety of things. There'll be obviously more Webinars. And we're going to start to introduce more and more concepts of interviews, panel meetings and so on to try and build the education for the industry.

So that's enough for me. We've got - as I said we've got some great speakers here today. I'm going to ask them to introduce themselves and we're going to talk very much today about what's happening in the real world from the registrars' perspective moving forward. So welcome Drake.

Drake Harvey: I'm Drake Harvey with Web.com. I have responsibility for network solutions and register as well as our Web.com retail properties and certainly happy to answer any questions I can answer today.

Tommy Ho: Good morning. My name is Tommy Ho. I manage the ccTLD registry partnerships at GoDaddy. Been with the company for about two years and it's good to be here.

Nic Steinbach: Hey there. Nic from Name.com. I manage new TLDs at Name.com.

Matt Serlin: Matt Serlin at MarkMonitor. I run client services and operations. Been in the industry about 13 years.

Simon Cousins: I'm also claiming 13 years. I'm Simon Cousins. I'm the founder and CEO of Allegravita. We're a leading China based consultancy taking mostly new gTLDs into China. We have quite a substantial number of registries and TLDs in China. So as we don't have any Chinese registrars on the panel today I'm representing the point of view of the many Chinese registrars that we work with on a daily basis in China.

Tony Kirsch: Fantastic. So as you can see folks - and this is no accident - you've got the range of the registrar market here. Obviously you've got sort of the Chinese experience of Simon, the detailed corporate experience of Matt. And then really three of the biggest registrars in the world that are out there, you know, selling a lot of your products.

So feel free as I said to ask questions, get involved in today's session. Drake I'm going to start with you, your experience. I wanted to sort of set today's framework almost in 20 minute, you know, chunks, bite-sized pieces, the first part being what are you seeing today and the challenges, the second being what you see as the options of what you would like to see in the future.

And then the third part would just be a bit of, you know, really, you know, stargazing as to where the industry is heading. So in terms of today, you know, from your experience I'm not going to worry so much about onboarding TLDs. I think we're mostly through a lot of that.

But in terms of, you know, at Web.com at the moment tell us about your interactions with TLD owners and registry operators and in particular things that are working and not working for you.

Drake Harvey: Sure, happy to. So a couple of things I think that are a little bit unique about Web.com. For those that don't know, Web not only operates network

solutions and register which primarily focus at retail registrations, but we also do a very large portfolio of business of small to mid-size companies, everything from hosting in DIY, which are, you know, fairly commodity products at this point but also what we call our "do it for me" products.

You know, these are suites where customers can come and we literally build their sites for them. So we have exposure to a lot of small businesses that really don't know what they want when they come. And with that it gives us kind of a unique opportunity to help craft the message as to what they should do.

One of the things that we're finding is very challenging about that is how do we incorporate new TLDs into that conversation? I think it kind of breaks down to a couple of different pieces. And I won't get too far into the onboarding discussion but I think there's a couple of relevant pieces there. Certainly the last 18 months have been interesting I think for a lot of us.

You know, we went from effectively carrying, you know, 40-odd, you know, products if you will within our store front to well over 300. That has forced us to procure a lot of our operational proficiencies. You know, not a bad thing but at the end of the day it's a lot of overhead for us to maintain.

We've also taken an approach which we're not going to choose the winners and losers. You know we look at this as merchandise and we like the market to kind of determine which TLDs are going to be attractive to the customers. So, you know, our goal is to put the best products in front of the right customers and let that go from there.

With that though, there is a couple of challenges and some things that we've seen and we continue to see as TLDs are coming out anything that has really heavy lift from a onboarding perspective, that could be with RA requirements; that could be with technical development requirements; that could be with things like specific trademark clearing, you know, etcetera - I'm not going to

get into any specific examples but from our perspective, it's not that we don't want to carry it. It's that we have to make a financial decision as to whether the labor and the cost that it takes to deploy it make sense.

You know, if we look at a current registry that we're integrated with today and we're integrated with most or at least the back ends that support the registries there in the TLDs that are coming out, it's not a very heavy lift exercise for us to onboard a TLD. It's a contract. It's a (SKU) in our system. You know, maybe a little bit of development work but no big deal.

If we have to do significant development work - you know, if you're coupling TLDs for example or if there's heavy verification requirement - you know, those type of things really force us to have a conversation internally about what's the benefit. And quite frankly we haven't seen any rocket ship TLDs out there that make us believe that any specific argument is going to justify hundreds of hours of labor without a very significant conversation with the registry that's marketing the TLD.

So from our perspective we're happy to have that conversation but we have to have that conversation. So it's not a "no, never," it's just not at the top of the list kind of a thing.

The other piece that we're finding a little bit challenging as we talk about our flagship products is that when we start talking about bundling - and one of the things that we do for our customers is bundling - they're not buying a domain name in a lot of cases. They're buying a Web site or they're buying a professional e-mail package or something like that.

The pricing structures become very challenging for us. You know if a typical (com) - you know, let's just round it out at $8, you know, we can have that baked into our current financial models. If it renews at very similar type of numbers, that's fine. You know, that makes sense and that works for us.

Any time we start to change that, it's not that it can't be handled, it just means that the economics have to be worked through. So does that mean we have to change our packaging pricing? Does that mean we have to think about, you know, first year is different than second year? You know, those are the type of things that have to be done.

So again I guess, you know, one piece of feedback I would give is that the closer to the, you know, kind of the dot com pricing models, you know, would be a highly encouraged practice from our perspective because it removes a lot of barriers with our conversations.

And I don't want to skip over the fact we're not discouraging people from being innovative. We think that there's room for disruption here. We think it's important that people look at this and say there's a better way to do it or there's a different way to do it and we're absolutely happy to have that conversation. Just understand it's going to be a conversation. So...

Tony Kirsch: Thanks. Excellent insight. Tommy, from GoDaddy's perspective, lots of different TLDs now. As Drake said, you know, pricing's one element, but how else are you seeing other TLDs differentiate themselves?

Tommy Ho: Yes I just echo what Drake said. I think those are great insights. You know, just in terms of what - how TLDs are differentiating themselves, it's hard to say. I mean there's certainly the specific requirements that we're seeing from closed TLDs that have, you know, that have a long, you know, sort of that are not - I guess you want to call them that are not synchronous, that don't have registration immediately.

Those represent a challenge I think for us. You know, customers expect to purchase a domain and then get their Web site immediately. And not having that benefit it just means that there is extra messaging to the customers that we have to provide.

I think the other - you know, I think the other thing about this now that we're 18, 24 months into the process we're certainly looking at renewals and how that's going to shape up. Another aspect that comes up is what we like to call change management and how registries have begun to introduce changes, you know, just even if it's a slight change in their policy and their pricing and how we manage that.

These are, you know, across the 380 - 400 - 500 TLDs that we've onboarded. It really represents a challenge for us overall. You know, the last thing I would probably say is that we're seeing a wide variance in promotional programs and incentives, rebates, things like that, that registries are introducing.

And that's really - while it's interesting, you know, it's not always easy to implement all of those programs, especially with the retail kind of - a retail price component that's required by some of these registries.

So, you know, if there's one thing that I would recommend to our registry partners, certainly we welcome the opportunity to participate in these programs but, you know, the marketing aspect of it, the kind of, the go-to-market aspect of it, if you could leave it to the registrars to kind of decide that aspect, that would be very helpful.

Tony Kirsch: Thanks. So Nic from your perspective at Name.com, we're just talking here about a very expanding inventory of somewhat more inconsistent business models and indeed pricing and policy frameworks. What are the challenges that you've had to go through internally to sort of take the old world, which was reasonably consistent into now what is, you know, a rainbow of options.

Nic Steinbach: That's definitely not a short answer. I think the registrar channel is catching up to this new world right. I think you have a channel that's optimized itself one TLD from a static set of TLDs, no bigger than 15 or 20 really depending on the GO area.

The new world is hundreds of TLDs obviously. I think that as registrars develop, there's a couple of things that need to improve and a couple things that we're working to improve, number one being search, right? The search experience is fundamentally behind the times at most if not all registrars.

It's behind the times in a couple different ways, the biggest one being I think the suggestion endings are going to get a lot stronger. But even more than that, we need to encourage use in the flow, in the channel, and that's a little bit different than I think the straight upsell, right?

If you go through some of our competitors outside the space, Web site builders or square space or whoever, they're focusing on content first and the domain second, and those are stickier registrations that really drive content usage.

And then finally I think that the biggest thing that we're seeing is when this program launched I think a lot of people anticipated people switching from one TLD to a new TLD or one TLD to a ccTLD or really changing their entire brand around a TLD. I don't think anyone who's a small business owner is really that keen to do that.

I think the key that we need to push as an industry is that you don't need just one domain, right? We have to find ways to encourage usage for small businesses and large businesses across multiple TLDs, right. So there is room for people who are using multiple TLDs to really drive their business. And the more we get those examples out there the more that we're going to grow this industry beyond just a single registry or a single registrar, right?

We have to explain to people that it's your personal identity. It's your social identity. It's your - you know, it is so much more than a single TLD. I think that fundamentally is the biggest challenge that we're facing right now.

Tony Kirsch: How do you encourage consumers - sorry, this is a follow-up question Nic. How do you encourage your consumers, your customers, your business customers, to purchase more than one domain name for different aspects of their online identity? I mean are you seeing some early successes with any strategies?

Nic Steinbach: Yes so definitely. So I think that the biggest thing is to make it really, really easy, right? So I think that stuff like DNS records and name servers have to be gone from most registrars, right? It's got to be one click to add a connection to your Facebook or your social or your Twitter, right? So I think right there, there's three different domain names.

And they can even redirect back to, you know, a Com, right? But the point is that you have to A, make it easy and B, show use cases where it makes sense for people to actually be doing this. And the latter is definitely the hard part, right? I think that part is definitely still growing, yes.

Tony Kirsch: Great stuff. Matt, from a different perspective - I've got my own mic now. This is dangerous, right? Just going to interrupt all the time.

Man: Yes.

Tony Kirsch: So I mean there would be a lot of folks in here that are TLD operators, Matt, that would be interested in your view from taking, you know, the thousands of customers that you deal with at the corporate side and offering now this new inventory.

And what's their feedback? You know, they've already got a portfolio. There's extensive names. Sometimes they feel like they don't necessarily need them all and now we come in with new shiny toys. Tell us about how they're feeling.

Matt Serlin: Well this is where I become the least popular guy in the room I suppose. No I mean just to pick up on what Nic was saying, you know, if you think it's tough and challenging for a small business to change their domain, think about a Fortune 500 company that's got advertising and billboards and letterhead and business cards.

You know, I mean my company, our parent corporation has 55,000 employees. So just think about the cost of, you know, rebranding our business cards and printing that, right? So our customers are faced with not only, you know, all the new gTLDs but we've got customers that applied for dot brands as well, right?

So you've got this interplay of okay what are we doing with our portfolio? You know, we have clients that have upwards of 50,000 domain names, right? I mean at the end of the day they have no business having that many domains, right? So for us, I mean, you know, we carry every - well we try to carry every TLD that launches.

So we're somewhere close to, you know, over 700 - 750, something around that because we will have some clients somewhere in the world that wants to register a dot something. So, you know, we don't really have the luxury of making decisions about what we're going to carry but ultimately, you know, for us we're probably the least exciting registrar you guys will deal with, right?

Like I don't have to deal with marketing programs and promotions because we don't do that. Our clients don't want - you know, we take much more of an educational approach, right? So we tell our clients what's launching, what might be relevant to their business. But ultimately at the end of the day it's up for them to decide, you know, does this make sense?

And we've seen some brand holders, you know, not only register but start to use some new gTLDs and sort of test the waters. But again you've got this dynamic of, you know, they're making decisions about not only what to

register but then maybe what to use. But then how they're going to play their dot brand in as well.

So, you know, from a corporate standpoint, you just got a lot - all the factors that you guys are dealing with, with the consumer in the mid-market you've got it kind of just amped up that much more.

Tony Kirsch: So just further on that, so if I'm a TLD operator in the audience, how can I best enable you - I mean the communication side of what you've got to deal with is complex in the first place. So how do I best enable you and what are, you know, the methodologies that you're using to get those communications out? Because I dare say you had a similar conversation a number of times in the last year.

Like there's a new something. You know, are they getting tired? How do we freshen it up?

Matt Serlin: Yes they're definitely getting tired. I mean like I said, it's not really a question of us carrying your TLD. I mean 99% of the time we will. But what I always tell TLD operators is like if you expect us to make your TLD relevant that's not going to work. What you guys need to do and what's going to get brand holders interested in actually A, registering and then B, using your TLD is making it relevant to them, you know, making it relevant out of the marketplace.

So, you know, when you get one company starting to do something, our clients will start to notice. They'll start to get interested in it. So that's how you do it. But it's really up to the TLD operator and other folks. You know, I mean, people like the - you know, more of the mid-market folks to try to make TLDs relevant so that big brand holders will start to pay more attention to them.

Tony Kirsch: So Simon let's extrapolate this out now into China. You've got Chinese IDNs as top level domains as well as a range of new ASCII TLDs. Tell us about the

Chinese registrars. How are they embracing this and how are they dealing with this, you know, influx of new product?

Simon Cousins: Sure Tony. I think as every registry operator in the world understands, there is a new regulatory regime in China. And in fact it's a very old regime. It's everything old is new again. The regulatory regime really was set in place more than ten years ago but the government has just very recently decided to empower certain regulators to effect those changes.

So it is necessary now for every new gTLD and legacy gTLD and ccTLD to achieve individual ministry of industry and information technology approval on a per-TLD basis. So I think that there's a substantial amount of debate and education materials around the compliance and the Chinese regulators so we should focus our conversation on the registrar channel.

So all things being equal, if you're a registry operator, which has gone through all of the steps necessary - and they're very clear, very clear steps. There's very little ambiguity to get your approval certificates. Let's say you've achieved your approval in China and you're now able to be legally sold by Chinese registrars to Chinese registrants.

I'd absolutely agree with Drake's perspective that you need to be thinking about bundling. It's a fact that a majority of domains that are sold across China - and we're talking about just China's mainland, not Hong Kong, not Taiwan, not Chinatown in New York City - the majority of China's mainland registrations are made as a bundle.

So that's not to say that there aren't very large and influential and very well run retail registrars in China. Two of the biggest are headquartered in Beijing. But the vast majority of domains that are sold are sold as part of a bundle with hosting, Web development, app development and a handful of other services.

The registrars, the typical registrars, aren't all that interested in investing in only domain name marketing programs because they're making a very small margin just on the domain name. There's a lot of downward pressure on pricing but they make fantastic money on Web development services and hosting services.

So you just have to understand that bundling is the standard method for presenting a domain name to the Chinese registrants. You also need to remember that China's registrants aren't teenagers, aren't moms and pops, aren't aunties, aren't enthusiasts.

My 15-year-old daughter has a Tumblr blog as I'm sure pretty much every 15-year-old daughter has. And of course she's gone and bought her own domain name which is connected to her Tumblr blog. But in China, 15-year-old daughters don't have Tumblrs. They don't blog. They don't do that kind of activity. There aren't really enthusiasts.

So a vast majority of domains that are sold in China are to businesses, not to enthusiasts. And businesses typically don't go to their registrars' Web site and use the spinning tool and buy the domain names and check out online. Rather, sales representatives in the registrars are on a daily basis reaching out via telephone, via e-mail, via Wii Chat, via door-to-door sales and executing their sales that way.

The final piece of advice - and then there's a number of key pieces of advice for registry operators looking at China - for those that aren't yet in China but are considering China, I would encourage you to secure your premium name space as quickly as possible.

You would be amazed how well connected the Chinese domain name investment community is to worldwide trends. There's a pretty good level of English language comprehension and vast numbers of domains are sold to

Chinese registrants for investment purposes, for trading purposes, from Western registrars.

So everyone here on the panel today I'm sure would agree has plenty of Chinese business coming out of the mainland. Now those domains aren't resolving to Web sites, but they're being held for speculation purposes. So for registries you really do need to secure your Chinese language premium name lists. Otherwise you'll lose it at general availability prices rather than premium prices.

Tony Kirsch: It's very - it's a unique opportunity and a unique challenge. I mean just the things that you're talking about here, the methods of distribution, I mean for most people in the room, you know, door-to-door sales of domain names, I mean it's just a different world.

Simon Cousins: Tony, there are registrars in second and third tier cities of China that my colleagues and I visit on a monthly basis that have upwards of 40,000 resellers, networks of 40,000 resellers and 2000 to 5000 telesales executives sitting on six to eight floors of a building.

This is second, third tier city operations. Labor is relatively cheap, not in Beijing, not in Shanghai. But in the second and third tier cities, labor's pretty cheap. So it's not expensive to put people on a phone.

Tony Kirsch: Yes it's amazing. Not quite the same at Web.com, mind you. To give us some insight about some co-marketing stuff, Drake, I mean we've got, you know, folks coming to you with crazy ideas. You've got your own plans of what you want to do. Tell us what's working and what's not working for you.

Drake Harvey: Yes I think there's a couple of challenges that we've got and I think they boil down into two things. One which was - like what was said before - is we really appreciate the fact that everybody brings a lot of interesting ideas to us but a

lot of times it's very difficult to manage and deploy, especially when it requires store front builds and tech deployments.

You know, unfortunately we're not a nimble ship. You know, it requires, you know, six to eight weeks for us to really get our arms around a program. And, you know, if a registry brings us a program that's got a life cycle of say four to six weeks it just isn't going to work, no matter how interested we are in it.

So, you know, long conversation - it's a long conversation with us - but the bigger problem that I think that we've got right now is engagement. And, you know, it really - it gets back to the relevancy topics that were brought up earlier and a lot of the other pieces that were discussed about how to get people engaged and using this.

But my definition of engagement is does my mother understand when she sees a domain name or a URL that has a new TLD in it, that when she types it in to her phone or her tablet or whatever that it's actually going to work. And, you know, I personally feel right now by and large the answer is no.

And, you know, I know that that's probably not a very popular opinion in this room, but, you know, I can personally say that outside of getting forwarded from many people in this room interesting examples of deployed Web sites, you know, obviously being in this space we're interested in what our customers have deployed and things like that. I have honest to God never sat down at my computer and typed in a Web site on the new gTLD, period.

I've just never found a commercial property that I've said hey outside of a discussion this is what I want to use. And I think that that's a problem. Until you see it on the side of a truck, until you see it on a large billboard, you know, it's back to the relevancy discussion. I think that we're going to have a problem as an industry really getting people to understand that these things are real.

And real in my mind isn't just convincing them from a brand perspective that they should invest. It's that, you know, we're at the fundamental level of when I type this in my browser it will function. So, you know, that's the one piece I think that we have to figure out how to do.

I do have a suggestion on how we do that. And I think that that suggestion is as you guys are looking at launching your TLDs, as you're looking at going after, you've got to find anchor tenants. I think that that is a very, very important piece and I think our friends at (Club) have done a fantastic job of that, you know, being able to kind of come out and say hey, these are popular sites.

I know a number of other registries have done the same thing. You know, I think it's important that you guys can come to us and help us as registrars, have the ability to point and say this is in use, this works, and this is something that people can see. So that's the one piece that I think we're having a problem with the marketing programs grabbing onto.

So it's not an issue of, you know, co-marketing funds. It's not an issue of how the program runs beyond what I just talked through. It's more of the how do we message this and get over that fundamental hurdle of if I pay the money for this, it's something I can use.

Tony Kirsch: So I've got to be able to see it and feel it before I'm really seeing the full value.

Drake Harvey: Yes.

Tony Kirsch: And I think most people in the room I'm sure agree that a lot of that resides in the dot brand space. You know, when I can seek run. Nike or...

Drake Harvey: Yes.

Tony Kirsch: ...whatever it happens to be. You know, that will be that extra thing that hits pop culture and sort of popularize in mainstream advertising...

Drake Harvey: Yes.

Tony Kirsch: ...in ways that we've never done before.

Drake Harvey: One hundred percent agree.

Tony Kirsch: Tommy if I'm more of a niche or niche TLD, what's GoDaddy's advice for me on how to build that up a little bit? I mean we all know that there are a number of TLD operators now that have got smaller volumes. You know, the cost of operations, registry and marketing otherwise is, you know, is extensive.

From your perspective, any advice on how to, you know, get those guys to lift their businesses?

Tommy Ho: Yes I think what Drake just mentioned about anchor tenants is a good point. Certainly the more that the registries can do to get that community involved, to get support from, you know, from that niche community, it's going to help out a lot.

I think what we've seen with some of the smaller registries and their sort of guerilla style marketing campaigns, I think some of that has worked, especially, you know, I'm thinking of, you know, just recently Dot Ski launched with their TLD and they've done a lot of work in getting support from not just the hospitality industry but also the national associations. So certainly that's going to help.

You know, I think when at the end of the day when we think about niche TLDs, you know, I think they're going to remain specialized. That's ultimately the value proposition. And to kind of leave that - to leave that charter it's - you

know, in the long term it's going to hurt them. I think they have to remain specialized in order to kind of maintain that value proposition.

Tony Kirsch: Cool. Nic, so from your perspective, Name.com, what's co-marketing view? What's working, what's not? And I guess I'll add an extra element to that which is how much runway do you want before you're executing? You know, how early do I need to come to you with a program, engage with you, agree with it, before you can execute?

Nic Steinbach: So on the time before launch, the longer the better, the more successful your - the more lead time you give it, the more successful your program is going to be. I don't think that there's a set amount of time. I think that the key to any promotional activity or marketing activity or whatever you want to call it is that if it's not tailored for your TLD it's going to fail.

And if you're a portfolio holder, a TLD, you have more than one TLD, it's got to be different for your TLDs. I think that there's definitely a recognition that some of the TLDs are more niche, so some of the activities that work for more generic TLDs or TLDs that are a little bit more broad shouldn't be in more niche proposals, right? We just can't do it. We can't help you there.

That being said there are so many ways that we can work with you guys to find your market, to define your market, and to really execute on it. So breaking that down I think that we really like to see proposals where you guys come to us and you're like, "Here's the market that we're going for in this specific campaign, right? Here's what we're going to do. We're going to drive new business this way. We need you guys to do this to your customers and specifically these customers."

And I think the smarter you get with kind of breaking down exactly who you're going for and how you're going to do it is really going to lead to your ultimate success. If you continue or if you really wanted to go super broad, expect that

to be less effective, right? So the key is to define and find and ultimately convert your target market and use case.

Tony Kirsch: I'm going to come back to you in a sec, Matt. I'm going to ask that same question to Simon because we talked about a very different - don't be upset. Because we're talking about...

Simon Cousins: Not too much co-marketing there, Matt.

Tony Kirsch: He did admit there was no co-marketing.

Simon Cousins: Look I'm pretty sure that every foreign, every non-Chinese registry operator that we've ever worked with would agree that in China it's impossible to get volume sales without co-marketing programs. So simply posting inventory or posting banner ads on retail Web sites doesn't convert to sales.

The thing I'd say - and look, designing co-marketing programs to China, there are similarities with the West. You know, you need to have, you know, relevant graphics and relevant concepts. A successful tactic that we have assisted many of our registry clients with over the years has been to tie specific promotions to Chinese traditional holidays and different elements throughout the Chinese year.

Keep in mind that the Chinese year operates in a very different way than the Western year. There's no Christmas period for example but there are very significant vacation periods through the year.

The overall requirement for a co-marketing program to work is that there's enough profit in the co-marketing program for the chain of resellers which will lead from the registrar, from your registrar partner, to the eventual reseller. And that chain may go six generations because China is a vast country with 1.5 billion people.

And there are businesses. There are - I actually don't know how many businesses there are in China, Tony, but there are vast, vast entrepreneurial powers and trends in China. So there are startup businesses in every corner of China. And typically that first or second or third time startup, you know, he has or he or she has an existing relationship with someone who's been supplying her domain names for years.

So - and that's a reseller of a reseller of a reseller of a reseller of a registrar. And everyone in that chain needs to have a little bit of profit on the way through. So when the Chinese reseller - I'm sorry when a Chinese registrar - asks you to give you more financial contribution to the co-marketing program it's not necessarily because they're greedy. It's because there are many mouths to feed.

Tony Kirsch: And I'm going to ask Matt the question but please feel free if you're here today to ask a question. And there's one from the chat room. Thank you.

Ozan Sahin: This is Oz Sahin from ICANN Policy Development Support managing the remote participation today. We have two questions in the chat box that came from (John McCormack) from Hollisterstaff.com. The first one is with one-year renewable rates falling to around 54% on some of the main gTLDs and registry promotions have discounting become more important in driving new registration volume?

What are the renewal rates on freebie registrations like and do they influence a registrar to add that TLDs to this TLD list.

Second one is there seems to be some Chinese speculation in Dot Com with numerous and (5L) registrations. Is it a bubble or real growth?

Tony Kirsch: Someone want to take the first one I think about the spread of renewal rates? Drake, I'm going to pass that to you?

Drake Harvey: Sure, absolutely. I think I'll refrain that a little bit just to make sure that I'm - I think I may be addressing the point. From a registry perspective, do we as an operator - a registrar perspective, I'm sorry - do we as an operator think that Freemium or free registrations are good to drive long-term renewals I think was the basis of the question.

I think from our perspective it's challenging. I think we certainly drive numbers based on free registrations. I mean free anything tends to get volume. The problem with that from our perspective is two-fold. One, we don't necessarily believe it drives engagement. And if you're not driving usage we don't believe it's going to drive renewal.

So from our perspective, while it may help in the short run with things like domains under management, it may help in the short run with on the registry side with domains under management or domain registrations. We don't think it's creating a good long-term viable stream of customers using TLDs.

I also kind of echo back to my previous point. It certainly doesn't drive usage. So one of the things we've seen is that from an engagement perspective when we do programs - and we've certainly tested them - with giving away free registrations in a variety of methods - everything from couponing to, you know, name your solution on this - it really doesn't create anything other than first year non-renewals for us.

So it's just not a very exciting piece of the program. I think that if you start talking about that in the context - back to my original comment around bundling - if you start to talk about it in programs like that, I think that that isn't so much a free registration. That is an economic incentive for us to drive marketing around a specific TLD within a bundle. That's not the same thing in my mind. So...

Tony Kirsch: Makes sense. So Matt back to you. The trends within the corporate side, right, in terms of what is driving your clients to register. And then as a second

element to the question, if it's happening, what may or does drive them to use?

Matt Serlin: Well what drives them to register usually is fear to be perfectly honest, right? I mean it's a lot of CYA. So, you know, the thought that someone else registers, you know, their main brand name Dot-whatever-TLD, you know, has implications.

So, you know, am I going to put my job on the line by choosing not to register a $50 domain name? Probably not. You know, is that risk going to be less if it's, you know, a TLD that has no direct connection to my company and things like that? Sure. So that's probably what drives people to register.

What drives them to use is going to be what their competitors are doing quite frankly. So if I'm in the hospitality business and, you know, I see a competitor start using dot city names for example, you know, my VP of marketing is probably going to come tap me on the shoulder and ask me why we're not doing the same thing, right?

So, you know, again corporations especially, you know, we're talking large multi-national corporations, generally are slow to respond, right? I mean you were talking about Web.com being, you know, a big ship to steer. Well, you know, these guys have the same thing and they've got to prioritize and they've got limited resources and all that stuff.

So it's really all about, you know - and some companies just naturally are more innovative and want to be more kind of future looking and be on the forefront of things. And then there's everyone else that kind of sits back and watches what those first movers are doing. And it's the same thing with the dot brands, quite frankly.

You know, I mean, a lot of the dot brands that we manage are starting to do some things slowly. But, you know, a lot of them are also waiting to see what

some of the larger, you know, technology and companies like that are doing as well.

Tony Kirsch: Thanks. I'm going to - before I go to (unintelligible) I just want to probe a little deeper on that Matt. So is it - could you get any context as to, for example, segments of either pricing or types of TLDs that resonate better? Or for example around the city TLD space - you know, your Dot Berlins, Dot Londons.

Matt Serlin: Yes.

Tony Kirsch: Are there any things that are working better than generally speaking than others? I mean I think most people understand that Nike will register Nike Dot Sport defensively because they feel like that's what they need to do. I think that's kind of clear.

Matt Serlin: Yes.

Tony Kirsch: But are there other trends, other segments, that are starting to become more accepted by the corporate community?

Matt Serlin: I don't know about accepted. But definitely the geographical and the city TLDs we're definitely seeing a lot of interest there. And yeah, you know, just to reiterate Tony what you said, I mean our guidance to our clients for the past two years is to register where there's a strong delta between your brands, your products, and the TLD, right?

So if you're a sporting goods company, something like, you know, Dot Sport, Dot Apparel, things like that make sense. You know, hospitality, the hospitality TLD. So definitely kind of looking at those verticalized TLDs where it's a connection to your company. But then also on the city TLDs if you're a company that's headquartered in New York City or in Berlin or wherever the case is.

So definitely where there's a - you know, people are looking to register where there's a strong connection. And what they'll do is if the pricing is really high, generally they're going to be less interested in defensive registrations because obviously the likelihood that, you know, speculators are going to go out is less. So...

Tony Kirsch: Makes sense. Question from the room - Rich Merdinger.

Rich Merdinger: Hi. Rich Merdinger with GoDaddy. A question in general for the panel. We have all these new products that we've added to our catalogs. They don't all behave the same. We now have longer extensions. We have IDNs, a DSLD as well as the TLD. What are you doing within your individual verticals to help make sure the products that you're bringing to market are actually going to function properly?

Man: Sorry Rich, function properly like...?

Rich Merdinger: So that when you go to a browser and enter in the new extension it actually works or you go to a bakery to sign up for their promotional program using your new e-mail address that they accept it. What...?

Man: Universal accept - yes the universal acceptance. Yes so I think, you know, universal acceptance is something that all of us should be interested in. You know, myself, our clients. And, you know, there's any number of efforts underway. We're really just trying to get people to get involved and engaged in those efforts, both here at ICANN and outside of ICANN.

You know, certainly with our clients, I mean, a lot of them are large technology companies that, you know, run a lot of the backbone services. So if they're showing up and participating at ICANN and are aware that that stuff is an issue, I think that helps them when they go back to their companies, you know, make sure that people understand that this is an issue that, you know,

that they need to account for and work on as they develop new products and, you know, make sure that new TLDs are accounted for when they do that.

Tony Kirsch: So let's move to another topic. It's always going to be interesting when you get sort of 12 to 18 months in. Let's talk about renewals Tommy. What sort of the spread are you seeing in terms of renewal rates? And are there any trends again - you know, particular types of verticals, particular pricing models, things that are renewing with greater levels of, you know, of percentage of success?

Tommy Ho: Certainly the big TLDs, you know, that we saw launch, the geos for example. We're seeing better renewal rates from those. You know, I think with renewal rates it's a challenge because being able to pick up on those domains that are, you know, that are most unlikely to renew and targeting those, you know, whether it's by looking at the shopper and looking at, you know, how many domains they have in their portfolio for example.

They're, you know, splitting out the customer segments and doing some analysis on that. It's a real challenge kind of figuring out which domains have - or which shoppers have the most propensity to renew versus those that don't so that we can target that latter kind of customer segment to do more with them, whether it's working with the registry or, you know, or something like that to really promote them, do some extra messaging for example.

You know, I think in general, it's difficult. I don't know the exact figures around which, you know, which TLDs are, you know, are renewing better than others, but certainly when we look at the spread, yeah, looking at the customer segments provides the most insight.

Tony Kirsch: And Nic, same sort of question. Trends from your perspective, and I guess what are you doing to drive renewals, and what are you also hoping that your registries are doing to help you to drive those renewals?

Nic Steinbach: So I think to push back a little bit, I don't - I think price is definitely a factor that affects renewals. That's no surprise. But it's really how we drove the units that's going to affect renewals a lot more. So it's going to be what kind of campaign was driving the initial registration, right? Is that a campaign that was targeted at someone who already uses and understands domains? Is that targeted at investors? Is that targeted at first time customers, right?

And I think those renewal rates or those kind of factors play into renewal rates way more than I think we really understand and really can get a good grasp of, especially at a registrar level, right? So I think the other kind of component on this one that's a little bit hard for a lot of registrars, right, when you're talking about driving renewal rates, is that frankly a lot of TLDs don't have that many units at a single registrar.

So the variance is sometimes misleading, right? So you might see 100% renewal rate or a 0% renewal rate. But really is that an indicator of a TLD's health? Probably not. That's an indicator of an individual program that either really succeeded or really failed.

So again like I can't stress it enough, but the real key for everyone in this room is to get people to actually register domains, right? That's a small hurdle compared to actually getting people to use them. And as soon as we get people to use domains and make it unbelievably easy to use domains, right, so that it becomes easier to actually enable the domain than it is to leave it like your idea of parked and not doing anything or, you know, not resolving and not doing anything.

As soon as it becomes easier to actually do something in your domain then that kind of default activity then that's really going to change it. And a lot of that onus is on registrars, right, in this room and not in this room. But really, you know, we're looking to you guys too, right?

So some TLDs come to us and say, "Look we see that X percent of our users are really using this for a Tumblr site," or, "We see redirects being huge in our space," right? "And we want to drive a campaign around that." Like those are probably the most interesting and successful campaigns that we'll see at a retail level.

Tony Kirsch: Matt from the corporate side - trends in renewals? Where are they dropping them? Where are they keeping them?

Matt Serlin: Yes well, you know, this is where registries love us because our renewal rates are, you know, 95%. So you're welcome. Yes, no I mean certainly for us, you know, I think for our clients it's too early to let domains - you know, new TLDs go. You know, historically our, you know, corporate renewal rates are far, far higher than retail renewal rates.

So yeah, no we're seeing the same kind of behavior. Again I don't think people are looking at it yet with a critical eye, right? It's been too early for them to go through their new TLD portfolio and kind of parrot things back.

Actually probably where our renewal rates are taking a hit is on the legacy gTLDs because as people are registering new gTLDs, part of the way they're coming up with the budget for that is by cutting their existing portfolio frankly just because there's - you know, there's more there to cut.

And so I think our renewal rates, you know, on new gTLDs are, you know, probably even close to 100% frankly.

Tony Kirsch: And for those that - I mean there's a small number but for those that have got their own dot brand, do you think that as they start to use that - that a lot of the legacy portfolio is going to rationalize?

Matt Serlin: Yes I mean again, you know, it's too early to tell. I don't think, you know, again anyone's letting their, you know, main dot com or even their country code sites go.

But what they're looking at is their - you know, they've acquired whether through acquisition or through failed product launches or campaigns that have just, you know, run their course, they're starting to take a look at their, you know, 10, 15, 20,000 domain names and pare back, again, to make room not only for new gTLDs but also for their dot brands.

I think over time it has the potential to impact, you know, existing TLD portfolios, both legacy TLDs, new gTLDs and ccTLDs. But I think we're five to ten years away from that, my estimation.

Tony Kirsch: For those in the audience, please, quick reminder, you're welcome to raise your hand if you'd like a question. In the meantime, if I'm doing door-to-door sales for domain names, talk to me about renewals now and what do registries have to do to assist in that (unintelligible)?

Simon Cousins: Look renewals are fascinating in China, and just like you say Matt, it's too early to tell in China because the (new G) program is so new and typically domain sold in China will be sold for a multi-year registration. So it's absolutely typical for a normal registrant, a business registrant, an SME or a major corporate to purchase five years or ten years.

Culturally it's quite culturally appropriate to show one's financial resources. So why wouldn't you purchase ten years of term in the first year? And as far as the resellers of the resellers of the resellers are concerned, they don't want to have to chase down their sales book of registrations on a 12-monthly basis.

So they have great interest in insuring multi-year registrations, up to ten years. We have literally had registrars in China ask us if we could please

kindly ask our registry operators if 10,000 year registrations are possible please. That is absolutely true because that would be - the 10,000 is the largest number that can be represented with a single Chinese character. (Unintelligible).

Tony Kirsch: Hopefully we've started the second round by then Simon.

Simon Cousins: Yes. So multi-year is the rigor and I think we'll see the actual Chinese renewal interest at around the five-year mark. And I think we're about a year and a half in now.

Tony Kirsch: It's a completely different environment isn't it?

Simon Cousins: Yes.

Tony Kirsch: Interesting. All right guys, we have about ten minutes to go. Going to sort of - oh a question. Thank you.

Ozan Sahin: Ozan Sahin, ICANN staff. This time we have a comment in the chat box that came again from (John McCormack), Hollisterstaff.com. The comment is it is possible to predict which domain names will be renewed but it requires continual TLD monitoring and (unintelligible) analysis among other things.

Tony Kirsch: Thank you. So let's take a little bit of crystal ball work here. Right, we've got about ten minutes to go. Trends, what's going to happen in the future, the relevance of domain names? I mean obviously the domain name association is heavily involved in protecting the industry, in protecting the value of domains in our ecosystem and the digital ecosystem.

You know we've all heard everything - you know, domains are dead, it's all about apps. I'm not sure, you know, whether that's true or not but I'm interested in your guys' perspective on what's going to happen in five or ten years. Drake?

Drake Harvey: Well I can say that we certainly don't believe that. From our perspective - and I think it's an equitable - a lot of comments have been made today already. You know, we believe that there's a lot of new and creative uses. We believe that the concept of name scarcity is effectively gone at this point, and I think that that opens up a lot of new and creative uses.

So, you know, stepping past some of the engagement problems and things that I think we need to work on to help people understand and to I think some comments that were made earlier about making it easier for people to use things. You know, one click and kind of removing some of the techie kind of things like DNS from the language and our store fronts. I think we're ripe to really grow this.

I mean, you know, from my perspective if, you know, if my mom can go online and, you know, literally purchase a product that makes her Facebook page with a domain name and she doesn't have to understand what I just said, you know, that's it, right? I mean, why not? Why wouldn't she?

And, you know, if we can do a good job as a channel and as an industry to make that successful and easy and simple. And as retailers if we can do a good job of delivering that product to the consumer, you know, I think that this is good. This is going to move forward in a very aggressive fashion.

Tony Kirsch: That's an interesting point about simplicity. You're right about the purchase prices. I mean we're so used to - I mean in this game and this room and of course this building we're used to that process. But ultimately it's very - you know, unnecessarily some would argue complex process to acquire.

From GoDaddy - sorry Tommy - from GoDaddy's perspective, what are you doing to simplify that process?

Tommy Ho: I think the more that we can do to help our customers actually use the domains where - you know, one thing that we've recently rolled out is a concept called personal domains whereby our customers can simply and easily point their domain names to their social presence, whether it's a Facebook page or Twitter or their LinkedIn account.

It's a very simple process. It's a very simple idea for those of us in the room across registries and registrars. It's simply domain forwarding but we've built, you know, a very simple UI and we've managed to enable customers to point whether it's their new gTLD or their ccTLD or a legacy, you know, gTLD to their social site.

And it just makes it that much easier, you know, for the entrepreneurs for the startups, for the SMEs, to - that might already have a page, their Facebook page, to enable that usage. So that's something that we're pursing very aggressively.

You know, I think what was mentioned before about universal acceptance over the next few years I think if we can get, you know, the help across registries and registrars and ICANN as well, you know, push that agenda forward, you know, that combined with, you know, some uptick in brand usage, usage by dot brands I should say - you know, I think you'll over the next few years, I think you'll see more success within the program.

Tony Kirsch: So Nick I'll ask you a similar question. You talked before about having multiple domain names. You know it's not just about your single property. You've got these new options now. How are you driving that? What's the future look like for you guys?

Nic Steinbach: I mean the future is uncertain, right. I think the future is got to be tested, right. We have to kind of keep refining and fixing and testing and trying new things. I think the key to this industry is going to be in innovation, right. So I think that if you're basing your model off of an existing TLD no matter how big or if

we're building our model against an existing registrar no matter how big, you know, that's ultimately self-defeating.

The conversation isn't new TLDs versus com or one registrar versus another. The conversation is really us versus - I don't want to say the rest of the world - but more or less that's what it is, right? It's against that conception that you don't really need a domain name.

Your online presence is your Facebook page or your LinkedIn or your Twitter. And they can all be separate things and you don't need any kind of direction there, right? Like you should - like the idea that you don't need to go and actually have a single way for someone get there without using those internal search engines, that's where the conversation has to shift to.

It has to shift to growing the market outside of the space that we're already in as opposed to competing for our existing customers. As soon as we do that, you know, I think that there is definitely room to grow but if we keep this conversation on the train of competing for the existing marketplace or just kind of growing at this steady 6% or whatever, that really opens it up for apps.

That opens it up for alternatives that we can't see yet. So the more aggressive and innovative that we can possibly get, through testing, through trying new things, through failing many, many times and eventually succeeding is really the key for it.

Tony Kirsch: Makes sense. Matt, the future for corporates? You know, in particular I guess speaking about the domain and the portfolio. And, you know, as they adjust and modify that, where do you see it heading in, you know, five to ten years?

Matt Serlin: Well thanks for asking me to not talk about a 10,000 year future because I can't really comprehend that. You know, I think it's definitely an exciting, interesting time in the corporate space as well. You know, I think, you know,

just in talking to our existing clients that applied for dot brands, I think some of them are going to do some really cool, innovative things.

And then I think what will be interesting is that next round of TLDs. You know, we've already had clients that, you know, want to apply for a TLD today. And so I actually - I agree with Tony's point about, you know, a lot of this industry is going to be driven by what some of the large brand holders in the world start to do and start to communicate to their clients because then it's going to make it, you know, that much easier and that much, you know, more robust of an ecosystem for all of the TLD operators when consumers start getting used to typing in things like, you know, dot Barclays or dot HSBC.

And so I think over time, you know, in five to ten years, I think that's going to kind of become the norm.

Tony Kirsch: Simon, talk about this, with the exception of your 10,000-year registration. What's the future...?

Simon Cousins: Well in 10,000 years we predict that domain names will probably still be thriving. No, I'd address (John McCormack)'s comment earlier, his question about the Chinese bubble and speculations so Dot Coms are valid but Dot Coms - I would predict that in five years and ten years there will still not be a bubble in valuable Dot Coms because the inventory of 3L, 3N dot com is not getting any larger. And it will only become a more and more acceptable, tradable commodity.

Keep in mind that Chinese citizens, it's extremely difficult for them and in many cases illegal for them to invest in offshore investments. And the Chinese stock market is a mess. Chinese property sector is a mess. This is why big coin, paper gold, rare and collectible wine, art, even stamps are tradable commodities with tradable commodity prices.

So a short dot com domain name, the people that are trading these things now, they're not necessarily domainers. They're moms and pops and aunties. So in five to ten years you will still see that there's no bubble because this is a rare, valuable, tradable commodity with a market rate.

The other prediction I make in five or ten years Tony is that I'd say in five years we've got a 50/50 chance that IDNs - that is Chinese dot Chinese or Chinese dot ASCII - I think in five years we have a 50/50 chance that they'll be working and possibly by then indexed by China's search engines.

And by ten years I think we got 100% chance that IDN.IDN and IDN.ASCII will be commonplace.

Tony Kirsch: It's a really interesting dynamic. I'm really glad you were able to join the panel today. Folks this is the sort of thing - sorry I've got a question. Want to come to the mic? Would you like this?

Man: Hi I'm (unintelligible) Imperial Registrations, a small registrar. Just wondered what the panel thought about the premium market or the way registries operate premium names because ourselves, we find that is probably the most challenging parts of bringing domains into the retail space, just with the changes and the way they operate.

Man: Yes I'd agree. Premium names certainly from a brand holder perspective have certainly been challenging trying to navigate, you know, what names are premium and for a lot of our clients why they're premium, which is also very interesting.

I think when you look at the potential that some of those names will change upon renewal, I think that's one thing to keep an eye out. You know, as we hit the renewal cycles going forward there's a real concern that pricing is going to change, right? And so that's definitely something that concerns us and our clients.

Tony Kirsch: Anyone else want to sort of comment on that?

Man: Yes I think obviously a retail registrar there's challenges there, right? We had to reword our search page to show renewal rates. We had to figure out way too many implementations of effectively the same concept. So it's definitely challenging.

                 That being said, there's a definite upside there, and I think that the number of premiums sold as long as you can display them correctly them, right, and that in and of itself is a challenge, especially when a $2,000 domain is next to a $10 domain. That's probably not the best way to sway them.

                 I think the registrar channel needs to get a little more sophisticated there but certainly that there's an opportunity to sell them there. And as long as we can get past these kind of initial growing pains or headaches I think there's potential there. But certainly a lot of headaches in the past two years and still now.

Tony Kirsch: So guys I think we're just about out of time. Two very quick plugs. The DNA University, this is the sort of thing that you'll be hearing. In the sense of university it's designed to be educational. And we're going to continue to roll out new concept, new speakers, new innovations and bring these two to the markets.

                 You don't need to be a member to listen but we'd certainly love to have you as a member of the DNA. If you haven't done so already, please visit the DNA.org and have a look there. Memberships are available. It is open for registries, registrars. And this is the industry body that is designed to help you with your businesses. So if you join me in thanking our panelists and thank you for joining us.

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