
JOHANNESBURG – GAC Meeting with the Brand Registry Group

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CHAIR SCHNEIDER: Okay. We're very happy to have the Brand Registry Group here. This is something that we've actually tried to get a contact established from both sides for quite some time, but given the workload under which we're suffering, as you know, it's not always easy. So we're happy to actually finally have made it. And sorry for the delay, but again, we are not the ones that are setting the agenda of the work here. We are trying to cope with it and react to it. So let me again ask you to sit down, please. And let me give the floor to our colleagues from the Brand Registry Group so that they can quickly present themselves and then go through a presentation that will give us some information about who they are and what they do.

Thank you.

CECILIA SMITH: Thank you, Thomas. Good morning. Thank you very much for giving us this opportunity to share a bit about the Brand Registry Group. I'm Cecilia Smith, the president of the Brand Registry Group. In my day job I work for 21st Century Fox, and I was intricately involved with the .FOX brand, application, delegation,

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and launch process. I now manage our global domains portfolio, including .FOX.

To my right is Martin Sutton, who is the BRG's executive director and handles our day-to-day strategic operations. Next to him is Nick Wood who is our BRG honorary member.

Next slide. Next slide, please. So we have a short agenda here for you. Our intent is to complete our presentation in about 15 or so minutes so that we have some time for you to ask us any questions.

Our goal here is to give you some background on what the Brand Registry Group does, who we represent, and how we participate within ICANN and other areas. You should have a handout at the end of the desk, so please feel free to take one in case you have additional questions, and it has our contact information.

So Mar- -- We will go through what the -- who the Brand Registry Group is, and then Martin will highlight some recent use cases and brand trends to help you better understand what's happening. Nick will then provide some insights on how we participate within ICANN's process, specifically on subsequent procedures PDP and why this is so important to our members. Finally, I will close at our next steps, and then open up for questions.

The Brand Registry Group is a trade association dedicated to supporting our members to get the most value out of our dot brand TLD. Although the BRG is not part of the ICANN infrastructure, we are an association member through the Registry Stakeholder Group. We also have we have regular engagements with the global domains division, and we have active member participation through various constituencies and policy working groups.

As a reminder, dot brand TLDs are used solely by the brand owner and their affiliates; therefore, we do not sell domains. Most brand owners do not attend ICANN meetings as this is not part of their core business. Therefore, our members leverage the BRG to provide relevant industry and ICANN policy updates.

Next slide, please.

We currently have 40 members with 69 dot brand extensions across various diverse industries and geographic locations. As you can see, we cover industries anywhere from global media, banking and luxury goods. Our members include brand owners who may have a simple dot brand TLD, some have multiple dot brands, and we also have members who have a mixture between dot brand and open TLDs.

Finally, we also have a membership category that captures associate members who did not receive a dot brand TLD in the

last round but are keen to see what happens in the next application window.

Now I'll pass the slides over to Martin who will give us a highlight on what's happening in the current dot brand space.

Thank you.

MARTIN SUTTON:

Thank you, Cecilia.

I think unless you are a direct customer of one of the brand/dot brand operators, it's unlikely that you may have seen any evidence of activation on the Internet. So I think today I'd just like to give you an idea of what is actually happening on the dot brand landscape, and here are some examples of recent activities of websites that have been promoted in June and earlier this year. There is lots more.

Because it's not easy to identify all of these occurrences unless you know which ones are activating and when, there are actually a couple of really good resources to use, one of which is the brand observatory.com of which I've taken some of the information today, and also makeway.weld (phonetic) where you can see in a central location some of the activities across dot brands.

To date, we've now got 540 delegated dot brand, so that's a significant number. They were a significant proportion of the original applications in the 2012 round. And of those, there's 135 that we would call active, where they have domains set up with the DNS and they're pointing to a page on the Internet. But that's obviously visible use to the public. So there could be alternative uses and internal uses that we don't see and can't evidence in terms of the stats here, but I think for the basis of seeing what is occurring here, we can rely quite easily on the visible public websites and any email usage.

To date, there's about 800, nearly 900 websites resolving off of the dot brands that are active. And if I could just move the slide forward. And rather than just concentrate on the fact that, you know, this is websites, it's a lot more -- Back. That's it. Thank you. It's a lot more than this. The coordination and efforts that are required from a dot brand to manage the end-to-end process as this supported the underlying core business is thinking about communications, it's thinking about brochure-ware, packaging. There's a whole host of things that need to be understood and coordinated in terms of changing -- making these big changes within the dot brand operators.

Here is an example of (saying name). They have been using a dot brand now for a reasonably good time. And, okay, it's in one main location, in France obviously, so those of you outside of

France may not be familiar with the use cases that we're seeing with Leclerc. But they have been ambitious and bold and moved on very well with their dot brand and, as you can see, with the variety of channels and communications that they have to think about. And also with social media. So even online, they have to think how holistically they approach the use of their dot brand.

Next slide, please.

So why has it taken so long for dot brands to activate? Here I'll just give you an idea of some of the deployment thoughts of brands. They've got to come and think about how they are going to activate, a new piece of infrastructure that they haven't had before. So they do not want to disrupt their existing business and operations and cause any problems for their consumers. They want to do it carefully and in a managed way.

So for those that have had preexisting legacy TLDs and ccTLDs to distribute their business online, it is a very big task to transfer any of that into a new dot brand space. It isn't a simple lift and shift.

So things like a measured approach would be to test out their new piece of infrastructure with putting in redirects. Using branded links so that when they are communicating on social media that they are promoting their brand rather than any other URL shortness.

They will then perhaps move towards positioning marketing campaigns, but individual, small campaigns. They can measure the response, how did consumers respond to that, how did the end users respond to that.

And then with that confidence they'll probably then move forward with more substantial website infrastructure that they would put -- put and distribute onto their dot brand. And then a big change would be email. Now, for some large organizations, this is a very major task, so that is why a lot of this does take a lot of time to transition into a dot brand.

Others that may not have a big global presence or a consumer base to worry about, they may be more of a B2B market may transition a lot quicker, because they -- and we've seen that with companies such as Weir, W-E-I-R, a Scottish engineering firm, that transitioned from a dot com space all of their digital presence into their dot brand, and with that they are actively using email as well.

So the scope and speed to market is, therefore, rely on a lot of coordination, a lot of agreement internally, and ideally, senior-level sponsorship to make it happen. With the timings of the process from 2012 to date, that's been incredibly difficult with people who left the organizations, so they have to be

reeducated internally, reinvigorated to pursue these changes, these substantial changes in their digital presence.

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So I know that in the ICANN arena, second-level domains, the volume of those tends to be a measure of success. It is not in a dot brand, but -- I think we've skipped a slide. If we can go back one. We have -- Okay.

So here is the higher volume dot brand. So at the top you've got an insurance company, MMA, with over 1700 domains. Significant number. Similar with NeuStar (indiscernible). They are picking up in terms of volumes. But this is not necessarily the be all and end all for measurement of a dot brand's success. In fact, these are probably just starting to create their infrastructure, their structure within their brand registry. But what is noticeable is the industry and the geographic location is a good spread. We have insurance firms, automobiles, finance, healthcare, even just in the top ten. In this resource you can drill down and see what domains they've registered underneath and what type of traction they are receiving from Alexa rankings where it starts to indicate the end-user usage.

If we could go to the next slide, please.

Re-ordering this is to look at it from an active domain perspective. So this top-ten list is saying where they have the most domains that are active, and we can start to see SEAT that has created a structure for its dealerships to use consistent web presence, digital are presence, across that dot brand. And going down the line, other -- in financial organizations, such as BNP Paribas and Bradesco, have already transferred their to the online banking services across to their dot brand space, which is a very confident thing to do at this stage early on in the deployment of their dot brand, but imagine that they have millions of online banking users. So one of them commands I think 4 million online banking users, so they are automatically moving -- end users are automatically moving into that dot brand space and actively using it.

In here it is noticeable, though, that just for the top ten, whilst the geographic locations is still diverse, there does seem to be a concentration within Europe of active -- active domains and businesses.

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So one advantage for the dot brands is to use their dot brands to register domains that manage their business effectively so the end users can understand the products and services that they're going to and can be directed to those effectively and locations to

where their businesses are related. So this supports the end users in terms of being confident of where they're going to on the Internet for that particular business and they can easily get there, quickly get to the right location and resources that they're searching for.

So this is an indication of the popular second level terms that organizations dot brands are using which are more related to their business. Next slide, please.

So what I would ask you to remember is that the volume of second-level domains is not a significant measure of success for dot brands. It is important to understand that one domain in a dot brand can command millions and millions of users and support those millions and millions of users. Those end users are easily transitioning into this space led by those brands that are promoting their business and services through their dot brand channel.

And finally, you know, from operating one of these dot brands it enhances the security and stability of that organization in terms of managing their domain names and their digital presence and the control that they're able to apply to that means also that they can make sure any compliance requirements are administered effectively across that confined space that they actually manage and control.

So I hope that gives you a flavor of what is occurring currently on the dot brands space. I now hand over to Nick who will highlight some of the policy aspects that the BRG is focused on. Thank you.

NICK WOOD:

Next slide, please. Thank you, Martin. We're very glad to be here because traditionally governments and brands have been allies in ICANN because like you, we care about consumer protection. We believe that domain names should be signposts to authentic goods and services. And we value the new gTLD program because of the opportunities that it's brought to business, particularly in three areas.

The first area is the opportunity for control. So brands like control because control can mean better security. It can mean the ability to reinvent relationships, relationships with licensees. So the SEAT example, the car manufacturer, they've put all of their dealerships around Spain under the .SEAT. So if the car manufacturer chooses to leave, then actually the domain stays with SEAT, the parent company. Brands value new gTLD registries because of the opportunity for innovation. A super fast Internet-enabled database, which is scalable to a very large degree, is a very interesting asset in the age of the Internet of things. And brands value these new registries because of the

opportunity to consolidate all of their Internet real estate under one globally applicable master brand. So members of the BRG such as Gucci, they have a portfolio of domain names in country code registries around the world that use .COM. And some of these sites carry e-commerce, most of them carry email, but some of these are more important than the other. But people on the street, they don't say I'm going to go to gucci.co.uk or gucci.it. They just talk about Gucci. So what's valuable to the brand is having the master brand that exactly matches the trademark as their key Internet address. So if we could go to the next slide, please.

The BRG is playing a full and active part in subsequent procedures. Members are participating in every one of the working groups. And it's a very interesting process for us because we weren't around when the guidebook was written. We had no influence on it. There was some people, some of us, did turn up because we felt that brands were involved and felt that dot brand registries would be important. But many of the current BRG members were not there when it was written. Also, as Cecilia said, we're not a formal constituency. We find it quite useful to be able to operate at one step removed from ICANN. We are affiliated to the Registry Stakeholder Group, but we're not a formal constituency.

We have members who considered many of the requirements of round one to have been burdensome, to have been ineffective, and to have been counterproductive to attracting business. Like all applicants we were at the sharp end of digital archery or the delays or the security breaches, so that was shared misery for any applicant and for you as well. But we found some of the requirements particularly inappropriate for businesses. So do you really need -- did ICANN really need a three-year business plan from Gucci or KPMG or HSBC? Was that really necessary? Did you really need to have -- did ICANN really need to have the home address of Richard Branson in order to look at the .VIRGIN application? This slide illustrates some of the issues that we're focusing on, and it's worth emphasizing before I go down a little bit of detail that dot brand registries are closed and dot brand registry operators are not interested in selling domains. Brands found the application process in round one very hard because so many of the questions and requirements were designed for registries which want to sell domains. So that was actually a pretty good job by ICANN. They just forgot about people whose business model was not selling domains. So we're debating pushing for an application process that recognizes our distinctiveness. It's very important, we think, to make the application process more affordable, less complicated, and thoroughly predictable, especially if we're to attract more medium-sized or smaller medium-sized businesses.

Now, on the back of the handout you will see in detail some of the points about subsequent procedures which we're very happy to talk to you about after this. We felt it was useful for the sake of time and to give you maximum opportunity for questions just to focus on three quick points.

The first point we would like for dot brands, for example, is a price point for application that relates to the cost of assessing and monitoring dot brand registries, bearing in mind that in a closed dot brand registry all of the domains belong to the brand. They're very unlikely to carry any abusive registrations.

Second point is that we would like an application process that is simple. Most of the applicants are regulated already. They are registered companies in your countries. Now, it doesn't excuse us from scrutiny, and certainly we need to be compliant with all of the ICANN rules, but because the domains will be used in the normal course of business, it does seem a little bit odd, for example, that we have to do something like -- like open up our applications for comment. Now, it's not -- it kind of doesn't seem too burdensome sitting here, but I can tell you that there was several very interested parties who when they heard their application would be posted and anyone, anywhere in the world could post anything about them, they felt this was very difficult. Some of them existed in regulatory regimes where they would have to report those comments to their boards.

The third point I want to make is that the application process in the next round, we hope, will be fixed so it's predictable. We want the rules we sign up to be the rules that we operate under year by year. Of course, the ICANN community, together with us as an -- affiliated to the registry shareholder group, that could change. So you could input to it, the rest of the community can. But the rules, when you sign up and you pay the fee, if there are changes, arbitrary ones that are pushed through the process, it's very difficult for a brand.

So in conclusion -- there's a lot of detail on this sheet. We're coming before you saying that like most of the stakeholder groups we want our specialness to be recognized. We already have members who belong to the BRG, as Martin said, because they value their registry but they don't see value in participating in ICANN. Internet governance is not part of their -- their core competency or their mission. This is especially true for small- to medium-sized businesses who like the idea of this one global domain that reflects their core trademark but they don't have the budgets, they don't have the time, they don't have the expertise, they don't have the appetite to come along to ICANN meetings. They just want to be left alone to operate their closed dot brand registries in order to promote their strategic and commercial priorities in a legal way. So that's all I've got to say.

CECILIA SMITH:

Thank you, Nick. Next page. And this is our last slide. Thank you. So just real quick. What do we see in the future. As Nick had mentioned, as in a small to medium enterprises who don't currently have a strong presence may want to consider getting a dot brand. That way they don't have to navigate through the current gTLD problem -- system. Large corporations who missed out in the first round may now have the benefit to be able to leverage what's been learned from the other folks and may want to join in now. Also existing dot brand owners who applied for a dot brand TLD over five, six years ago may want to add additional TLDs to their portfolio and restructure their digital presence. The BRG welcomes these potential brand owners through our associate membership program, our category, and our expertise will help them through this very, very complex process.

So lastly, we believe that awareness and engagement is critical. That is why we're here. That is why we participate within ICANN as much as we can and outside in other industries. We continue to have the challenge to educate and justify our internal stakeholders as dot brand TLDs do not produce immediate monetary value to the company. But if we can do this correctly, we can provide significant security, stability, and cost savings in the long run for both the brands and the industry -- the domain industry. The BRG has hosted and co-sponsored a number of

workshops, forums, events, both within ICANN and related industries, not only to engage at the policy level but deeper within corporations to reach chief marketing officers, digital marketing, and IT infrastructures.

So we will end with the last event that we have that's coming up. This is the brands and domain event that will be held in the Netherlands the beginning of October. So with a few more minutes left for questions, I do want to have -- pose a question to you all. Perhaps, Thomas, you can help us here. Is, it would be very helpful to us to get some feedback to see if this was a beneficial session, if what we produced provided -- especially with the handout and what we could potentially provide in the future, maybe in six months or so, if, you know -- what would be best to give you so that you can keep updated on the dot brand trends and findings.

CHAIR SCHNEIDER:

Thank you. We have now used 27 minutes for presentation, so we have about 3 minutes left for discussion.

[Laughter]

So let me just say one thing, it was the GAC that in 2009 and '10 frequently -- repeatedly asked for categories to be created because we felt that because the uses were different, the risks

and the issues were different in different categories. That was perceived as too complicated at that time. I don't know whether the result was the one size fits all solution was simpler. So let me give the floor to -- remaining two, three minutes to some GAC members to express their reactions. Yes, (saying name).

UNKNOWN SPEAKER: Thank you for the presentation. I understand that you're, you know -- who your client base is and who you support. Certainly from the Caribbean perspective because countries are interested in economic advancement. They're also looking at branding themselves. Along similar lines, like your corporate clients, I just wondered if there was -- if you sense any synergies - - the challenges are the same. Costs of doing it, costs of participating. Do you see any synergies on your side in terms of working with governments such as ours to see whether we can increase our presence as well. Thank you, Chair.

CHAIR SCHNEIDER: Thank you. Maybe let's take one or two more so we can -- U.K.

UNITED KINGDOM: Yes. Thanks, Chair. Thanks to Cecilia, Martin, and Nick for coming to brief us. I think it's long overdue that we had this briefing on -- from the community of brand gTLDs. I just wanted

to pick up on the kind of geographical spread. The top ten was noted. I think mainly European, U.S., China, Brazil. So in terms of this as an opportunity for global digital economy, for companies, businesses across the world and the innovation also would flow with that as well as the opportunity, does the BRG serve as a kind of contact point that we can also promote awareness of for business communities across the world and we can do that, for example, through the commonwealth network and so on when we go out to brief -- as government representatives -- to brief communities about -- stakeholder communities about ICANN and the opportunities in the next round, can we say BRG is a point of contact to get information about what is the opportunity and the process to help us broadcast this as the opportunity -- the next round as the opportunity for SMEs, including those from the agricultural sector. I didn't see much reference to agricultural, unless I missed it. And business communities worldwide. Thank you.

CHAIR SCHNEIDER: Thank you. Norway, did you want to take the floor again, and then we give the BRG the possibility to respond. Thank you.

NORWAY: Okay. Thank you for a very interesting presentation. I really liked it. It's -- we need to know -- we need to look into the

brands. We have, I know, some Norwegian brands that use it as -
- their TLD as a master brand, as you said, and it obviously, as
you said, also showed it takes some time to know how you're
going to use your registered top-level domain. And that is why --
maybe why you have a lot registered but not so many active.

I just wanted to note, what are your real expectation for the new
rounds? Do you think that if -- the demands from ICANN, if you
can say like that, if they are be fine-tuned more, that it will be a
lot of demands for new brand registry top-level domains? So do
you think the first round kind of shows what we can, though,
expect in the next round? Thank you.

MARTIN SUTTON:

Thank you. Martin Sutton. And I'll respond, I think, in reverse
order. I think it will be easiest. In terms of the next round, we
are hearing a fair degree of demand. Whether that turns out to
actual application produced at the end of it is another question
because I think going through the subsequent procedures
process and the difficulties that were experienced previously for
dot brands in the last round, some will be waiting and seeing
what expectations -- if their expectations are gained before they
enter into an application.

But I would expect -- I think Cecelia mentioned it, that this is
opening up to the small or medium enterprises. I have interest

from local businesses where I work, and they can see value in transitioning into a dot brand space at an early stage of their business building up because then it means that in the future, they don't have the headache of trying to acquire the right domains, the right nomenclature within available namespaces to meet their business. They can actually do it straight in their dot brand environment and build that up as a focus of their digital presence.

So I think we're seeing more interest. I think the awareness issue is hardest still to make sure that there is globally a good appreciation of what this is about and what -- the opportunities that lie ahead for them. So I think that's going to be a keen one. But also the outcome of the subsequent procedures to see if some of the issues we are seeing are relaxed or changed, that make it more accommodating towards a dot brand applicant.

To Mark, I would say we would welcome -- very much welcome any interaction with governments and organizations around the world that would like any information regarding dot brands to use us as a focal point. If we can help and attend any events that you think would be valuable to raise awareness and discuss the opportunities of dot brands or where we've been, that we would welcome. So do feel free to contact me. The information is on the slides, plus the handouts which I have issued electronically

to Olof. So they should be available to all of you as well after the presentation.

I will turn to Nick for the last question.

NICK WOOD:

Nick Wood for the record. Yours was a very difficult question. The brands like dot brand registries because they recognize -- the consumers see them as these kind of trusted signposts. So people in your communities, I imagine, want the same value from a registry.

Now, what Brands had to do was somehow to look at the cost of applying. And that was actually what occupied them. And what a lot of them failed to think about very clearly was the cost of maintaining the registry over the years, the cost of participation in ICANN. And I imagine it's the same for kind of communities that you're involved with.

So I think economically we're probably aligned. It would be a good thing to have, but the price has got to be right. And the price has got to relate to the value, and you have got to be able to calculate that value and be able to kind of report back.

So I hope that -- I mean, certainly we hope, I think, that ICANN does stream types of applicants together. And if you think of what the application was in the first round, it was 185,000

initially. So that 185 is a really big barrier. And then to ICANN, it was 25,000 a year. It would be much better if ICANN had made it 50,000 a year across the ten years. I think ICANN would have made kind of ten grand more across -- or 20 grand more but across a period of time. So economically, there are things ICANN can do to encourage communities.

But after the cost, it's also to do with enabling people to understand how to use the platform and why that's useful to them. And I think that's a very kind of -- it's a different discussion.

CHAIR SCHNEIDER: Thank you. We have two more requests for the floor, one more.

Kavouss, very shortly. And then I think we need to wrap up.

IRAN: Yes. All of these issues are now discussed under the subworking group of new gTLD, whether it would be high, low, in installment, and so on and so forth. So I don't think that we should have anything now here. We have to wait and participate. We are taking care of all views of all users and so on and so forth. And decisions maybe not made before 2018, 2019. There are discussions ongoing and so on and so forth with the meeting and the TAC (phonetic) meeting and so on.

CHAIR SCHNEIDER:

Thank you. And just maybe you may not have the time to answer these questions but something I would personally be interested in, given that brands are normally organized in industry sectors, so what is your proposed approach to if you have a brand -- somebody that has a brand in the food industry and another one has the same brand in the airline industry or in the tourism industry or in the watch-making industry, whatever, is it like auctions that -- because only one can have the brand? And all the others with the same name worldwide will not have the brand unless they share it somehow. So is it just the strong one wins and the other ones remain behind?

And a similar question: If you have brands from big companies from a developed part of the world versus smaller company that has a brand coming from the developing world, is it also there -- is your proposed way to solve things by auctions, that the more powerful one gets it? Or do you have more, let's say, sophisticated ideas of how to share things that are then somehow tended to be exclusively used by one brand and, therefore, exclude all the others, including all the other interests on one name? So this is just something -- food for thought that may be important maybe for the future discussions.

I think we have to stop here. We are already running into -- significantly into our next session, which is also important. So I think that's just the beginning of the dialogue.

Next time we're very happy to receive presentations also in advance so that we can spend time for dialogue. Thank you very much for coming here. See you. Thank you.

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