
ELEEZA AGOPIAN: The last few stragglers in.

ELEEZA AGOPIAN: All right. I want to be sure. Can everyone hear us? Carlos, are you able to hear us? Sounds like you might be having problems with your bridge.

CARLOS GUTIERREZ: Yeah, I am fine.

ELEEZA AGOPIAN: Okay, great. All right. In that case, I think we can get started now. Just to quickly go over today's agenda. The bulk of our call today is going to be a discussion with the Analysis Group, who just joined the line. They are the firm that's been conducting the economic study for ICANN. And then following that, they're going to give a short presentation and we're going to allow quite a bit of time for discussion.

Following that, we're going to get updates from our two invited guests on – sorry, invited guests, [inaudible] working group – on the terms of reference and on the work plan and go over where we stand on those two documents. So I think before we get started, we wanted to do a roll call.

MARGIE MILAM: Charla, can you do it? Pamela's sick today.

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CHARLA SHAMBLEY: Sure. Hold on one second. I've got a million things going on right now. From the Review team, we have Carlos Raul Gutierrez. Looks like he just dropped off, perhaps. David Taylor, Dejan Djukic, Drew Bagley, Jamie Hedlund, Jonathan Zuck, Jordan Buchanan, Kaili Kan, Laureen Kapin, Megan Richards, Stan Besen.

And from staff, we have myself, Eleeza Agopian, Margie Milam, Pamela Smith, Erika Randall, and Karen Lentz and Karen Mulberry. I believe that's it.

Is anyone else on the call that I missed? Looks like Carlos just rejoined. We have two unidentified numbers, one ending in 9755 and one ending in 5300, I'm not sure who those people are.

GREG RAFERT: So the 5300 is Analysis Group.

CHARLA SHAMBLEY: Okay, great, thank you.

GREG RAFERT: I'm here with a colleague of mine you should introduce himself to.

ALEX MONTE CALVO: Alex Monte Calvo.

CHARLA SHAMBLEY: Okay. And then 9755 number. Okay. Thanks, Erika. And I guess I'll turn it back over to Eleeza or Margie.

ELEEZA AGOPIAN: I can take over, thank you. So as I mentioned, we have a few people on from Analysis Group. Greg, I'll let you introduce your colleagues, but just by way of short introduction, I think we all already know. ICANN commissioned this economic study that was published last year in response to one of the interim recommendations from the IAG CCT, which [inaudible] group's work.

So as I said, a phase one for a baseline study was published last year and Analysis Group is now working on preparing for phase two to allow us to see if there's been any changes in the areas in which they've studied over the last year. So I'm just going to let Greg take over now and Greg, I think I have control over your slides, so if you just let me know, I will advance them as you go along.

GREG RAFERT: That sounds good. Thank you, everyone, for letting us talk with you. We look forward to your feedback and any ideas that you might have to kind of help to improve the phase two work that we're doing. As I mentioned, I'm here with a colleague of mine, Alex Monte Calvo, and [Lause Christiansen] may also join later. He has kind of a busy schedule this morning. He's another member of the team that's been kind of helping to put our work together.

And I think with that, if you could go to the next slide, that would be great. So just a little bit of background. I'm sure that most of you are aware of this. So we kind of set out and were retained by ICANN to assess the competitive effects associated with ICANN's new gTLD program with the goal, at least, of analyzing competitive effects in the [inaudible] for example, as first new gTLDs entered, kind of the present, and then looking forward to the future, as well.

And our team includes Catherine Tucker, who's a professor at Sloan School at MIT, myself, and then I've mentioned some of the other colleagues that are involved in the work, as well. So if we could go to the next slide, please.

So in informing our approach, we kind of begins the assertion that registrars and registries can compete on both price and non-price factors. I think price is relatively straightforward, there's kind of the prices that registries charge registrars, and then there are prices that registrars charge individuals who are looking to purchase or lease a domain name.

Non-price factors are a little bit squishier, but it might include things that would allow either registries or registrars to differentiate themselves. So for example, they might try and offer specific GeoTLDs, registrars may think about offering different types of ancillary products that make their services kind of more competitive in the market than as compared to other registrars, and other factors like that.

So given that starting point, what we did is we put together a carefully constructed sample of over 100 new gTLDs and 14 legacy TLDs. The

sample was primarily designed to capture those new gTLDs that either had large, historic numbers of registrations or that had larger numbers of recent registrations with the slight caveat that once we selected TLDs based on those selection criteria, we then wanted to make sure that we were filling out what we term competitive sets.

So for example, if we ended up pulling in .photo as a result of it being a gTLD with a large number of registrations, we looked to see if there were other similar gTLDs that we thought might compete against that. So, for example, .pics.

We also wanted to ensure that each of ICANN's regions were included in the next ultimate sample, which they are, and we also... Once we had that sample, we then submitted data requests to both registrars and registries, as well as [CEDO] which is kind of a secondary market purveyor of data. And I think next slide, please.

So in terms of the data that we ultimately obtained – and this is largely informed but was possible to do in the phase one study – we collected historical registration volume data from ICANN using the monthly transaction reports for all the legacy TLDs and gTLDs in our sample, and as this slide indicates, those data stand from roughly late 2009 through early 2015, although in phase two, we'll certainly be able to obtain more up-to-date data.

We also obtained historical wholesale prices from registries, once again, for most of the legacy TLDs and gTLDs in our sample, and these data go back as early as May 2001 for some of the legacy TLDs – not all – and then, once again, end in April 2015.

And then, finally – this will probably be a point of discussion later – we unfortunately received very kind of minimal responses from the registrars that we contacted. We were hoping to obtain transaction-level data, and in particular, historical transaction-level data to get a sense for kind of the extent to which competition might have been taking place among registrars. But unfortunately, none of that data was obtained.

So what we were forced to then do was to actually go to the registrar's website and physically scrape the data for their current retail prices. And here we pulled one-year registrations and [add-on] offering prices and collected them in April of 2015.

[ALEX MONTE CALVO]:

Yeah, if we go to the next slide. I think we skipped one. Yeah, thinks.

So this table just gives a summary of all the data that we collected. The in terms of wholesale prices, registries were actually pretty good at responding to our data requests. So we have pretty good coverage of historical sale prices and, like Greg mentioned earlier, our retail prices, we had to rely on data that we collected ourselves.

And then registration volume data we have, from the monthly transaction reports very good coverage of all of the gTLDs in our sample, and that really has full historical data on their registration volumes for each gTLD. And then if we can go to the next slide, we're going to start moving into talking about the findings from the report. But really quick, I'm not sure how everybody, how familiar everyone is with the distribution of registries.

So as of our phase one study, this table shows where different registries are located by region. And as you can see, there's quite a few registries in North America, Europe, and Asia, and then substantially fewer registries in Africa and the Latin America region.

That said, we do have gTLDs in our sample that are operated by registries in each of these regions as part of our sample, and then if we can move to the next slide, we can start talking about some of the results in phase one.

So these were our findings in phase one. I think it's important to keep in mind in phase one, our primary objective was to just establish a baseline that we were going to be able to use compared to in phase two. So in terms of registration shares, if you look across registries and registrars in terms of who has... Where all the registrations are going, there's more dispersion in new gTLD registrations when we compare to legacy TLD registrations, and we'll have a graph later that demonstrates this.

And then when we look at wholesale prices, new gTLD prices on average, they end up being higher than legacy TLDs and we do see a little bit more dispersion in the price levels of new gTLDs. And a similar thing for retail prices, new gTLDs have higher levels of price dispersion and typically the distribution's a little bit the average price for new gTLDs is a little higher, which isn't unexpected given that they have higher wholesale prices.

And then when we look at add-on products, we'll also have a table showing the distribution of various categories of add-on products that

the registrars are offering. And one of the things we find is that if you look at what's the cost to a consumer of creating a website, registering the domain name, that registration fee is can be a relatively small part of the overall cost, and we'll see that at the end.

So if we move into the next slide, we can start talking kind of seeing some of these results a little more specifically. So this table just shows the distribution of registrations across registries. So the first column we're looking at the share of all registrations, so that includes legacy and new gTLDs, and I think everybody knows that .com is by far the largest TLD in terms of registrations. So Verisign, we see they have a substantial share of all registrations, and that doesn't change much. In the next few columns, we separate this out by legacy TLDs and new gTLDs, and they're not too much of a change to the share of legacy registrations because, like we said, .com is really dominating that first column.

But if you look at the share of... If you just look at new gTLD registrations, how those are distributed across the registries is a little more dispersed. You don't have anybody that has above 50% of all registrations, and the two biggest players are Donuts and XYZ. XYZ because that TLD had the highest registration volume so far and Donuts because they have the highest number of individual TLDs that they operate compared to any other registry.

And then if we move to the next slide, what we do is we look at the same kind of distribution but across how they're distributed across registrars. So if you look at all domain registrations in our sample, you

have GoDaddy with they have over 30% of all registrations. But if you look at the new gTLD registrations, again, it's a little more dispersed.

GoDaddy still is a major player but they're not as dominant as they were if you look at all TLDs. So in both the across registrars and across registries, there's a little more dispersion in new gTLDs, at least as of April 2015. That's one of the things we're going to revisit in phase two. But if we go to the next slide, we can start looking at wholesale prices.

We have pretty good historical data for the legacy TLDs. A lot of this data is coming from the price change notifications that legacy TLDs will send to IGN, and legacy TLDs have been around for a longer time period so we have quite a bit more data in terms of when they've been doing price changes.

And you can kind of see from this graph there's been a general upward trend in the prices over time, especially in the last few years. And one thing to keep in mind when you're looking at this is that legacy TLDs are... Several of them are subject to price caps and that's not something that new gTLDs are subject to. But I think the main thing we noticed here is that there's been an upward trend in the legacy prices over the last 10-15 years.

And then, if we can move to the next slide, now since we don't have... Since new gTLDs haven't been out for as long and we don't have historical retail data, we're looking at a snapshot of the price distribution in April 2015.

So the left panel here shows the distribution of wholesale prices of TLDs in our sample and the right shows the same distribution for retail prices.

So in both, I think what you see is that new gTLDs [inaudible] a higher average price and their distribution is a little more spread out, a little more dispersed, and that's the case in wholesale prices and in the retail prices that we've collected.

And, again, this is a distribution... We're going to be very interested in how these prices have changed over the last year both at a wholesale level and at a retail level. If we move to the next slide, we get into the add-on features.

So add-on features are a little trickier. All registrars kind of offer quite a similar set of different add-ons. They vary based on whether or not they provide these services themselves or whether they go through, offer them through a third party. So what we did was we grouped various add-ons that we saw registrars are offering into several different categories. As you can see, the prices range for a lot of these services. They range quite a bit, and this is because there's lots of different levels of quality within a single one of these categories, like servers. Server space can vary from having something that's very minimal to having a ton of server space and these cost per year varies quite substantially.

One thing that we thought was interesting was there are a few categories that most registrars offer and that are typically very cheap. Forwarding is one. That's a service I think for the most... For me, registrars has provided either at a really minimal cost or even for free. And there's a few other services that we do see registrars offering for free.

In fact, quite a few categories [inaudible] at least one registrar offer them for free. But at the same time, even within those categories, you have other registrars offering them for prices that can be quite substantial for a year registration.

But like what we noted earlier, if you think about the constant registering a website, if you, even if an individual wanted just a little bit of server space, e-mail, and hosting because you have to have somebody host your website, the overall cost of registering a website is more about these add-on features than it is about the cost of the actual registration in some cases.

And, obviously, that depends on what TLD you're using and what the registration price is going to be, but on average, the registration cost is a small part of creating the website. And then if we move on to the next slide, I think we're going to start talking about phase two.

GREG RAFERT:

Yeah. So Alex mentioned when he first started talking, phase one was really designed to establish a baseline with the idea that we would revisit the results about a year later in phase two, and so that's what we want to talk about now.

In terms of updating our work, there's a couple of things that we have in mind but, of course, we look forward to everyone's suggestions on the phone.

So first, for the gTLDs and legacy TLDs that are already in our sample, the plan is to go back to the registrars and registries. Once again, for the

registries, we'll request wholesale data. For the registrars, the hope is that, once again, or that we'll request transaction level data, although we don't hold out a lot of hope for obtaining any of that.

And if we don't, then we will, once again, go to the registrar websites and scrape the data to determine what retail prices are. We are also planning to go back to [CEDO] to determine to what extent we might be able to receive or look at any of their secondary market transaction level data. Once again, that might help to inform the extent to which various gTLDs are competing against each other. Next slide, please.

We're also planning on adding additional new gTLDs to our sample, since a year has passed, and so the plan is to add approximately 25 new gTLDs, which will bring us up to over 125 total new gTLDs in our sample. The second bullet indicates that we're also in terms of our request to registries, we're going to ask them, to the extent they're willing to provide it, lists of their premium domain names as well as wholesale prices associated with those.

And then, finally, one of the... Actually several of the comments that we received during the public comment process on the phase one report were, interestingly enough, doing a little bit more exploration with respect to what we're calling GeoTLDs. Here the idea is to look at specific geographical regions – for example, .berlin, or the Berlin area – and to see as, for example, .berlin came into being in the market, do you see that competing more vigorously with either new gTLDs or legacy TLDs than, perhaps, you can generally see in the marketplace?

And with that, I think we are at least done with kind of our formal presentation, but we look forward to your questions. I know I've already seen one come across the chat window from Jordyn.

ELEEZA AGOPIAN: Thank you, Greg. And if you want to just dive into those questions, perhaps starting with the one Jordyn posed, go right ahead.

GREG RAFERT: Yeah, so Jordyn, your question is a good one with respect to the price caps and whether we could overlay the price caps kind of on the graph where we show legacy gTLD wholesale prices over time. I assume that data is available, and I'm guessing there are people on the phone that can speak to that and I'm assuming that it is. Then it's something that I think would be really good to add to the work. But I will let someone who knows a little bit more about that data say whether or not they think that we can get it.

Or if not, I think it's something that we can go back to the individuals at ICANN that we've been meeting with and talking with to see whether or not it could be provided.

JONATHAN ZUCK: I think that's public information, [inaudible].

GREG RAFERT: Okay. It seems like it should be.

ALEX MONTE CALVO: Yeah. I think it's just a matter of getting the historical registry agreements because those price caps are going to be updated each time there's a registry agreement. Also, just for reference, I think right now – I was looking into this yesterday – as of today that the April price we had for .com, for example, is at the price cap that's according to their most recent registry agreement. But I do agree, it'll be interesting to see if they are always pricing exactly at their cap or if they kind of start below and move up and see how they make those decisions.

GREG RAFERT: And that'll move on to the next question. I think the next question was just from Carlos, he was asking whether the new gTLDs in the second phase will include IDNs. And the very short answer is yes, we're looking... We will ensure that there are at least some. I think the open question is to how many will decide to ultimately include but there will at least be several.

And I would note that we'll also be including or that we do include some IDNs in the original sample of over 100 new gTLDs, as well. And then I'm going now to David's question, which asks, "How are you proposing to select the additional 25 new gTLDs in the next phase?"

It's essentially similar to the approach that we took for the phase one report, which is to look at both historically... gTLDs with large historic numbers of registrations, but more so in the phase two work is to select those new gTLDs that also kind of have a higher numbers of more recent registrations with the caveat that I think we'll probably

oversample a little bit from IDN gTLDs just to make sure that we have a sufficient number of those.

ELEEZA AGOPIAN:

Oh, sorry. I was going to saying Stan has his hand raised.

STAN BESEN:

I don't know whether Eleeza shared this with you. I have a actually four, I think, quick questions. One is that your table two provides information as of November 2014. It seemed to me it will be useful to produce the same table for a somewhat earlier point in time. The point in time I have in mind is just before the introduction of the first new gTLD.

Again, you've sort of, it may not be that not much happened during that first few months, but I would be interested in what happened over that period of time. Seems to me that's an alternative baseline to the one that you have.

Second, you report registrar shares – I think it's in your table three – and that's on the assumption that there's basically one gTLD market. I think it might be useful, because some people have argued that each gTLD is a separate market. I'm not sure I agree with that, but that's been intended. If you believe that, then it will be useful to know something about the distribution of registrar shares within each gTLD. Maybe just do a [first] sample of gTLDs and just calculate HHIs for them. I think that will be probably easy to do.

I think the question about prices has already been mentioned. I think the... I'd be interested in the – one question that has been sort of raised

all along is whether the new gTLDs would affect the prices charged by the legacy gTLDs.

I'd like to know whether the prices were at the cap before, are they still at the cap, have they fallen below the cap, have they moved through the cap? That will be interesting to know.

And finally, looked yesterday at the distribution of new gTLDs and discovered that hundreds of them have fewer than 100 registrants, and so—

GREG RAFERT: Yeah. We have seen that, as well.

STAN BESEN: Yeah, and so the one, so one question – just keep your eye open for the following. If there's any exit during this period of time – if this was another industry with those kinds of revenues, I would expect people to start exiting. So just be alert to the possibility of exit. I'd like to see whether that, in fact, happens.

GREG RAFERT: So can I clarify on the exit question? Would it be... Are you thinking more did a registry itself exit or did the TLD exit? Because one thing I can see is a registry picked up as... Gets the TLD things they can be profitable with and it ends up not being, and while the registry itself is probably going to disappear, the TLD, I think their first move would probably be to try to sell that off to another registry operator.

So are you talking more [inaudible].

STAN BESEN: Good question. Yeah, good question. I think have any of the gTLDs... Tere's 900 new ones, something like that. Is there any evidence that any of them have disappeared? I would actually expect that to happen over time given the rather low sales that some of them have.

GREG RAFERT: I think it could be interesting to look at kind of the two different versions of – looking at if they have, literally, disappeared and no longer are in existence, but also look for whether or not we've seen [any of that have been transferred to other registries. I think those are [inaudible] indicative of....

STAN BESEN: The technical question, I guess, is [inaudible] below minimum viable scale.

GREG RAFERT: Right.

STAN BESEN: That's it.

GREG RAFERT: No, I agree. I think all your comments are well taken and I think we will undertake the analyses that you suggested. The only thing I would like to tweak ever so slightly is to your point about looking at shares within TLDs or gTLDs. I think I like the idea of looking at shares specifically, I think I would stay a little bit away from actually calculating HHIs because it then begins to – one could then infer that we think that that is the market, if we're calculating HHIs, and so I think shares are just a little safer, kind of from an optics perspective, but wanted to get your reaction to that.

STAN BESEN: Yeah, look. I think in any case, what I would say is if this is a market, here's how concentrated it is, and not take the position that it is a market. I think that's, I regard that as an open question at this point. But HHI is a convenient way to summarize how concentrated the distributions of registrars is for a given TLD.

If you prefer the four firm concentration ratio or whatever, that's okay with me. I think some summary statistic.

GREG RAFERT: Yeah, yeah. That point's well taken.

ELEEZA AGOPIAN: Carlos, you wanted to jump in on Stan's question?

GREG RAFERT: Carlos, I can't hear you. He might be muted. David Taylor, do you want to go ahead and we'll let Carlos type out his question?

DAVID TAYLOR: [Based] on the registration shares, seeing as it's up there there on the table that's got Donuts with a [30% share] and XYZ at 21.3%. I was wondering there if you've considered or followed the variation XYZ registrations because I know that... I think they were the first ones to reach 750,000 near the end of 2014, which is why it had become very high here. But I think they dropped off because a lot of them are being sold very, very cheaply and then they dropped off considerably. And that's my first question.

The second question, which follows on from that is are you looking at or would you be looking at renewal rates, as well, in the TLDs you considered when you're looking at the next 25?

GREG RAFERT: Yeah, that's a really good question, and our plan is to look at renewals in part because of the issue that you brought up with respect to XYZ. So I think we'll be looking to see to what extent individuals who had a one-year registration and have decided to kind of continue along with that registration. And that's something that easy to identify from the monthly transaction reports.

DAVID TAYLOR: Okay. Thanks.

GREG RAFERT: Okay, Jordyn, go ahead.

JORDAN BUCHANAN: Sure thing. So I have a couple of... Well, three questions, I guess. The first one's on the same slide, so it's a good place to start. I'm wondering, rather than looking at the share of legacy registrations versus the share of new gTLD registrations, have you looked at all or would it make sense to look at in the phase two report of registrations that were new registrations that happened starting at the inception of the new gTLD program or over some specific period of time?

As opposed to... Because I think it's not that, as you pointed out, it's obvious com has a lot of existing registrations, but what's the effect of the new gTLD probably been on new registration [inaudible] someone has a choice between a .com versus a new gTLD at registration time, is this affecting their choice as opposed to if you already have a domain, I would imagine that's fairly sticky.

I guess there's a sub question to that. Have you given any thought to measure effect on new registrations versus renewals, existing registrations? I've got two other questions, but maybe you could start with that one.

GREG RAFERT: So that is not something that we looked at, but I think it's a really good point, so I think it is something that would be worth adding to the mix

when we kind of going forward and thinking about what we put in the phase two report.

We did do a little bit of work looking at changes in growth rates for legacy TLD registrations as new gTLDs began to enter, and we really didn't see much in the way of any effect using that metric, but it's possible if we were to look at new registrations, the story might be a little different.

JORDYN BUCHANAN:

Great, yeah. I think the growth rate's probably like a good second order effect, but yeah, it would be good to look at the actual... The pool of new registrations maybe as a... I don't want to say distinct market, but at least distinct phenomenal.

My second question relates to price. I think I actually brought this up at the Dublin meeting, as well. I'm glad to see you guys are looking at premium prices in the new gTLDs, which is interesting. I think, though, we're doing a slightly odd thing, which is looking at the wholesale price of a new registration in TLD like .com versus looking at the wholesale price or the new registration price of a TLD, like one of these new TLDs that is essentially virgin space, which strikes me roughly...If we go back 150 years or something like that, looking at the price of new land being sold in Manhattan versus new land being sold in Oklahoma at the time of the Oklahoma land rush or something like that.

It's not really a particularly relevant question because the dynamics of the new sales or the virgin land available, most of those places look

probably very, very different. And so I'm wondering if there's any way that we can consider looking at sort of comparable string registrations.

I think in Dublin, your response was we don't have transactional data, which I understand makes this harder, but perhaps looking at... Manually, once again, looking at if I wanted to register, I think, you said .photos or something like that in your list, but like Bryce Canyon.photos versus BryceCanyonPhotos.com versus BryceCanyon.com. what are the prices of sort of related strings or what would you be able to get in a .com, or particularly looking at what the secondary market would look like.

Because, often, the string the person's registering in a new gTLD is not going to be available in .com on the primary market, so the person would be forced to go to the secondary market in order to get a fair comparison of what the actual cost of registering an equivalent string would look like.

GREG RAFERT:

I like your idea. I guess I would need to give this a little bit more thought as to how to kind of operationalize it in a way that would allow us to draw broader conclusions – or I guess another option is we could just do kind of do this in a couple of instances to see and the extent to which [inaudible]. And if we were seeing kind of different prices then that might suggest that it's worth doing a broader analysis.

I guess if Alex and myself and the rest of the team could give a little bit of thought to that, but we'll certainly do our best to make sure that it

ends up in the phase two report, but I want to give this, like I said, a little bit more thought.

JORDYN BUCHANAN: Yeah, my suggestion was highly non-operationalized, so I certainly understand that you guys would need to figure out how to do this at scale to get [inaudible].

GREG RAFERT: If, for example, we were to get [inaudible] was willing to provide at least some of their secondary market data to us, then then it would be much easier to do. And if we were to get exceedingly lucky and have a registrar or multiple registrars who are willing to participate and provide us with more detailed data, then we can do it pretty easily, as well, too.

And then barring that, then I think it's going to be difficult but I guess it doesn't mean it's impossible.

JORDYN BUCHANAN: Sure, and happy to talk with you offline about whether we could provide data for [inaudible] domains.

GREG RAFERT: Sure. It would be great.

JORDYN BUCHANAN:

And my third question is once you have the ancillary services or add-on services, I noticed there's really high levels of variation if you look at the minimum to maximum and even medium and mean. I'm wondering if it might make sense to construct some sort of standard shopping basket or something like that and say, like, what would it cost to register a domain name with these three standard things across various registrars as opposed to just looking at the price of the individual services.

Because it could be that some registrars are charging \$50 for privacy and then throwing in Web hosting for free, but really, if registrants typically want some consistent set of services, it might be interesting to look at a consistent basket.

GREG RAFERT:

I totally agree that that would be a better approach and that's something that we had wanted to do in phase one, but the problem we faced was knowing what the consumers are actually choosing so that we could construct this typical basket because without transaction level data, we can't see our people registering a website – do all of them need e-mail? Do all of them need any of these services?

So I guess one thing we could do is make assumptions about what everybody, what we think the typical person is using, and standardize it that way, but that was our reservation with doing that in phase one is just not really knowing what a typical person is going to end up needing.

JORDYN BUCHANAN: That's fair. I think maybe we can think about whether there's some interaction with the Nielsen survey or a Nielsen survey that we could do in conjunction to figure that out.

JONATHAN ZUCK: I want to ask a question on behalf of Carlton, who's not on the call [inaudible], which is did you at all consider the relevant market being broader than these? And including social media. Like online identity or something like that as the market and there's a potential that there's a shift away from domains to social media, to Facebook or something, instead.

GREG RAFERT: So the very short answer is we did not. It's an interesting question. I mean, it seems a little bit of a stretch to me, although it's just my first reaction. I'm just trying to think of how... Because I get the point and I understand that, yeah, for example, YouTube—

JONATHAN ZUCK: I hate making somebody else's case, right? I mean, that's a hard thing to do, but obviously a lot of people registered as a third domain, at the third level, as opposed to the second level. There's a lot of [inaudible] that don't have a website but instead have a fan page on Facebook and people that might normally create their own website or their own domain are satisfied with a blog spot identity or something like that. Just [inaudible] domains have an impact.

GREG RAFERT: Yeah. I would think for the larger entities that are out there in the world, they are likely to have presences on both domains and also on Facebook and maybe a blog and maybe on other forms of social media like Twitter. For smaller entities, for example, someone who just wants a blog, I can see they would just be satisfied with a blog spot.

I think the big question is can we... Is there any data that we can utilize to look at this? And that's where I'm having, I guess, doubts about. Yeah. It would certainly be, I think very difficult to get kind of data on how the new gTLD program has affected competition more broadly outside of TLDs. But why don't we give a little bit? We'll add it to the list of things that we need to think about and respond to, and then we can... I don't know the best way to sort of circle back with Carlos, but I'm sure we can figure out some way.

JONATHAN ZUCK: Okay, yeah, thanks. Maybe we can connect with you offline and I can connect you with folks in the ALAC that raised this issue.

GREG RAFERT: Yeah, that would be great.

JONATHAN ZUCK: Carlos, did you have additional questions? I've been trying to keep track of them as you are asking them.

CARLOS GUTIERREZ: No. Thank you very much, Jonathan. I think I solved the audio issue, as well. Thank you very much.

JONATHAN ZUCK: Okay, great. So are there other folks that have questions? I guess I just have a general question, which is are you concerned about the limited amount of data that you're able to connect and having it be statistically significant? Particularly in the register side.

GREG RAFERT: I don't think we're concerned, per se. I think it does, obviously, restrict the conclusions that we can ultimately draw. But in terms of, for example, on the registrar data, the retail data that we've collected from their website, I think it's data from registrars with a relatively large presence, and it's a decent number of registrars.

Is it statistically significant per se? It might not be. But I think that it's at least a good picture of the market.

JONATHAN ZUCK: And I'm just assuming that – often it's a bad idea to assume. Will we get the data from you, as well, as part of the delivery of this study?

GREG RAFERT: I believe [inaudible].

JONATHAN ZUCK: Play with this and generate our own process, so to speak.

GREG RAFERT: So at least some of the data that we received is confidential and I don't believe that we can provide it to you. There is some of the data, for example, the registrar retail data that we ourselves collected, which I would assume is public and could be provided. But I have to think of a question that I will defer to or give to some of the ICANN folks on the call.

MARGIE MILAM: Jonathan, it's Margie, if I can jump in on that.

JONATHAN ZUCK: Margie, go ahead.

MARGIE MILAM: Yeah. Because of sensitivity of price-related information, we were really careful not to – even ICANN didn't have access to that data to look at that, and would be concerned about sharing that information. When we asked for it, it was under the expectation that that information wouldn't be shared and would just be used on an aggregate basis for the report.

GREG RAFERT: And that's part of the reason why we're a little vague in terms of how the sample itself was selected because we didn't want it to be possible

to reverse engineer who is ultimately... Or what kind of data were included in the sample.

JONATHAN ZUCK:

Yeah. I guess both of those things suggest that the data could be sanitized in such a way that we don't know that information. I mean, I guess just going back to the original request for this study, it's really about getting... It was primarily about pricing and some of this is going to be looking at individual cases like .stocks and things like that is going to come up at our own conversations, and it was about collecting pricing data and not asking you to do our work for us, necessarily. So I guess to the degree to which we want to look at data differently, we may end up needing to [inaudible] past the completion of the study because Stan, Jordyn, and others are going to say, "Well, we really need to look at these comparisons of data, as well."

I think we're less interested in what you're concluding from the data and instead looking at the data itself as much as possible, if that makes sense, and so whatever we can work out is better understanding might be things that you're unable to share.

GREG RAFERT:

No, that makes sense, Jonathan, and I think what we'll do is we can talk with Margie and others at ICANN to figure out what might make sense in terms of providing data. But your point is certainly well taken.

JONATHAN ZUCK:

Stan, go ahead.

STAN BESEN: A partial answer to Jonathan's question might be that if we have some ideas and we don't overload the Analysis Group with too much work, we might ask them to consider doing some additional calculations after we've seen the first pass of the data. Is that feasible?

JONATHAN ZUCK: That's right. I guess that's what I was saying. The alternative will be that we will probably be coming back at you to [rewrap] the data in certain ways.

GREG RAFERT: No, that's understood. Jordyn, go ahead.

JORDYN BUCHANAN: Yeah. I put this in chat but just a quick question just to understand where you guys are in terms of the next phase analysis. What's the timeline and what's the process for actually doing that analysis at this point? Just so we understand what the touchpoints are from us to you to make sure that we get you the feedback you need before actually doing work for phase two?

GREG RAFERT: Yeah, that's a good question. At this point, we're close to being in a position where we'll be sending out the data request to the registrars and registries. So if, for example, there are items that you think that we

should be asking for but you haven't heard that we are going to be asking for, then that would be useful to know.

And then it will be a little bit of a waiting period while we wait on data to come in from those data requests. But the goal is to have a final phase two report completed around the same time that it was completed last year, which I think if I recall correctly, was something like early to mid-September, maybe late September. So that's at least the currently thing, and then we'll be kind of analyzing data and writing up the report during [December].

So I think to the extent you have ideas for specific analyses that will rely on data that you know that we will have and/or are requesting, then I think there's some time to get us that kind of feedback and I think, like I said, the only really immediate thing we would need to know is thinking about the data that we're requesting from the registrars and registries. Are there key pieces that you haven't heard that we're going to ask for?

JORDYN BUCHANAN:

Great, thanks. And can you guys define immediately? Just so we know how quickly we need to get back to you.

GREG RAFERT:

The plan was to send out the data requests early next week. That said, I think there's a little bit of wiggle room in when those requests go out. So I think we could wait, whether it's a week or two weeks before those requests are actually sent.

JORDYN BUCHANAN: Yeah. I suggest it would make sense at least to wait until after our in-person meeting in LA, but obviously, defer to the rest of the group as to the value of timing versus things that we might want included in that request.

GREG RAFERT: Okay.

JONATHAN ZUCK: Yeah. There would probably be some consensus around that. I mean, it may push out the start of the study a little bit, but I think there's a desire not to get rushed at the front end too much. It's come up in the context of the Nielsen study, as well.

You mentioned at the top in terms of data sources [CEDO] and then later said if we get data from [CEDO]. So I was wondering what analysis you're doing in the secondary market.

GREG RAFERT: So it kind of depends on the data that we receive, obviously, but I think the goal with the secondary market data was to get a sense for, for example, do you see different prices being charged at different TLDs? Which might suggest some kind of value that consumers place on TLDs.

And, I mean, just at a simple level looking at kind of the distribution of transaction prices that are happening within each TLD, kind of doing those comparisons. And if you see the same string being sold across TLDs, do you see different prices associated with that same string?

JONATHAN ZUCK: Okay. So you already have those intentions. Have you been able to get that kind of data from [CEDO]? I know they published some of it.

GREG RAFERT: Yeah. We unfortunately have not been able to get at least the more detailed from data from [CEDO] that we were hoping to get. I don't know what that says about the likelihood of getting it in the future, but it's something [inaudible].

JONATHAN ZUCK: Okay, yeah. You just mentioned at the top that you had data from [CEDO], and if so, you just [said that you] had tried to get data.

GREG RAFERT: I think maybe there was a little misunderstanding there, Jonathan. We have, unfortunately, not received any data from [CEDO] yet.

JONATHAN ZUCK: Okay. All right. Thanks. I wonder if there's anything that – did they give any kind of rationale? Did they want to charge you? I mean, was it...?

GREG RAFERT: So that was a situation where some of the ICANN staff were interacting with [CEDO] to kind of directly and we were not directly involved. My understanding is that it seemed like they were going to maybe be

amenable to providing the data and then the communication just went dark. So I don't think any reason was specifically given.

JONATHAN ZUCK: Okay. Does anybody in staff, ICANN staff, have anything to add on that issue of secondary market data?

KAREN LENTZ: I'll give a little bit of recap of what Greg said. In terms of the data requests that were configured, we had those for the set of TLD registries in the sample where registrars, and then we had a request to secondary market providers and I think that was it.

But they were a similar form of communication, and then in cases where, in each of those cases where we didn't get responses, we did individual follow-up in a lot of cases. But in terms of the specific case, we didn't get a definitive question or comment about any of their concerns. We just didn't get a response in terms of the data.

JONATHAN ZUCK: Okay. I mean, I think there's going to be a high interest in that type of data, as Jordyn says in the chat, there is an amount – quite a bit that's public, not comprehensive, so I guess we can go offline to figure out how we can get access to some data. Jordyn says bring in some people who are familiar with it, but obviously, we want them to bring their spreadsheets with them and [inaudible] summaries.

But let's make sure that that's a high-priority item for the group to see what we can do to try and get them additional data to get it to the Analysis Group [or whether we] incorporate it ourselves.

Thanks, Jordyn. That makes sense. Are there other folks with questions or suggestions for the Analysis Group? Okay. [inaudible] top of the hour here. I think as Jordyn has suggested, we'll probably try to form a little bit of a sub-team to talk about these issues and then try to very quickly get back to you. But if it's possible – and I think we can push out the data request until after we get together in person, that would probably be ideal, just in a couple of weeks.

GREG RAFERT:

Okay, yeah. I think that should work well from our perspective. And we really appreciate all the feedback and we look forward to continuing the conversation offline.

JONATHAN ZUCK:

All right. Thanks, guys.

GREG RAFERT:

Yeah, and thank you so much.

UNIDENTIFIED MALE:

All right, bye.

ELEEZA AGOPIAN: Thank you, everyone. Moving along in our agenda, the next item was an update on the Terms of Reference Working Group and Jonathan sent around a draft earlier today, last night for some of us, with f three high-level questions that are remaining to help us finalize this draft. Jon, would you want to talk through them or anyone else who is in the working group?

JONATHAN ZUCK: Sure. I'll try to get things started but, obviously, welcome anybody to speak up that's participating in the terms of reference discussion. We were trying to get past the wordsmithing of the overall document and mostly accepted the changes that was made wherever it was sort of grammatical or logical or clarifying and try to get to a clean document where we might have a higher-level discussion.

And the questions that seemed to percolate to the top of that from the document and from the comments in the margin of the old document, as well as the last working group call were these three, and so I just was hoping that we could focus on getting these questions discussed and answered in the next half hour here, and we'll incorporate those into the document and rather than just trying to scroll through the document line by line on the call.

And so some folks have already begun to answer these questions in the text, but I wanted to... Maybe we should bring up the definitions section in the document, if those are short enough, and those seem to be really where we're trying to get ourselves together. So, Alissa, if it's possible,

can you bring up the definitions section of the document? And we'll just jump in there.

So the definition of competition is really just a very slightly modified version of the one that Jordyn submitted. But it is a broader definition than David was looking for, and so I wanted to, and those were folks that were on the working group, and so I wanted to open that up for the larger group to see how they felt about that.

I know David wasn't ready to die on a sword over this issue of market definition, but I wanted to give David a chance to make this point and also have some discussion with the broader group on this particular issue.

So as you can see right now, competition is defined as the effort of two or more parties in the domain name ecosystem, including but not limited to registries, registrars, resellers, registry service providers, and registrants, acting independently to secure the business of a third party by offering innovative products and services and/or the most favorable terms.

So that's the competition definition as it now stands. I'd like to open it up for conversation. Maybe the two things that I think would be interesting to hear about for the whole group is from Jordyn on what he means by the competition among registrants, and from David on his point about limiting this to registry service providers. So if I can get the two of you guys to speak up to the group, that would be great.

JORDYN BUCHANAN:

Sure. Happy to answer your first question first, if that's the order we want to take this. So yeah, my example I gave on list of competitions between registrants is... And to be clear, I don't necessarily agree with the premise I'm about to raise, but it's certainly been something that various people have raised and we should probably get to the bottom of whether if there is an effect or not.

But Barnes & Noble owns book.com. Some people have asserted that that having access to this valuable generic name gives them some sort of competitive advantage in the marketplace, so people that will just type in book.com into their browser will end up at Barnes & Noble as opposed to some other place.

And so maybe this gives them some advantage over an upstart bookseller like Amazon or something like that. And so if we had a new TLD introduced like .shop, and Amazon was able to register book.shop, would this allow them to compete more effectively against the mean incumbent Barnes & Noble with book.com by virtue of their awesome, new gTLD name that would help them compete more effectively based on their good domain name?

So effectively, the question that I'd be interested in understanding... There's probably better examples than that. Obviously, I'm being a little sarcastic in the example, but there are probably places where there are valuable existing domain names and, perhaps, valuable [inaudible] by because of their generic nature as opposed to their brand equity. And does it help rivals to come in and be able to get stronger alternatives generic names to compete with them?

JONATHAN ZUCK: Sorry. I mute myself. Carlos, is your question related to Jordyn's statement?

CARLOS GUTIERREZ: Yes, yes. It's directly related.

JONATHAN ZUCK: Okay. Go ahead.

CARLOS GUTIERREZ: Thank you. Jordyn, I missed just one point there. I feel similar case in countries that have capital restrictions where paying money abroad is difficult. You cannot pay in dollars abroad because there are capital controls. And then the ccTLD of your country costs so much money when you're in the country, but the ccTLD operator also resells these domain names through GoDaddy or somebody else to a lower price outside of the country.

So the part I'm missing [inaudible] is what [inaudible] would be price difference in the retail price. Otherwise, I cannot bring it down to specifics. I don't know [inaudible]. Thank you.

JORDYN BUCHANAN: So Carlos, I would view that as being.... Like, then you might see competition between either registrars or different suppliers for registrants. The specific question I was answering for Jonathan is what I

meant by enabling competition between registrants as a result of the introduction of new gTLDs. Hopefully, that makes sense.

CARLOS GUTIERREZ: Yes, but I need some kind of barrier or reference. I mean, [inaudible] based on what? On price or what? Your question is just too general. I cannot.

JORDYN BUCHANAN: No, it's not [inaudible]. So some people have asserted that valuable generic names give some sort of competitive advantage. And, perhaps, in particular, .com names are more valuable and give a bigger competitive advantage, or maybe the case in the CC in a book, wouldn't be book. I don't speak German. Let's say book.co.uk or the equivalent of book.de, those names might give an advantage to an incumbent in the marketplace in those specific countries or book.com maybe more generically. And would the introduction of new gTLDs allow upstarts or rivals to compete more effectively with people that have these valuable existing domain names?

JONATHAN ZUCK: And it may be, Jordyn, that Carlos is saying that – and I think this is encompassed in the definition, and so it's not something we need to resolve, but that book.com was out of the premium market but book.shop wasn't, that it might be easier for an upstart registrant to get what would otherwise be considered a premium name in a new domain

because there would be a price difference. I think that might be what Carlos is saying. [inaudible] definition.

JORDYN BUCHANAN: Yeah, yeah. But I guess I would say that goes back to that's competition for the registrant, right? That's two people maybe—

JONATHAN ZUCK: I know what you're saying, it is, but is that really competition for? Is the cheaper availability of book.shop likely to get Barnes & Noble to buy it or is it something that enables market entry because it's cheaper? I think that might be the question Carlos is raising. But again, I don't know this is a question we need to answer. I think it's covered by including registrants in the definition, which is really all we're discussing right now. So we don't need to solve this problem right now, but I think that... I was just trying to clarify what I thought [inaudible] Carlos' question.

Because otherwise, why wouldn't Barnes & Noble just simply buy all of the...

JORDYN BUCHANAN: Maybe they would. Sure. Maybe they will. Like I said, I'm not sure I agree with the hypothesis behind my question. Other people have asserted that domain names somehow convey competitive advantage in the marketplace, and so if you accept the hypothesis valuable domain names give you a competitive advantage in the marketplace, then you would assume that there would be a corollary to that that if there were

new alternatives to that valuable domain name, that they might allow effective competition with that incumbent position.

JONATHAN ZUCK: That's right. Stan, you had your hand up.

STAN BESEN: Yeah. I think it's interesting question but I think it takes us a bit far field. I mean, I'm worried enough about us understanding competition among registries and competition among registrars. Are we going to really analyze competition in the market for the retail sale of books or autos or wine or whatever? That seems to me to take us very far field and very far from what should be our terms of reference.

JONATHAN ZUCK: Okay. Thanks, Stan. Are there other views on this notion? Because this is something we just need to make a decision about. David, go ahead. I'll just assume it's just an old hand.

DAVID TAYLOR: Thanks, Jonathan. Yeah. I think that ties in, really, to what I was raising on the last call because on the Terms of Reference Subgroup – Paul, I'm referring to that – when I was looking at that definition of competition, I was wondering whether the way it was set out could either hinder our view, I suppose, or take us into the area, which we might or we shouldn't be going.

Because, obviously, there's the very complex interactions between all the players in the ecosystem – the registries, registrars, registrants, resellers, etc. And really, my point, I was just wondering, should we not be concentrating on the registry level competition and the others? Not putting them out to graze but just still have an impact and we're going to have to look at that, but to me, it was a secondary impact.

And otherwise, it just felt like if we're not careful, we're just going to get way too complicated. But it was really just highlighting that it was something which we need to be very careful and I didn't want to see a definition which comes back to haunt us after six months where we suddenly find we need to be doing things always somewhere where we don't want to be against some sort of comfort for that because looking at the ICANN's commitment is what we discussed in the call, on the introduction of new gTLDs where they were promoting... The goal that was promote to competition in the domain name market whilst ensuring security and stability, etc.

But [inaudible] quite specific facilitating competition amongst registry service providers and there was no mention at that point of registrars, registrants, etc. So that's why I was thinking, okay, that's what we need to concentrate on. And I put that in an e-mail to Jordyn just recently, which you may not have had a chance to see yet, Jordyn, but I completely see where you're coming from with the book example and I think it's a very [inaudible] and I think it really goes to the point of how do we interact with that because if someone's got book.com, then someone else, "Well I want to get .book, because that gains my level back up in competitiveness."

And then that also may make books.com more valuable because book.com is being sold, so suddenly that goes up, and then we've got the level of under .shop, etc. It's a very complex environment and one interaction with the other. So really, I was just wanting to know how we're going to go about it, and I was flagging it as something which we do need to think about and get us all onboard.

But as I said, I don't wish to die... It's not something, which is critical, critical that we have to have that sort of definition.

JONATHAN ZUCK:

Yeah, and it's not clear that Jordyn will end up falling on a sword over having registrants included, necessarily. I guess the question could be whether or not we can create this in such a way that we don't demand the inclusion of registrants in the study but leave room for the possibilities that they come up, including but not limited to, [inaudible] there might be more, but it doesn't suggest that there might be less. A way out of this might be to suggest the possibility that we'll look at some subset of these things, for example, or something like that.

The other question I have for you, Jordyn, is that I feel like competition the way we're defining it actually has to do with whether or not we've created an environment to incentivize competition and competitive behavior, and it feels like your registrant example feels a different than incentivization for competitive behavior and more about facilitation. I don't know, but Jordyn, you put your hand up.

JORDYN BUCHANAN:

Sure. So first, I want to say I agree with Stan that actually in analyzing this question of competition between registrants may be particularly challenging and it may be that to rephrase what Jamie said on the list] today, we don't want to try to boil the ocean necessarily.

Personally, I think it would be a mistake to say that this is not in the scope of the charter of the review, but we could say, as we get to turn to the work plan discussion, that we only have a year to do this and this question, while hypothetically interesting, is not one that we're going to get to in this round, and limit the scope of what we intend to do in the work plan as opposed to in the charter, although, as you said, I don't necessarily need to die on my sword on this one.

I do think it would be a little strange to say, "Oh, we care about competition between the intermediaries but we don't actually view domain names themselves as interesting enough to care about how they affect the behavior and the..."

I think we have to assume that domains have some value in helping companies be competitive in the marketplace. Otherwise, everyone would just register ll97pwk.com or something like that as opposed to going to these new gTLDs or paying premium prices for aftermarket names or something like that.

It seems odd to me that we would say, "Oh, we just don't think that that falls in the scope of competition." But we may totally reasonably say that we don't have the time to look at it. And I think that would be a completely reasonable conclusion to make.

JONATHAN ZUCK: Thanks, Jordyn. Other folks? I know some people have been commenting in the chat. Does anybody want to raise their hand and speak up? I want to resolve this issue today, if we can, on how we define competition.

JORDYN BUCHANAN: Sorry, Jonathan. The one other thing I wanted to add, though, is I do think it would be a mistake to limit this purely to registry competition. I think, certainly, like the Analysis Group, as you pointed out, the Analysis Group study has already taken a look at registrar competition and certainly the domain intermediaries seem like obvious places that we ought to be looking at in terms of the effect of the introduction of new gTLDs, and we're already seeing it looks like from the Analysis Group, for example, that GoDaddy has a much lower market share of new gTLDs versus legacy gTLDs, and that seems like a significant finding.

JONATHAN ZUCK: That's right. I think that's right. Thank you, Jordyn. Anyone else? I mean, I'm worried I'm going to miss something here in the chat. Megan is [inaudible] a bunch of different issues. Are there other issues related to [inaudible], should we look at two-tiered competition? A registry level first and then later at a broader level. I'm not sure I understand that point.

Carlos, go ahead.

CARLOS GUTIERREZ: Yes. Trying to come to the point. I think the definition of competition is pretty broad and it should remain as broad as possible for the time being. I would not object the text that we're looking at. Thank you.

JONATHAN ZUCK: Okay, great, thank you. And I was in the unfortunate position of representing the ALAC on the discussion with Analysis Group but Carlton is here now. I don't know if you want to raise the ALAC-related issue of competition from what can be called the third level registration, social media and things like that. That came to me from ALAC and I wanted to make sure that it was raised. But I don't know if, Carlton, you want to speak to that at all. Do we have good audio from Carlton yet? We haven't tried. No. Carlton, we still can't hear you, I'm sorry to say. We really need to devote some time to fixing your audio. So folks on staff, if we can set aside some time to do some tests before the next call, that would be good. Because this is the third call where we haven't been able to hear Carlton. So let's try to figure out how to solve that.

I have a request from Evan Leibovitch from the ALAC, who was part of the work group that came up with the metrics and was the champion of this social media question. I wonder if the group would object to having him ask a question or make a comment here on this, in this discussion, given that we can't hear from Carlton. Does anybody object to that?

He just sent me an e-mail. He's in the observer room, but can't ask questions in this, and I think we made a discussion about not having substitutes and non-active observers, which I don't want to turn into a

trend, but I'm just concerned about the fact that Carlton isn't able to communicate effectively. Carlos, go ahead. Is that a new hand?

CARLOS GUTIERREZ: Sorry, sorry.

JONATHAN ZUCK: Okay. Does anyone object to me letting Evan speak on this call in lieu of Carlton just for this near term? Special exception? Okay, so I'm going to try and get a number for him and have staff just call out to him just for purposes of this part of the discussion.

UNIDENTIFIED FEMALE: Jonathan, we just [inaudible] for the room.

JONATHAN ZUCK: Okay. Evan, are you on audio? I see the microphone. We don't hear you, though.

EVAN LEIBOVITCH: How about now?

JONATHAN ZUCK: Yes, okay. We hear you now.

EVAN LEIBOVITCH: Hi, Jonathan. And thanks for you considering letting me in. I understand the circumstances. I guess I'm mainly here because, as you said, I was involved in some of the early work in trying to deal with the ALAC metrics and so on. So was there a specific issue you wanted me to talk to on at this moment?

JONATHAN ZUCK: Yes. The issues that ALAC raised in particular that's relevant to this conversation right now is in our definition of competition, we're talking about who to include. And I heard from you guys that you wanted to raise the issue of a competition from the third level domains, so like Facebook and Blogger and Wix and all these sort of alternatives to getting your own domain name as a form of web presence, and I just wanted to give you a chance to make that case for the group as we're discussing [inaudible].

EVAN LEIBOVITCH: Okay. So I'll try and make it as briefly and succinctly as I can. The issues that ALAC wanted to raise at the time were dealing with competition is not simply being competition between [inaudible]. All right, that [inaudible]. Okay, sorry.

So the issue I wanted to raise is that the competition that we were talking about was not just necessarily within the domain industry. That is, not just between registry provide registries and not just between registrars, but in fact, to the competition literally between the domain name system and other ways of finding something on the Internet.

To use the books example that you were using earlier, so somebody would go to books.com, they could go to something.books. On the other hand, if I just wanted somebody to go Evan's Bookstore, I could buy evansbookstore.com, evans.books, or whatever. But what is happening, at least in findings that we have within ALAC, is a lot of people were just saying is an alternative, well, screw that all and let's just, when you publicize yourself, search for Evan's Bookstore on Google or search for Evan's Bookstore on Bing or search for Evan's Bookstore on Facebook, and you'll get there as a superior way to the DNS.

And so, yes, at a certain level, this all goes to a domain name, but as was mentioned earlier, you could use some human indecipherable domain name that was pointed to by a search engine, and so that's, I think, what was I referring to early on. When we trying to talk about – paint a picture that the competition that we're envisioning is not simply within various TLDs, not within the various registrars, but in fact between the domain name system and other methods that people use on the Internet to get to a specific destination. Am I making myself clear with that?

JONATHAN ZUCK:

Yeah. I think so. Stan, do you have a question for Evan or a statement on this particular topic?

STAN BESEN:

Yeah. I think that's a good point. Is that something that we can get Nielsen to address in their consumer survey?

EVAN LEIBOVITCH: It was something that the ALAC had put forward originally in the list of metrics that we were hoping would be addressed through this process. Whether or not that is what was given to Nielsen or not, I don't recall. As Jonathan knows, I've been out of the process, I've been [inaudible] ALAC for some time because of a position I've taken at the UN, but the original intention and original request from ALAC was that that big picture mission issue be addressed as well as the other ones. I can't speak for whether or not that's been implemented properly at this point.

JONATHAN ZUCK: And Stan, I think the answer is yes. We have the power to get some questions put in there if we can find a good way to craft them to get some feedback on that issue about whether people are just deserting the DNS or finding it more interesting to use Facebook instead.

STAN BESEN: More generally, I know I have a series of additional questions for Nielsen, so we should talk about the process of getting questions, additional questions, to them if there's still time.

JONATHAN ZUCK: Yes, okay. Let's have that conversation, then. Eleeza, can you make a note – or whoever's managing the notes – to talk about Nielsen in the questions in the next survey? And Eleeza, you have your hand up.

ELEEZA AGOPIAN: Yeah. I'm happy to take note of that. I just wanted to add that is something that we have asked in the surveys in both the consumer registrant surveys is preferences for navigating to domain names using different tools and things like that. But there may be different ways to ask that question and that's something we can discuss with Nielsen at your face-to-face in LA.

JONATHAN ZUCK: We're not going to [feel] the surveys until after the face-to-face, that won't be too late to affect the survey. Is that right, Eleeza?

ELEEZA AGOPIAN: That's correct. We weren't planning on fielding it until March in any case, so we have some time.

JONATHAN ZUCK: Okay, great. Carlton, you still have your hand up. Are you going to try again to speak? It just seems like you have a bad connection.

CARLTON SAMUELS: Evan just made the case for me, so I don't need to [inaudible].

JONATHAN ZUCK: Wow. That's the clearest I've ever heard your voice. It's very, very dim but at least I'm hearing words now instead of guttural sounds, so that's exciting. We just need to work on the volume.

CARLTON SAMUELS: Okay.

JONATHAN ZUCK: Okay. Does anybody else have any questions or comments for Evan related to this issue on competition? Carlton, put your hand down, if you would. Okay, so I guess what I'd like to... There's also the notion that we ought to keep this definition broad in the charter and then, as Jordyn suggested, refine what we actually have bandwidth to work on in the coming year as part of the work plan.

Do people feel agreement with that notion that we shouldn't be trying too hard to limit scope in the charter itself? Let's just do it in the work plan. I mean, it means we'll just be doing it in the next conversation, but I think Jordyn's point is it established some boundaries for this topic as a whole and make it addressed by a future review team, even if we don't do it.

So I guess I put that question up for a vote on the group, which is how many people... Please give a green tick if you're supportive of the notion of keeping the definition broad here for whose competition we're looking at, and we refine it as a practical matter in the work plan.

So I still see Jamie boiled the ocean. Hedlund is still concerned about this. There's some other folks here, Kaili, Karen, Lauren, Megan. Is it

your belief that we ought to try to fight this down in terms of the overall definition now? Megan, you have your hand up. Go ahead, please.

Megan, we can't hear you, if you're speaking. Are you muted? Megan? Maybe you've double muted. That happens sometimes. I don't know. Just waiting for Megan to type a comment and... No. No possibility to speak. Okay.

All right, Laureen. Go ahead.

LAUREEN KAPIN:

Okay. I'll start off with an apology, but I have to admit I'm just a little confused about where we are with this definition and what options we're choosing between, and at least it would help me if you can succinctly tell me what the options are we're considering.

JONATHAN ZUCK:

Sure, Laureen, thanks. And sorry for the confusion. Right now, it's a fairly broad definition, and if we broaden it to potentially include social media, it may be too broad a definition for us to tackle. So the question is do we need to make that decision here in the charter in terms of the definition of competition, or is that really a practical matter for what we can get done in the limited time we have? And we make those sort of practical limitations on scope as part of the work plan [and leave] the chartered definition broader to preserve flexibility for the working group for the review team and for the future review teams. That was Jordyn's recommendation, but a couple of people have endorsed. Does that make more sense?

LAUREEN KAPIN: Yes, that does make more sense. My tendency is always to preserve our flexibility to adjust as we see the situation unfold. But at the same time, I'm also mindful that we don't want to be so broad that we're not able to take a meaningful and practical dive into what really matters. I don't know how helpful that is, but I think those are my two concerns. One, we should preserve flexibility, but two, at some point, we need to make sure that we're focusing on something meaningful and practical so we can get the work done.

JONATHAN ZUCK: Okay, great. And I think that both of those concerns are addressed in a way, and this distinction between the charter and the work plan. I mean, our very next conversation here is the work plan, and so we will have some conversation about what's possible to include.

So based on these checkmarks and what I'm reading in the chat, I think we have a majority view in favor of broader definition of competition here in the charter, and that we will then refine what we're actually going to have a chance to look at in the time that we have as part of our work plan.

LAUREEN KAPIN: But Jonathan, I also do want to make sure we get to the definitions of consumer trust and consumer [inaudible].

JONATHAN ZUCK: For sure, for sure, I'm sorry. I didn't mean [inaudible] next conversation [inaudible].

LAUREEN KAPIN: [inaudible] make sure those are on our next to-do list.

JONATHAN ZUCK: Yes, sorry. Yeah. Sorry. I didn't mean... The very next conversation, I meant after this document. We would be going into work plan. Okay, so I think that's our definition our competition. Jordyn has also asked that market just be part of the competition definition. It doesn't feel so strongly.

It felt more like an additional description beyond the definition, Jordyn, and because there was a request on the last call for markets to be addressed, it felt like it made sense to split this out. So if you'd like to make a case for this and you think it'll have a practical effect on our work, then I would ask you to make it. Otherwise, I might ask you to grit and bear this so that we can move on. But Jordyn, go ahead.

JORDYN BUCHANAN: Sure. The [inaudible] is just I think actually is consistent with the way we've defined other terms, as well, which is their practical definitions and the context of our work as opposed to pure definitions of the terms. And I think, therefore, just saying, "Here's what competition means in the scope of our work as opposed to having this ancillary definition you have to look to, to understand what the scoping exercise

looks like.” Seems better to me. But, like I said, I’ll grit and bear it if people really like having it split out.

JONATHAN ZUCK: Okay. Does anybody else have a thought on this? It’s just text. I don’t feel strongly about it. I can go either way personally. Laureen, is that an old hand or do you want to speak to that?

LAUREEN KAPIN: No, it’s an old hand. I’ll put it down.

JONATHAN ZUCK: Okay. Does anyone else feel strongly about this? I guess, Jordyn, since there was some request to talk about the market, I’m inclined to just leave it. If you don’t feel too strongly and the rest of the group doesn’t feel too strongly, just so that we don’t end up having the other conversation again.

So why don’t we move on then to questions about the other definition? So I know that Megan and Laureen both had issues with limiting choice to registrants and I’d be interested in having you make one of the two of you, or both of you making your case there on consumer choice. So either Laureen or Megan, if you can speak up, that would be great.

All right. Megan doesn’t have audio, so Laureen, let me call on you. Thank you.

LAUREEN KAPIN: Sure, and Megan, I'm sure, will jump in with typing to add whatever I'm missing. But in terms of consumer choice, this seems to me to be limited because, of course, in addition to the folks who are going to be buying the domain names, there are also the folks who are using them, and this definition seems to basically eliminate the public at large in terms of what impact the new gTLDs have on them, at least vis-a-vis their choices. So that seems to me to be a problem.

JONATHAN ZUCK: So could you give us a hypothetical as to how you imagine the introduction to new TLDs would affect the broader market of consumers? I understand your point in the abstract; I don't understand it as a practical matter.

LAUREEN KAPIN: I guess just in terms of consumers' ability to figure out which places they're going to go to, if they're going to... For example, I'll go back to the bookstore definition. When they are trying to search for a bookstore, does the fact that they can do a search for all the entities that have a .book gTLD mean they have more choices than just the legacy gTLDs?

And I guess it's a separate issue of, well, is that really meaningful? Do we really care about it? But it does strike me as something that goes to the public's choices of how they are finding businesses or entities that they want to do business with.

And that's just a business example. That's separate and apart from other examples. For example, for socializing.

JONATHAN ZUCK: Okay. I guess these are labels on destinations, and the destinations themselves represent the choice. So the question would then become whether or not the availability of new labels actually led to the availability of new destinations. Jordyn, go ahead.

JORDYN BUCHANAN: Yeah, so I had thought about the end user aspect of this discussion being more relevant to consumer trust than consumer choice. But I guess I can see point how maybe if you now have an option to go to... If you speak Japanese and now you can go to a Japanese script domain name to access a bookstore or something like that, that might be some meaningful version of consumer choice.

I think we can address this fairly easily by just changing the word registrant to consumer in the definition, and that would capture both end users as well as registrants based on our above definition of consumer.

JONATHAN ZUCK: Okay. Is everybody comfortable with that change? Okay, so, yeah, the IDN example is an interesting one, but let's just go ahead and make a note, Eleeza, that we'll change that to consumers. And Evan, just so you know, I know that some of this is about the rhetoric and semantics of these discussions, but we did define consumer to include users in our

document, even though you're right in saying that often consumer doesn't imply a non-consuming end user, but we've included them in our definition.

So if we include them here in the consumer choice definition, we are bringing users, as well.

Okay. Are there other issues on consumer choice, or do we move on to trust? Is there another issue there somebody had raised on trust? Laureen, I can't remember if you had an issue on the definition of trust or if you were happy with that.

LAUREEN KAPIN:

I did have an issue, and I think, also, Drew has a similar issue. Maybe Drew wants to speak since both have heard from me during this conversation. I'm happy to speak if Drew has some connectivity issues.

JONATHAN ZUCK:

Okay, great. Drew, I see your hand is up, so please go ahead.

Drew, we can't hear you if you're speaking. You might be muted. Now you're definitely muted.

LAUREEN KAPIN:

I can jump in, [inaudible] thwarted again. Drat. Okay. I think that Drew and I share the concern and, again, Drew can jump in if I'm something, that the current definition of consumer trust doesn't get at what I think is actually one of the most crucial issues, which is end users' trust of the

Internet is really affected by their fear of either getting ripped off or being subject to some sort of illicit behavior like pharming or phishing or being deceived in some way, and this definition of consumer trust doesn't explicitly get at that.

DREW BAGLEY: [inaudible].

JONATHAN ZUCK: I think that was sort of authenticity, and also number two. But I guess I don't have a problem with... I think that was meant to be kind of built into the authenticity of the domain name system, but I don't know that I have a problem adding a line. We're just trying to keep these things tight, but adding a line about the overall trust in the Internet.

I think, Laureen, it was you had mentioned Nielsen asking people would share their credit card information, for example, online as a behavioral measure of trust, rather than asking people whether they trust the Internet, but...

LAUREEN KAPIN: That's right.

JONATHAN ZUCK: I think what you're describing is generally agreed upon and it was intended to be implied or encapsulated with things like authenticity. We

can add a line about maybe you could take it as a job to e-mail us a line that you think could be added as to incorporate it.

LAUREEN KAPIN:

Yeah, and I'd be happy to confer with Drew on that and Megan, and we can come up with something. And anyone else who has thoughts on it, I'm happy to take that into consideration as I propose something for the group.

JONATHAN ZUCK:

Okay. And Jamie just asked a question. Aren't we most concerned with the consumer trust in the next new g space? And we keep coming back to that and I think that's not the case. I think we're looking at the impact of the new gTLD program on the broader space and how we define it. We may still have a question of practical [stuff] that we need to address in our work plan, but I think there's basically been consensus in the group that we can't confine ourselves to just how consumers are doing in the new gTLD space, but whether or not they've had an impact on competition and choice and trust overall seems to be the consensus of the group.

Did you want to speak to that? Was that you, Jamie, that spoke up?

JAMIE HEDLUND:

Yeah, sure. So just quickly, I guess the concern is if we find out that consumers are getting to use [inaudible] words ripped off at the same rate in legacy TLDs as they were the introduction of new gTLDs, I don't think that's meaningful. And whereas what is meaningful is that there

are a whole lot of protections introduced into new gTLDs that do not exist in legacy TLDs, and so what would be meaningful is whether there's the same, [inaudible] but the same levels of [inaudible] with the new gs as there are in legacy.

So you would look, you could look at it, again, it's just I think it's [inaudible] to repeat something I said earlier, if we are not disciplined in the questions that we are asking, we'll end up looking at a much broader question than the one I think we are tasked with, which is what's the impact of new g?

JONATHAN ZUCK:

So again, the impact of them, I think, can't be confined to them. I mean, I think that we're trying. I think the question you're asking is still a good one, which is, is there a difference between the two? But I think it's also about whether or not it's bringing about an overall difference in how people feel about...

JAMIE HEDLUND:

Again, I think [inaudible].

JONATHAN ZUCK:

[inaudible] about the DNS, .bank makes people feel less worried about phishing, for example.

JAMIE HEDLUND: When they're in .bank, which is a new gTLD, rather than do they feel more comfortable with the Internet at large as a result of measures that .bank has introduced?

JONATHAN ZUCK: Right. Drew, you have your hand up. Do you want to try again to speak? No. Okay, Jordyn? Go ahead.

JORDYN BUCHANAN: Yeah, so I just want to be cautious. So I agree with regards to competition. There, we're looking at the effects of the introduction of new gTLDs on a market that includes other domain names, including legacy gTLDs as well as ccTLDs.

It is not as obvious to me, by any measure, that when we look at consumer trust in particular, that the legacy or ccTLD space is obviously in scope unless you believe that somehow the introduction of new gs changes people's trust in the legacy system, as well.

At least that interaction is not obvious to me in the same way it is in the case of competition, where there's presumably, it's obvious that some people would choose to register a new g as opposed to an alternative TLD.

JONATHAN ZUCK: So I guess the trust issue, I feel, is less about registrants and more about the end users, and that's sort of how we did both types of surveys. But, I mean, so I guess it's the end user trust that we're talking about a little

bit right now and so the question is, for example, is the fact that there's 1,800 TLDs, has that increased confusion of users, for example, and therefore decreased their overall trust?

Could be a question that affects the DNS as a whole. I guess if that's one example that comes into my mind, I'm concerned about missing other examples.

JORDYN BUCHANAN:

Yeah. So I think that's [inaudible] were limiting our scope to things, whether there's direct access to the introduction of new gTLDs. I'm just worried. I don't want us to spend our time saying like, "Are there botnets on the Internet?" I mean, of course there are, and that is not different today than it was prior to the introduction to the new gTLDs. I think [inaudible] very high burden of proof before we start to look at related phenomenon like that, and so I'm nervous about pulling too broad a definition of into this to get a sort of off on [inaudible] wild goose chases as opposed to focusing on changes that are brought about by the introduction of the new gTLD.

JONATHAN ZUCK:

Right. And so maybe that's just a language clarification that we should only be looking at changes that were brought about by the introduction of new gTLDs. I think that's where there some consensus. And Jamie seems to be signifying that [inaudible] concern, as well.

So maybe we just need to add... I mean, we're just trying to define for us, and it was implied because of the nature of our charter that this

were only things that were directly affected by the introduction of new gTLDs. So we can add a line here to underscore that fact that would address people's concerns.

Okay. I see Carlton and Jordyn's comments. They seem to be in rough agreement. Laureen, you have your hand up.

LAUREEN KAPIN:

Yeah. I just wanted to loop back to the point that Jamie made, which I thought was a very good one in terms of the fact that there are certain safeguards that were instituted in connection with the new gTLDs that aren't even present in the legacy gTLDs, and that's an interesting issue to explore both in terms of the surveys regarding whether in fact the new safeguards, the public interest commitments are actually being abided by, and also in terms of whatever comparisons we're thinking about that we're able to do in the context of our mandate.

Does this introduction of these safeguards, has that had an impact on the system as a whole? I think it's just an interesting comparison, but we have to be careful because it's not apples to apples because the safeguards are in connection with the new gTLDs and not the legacy gTLDs.

JONATHAN ZUCK:

That makes sense. Other comments, then, on this definition. Okay, so we – oh, Laureen, did you put your hand back up. Thought I saw it go down and up.

LAUREEN KAPIN: No. I need to take it down.

JONATHAN ZUCK: Okay. Any other comments on this? So we're going to try to add a line that gets specifically to this issue of underscoring these issues of overall concerns with using the Internet. And then we will all take to heart the scoping that we want to only look at issues of consumer trust that might reasonably be connected to the introduction of the new gTLDs. [inaudible] five.

Oh, Jordyn's question, the difference between one and five. Consistency of name resolution means if I type in a name, I get to that site, and I guess the five was more broadly, again, trying touch on this other issue, which is does the system work for me? Is it too confusing? So one was sort of a technical and five was more about do users feel that they're able to navigate the Internet?

Jordyn, you have your hand up. Go ahead.

JORDYN BUCHANAN: Yeah, so maybe [inaudible] this offline, the word searching just seems like a strange word to use in conjunction with the domain name system since it's a precise match system. So maybe reach the site that they intend or something like that.

JONATHAN ZUCK: And that's fine. Let's just make a note of that, Eleeza. Okay. And then Carlos, we have a question now on the relevant market paragraph.

CARLOS GUTIERREZ: Yes, please. May I?

JONATHAN ZUCK: Yes, go ahead.

CARLOS GUTIERREZ: I respect the relevant market a lot. It is a very important instrument in the telecom market and there's a lot of literature about that, and my question is do we need to [inaudible] relevant markets? Because I don't feel comfortable with the second sentence. Thank you.

JONATHAN ZUCK: Okay. Which second sentence? You mean, beginning with "however"?

CARLOS GUTIERREZ: Exactly.

JONATHAN ZUCK: So what is your concern with that? It's just saying the competitive dynamics and the domain name ecosystem unrelated to the introduction to new gTLDs, are not in the scope of this review.

CARLOS GUTIERREZ: [inaudible].

JONATHAN ZUCK: That's what we've been saying for a lot of this discussion.

CARLOS GUTIERREZ: Yes, but on the other hand, Evan said discussion and the discussion how people use the Internet are within this exclusion. I mean, if people are using [apps] or search engines, well that's in the dynamics of the market. So after having heard 10-15 minutes of all the user behavior and the possibility of introducing these questions in the Neilson report, this sentence seems to exclude the whole discussion, so I don't feel I need more clarity there.

JONATHAN ZUCK: Oh, I see. I don't think it excludes them. I think it just gets to this notion of looking at what the source of the change is. In other words, we can't look at general trends that are happening that are completely unrelated to the introduction of new gTLDs.

So to the extent that which the introduction of new gTLDs has pulled market share away from Facebook because people can get more interesting names, sites for their fans, or it's increased confusion and drive people to Facebook, those are both relevant with this definition, but the notion is that it's going to be linked somehow to the introduction of new gTLDs.

CARLOS GUTIERREZ: Okay. I feel a little bit better. Let's leave it there, but I don't want to have these behavioral issues of the consumer outside of the scope. Thank you very much.

JONATHAN ZUCK: So I think Jordyn's suggesting that we won't find a correlation and that's fine. I mean, that's different than not looking. So I think it's just a question of suggesting that what we are looking for is our competitive dynamics that have been directly impacted by the introduction to new gTLDs. That's all the second [inaudible] so it's not... That's not excluding types of competitive dynamics, just the source of the change. Okay.

Oh, did I address your question, Stan? [inaudible]. Okay, so I'm just getting the hook. It looks like we may not get to the work plans because that conversation just became more critical with our definition of competition. So we'll need to pick that up on the next call.

But I think we have, with some slight modifications we've made note about, we have a workable charter here. So does anybody have any other business they want to bring up here at the end? Oh, Laureen wants to still discuss the definition of consumer. Okay, I didn't realize that was an open issue, so do you want to bring that up quickly, Laureen? And if folks have to drop off, I understand.

LAUREEN KAPIN: Actually, I think we probably want to have more than a – it's probably not that conducive to being brought up quickly. So maybe when I send something around versus consumer trust, I'll also send something

around with the definition of consumer. But to echo what Megan has said in the chat, this seems to really focus on registrants as consumer what strikes me as fairly narrow, although it does have the broader reference to Internet users. But I just think it's a little skewed in terms of its focus.

JONATHAN ZUCK:

Okay, all right. I don't want to have a – it has both and I don't know that it puts an emphasis on either one of them. I look forward to your e-mail and seeing it. I mean, this definition has survived the lots of public comments and things like that, so I don't understand your concerns. So maybe I will need to wait for your e-mail to understand it better if you have a recommendation there.

And, Megan, I look at your [inaudible] comments, as well, but if you think this is a broader conversation, we can push that part of it to the next call.

ELEEZA AGOPIAN:

Our next call would actually be your LA face-to-face meeting on the 22nd and 23rd, so perhaps this and the work plan can be our first agenda item for that meeting.

JONATHAN ZUCK:

All right. That's sounds good.

ELEEZA AGOPIAN: And I think Margie wanted to add something, as well.

MARGIE MILAM: I guess the question is do we want to have a call before that? I mean, before the face-to-face meeting. Just a question.

JONATHAN ZUCK: Yeah, that's an interesting question. So we can definitely see the marked-up document before then. The problem is just whether or not we want to try to resolve this conversation so that we have more focused discussions about the data that we'll be looking at and the discussions of the Analysis Group and Nielsen at the face-to-face.

So Jordyn, did you go back and find the comment and it was just about the order they were in?

JORDYN BUCHANAN: Yeah, that's correct.

JONATHAN ZUCK: If that's the issue, then I'm happy to switch the order, as well. And so we'll make that change, as well. If that's the key to the change, then we'll go ahead and make it and see if there's other issues that came up. Maybe we are close to having this done so that it doesn't need to be on the agenda for the face-to-face, but definitely the work plan will be and I think that's probably something worthy of a face-to-face.

So we will circulate a new version of this the next couple of days with the minor changes that have come up, but they seem to be largely minor changes, even though they're the results of fairly [inaudible] conversations. And I look forward to seeing you all at the face-to-face in LA. Thanks a lot for participation on the call.

UNIDENTIFIED FEMALE: Thank you.

UNIDENTIFIED FEMALE: Thanks.

[END OF TRANSCRIPTION]