| JORDYN BUCHANAN: | Alright. Thanks, everyone. This is Jordyn Buchanan, and we are beginning the July 27th version of the CCT Sub-team on Competition and Consumer Choice. |
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| | I failed to send out an agenda prior to the call, but I was hoping to cover three topics, at least. The first is just quick update on our data and projects. We spent a lot of time on that on recent calls, and I'm hoping to spend a few minutes running through things. |
| | Secondly, related to that is a discussion around how we want to treat – now that we're actually starting to look into data, we're starting to see some edge cases. So there's been discussion on the list, for example, about what to do with registries that are brand registries, .brands, and/or haven't launched and how we want to treat those and maybe any other edge cases we've identified before we make decisions about how we're going to have those treated in analysis. |
| | Third, we'd had our first project completed by Analysis Group and sent back to us. I tried to put that on Jonathan's template. Separately, Stan sent around a write-up of a proposed approach to the trademark project, and I just wanted to have a discussion amongst the group of how we're going to start to translate these projects into an eventual report product that we'll be outputting. |
| | So that's my proposed agenda for the day. Does anyone have any additional items or suggestions for the agenda? |
| | Okay. Seeing none, before we move on to that, I'll just ask if anyone has any updates to their Statement of Interest. |

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Seems like no. Alright. Why don't we jump in then on the data updates? Stan and Eleeza and I spent a little bit of time yesterday running through our project list and tried to identify where we're making progress versus where we're stuck. A number of projects are either dependent on, at this point, work by Analysis Group, which is ongoing (we saw the first product of that over the last week) or on the Nielsen registrant survey, which is in the field now and which we expect back prior to the Vienna meeting.

We've also recently had the staff put together a table on policies, which I think they shared with us on our last call a couple weeks ago. Several of our projects were late to interpreting that data, so I'm going to have an offline conversation with Dejan about how we're going to approach consuming that. But that seems to be in good shape to figure out how to translate that into a project as well.

A few projects lack definition. Some have my name next to them. Some have Megan's name next to them. So we'll need to either give those projects some definition or decide that we're not going to be able to complete them. I'll try to triage those and probably reach out to Megan in addition to Dejan to see if we can figure out how to approach those.

There are three areas which we identified that still need some additional data. I think we have leads on all three and are making progress on all three – well, at least two of the three. I just wanted to flag them for folks in case we have additional suggestions.

The first is ccTLD data. Dejan sent around a spreadsheet where he intersected the Zooknic data and the Nominet map and occasionally some other data tables.

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Dejan, could I maybe put you on the spot and get you to speak? How good do you think the data that we have is? Do you think we need to continue to search for additional data, or do you think that the data that we have now is probably sufficient in order to work on?

DEJAN DJUKIC:     Hello?

JORDYN BUCHANAN:     Yeah, we hear you.

DEJAN DJUKIC:     I'm not sure that we need to search for additional data. Maybe we need to find a new way to get – do we have data for a concrete part of the time? But this table so far seems quite okay comparing the Zooknic table and the Nominet map. I think it would be great if we could find some additional data from Nominet, but I'm [not] sure we can do anything more to find additional ccTLD data.

JORDYN BUCHANAN:     Right. Thanks. As Jonathan pointed out yesterday, I hunted down some contact information for Nominet, and Jonathan has e-mailed them. I see Stan has his hand up, so I think he's probably going to suggest what I was about to. Go ahead, Stan.

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STAN BESEN:             No, I don't read minds. Actually, it's a question for Stacey. If you had the data we just discussed, could you perform the calculations that involved ccTLDs that are currently pending?

STACEY CHAN:            Yes. I'm gathering that you're talking about registration data for the ccTLDs.

STAN BESEN:             That is correct.

STACEY CHAN:            If we had that data, then we could perform the same calculations that we performed for legacy and new gTLDs.

STAN BESEN:             Do you have those data at present?

STACEY CHAN:            We do not.

STAN BESEN:             Okay. So I guess the question is, at least tentatively while we're waiting perhaps for better data, shouldn't we just give Stacey those data so she can do a pass on the calculations that involve ccTLDs?

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JORDYN BUCHANAN:    Yeah. Stan, that's exactly – see? You did say exactly what I was about to suggest. So, yeah, I was going to suggest that, if Dejan is feeling relatively confident about it and other folks don't have any objection, we should go ahead and forward the spreadsheet that Dejan put it together. I'll send it to Stacey and to Greg and get some feedback from Analysis Group on whether it seems sufficient in order to complete the ccTLD-related registration analysis or not.

STACEY CHAN:    That sounds great.

JORDYN BUCHANAN:    Alright. I just forwarded that to Stacey. I don't expect a response on the call, but if you want to respond either to me or back to the – Stacey, are you guys on the CCT Review-Competition mailing list?

STACEY CHAN:    I don't think that I am. I haven't received any of those e-mails.

JORDYN BUCHANAN:    Okay.

STACEY CHAN:    This [inaudible] so haven't included them on that list.

JORDYN BUCHANAN:    Okay. That's fine. So, Stacey, why don't you take a look? Feel free to respond back to me, and I'll forward it on to the list.

STACEY CHAN:              Okay. Thank you.


JORDYN BUCHANAN:          Thanks. Alright, so that's the status of the ccTLD data. The next area is parking data. We've received the proposal from nTLDStats to perform their analysis of parking data on legacy gTLDs. They proposed doing a 1% sample of a few of the bigger legacy gTLDs. As I understand it, they're mostly constrained by the number of domain names that they can analyze due to the fact that they have a limited number of IP addresses, for example, and can't run their queries without getting blocked by various query protection mechanisms. Without having a broader set of IP addresses or more completed computational resources, there are various things that limit the throughput of their data analysis.

So what they're proposing to do is, opposed to doing all of, for example, .com, just doing a 1% sample of .com, which would be about 1.4 million names, which is larger than almost all of the new gTLDs. So it still should give us a fairly good view of that.

They proposed doing it only on a handful of the legacy gTLDs. I was going to propose back that we have them try to do it on all of the legacy gTLDs and set maybe a floor of a minimum of, I don't know, 50,000 names per gTLD or something like that, so we don't get tiny samples in some of the smaller gTLDs.

And then perhaps include a few of our popular ccTLDs as well, where we can get zone files. I think that's what they indicated the most critical element was.

Stan, I see you have your hand up again, so go ahead.

We can't hear you. Stan, if you're talking, we can't hear you.

STAN BESEN:    I'm sorry. I just wanted to remind us that they will provide contemporaneous parking data, but they will not provide historical, that is, before parking data. So some of the calculations that we might want to do with parking data we probably cannot do. But we could do anything that involves contemporaneous data.

JORDYN BUCHANAN:    Yeah. Thanks, Stan. That's a great point. And, yes, the mechanisms they use are essentially real-time scans. Since they haven't already done that on the legacy gTLDs or ccTLDs, they won't be able to.

Do people agree with the overall approach of doing a sample of the legacy gTLDs, except where they're sufficiently small that we might want to look at the whole thing?

STAN BESEN:    I'd like some feedback at some point from Greg and Stacey about whether they think those samples are large enough, but we needn't do that on this call.

JORDYN BUCHANAN:    Sure. Okay. That's great. I'll draft together an e-mail based on our discussion today and cc them and see if they have a view.

Not seeing any other feedback, I'll assume silence is compliance. Does anyone have suggestions of significant ccTLDs that would be interesting to look at as part of this process? Basically what we're looking to compare is: are parking behaviors different in the new gTLDs versus more established TLDs, whether gTLD or ccTLD?

As I mentioned a moment ago, until nTLDStats said they can do this analysis on TLDs that they have zone files for, so I guess I wonder if people have suggestions or know of ccTLDs that publish their zone files and that would perhaps be interesting to look at from a comparison point of view to the new gTLDs.

Jonathan is typing something, so we have a moment. Jonathan asks if ICANN has all the zone files. Eleeza will correct me if I'm wrong, but I'm pretty sure the answer to this is they have all the gTLD zone files and none of the ccTLD zone files. Is that correct, Eleeza?

Yes. Eleeza says that is correct. So, [unfortunately] the ICANN data [source doesn't] help us [with new gTLDs]. Alright. We'll have to take a look at this offline.

I don't know who Barry is, but Jonathan asked if Barry's company collects ccTLD zone files. In any case, we'll have a separate discussion offline and see if we can identify any useful ccTLDs to add to the comparison points for nTLDStats, but I'm hoping that we can get a formal request to them by the end of the week.

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Eleeza, I think they quoted something like €4,400 for their initial request. If that's a bit higher still, do we need to do a formal RFP with the process by which we're going to engage nTLDStats?

ELEEZA AGOPIAN: Not at that price, no. I think we should be able to just engage them because that's such a low price.

JORDYN BUCHANAN: Okay. So it's hopefully a relatively straightforward process, as we decide what we want, to just get them to start working on it?

ELEEZA AGOPIAN: Yes. We still need to write a contact, but, yes.

JORDYN BUCHANAN: Right. Okay. Great. They say that we're going to need a few weeks of work, so in theory, if we get this closed out over the next week or two, we might be able to get this data prior to Vienna, although it's looking tight.

Stan, go ahead.

STAN BESEN: Did we settle on which parking measure we're going to have them provide?

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JORDYN BUCHANAN:     As I understand it, they're going to do the same analysis for these other TLDs that they do for the new gTLDs. I think we did not decide on which parking measure we're going to use, but they're going to provide the same parking measures that they do for the new gTLDs.

STAN BESEN:     The reason I raised that is, when Stacey sits down to do the calculations, we will have to have resolved that.

JORDYN BUCHANAN:     Right. That's correct. We will have to choose which parking measure we want to be used, but that is distinct from what they're going to provide us. They're going to provide us, I think, all seven of the measures that they provide.

STAN BESEN:     That's fine.

JORDYN BUCHANAN:     Alright.  I thought I was going to say there's one more data element that I wanted to talk about, but I totally don't remember what it is.

Anyone else familiar with any other data that we're looking for that we still need to collect?

STAN BESEN:     Are you referring to the brand data?

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| JORDYN BUCHANAN: | No. For brands, I think we agreed that the trademark list we're going to use is the combination of the Analysis Group list used for the TMCH review as well as the Interbrand list. |
| STAN BESEN: | Your point the other day was that, for the purpose of calculating market shares and such, we might want to treat .brands differently. |
| JORDYN BUCHANAN: | I do want to talk about that a little later in the agenda. |
| STAN BESEN: | Okay. I'm sorry. Then I do have one small question. It goes back to Stacey's e-mail out the 21st. It says, "We do not currently have backend provider information for legacy TLDs." Is that in the works? |
| JORDYN BUCHANAN: | Go ahead. |
| [STACEY CHAN]: | I was going to say that I believe that they all are their own backing providers, but I'll double check it. [inaudible] |
| JORDYN BUCHANAN: | Yeah, so that's not true. For example, .jobs runs on – or maybe .jobs is owned by Verisign now – but there's definitely some that were using Verisign. PIR is definitely their own entity, and they use Afilias as a backend. So there is some amount of backend usage in the legacy TLDs |

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as well. But there's not very many of them, so it shouldn't be very hard to figure that out.

Eleeza, is that something staff can take on to provide to Analysis Group?

ELEEZA AGOPIAN:        Yes.

JORDYN BUCHANAN:      Okay. Great. Alright. We'll use that as a segue to the topic that Stan has just raised then, moving past the data discussion to how we want to interpret some of this. Stan has pointed out on the list that there are a large number of gTLDs with a very small number of registrations. That is definitely a true statement and will probably be true even after we exclude some of them.

However, in some cases, the reason why the TLD has a very small number of registrations is because either the TLD is limited to use by a single registrant – and that's generally because it's a .brand TLD, although there's small number of TLDs that are not strictly speaking .brands and they haven't signed a Specification 13, which is the .brand specification that ICANN provides, but nonetheless have qualified with ICANN for a status that allows them to limit the registrations to just a single registrant and to, therefore, have some more flexibility in how they interact with registrars as well.

So in those cases, if it's just one company using a TLD, I would except it would be unsurprising that those TLDs have a limited number of second-level domains. In fact, just the use case is sufficiently different

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that, when we look at competition with .com and the existing legacy gTLDs, we might not want to include those numbers, even if they were really high.

For example, if .macys gave away an SLD to every one of their customers, that might not really be the same kind of use case if it's only being used in the Macy's context of registrants buying names on their own and using them for their own purposes, as you might see in the other TLDs. So that's one category of names that might behave differently and be skewing that very small number of SLDs.

The other problem I think that we're seeing is domain names can be present in the root zone, so a TLD can show up in the nTLDStats data and our other data sources from ICANN as well, but despite this fact, they may not be launched in that they may not be allowing registrations from the general public. In that case, they might only have one or two names. It might just be that they have nic.tld, which is a required name that ICANN requires everyone to do, and they might have a couple of other information names on the TLD – home.tld or get.tld or learn.tld or something like that. But there might not be any third-party registrations in the domain.

I think that, while this is fine just for looking at the overall market count of how many registrations are in new gTLDs, when we start to look and say, "What is the fraction of TLDs that have launched and have so many registrations?" these names can skew the numbers.

So I have suggested on the mailing list that we might just want to pull both sets of those out, probably separately, and when we do analysis, where this is significant, say, "Okay. We looked and saw that this

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fraction of TLDs had more than this registration's. This fraction of TLDs had between X and Y. This fraction had less than Y. There were many this brands and this many that haven't launched yet," as opposed to just bundling those up into the raw counts.

I guess I wanted to ask what folks think about treating those two classes of TLDs separately, where we're looking at volume counts for individual TLDs as a significant number.

Stan's got his hand up. Waudo is typing, but let's start with Stan, and we'll see what Waudo has to say in the chat. Go ahead, Stan.

STAN BESEN:     I actually think that's a good idea. I want to apologize now for something I should have raised sooner, but it's related. It's the same sort of methodological question. Earlier, Waudo suggested that we treat some ccTLDs like gTLDs. I think he called them open ccTLDs.

So I guess the question I have that I should have raised earlier is whether, on the list we have of ccTLDs, some of those could be flagged as open, and for some purposes of market definition, we treat them like gTLDs.

JORDYN BUCHANAN:     Yes. Thanks, Stan. This has come up in discussion before. Before we move on to that, just for a moment I want to capture the discussion in the chat on the previous question, which is whether we should separate out the brands and the not-launched gTLDs. It seems like you said that's

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a good idea, and Waudo and Jonathan and Dejan all suggested that we should do that in the chat.

Unless I hear otherwise, I think we're going to go with that presumption. We'll have to figure out how to generate those lists. I think ICANN should be able to help figure it out, but we'll have to work with Eleeza to make sure that we know what those lists look like.

Moving on to your other questions, Stan, yes, I think we had agreed that we wanted to look at some of the ccTLDs as more like gTLDs. It might be that we have to put them in their own special category, or we might want to just clearly label "gTLDs plus generic ccTLDs." We'll have to settle on terminology.

As Jonathan pointed out, Google has a list of ccTLDs that it considers to be non-country-designating. Some ccTLDs are strongly associated with a country. Most of them are, in fact. But a few of them – I think there's about 20 – are considered to be more generic, not to be associated with a specific country.

There was a separate list I think that Megan had some concerns about two TLDs, .asia and .eu, that were considered to be regional as opposed to per country, so we should talk about those in just a second.

In general, that's the only list that I've seen of these TLDs, so we could either look for another list, we could use the Google list, or we could generate our own list. But, yes, people are talking on the chat about various examples of this. .co, .me, .tk are all pretty good examples, I think; .tv would be another one.

Jonathan has surprisingly suggested .es, and Megan has wondered whether Spain has really given up sovereignty over its TLD. I think that .es is not on the Google list, at least.

I guess the question I have to the groups is: do we want to use the Google list, do we want to look for some other list, or do we want to create our own list? I would suggest just using the Google list for simplicity. Despite the fact that I am employed by Google, I don't think that makes the list any better or worse. I just think it's the list that we have at the moment. I'm curious for feedback from the rest of the group.

Stan, your hand is still up or is that a new hand? It seems like an old hand.

Dejan has suggested we use the Google list. Waudo has suggested that open ccTLDs are those open to commercial registrars. Waudo, I think that's a somewhat problematic definition because I know for example many of the larger ccTLDs, including .uk, .de., .fr, and .au, all of those I think have a pretty strong country identity but also allow commercial registrars to register within them. So that seems like a somewhat problematic definition, unless we want to have a very, very broad notion of what an open TLD is.

So Stan had agreed we use the Google list. Jonathan had suggested that we use the Google list but feel free to add to it. I agree with that notion.

Dejan, you've got your hand up. Go ahead.

| DEJAN DJUKIC: | I think that a definition, if a ccTLD is open or not, is not required [quite] because now many ccTLDs are open, especially in the European Union. So it will be pretty close, the definition, if we use that one. So the Google list and, like Jonathan suggested, if we discover some specific ccTLD which is on market [totally] like a gTLD, then we will add that one on the Google list. But the definition, if it's open or not, is not good. |
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| JORDYN BUCHANAN: | Okay. Yeah. I [inaudible]. Megan has agreed with that on the list as well, so I think we'll go with the Google list. If anyone sees anything they think is missing from that, then feel free to raise it to the list and we can consider adding it. |

I do want to just briefly touch on that, on the Google list, there are the two regional TLDs, .asia and .eu.; .asia is a gTLD, and I think we would consider it as a gTLD for our purposes.; .eu I think Megan has argued is more like a ccTLD. I tend to agree with her. It has registration restrictions so that only I think residents of the EU can register in it. So in my mind, it makes it clearly not a gTLD. So I suggest that we treat .eu as a ccTLD despite its entry in this regional TLD list on the Google list.

Do other folks agree? Should we treat .eu as a ccTLD? Jonathan says yes. Megan seems to say yes. Dejan says it more ccTLD than a gTLD. Technically speaking, it's not a ccTLD in that it is not a country code, but I think for our purposes, treating it more like for a ccTLD makes sense, so we'll do that.

For the record, we are going to proceed using, when we want to consider which ccTLDs we consider to be like open TLDs, we're going to

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use the Google list of generic ccTLDs. Then the two regional TLDs from that list: we're going to consider .eu a ccTLD and .asia a gTLD.

Alright? We also agree that we're going to separate out the single registrant TLDs, .brands, and ROCC exempt, and then also the not-yet launched TLDs. So we'll have to work with ICANN to get that data.

I see Eleeza has her hand up. Go ahead, Eleeza.

ELEEZA AGOPIAN: Now you're reading my mind, Jordyn, because that was what I was going to ask. ICANN has a list of everyone who has been granted the [Spec 13] as well as ROCC exemption, but I can just cross-reference that with the TLDs that have been delegated. I'll put together a list for you guys on that.

JORDYN BUCHANAN: Perfect. Then on the launched list, I think what we probably want to do, if you guys have a way to import this data, is just figure out what the general availability launch date is for each TLD and then provide that in some format. Then whenever we want to say, "Was a TLD launched on a particular date?" if they weren't up to that date, then we'll put them in the not-yet-launched bucket.

ELEEZA AGOPIAN: Sorry. For all of the TLDs, basically right now we're tracking all TLDs that have been delegated. So you want to just indicate when their launch date was if they've had one yet or when it is.

JORDYN BUCHANAN:      Correct. Yeah. I guess if they haven't provided one yet, they definitely haven't launched, and if they have provided one, whatever the date was, and then we can see whether it's in the future or the past for any given bit of analysis.

ELEEZA AGOPIAN:      Okay. Sounds good.

JORDYN BUCHANAN:      Great. Thank you. Alright. I think that takes us to the end of Discussion Topic #2. Does anyone else has any other sort of high-level filters on how we're taking a look at data that we want to discuss here?

Alright. It seems like no. Topic #3 is, hopefully, the most exciting one, which is how we start moving from all these discussions about data and getting data to actually drawing some conclusions and eventually writing some prose that will form the final report.

We've received our first project back from Analysis Group, and this was the market concentration analysis that they've done to look at what the market concentration is in the new gTLDs, all gTLDs, and then to look at market concentration for registrars in the new gTLDs as well as backend providers.

Jonathan had previously circulated to the broader team a template to use to start to lay out our findings and how we relate our data points to our broader questions.

I think the market concentration question really only answers a small part of our question, of any of our big questions, but I tried to do an initial mapping of that onto Jonathan's template last night and sent that around.

I guess I have a question, first of all, about form, and then we can get to substance in just a minute. I guess maybe for Jonathan, first, if you had a chance to look at my write-up, does that match roughly your intended use of the template?

JONATHAN ZUCK:      I looked at it really quickly, but it seemed like it did. I didn't look at it in detail. The idea really was just to come up with an apples-to-apples sort of structure that enforced some level of rigor on everybody's reporting out of these findings, right? So I'm not wedded to anything in particular in there. If something needs to be modified to accommodate something you discovered in using it, I think that's more than okay.

JORDYN BUCHANAN:     Yeah. I think the only thing I discovered was that – and this is probably expected, given that this is our first piece of data – I didn't think that – and maybe this relates to the fact that, as Dejan pointed out earlier, in a lot of cases we're doing foundational research. We don't necessarily know what question we're trying to answer or what feeling we're trying to get at. So in the places where it was like, "What are the recommendations from this?" it wasn't obvious to me that there needed to be any.

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JONATHAN ZUCK:        Well, I guess I don't know that there are recommendations right off the bat, either. I guess the way I envision this – and maybe I'm overcomplicating this, and feel free to push back on that as well – is that this particular research-driven sheet would end up servicing one or more hypotheses and would find their way reflected onto a hypothesis worksheet, basically, assertions that people have made, etc. Then they cumulatively would represent findings with respect to that hypothesis, and that hypothesis would feed into something that would be called a finding and would have recommendations associated with it.

So I think it's possible for us to have no recommendations around many things. But if we find, for example, that cumulatively the New gTLD Program did not lead to an increase in price competition, for example, we might try to make some recommendation about that. Right?

I don't know what that would be. Remove the [price caps on .down]. Whatever. Right? But it might be that, if there's a cumulative finding, then there might be a recommendation associated with a cumulative finding. Does that make sense?

JORDYN BUCHANAN:        Yeah. I think that's fine.

JONATHAN ZUCK:        The one that you've filled out was the one designed for raw research, if you will, but the part of that that's relevant to a hypothesis would get moved over to that hypothesis worksheet. So it'd allow for a kind of cumulative finding.

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JORDYN BUCHANAN:     Right. Yeah. So we'll just need more data and more projects before we get to that point, probably.

JONATHAN ZUCK:     Alright.

JORDYN BUCHANAN:     Alright. I guess I'm curious if anyone else has a reaction, has had a chance to look at the write-up and see – in this case, the write-up was probably at least as long as the actual spreadsheet that Analysis Group sent out, so it certainly didn't help – you can say you had to do less reading in order to take a look, as might be the case with some of the discussion papers or other places where we're using the same format.

I'm curious if folks found the write-up helpful. Was it good to have this document as an interim step, as opposed to just looking at the raw Analysis Group spreadsheet?

JONATHAN ZUCK:     Jordyn, I guess part of what you're doing there is translating it into prose, and there's no way we would ever put out the spreadsheet absent explanation. So that's part of the translation that's taking place, right?

JORDYN BUCHANAN:     Yes. I think that's right. There's a separate question of –

JONATHAN ZUCK:          Apples-to-oranges comparison. You might include the spreadsheet in both cases.


JORDYN BUCHANAN:        Right. No, no, I agree. I guess I'm asking: Jonathan, do you envision that the final report will have a series of these documents in this format? Or is this an interim step that we're using is to help us figure out our own process?


JONATHAN ZUCK:          Again, I'm not trying to impose this, but what I had envisioned potentially is that the actual report would be structured around hypotheses. That's the other worksheet. So the worksheet you filled out is designed to be a kind of feeder for one or more of those hypotheses worksheets.


JORDYN BUCHANAN:        Yeah. So [inaudible].


JONATHAN ZUCK:          That's what I thought. I thought that we would have some structure around a hypothesis, coming up with a hypothesis in order to be somewhat rigorous. But the point is, there's some question and some background and some findings, and then roll that up into recommendations surrounding those overall findings. In other words, there's going to be more than one – the big question about whether

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there was price competition is actually going to be the result of the end of these little projects. So it's not that each one of these is necessarily going to result in a set of recommendations.

JORDYN BUCHANAN: Yeah. I still don't think that quite answers my question, which is, if we agree on the worksheet format and make a bunch of them, is that intended to be an interim step that we consume as a review team and use in order to translate to keep some rigor around our process, but ultimately the prose that we write will be more free text? Or do you imagine that we'll be using this template in order to provide structure for the report itself?

JONATHAN ZUCK: Sorry. There's two templates, Jordyn.

JORDYN BUCHANAN: Sure.

JONATHAN ZUCK: Two different ones.

JORDYN BUCHANAN: But regardless of which template.

JONATHAN ZUCK: No, no. Right. I'm saying that the one that begins with the hypothesis I imagine being the structure for our free text. It'll still be free text, but

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we'll be basing that free text structurally so that there's consistency in the free text structurally on the hypothesis-based worksheet. That's what I had envisioned.

JORDYN BUCHANAN:          Alright. Okay, thanks.

JONATHAN ZUCK:            Does that answer your question?

JORDYN BUCHANAN:          Right. So [inaudible]

JONATHAN ZUCK:            There's still more to do. It's not like we're going to staple these together, but we're going to have a consistent structure to the free text. That was the point of the template; so that everybody didn't go off and make up their own five-paragraph format for every little question. I guess that was the idea.

JORDYN BUCHANAN:          Sure. Okay. I guess the utility of that I think we'll have to wait until we see whether we can actually address one of these hypotheses and see how that plays out in terms of actually writing some of [inaudible].

Separately to this, Stan had sent around a proposed write-up of how you might approach the data analysis for the trademark project and had written some prose around that.

Stan, would it be possible for you to just talk through your usual approach to what drove you when you put together that prose around the trademark project and how you thought about constructing prose around the research projects and see how this compares to Jonathan's thinking?

STAN BESEN: I must confess that I didn't look at the template when I started. I wrote it up the way I usually would. In this particular case, there is a literature, so I thought that we ought to tell the world that we were not the first people to address this question. I tried in a very brief way to summarize what other people have said. The next paragraph simply says, "Here are the calculations that we did, and here are the results of those calculations." Of course, I didn't have those results at the time. We don't have them yet.

But that's the way I normally put together a project when I'm testing a hypothesis and reporting results. I think, at least for me, that seems fairly straightforward. "Here's the question. Here's the data. Here's what we found out." It doesn't say anything about implications or policy or any of that stuff, but with respect to simply the report on what we did, I think that's a fairly straightforward way to do it.

JORDYN BUCHANAN: Yeah. For example, that implies that there's a literature review or a pre-study element not present in the current template. But maybe we can figure out how to merge Stan's write-up into these individual data analysis pieces, keeping the hypothesis template as is and then see if we

can't map Stan's prose onto one of the findings or data templates and use that combination to go forward. I'll start a separate thread with Jonathan and Stan to see if can't close that gap and use that as an example.

STAN BESEN:        Let me say as well that there are a series of studies, some sponsored by ICANN in the past, others in the general literature, on the competition questions. So one could draw on those studies done by Mike Katz or Rich Gilbert or whoever. I would propose that we in fact cite that work as prior to our work.

JORDYN BUCHANAN:   Okay. I think we're getting loud typing noises, which I think according to the microphone icon is coming from Jonathan. So, Jonathan, I'll ask you to mute or use your words instead of your typing.

Okay. Let's see. Jonathan said that he's happy to work on it and we just need to roll this all up to draw [inaudible] conclusions, which I agree with. Now that we actually have stuff to work with, I'm trying to make sure that we're in a good position to start translating our projects into prose that we can use in the report.

So we got a few next steps there. I think we're probably getting close. I'm really hoping that we'll have a series of these findings or these data analysis bits that we'll be talking over in Vienna. We can use that to start to really drive the prose after we leave or start to think about assignments and so on while we're there.

We have ten minutes left. I'm going to be a little controversial. People may not have had a chance to look at what I wrote up, but I'd like to at least summarize what I took away from the Analysis Group market concentration data and see if it resonates with folks. There's more information we're getting on competition in general, but it might be useful for people at least to see what the data says and to see if this matches our thinking if that's something we might want to put in the report.

What I took away when I took a look at the data and did a little bit of research into what the numbers meant, I had to be reminded of what HHI meant in practical terms and where, for example, the U.S. DOJ, the Department of Justice, considers a market to start to be not competitive or they like to keep an eye on it.

In terms of general gTLD market concentration, it appears that the new gTLDs are much less concentrated than the overall gTLD marketplace. In fact, by all these measures that we have – the [8-firm] concentration measure and the HHI – it appears that the new gTLDs, if you consider those to be a market, are I guess I would say relatively competitive. I don't know if I'm using the right terminology, Stan. But those numbers are all under the thresholds at which competition authorities seem to consider to be problematic.

STAN BESEN:                    I think you would say "unconcentrated."

**EN**

JORDYN BUCHANAN:       Unconcentrated. Yes. With the possible exception, I guess, of the 8-firm concentration number for the new gTLDs of .63. I gather that numbers of above 0.5 there start to be where people would pay attention at least.

STAN BESEN:       But the HHI is really very low.

JORDYN BUCHANAN:       Right. The HHI is at 683, and that would be well under the 1,000 threshold that anyone would start to –

STAN BESEN:       1,800.

JORDYN BUCHANAN:       Right. You know much more about this, Stan. It looked like 1,800 is where they keep an eye on it, and 1,800 and above they would consider it to be problematic. Is that a fair statement?

STAN BESEN:       Correct.

JORDYN BUCHANAN:       Okay. So this would be well below even the threshold of where they would keep an eye on it.

# EN

On the other hand, if you look at the total gTLD marketplace, including the legacy gTLDs as well as the new gTLDs, that market looks to be quite concentrated. The HHI there is 6,300. If we imagine that 1,800 is the threshold at which the competition authorities start to get worried, this is several times that. The 8-firm concentration is over .95, which is very high as well. So that marketplace in general seems to be very concentrated, and the new gTLDs seems to have obviously had a limited effect. Even though that market is not concentrated itself, when you merge it into the broader context of all the gTLDs, it's still a very concentrated marketplace.

Stan, does that match your reading of the figures?

STAN BESEN:             Yes. As a matter of arithmetic, there are two things that determine the effect of the entry of new gTLDs on overall concentration. One is how concentrated they are – and as you point out, not nearly as concentrated. The other is how much of the market they collectively capture. At present, they have collectively not captured a large enough share to make a noticeable effect on overall concentration.

JORDYN BUCHANAN:        Right. The mental model I have in looking at that is that the new gTLDs themselves are relatively competitive. There's not that much concentration, but they're not enough of a factor in the overall market. In the combined market, they've really had a big effect in the concentration in the overall gTLD marketplace.

**EN**

STAN BESEN:                    Exactly correct.

JORDYN BUCHANAN:          That's the sort of thing where it was hard for me to figure out what sort of recommendations we would make because it's roughly like, "Well, hopefully, they'll be more successful in the future and continue to have this pro-competitive effect," but it's not yet significant enough to really address the concentration issues that were already present in the market.

STAN BESEN:                    And there's the more general point that perhaps not enough time has passed for their full effect to have been felt.

JORDYN BUCHANAN:          Sure. That definitely makes sense. It might be useful to compute these numbers from at the start of the program as well. Obviously, the new gTLD numbers would be non-existent, but we'll look at all TLD registries' numbers from a few years ago and see how that's changed.

We only have three minutes left. The other things that I noticed were that the interaction of new gTLDs seem to have very little effect on the concentration of registrars. As I pointed out, the 4-firm and 8-firm numbers actually showed a little bit higher concentration. The HHI figure showed a little bit lower concentration. So depending on how you [measure], but all the numbers were relatively low and the changes were relatively small between the new gTLDs and the all-TLD market.

So I think, not surprisingly, since the new TLDs use the same registrars as the legacy TLDs, that the introduction hadn't had a significant effect on competition amongst registrars.

Finally, we got some numbers on the backend providers of the new gTLDs. These numbers also looked relatively concentrated. The HHI number is right close to that 1,800 threshold at 1,735. The 8-firm concentration ratio is .95, which seems extremely high. This seems to indicate that there's a relatively small number of providers, at least for backend services.

STAN BESEN:                      Let me just say one more thing.

JORDYN BUCHANAN:           Go ahead.

STAN BESEN:                      While it's true they're relatively few, it's not as if one dominates.

JORDYN BUCHANAN:           Yeah.

STAN BESEN:                      That's the important difference between the concentration ratio and the HHI. It could be the case that the same 4-firm concentration ratio, HHI could be much higher if a single firm dominates. My recollection of these numbers is there are four roughly more or less equal-sized

backend providers. I'm not sure that's right, but that's what these numbers suggest.

JORDYN BUCHANAN:     Yeah. So there's a small number of providers, but they're competing effectively amongst that small number at least.

STAN BESEN:     Or at least they're not dominated by a single one.

JORDYN BUCHANAN:     Right. Alright. So they're not dominated by a single one. Stan's using better, more precise language than I am.

But I was also going to say that this might be an area where it's easier for me to imagine recommendations. Maybe ICANN's rules are too strict or favor insiders too much, and this might be some feedback we get from the applicant surveys as to whether they felt like they had options available to them or needed to use incumbents when they went to apply. When we combine this with some other data, it might be telling.

We're basically out of time but, hopefully, we'll be able to have a chance to start talking through other actual data points like this in the near future.

I wanted to give anyone other than Stan a chance to react to those findings. Obviously, those aren't part of the official record yet and not conclusions that we're going to be drawing, but those were my takeaways looking at the first chunk of data that we were looking at.

**EN**

Alright. Not seeing any other hands or discussion – oh, Dejan. Go ahead.

DEJAN DJUKIC: I looked briefly about how to translate this PIC data in this template. Generally, it's possible, but the main question there is, should we analyze every separate PIC, or should we try to manage some general conclusion and put it in the one set of questions? So that's my general question on how to do this.

JORDYN BUCHANAN: That's a great question, Dejan. I was going to follow up with you anyway on some of these topics that you've been interested in. So let's do that in a separate discussion offline.

DEJAN DJUKIC: Okay.

JORDYN BUCHANAN: Thanks for raising that, though.

DEJAN DJUKIC: Okay.

JORDYN BUCHANAN: Alright. We're out of time, so I'm going to thank everyone for your participation today. We'll rejoin on the plenary call next week.

**[END OF TRANSCRIPTION]**