DREW BAGLEY: Good morning. It's Drew.

JONATHAN ZUCK: Morning, Drew. Welcome. And welcome, everyone, to the plenary call here in the CCT-RT. I usually cheat and look at the number up there in the agenda, but I don't see a number to crib from. It's some high number of the plenary calls that we're celebrating today.

Welcome, everyone, that's in the Adobe Connect. Is there anybody that's only on the phone that would like to speak up and let us know that they are attending on the phone only?

All right. Anybody with any updates to their Statement of Interest?

Perfect. Well, let's dive right in. We've got a lot of stuff to discuss on the call today. We have some updated findings documents to go over. Let's jump right in with trademarks, if we can, to just look at any changes that were made from the last time it was presented so we can all get on the same page about the findings.

Jordyn, is that you?

JORDYN BUCHANAN: It's Stan's paper. I think there's been some minor edits to it in terms of language, but I don't think the conclusions have changed at all or that there's been any significant new data sources.

Is that right, Stan?

STAN BESEN: Yeah. That's correct. Jamie said the other day that he had a point to make. I wasn't sure where it would go, so he has promised me some language and a redline. But anybody who wants to send redlines in at this point, the door is still open.

I do have a question, however – a general question – which is, are these about the right length or should they be shorter or longer than they are? I'm having trouble picturing what the final product looks like.

JONATHAN ZUCK: Stan, thanks for the questions. I think these are about the right length. You are blazing the new trail of what the pros sections would look like because everybody is generally using the little templates. But I think this is probably the right amount of explanation around each of these projects.

The next step will be to see how we roll these things up into a narrative, which is the document that Jordyn has begun to construct. How we'll divide those two things up, I guess, is still in question. But as far an explanation of the data, I think what you're doing here is perfect. So it's a good model for everyone to model.

STAN BESEN: That's fine. Again, if people have comments, please send them in the form of a redline to this. That's the most useful to me.

JONATHAN ZUCK: Thanks, Stan. Duplicates – does anyone have any questions for Stan, I guess, before moving on?

Okay. Then let's move right to Megan and duplicates.

JORDYN BUCHANAN: Actually, that one is me, Jonathan. This is Jordyn Buchanan.

JONATHAN ZUCK: I'm sorry, Jordyn. Go ahead.

JORDYN BUCHANAN: This actually hasn't changed in any significant way either. Just as a reminder to folks, I don't draw as strong an inference from this set of data, but it roughly says that, in most cases – 92% of cases – the registrants – let's say we'll use the Big Shots Photography example. Someone who registered bigshots.photography should have registered bigshotsphotography.com instead, but chose a new gTLD. So they're choosing thes slightly shorter new gTLD variant.

But in most cases – in 82% of cases – they couldn't have registered the exact string. So in the case of bigshots.photography, they could not have registered bigshots.com because that would already have been registered.

As you'll see in the bullet-point document that we'll discuss later on, I find it a little harder to draw a conclusion from this data, other than just to point out the fact that people are probably, in general, registering common terms at the second-level. But in most cases, the entire string that they're registering would have been available in .com had they preferred to do so.

I don't think we've had any real comments or updates on this paper.

JONATHAN ZUCK: Thanks, Jordyn. I guess it's tough to draw any type of causation from this, except that there is some substitutability we found among the new gTLDs or .com, since the rough equivalent is available in .com. If there were a [similar] case that I needed a .com address to be legit or something like that, then they would have done bigshots.photography.com.

JORDYN BUCHANAN: That's right. And it's notable that we do spend some time talking about duplication. It is the case that many names registered in gTLDs and the new gTLDs are registering of duplicates of strings in .com. Some of that may be defensive or duplicates for other purposes that are outlined in the Nielsen survey.

But people who are registering in the new gTLDs seem not to feel like they need to register the duplicate in .com, so that's an interesting phenomenon, at least.

To Megan's questions – I know these are duplicates – that second statistic of 92% of these – like, in Jonathan's case, bigshots.photography, Jonathan could have registered both. He could have registered bigshots.photography and bigshotsphotography.com.

But almost everyone who's registering in new gTLDs isn't registering that equivalent string in .com, at least for the entire string. So, I don't know. That's a somewhat interesting phenomenon.

There's a separate little bit of data analysis underway that I think we've clarified what we want from staff with Eleeza. This actually basically just tells us that, of the people that registered in new gTLDs, most of them could have gotten that string in .com. What we don't know is, of people who are registering in .com, how many of them could have registered that exact string in a new gTLD and chose not to?

So ICANN is trying to do an analysis of looking at strings in .com that were registered over the past quarter, I think, and look and see how many of those end with exact matches of new gTLDs and then weren't registered in the equivalent new gTLDs. That will help us understand what fraction of the population is choosing to stick in .com even though they could have registered in one of the new gTLDs.

JONATHAN ZUCK: That makes sense. Any other questions – oh, Stan. You have your hand up?

STAN BESEN: Yeah. I actually think this is a particularly important result. It tells us something that we don't have anywhere else about substitutability. I think it's very important. I didn't appreciate this when it was first proposed. I think we should try to do as much as we can with it. It will tell us at least something about how much substitution there is.

JONATHAN ZUCK: Thanks, Stan. I was updating as well. I think it is very interesting. What's funny about it for me, obviously, is that I'm one of the test cases and I couldn't necessarily tell you why I chose bigshots.photography over bigshotsphotography.com, other than maybe just having an inherent curiosity for something like that. But that can't explain the whole percentage.

STAN BESEN: There's a concept in economics called revealed preference. We are observing some choices based on preferences. That's important.

I'm sorry.

JONATHAN ZUCK: Right. Thank you. David Taylor?

DAVID TAYLOR: Thanks, Jonathan. I was just wondering as well on this. Looking at it, we've obviously got a big difference in potential value of the domain name as well, which may affect choice. I don't know whether bigshotsphotography.com was purely available or whether it was already on the secondary market, for instance. I think as soon as we see names on the secondary market and they're in any way generic, the price can be considerable. I say that from a lot of experience.

If you look at the example of bigshotsphotography.com and bigshots.photography, the price on the secondary market of the .com will be many, many, many [inaudible] higher than the .photography. you see that time and time again because, when we go after domain names and we might secure them, if we've gone for something like bigphoto.com, we could be paying several hundred thousand or more for it, whereas you then look and it's suggested to get big.photo and you pay $6 for that.

So there's a massive difference in price, which is something we might want to – I don't know how we can use that or look at it, but I think it's something which is certainly interesting, as well as the offers which you see from registrars. If you don't get your .com, you get some of them cleverly offering the .photo itself.

Just throwing that in for comment.

JORDYN BUCHANAN: Sorry, Jonathan. I just wanted to comment. What this paper is telling us, though, is actually the opposite of that: most people could have registered – like in Jonathan's case, he could have registered bigshotsphotography.com. It was available. Still is available, I assume. Instead, he registered in bigshots.photography. So he didn't get to the point that he wanted to try to find bigshotsphotography.com and it was too expensive. He could have gotten that.

Now, what we do see is that most of the time the exact match for just the second-level strings – so bigshots – bigshots.com probably was taken, so if Jonathan really cared about was just the second-level domain part, as opposed to the entire string, then you're probably right. But if you care about the entire string as opposed to just second-level domain, then, generally speaking, you could have gotten the alternative in .com.

So that makes a little bit more of a complex dynamic, and it probably depends a lot on what the – registration is for generic words at the second-level will probably be quite popular in both .com and the new gTLDs and quite expensive in .com, as you point out.

DAVID TAYLOR: Maybe just comment on that?

JONATHAN ZUCK: [inaudible] Jordyn [inaudible]. Oh, sorry. I was going to say that, ironically, now when I go to find bigshotsphotography.com, it's available as a premium domain.

JORDYN BUCHANAN: Huh. Interesting. So someone probably [inaudible].

JONATHAN ZUCK: I [inaudible] people pay attention to the things you search for as a source of speculation. Because I don't recall it being a premium domain when I looked the first time. But now it's about $2000. Bigshots.photography was more expensive than normal .com's as well, which I think is often the case with the new gTLDs. So that's interesting also.

David, I think your point is well-taken. I think that these particular numbers reflect non-premium availability for these particular examples. Is that right, Jordyn? Looking at things that are available in the primary market. Right?

JORDYN BUCHANAN: Yeah. One confusing point is, in the legacy gTLDs, premium and secondary market are basically synonyms because all of the legacy gTLDs have price caps, so they're not able to charge non-standard prices for particular names.

The new gTLDs have the option of pricing their inventory as they see fit, so often you'll have premium names in the primary market in the new gTLDS.

What we don't know is if there's some people who are paying even above the standard wholesale price in order to register in the new gTLDs when they could have registered a standard-prices .com. That would be really interesting to see, but I don't think we have any way to get at that information because we don't have transactional data from the registries.

JONATHAN ZUCK: That's right, Jordyn, but I guess [inaudible]. Maybe we need to come up with a new vocabulary for this, but Network Solutions that I just did the search on called it a premium domain. What they mean by that is that it's available in the after-market and [inaudible]. So it's not as though it's a premium domain in the sense of the new gTLDs. It's premium. They're calling it premium.

So that's all I wanted to confirm for David: the numbers you're looking at are available in the price cap of primary markets for .com. Does that make sense? They're all available at GoDaddy. They could all be gotten at GoDaddy for whatever their base price is.

JORDYN BUCHANAN: They're available on Google Domains for $12.

JONATHAN ZUCK: Okay. That's what I was trying to ask. David, do you have another question, or is that an old hand?

DAVID TAYLOR: Yeah, I do. I think it's a very interesting discussion because this really ties in with everything we're looking at and the way it completely depends on how you look at things on pricing.

Exactly as Jordyn said, premium names/secondary market makes a big difference in this. I think you've actually seen this scenario. It's a lovely one to look at. The bigshotsphotography.com, as you say, originally was available [inaudible]. You preferred bigshots.photography. Arguably I'd say that that doesn't justify that we should have any new gTLDs whatsoever because one of the ideas of the whole New gTLD Program was that there's nothing available in .com anymore, so we have to extend and widen to the right of the dot, shall we say. They demonstrated actually that the new gTLD itself was more attractive to you, even though the bigshotsphotography.com is available.

Then, on that point of what I said before about the clever registrars looking at what's done, I don't even think it's necessarily down to the search. It may well be the search, but as soon as it's registered, once you've gone for bigshots.photography, that's picked up.

I think that is what has likely made bigshotsphotography.com a premium name because someone has gone in and got it and said, "Ha ha. This guy might come for this, and now we can get some return on it." So that skews the entire pricing of what's going on, and it shows the importance of the premium names and how they're coming through and how, at the end of the day, I think, consumers will be looking at this sort of thing. Is that practice a good one? A bad one? Should we comment [inaudible], and how do we look at it?

JONATHAN ZUCK: Thanks, David. Carlton, I'm not sure I understand your questions. The things in Jordyn's paper are not secondary market transactions. They're primary market transactions, both in the case of the new gTLDs and the available .coms that were the available string when this study was done. Does that make sense, Carlton?

All right. Any other questions for Jordyn?

So I'm with Stan. I think this is really interesting data, even if we don't completely understand it.

"Do consumers trust new gTLDS?" Is that Drew? Drew, are you on mute?

DREW BAGLEY: Sorry, I was on mute. Yes, I was on mute. This paper was done by Laureen. I could certainly go over it, but she is the primary architect of this one.

JONATHAN ZUCK: That's true, but she's also give apologies, and you're her [inaudible].

DREW BAGLEY: Oh, yes. I just meant for purposes of explaining any nuance or whatnot. So what Laureen did for this –

JONATHAN ZUCK: If you could prepare to discuss [inaudible].

DREW BAGLEY: Oh, sure. What Laureen did for this one is she used the data from the Nielsen survey and was able to at least dive into the trust aspects for consumers with regards to different scenarios with new gTLDs.

Overall, as we learned when we were in Vienna, trust seems to be directly tied to how familiar a consumer is with a domain name. That comes through in this as well.

Let's see. I'm trying to find which page it's on. Oh, yeah. So along with there being trust in the new gTLDs, if you guys look, starting on page, there's a nice breakdown where – because consumers were asked about trusting giving sensitive information, the websites with two different types of domain names – I think that's an interesting breakdown there, where, on the one hand, as a whole you see trust in the new gTLDs. But when you're talking about giving sensitive information, such as an e-mail [inaudible] .com address, etc., that's where it's completely different when you are actually looking at .com compared to anything else.

So that's where, on the trust, it diverges: once you start drilling down, getting specific, and giving respondents an example. If you look there, something like an e-mail address really is treated almost as sensitive as healthcare info for those purposes. I thought that was kind of interesting with new gTLDs, whereas with .com you see a lot of variation where: "Sure, I'll give my e-mail address to almost any .com, but my healthcare info I don't give to nearly as many websites. Particularly, if it's a new gTLD, then I certainly won't be as forthcoming with it."

I think that is significant enough that we can definitely make some conclusions that, when you're looking at how familiar people are and you're looking at awareness, that is likely on factor going into trust in a very specific way with sensitive information. That's something that would affect consumer behavior in this realm.

Also of note was – and I'm sorry, I'm trying to remember where in the document these parts are. Oh. Also of note with the trust thing is taking precautions, I thought. That is on page 4. You see that, as far as at least how the responses went, you're getting close to three-fourths of people saying that they'll take precautions or that – hold on. I'm sorry. I'm maybe looking at the wrong part – oh yeah. Okay. If you're looking at the trust of the actual new gTLD system as a whole, on the one hand, like I said, we have these numbers about trust on visiting them and giving them information.

But then trust as far as what the system is doing in terms of taking precautions, as far as who gets a domain name – this ties into what we're looking at with other papers with regard to safeguards – I found it pretty striking that you're getting three-fourths of people trusting that, on the one hand, the new gTLD operators are actually being restrictive and are making sure only the right people are actually getting domain names. But then on the flipside, they are trusting them, in these specific examples, with sensitive information much less than they do with legacy gLTDs.

So you can see that reflected in 4A. I apologize for taking a second to find that.

There's a lot of other good data in here, but just hitting at the core aspect of trust, I found that those to be some of the most striking contrasts, I guess, with .com.

JONATHAN ZUCK: Thanks, Drew. Does anybody have a question for Drew on this? Those are some interesting observations. There's still a ways to go on trust, apparently.

Okay. Thanks a lot, Drew.

DREW BAGLEY: Sure. Yeah, but I [inaudible] –

JONATHAN ZUCK: The next step –

DREW BAGLEY: [inaudible] pay close attention to that one because those are all good Nielsen data.

JONATHAN ZUCK: Right. So please do go through this and things because the next step will be to try to place this into a document similar to the ones that Stan has been preparing in prose form and integration into the whole. It'll be harder to pick at individual arguments in that form, so you have an issue, please raise it with Laureen sooner rather than later.

Okay. Next we're looking at just some quick updates of amendments to documents. The first one is industry structures.

Stan, is this your document? Are you able to discuss the delta? [inaudible] Sorry.

STAN BESEN: Yes. This is mine. It's very much the same as the previous version. It has a bit more detail on concentration among registrars for a given registry.

It's still waiting on a table that Analysis Group produced earlier, but I think they were going to revise Project 6. So I'm curious to the timing on that, but other than that, it's pretty much in the form that I hope it'll end up in.

Eleeza, do you know where that Project 6 table is.

ELEEZ AGOPIAN: Hi. Sorry, I was on mute. Hi, Stan. This is Eleeza. I think the table should be coming soon. I don't have an exact date, but Analysis Group has been working on finishing their report, and now they're working on revising tables for you all.

STAN BESEN: That's great. As we get it, I'll just pull it in. I have an obvious placeholder for it. So that's great.

JONATHAN ZUCK: Is there any place you feel like you're stretching, Stan, that you want to draw attention to for discussion?

STAN BESEN: I read Jordyn's summary of this piece. I think it's quite right. The point I'm trying to make here is really a basic point, which is that you don't have to be vertically integrated – you might want to be – in order to enter as a new gTLD. I think that's an important point.

I guess the other thing that became clear as I went along here is that – and maybe it's as clear in this version – concentration among backend providers for the new gLTDs is much lower than concentration among backend providers for the legacies. That probably reflects the fact that .com has a single backend provider. So that side of the market is, if you look at new TLDs, is a lot less concentrated. It's still another reason for my believing that the availability of those inputs facilitates entry.

The one part that there's been a back and forth of is this question of whether or not small new gTLDs will survive. Obviously a lot of them are quite small. I added some language that I think was suggested by Eleeza that indicated that, well, perhaps some of those guys never expected to be very large. They were small and specialized and maybe they will survive in the long run. So that point is in here as well.

But this looks pretty much like it did a couple of weeks ago, other than that.

JONATHAN ZUCK: Thanks, Stan. Anybody have any questions? Megan? Go ahead.

STAN BESEN: Comments are still invited in writing.

JONATHAN ZUCK: Thanks, Stan. Megan – oh, no. It looks like she put her hand back down.

All right. Let's continue through these. The benefits versus confusion. [inaudible]?

UNIDENTIFIED FEMALE: Hi, Jonathan. That's Megan's paper.

JONATHAN ZUCK: Megan? Are you on mute, Megan? Megan, we can't hear you if you're speaking. Maybe the mic's not working.

Okay. So you'll send comments in. The mic is on but not working. Okay. Megan, do you in typing want to highlight anything in particular? Conclusions you're drawing that you want to draw people's attention to? Or should we just table this for the time being and we'll try to get a call out to you?

Pam, can we try to call Megan?

Thanks. So we'll move on and come back so that we can actually hear Megan's lovely voice. Let's go to concentration ratios.

JORDYN BUCHANAN: Jonathan, this is Jordyn. I think this is my doc.

JONATHAN ZUCK: Thank you.

JORDYN BUCHANAN: I think literally nothing has changed in this document since we last discussed it. I think, in general, the document mirrors what Stan just said about backend providers. I think, generally, for new gTLD registries, if you define the market as being just the new gTLD registries, concentration is fairly low, certainly lower than the level at which the U.S. DOJ considers to be interesting to look at. If you include the legacy gTLDs in the market and say the market is actually all the gTLDs put together, then suddenly the market looks quite concentrated and is well above the levels that the U.S. DOJ would be consider to be interesting to look at.

I think, in general, what we're seeing is that, although the new gTLDs are resulting in a marketplace that's less concentrated overall, they are new enough – and the install base of .com registrations in particular and the legacy gTLDs in general – such that they haven't really chipped away at the effect, although it's a noticeable effect on the overall market concentration as well.

Once again, this depends somewhat on how you end up defining your marketplace, but for these hypothetical definitions of either just new gTLDs or combined legacy plus new gTLDs, you can see the effects.

This paper also takes a quick look at the concentration in registrar marketplace, which is roughly unchanged since the introduction of the new gTLDs, which is probably, I think, surprising, given that it's the same pool of registrars selling both new and legacy TLDs.

Finally – I think, actually, I haven't updated this paper from the right number from Stan's, so that's one update that should happen – the dynamic backend market is roughly near the gTLD market as a whole. The backend market for new gTLDs is relatively less concentrated, but it's still quite concentrated, as Stan just pointed out a minute ago, if you look at the market including legacy gTLDs.

I don't know if people have any questions or comments, but there's nothing particular that's changed in this doc.

JONATHAN ZUCK: Any questions from anyone? Jordyn, I guess this is something that came up a little bit in Vienna, where Stan – I want to tease him and say he said something disparaging, but I think he was attempting to something objective about the amount of movements that were created by competition from the New gTLD Program.

I had a sense that both you and I thought that the 9% number that I recall looking at was somehow significant when looking at a single year against 20 years. So I wonder if we need to find a way to showcase this number in a purely objective way and ask the question of the community in the engagement [inaudible], for example, about how to interpret that number, because I think you and I thought it was significant and Stan didn't think it was significant.

Some of that might have to do with how it [inaudible] in a sort of subjective way – once we had the objective data, how it subjectively is something that might be worth drawing attention to for community input. It's just a thought.

I got three hands raised as a result of that. Stan, go ahead.

STAN BESEN: Actually, you're referring to actually a different paper, I think. There's a paper [that's] called "Analysis of Market Penetration." The discussion we had was on whether 9% was large or small. I think I tried to fuzz the language in that a bit to assuage your concern. But this is a case of we should just look at the actual document.

It's hard to discuss whether we've got the right nuances at this level, at a call like this, so I invite you to look at the analysis of market penetration by new gTLDs piece and tell me whether you're more satisfied than you were [inaudible] –

JONATHAN ZUCK: I apologize [inaudible]. That's my bad. I conflated the two of these documents.

STAN BESEN: But I don't take umbrage, as you [inaudible].

JONATHAN ZUCK: I know. I know you don't. Jordyn, were you going to say the same thing?

JORDYN BUCHANAN: No. I was going to say something slightly different, which is that I have a hard time wrapping my head around whether that 9% number is big or small or what I expect from it. I think the more interesting and related finding – and this is pointed out in the bullet-point doc – is that, when you look at what's happening in the new registrations of domain names and you look at new gTLDs as a whole, there's been about as much growth from new gTLDs as there has been from the legacy gTLDs since the introduction of the program. Similarly, there's been about a similar number of registrations and growth in the ccTLD market.

So when I look at that as a whole, I draw from that that new gTLDs as a whole are providing quite a reasonable alternative to .com. That fact that there's just as many registrations of new gTLDs as .com I think highlights that in a way that's a lot more tangible to me than trying to look at the delta in the –

JONATHAN ZUCK: Wow.

JORDYN BUCHANAN: I guess Megan's got [inaudible].

MEGAN RICHARDS: Can you hear me now? I tried switching devices. Does that work?

JORDYN BUCHANAN: Yes, we can hear you.

MEGAN RICHARDS: Can you hear me now? You can hear me now?

UNIDENTIFIED MALE: I can hear you, but you're coming [inaudible].

JORDYN BUCHANAN: Yes, there's a lot of echo, Megan, so I think [inaudible]. Mute when you're not talking but [inaudible].

MEGAN RICHARDS: Okay. I'll tell you what. We've seen this document already once before, so why don't you just put any comments and slightly adjust according to the comments that were made the last time? And why don't people just send me any changes or adjustments or questions that they might have? I think that might be easier.

For some reason, none of my devices let me speak, and I love to speak, as you know.

UNIDENTIFIED FEMALE: Hi, Jonathan. I muted Megan's line.

JONATHAN ZUCK: [inaudible] trying to agree with you about that, but a part of me still feels like 9% is a big number, given the amount of time versus the amount of time that went into building up the numbers in the first place. But it's not even the document we're discussing, so I apologize for that.

Stan, do you have another point to make?

STAN BESEN: Just two things. One is just to Jordyn's point. He's quite correct. They got half of the increment, but that's only half the story. The other half is, well, how fast is the overall market growing? Even though you get half, you still end up with 9%. But again, it's a matter of how we write it.

I think that that discussion is [inaudible] this paper either now has a discussion drawing on some of the earlier study done for ICANN by, I think, KPMG, which talks about how quickly new gTLDs get to essentially full maturity. I'm not using the term they use. It takes a while, and I think that's a general point that we have to make throughout; that is, we're observing this in early innings, and the numbers may be bigger later on. Their shares may be bigger.

Again, I cited the earlier study that says – I forget exactly – that, after 36 months, I think, new gTLDs – these are the earlier ones, not this set – were about 75% of the number they eventually reached. So it takes a while to get to full maturity.

And the paper now says that. Not this paper.

JONATHAN ZUCK: Great, Stan. That sounds right. Thank you. That's definitely good context for the market going forward.

Any other questions on this paper? I apologize for derailing things.

All right. Let's move on then. I think we're through our little amended pieces and we're talking about the high-level findings document now. Is that right?

Jordyn, take us through – yes? Hello?

CARLTON SAMUELS: This is Carlton. Can I ask a question?

JONATHAN ZUCK: Yes, of course. I didn't see your hand.

CARLTON SAMUELS: This is for the Competition Subteam, the alternative identities. How do we respond to the information that is contained in the registrant survey about alternative identified? Where do we slot back in in terms of competition? Is that relevant?

JONATHAN ZUCK: Jordyn, go ahead.

JORDYN BUCHANAN: Carlton, that's a good question. What I think I need to take a closer look at and see is the nexus between the New gTLD Program and the alternative identities in particular. It's quite obvious to me that these alternative identifiers are competing with domain names as a mechanism to identify content on the Internet.

The question I have is whether that trend is independent of or related to New gTLD Program in particular. I think someone – it could be me, it could be someone else – could go back to the Nielsen survey and look to see if there's crosstabs or relevant information that helps us understand that.

I think, at the very least, it draws calling out, to some extent. But if we saw, for example, that new gTLD registrants were substantially more or less likely to use the alternative identifiers, that might be something particularly interesting to call out.

But if we just see that, in general, these identifiers are competing with domain names as opposed to the new gTLDs and there doesn't seem to be an effect on the program between them, it might just be more of an interesting side note that some other [inaudible] that ICANN might want to take a look at, which is just to understand the intersection of domain names and other identifiers as a general concept as opposed to as related to the New gTLD Program in particular.

CARLTON SAMUELS: Thanks, Jordyn. [inaudible].

JONATHAN ZUCK: Calvin?

CARLTON SAMUELS: Are you talking about me?

JONATHAN ZUCK: Yeah. Were you done speaking? Oh, no – sorry. Carlton? Sorry, Calvin. Carlton, are you [inaudible]?

CARTLON SAMUELS: Yes, Jonathan. I was just mentioning [inaudible] follow up.

JONATHAN ZUCK: I think one of the things that might be interesting, Jordyn – again, we might not have any way to assess this – is this big development in alternative whatever-we're-calling-them – identifiers – on the Internet. They could be having an effect on the growth rate of the domain name system generally, and then, as Stan suggests, has an [inaudible] impact on the speed with which the new program is able to make incursions into the overall concentration of the DNS marketplace.

If the growth is slowed in any measure because of Facebook and other things like that, then it's not an impact created by the New gTLD Program. It's just something that may be affecting its ability to gain market share with the same speed it might otherwise. I don't know. Maybe that's too much of a stretch, but that's one thing that jumped out as me as a possibility.

Staff, let's look at trying to do the crosstab with Nielsen to see if we can identify and unique intersection between the responses given about alternative web identities and users of the New gTLD Program. We probably need to take that offline to figure out what that project looks like, but let's make a bookmark to look at it.

Jordyn, do you want to lead a discussion on the document that we have in front of us?

JORDYN BUCHANAN: Sure. For context, everyone, there's a couple things going on as I went through the creation of this document. First is the impending presentation that we're going to give to the community in Hyderabad. There I think by necessity we're going to have to present some boiled-down or summarized version of the findings that we're making. So I thought it would be helpful to think about what the content of that would look like.

Secondly, I've been toying with trying to think about what the eventual structure of the narrative is going to look like. As everyone has seen. Stan has done some great work in turning these high-level findings into prose, but right now, they're standalone pieces on specific topics. I wanted to start to think about how all of the bits of information might fit together. I haven't actually made very much progress on this second front, but this part of the point of pulling things into a summary form.

I guess I'll add that there's a third motivation as well, which has just come to light in the last few days, and that's to inspire discussion around how we start to take things even further than just summarizing the data and starting to draw conclusions, I guess, that will lead us to our recommendations.

That last point, I think, is probably the most controversial and probably the place where I hope that we'll spend some time and discussion there. I see Megan's already leading this off in the chat.

So what I've done is taken the papers right now and, at least on the competition and consumer choice side, tried to tease out the essential high-level findings for each of those documents.

In the document that you see in front of you, all the stuff in plain text is, I think, hopefully just a fairly neutral restatement of the data and the factual inferences that we can draw from that.

Secondly, in one particular case – I think we'll add some more of these – I recognized that the story didn't quite hold together without a little bit more information, so I'd added something that didn't come from the paper that was put together but was a little bit more data or thought that is generally not going to be as well-substantiated as the stuff that's in plain text. That's in italics. It could be that that would be an area where we need to do a little bit more research in order to substantiate it.

Thirdly, in bold, I tried to put together more conclusory statements, trying to say what we think about the information that we've seen in the plain text. I think, if we can all agree eventually on what we want to say in this bold part of the text, that will much more sensibly lead to what we want to recommend than just these data points because the data points on their own are interesting facts but they don't tell us anything about what we should do. I think we need to understand what we agreed this data means in order to get to the point that we can have a conversation about what we should do as a result of this.

I will probably leave it there. People can look at the document itself. It's relatively short and compact. I see Kaili already has his hand up, and

Megan is making some points in chat. I'm happy to address those, but, actually, maybe, Jonathan, I don't know if you want me to quickly address Megan's chat points or jump to Kaili. I'm fine either way.

JONATHAN ZUCK: I guess since Megan had her comments out first, why don't you address Megan's points, and then we'll call on Kaili.

JORDYN BUCHANAN: Sure. Okay. Great. Megan, I think, made two points in chat. Megan, correct me if I'm missing any of them. The first relates to the industry structure section, where I write, "Most gTLDs have only a modest number of registrations." I actually think that's the uncontroversial part of the statement. Most of the new gTLDs are quite small. 90% have less than 10,000 registrations, even once we take out dot-brands, for example.

On the other hand, we've seen very few failures. The only TLD that has actually stopped working, that went through delegation and then turned off, was a dot-brand, so it's not even a case of someone that was out for commercial registrations. As far as I know, they never actually used the gTLD for anything.

There's been a small number of new gTLDs that were, I think, designed for public consumption that have been sold publicly. You might conclude from those that they weren't able to make it commercially under their original business structure. They've generally been sold to portfolio applicants; people with a broader portfolio who might be able to have an economy of scale that would make the economics work.

There's been a few more transactions. Maybe ICANN would have a list of assignments. I don't know if that's public information, but assuming it's public information, ICANN could give us a list of assignments to see whether or not there's things that weren't publicly sold but maybe changed hands through a private transaction.

Those might represent, for whatever reason, the business model work, so even though it didn't work for the original applicant, it could be that it's working now. What we haven't seen is any of those TLDs have to go into EBERO, which is the emergency process, or be taken over by ICANN, or actually go out of business.

So I conclude, in my sense from that, that – because as Stan points out, with these inputs, there's the fact that you don't need to have your own retail site and the fact you don't actually need to run a backend; you can just pay someone else to do it – that it may mean that it's possible to make these things commercially viable, even without very many registrations. So even though we see a very small number of registrations, it may be that these TLDs will continue to operate, even with these very low registration volumes.

I think Kaili and Megan have both pointed out that we don't really know whether that's true or not. It could be they're just loss leaders or so on. It could be true, but the data we have so far at least doesn't indicate that they're going out of business, and we haven't seen any indication that these TLDs are not sustainable with the current registration volumes.

So we'll have to think about how to word that, but right now I think that the data tells us that, even at low registration volumes, the – so far, through two or three years – TLDs are remaining solvent, at least.

Megan suggests we can adjust the wording. I'm fine with that. We can figure out exactly the language, and we can indicate – I think we should indicate – that this is very early, so it's very hard to draw these inferences. We definitely don't have data saying that it's problematic to have these very low registrations volumes.

Megan's other point relates to – oh, I can't see the document anymore – the section on market structure, where I wrote: "In aggregate, new gTLDs represent a significant portion of the growth in domain names since the launch of the program, roughly equivalent to either legacy gTLDs or ccTLDs."

Megan, I think you and I both agree on what I'm trying to say here, which is: all together, the new gTLDs represent about the same amount of growth as the legacy gTLDs. But I think we also both agree that individual gTLDs are mostly quite small, as we pointed out in the previous point. So we can figure out wording to reflect that.

I think it's possible, if we put the point we were making earlier about most of the gTLDs being quite small next to the statement of "in aggregate" there about the same size as the legacy gTLDs, that may help provide some useful context.

Carlos, to your point, I did get all of your comments in the Google Doc. I saw that they exist but I haven't yet had time to review them this morning.

I think probably with that we can go to Kaili.

JONATHAN ZUCK: Yeah, Kaili. Megan, go ahead and type comments. We can come back to your comments since you're typing. Kaili, go ahead.

KAILI KAN: Who will go ahead? Me?

JONATHAN ZUCK: You, Kaili. Go ahead. Your turn, yes.

KAILI KAN: Okay. Thank you. Actually, Jordyn mentioned that the wording here has no support and that there seems to be [inaudible] say that it may make it possible for many small gTLDs to continue to operate.

So I provided in an e-mail my expression of wording for that. I think it is much more natural and much more neutral. It says that, as the time period that it [inaudible] is still limited, it's the same, as Megan pointed out. As their [inaudible] structure offers to be explored, it remains to be seen how many of them will survive over a longer period of time. I think this statement will be much more neutral.

By the way, I fully agree with Jonathan's e-mail of the day before yesterday on a path to go forward, which is basically saying that we do not know. We just think – we don't know – that, instead of making some conclusions without support – so I would prefer this to be changed wording – for Jordyn's version to be changed – to be much more neutral. Okay?

Regarding the market structure, are we talking about market structure already?

Hello? Yeah. Okay.

JONATHAN ZUCK: [inaudible].

KAILI KAN: [inaudible].

JONATHAN ZUCK: Kaili?

KAILI KAN: Hello? Yes.

JONATHAN ZUCK: Kaili, maybe give Jordyn a chance to address you first point.

KAILI KAN: Okay. Sure. Go ahead.

JONATHAN ZUCK: Can you hear me, Kaili?

KAILI KAN: Please. Yes, I hear you.

JONATHAN ZUCK: Jordyn, do you want to address the question?

JORDYN BUCHANAN: Yeah. I think this [inaudible] further discussion by the entire group. I guess I disagree that it's a neutral statement to say, "This thing that could be possibly happen that we see no evidence for actually happening." It's a significant factor in our considerations. I think it's fine to call out the fact that it's early days and it is possible that the current trend will not persist. But there's literally no evidence for the fact that any of these gTLDs have failed or are likely to fail.

So I think making a statement like, "We don't know whether they're going to fail or not," while true, creates an implication that that's a significant concern that's frankly not borne out by any of the data that we have.

What I wrote is much more aligned with the data, although I can understand why people are concerned that it's early and we don't want to go too far down the path of saying that everything's okay. We just don't have any data whatsoever to substantiate the notion that there's a risk of failure by new gTLDs at this point. It just hasn't happened yet.

So even if we had data that said the fixed costs were higher than what we expect the revenue of these gTLDs to look like, that would at least better raise the concern. But we don't even have that data present in our report right now.

So I'm fine with adding a caveat that it's early, that we probably shouldn't draw too much inference from the trend we see so far. But the trend right now is that, despite the fact that there's low registration volumes, none of these have failed as a result.

JONATHAN ZUCK: Thanks, Jordyn. I think that another way to – Kaili, just hang on just a second – think about this is whether or not there's sufficient data to make a recommendation about it. I think that will resolve the differences between the two positions because, if I can underscore Jordyn's point, in the absence of evidence, what we cannot do is make a recommendation based on that supposition.

So what we're likely to do in this particular case is recommend nothing because we don't have evidence suggesting a high failure rate. We don't need to make a recommendation that infers that. We can make the neutral statement that, as of this date, we don't have evidence of a likelihood to fail. I would like to underscore Jordyn's point that I think we definitely need evidence before we can make some recommendations.

Kaili, go ahead.

KAILI KAN: May I speak? Yeah. I don't think I'm making any recommendations. I'm only saying that it remains to be seen. It is possible that they will survive. It's also possible that they will fail, considering the short period of time. This is really way too early to make any judgment and talk about possibility.

So I think saying "remains to be seen" is the most neutral statement and expression. That's all I wanted to say on this point.

Can I move on to the next point?

JONATHAN ZUCK: Yes –

STAN BESEN: Actually, if we go on – I have to say it fits here – I tried to thread this needle the same way. Look at the language at the end of the section I wrote called "The Structure of the TLD Industry." There's a section called "Size Distribution of Registries." The last two sentences there is an attempt to balance these two points. I notice as I was reading it that there's a missing "not," but you guys can fill that in.

So I invite Kaili and Jordyn and others to look at that language and see whether it balances this point because I think, at this point, we can only speculate about what the outcome will be. I just tried to present both sides.

JORDYN BUCHANAN: Yeah, Stan, thanks. We'll take a look at that language.

KAILI KAN: Okay. So I'll move to the next point?

JORDYN BUCHANAN: Jonathan, I don't know how you want to moderate this. I think Carlos said he wants to make a comment on this particular point, and I don't know if David's hand is raised for that same reason. So it may be helpful to go through topic by topic.

JONATHAN ZUCK: Right. Carlos, it sounds like your point is relevant to this current conversation, so why don't you go ahead? Then, David, I'll call on you next. But I guess I'm going to assume that you want to speak on this topic as well.

Kaili, we'll come back to you for your next point.

KAILI KAN: Okay.

CARLOS RAUL GUTIERREZ: Thank you very much, Jonathan. My apologies for arriving late. I just want to comment on this point. I really think that we should spend a few more words and we could settle this. I don't care if a new TLD stays or disappears. That's perfectly fine.

I also think that focusing on size is not the right thing because of the trademarks. Trademarks can survive without any registration forever. If you look at the nice map that Nominet brought in the style of the London Metro, you have all the trademarks in yellow – very small, but they will survive.

There is one thing that I think we should discuss, and that is when a very small TLD does not survive itself and it goes into a group or portfolio or another company. I mean, if we're discussing competition here and we are worth the name of competition, we have to put a flag or we have to recommend to look to any tendency of mergers and acquisition in case that a small new gTLD is not sustainable. Even if we don't have the data, I think it's a very relevant point that should be mentioned for new reviews. I hope I made it clear. Thank you very much.

JONATHAN ZUCK: David, go ahead, and then I'll – and Calvin, I guess, and then I'll come back to you, Jordyn, to sum up.

DAVID TAYLOR: Thanks, Jonathan, I'll try to be quick. And this may well be something that Jordyn has already covered or thinking of covering, but looking at the industry structure, 90% of new gTLDs having less than 10,000 registrations is excluding brands, which obviously is important to do, and therefore we've excluded them.

I was just thinking now we should maybe provide more data on the number of new gTLDs with X registrations, so putting in place a graph, because that way, we'd see the distribution of them, and I think [inaudible] necessarily fixing on the 10,000 [inaudible] agency. How many were 1000, how many 500, how many of this, and how many up to 500,000?

So we just got a good idea, because that helps us see what modest is in relation to the others, shows the spread, and also if we tie that into specific time, then we've got an evolution over time, which is good for future review teams. That was just my thought and point.

JORDYN BUCHANAN: Yes, thanks, David. In Stan's actual paper, there's not a graph, there's a table that sort of summarizes by "This many have less than 10,000, this many have 10,000 to 50,000, this many have over a million," etc., so that data will be there. This document is, by necessity, a very high-level summary of those data points.

JONATHAN ZUCK: So Jordyn, maybe in this [paper] you can put just a parenthetical or a bracketed thing that a graph will be – since this is starting to be how you see the narrative going, might just make references for what we would include.

Calvin, go ahead.

CALVIN BROWNE: Yes, I just wanted to say that I do get a bit nervous when I start seeing small TLDs of below 2000 registrations, because if you start looking at the average selling price of a TLD and you look at the ICANN cost, you're really heading into a territory there where I feel nervous about these things being sustainable at any level.

And at the end of the day, people are looking for returns on investment, and even trying to make a TLD, a small TLD of less than 2000 names work, because ICANN costs is quite difficult, and I think something needs to be said about that. I'm not sure what [inaudible] maybe I need to give it a bit more thought, but I think something needs to be said.

JONATHAN ZUCK: I guess Jordyn and Stan, the question might be that, do we have any data that would help us suggest what a minimum viable scale is, based on the costs that we're aware of, and [inaudible] or something like that. So Jordyn is saying we don't have that data.

JORDYN BUCHANAN: To Calvin's point, we have the ICANN cost, which is $25,000 a year, and then presumably, some amortization of the initial application fee.

UNIDENTIFIED MALE: Right.

JORDYN BUCHANAN: But we could look at that and intersect it with wholesale prices. We don't actually have access to the wholesale price data. Maybe an Analysis Group could look and see for a sample of these really small ones, what their wholesale price, multiply across, figure out whether they have enough revenue to pay for even the ICANN fees.

But that obviously doesn't reflect the entire cost structure. They're paying for backend as well, and the other important thing on the revenue side that we'd be missing is revenue from premium domains. I know for some of our – we have a number of very small gTLDs, but all of them are positive of ICANN fees at least, and in some cases, that's just due to premium revenue.

JONATHAN ZUCK: Okay. Stan, are you raising your hand back on this topic?

STAN BESEN: Yes, I think the answer to your question –

JONATHAN ZUCK: [inaudible].

STAN BESEN: The answer is we don't have that information. I think early on, we talked about trying to collect cost data, but I don't know what happened with that. It would probably be very difficult to obtain. So I think at this point, I think we can only sort of describe what the alternatives are, and say it's yearly [inaudible]. And I don't think we can say much more than that. But I think it is worth pointing out, there should be a concern at the tail end.

I remember actually in our meeting in Washington that Steve Crocker specifically mentioned the issue, the concern of the viability of small TLDs.

JONATHAN ZUCK: Carlos, what are you suggesting in the chat? I don't want to just ignore this question, but we're –

CARLOS RAUL GUTIERREZ: That we can calculate a break-even. If you're not a brand and you're doing it for the [defensive] reasons, and you're not a portfolio, you're an individual, single new gTLD company or applicant, we can assume that they might have trouble getting a return, as Jordyn said.

We have the amount that they paid in the books of ICANN, and they probably also paid for some advice for the application and so on, and we can put it just in a placeholder. Look at these very small ones that don't have a business. I can give you an example, and maybe the next report will have to report on some [failures.]

What happens to them is somebody fails and nobody wants to buy it. We don't need data to assume that that might happen.

JONATHAN ZUCK: Right. I think that's right, that we don't need data to say that it might happen. We just don't have the data to suggest that it is happening, or the point at which it would happen. So I think we're right to flag it as something to pay attention to, but also as something about which we had insufficient data to draw conclusions. I think that's where we're headed in this conversation. Okay?

Alright, David and Calvin, I'm assuming those are old hands, so I'm going to go to Kaili for his second point.

KAILI KAN: Thank you, Jonathan. Thank you. Okay. That is about the market structure, okay? In Jordyn's statement, it says aggregate a new gTLD representing significant portion of growth in domain names since the launch of the new [inaudible] program, roughly equivalent to either legacy gTLDs or ccTLDs.

Okay. [inaudible] I believe in Vienna, we saw the data, which showed a significant portion of registrations being parked, okay? That is not to say that those parked registries will be abandoned, all of them. Some might eventually be used. However, that is an unknown. So therefore, I suggest we add onto Jordyn's statement here that "Meanwhile as data collected so far."

While we can show that, that is over 50%, and another one over 70% shows that parked registrations are of a significant portion of new ones. That raises the question that how many of them are for real usage of Internet users, instead of speculation or brand name [defensive] purposes. That needs to be further studied.

[inaudible] saying that we – well, yes, we did. Registration volume in new gTLDs are significant. However, well, because of the massive parking, so how many are for real usage? It means it's for the original purpose of ICANN introducing the New gTLDs Program is still unknown.

So therefore, I'm basically saying if we do not know something, we put up, "We do not know." So here, it says it needs to be further studied. I, again, believe that his makes it neutral, and also not to mislead our audience either in Hyderabad or in the future, and also cut our chin on [favor] graphs. So that means we do not make unsupported conclusions. Thank you.

JONATHAN ZUCK: Stan, I saw your hand up and then it went down. [inaudible]?

JORDYN BUCHANAN: I think Stan was going to maybe ask or suggest what I'm about to, which is we're still waiting – and I think you suggested this in chat as well, Jonathan – I think the important piece of data that we're missing. We actually know parking rates in the new gTLDs is quite high. I think we are going to want to call that out regardless of what we study, and so maybe that we want to actually do a summary write-up just on parking, because this topic does come up quite a bit.

What we don't know – which I think is really important, and actually, the article that Carlton sent around earlier in the week makes this point and pretty clearly is what we don't know is what the parking situation looks like in the legacy gTLDs. So if the speculation is sort of the same in legacy gTLDs and the new gTLDs, then I think we would acknowledge that fact, but basically say, okay, well, we're seeing sort of comparable number of registrations and aggregate, and the parking levels are kind of the same in aggregate, so we really don't understand what people are doing registering all these names, but they seem to like the new ones about as much as they like the old ones.

If, on the other hand, we see that the parking rates are substantially different between the new and the legacy gTLDs, I think we have to call that out and say – and it may be that the use or pattern of renewals or something about the new gTLDs might be different in the future, because we see a different parking rate in the new gTLDs than the old ones. So we really need that data to understand if this is a different behavior than we see in the legacy gTLDs. Right now, we just don't know that.

KAILI KAN: I would agree with that. So based on saying if we do not know something, we say, "This needs to be further studied." And that, I think, puts our team safer throughout.

JORDYN BUCHANAN: Yes, that's right, Kali, and I do actually think this is an area where, for example, the [to fix] renewal rates, we'll have a lot more information in a few years than we do now, because we can see if the renewal rates are similar or different in the new gTLDs versus the legacy gTLDs as a result.

So it's definitely a good area for further study, and hopefully, we'll get some more data from nTLD Stats between now and when we publish the report, which will allow us to make some more authoritative statements in the short term too. But I see Stan's got his – or Stan did have his hand up.

STAN BESEN: I'm inclined to say about what Jordyn said – what he said, I think there are two points: one is if the percentages are the same, all our calculations based on ratios are unchanged. That's point one. And the other is I'm hoping that by the time we produce our final report, we will, in fact, have the parking data, and we'll be able to compare legacy and new gTLDs, and we won't have to speculate about this.

KAILI KAN: And I [inaudible] say something. Well, is this important to compare the parking rate in legacy gTLDs as well as compare them with the parked registration in new gTLDs. However, there's also another phenomenon, which is the world's economic, financial situation.

Especially with or without a specific data by an Analysis Group or Nielsen, it is widely believed that the parking rate in China is extremely high. Therefore, that relates to the economic and financial situation of China over the last few years.

So therefore, we'll compare the legacy gTLDs' parking rate with the parking rate of new gTLDs. Also, we would like to look at different periods of times, because two years ago, for example, especially in China, the financial situation is pretty different.

So just to complement what Stan said, yes, we look at a comparison, but not only between legacy ones and new ones, but also between different time periods. Thank you.

JONATHAN ZUCK: Okay, thank you, Kaili.

STAN BESEN: Just a quick response. I think we asked, it said nTLD Statistics is doing our parking analysis, is that correct? I think one of the problems we have is that they will not – while they have historical data for parking rates for the new gTLDs, they are unable to give us parking data for the legacy gTLDs over time. They won't be able to give us a snapshot. Is that correct, Eleeza?

ELEEZA AGOPIAN: Yes, that's right. Sorry, Stan.

JORDYN BUCHANAN: To Kaili's general point, I think Kaili is correct to point out that the dynamics of the Chinese marketplace have had a substantial impact on domain registrations in general over the past few years. It's unfortunate for the purpose of our analysis that those few years basically exactly coincide with the emergence of the New gTLD Program.

So one thing we can't do is look at what the New gTLD Program looks like before there were a bunch of Chinese speculators on the market, because that period of time never happened, so it is possible – it seems like from [inaudible] article, maybe there's that interest is dying down, so it's possible in the future we'll see the dynamics change, but we don't really have a historical baseline, in the new gTLDs at least, to look at.

UNIDENTIFIED MALE: That's true.

KAILI KAN: Yes, so therefore, I think we all agree that this needs to be further studied, and of course, we need data. However, if we do not get the data by the end of our study, then at least we point out that this data needs to be collected, and then leave it for the next review team. And that will be the contribution of our team. Thank you.

JONATHAN ZUCK: That's right, Kaili. Did you have any other questions, Kaili, for Jordyn's document? [inaudible].

KAILI KAN: Yeah. I just [distributed] in the e-mail, I would like to add a paragraph or two sentences by the end of what Jordyn wrote.

JONATHAN ZUCK: Okay. We'll take those in written format and continue to discuss it. Thanks, Jordyn, for preparing this document. I think this is just the kind of conversation we need to be having as a team, as we try to get to Hyderabad and start presenting our "findings" and how we frame those findings, and what caveats we place on them. So it's an important discussion, and thanks for getting it started, Jordyn.

We have some other additional papers to discuss. The first one is the price analysis paper, and –

JORDYN BUCHANAN: That's Waudo's – I think Waudo said he had to leave. I also think he said he was waiting to look at the Analysis Group Phase Two report to derive some inferences for his paper, and he didn't get any of the data he needed, so he's going to go back and substantially rework this paper. So I would suggest we just refer to this discussion.

JONATHAN ZUCK: Okay. And alright, the next paper, have these efforts had an impact on public perception of the DNS. Whose paper is that? Is that Carlton?

CARLTON SAMUELS: No.

JONATHAN ZUCK: Carlos. Oh, that's [inaudible].

JORDYN BUCHANAN: No, this is the price paper.

JONATHAN ZUCK: That's the old paper. So the next paper – we're going to skip the price analysis paper, because we lost our narrator, our rapporteur for that. So go to the next one on public perception of the DNS. Carlos, you have your hand up, what's – oh, okay.

CARLOS RAUL GUTIERREZ: No, I just want to agree that we should get an opportunity to read the second report carefully. I got it just before jumping into the plane Tuesday morning, and I think we need a few days to digest, and I think also Jordyn's section on pricing that we just finished, the paper needs some small editing in view of what I understood from the second Analysis Group paper.

So I don't know if you will schedule a short call for that paper, but I would like to recommend to do it, and I would like to participate, if the subgroup does a small discussion on the second document. Thank you.

JONATHAN ZUCK: Thanks, Carlos. Looks like I may have skipped Dejan's paper – I'm sorry – on Registrar Competition with Registries.

DEJAN DJUKIC: Mine is –

UNIDENTIFIED FEMALE: Registry something.

DEJAN DJUKIC: My paper is Policy Analysis.

JONATHAN ZUCK: Okay. Can we bring that one up? Sorry, this outline format is defeating me here. Alright, but that's Waudo's paper, Alice.

UNIDENTIFIED FEMALE: Pamela, can you bring up the registry policies document, please?

JONATHAN ZUCK: Nice. excellent. Dejan, the floor is yours.

DEJAN DJUKIC: Okay. First of all, our team performed this project as a part of non-price competition analysis, so in this analysis, we divided researching in two groups. One is about privacy policy, another one is related to registration policy in general.

It includes top 30 new gTLDs, and for comparing purposes only, we chose to make comparison with top 5 ccTLDs. Data for this analysis was collected by ICANN staff Eleeza and [Christine]. They collected data from registries' policy and put it in a spreadsheet divided into some topic what we agreed how to arrange the data.

So in researching find that most – a big number of these registries, 90%, have published privacy policy. Generally, personal data protection is provided. 66.6% of these registries would not share the data with third parties.

Just one number of them, 6.6% are pretty clear that they will share that data with third parties. Actually, they have right to sell that data. Also, 33.3% registries have information in their policies regarding collecting of cookies. Five compared ccTLDs have rules under which they are not sharing data with third parties. ccTLDs have a different policy regarding WHOIS, so in that area, we find few differences what data they're collecting and publishing.

Regarding jurisdictions, there was no any requirements, except only for .nyc. For that domain name registry, you need to have an address in New York City, no matter if you're a private person or a company.

Another thing, all these registries have a specific compliance procedure. They have some specific address for that purpose or online form. Also, they have right to act in the case of abuse usage of a domain name.

None of these registries have regulation regarding parked domain names. We looked for the data later, after we finished, prior researching. So that will be it in short. If you have any questions or comments –

Thank you.

JONATHAN ZUCK: Dejan, if you had to sum this up in two sentences, would it be to say that the policies and the aggregate are not substantially different in new gTLD from the legacy gTLDs?

DEJAN DJUKIC: Generally, yes, because most of the policies and rules are required by ICANN through prior experience, especially for WHOIS and for the Applicant Guidebook. So they are in most cases are pretty unique.

JONATHAN ZUCK: So I guess the high-level question then is whether or not differentiation in these policies has been effective in providing non-price competition, in other words, choice. Are there sufficient differences in these policies that they might be the basis for someone choosing a new gTLD over a legacy gTLD? And my sense from your presentation is that there isn't.

DEJAN DJUKIC: I can check that [inaudible] deeply and find some conclusions regarding differences between top-level legacy gTLDs and these 30 new gTLDs.

JONATHAN ZUCK: Megan thinks that because [inaudible] there might be some instances where they're representing a valid alternative to a legacy because of some specific policy decision. Carlton, you're making a point about .co and .tv. Maybe you want to speak up and say what your point is verbally.

CARLTON SAMUELS: Okay, Jonathan. There are a couple of ccTLDs that are positioned almost as alternatives to – not almost, they are positioned as alternatives to gTLDs. With the case of .co and .tv, and I was assigned to put into the conversation how we would look at these within the context of the question from Dejan.

JONATHAN ZUCK: Okay.

DEJAN DJUKIC: [inaudible] suggest [inaudible] include them in the analysis.

JONATHAN ZUCK: Okay. Other questions for Dejan about this? I guess I'm trying to understand Megan's point, because I don't know that she's disagreeing with me, Dejan. I guess I'm interested in seeing if we can draw some conclusion about whether, either individually or in the aggregate, we see sufficient differences in policies to represent a form of non-price competition. I think that's the question we need to answer here. So maybe I can take this offline with you, Dejan.

DEJAN DJUKIC: Okay. We can argue this offline and try to improve, some additional researching.

JONATHAN ZUCK: Thank you, Dejan, very much, for your presentation.

DEJAN DJUKIC: You’re welcome.

JONATHAN ZUCK: Stan, price analysis.

STAN BESEN: Before we get to that, the separate question, which I’ve actually already raised with Dejan, which is, are consumers aware of these differences, and do they act on them? And I believe he’s tracking down some data from the Nielsen survey to see whether we can address that question. Is that correct?

JONATHAN ZUCK: Good question.

DEJAN DJUKIC: Yes, I’m trying to find some data necessary, but it’s not so directly connected with these findings. They are in some way connected, but not pretty straight. I’m saying to describe it.

STAN BESEN: Yeah, if these are supposed to be issues of non-price competition, it would be interesting if we could find out whether consumers are aware of it and act on it, and I guess that makes it very difficult.

DEJAN DJUKIC: Yes, I'll try to do that. Okay.

UNIDENTIFIED FEMALE: Jonathan, you may be on mute.

JONATHAN ZUCK: Sorry, I wasn't talking. I was waiting for this paper to come up, at which point I thought Stan would take the floor and just give a couple of bullet points to us [for discussion.]

STAN BESEN: Yes, this is very preliminary, partly because we don't have the data. As I understand it, one of the projects that Analysis Group is working on at this point is a comparison – first, as you all know, we do not have good price data for legacy gTLDs, which is a significant handicap, and I believe a conclusion we've reached is I hope that in the future, ICANN will be collecting that to facilitate this kind of analysis.

What I understand the Analysis Group is doing at this point is comparing for a sample of new gTLDs their wholesale prices with – not the actual prices – but with the price caps of the legacy gTLDs. And my understanding is that the calculations thus far show that the weighted average of the host of the new gTLDs prices is somewhat higher than the weighted average of the price caps of the legacy gTLDs.

And I try here to sort of tease some implications out of that. It's very hard since we really don't know what the prices look like, but I tried to suggest something about that at the end of this. But it's still very preliminary. It's the last paragraph, and I'm not sure what we can say. I've tried to say something. [inaudible]

JONATHAN ZUCK: Thanks, Stan. Go ahead, sorry.

STAN BESEN: Yes, basically, the point I make is it's not clear that this suggests the price cap should be removed. On the other hand, it doesn't suggest that it shouldn't. And then I make the other point, which is that it's possible that there might be price variation across TLDs unrelated to competition issues because of – I point out in the monopolistic competition literature – the market may be quite competitive, but firms that have relatively small shares nonetheless may have high prices per unit of output, and that's the sort of last paragraph of this. But we're waiting for the data before I can fill this out.

JONATHAN ZUCK: And Stan, what's the sort of data that you think would be necessary to draw the conclusion that the price caps are creating unfair competition for the new gTLDs?

STAN BESEN: You've raised that before, and I think that's my charter. Jonathan's point has been perhaps the effect of the price caps by keeping those prices low has made it – what – has given them in some sense unfair advantage in the sense that their prices are low, and therefore, it makes it very difficult for the new guys to compete. That's not in here –

JONATHAN ZUCK: The can afford to [inaudible].

STAN BESEN: Sorry, say again?

JONATHAN ZUCK: And they can afford for them to be low because of their economies of scale.

STAN BESEN: Yes. I don't think I can reject that idea. I have never really thought about that. I think the way ICANN thinks about the caps is that the caps are – I presume – intended to prevent "monopolistic pricing," and we have two problems.

One, we don't observe the actual prices. Number one, they could be at or below the caps in principle. And the second is because of the caps, we don't know what prices they would have wanted to charge, had they been not price capped.

The example I always give is, suppose the cap is 10. Before the new gTLDs entered, you wanted 20. After they have entered, you want to charge 15. All you can observe is 10, and therefore, you don't know – there's no way of identifying any effect of the entry on competition. The point being, if the price cap is binding both before and after entry, you really have no data about the effect of competition.

JONATHAN ZUCK: Right. Yes, no, I just don't know how to resolve it. I suspect that the biggest proponent of the price cap being removed right now would be somebody like Donuts. So it's interesting. I don't know the – Carlton, you're right about the price caps being a third rail, and I completely get that.

We're talking about all these small number registration registries, etc., that don't enjoy that same level of economy of scale, and therefore can't charge prices that are competitive with the price gap, and I wonder if a new registration only removal of the price cap or something would create a better test environment for what the actual price of a TLD ought to be in this new world. But I don't know how to get there.

STAN BESEN: To Carlton's point about the third rail, that doesn't scare me. I ride the Washington metro every day.

CARLTON SAMUELS: Go on, Stan. Go on.

JONATHAN ZUCK: I guess the question is, there's this sort of artificial predation caused by this low – potentially. It's hard to understand, but by this price gap, and I wonder, is it worth it? Eleeza, this is so tied up in VeriSign's interest, I wonder if they would be willing to share wholesale price data for us to better understand this. I don't know. [inaudible] matter in this conversation. [inaudible].

CARLTON SAMUELS: Jonathan, I was going to go exactly where you just went. Whether or not VeriSign, which is in their interest would share the wholesale data, but just to add to your point about why it would be important to have that, we've been talking a lot about the survivability or the viability at one point, and Calvin made the point that there are some costs which he labeled the ICANN cost, and I think I know what Calvin means by that.

I don't think the size, the number of registrations is quite frankly all that much, because you have the portfolio operators, and they can have loss leaders for a good business reason and so on. So I'm not really [much into things or we're going to get much from that,] but if we knew what the carrying cost is just to run a registry from the ICANN costs as Calvin says, [inaudible] whatever ones they were, then maybe hearing something about the wholesale price from Verisign would be helpful in the analysis.

So I support the view that you're making [inaudible] that maybe if we had more of that information, it could give us a firmer standing to make that argument. So I totally agree with that. Notwithstanding I know the price gaps with political [third rail].

JONATHAN ZUCK: Jordyn, you have your hand up.

JORDYN BUCHANAN: Yes, thanks, Jonathan. I have a complex series of thoughts, and I know we only have nine minutes, but I just want to make the following observations: first is, with regards to the VeriSign in particular, just people may or may not remember this, but .com is a unique contract in that the price caps in the .com agreement are not set by ICANN, but instead set by the U.S. Department of Justice.

So that's a little bit unique in that even if ICANN decided on a general framework for gTLDs, that might still not affect what happens with .com in particular. That's just something for people to keep in mind. It also probably has some bearing on how VeriSign thinks about this space, because it's not just an ICANN issue.

Secondly, the thing I was going to say is I actually don't think – because of that, I think that the really interesting effect on the price caps is actually not on .com and .net, but on the sort of next tier of gTLDs, possibly starting with .org, or more likely .biz, .info, etc. Those TLDs also have a price cap today, and as Jonathan just sort of said, there may be this effect of sort of artificial predation going on, where it could be that Neustar or Filius, they would really prefer to price those domains at like

$15 or something like that, and they might see significantly fewer new registrations as a result of that, but more overall revenue.

They might find a sweeter spot on the demand curve than they currently are experiencing, but they're basically prohibited from trying to figure out what that would look like today due to the price caps, and therefore, when registrants go to buy domain names, they have these domains like .biz, like .info, and to a lesser extent – well, to a significant degree .com and .org, but that's a separate effect – that are priced perhaps quite a bit lower than market forces would necessarily demand, and it's possible that has some effect on receptiveness of the sort of pricing structures of new gTLDs.

One thing I don't think we understand very well is the sensitivity of the market to price. So we don't understand what a sort of generalized domain name demand curve actually looks like. One thing that we may want to ask AG to do – and I think maybe I asked this at some point in the past – is to look and see if there's any correlation between wholesale prices for the TLDs where they have that information, and registration volume.

I certainly imagine that at the extremes it does. I know that .xyz for example, which I think is the biggest of the new gTLDs, had a number of instances where they've sold names for free or for 2 cents or something like that. Obviously, that's driven a lot of their volume, but even taking outliers like that out of the equation, do we see the domains that cost $20, do they sell a lot more of them than TLDs where the wholesale price is $30?

I don't think we really understand that effect between price and demand right now, and I think it would be interesting for us to understand that better, although we also don't have very much time to get to the bottom of it.

JONATHAN ZUCK: That feels like Data Analysis Group might have, actually, since they went and did the screen scraping. At least in the samples, they did. They did screen scraping and they have volume for those TLDs, right? In theory, a comparison could be made. I don't know. Stan, go ahead. You might be on mute, Stan.

STAN BESEN: Yes. The point that Jordyn just made, a little more complicated, because again, I go back to monopolistic competition. It's entirely possible in a market that's very competitive, that you observe, again, firms with small shares having high prices per unit, but not necessarily reflecting the effect of competition, but the fact that the per unit costs are higher for more specialized producers.

So you find books that have very small – I know a publisher that publishes books that only sells basically to libraries, and sells them for like $500-$1000 each. It's not necessarily because they have any market power, it's just that their target audience is libraries.

UNIDENTIFIED MALE: Right.

STAN BESEN: And they charge higher prices than people who try to sell best sellers. So there are a lot of moving parts here. It's kind of hard to disentangle the effect of a price on demand, without taking into account essentially the business practices or the business plan of the supplier. So maybe we can just speculate.

JONATHAN ZUCK: Stan, is there some neutral way that you could take a shot at laying out a couple of paragraphs that just kind of discuss these things, including the fact that they're possible, but that we don't have enough data for it, so somehow summarize this conversation, [inaudible] we thought about it, but that we were unable to make a conclusion?

STAN BESEN: Yes. The piece up on the screen is a sort of early attempt to do that. I think what you're suggesting is that I should go back to this and expand it. Anybody who could take a quick look at this and add some comments on this, I'd appreciate it, but I can take what's on the screen and try to respond to your point, Jonathan.

JONATHAN ZUCK: Alright, thanks. Thank you, Stan, and then we have Gao, Carlton, and Jamie on Public Perception of the DNS. Can you guys take the floor?

UNIDENTIFIED MALE: Okay.

JAMIE HEDLUND: Sure. I took my hand down because I was just typing my stuff in the comments, but as Stan says, there are a lot of moving parts. There is the agreement that DOJ and the Department of Commerce reached with VeriSign on the price cap. The price cap has changed in the past. It's likely to change in the future, and that's the same with other legacy gTLDs that are subject to price caps.

I think my sense is that this is an opportunity for us to raise questions and acknowledge the paucity of data, and included in those questions would be any impact that any change in the price gap may or may not have had on the overall market, and the new gTLD space in particular.

To Jordyn's point about DOJ's analysis, yes, DOJ and Commerce do this – do an analysis on whether or not to adjust, but they use different criteria. They have nothing to do with the New gTLD Program. So that's obviously an input.

But, for example, one of the biggest criteria for them on whether or not their price cap could be raised is whether they [need to] invest more to improve the security and stability of the global DNS, and so that's if they need it for security and stability, they need more revenue for security and stability [inaudible] which is not really something that we look at – we don't look at directly, because we don't look at [inaudible].

JONATHAN ZUCK: That's the thing. I recognize that it's a sticky issue, so I don't mean to make too fine a point of it. I was only saying that our job is to look at whether or not the New gTLD Program introduced competition, so it's a [inaudible] question to ask whether or not the price caps had an adverse impact on that new competition. That's all I'm suggesting, and it's a little [inaudible] that DOJ has.

JAMIE HEDLUND: Yes, I agree with that.

JONATHAN ZUCK: All I'm saying is that I'm asking Stan maybe suppose the question, and then conclude we were unable to answer it, but that we acknowledge the fact that the question exists. That's all, because I think that will come up.

JAMIE HEDLUND: Yes, I'm sorry, I thought it was a broader issue. I apologize [inaudible].

JONATHAN ZUCK: Now onto your homework.

JAMIE HEDLUND: What homework?

JONATHAN ZUCK: I guess I thought you were part of this paper, but maybe not. I kept Carlton, Gao, and Calvin. I had it in my head that Jamie was part of it.

JAMIE HEDLUND: No, I'm part of another paper that I'm [inaudible].

JONATHAN ZUCK: So Carlton, can you take the floor? We need to wrap up here quickly if we can.

CARLTON SAMUELS: Okay. We have to restructure this paper because in the last conversation, the idea was that we would speak – the question was really more towards awareness and trust, and trying to figure out how awareness increased or decreased trust in the domain name system.

So we still kept the top level question, but we see some sub-questions there that we have. Has awareness increased year on year? [Has greater] awareness of the new gTLDs increased trust? That is the relationship between awareness and trust.

What actions and practices of new gTLDs have led to increased trust? Are alternative identities more trustworthy? This is something that there have been some questions about whether or not it is important to have it here, so let's take it that this is still that question, it's still on the revision as to whether or not we can keep it here.

So the findings. Awareness has increased year on year. This is between the 2015 year and the 2016 year. Interestingly, the data from the surveys suggests that while in the consumer segments, awareness has increased year on year, in the registrant segment, it has actually decreased.

Modest decreases, but there are decreases nonetheless, which is itself a little bit of a surprise. And you see the numbers there, represented in that statement. What we noticed though, if you look at the various areas of the globe, awareness is not even across. Awareness has increased more so in Europe and North America than in Asia Pacific.

We don’t have the awareness data for Africa or South America, at least we couldn’t find them to extract from the surveys, so those are left blank for that. But if you look at the registrant awareness, you will see that in Asia Pacific, it was flat, and then everywhere else, Europe, North America, it decreased, except for South America.

The largest decrease apparently is in Africa, where the awareness data went down by 20 percentage points. A few things to notice from that: awareness is highest for geographically targeted TLDs by country for consumers. Consumer awareness seems independent of the time the new gTLDs delegated and live or in operation.

Awareness doesn’t seem to track through the number of registrations in any domains. Big one, consumer awareness remains higher for legacy domains, and continues to grow. I’m not sure that is too surprising. So then, awareness and trust in TLDs. The data is showing that the average consumer trusts in new gTLDs went down slightly.

And here's something: less than half the new gTLDs, including the geo targeted TLDs seemed to be trustworthy by the majority of registrants. So there's a set that is trustworthy. They seem to follow the earlier prediction that those that are related to specific functions like e-mail and so on, photography, they seem to have greater trust among consumers.

Registrant trust level is lowest in North and South America, and highest in Asia, followed by Africa, and registrants generally have higher trust levels than consumers. You see the average consumer trust there in the next set of numbers, trustworthiness, consumers versus registrants.

You might ask, why trustworthiness? Because that's the data that we have, and most of you will actually agree that the word trustworthiness is a compound. It represents some other factors, but how do we see it? If you look at the data and look at the pictorial, you will see that generally, more of the trust is invested in those gTLDs that are related to functions. So you see news, e-mail, online, website and so on, they have the highest levels of trust in the registrant segments. It is much lower in the consumer segment.

We asked the question, "What attributes or practices of new gTLDs have led to increased trust?" Restrictions increased trusts, and furthermore, purchase restrictions add to that trust increase.

So if you look at the data a little bit more, you will see that while registrants were more opposed to having restrictions in the 2015 survey year, by the 2016 survey year, that number was decreasing, and more registrants were looking for restrictions.

So across the globe, 50% of consumers believed that you should have more restrictions on purchase of new gTLDs. If there is, in places – Latin America and North America are in favor of stricter restrictions. 25% overall favor strict purchase restrictions for geo related. Again, variations in the regions.

Some say that trust is vested in the gTLD because they expect the content to be related somehow to the intent of the gTLDs. So the reputation and familiarity also attribute some trustworthiness, and registrant opposition to restrictions for new gTLDs increased for some with implied purpose. What that means is that as soon as they figure out what the purpose or implied purpose of the gTLD, then they favor higher restrictions on registrations in those areas.

The next sub-question, are alternate identities more trustworthy? As I said, there is still some question as to whether or not this should be here, but just for reporting, one in four reported that alternative identity is in lieu of registering an additional domain name, North America and Europe mostly. One in six say they did not renew a domain name in favor of using an alternative method. More than half say they are less likely to register a new domain name or renew an existing domain name because of having alternative identities, and they say that in terms of alternative identities, costs and ease of use [inaudible] are the principal reasons for them to not register or renew a domain name.

Registrants in Africa, Asia and less so in South America are more likely responsive to alternative identities. I wouldn't want to go into any recommendations or review here, because those are still being discussed in the group. That's about all I have to say here.

JONATHAN ZUCK: Thanks, Carlton. Does anybody have any questions for Carlton about these findings? Okay, if you have comments, then let's get them to Carlton in writing here within the next few days, because otherwise, we're going to start to try to move these findings into [close] which would be [probably changed] expressionistically.

DREW BAGLEY: Just a real quick question for Carlton.

JONATHAN ZUCK: Yes, go ahead.

DREW BAGLEY: Carlton, I was wondering for section three, would you want to include awareness there, or the way you're defining attributes and practices, would you not want to look at something as far as awareness, because you're just looking at specific attributes of the gTLD itself? Just because we have seen that awareness and familiarity go hand in hand with trust.

CARLTON SAMUELS: I'm not sure I understand the question, Jamie.

DREW BAGLEY: This is Drew.

CARLTON SAMUELS: Drew, sorry.

DREW BAGLEY: No problem. For section three, when you're analyzing parts of the survey that are related to consumer trust and so you're looking at it as attributes of the new gTLD and whether there are restrictions, because we've seen that consumers tend to – there tends to be a correlation between trust and restriction.

CARLTON SAMUELS: Yes.

DREW BAGLEY: You also, in that section, still want to cover this whole premise that the more familiar the consumers are with the gTLDs, the more likely they are to trust it.

CARLTON SAMUELS: [inaudible] I see the question now. Yes, that could be one of the attributes, familiarity and all that. So we could expand it onto that on the [inaudible].

JONATHAN ZUCK: Thanks, Drew, that's a good point. Any other questions for Carlton? As everyone is seeing there's quite a bit that we need to cover and a lot to go over, so it really is important for you to provide feedback to folks whenever possible, when they're circulated to the list, so that we can make these discussions really focused on where there's some dissent, because we're coming up on Hyderabad very quickly.

I'm working with staff on what some slides might look like of the engagement session, sort of based on Laureen's high-level narrative and now Jordyn's high-level narrative, and so we need to get to those issues. One possibility is that we should try to go weekly on our plenary calls, so I guess I'm interested in people's thoughts on increasing the frequency of the plenary calls in order to become more ready for Hyderabad, which is coming up very soon.

Would people be available to do a plenary call next week in addition to their subteam call? I guess give me a checkmark in Adobe Connect if you'd be available to do an additional plenary call next week, or a red X if you're not. Maybe not everybody is understanding how to use Adobe Connect, but is there anyone on the phone who feels strongly that they couldn't make a plenary call next week, in addition to their subteam call?

It looks like we're headed towards having one, just judging from the checkmarks we're getting. So Alice, I guess let's try to do an additional plenary so that we can get more of these readouts done before Hyderabad, and so the staff will be sending out a Doodle poll to try and get that scheduled. Okay, great.

Thanks, folks. Thanks for the call. I know these are long, but the conversations are good, because we need to – price caps aren't the only third rail on our discussion. There are a lot of issues that we're going to be raising at Hyderabad, and there are a lot of people in the community with strong opinions about them, so let's try to all get on the same page as much as we possibly can before we get to India. Thanks, folks, for being on the call, and look for the Doodle poll from staff on the next plenary. Thanks, and I'll see you on your subteam calls.

UNIDENTIFIED MALE: Thanks, Jonathan.

[END OF TRANSCRIPTION]