
JONATHAN ZUCK: Okay, great. Thank you. Folks, welcome to Plenary #44. Let's get started without much ado. Is there anybody that's on the phone that's not in Adobe Connect?

JAMIE HEDLUND: This is Jamie Hedlund.

JONATHAN ZUCK: Great. Thanks, Jamie. Does anybody have an updated Statement of Interest? Alright, great. Let's go right in. I guess Jean-Baptiste is going to lead the discussion on the public comments we've received.

JEAN-BAPTISTE DEROULEZ: Yes. Hi, Jonathan. Hi, everyone. Just a quick update following our last Plenary call. We have extended the public comment period to May the 19th, so this is now effective. And the staff report due date is moved to June the 19th. This is the 17th, so there are still 23 days for the community to comment on the draft report.

In terms of public comments, there are no updates since we still have the two comments. First one on March 19th from [inaudible] which is more a comment on the .org and what could be improved on consumer trust, and the second one from [Mathieu Keru] from the new gTLD registry [inaudible] which was more how you can use consumer trust as a key selling point.

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So, there are no new public comments since last week. That was it for the update on the public comments.

JONATHAN ZUCK:

Great. Jean-Baptiste, thank you for the update. Anybody have any questions about the dates? We should probably all agree to the extension last time.

Okay, so then we have these additional drafts that were prepared by Stan and that we wanted to be able to discuss on this call. I'm going to hand it over to Jordyn to lead the discussion on parking.

JORDYN BUCHANAN:

Sure. Thanks, Jonathan. And I guess we are mostly talking about drafts by Stan because he sent out a new draft just this morning on parking. That is because I think last night we got a tranche of additional data from Analysis Group which I think really helps us better understand the effects of parking, at least in terms of – we've been having some hypothetical discussions about what the effects might be on some of the numbers if we tried to do parking-adjusted calculations. Now we can actually see the results of several of those calculations, and they've now been incorporated into the latest paper.

So, I think I'm going to divide this conversation into two chunks if you folks don't mind, and maybe additional topics that people wanted to cover. The first is just to talk about what we see from the Analysis Group numbers.

That's for a reason. I understand if people haven't had a chance to review those numbers yet, but we can probably summarize at a high level and talk through what the implications might be. And then secondly, I think we may want to take a step back. I know there have been a number of conversations as to what extent we should incorporate the parking adjusted statistics and/or treat parking in our final report in any case, so we can probably start to have that discussion at least.

Are there any other parking-related topics that people would like to make sure that we cover in this discussion today?

JONATHAN ZUCK:

Yes, I guess we probably need to finalize our definition too, if we're trying to – I mean, we [inaudible] the most expansive definition, but if we resolve to kind of include these numbers, we have to make sure that definition makes sense.

JORDYN BUCHANAN:

Yes. I don't know to what extent the nTLDStats would be capable of recomputing the data if we used a different definition of parking. It's probably not that hard. At the very least, Analysis Group would have to go back and run their numbers again if we were to change the definition of parking.

JONATHAN ZUCK:

Right.

JORDYN BUCHANAN: I guess I will lead off by saying I don't think there's any good reason to choose one definition versus another definition, and at least by using an expansive definition, we immunize ourselves from people saying we're sort of cherry picking what forms of parking we would be covering, although I guess you've had at least one piece of feedback that says the nTLDStats are too low.

But we can add that as a third topic. I think we'll hinge from the second one of what we're trying to accomplish with the parking discussion generally.

JONATHAN ZUCK: Right, [inaudible]

JORDYN BUCHANAN: Kaili, I saw your hand was raised and it's not anymore. Do you want to say anything?

KAILI KAN: Yes. [inaudible] Waudo's comment – hello, can you hear me right?

JORDYN BUCHANAN: Yes.

KAILI KAN: Do you hear me?

JORDYN BUCHANAN: Still yes.

KAILI KAN: Okay. In relation to Waudu's comment written on Stan's draft, I also sent out an e-mail through a team just a few hours ago. I agree with Waudu's comment, that is that our understanding from last time is that we recommend a comprehensive study of the parking phenomena.

And also, an addition to Waudu's comment [inaudible] is that we're recommending a study of ICANN, and it will be decided by the Board. So, I would also suggest as we recommend that we also should recommend the study to include the parking impact or effect on consumers, end users.

For example, like some report I read from academic study provided last year shared by Carlton I believe that many of those parked domains are being used for undesirable purposes to say the least. So, I also suggest that we recommend that content to be included in the future study if ICANN's Board adapt our recommendation. Thank you.

JORDYN BUCHANAN: Okay. So, we'll tee up a third topic related to parking [which is] recommendation as opposed to trying to have that discussion before we talk through what the findings are.

Okay, so I'm going to dive right into the new data from Analysis Group really quickly. I think folks had a chance to look at Stan's paper. The

Analysis Group has run the numbers in two respects, the first of which is that they've looked at the total market concentration or the market share numbers if you do parking adjusted numbers.

When we talk about parking adjusted numbers, what we're effectively doing is not counting any domain that is parked by this broad definition of parking that we're using towards the totals, and then only comparing unparked domains when we do market share calculations.

So when we do that analysis, the new gTLD share of total gTLD registrations drops from 12% to about 10%. So a little bit more than 12% to about 10%. Stan points out in the paper that's about a 20% lower finding than in the past.

Now, of course, I think that we found as in our initial data from a while back that the market share numbers for new gTLDs was even lower than that, I think at 9%, so we still said that was a positive trend line. So once again, this probably doesn't affect our overall conclusion about the trend in terms of competition, but it does affect the magnitude of the change.

And the secondly, they recomputed the market concentration numbers, both the [four- and eight] share market concentration numbers as well as the HHIs, and these numbers changed very little.

The [eight-firm] share stayed constant at 99.9, and the [four-firm] share changed by .1% from 99.4 to 99.5, and HHI increased slightly from like 77 to [1500] or something like that. But these are relatively minor changes in all of these measurements if you recomputed them on a parking adjusted basis, which was what I expected to happen, so I'm

glad my intuition matched the reality of the math. I think once again, that scenario where probably I would say this doesn't significantly affect our conclusions around the sort of general state of the changes with regards to competition, even though the numbers do adjust somewhat.

So, first of all – and I see that Stan is on the line, so I just wanted to make sure I'm summarizing that right, Stan. He said 14.2% before. So Stan, was it 14.2 to 10%? That's a more significant difference than I had stated.

STAN BESEN:

Yes, that's the overall share of new gTLDs as a percentage of all GLTDs as of December 2016. So, that's the 23% you're referring to.

JORDYN BUCHANAN:

Right, okay.

STAN BESEN:

The bigger change is the proportion of the increment that is attributable to the new gTLDs, and that's affected actually quite a good deal by taking parking into account.

With respect to the HHIs, I guess my view is by the way we should only be reporting those for registries. I'm less interested in those numbers for registrars and backends. Jordyn is quite right, the change is small, but I think that's basically because it was so high before that there wasn't much room for it to change.

JORDYN BUCHANAN: Right, so these on the registry side, these numbers were all showing generally relatively concentrated markets in the first place, and that doesn't really change as a result of this adjustment.

STANLEY BESEN: And that's not surprising given the fact that on average at least, the new gTLDs have higher parking.

JORDYN BUCHANAN: Stan, I did notice the numbers on the increments, the change in increment. Can you [inaudible]?

STANLEY BESEN: Yes, it's in the chart. It's in the data that the Analysis Group sent us. Let me see if I can find it. I have so many pieces of paper on my desk. Let's see. Hang on.

It's CCTRT Report table two, new gTLDs increase since the beginning of new gTLD program, unadjusted 61% - which is by the way bigger than the 50% number we were using for March, and parking adjusted, they say it's 33.6. This is one of the tables we got from Analysis Group yesterday.

JORDYN BUCHANAN: Right, so as you say, that's quite a significant – that's a 50% difference, basically.

STANLEY BESEN: Yes.

JORDYN BUCHANAN: Okay. So, any questions, comments about the data at least as analysis group has run it through their process and given us these new charts? And as Stacy has pointed out on the line, we do have her from Analysis Group around if people have questions about the production of the new data or the new analysis.

Okay, so we have some more information. It seems like people don't have any questions around that. I think Stan has summarized that pretty well in the paper. Stan, does your paper – this is why I guess I was confused, and I just came through it very briefly – do you talk about the change in the increment in your new paper as well?

STANLEY BESEN: Yes.

JORDYN BUCHANAN: Okay, so I just missed it when I scanned through.

STANLEY BESEN: It's at the end of the paragraph. Again, I'm shifting through stuff here. I believe it's at the end of the first paragraph.

JORDYN BUCHANAN: The first paragraph in the – oh, I see. Yes, in the first paragraph ion the parking adjusted share of new gTLD registration section.

STANLEY BESEN: Correct.

JORDYN BUCHANAN: Okay. I do see that.

STANLEY BESEN: [The look] at another way sentence.

JORDYN BUCHANAN: Yes, okay. Okay, so we have this new paper or this new information. Stan has incorporated it into the discussion. So, I'm going to push on then to the second topic that I suggested, which is a discussion of sort of what this means, why we should be including it, how we should frame it, if we should include it at all.

I think there's been quite a bit of discussion about this on the list. I guess I'll start trying to sort of replay both sides of the discussion to a certain extent, and I may get people's arguments wrong, but just to sort of kick things off.

So I think on the one hand, we're hearing from some members of the review team that because so many of the new gTLDs are parked, that it's significant enough phenomenon that we have to somehow grapple with it in our reports. And one hypothetical that we've had is that these

high parking rates may result in lower renewal rates which may have an effect on the long terms sort of viability or long term calculations around the new gTLDs.

I guess the other side of this discussion that I've seen from I think Jamie in particular has been that once we start to try to look at sort of what's on the domains as opposed to whether they actually exist, we start to think about stuff that's really beyond the scope of ICANN's remit.

I guess I would add another argument that's worth thinking about, which is as a data-driven exercise, we have I think a couple important piece – we have important data here which is the nTLStats data to compare rates of parking between the new gTLDs and the legacy gTLDs.

But we then proceed with quite a large assumption, which is that therefore, these parked domains somehow don't count in the market or that they are less likely to renew. And doing calculations that sort of back them out of the total market is based on a set of assumptions that we don't currently have backed by data. So there's a little bit of a gap in the evidence chain in the way that we're presenting this.

So, I guess we just want to open this up for discussion to see if people have thoughts on how we want to present this. I do find – like Stan in particular, I find as I read your paper that that last gap that I just noted, we sort of say parking is really important, parking is a big number, we should do something with it, and then we said – and so we're just going to – here's the definition that we used, and then we're just going to back these numbers out. And we don't really explain why we would exclude the numbers from our market share calculations.

So at the very least, I think we need to add some text explaining why we think that's appropriate if we're going to do it. But I'll try to open this up for discussion.

CARLOS RAUL GUTIERREZ: This is Carlos on the phone. I'm not in the Adobe anymore.

JORDYN BUCHANAN: Okay. Go ahead, Carlos. No one else is in the queue.

CARLOS RAUL GUTIERREZ: Thank you very much. I think it's a very interesting point. I just wonder, we had this discussion with the people from [inaudible] at one point does a domain name become active? And I feel we need to clarify that, because if there are economic dealings with things that are not domain names or not active domain names, we better make a footnote, because that defines that part of the responsibilities and duties that go with the domain names are beyond the realm of ICANN, again.

And it's fair with me if you want to leave all this business outside of the realm of ICANN, but there are contracts behind that, and these contracts stipulate responsibilities and duties, so I really like your approach, your very neutral approach to the matter.

At least an explanation, and then if they are going to disappear from the calculation, what does it mean and who is legally responsible for this business activity that happens outside of the Internet, because they are not active. Thank you very much.

JORDYN BUCHANAN: Thanks, Carlos. I see Laureen has raised her hand, so go ahead, Laureen.

LAUREEN KAPIN: Thanks, Jordyn. First of all, I think this is great that we finally have data and we're moving forward.

JORDYN BUCHANAN: Laureen, you're super dim, so if you can somehow get closer to your mic or your handset, that'll be helpful.

LAUREEN KAPIN: Is this better?

JORDYN BUCHANAN: Yes, much.

LAUREEN KAPIN: Okay. Thanks for the feedback. I think it's really good that we finally have this data and that we're reporting it. And I'm sorry if I missed this, Jordyn, I'm not quite sure you understand the argument against using this data, and I just wanted to make sure I understood that. Because it seems to me we should report it, and we also perhaps should draw – right now, it's just a straight report, but we don't really come to any conclusion about, "Okay, does this mean things are less competitive than we sought, or does this mean we need to study this to figure out

what this really means in the marketplace? Does this mean we have to change our definition of markets?”

So one, my question is, what would be any argument against using this data? And two, my observation is perhaps we need to take our analysis a little further in terms of given this data, what do we think the ramifications are.

JORDYN BUCHANAN:

Sure. Thanks, Lauren. I think I'll let Jamie maybe summarize his argument from the list, but I guess the point I was making is simply that if we are going to – what we're doing in the analysis is saying we're going to recompute all of our numbers as if the parked domains were not part of the market, I think would be the way I would best summarize it.

So we're coming up with a new definition of market that doesn't include parked domains, it only includes active domains.

LAUREEN KAPIN:

Right.

JORDYN BUCHANAN:

And I guess – I think we need to have some rationale for that definition of market if we're going to do it. Like from the perspective of the players of the contracted parties and the players involved in the ICANN ecosystem, a parked domain is the same as a non-parked domain, right?

Registries get paid the same, ICANN gets paid the same, registrars get paid the same regardless of whether a domain is parked or not. And so from the sort of remit of our competition analysis and trying to look at the marketplace, I think we'd need to have some reason why we would say, "Oh, but these domains even though there are people paying for them, we're not counting them in our competitive analysis."

Now, there's been one hypothesis which is maybe they won't renew as well and so projecting forward into the future maybe they won't exist to the same degree as the other ones, where we don't have any data to back that hypothesis. That's just like a random statement.

And generally speaking, we've been loathed to include sort of hypotheses unbacked by data in our findings. And this is essentially inserting that hypothesis into the sort of logic chain into the data that we would be presenting.

So there may be other reasons why we would want to use that market definition, but I think we need to have some reason why we would think that it's appropriate to exclude this set of parked domains from the market definition when we're doing our analysis.

And then I'm going to pause for a second and see, Jamie, do you want to – I think you had a slightly different take.

JAMIE HEDLUND:

Sure. No, it wasn't – so, yes, it is data and it's data that we found, and I never suggested we shouldn't surface that data. My concern has been

the same I think as others, which is, what conclusions do we draw from that data and what's the evidentiary basis for those conclusions?

Your example about the competitive nature of the market, it would be a reasonable hypothesis that the market may not be as competitive or that it is not as competitive as it is with the high percentage of the parked domains, but I don't think we have data to suggest – to explain why that's the case.

And I would think that to draw that kind of conclusion would require further study of the parked domains themselves and why people – the reasons for having a parked domain which – as we already suggested – can vary greatly. So I hope that's helpful.

JORDYN BUCHANAN: Laureen, does that answer your question? At least, does it help you understand the argument?

LAUREEN KAPIN: Yes. What I hear you saying, Jamie, is you have no objection to surfacing the data and your concern would be how the ramifications of the data are characterized, and you'd want to make sure that if we reach any conclusion, that it is based on facts or evidence rather than speculation. If I've understood you correctly.

JAMIE HEDLUND: Yes, that's absolutely right. Thanks.

LAUREEN KAPIN: That makes sense to me.

JORDYN BUCHANAN: Sure. Thanks, Laureen. And then to answer your second question, this is somewhat more subject to I guess interpretation. My take is that even if you sort of give full credence to the notion that we should have some definition of the market that doesn't include the parked domains, I think what the data shows and the analysis shows is that the magnitude of the competitive changes is somewhat smaller than we find when we include the parked domains, but the trend is still the same, so I don't think it affects our general conclusions in terms of the fact that the signals are still positive with regards to the trend towards – we see positive signals that generally indicate improved competition as a result of the introduction of new gTLDs whether or not you include the parked data, but the magnitude changes somewhat.

Okay, Stan is next, then we have Jonathan and then Kaili. Go ahead, Stan.

STANLEY BESEN: Actually, I want to make sort of four quick points. One is except for this section, all of the other calculations in the competition section use all domains and ignore parking. There's an implicit assumption there too. No one has remarked about that, but underlying those calculations is an assumption that they all should count. That also is a hypothesis yet untested.

This is only one section of a long discussion of competition. It's been my view all along that we can't ignore parking, and so I think this is sort of a reasonable middle position between the two extremes that have been advanced here.

Third, I do take a bit of umbrage at the argument that it's based on a random statement. I try to be very explicit about the underlying assumptions, and there are a couple of sentences in the report and the draft that are very explicit about the underlying assumptions.

I agree that they've not been tested, but being explicit about them I think is important because it states them in a way that is in fact testable. I'll come to that in a moment.

I welcome anybody who has other hypotheses that they want to advance. Please, if you have them, send them to me or send them to whoever retains the pen in this section, because we could certainly include them in the report if you want to have a longer list of hypotheses.

This is the one that I advanced, but it's really not the only one, which brings me to the last point which is this is an area that needs further research. As I thought about this, there are other measures that we could use, for example, planned deletes is a measure that nTLDStats provides, so one possibility would be to do this analysis with other measures, and another is to in fact consider other hypotheses.

One of the reasons we're handicapped in testing some of these other hypotheses is that we really don't have very good information on registrant behavior, and that's why one of the things that I proposed is a

survey that more explicitly asks registrants questions about their use of the new domains that they acquire. I'll stop here.

JORDYN BUCHANAN:

Thanks, Stan. On your third point, just to clarify, as far as I know, the only hypothesis that we have in the paper for why the parked domains ought to count less or count not at all in the computations that we do here is that there might be differential in renewal rates. Is that right, or is there another reason?

STANLEY BESEN:

No, that's correct, but remember – look, I had the pen, I was asked what I thought. I wrote it down. No one has proposed other hypotheses to me. Actually, Jonathan did propose one sort of – I won't get into that, he can defend it himself.

But I was explicit about my hypothesis. If people think other hypotheses are appropriate, please advance them, and the drafter of this section can take them into account.

JORDYN BUCHANAN:

Sure, that's fine. I just want to make sure I understood what – there weren't other hypotheses other than that one advanced for this. And then I guess the follow-up question I'd have would be, this essentially assumes that going – the way we're calculating this, we assume the – we don't assume, but the outcome is roughly that we're treating these domains as if the renewal rate is zero versus 100% for the legacy domains. Isn't that because we're completely backing out these

numbers and keeping all of the legacy gTLDs as opposed to doing like a differential weighting between the two?

STANLEY BESEN:

No, I don't think that's correct. It just says that there's – it says one possible reason is registration renewal rates may be negatively correlated with parking rates.

JORDYN BUCHANAN:

I agree that's the statement. I guess I'm just saying the way we actually do the math is we exclude the parked domains entirely, as opposed to saying, "Oh, only half to them will exist" or something like that in the future.

STANLEY BESEN:

Yes, and by the way, just to be clear, Jonathan suggested to me the following hypothesis – again, I'm blaming him, we don't have evidence for this – is his hypothesis – or a hypothesis, I don't want to say it's his – is the following: all the parked domains in new gTLDs are duplicates of used domains that are being used in legacy gTLDs, and when the legacy gTLD registration is up for renewal, they won't be renewed and the parked domains in the new gTLDs will be in fact counted.

That's sort of the other extreme, if you'd like. I don't think – if that's possible too as well. One could do a calculation based on that, I suppose. But that's another hypothesis. I think this is an area that's ripe for research if people think parking is an important phenomenon, and I think it's hard to ignore.

JORDYN BUCHANAN: Yes. I guess my point is just that if we actually had – the way we would probably do this math, if we actually knew that there was a differential in renewal rates, let's say we said normal, non-parked domains renew at 90% rate and parked domains renew at a 50% rate or something like that, presumably the way –

UNIDENTIFIED MALE: [inaudible]

JORDYN BUCHANAN: I'm sorry.

STANLEY BESEN: Why don't we just – I think we can agree on one point at least? Let me assert this: further research in this area is needed.

JORDYN BUCHANAN: Yes, that's right. I'm just trying to wrap my head a little bit around the sort of hypothesis we're using and the way that we're implementing it, and just to say if we actually had that data, like that we had a differential between the renewal rates as opposed to just excluding the parked domains, what we would presumably do is just multiply out – we would say this [inaudible] parked, its renewal rate is X, and so at the end of that, you have X parking rate times renewal rate is going to be left over, and then the non-parked domains [fraction] is Y and its renewal

rate is whatever, Z, and then we'll multiply those out and that's what will be left of the non-parked domains.

And right now, the effect is basically 100% renewal rate and 0% because of the way that we're doing it right now where we include all of the non-parked domains and none of the parked domains.

STANLEY BESEN: That's why further research is needed.

JORDYN BUCHANAN: Okay. Jonathan –

UNIDENTIFIED MALE: Sorry, just a comment. Stan, further research with some kind of hypothesis. I like the hypothesis that Jordyn is proposing, because I think it's exactly the opposite if we believe in the property rights school. Thank you.

JORDYN BUCHANAN: Alright. Jonathan has been waiting patiently, so I'm going to move to him and then Kaili.

JONATHAN ZUCK: Thanks, Jordyn. I think the answer might be – I'm glad Stan that you clarified this, because I think that people were forming the impression

that we were making some kind of global decision to adjust our numbers and exclude parked domains, and that's not the case.

This is just a section in the report that presents a kind of conditional that says if we were to do this, this is what the impact would be. And I think to Jamie's point, what might make sense is if someone else takes the pen or provides feedback to Stan or something is that there are more caveats to be had in such a section.

In other words, there are possible hypotheses that parking parked domains should be counted less in a competitive calculation based on renewal rates. I propose a hypothesis to Stan under which parked domains – the new gTLD registrations should actually be counted more, or – that's gross wording, Stan, I know, but the idea is that they should be counted, in fact they're counterparts [in] legacy domains should be counted less because of the substitution practice of getting a domain and then waiting a while before letting the old one go because of old links and things like that.

So, there are other hypotheses that would be proposed as part of any further research of parked domains. And another hypothesis I proposed is that separate from counting domains in this way, the hypothesis could be positive that the existence of parking is allowing domains to succeed in the short term that might not otherwise.

In other words, the fact that there's this parking market of temporary domains might be the bridge that allows domains to make it through their three-year term where they really see their real growth, and so even though it doesn't have a direct impact on the concentration

[numbers] in the short term, it could have a dramatic impact on the competitive landscape three years from now because it did provide the economic activity that Jordyn described that allows these domains, these registries to sort of reach critical mass to go on living, and so therefore parking has a positive competitive impact.

And so I think there are some hypotheses that would all need to be examined, and I think if we – fill this section with some caveats like the one you’ve raised, Jordyn, that it might be easier to include because we’re sort of showing both sides and then kind of presenting it as an extreme case that’s at the very extreme, if we back them all out, the numbers look like this, but then present a competing hypothesis.

Or something like that, because it is true that there's enough here that it's worth additional study, but at the same time, I think we want to – as Jordyn indicates – not throw out a number that becomes some people's new number to quote in public forums and things like that when talking about the competitive nature of the market.

So, that I guess is my point, is that maybe this section just needs some more hypotheses as Stan mentioned and some caveats about what we're really doing in that section in order to be included. That's my thought.

JORDYN BUCHANAN:

Thanks, Jonathan. Kaili had his hand raised until right when you finished, and then it disappeared. Kaili, do you still want to say something? Okay, maybe we lost Kaili.

JAMIE HEDLUND:

Jordyn, this is Jamie. Can I just say one quick thing? Just adding on to what Jonathan said, given that the parking rates and legacy – as I understand it, the parking rates in both legacy and new gTLDs are fairly similar.

Another possible hypothesis is that the new gTLD market mirrors what's going on with legacy gTLDs and that the high parking rates are in fact a normal function of the market and we won't really know whether it's artificial and represent a lot of domains that are not likely to renew until over time.

But it seems that while we should obviously acknowledge the high parking rate in new gTLDs, we should also make sure that it's compared clearly to the high parking rates that exist in legacy gTLDs, and so there may be a problem, there may not be. Thanks.

JORDYN BUCHANAN:

Thanks, Jamie. Okay, so we've had a robust discussion. It does sound like we should probably – based on this discussion – expand out some of the conversations and possible alternative hypotheses. It's also possible that with regards to this renewal rate question, that we already have the information that we need in order to get at some of the data.

I think Stacy is still on the call. Stacy, does Analysis Group compute renewal rates at any point? I think there was discussion about this previously, like renewal rates per TLD.

STACY CHAN: Hi, Jordyn. [inaudible] I can look back. That's not immediately in my memory, but that doesn't mean that we did not do that.

JORDYN BUCHANAN: I see Eleeza just raised her hand, so maybe she has an answer to this question. Eleeza?

ELEEZA AGOPIAN: Yes. Thanks, Jordyn. Hi, everyone. In the previous calculations that Analysis Group did – and Stacy, this may have been before you worked on the project – we did not use any of the renewal rate information, so we don't have that handy I guess in your calculations, but the renewal rates are in the [inaudible] transactions reports that we did provide.

JORDYN BUCHANAN: Okay, so in theory I guess the data is available so that we could [inaudible] see what the correlation between parking rates and renewal rates look like. That's additional work that hasn't been scoped right now.

ELEEZA AGOPIAN: That's correct.

JORDYN BUCHANAN: Okay, so I guess in theory we could actually try to validate this hypothesis to some degree. That might help the paper as well. So, why

don't we leave – actually, Kaili is back, so before we sort of wrap up this discussion, Kaili, go ahead.

KAILI KAN:

Yes. Thanks, Jordyn. Sorry, I just lost Internet connection and I'm just back. I sort of agree with Stan and Jonathan and their comments about parking calculation. And so first of all, we are not excluding analysis or calculation [inaudible] what only compare the data including parking and excluding parking.

About the hypothesis, I would agree with Stan about it. I just want to add another thing. [inaudible] specific statistics on GDP. There are two kinds of calculations. One is about value of goods being manufactured, and another way of calculating it is the value of goods sold for the end users. [inaudible] value.

So I consider the registered domains being [so there's a] manufactured. Now, [inaudible] excluding the parked domains would be consider to be really [inaudible] that are similar to the GDP [consider] only the retail value for calculations.

So, I would personally include both sets of data just for comparison purposes and [inaudible] in GDP calculations [inaudible]. So, I think that might be especially as we consider the parked domains a very large portion of that especially for those from China are [inaudible] speculation. And thus, we could consider them as still not being sold for end users, but only still in the distribution channel and considered as inventory.

So, well, I think that provide another reason or specification or hypothesis for our calculations and comparisons. Thank you.

JORDYN BUCHANAN:

Thanks, Kaili. I'm not going to get to the discussion of recommendations because it sounds like we still have some work to do around how we frame the findings here. I think based on the discussion today, I can take a stab at the documents of adding at least some color around some of the other hypotheses or the rationale here.

And then to the extent, Jonathan, you and others have any thoughts that we want to add, maybe let's give us a week to add additional text here, and then we can come back to discuss what the recommendations might be after we sort of finish flashing out the findings section.

And I'll also work with Eleeza to see how complicated it would be to actually sort of validate this renewal rate hypothesis before we sort of hinge the rest of the math based on that. Any other comments here before we wrap up this discussion for the moment?

JONATHAN ZUCK:

Jordyn.

JORDYN BUCHANAN:

Go ahead, Jonathan.

JONATHAN ZUCK: Sorry about that. The only thing is we talked a little bit about the parking definitions, and the only reason I raised that is that there are certainly – well, two things. One is that we know the definition that now stands would exclude domains that – or include, depending on how you look at it – the definition now would include domains that might be just being used for e-mail. Just checking website availability.

JORDYN BUCHANAN: Yes.

JONATHAN ZUCK: And then the other issue is that there's another definition of parking that's sort of circulating that's about this kind of monetization where you know the purpose for it, so there's a certainty there as opposed to an uncertainty that it's on the parking servers, it's got ads on it, that sort of thing, a subset of this as well that is more of a certain number. Those were just things that I didn't know if we wanted to try and discuss. It's a very inclusive definition of parking as it currently stands.

JORDYN BUCHANAN: Yes, and if I could just point out I guess, I would say – and so here is where I struggle a little bit, because I think if the reason why we're recalculating these numbers is based on the hypothesis that it may affect renewal rates, I don't think we know which of these potential factors would affect – it's not obvious to me that something with a bunch of ads on it is less likely to renew than something with no DNS resolution at all.

in fact, I would guess the opposite would be the case, and so if we were just to use the definition that includes these ads, then I would think it would be even more of a stretch to say that that's the set of domains that we should exclude in the market definition based on the renewal rate hypothesis, because those are almost definitionally names that someone is actually using to monetize.

Now, it might not be the sort of economic activity that some people like, but it doesn't seem likely that those are going to be lower renewal rates than the names that are not resolving at all.

And similarly, yes, you're right, there's a weakness in the methodology which is that it's very based on websites, so e-mail only domains will be excluded.

I think if we didn't use – like by far the biggest category in the parking numbers is names that just don't resolve at all, and so if we were to sort of take that out of our parking definition, I think suddenly the number would drop so much that it would no longer be the significant factor that Stan has talked about in the past.

So, I don't think there's a particularly good reason to use the definition of parking that we have right now, but there's not a particularly compelling reason to use any other definition either, I don't think. But I'm totally open to further discussion around that. So, anyone else have thoughts? Kaili, is that an old hand?

KAILI KAN: Sorry. Yes. [inaudible] But anyway, I do think we totally change our conclusion, which only doing a comparison and to point out there would be differences by including parked domains and excluding parked domains. I think in the final conclusion, we include both calculations. That's all. Thank you.

JORDYN BUCHANAN: Sure. Thanks, Kaili. Alright, so I'm going to put this conversation to rest for the moment. We'll try to make some revisions to the paper with some additional thoughts about the hypotheses around parking and represent it.

My guess is we'll try to get that turned around in about a week, but we'll probably pick up this discussion again in a couple of weeks. Any other discussion here before we move on? Jonathan, do we actually have two hours, or is this just a one-hour call? I guess the question is whether we're going to get to any other topics or not.

JONATHAN ZUCK: We had said that we would make it a short call, but...

JORDYN BUCHANAN: Okay. Well, then this is probably the end of our – we can probably get to the other papers on next week's call, if that's the case.

JONATHAN ZUCK: It should be alright. If people aren't anxious to jump off, do people have questions for Stan while we have him about the content of those? I guess Laureen, you had some potentially about the [inaudible] registrations competition issue. Stan, you have your hand up.

STANLEY BESEN: Just a general comment. People have commented they're most useful – at least to me – if you do them as – you amend the text in some fashion. Include language that you want to include. It's not as useful to tell me that you don't like something as it would be if you told me what you'd like to put in its place.

JONATHAN ZUCK: Understood. Yes, so I guess the question today is just whether or not there are things you don't understand, I think would be the things that we try to get to in these while we're still on the call with anybody from these other two [papers] had things they didn't understand. Laureen, go ahead, please.

LAUREEN KAPIN: Can you hear me? Yes?

JONATHAN ZUCK: Yes.

LAUREEN KAPIN: Okay. So, I think I fear I may have fallen into your category of not suggesting specific language, but that's because my comment was more general. And really, my comment on the balance between registration restrictions to safeguard the public but not running afoul of unduly restricting competition.

It's really to raise the issue of, can this be written in a more neutral fashion? Because the sites that you referred to are examples of where restrictions have abused the free market by unduly restricting competition, and I think when you use that example, it [weights] the comment, and I'm wondering if there's another example that you're aware of in the literature that talks about the positive effects of a restriction.

STANLEY BESEN: Much as I hate to disagree with my friend Laureen –

LAUREEN KAPIN: I'm so honored that you're calling me your friend, Stand.

STANLEY BESEN: Well, this is one paragraph in a quite long section that worries about trust, and so the idea that this one paragraph unbalances the discussion seems sort of odd to me. This is intended to say, "Well, you've read all those things about all the good things that can be done to promote trust. Here's something that you might want to think about as well." And I don't think one paragraph unbalances the discussion.

LAUREEN KAPIN: I take that point, but my question still stands about whether there is a balancing out for the cite.

STANLEY BESEN: Well, I put the cite in for this, but I presume that all the rest of – you can have cites for everything else in the trust section. There's no problem with that.

LAUREEN KAPIN: That's already there, but I'm just wondering if you're aware, Stan – and I'm not asking you to do research, I'm just asking because you've listed this area – if there's a paper that talks about the beneficial effects of [inaudible]

STANLEY BESEN: Okay. Well, I'll propose that you and I discuss this offline.

LAUREEN KAPIN: Fine. Fair enough. I accept your proposal, my friend.

JONATHAN ZUCK: Okay, and I guess also Laureen there's a cite in waiting in the paper because it said there are instances in which restrictions are necessary for public safety or deemed necessary for public safety. So, a cite for that might strengthen that part of the statement, and also provide sort

of sectoral caveats to the overall point that you might be looking for, Laureen.

So, there's an invitation in Stan's draft to suggest that there are instances in which this type of segmentation is truly necessary.

Other questions about these two papers? I have one quick question for you, Stan, on the Latin American piece, which is that it seems fairly descriptive, and that may be enough. I just wonder if there's any conclusion to be drawn from that from a competitive analysis standpoint other than in some instances ccTLDs are much more competitive than other instances in vis-à-vis gTLDs. I guess there wasn't any kind of an inclusion about whether that might be the case or what to look for in the future. Does my question make sense, Stan?

STANLEY BESEN:

Yes. I was reluctant for a couple of reasons, to draw more conclusions here. One of them is that we have no way of knowing whether these countries that we've looked at are representative, so sort of point one, and that's the reason I called this a prototype. It shows the kind of analysis that ICANN could do in the future, by – I think quite appropriately – looking at competition on a more granular geographic basis.

The advantage of this – and I got a point the other day from Dan, I think at some point I'm going to go back and look at the more general discussion. He says we don't make enough – I guess we did in the parking analysis discussion, but we don't make enough of the competition between ccTLDs and gTLDs.

One of the reasons we can't do that in the sort of longer competitive analysis is that for the most part, ccTLDs don't compete with one another, and therefore it's awkward to include them in the market. On the other hand, I think it's really quite sensible to consider them as competing with gTLDs in their own geographic areas, and I think having gone through this exercise, at least it shows that there are countries in which it turns out these countries look quite different from the average that we observe.

And I think that's kind of an interesting [inaudible] and again, that suggests it's another "Further research is needed." I don't think we should forget what we said at the beginning of the paper, which is this is early [inaudible] a lot more work has to be done. I don't think we can expect to be definitive, but I think this moves the ball forward some.

JONATHAN ZUCK:

I agree. I think this analysis is really interesting. So two things come to mind in the description of it as a prototype. If you had this data for a broader spectrum of ccTLDs, is there a way, is there a calculation – and this might end up just being a sentence, but is there a calculation you would be able to perform that it did suggest an overall competition by ccTLDs vis-à-vis gTLDs. Is it an average? I know averages are tough, but is there some way that in theory if ICANN did further research beyond what's being done here, what other questions should be asked? In other words, what – are there policies for these TLDs that lead to increased competition?

I mean in some countries they give them away. That's one question, and then the other is, is there a calculation that further research should perform on the aggregate if you had more candidate ccTLDs in order to make some conclusions on a global basis so that you could come up with some kind of a number that suggested what the competition contribution was of ccTLDs generally? Does that make sense?

STANLEY BESEN: Yes, I actually don't really have any answer to that. At this point I'm sort of happy that we actually got this project done. But if you have additional language, please take the pen.

JONATHAN ZUCK: Yes. I feel like I'm not smart enough to do that, and that's why I was asking the question if you knew – I'll take this offline too and write this question out to you so it makes more sense. But I don't know the answer to the question I'm asking, so I can't draft this. But I'll reach out to you offline.

STANLEY BESEN: Fine.

JONATHAN ZUCK: Lauren, that's a new hand, I think.

LAUREEN KAPIN: Sorry. This falls into Any Other Business when we are done with the substantive parts of the conversation.

JONATHAN ZUCK: I'll come back to you then. Kaili, is this about these drafts?

KAILI KAN: Yes, about that. Just a comment about [inaudible] we assume that ccTLDs do not directly compete against gTLDs. I'm not sure whether that's correct, [inaudible] in China, all the government agencies are registered in the gov.cn [inaudible] TLD. All the schools are registered in the .edu.cn [inaudible] indirectly .edu. So, I don't know if those cases have [inaudible] as well. More so, I've seen in many recent cases where gTLDs – including new gTLDs – could be used as a second level domain and then when registrants would register a second level domain under the ccTLDs. So if that is the case, that shows that ccTLDs in some cases do directly compete against gTLDs. [inaudible] makes sense. Thank you.

STANLEY BESEN: Actually, my point was simply that the calculations that we report in the bulk of the paper do not include ccTLDs as competitors. This is the only place where that takes place, and it's for the reason that it wouldn't make sense – it seems to me – to treat all the ccTLDs as if they compete with one another.

But this goes back to the more general, more difficult question about how to define the markets, and these are possibilities that I wouldn't say at this point that any of them are definitive.

KAILI KAN: I can agree that ccTLDs do not compete against each other, except maybe one special case which is [inaudible] will use as the gTLD.

STANLEY BESEN: [inaudible] apparently .co is also offered worldwide, and there are a few others, the so called open ccTLDs.

KAILI KAN: Yes, but anyways, in general I agree with you. However, what I'm saying is that those – for example government agencies in China registered in the .gov.cn, they come to these [tracked registrants from] [inaudible] gTLDs. I wonder if that is considered a competition or not, but in general, I do agree with [inaudible] in general. [inaudible] I agree with [a lot of that.] Thank you.

JONATHAN ZUCK: Calvin?

CALVIN BROWNE: Yes. Hi guys. Just to add, I was a little bit unsure, but I had some concern that often there is competition within the ccTLD itself, and that the actual registry operator is a nonprofit organization. And we don't really take that competition within the ccTLD itself into account, so the ccTLD in some instances almost act like [inaudible] says the gTLDs.

And I just had a small concern on that. I'm not too sure what to do about it, but I thought I'd just raise it in any case.

JONATHAN ZUCK: Could you propose some language for the draft? I think the idea here – hopefully not to mangle Stan's concept – is just to put this out there as something to be considered in the future with more data and act as a kind of prototype for further analysis. So if you had some way to describe that in the text, maybe you could propose some text to be included in this [inaudible] future prototype.

CALVIN BROWNE: Yes, I understand that, and I think really what Stan was measuring there is slightly different to what I was doing. I'm not sure how important it actually is, to be honest with you. I just had a concern there. But I'll think about it, and then if it bugs me more, then maybe I'll put some text together around this.

JONATHAN ZUCK: Okay. Yes, let us know, Calvin, if it reaches your bug threshold. Any other comments on these topics, or questions? Alright, so under Any Other Business I will hand the time to Lauren.

LAUREEN KAPIN: So, I just wanted to see if we had any more information about what the plan is for Johannesburg. I know I had seen some e-mails that we were

going to be speaking with some folks at some point. When is that taking place?

And also, I don't think we ever really got an answer to the questions we had raised in our e-mails in response to Alice's e-mail about the meeting team approach.

JONATHAN ZUCK:

Laureen, Alice might – she may be gone from the call, but David Olive has actually reached out to the SO and AC leaders with some of the issues that we raised and has requested a call. So, one of the things that we've done behind the scenes is gotten some – Carlton got some agreement out of Alan and I reached out to James Bladel, etc., and so there's enough sort of noise about that Olive reached out to the SOs, ACs to do a conference call on this issue and get some resolution about what their feeling about it was.

And I've been invited to be on that conference call, and I wanted to tell you that it is today, but I'm now looking at my calendar and for some reason I don't see it. So, I can't tell you when it is, but it's very soon. There's a call with the SOs and ACs.

MARGIE MILAM:

So, Jonathan?

JONATHAN ZUCK:

Yes.

MARGIE MILAM Sorry, it's Margie. It's 10:30 to 11:30 Pacific Time.

JONATHAN ZUCK: Today?

MARGIE MILAM: Yes.

JONATHAN ZUCK: Oh, okay. I don't know why I don't have it marked in my calendar.

LAUREEN KAPIN: Good thing I brought it up.

JONATHAN ZUCK: Definitely. I remembered seeing it on my calendar, but now that I went to look, it wasn't there. So it could be I just did something that screwed up in my calendar. So, Margie, if you could help me make sure that a new invite gets generated so that I have it, that would be great. So yes, Lauren, it's getting escalated. That's the news and it'll be [inaudible] results very soon.

MARGIE MILAM: Oh, it's probably – Jonathan, it probably went to your old e-mail address. What's your – what e-mail address do you want it to go to? And I'll forward it to you.

JONATHAN ZUCK: Oh, either one. I should be able to see it from either one, so don't worry about it.

MARGIE MILAM: Oh, okay.

JONATHAN ZUCK: Forward it to whatever you have and I'll see it.

MARGIE MILAM: It says actonline.org

JONATHAN ZUCK: That's fine.

MARGIE MILAM: Okay.

JONATHAN ZUCK: Alright, thank you. So, Laureen, we'll get back to you very quickly [of how] that call goes and what the resolution appears to be.

LAUREEN KAPIN: Thanks. I appreciate it.

JONATHAN ZUCK: Yes. So, all the things that were raised will come up on that call. Eleeza, you have your hand up.

ELEEZA AGOPIAN: Just one other AoB. I wanted to let everyone know that we're expecting – I don't think I sent it to the list. Not to the list. We're expecting Lori Schulman to join your call on May 10th to discuss the INTA survey results, and I think she'll be sharing her report with you report then. So, just so you're all aware of that.

JONATHAN ZUCK: Great. Thank you, Eleeza. Anybody else have Any Other Business? Alright, folks. Thanks. And Stan, thanks so much for joining the call to field questions. See you later.

[END OF TRANSCRIPTION]