RECORDED VOICE: This meeting is now being recorded.

JONATHAN ZUCK: Welcome everybody to the CCT RT plenary meeting number 18. We are in the thick of it. Again, and please accept my apologies for the change of dates. I had to testify before Senator Cruz while the call would otherwise be going on, and I’m sure he would have given me a hard time trying to multitask.

So, I appreciate your flexibility in rescheduling. So, let’s go ahead through the agenda. The first topic, if I recall correctly, is the finalization of data requests. So maybe I will let Eleeza take the microphone to give her understanding of what requests we have on the table, which are easy and process, and which we need to fight for.

ELEEZA AGOPIAN: Hi Jonathan. Thanks. This is Eleeza. So, I didn’t really prepare anything to share with you on the screen here, but I just wanted to talk through what I received, and give, yeah, just give a quick update I guess. [Inaudible] more time for you guys to talk [inaudible] today. So we received a number of requests for data and compliance from [Fabro?], Calvin, and from David on the [inaudible].

So those have all been compiled and put together, and are now with Maggie’s team. We’re hoping to hear more [inaudible] in the week. Brian and I have been discussing those with her, so we will follow-up

Note: The following is the output resulting from transcribing an audio file into a word/text document. Although the transcription is largely accurate, in some cases may be incomplete or inaccurate due to inaudible passages and grammatical corrections. It is posted as an aid to the original audio file, but should not be treated as an authoritative record.
with you on those as they’re available. I don’t know much more than that on those.

With regard to the data request that were made in Vienna, we have, we’ve been working on some of them. Some of them, I’ve reached to [inaudible] competition team on an updated chart that they had requested for registrations that are not in [inaudible] some changes that were asked of the metrics that we have on our CCT page. Those are in progress and nearly done.

And also, as we update those and publish those, I’ll be sending you all a reminder. So I think, of everything we’ve received so far, it’s doable, it will take a little bit of time, but it’s certainly doable. And I’m trying to respond as quickly as we can to what we have received. The last point I wanted to know, excuse me, in Vienna, we had talked about the team wanting to get a little bit more data from Nielson on that particular [inaudible] path for certain regions, or on certain questions comparing the questions against each other.

The Neilson team has a list, they’ve compiled a list [inaudible] view that you’re putting together answers to, and we’ll be sending them to you, but I also sent out a note last week, I think it was to the team, if there are any more additional requests you would like, just send me those this week. I haven’t received anything else, so I’ll ask for a last call on that topic today, if possible, I think [inaudible] Neilson.

And we can go from there. I think that’s it. Are there any questions?
JONATHAN ZUCK: So, in addition to that, there is the DNS abuse study, and Alice is working on scheduling a call for us to discuss that with Theresa. So, that’s in process. David, I don’t know if you have any kind of an update on the inta-study going into the field, and whether we’re still scheduled on there. Is there anything you can speak to?

Oh, he’s on... So is there anything that you can type to David. All right, no update. And Megan, you’ve got your hand up.

You might be on mute, Megan.

Megan, we can’t hear you.

All right. Megan is typing a question.

LAUREEN KAPIN: Thank you for the reminder Megan. Yes, that’s on my list and I’m still working on it anxiously on that as well.

JONATHAN ZUCK: Excellent. Anybody else have any questions or data requests that Eleeza did not bring up or I did not bring up, that you want to make sure remain on the radar? Because this is really it.

I’ve got a brief update from Andrew Mac yesterday, that they’re proceeding at pace with their interviews, and should have north of 30 of them done by the end of the month, and be able to present this with some kind of report and recommendations based on those interviews.
Okay. I’m sorry, I guess I skipped roll call and statements of interest. Is there anybody on the phone who isn’t in the Adobe Connect?

And are there any changes to anyone’s statement of interest?

Okay. David is typing. But we will soldier on here while we wait for David to type his message. Alice, I think I’m turning the microphone over to you on the Vienna action items.

ALICE JANSEN: Yes, sure, one moment while I pull up the Vienna action items document. So this is just to remind everyone that we’ve compiled all of the action items from Vienna on the Wiki, on the archives for the Vienna meeting. As you will see, they are categorized and classified per topic, and we wanted to get an update from some of you, at least, on how you’re doing on your action items, and if you need any specific help to address them.

Jonathan, do you want me to run through the action items, or to…?

JONATHAN ZUCK: Yeah, you know what? I do, but just in a… Maybe, I guess, some of them, but just… David’s note refers back to our last topic, and so I don’t know if… I know that there was some traffic on the list server about this, but the final resolution was. My understanding was that [Wipo] was the only organization that had produced a report and the others did not have data they could share with us.

Is that right, Eleeza?
ELEEZA AGOPIAN: Hi, yes, that’s right. And David, sorry, I thought my recollection was that you, or that my suggestion was that the review team would reach out to the dispute resolution providers to see if they have anything further. They’ve provided everything they were obligated to provide to ICANN, in fact, the [Wipo] is something additional that they produced.

So I think it would just be more appropriate for a request to come from the review team.

JONATHAN ZUCK: So maybe that should be for me, I guess. Or else, David, we can reach out together, or you can coach me, and I’ll reach out. Do we have the contact information that you need? Or can we get that from you, Eleeza? [CROSSTALK]

Okay, he has all of the contact information. So David and I will get in touch after the call, and make sure that request goes out then. But I guess I would go ahead and add it to your list, Eleeza, so that your list of data requests is comprehensive, even if it’s not near [inaudible].

ELEEZA AGOPIAN: Sure.

JONATHAN ZUCK: Megan, go ahead.
MEGAN RICHARDS: Yes, I think… Is the microphone working now?

JONATHAN ZUCK: It is.

MEGAN RICHARDS: Wonderful. All right, I forgot to push one of the many buttons [inaudible]. So just a minor thing, on the Vienna update, I see that under application evaluation, there is an action item [inaudible]. It says, Megan to identify [inaudible] applications that received [inaudible]. I have that. It’s in my little paper. So I just wanted to clarify exactly what I’m supposed to do, but we don’t have to do it right now. That can be done offline. [Inaudible] clarify exactly what else has to be done. Thanks.

JONATHAN ZUCK: Sorry, Carlos, all Megan said about her action item, we’re back on item number three on the agenda, and the last action item under application and evaluation is, Megan is to identify strings with two applications, that received that early warning and so that that information is in the paper that she already delivered in Vienna, which I recall as well.

So maybe Alice, if you have a recollection about the clarity, to clarify what that action item intends, because I don’t remember it either.

ALICE JANSEN: I don’t remember either. Eleeza, do you recall by any chance?
ELEEZA AGOPIAN: The only, yes. This is Eleeza. The only thing that I can think of is that it might be related to what you were asking earlier in the chat, which is the data on the advice, sorry, on the [inaudible]... Is that not it?

MEGAN RICHARDS: Right. That would be [inaudible], yes. That depends on the data that you’re going to provide on the numbers and the [inaudible] for that for people who actually withdrew their applications. Okay, that makes sense. Because I have a number that was [inaudible], but we don’t know how many withdrew early enough to get their money back, and that’s what [inaudible]. Okay, so that’s good.

Anyway, that [inaudible]... Perfect, understood, thanks.

JONATHAN ZUCK: Great. Excellent, thank you Eleeza and Megan. So, does anybody have any questions? Alice, I suppose, she has to go through this point by point. I’m not sure that’s necessary. Has everybody had a chance to scan this document for their own items, and do they make sense, and are there any questions? I guess that’s the way to proceed.

I think everybody has independent scrolling of the document, so it’s important to realize that it scrolls onto the second page. So I guess Jordyn, make sure and look at all of the items that were on your list, and make sure you agree with them, or if you have questions about them, anything on this list.
Does anybody else have any other questions about this action item out of Vienna?

JORDYN BUCHANNAN: Jonathan, it’s Jordyn. [Inaudible] done already, this was just a list that was taken in Vienna, [inaudible] regardless of whether they’ve been completed or not? Regardless of whether they’ve been completed or not?

JONATHAN ZUCK: I think that’s correct, so I think if they’ve been completed, it just means that Alice is not yet aware that they’ve been completed. So if there are things on here that are still, that aren’t still in process, then I guess, just let Alice know.

JORDYN BUCHANNAN: Okay.

JONATHAN ZUCK: All right. Okay. Thanks everyone. Let’s move on. We’re going to get a couple... Part of what we’ve discussed prior to the Vienna meeting is that we were going to focus on the sub-team work, and not focus on reporting back to the plenary, and so we devoted most of our time to being divided up into sub-teams, with the understanding that we would then devote the majority of our plenary calls to these reports back of findings, so that the entire group has a chance to hear a presentation on those findings, and provide feedback.
And so this is the first call in which we’re attempting to do that, so this is the, these are the guinea pig items, but this is how we’re trying to proceed after all of the sub-team work that took place in Vienna. So I’m hoping I can hand the mic to Jordyn to lead the first portion of this report section of the agenda.

JORDYN BUCHANAN: Sure. So, as I understand it, we’re going to limit the discussion on the plenary calls to topics that have already been discussed within the sub-teams, and which, I think, were relatively in agreement on how to interpret the data that we’ve seen so far.

JONATHAN ZUCK: Yeah, that makes sense.

JORDYN BUCHANAN: Yeah. Today will be discussing three elements from the competition and consumer choice side, that fall into that category. I’ve done a write up using your input Jonathan, this was done some time ago. It’s sort of one of the guinea pig exercises on the template, on sort of market share or concentration, it’s actually concentration, calculations that the analysis group did relating to the new gTLD program.

And Stan has done two write-ups on some market share, market structure findings that he has written up in prose actually. Both of these have been circulated around to the broader team, so hopefully folks have seen the documents in question. I recirculated the concentration write-up this morning.
So, as opposed to having either meeting or [inaudible] just talk for a super long time, I think maybe we’ll alternate between the two of us. So, if Stan is in a position to do so, I want him to talk about one of his two papers. Then we’ll start off with him, then jump back to me to talk about the concentration, and they’ll jump back to Stan to talk about the last of his papers.

Stan, do you want to choose one of your papers and talk through the findings?

STAN BESEN: Actually, just one small correction. There are actually three papers. There is also one on trademarks.

JORDYN BUCHANAN: Yeah, that’s right, but we haven’t yet discussed the findings from the trademark paper [inaudible]...

STAN BESEN: I actually don’t... I would rather hear people’s responses to, circulated. I sent it out about 10 days ago, and I put it out again the other day. I’m really waiting for people to respond. If I could even sort of proceed with that responses, or I can wait until I get them. I don’t think it’s really worthwhile for me to sort of repeat what I’ve already written up.

I’m more interested in using this call to get feedback from people about, and even more, I would appreciate people sending me written comments rather than just simply comments on this call.
JONATHAN ZUCK: Megan, you have your hand up.

MEGAN RICHARDS: Yes, thanks. So, I am [inaudible] with Stan, regarding written comments. I think it’s very useful to have feedback, and of course, probably all of us have many other things going on, so sometimes [inaudible] what’s been said [inaudible] may not of noticed. So, on the written document, and I’m not suggesting you not discuss them, don’t get me wrong, but I think it’s always useful to follow it up with something in writing.

And one thing that I did appreciate very much, at least, I don’t know, it doesn’t have a title on it, but it’s the paper that starts with [inaudible]... that’s the trademark one, I’m sorry. I’m not allowed to talk about it. Sorry. [CROSSTALK]

JORDYN BUCHANAN: ...next week maybe.

MEGAN RICHARDS: But then I would make it a general comment, and I will make my specific ones [inaudible]. But, I think they’re very useful, these papers. One thing that I think would be useful for all of us, Stan, is if you gave us a kind of overall, what does it mean? What do we do about it? What’s the next step? What are the implications? Something like that. If you see what I’m saying.
So, I understand the analysis. I think it’s good. Although I have one question about the difference between backend providers and registrars. I didn’t quite understand. We talked about it briefly in Washington, but I’m not entirely clear what that [inaudible]. So that would be useful [inaudible].

But then also, the next step which is, what do we do about this? What are the implications for the future? Thank you.

JONATHAN ZUCK: Thank you Megan. This is Jonathan again for the record. I guess the issue is that we had set an expectation of people sort of presenting their findings on the call, so I mean I think, just an even outline form giving people something to react to, that we then follow-up with written remarks is probably worthwhile.

I don’t know that people came on the call, for better or for worse, prepared to, with their questions on these papers. So I’m hoping that we can proceed with these brief presentations about the findings and the interpretation. I don’t know that there are recommendations that have yet been discussed inside of these sub-teams, just sort of what kind of agreement was reached about the findings inside the sub-teams, I think it would be worth of some presentation.

Jordyn, go ahead.

JORDYN BUCHANAN: Jonathan, I was just going to add, I think, and to build on what Megan was saying, I think... I guess also think the overlay of interpretation...
mean, ultimately what we’re going to want to get to in the report, I think, is not just the presentation of the data, but some subjective interpretation of it as well.

So I guess I would be curious, like you know, looking at the turn document that’s being presented, for example, which is the structure of the TLD industry, like, I would look at that and say, oh look, most of the TLDs are quite small, so Stan raises the… He alludes to a comment which is that, raises the question of whether gTLDs are viable.

So we may want to, you know, there has been some discussion in the past about looking at what sort of minimum scale looks like, and it looks like actually maybe quite important to answer that follow-up question, given how skewed the distribution is the small end of the scale. Because at the same time, I’m not really sure what to make of the fact that there is [inaudible] 40, 50 TLDs with at least 50,000 registrations.

And so, some amount of… I don’t know how Stan looks at that, it may be just helpful to think about, do we think that looks like success? Is that surprisingly good? Is that surprisingly bad? How does that compare to other TLDs? I think that’s what is missing for me, is the overlay of interpretation of look, here is the data and what do we think it means?

And I guess I’ll add that by contrast, I tried to put in the [inaudible] concentration data, you know, I basically tried to write up what I conclude from looking at this, that the new gTLDs themselves represent a much less sort of concentrated quote/unquote market. For one definition of market, but when you look at their effect on the overall
gTLD marketplace, they’re just not big enough, and there hasn’t, not enough time has passed for them to have a substantial effect on the concentration of the gTLD market as a whole, and therefore the gTLD market as a whole remains quite concentrated, particularly because com and to a lesser extent org, they’re much larger than the other gTLDs.

And then similarly, like the registrar marketplace looks relatively not concentrated, and that seems not to have been effected by the introduction to new gTLDs. So I think those are sort of like more interpretative statements than just presenting the data that I think ultimately we’re going to need to get to.

JONATHAN ZUCK: Stan, I see you have your hand up. Megan, I think that’s an old hand, but leave it up if it’s not. Stan, do you want to address Jordyn’s question.

STAN BESEN: I apologize for hiding my interpretation in the first sentence of this. Because I think that’s the lesson I draw from this, and I’ve indicated in the past that I’d like to get to people who have more experience in this respond to this. But the first sentence of this piece says that, the entry of new gTLDs has been facilitated by the availability of inputs, especially back end servers and registrar services.

So I think that’s an interpretation of the data. I would be interested in whether people agree with that.
JORDYN BUCHANNAN: Stan, this is Jordyn. I actually don’t know what you mean by that sentence. So maybe that’s why, it’s not really hidden as much...

STAN BESEN: All right, fine. You can enter in an industry by producing all of the stuff. You can mine box [inaudible], you could have run smelters, and you can produce, I don’t know, aluminum wrap. Or you can do one of those, and engage in other activities by contract. What the data says here, the data’s meat, is that if you’re a new gTLD, you needn’t be in the registrar business.

You can acquire registrar services from lots of entities. In fact, there are literally hundreds of them. And it appears, although the backend side is more concentrated, it appears that there are a reasonable number of backend providers so that a new gTLD can employ them.

So you needn’t enter all three stages of the process to gain entrance. And my interpretation of this is, that is facilitated entry. And the rest of the paper talks about how, essentially about the structure of the registrar and the backend market, that’s data that we have, and so I think that, the first sentence, I hope it’s clear now, the first sentence is talking about factors that facilitate the entry of new gTLDs, and my interpretation based on the data.

JORDYN BUCHANAN: Thanks, that was helpful Stan.
STAN BESEN:  By the way, Megan has talked to me about this, and she suggested that we shouldn’t say, I agree with her, that we shouldn’t say that if somebody wants to enter in all three stages, they shouldn’t be allowed to. That’s not what I intend here. I’m only talking about the facilitation of entries by new gTLDs.

And by the way, of course, more work is needed here, because of course, a number of the tables aren’t completely filled in.

JONATHAN ZUCK:  Thanks Stan. Who is this?

MEGAN RICHARDS:  Yeah, it’s Megan again. I had my hand [inaudible]...

JONATHAN ZUCK:  Go ahead.

MEGAN RICHARDS:  So thanks. And thanks Stan, recalling that aspect about what we were [inaudible] integration. But I still wondered if someone could [inaudible]... How are we [calling?] the registrars as opposed through the backend providers? And how are we [inaudible] the exact [inaudible]? So it’s just, could someone explain that to me [inaudible]? So I understand the [inaudible]?
And then I had another point, but I’d forgotten it now.

Jordyn Buchanan: [Inaudible] I’ll try to answer that question just for industry context. So I think it’s probably helpful to think about three parties in the sort of, in the value chain and here. And Stan points out, in theory, these can all be the same parties, but there is a nice set of contractual frameworks, which allows these to all be separate in the context of the gTLD registries.

But first would be the entity that the end user, the registrant actually has a business relationship with, direct business relationship with, the retailer. And that’s the registrar, right? We all know that probably, but the registrant is buying a domain from the registrar, they transact with the registrar.

And then the registrar doesn’t run the sort of canonical database for availability for that TLD, they connect back to a registry, and that registry is under contract with ICANN for a given TLD. So the registrar wants to get the order from the registrant, has a contract with the registry in order to be able to sell that domain name.

And in turn, the registry may decide that it wants to provide sort of like the business side of things, the front office functions, and you know, maintain the relationships with registrars, and do the marketing, and so on. But maybe they don’t have the technical expertise to actually run the database.
And so they might go and outsource the operation of the database, and all of the technical bits to a third, to yet another company, and that company would be the backend provider or the registry services provider.

And that company is basically just providing purely technical operations for the gTLD itself. And so that company doesn’t have any direct relationship with ICANN or with the registrar, it’s just a contracting, it’s just a service contracting on behalf of the registry operator in order to provide the technical services.

So, does that make sense?

MEGAN RICHARDS: That makes absolute sense. Now I understand exactly what you’re saying. And now [inaudible] relevant, because if it’s purely technical between registry and the backend provider. And this had nothing to do with the registrant or the [inaudible]. How the registry designs its business is almost irrelevant, isn’t it? For our purposes.

[Inaudible] but say, I just think my thought, [inaudible] going off in the wrong direction, but the reason I’m reading it is because in the ICANN TLD marketplace survey, [inaudible] somewhere, the marketplace health index, that’s [inaudible]. There was a discussion about service providers and services that could be provided.

So [inaudible] backend service providers were, but the way it’s written there, and at least that [inaudible] that I have done, it’s clear that the services are provided, and these are to the registrants, not to the
registries, are something that they want to look at. So that’s where my confusion came from.

In fact, for our purposes, isn’t the backend provider entirely irrelevant in this piece? [Inaudible] assessment [inaudible] consumer protection and competition. That’s my question.

JORDYN BUCHANAN: So I’ll just briefly answer. It’s Jordyn again. I think it’s only relevant to the extent that Stan alluded to earlier, which is that it makes it possible to become a registry operator without a big investment in the technical platform. If you didn’t have the registry service, or the backend provider entities in existence, then each registry operator would have to build its own technical infrastructure, which would be quite expensive and significantly add...

I mean, would change really the business for a lot of these companies.

MEGAN RICHARDS: It all relates to the [inaudible]...

JORDYN BUCHANAN: That’s right.

MEGAN RICHARDS: This all relates to the cost to the registry. Okay then, I understand. I understand.
JONATHAN ZUCK: And in fact... This is Jonathan. There is also a significant discussion now about pre-approving backend service providers that can even further reduce the cost for applicants, so that they don’t have to be evaluated through the prism of each applicant, but evaluated separately and just once, thereby decreasing the application costs for individual applicants as well.

MEGAN RICHARDS: Okay, very good. Thanks. Very useful.

JONATHAN ZUCK: Jamie, you have your hand up.

JAMIE HEDLUND: Thank you so, thanks, and again, apologies to everyone that I was not able to join you in Vienna, but it sounds like it was somehow a productive meeting, nonetheless. There were three things I wanted to mention. One on the registrar, on the paper that we were just discussing about registrars. And it seems to be one key fact that seems to be omitted, is that except for a handful of TLDs, any accredited registrar can sell any gTLD.

So, not only is the market facilitated by the number of registrars who are already, there is no, virtually no barrier to entry for more registrars to come in. And that’s just the continuation of the open policy for
registrars, even with generic, the legacy generic TLDs that are not sponsored. So that’s one.

Two, I continue to be concerned about the focus on concentration, as opposed to competition and potential barriers to competition. The other paper that you cited, that you sent around, mentioned in a recent email, you know, talks about HHI and focuses on those, didn’t see anything about actual price competition.

Obviously I’m not an economist, but my understanding is that HHIs are increasingly unimportant, based on other data and analysis that economists do, to find that for example, in even a market with only three or four players, there can be robust price competition.

And so, it would seem to me that, you know, certainly HHIs might be relevant, but there is not a proxy for competition and in and of themselves, don’t really say much, especially when you throw in the factor of the dominant player is subject to price caps.

And, so those are the... And then the last thing that I wanted to mention was that, just to Megan’s point, yes, the market is facilitated by backend providers and registrars, and then the applicant doesn’t have to provide those, but the applicant is, or the operator is still very much in charge of you know, it’s like the airlines, you know, contracting out the catering for their flights.

Still, you know, they’re still in control of the bad food that we get.

UNKNOWN SPEAKER: [Inaudible] a note [inaudible]... I can understand the difference.
JAMIE HEDLUND: Yeah, thanks.

JONATHAN ZUCK: I feel like you should hand the microphone back to Stan after that, and I’ll come back to Carlos.

STAN BESEN: Two things. I would just add to what Jordyn said before, not only, I believe, that these factors facilitate entry, they also may, when I first saw the data on the number of registrants for the new gTLDs, and saw that many of them were very small, I began to wonder whether, in fact, those entities could survive. The point I would make here is that it is possible that you may be able to survive at a very small scale, precisely because you can purchase inputs, again, registrar and backend services, in the marketplace.

So it’s possible that the, if you like, the minimum viable scale of a registry is lower than I would have thought, given the ability of these inputs available from third parties. To Jamie’s point, of course they would like price data, but of course we don’t have price data. Talking about price data for the legacy gTLDs, and that is a significant handicap on our ability to analyze the effect of entry on prices.

I propose two projects that would involve the use of prices from legacy gTLDs, and we do not have them and apparently we will not get them. So we can make the point that it would be nice to have price data. David has suggested that in the future, it might be appropriate for
ICANN’s contracts with the, particularly the price cap gTLDs, to provide their wholesale price data, so that we can do this analysis, but at present, we are significantly handicapped by the inability of the data.

JONATHAN ZUCK: True that.

JAMIE HEDLUND: So this is Jamie. Yeah, sorry. On the last point, a number of the legacy gTLDs are switching to the new registry agreement, which would require them to submit price data. [CROSSTALK]

STAN BESEN: We won’t have it in time for this project.

JAMIE HEDLUND: Understood. And it has been said a million times, you know, we are very early in this market, and so there is a lot of data related to [inaudible] existing of this new market, and the legacy market, that we just don’t have. My point was, not to say that we haven’t asked for the right data, and Stan, I totally understand your frustrations, simply that, you know, substituting HHI doesn’t help make the analysis better.

STAN BESEN: Actually, I think you’re overstating the case. There is a significant literature, I’ve actually circulated a paper that I wrote on this subject to everybody, some time ago, in which there are a great many studies that
link concentration to prices. And so the idea that these are completely unrelated concepts is not consistent with the economic learning.

It is correct that, you are correct that it would be better had we had those data for this project. I am prepared to write something up for us that said, gee, we could have done more, if we had better data. We recommend that ICANN collect the data in the future, but this is the best we can do in the circumstances.

JAMIE HEDLUND: I understood that, I don’t disagree with any of that. It would be my understanding, again, I’m not an economist, but my understanding that there is also literature and we should get it, that shows that even in markets with very high concentration, there can be, and there is, robust price competition.

STAN BESEN: Jamie, I will re-circulate my review of the literature. And there is… It’s true that you probably don’t have to have [inaudible] competition, to get price competition. That’s the point you’re making, but you cannot say that there is no relationship between concentration and prices, because there is a whole literature that says there is.

JAMIE HEDLUND: Again, I’m not saying that. I’m just saying that it would be a mistake to overstate that HHIs alone mean that there is, and high concentration means that there is no price competition. [CROSSTALK] ...with new entry.
STAN BESEN: Just to make the point specifically here in this context that we started with. The backend market is relatively concentrated, okay? If you look at the data. It’s a very high HHI. What I wrote here, I said, well there seems to be a half of dozen fair sized backend providers, and my interpretation is, notwithstanding the high level of concentration, those inputs seem readily available to new gTLDs.

But I would draft, I am an economist, I will draft the language, and we will see if the committee is comfortable with it.

JAMIE HEDLUND: Okay. Great. Thank you.

JONATHAN ZUCK: Thanks Stan and thanks Jamie. I guess, and maybe, correct me if I’m wrong, Jamie, part of what you may have been trying to say, and I apologize for putting words in your mouth but that’s what I am doing, was that in the absence of... If we had the price data, this sort of effect data if you will, we might still be looking at causes, barriers to entry, unfair competition, etc., leverage, where the causes of those effects.

And in the absence of the effects data, which, i.e. the prices, are we doing enough to evaluate the causes instead to be able to suggest that there either appear to be, or don’t appear to be, barriers to entry. And things of that sort. I think that’s part of what you were saying.
I think that’s also part of what Stan is saying here in this document, is that you know, that absent effects data, there is at least a decreased barrier to entry associated with third-party service providers.

And so it at least goes down the road of what you’re asking Jamie, and maybe you’re just asking for more things like that, that are analysis of causes in the absence of data about effects. Does that make sense?

JAMIE HEDLUND: Yeah, that makes total sense, and you articulate things better than I do. I just, I saw Jordyn’s paper and was puzzled by the sort of exclusive, what seem to be anyway, exclusive emphasis on HHI, and you know, yes, HHI is important, but looking at these other factors, barriers to entry, price, you know, the fact that the largest operator is [inaudible].

Those seem to be... You know, a fuller context, as much as the full context should be described as possible.

That’s all from me. Hello?

UNKNOWN SPEAKER: Hello? [CROSSTALK]

JONATHAN ZUCK: Thanks Jamie. Carlos, you’ve got your hand up.
CRLOS RAUL GUTIERREZ: Yes, thank you very much. I really like Jordyn’s suggestion that we get into more subjective discussions. It’s difficult to do on a phone call though, to have wide participation, not only because of the language. But I want to make some positive comments as well.

I think it’s very useful to have a very clear picture of the value chain, as discussed earlier in the call. I think it’s very relevant, the issue of concentration of the backend providers. We have people in the underserved areas, that the big backend providers don’t want to push their new gTLDs forward.

And I think it’s a serious issue we have to follow. Regarding the size of the very small TLDs, I want to remind Jordyn and Stan that we have a lot of very, very small ccTLDs that lead with less than 20,000, less than 10,000 registered strings. And we should not forget that those are small monopolies, of course. They don’t, they didn’t pay $185,000 for that.

But there is a survival rate of very small and very low cost of keeping the minimum support for these small places. So I would like very much to focus on the middle man issue there of the backend provider, and I hope we can continue the discussion of the HIA and backend providers, particularly from the point of view of underserved areas. Thank you very much.

I’m in the traffic. I cannot see your papers, but I will go back to that when I’m sitting in front of a computer. Thank you.

UNKNOWN SPEAKER: Jonathan, you may be on mute.
JONATHAN ZUCK: David, are you on now? Or do you still need to type? You’ve got your hand up.

Looks like he wrote.

JORDYN BUCHANAN: Hey Jonathan, it’s Jordyn. So David’s question basically seems to be, if we’re going to [CROSSTALK] the backend providers are, you know, factor into sort of the minimum viable scale equation. It would be good to understand what they charge, which I agree with, but then a follow-up question is like, do we have a way to get that information? I think the answer is no.

JONATHAN ZUCK: Can anyone speak to that point? That we have a creative way to get that data?

ELEEZA AGOPIAN: This is Eleeza. Short of actually going to each of the backend providers and asking what they’re charging their clients, I don’t have a good answer.

JORDYN BUCHANAN: This is Jordyn. They won’t tell you if you asked.
ELEEZA AGOPIAN: Thanks Jordyn.

JORDYN BUCHANAN: I mean, I think part of the problem is, they negotiate individual deals with each of the registry operators, and they probably perceive that there is some value in some information based on the three, and they probably also negotiated some deals really in their favor, and some deals are much more favorable to the registry operators, and they probably don’t want the people that have bad deals want to know about the good deals.

JONATHAN ZUCK: Makes sense. It is possible to make this a part of the deep dive discussions that we’re planning to have with a few of the applicants that agree to it?

JORDYN BUCHANAN: That makes sense [CROSSTALK]. I guess they probably have a confidentiality clause in there. I will say, so there is some discussion right now, PRI, which runs dot org, has recently done a RFP to sort of get a new backend. They’re currently using Affilias. I guess Affilias could also bid, but out the services. And there has been some speculative press, I guess.

Some of the press around that includes speculation about what they’re paying now, and what the expectation would be, what they would pay at the end of the RFP process. So we might look to that, those public, published accounts, [inaudible] give, to educate ourselves somewhat.
And I believe, don’t hold me to this, but I believe the articles that I read said that they think that Affilias is probably paying, sorry, PR is probably paying Affilias about $3 per second level domain today, and the expectation is that that prices might drop to more like $1 per SLD at the end of the RFP process.

And that would give us a range that we could use one to three dollars per SLD, might be a reasonable range to assume.

JONATHAN ZUCK: That’s great. Let’s try to dig some of that press up, and then again, with the applicants, they presumably had conversations with more than one backend provider, so they might be able to talk about ranges as well without getting into the specifics of their contract, I guess.

Jordyn, are you able to see if you can find the press about what you’re speaking?

JORDYN BUCHANAN: Yeah, sure thing.

JONATHAN ZUCK: All right, thanks Jordyn. Carlton.

CARLTON SAMUELS: Yes, this is Carlton. I hope you’re hearing me.
JONATHAN ZUCK: Not super loud, but speak up if you can.

CARLTON SAMUELS: Okay. I’m coming in through Skype, so it’s kind of a bit of a [inaudible] here. A couple of things I want to make. And I want to say this clearly so that people will understand where I’m coming from...

UNKNOWN SPEAKER: Louder please, louder.

CARLTON SAMUELS: Okay. While I don’t take instructions from the At-Large, I would tell you what the issue is for the At-Large with respect to what Stan is talking about. The contention in the At-Large is that the issue of demand for new gTLDs was all made up. There was no demand, and so it was introduced for other operating purposes.

They believe that there is going to be a consolidation and a concentration in the marketplace, that is going to affect the competition issue. The issue of concentration in the marketplace, and the numbers of small gTLDs with very small numbers of registration have seized their attention, and their interest is knowing when does a small gTLD become and remain viable.

So, they are very concerned that at the ccTLD, we ask questions like, what is this threshold for viability of [inaudible] gTLD? And whether or not the other operating conditions, which is to say, the backend services
and all of the other costs inputs that would make them viable we know about. Okay.

So, I believe, and I’m asking the question, but I also believe that in this market concentration could actually impact price. We also want to anticipate what would happen if some gTLDs dropped out of the race, literally just fold and they’re taken over by another more viable partner.

If we don’t believe that concentration impacts pricing, then we need to examine whether or not the price caps that are in the old gTLD space, which is the one price caps come, is also relevant. And that’s why I am depending on the economists to at least get some data and answer those questions, give some guidance in answering those questions.

Just like Jordyn said, one of the pieces of data that I got sent by a couple of people in the At-Large is the fact that backend services providers are providing services for between two and four dollars per registration. Carlos already told you, that in the LAC region, some folks believe that even that price is not viable for them.

That is something that from this region, we have heard time and time again. Hence, if you see my instance that we find a more informed position, take some [inaudible] position about content, not market concentration, is important. If you see us insisting that we have to have a ballpark at least, of what those input costs are, that’s the reason for asking those questions, because our constituencies asking those questions.

So I hope you understand why we’re taking this position.
JONATHAN ZUCK: Carlton, have you shared the reports that you’ve seen that has those price estimates?

CARLTON SAMUELS: I’ve asked two persons to send me... I got excerpts, and I wanted the actual long report. So I’ve asked them to send it. So this is about the week ago, I’ve asked them to send it to me.

JONATHAN ZUCK: Okay. And do you have any way of documenting the feedback if those prices are represent a barrier to entry to the people in the Caribbean?

CARLTON SAMUELS: I have heard it [inaudible] DNS forum, [inaudible] DNS forum. I don’t know if I have access to it, but I can ask the people who have asked the questions, will hear the comments, to give them more information. There is no problem with that. A lot of them say, well, it’s business, [confidential?] business data that they don’t released. I’ve heard that too.

But I consider to ask the question, show me, tell me what is viability. Tell me what is viability in context. And that’s what...

JONATHAN ZUCK: And we can certainly...
CARLOS RAUL GUTIERREZ: Jonathan, I cannot raise my hand, but I want to say something.

JONATHAN ZUCK: Okay, I’ll come to you. Your hand is already raised it looks like but [CROSSTALK]…

CARLOS RAUL GUTIERREZ: …I left it up when I left home. I cannot bring it down anymore.

JONATHAN ZUCK: Okay, all right. I’ll come back to you Carlos. So Carlton, it’s certainly not something we can assert, and I guess that’s the problem. We can anonymize conversations or data, but we can’t assert that it represents a barrier to entry without data to support it. So that’s the concern. We can’t rely on….

CARLTON SAMUELS: I can understand that Jonathan...

JONATHAN ZUCK: …conversations we’ve had.

CARLTON SAMUELS: I actually understand that. I am with you on that. We hear the questions, but I think we should at least take a good faith effort to see if
we can find out. That’s all I’m saying. And I think we can’t assert anything. [CROSSTALK]

JONATHAN ZUCK: So I’m asking your for help in doing that, because [inaudible] reached the end of their connections to get that type of information. So I’m agreeing with you, but it’s not something that we can just ask for on a call. I need to turn that back to you and get your commitment to try and get at some of that data.

CARLTON SAMUELS: I’m trying, and I will try to continue to try to get it, because this is what I call, you know, it’s out there [inaudible] that people are saying these things, and it is connected to some larger questions, and I just want to follow each line to see what we can tease out and what we can find out, so we can say, this is the situation, we cannot confirm this.

At least be in a position to say we have explored it, we cannot confirm it.

JONATHAN ZUCK: We can certainly do that. And as Eleeza mentioned, some of this is getting [inaudible] out by [inaudible] Global in their surveys, and I can tell you that price is not falling at the top of the list, it’s actually a value proposition that people don’t have a sense of a business, a profitable business model associated with this.
I think that lack of funds doesn’t seem to be the top of list of why people didn’t apply for new gTLDs, but it looks like for his report. Carlos, you said you had something to add.

CARLOS RAUL GUTIERREZ: Thank you very much Jonathan. Thank you Carlton. There is also the regional the market studies that ICANN paid for the Middle East, and for Latin America, and just the draft Latin American one was presented two weeks ago, and a proxy to discuss this, discuss potentially, is of course, that some of the smaller ccTLDs charge between 10, and 100, and $50 for a domain name.

And there you have the numbers for the great even point. But we should involve this data from the ccTLDs both from the Middle East, already published, and Latin America, about to be published, for public comments in that segment of the discussion. Thank you very much, Jonathan.

CARLTON SAMUELS: Yeah, thanks Carlos. Those are two papers that I’ve seen a draft of one, [inaudible], just absolutely right, that gives us a script.

JONATHAN ZUCK: All right, thanks Carlos and Carlton. So Carlos, your hand is going to be up indefinitely. Carlton, you put yours down. Jordyn is that an old hand or are you ready to comment?
JORDYN BUCHANAN: Yes, I certainly can. That’s a new hand. Wow, I have a lot of things to say. So where to start? So, a few quick comments. First is, I think, Carlos alluded to something that may make a lot of sense in order to get our hands wrapped our the [inaudible] scale question, which is that maybe we’re talking to ccTLDs as well, just to understand…

You know, they often have been around for much longer, and potentially at a small scale, and get an understanding of sort of what, how they make that work. Because if we see a ccTLD operator, you know, running, let’s say, 1,000 names and they’re able to continue to do that year after year, that might give us a clue that the gTLD operators can do the same.

I did take a quick look, Carlton and I went back and forth a little bit on chat, and I think one of the questions I was sort of struck by as I was sitting here was, does it actually matter whether this large mass of gTLD providers that are quite small succeed or not? So I did a little bit of back of the envelope math.

There is almost 500, 477 out of, what was the total? [Inaudible] 641 are in the less than 10,000 range. And so using really bad back of, we have better data on this, but using back of the envelope math, and saying that the ones between zero and 1,000 are 500 domains each, and the ones between 1,001 and 10,000 are 5,000 domains each, I sort of got to a total number of about 1.35 million, which would be smaller than the biggest, the single biggest of the gTLDs.

That whole math of names under management by the bottom 447, all together is probably about the same size as one of the biggest of the
gTLDs. So individual failures at that level don’t seem that relevant to the overall competitive marketplace.

Now, it may have an issue in terms of consumer trust. It may have an issue in terms of the effects of those registrants. So I still think we want to be conscious of the chance of failure, but at least from the competition perspective, it doesn’t seem like those very small operators are likely to be that material, looking into individually even in mass, at whether they’re successful or not.

The last thing I wanted to add, and I think we resolved this on chat, but Jamie raised the point that it doesn’t really make sense to just hone in on any individual metric and point out that the documents that I put together focus very much on market concentration, and that’s correct. It does focus very much on the concentrations [inaudible] because that’s what it’s about.

It’s just trying to summarize the data that the analysis group put together in concentration, it is not making a statement about therefore, this is the only data that we should be using [inaudible] competition, should the summary of those particular data points. So what we’ll do as we get more and more of these data points and summaries put together, then we can start to draw inferences about the overall state of competition that will drive our ultimate findings.

Jamie, I don’t think it’s intended that those numbers are saying any more than they are, they’re just saying that the concentration numbers are quite high in the legacy marketplace, and that the new gTLD, while there was concentrated looking at them as an individual mass, don’t
seem to have had an effect, largely just because, as we discussed in Vienna, the overall market is not, the overall number of domains isn’t growing that quickly, and therefore it takes a long time for new entrants to have a very big effect on the market.

JAMIE HEDLUND: Got it, Jordyn, thank you.

JONATHAN ZUCK: Thanks Jordyn. Stan, you’re up next.

STAN BESEN: I have a few things to say, but let me say as a preface, when I get really discouraged, it’s really reassuring to hear Jordyn use HHIs and minimum viable scale, they come trippingly off his tongue now, so I think I’m making some progress.

I’ve got to say, three things to say. One, a general point. This is a response a bit to what Carlton said before, at the beginning of the report we have to say something like, these are early days. Not enough time has passed for us to determine what the long running [inaudible] in this industry is going to be.

So everything that comes later has to be qualified by the fact that this is an early snapshot. And I hope that early in the report, we will say something like that. Second, the backend question, I haven’t really thought this through, but there is a project that we could do, for which
there actually are data. MDLD stats actually reports for each backend provider, each of the new gTLDs that it servers.

That might provide some information. That might suggest that some really small gTLDs are actually able to get services from some of the more successful, large backend providers. You don’t have to be very big if your supplier has big economies of scale. They can supply inputs cheaply. So that’s a source of data.

It’s not the price data that we alluded to earlier, but in fact, those are data that exist, and we might think about whether we can actually do something with them. I’ll try to think exactly what a project like that would look like.

Last point, I think one of the things that comes clear from this discussion is, that having a write up gives us a kind of [inaudible] to talk about. It’s very difficult to have these conversations and to make nuanced points about them, without a written document that essentially puts down a place holder, and people can say, well, you haven’t quite got it right, or you left this out, or I would qualify this in a different way.

So I think, from my point of view, not having stuff on paper is a real handicap to having these discussions, and I would urge us to try to get words on paper sooner rather than later. It’s actually too late to have it sooner. But the sooner the better.

JONATHAN ZUCK: Thanks Stan. That’s a good point. I think we have to get some things down on paper for sure. Discussion with these templates and [pros?], I
think isn’t really an issue. It’s about getting things down on paper so that we have the strawman to have the conversation. I think you’re absolutely right about that, Stan.

Jordyn.

JORDYN BUCHANAN: Thanks Jonathan. I was going to go… So this conversation and maybe Stan saying it over and over again, has persuaded me that starting to have a framework of a real document is actually super helpful. So what I was going to propose, at least for the competition and consumer choice side, is not just to have the individual write ups, but to start to put together an outline that brings them together, because right now, you know, to the point that Jamie raised earlier, like we have these like sort of random isolated data points, but it’s not clear how to contextualize them.

And so we had at least an outline that started to bring together the things we knew, and where we’re expecting data, and so on, it might start to help us understand how these pieces fit together. And to, perhaps, expose more clearly whether there are gaps as well.

So, maybe we can start to pull that together between now and the next plenary call, and whatever additional stuff we have there could be incorporated into some sort of broader document as well.

STAN BESEN: Jordyn, I think it’s good to have an outline, but I don’t think we should wait to write the pieces until we have the outline.
JORDYN BUCHANAN: Yes, I was suggesting it was going to happen in parallel, Stan.

STAN BESEN: I talk to [inaudible] about... My writing style is, if I’m working on a project that I have some idea about something, I write up what I describe as a module. And later, it’s often useful, often find at the end of the day when I’m putting the final document together, that it’s nice to have a lot of the pieces already written.

So, I hope that producing the outline doesn’t slow down the process of writing the modules.

JORDYN BUCHANAN: Yeah. So that’s not the intent, Stan. I guess maybe I have the opposite effect. Like, I see these individual pieces, and they’re really making me want to think about how the whole works together, and so you know, I think it may work that you continue to turn out modules, and others to continue to turn out modules, and you know, maybe Jonathan, and Laureen, and I start to work more [inaudible] and thinking about how this stuff fits together...

STAN BESEN: I’d be happy to talk to you offline, because I think I do have a fairly clear idea in my head about at least what the competition section should look like.
JORDYN BUCHANAN: Sure, okay.

JONATHAN ZUCK: That’s perfect. I think that’s a good suggestion, Jordyn. I was sort of heading down that path as well. So why don’t you, Laureen, and I talk about what that section might look like together with Alice? That’s why we were starting to do that outline process there that was non-substantive but structural and it’s built off of that work.

The other thing, a question I had that’s just again, with the strawman here, and Stan, I don’t know if we, if there is an easy way to address this, and this is just in this paper. I have a question for Jordyn’s original point as well, but in looking at a particular provider, when you go to a registrar, when you go to register a new domain name and it’s not available, and even if it is, there is about a dozen suggestions of alternatives, which is I think one of the things that has led to a greater public understanding that the new gTLDs actually exist, is that there is all of these new recommendations that come up when you try to register a name.

But the fact that it’s a dozen suggestions, and not 1,000 suggestions, suggests that there is a kind of above the fold below the fold problem. And I don’t know what the algorithm is for that, if it’s based on existing popularity or if it’s based on deals that have been cut with distributors, etc.
And so the question, I guess, begins you know, is there any way to address this issue of how a new entrant kind of gets into the suggestion list? If that makes sense, for a registrar.

Stan, go ahead.

STAN BESEN: I think that raises sort of a general, more general point. Somebody asked before about backend, and Jordyn gave a very nice discussion of the value chain. What I kind of do in this piece, was to basically use the data, and but, this ought to have, if you like, a sort of words part, that essentially paraphrases what Jordyn said. I didn’t write it up here because I was focusing on writing up the results of a project.

But we need, the appropriate blend here. What I was hoping for, in writing this piece, was to get more advice from people with industry expertise, who could provide, if you like, I don’t know if these are the words or the music, but the industry description that ought to essentially proceed this material.

And we need, again, we need to get sort of some of these facts down on paper. I think my comparative advantage here is to focus on the data part, and but other people’s comparative advantage is to, in fact, provide descriptions of what’s going on. I can’t do that, but you guys can, but you need to get it on paper.

JONATHAN ZUCK: Thanks Stan.
Okay, in that context, Jordyn, did you want to move on to the document that you created and have this conversation? Or have you been totally turned around by this conversation?

JORDYN BUCHANAN: No, I mean, I think we have... I mentioned the findings from my paper, I think, already. So, I don’t know if anyone wants to ask questions about that, other than what Jamie says. But roughly, the short summary is, it seems the new gTLDs themselves seem to be relatively not concentrated by standard definitions. If you look at the gTLD market as a whole, including the legacy gTLD market, it is very concentrated definitions, regardless of what metric we use.

And the introduction of new gTLDs really hasn’t had much of an effect. It has had a modest positive effect, but that’s largely because the new gTLDs are just small. Stan’s last paper, that we haven’t really touched on, points out that in Vienna, which is that since the introduction of new gTLDs, roughly 50% of the growth in the gTLD space has been in the new gTLDs.

So, you know, to Kaili’s point earlier, maybe there is not demand for them. That seems not to be the case. There seems to be equivalent demand for the new gTLDs as the legacy gTLDs, at least in terms of new growth. And you know, to that extent, you know, what we’re seeing is actually quite a bit of the total registrations going into the new gTLDs, into the less concentrated space, but the growth rate is sufficiently slow and the base of existing new gTLDs, a majority of base of legacy gTLDs is so big, [inaudible] a very big effect on the overall marketplace so far.
And in contrast, if we look at the registrar marketplace, it was already not very concentrated, and remains so, and the new gTLDs don’t seem to have had a significant effect one way or the other on it. I guess that would be the rough summary of what I wrote up, and I hinted a little bit to Stan’s last paper, which we really haven’t looked at, and I don’t know if he wants to speak to that or if there is any other conclusions that Stan might pull out of that last one.

But I also know that we want to talk about some of the other sub-team stuff, so maybe that’s a good segue into them, unless people have additional points they want to discuss on either of those last two.

STAN BESEN: That’s a good summary. I just want to go back to something that, I don’t know what has happened to this project, and it’s related to this question to the demand side that Jordyn alluded to. You may recall the Neilson registrant survey had some problems, because people provided inconsistent answers to the question of, where did the registrants in the new gTLDs come from?

Were they switchers, duplicators, or newcomers? And I think at one point, I had a conversation with Eleeza about this, and they were going to go back see whether Neilson could, in fact, see something on their data. Eleeza, do you know where that stands at the moment?

ELEEZA AGOPIAN: Yes. That’s one of the actions they took back and that they’re working on. They’re looking at how many inconsistent responses they would
throw out, and then what could tell us. The problem, of course, is that the answers were that, you know, some of their registrations apply to CROPP all of the TLDs pretty much [inaudible]...

So that were some of the instances... She also has an opinion on this, but I won’t let her share.

STAN BESEN: Okay, just keep in touch, because that’s something I’m particularly interested in.

ELEEZA AGOPIAN: Yes, that’s definitely on their list, and we’ll be following up on that.

STAN BESEN: Great, thank you.

ELEEZA AGOPIAN: Sure.

JONATHAN ZUCK: Okay. Thanks Jordyn, and thanks Stan very much, and thanks everyone for your conversations on this. Let me reiterate Stan’s request that you go through things that he has written thus far, and provide feedback and email on, maybe what Stan was looking for is color commentary on the facts as he has got them presented. [CROSSTALK]
STAN BESEN: I actually have a preference, if people could take the trouble to actually redline this. I understand some of you might not be comfortable doing that, that often turns out to be the most useful way to get specific comments in.

JONATHAN ZUCK: Okay, if you’re comfortable redlining... I’m sorry, go ahead.

STAN BESEN: I’ll take comments in any form, though.

JONATHAN ZUCK: Thank you. And redline or inline comments, maybe if you’re not comfortable redlining, so they can be as specific as possible. And then, so please everyone, take that as a takeaway, because there will come a point in which it’s harder to change these things.

Now Laureen, go ahead, and discuss what your team is ready to talk about today. Thanks.

LAUREEN KAPIN: Hi Jonathan. We are still in the process of getting folks revised discussion papers circulated and discussed among the group. Alice has, hopefully, put us a document that has unfortunately a lot of question marks. Our sub-team has got an initial draft of discussion papers. But after our Vienna meeting, and our sub-team meeting, we’ve basically
reconfigured some things and ask people to follow-up on some specific items.

And thus far, the two discussion papers that I’m the lead on, I have circulated to our sub-team, I have circulated to the smaller part of the sub-team, I’ll circulate it to the whole sub-team today. And I got some very useful feedback from Carlos that I’m going to be discussing with him, but that hasn’t been circulated to the larger group yet.

So, although I could discuss at least the consumer trust paper, which hasn’t gotten feedback from my smaller group, and I’m happy to do that, I guess my preference would be to save that for a future phone call when I’ve had the benefit of our sub-team group think on it, and then also circulated it to this larger group.

And then this is a separate process note, totally apart from my sub-team. Because there is such a huge amount of email traffic regarding this sub-team, we’re all constantly emailing each other, and exchanging comments and articles, sometimes, at least for me, it’s not clear what is going to be on the table for our plenary call.

For example, I know Stan circulated his papers, but I didn’t focus on the fact that those were going to be discussed today. In fact, what was on my radar screen was Megan’s paper. So this is perhaps just a request in general, it would be very helpful, at least for me, and I suspect for others, if there could be some clarity before the call, exactly what papers are going to be discussed, just so we can focus on that for our to-do list.
That’s just a separate process question. And if by chance I missed that, my apologies. But at least it would help me out in terms of my priority list. So separate and side for that, we have actually started the narrative outline that Jordan referred to in our sub-team, and that’s something actually that I think I went over in Vienna, where we have tried to knit together a narrative framework for our various discussion papers to fit into.

And our next project is to take our existing discussion papers and figure out the best and most efficient way to knit it into that framework. But while we have some of my sub-team on the phone, I think it would probably be beneficial to at least get a short statement about what people have been focusing on in terms of their discussion papers, and a summary of what they’ve done and what needs to be done.

I think that would be helpful. So, I’m happy to start with whoever joined the call first, which I think, from my sub-team, is Carlos.

**CARLOS RAUL GUTIERREZ:** Yes, thank you very much Laureen. I’m working with Laureen on the safeguards issue, and we had a good exchange over the last two days, and I think it’s not a coincidence that Jamie had mentioned this morning about the transition to the new register agreement. We are trying to set up our discussion not specifically about the GAC safeguards in particular, or the voluntary picks.

We are trying to take a broader look at all of the changes that have been waiting to increase trust, even before the new gTLD program came up. There were a lot of requests from the law enforcement,
administrations. There were proposals and the negotiations for the change in the registrar agreement were mixed.

Some of the issues that changed were because previous, not reaching across, but previous problems would cross. And then the new gTLD came up with a great opportunity to come up with a new agreement. So, we are trying to look at that in the broader picture, and try to see what was the problem of trust before the new gTLD, and keep it separate from the actions of the new gTLD program, as per our charter.

So we get a broader look from what the trust issues are, and we’re not just discussing why the GAC asked for that and so on. That’s where I feel I am right now. And as Laureen said, we will have a call later this morning to continue there. Thank you.

LAUREEN KAPIN: Thanks Carlos. And I think Carlos’s general point really goes to the need for context and background, looking down the road when we are actually putting together our report. Yes, we’re focusing on the new gTLDs, but certainly, at least, some discussion of what led to the safeguards, what led to what’s now the standard agreements, probably would be helpful. So I’m looking forward to discussing that further with Carlos. Thank you Carlos.

Carlton, can you fill us in?

I’m sorry Carlton, I’m not hearing you. Is your mic on?

Carlton? Okay. Looks like we’re having some technical difficulties reaching Carlton.
CARLTON SAMUELS: Hello Laureen.

LARUEEN KAPIN: Oh great, Carlton you’re there, perfect.

CARLTON SAMUELS: I got dropped. My internet service has been crappy.

LAUREEN KAPIN: I’m sorry. Roger that. Go ahead.

CARLTON SAMUELS: I’m sorry. I didn’t hear anything that you said, because have any kind of service.

LAUREEN KAPIN: Sure Carlton. I basically wanted the sub-team members who were on the call to fill us in on what work they were doing on their discussion papers, and what remains to be done.

CARLTON SAMUELS: Oh, okay.
LAUREEN KAPIN: So that’s what I’ve asked, because right now, it looks like folks haven’t formally updated their discussion papers yet, despite our hopeful deadline.

CARLTON SAMUELS: Yup, you are right about that, Laureen. That’s what we have done [inaudible], looking at the, for the consumer awareness paper that I wrote. There were two issues that came up. We had enough data to make some of the statements that was in the paper, and thereafter to look over it, for me to see whether [inaudible] can come up with [inaudible] to [refine?] it. And she’s going to do that for me.

Essentially, the data points that cover the global [inaudible], let us use that term, they’re not so readily gleaned from the [inaudible], and we were keen to make sure that there was something that we can say that was definitive about awareness in the [global practice?].

So that’s the principle bug there with the paper. With regards to RTMs, you would have noticed that [inaudible] set of questions from the procedures, whether or not the procedures are relevant. I still need to get a few more pieces of data, or at least, some qualifications to put that one to bed.

So, we’ve not been able to set up the conversations that we want to have with compliance yet. When we’ve done that, then I think we would be in a position to put that specific paper to bed, and that’s about [inaudible] that I held the pen on.
LAUREEN KAPIN: Thanks Carlton. So I would just encourage everyone on my sub-team to try and wrap these things up as quickly as they can, since we are heading into Hyderabad and we want to be able to present a cogent narrative, at least of findings. And what I want to encourage my team as a whole to focus on, is although I know we don’t have all of the data and that they’re going to be held, I would really strongly recommend that people mine the data we do have.

And in that regard Carlton, I’m very glad you are talking with compliance, because not only for you, but several members of my sub-team need to supplement their papers with some compliance data, and fortunately, compliance is actually a very rich source of data, so I’m happy to hear that’s going on.

David, I saw your note that you’re going into the tunnel. I’m hoping you can still hear us, and if you can, it would be great to get an update from you. I know that a lot of your focus on the rights protection mechanisms depends on the [inaudible] study. But what I’m wondering, David, is if you’ve had an opportunity to look at the compliance data that may relate to some of the RPM issues?

Though I can’t tell if David is still hearing us or not.

I’ll give a pause. I see Jamie is typing.

Okay. I’m going to assume that David is not able to hear us right now. So I will move on to Drew for an update. Like David, I know Drew is also working on some data, but perhaps you can give us a quick update Drew, and also, let us know if there is any existing data that might be
DREW BAGLEY: Sure. So, the paper I’m focused on, for everyone is, what was the impact for the new safeguards on DNS abuse? And so I’m working on this with Calvin, and thus far, in the absence of data from the DNS abuse study, what we’ve been trying to do is something that we definitely have to get right, and that’s to come up with consistent definitions for DNS abuse, that will at least be our working definitions.

Because in the community, of course, there are no universal definitions of DNS abuse. Some people consider it to only include things, you know, technical things such as malware hosting, phishing, bot net command and control, others would also add spam to that, and then others would add a whole category of other things such as intellectual property issues, and even issues that we’re getting into harm to children and what not.

And so, we’re trying to come up with some categories, that way even if, and what the reality is likely going to be, even if we are able to do a quantitative analysis of some of this, which will likely be those technical categories I first described. We could at least acknowledge the other categories, and point out what type of data would be needed to analyze those.

But what we want to avoid doing, [inaudible] in, you know, keeping this a study first and the [inaudible] the new gTLDs is that you want to avoid getting into, you know, issues that touch upon national law, because...
that’s going to be, you know, that’s definitely outside of our scope and our abilities. So that’s what we’re working on now, the main focus. And to your second question, Laureen, as far as what sorts of data issues already exist for this?

I mean, I guess just the, what other people are already working on in defining these safeguards and what their intentions were, but as far as what the compliance say, the compliance at I’ve seen so far, does not appear to help answer these impact questions. Instead, I could maybe start writing about, you know, the number of complaints through compliance about some issue that could be tied to a safeguard, but from what I was seeing with the data, the compliance shares with us thus far, I don’t see anything that would really help to answer that question, but I would love to hear anyone else’s feedback if they think that somebody already read some preexisting compliance around their data.

LAUREEN KAPIN: Thanks Drew. I’m wondering, when I have looked at the compliance data, a while ago, I know there was a category that I thought related to abuse complaints. I’m wondering if I misunderstood that, or if after digging into that, it wasn’t the right information. Maybe you can just refresh my recollection.

DREW BAGLEY: The data, let’s see if I can get it in front of me. The data I recall looking at, for which there was actually, you know, substantial quantity of data was, where compliance basically received complaints about DNS abuse,
and then informed the individuals, hey, we’re not the registrar, or hey, we’re not this, rather than there being these complaints about this registrar is violating the registrar accreditation agreement because of this DNS abuse issue.

So, yeah. From the spreadsheet that I’ve seen, I haven’t seen anything that would answer that, and [inaudible] and if you know of some data that might be useful here, in trying to measure this impact analysis?

ELEEZA AGOPIAN: Hi Drew, this is Eleeza. I’m looking at the data that we’ve [inaudible], and excuse me, and I don’t see anything specific to that. Perhaps [inaudible], I don’t know if that’s something you’ve looked into, maybe you can answer better than I can. But I’m looking right now, and [inaudible]...

DREW BAGLEY: Okay, yeah, I’ll pull it up again [inaudible]. Yeah, Brian, I’m sure you’ve looked at a bunch of this stuff when you did your report in the spring. Do you recall, as far as sort of what compliance data might be helpful for this?

BRIAN: Hi, can you hear me?

DREW BAGLEY: All right, great.
BRIAN: My sense of compliance data is that there is not going to be any kind of sort of a-ha data, that it tends to be quite, reported incidents tend to be quite low in number or minimal, it’s hard to really draw conclusions, meaningful conclusions from compliance data, that being said, of course, it’s very useful to have.

So I wouldn’t, yeah, I wouldn’t expect too much from it, in terms of changing or altering the substance of what we’re already generally understanding. But that’s my sense of what we’re likely to [receive?]. So thanks.

LAUREEN KAPIN: Thanks. So basically what I’m hearing is that our primary data source is going to be, hopefully, the DNS abuse study. We hope to commission, if we can get funding for it, and that right now what we have are the questions that we want to ask. There is really… There is not any secondary sources, so to speak, that we can look to at this point. Is that a fair summary Drew?

DREW BAGLEY: Yeah, that’s a fair summary. And so yeah, to fulfill our mandate, we really need that study.

LAUREEN KAPIN: Okay. Jamie, I know that it has been a very busy time for you on many levels. So maybe you and I can connect some time offline to chat about
what it might be productive to focus on, but if there is any work you’ve been doing behind the scenes on the discussion papers, collaborating with any others on the sub-team that you want to fill me in on, [inaudible] on, please feel free to do that now.

JAMIE HEDLUND: Sure. I’ve been doing a lot of behind the scenes work, just not with anybody else. But thank you for that, and happy to talk to you offline.

LAUREEN KAPIN: Okay. So that’s basically where things stand for now, Jonathan. As I said, I’m happy to, for the next call, I would think we can tee up at least the paper on consumer trust, and maybe on the call after that, the paper on implementation of the safeguards. And then the rest will really depend on folks being able to update their discussion papers.

JONATHAN ZUCK: Thanks Laureen, and thanks folks for giving your updates. On the application evaluation, as I said, I’ve gotten a little bit of an update from Andrew Mac that they’re proceeding at pace, and should have something for us by the end of the month.

What I’d like to do is have Megan discuss briefly the paper she just circulated on the application evaluation issues that she’s dealing with, with respect to the GAC. So I’m going to hand the microphone over to Megan.
MEGAN RICHARDS: Thank you very much Jonathan. The paper, I understood I was supposed to discuss the benefits [inaudible] end user paper. Isn’t that the one [CROSSTALK]... Okay, good. That’s not really specific to the GAC. The two that I had done before, with the GAC [early warning?] advice, the GAC advice, on how that [inaudible] application and evaluation process.

And the other was on extreme [contentions?]. But those [inaudible] updating, well I, it’s [in?] handwriting, because [inaudible], but I’m updating those following our Vienna discussions, and I need some [inaudible], but I will finish it.

But the one I’m going to talk about now is benefits [inaudible]... So, I look through the Neilson [inaudible] survey, and I looked also at the ICANN gTLD marketplace, market health index, [inaudible]. And the questions that I would [think?] to ask, or that I would develop, were things like, what benefits to end users? And when I [talked about?] end users, I specifically said [inaudible], in having a broader and more diverse source of the new [inaudible], what benefits do registrants [see] in having [inaudible]...?

And I think it’s important to distinguish between the two. And you’ll see in the very first sub-question A, in parenthesis, and this is why I was confused about the background providers, because the gTLD marketplace health index specifically referred to aspects like geographic elements, [new?] scripts that [inaudible] IDN support, and new service models.
And also, because there is no data yet on service models, well there is some on geographic aspects, and some [inaudible] to a certain extent already and on IDNs, I [inaudible]. So, [inaudible] number in place of gTLDs and just geographical [inaudible] for any of this, because the question was, is there data showing that [there is?] an advantage?

Or is there any data that shows that consumers [inaudible]? And on the second one, I haven’t found any data [inaudible]. And where and how we can do it, I’m not entirely sure. Except possibly, but again, this is [not limited so it may be confusing?], but it may relate more to what Drew was working on in referring to mitigation of risks of DNS abuse.

I don’t know if, since he [inaudible] as opposed to high risk DNS, it’s more of a problem for consumers. That was the second part of the question. Does it [inaudible] confusion for end users as consumers? If it exists. [Inaudible] to registrants [inaudible] type and number of gTLDs.

So I’m going to go very quickly now. I’ll just read the [inaudible]. But on the first sub-question, A, I think from the data that we have, [inaudible] the ICANN market space survey, the Neilson survey, there is a fair amount of data which leads to [sort of the confusion?] that consumers have certain [inaudible]… because there are more by definition, therefore there is more choice for consumers.

And that [registrants?] also have things like being able to use different [inaudible] of, different types of areas, geographic areas or using IDN, to better direct their product [inaudible]. So I think that’s [inaudible] and the little paper goes on to explain how and what this is.
On the sub-question B, in terms of confusion, or [inaudible] the value to registrants, I don’t have any data really that confirms this. It’s very hard to say whether this is the [inaudible] or not. So, jumping immediately to the priority [inaudible] and the recommendation, it’s really that on the sub-question D, probably this is something that could be done in a future survey, when the next CCT review is done, because there will be a repeat of this at some point [inaudible].

And we will be able to identify more clearly what the expanded [inaudible] has been, and we will have a better idea also because it’s still early days. So [inaudible] recently delegated gTLDs to accept how [inaudible]...

And again, another factor that may be very important too, is that [inaudible] if you like, we should be able to see in the future, much better information about what [inaudible]. So it’s still rather a work in progress, and it’s [inaudible], but that’s a good overview of what it is.

And again, I’m more than happy to [inaudible] tear it apart, turn it upside down [inaudible] the data, [inaudible] something in one of the footnotes to clarify some of the data. So please feel free to add, subtract, adjust, and improve.

JONATHAN ZUCK: Laureen, go ahead.

LAUREEN KAPIN: Hey Megan. Thanks so much for your paper. I know the issue of singulars and plurals has been the subject of GAC advice in the past, and
I also note the lack of specific questions about that, in at least the Neilson studies. What I’m wondering is, has anyone done any literature review, or search, to see if there are any other existing data sources?

Not commissioned by ICANN, but just out there in the world that talk about this issue? That it just struck me if there are any secondary sources that we can look to.

MEGAN RICHARDS: What a great question. I don’t know the answer. I see a number of newspaper articles, or not newspaper, technical articles [I suppose?] in technical journal articles [inaudible], and so I’m not well aware of other secondary [literature?]. Maybe the ICANN staff [inaudible]... data or some of the other participants know a little bit more about it, other sources.

ELEEZA AGOPIAN: Laureen, this is Eleeza.

LAUREEN KAPIN: Yes, thanks.

ELEEZA AGOPIAN: Sorry. I was just going to say that we did do quite a bit of searching, I think, early on when your team was looking for data on different studies that might [inaudible] that trust in the internet survey that you and I have been talking about recently, and we haven’t come up across
anything else in our research. I don’t know how [inaudible] that would be, but we definitely looked for other sources.

LAUREEN KAPIN: So other sources specifically on this issue of confusion with the topic of Megan’s paper.

ELEEZA AGOPIAN: Yeah, sorry. Maybe not confusion, but definitely about consumer perception, broadly. So anything that’s related to consumer perception of the DNS, whether it’s trust, participation, and use of, which I think, confusion will presumably be covered in those areas.

LAUREEN KAPIN: Thanks Eleeza. That’s good to know.

ELEEZA AGOPIAN: Sure.

JONATHAN ZUCK: Any other questions or comments for Megan?

Sorry, Kaili, go ahead.

KAILI KAN: All right. Thank you. Hi, this is Kaili Kan speaking. Well, there is [inaudible] but besides the confusion, [inaudible] to end users, I’m not
sure if she has end user [inaudible] means individual internet end user, or the registrar. Yeah, but whatever, I believe are part of confusion the phrase, [inaudible] we should also include the drawback, whether there are drawbacks for registrants and internet [inaudible] any uses.

For example, after the new gTLDs, there has been quite some complaints about the [inaudible] of the registrations. So therefore, whether that is a drawback for the new gTLD [inaudible] interviews. That is probably the issue, [especially as heard from the?] business constituency, from them.

Another issue here is about speculation, [inaudible] related to [inaudible] registration. And as Jordyn [has explained?], we still do not have the final data, but [inaudible] in Vienna, we already saw some preliminary data that shows that over half of new registrations are [inaudible].

So various kinds of calculations, some calculations show that [inaudible] around 75% or so. So where there is speculation, could be considered a drawback, because clearly I do not believe that speculation is some other purpose for introducing the new gTLD program. Instead, I believe and I believe that everybody would agree that speculation is harmful for the internet, especially at this kind of a magnitude, that over half of new registrations are beyond [inaudible], and susceptible to speculation.

So I believe half of the confusion to the end users are really drawbacks, could also be included. Thank you.
MEGAN RICHARDS: Thank you. Can I just respond to that quickly Jonathan?

JONATHAN ZUCK: Yes, definitely.

MEGAN RICHARDS: Thank you very much. Well, I understand your concern. My point though was that, even if there is speculation, even if there are [inaudible], I don’t think anyone can say that this creates confusion for users. Because if they’re [parked?], they’re not really being used, and they may also be [parked?] or even being used for speculative purposes, because people know that this is a growing market, or are expecting, let me put it that way, are expecting this is a growing market.

This has 4 billion new internet users coming on to the market in the next 20 years, let’s say. That’s the theory...

KAILI KAN: Excuse me, I don’t quite understand you. You may [inaudible] over 4 billion end users [inaudible], how would that relate to the number of registrations registering domain names? I do not see a clear connection between these two.

MEGAN RICHARDS: My argument is that the market is growing. There will be [new consumers?] online, and new [inaudible] and new demand, in theory. So this may be [inaudible]... My point is that I think if... I’m not saying
we shouldn’t necessarily look at the [parked?] issue, whether these are being [parked?] for what reason or not, that should be done.

But I don’t think I have the data to look at it, and for me, it’s important to distinguish between the consumers and the registrants. So, I don’t see how consumers would be confused by the fact that, I mean, [inaudible] registered, but not necessarily used.

[Inaudible] and they’ll go somewhere else [inaudible].

KAILI KAN: Yes, if you would allow me to quickly respond. I believe we can go into further discussion through email, later after his meeting. However, I suggest these issues be included in our preliminary findings, especially in relation to Hyderabad. Because then, we will be introducing our findings in [real world?]. I believe it in our team’s interest to provide the entire view of our findings, rather than [narrowing?] down.

Otherwise, to avoid [inaudible]. Thank you.

MEGAN RICHARDS: But Kaili, I couldn’t agree more. If we had data, and if we have information, and we have stats that [inaudible] things, by all means we should include them. My point was that I don’t have anything that IP that shows that an increased number and type of gTLD [inaudible] has [inaudible] for consumers.

And I don’t find [CROSSTALK] shows... That’s my point. [CROSSTALK]
KAILI KAN: I agree with you. We should not say anything without data support. However, you agree to not enough convincing data support, we do not also would not want to make conclusion in the other direction. We keep ourselves neutral on that.

So that is we provide our findings which already have data support, and also we [leave?] issues that we already had some preliminary data, but not have the full data. At least, list them just...

JONATHAN ZUCK: Kaili [CROSSTALK]...

KAILI KAN: Excuse me?

JONATHAN ZUCK: I think, Kaili, we’re definitely going to make that caveat about insufficient data in the final report. There is no question that that would be the case, and so, and as we discussed in Vienna, we’re also going to make... I’m sorry, go ahead.

KAILI KAN: Yeah, not only insufficient data, but also list the reasons or audience know what direction we’re looking for data, point to.
JONATHAN ZUCK: Sure. We’ll do that and as we discussed in Vienna, if there is an issue in which the group has reached consensus, but there is a minority view, we will find an opportunity and a place for those minority statements as well within the report, as we discussed in Vienna.

Folks, we’re out of time. We’ll exchange information on the program of calls. To Laureen’s point, it’s actually in our hands, Jordyn’s, mine, and yours, to document what will be covered on each call. That’s in fact the purpose of the grid, Laureen, so we just need to, that’s kind of on us to bring that up to date so we are aware of what’s going to be discussed on the call and people can come prepared to discuss it.

So, Alice has put up the schedule for Hyderabad, and so it’s good we have that. We can begin to evangelize the engagement sessions with folks. And I guess I’ll take this, any other business, opportunity to apologize if I got too far ahead of the group in my little op-ed blog post on the ICANN site.

I was just cherry-picking some things that seemed interesting, that would get people interested in following what we were doing. So if I overstated anything, or went beyond the consensus, I apologize to the group, and I’ll make sure and run blog posts by the group in the future.

Okay? Thanks everyone, and let’s stay on it. Please read the documents that have been circulated, and provide comments in email or in-document whenever possible. Thanks everyone for your time.

[END OF TRANSCRIPTION]