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A NEW INTERNET ERA

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DOMAIN NAME INDUSTRY AS A NEW REVENUE STREAM FOR
SERVICE PROVIDERS IN ASIA PACIFIC

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     >> ZAKIR SYED: Good morning, ladies and gentlemen.  Thank you very much for coming to the workshop.  We're going to discuss about Domain Name Industry as a New Revenue Stream for Service Providers in Asia Pacific region.  The reason we chose to propose this workshop was because of the huge potential that exists in the evolving Domain Name landscape across the globe and since Asia-Pacific is half of the world's population, it is -- the significance, it is more important here.  Before starting -- formally starting the workshop, I'll introduce myself.
     I'm Zakir Syed from Pakistan.  I work for an organization called SAMENA Telecommunicationing Council and we work with stakeholders within the South Asia, Middle East and South Africa covering Telecom issues.
     We have a very small, very strong panel.  We have Leonid Todorov who is actually managing Asia Pacific top-level domain.
     These guys don't need an introduction.  For those people that are new to the system, so, yeah.
     Then we have Jia Rong Low managing the Asia-Pacific hub for ICANN and the Vice President for ICANN.

And we have Edmon Chung who needs no introduction, very active. He's, you know, running his -- he's CEO of DoTasia organization and has been providing the secretariat facilities and services very kindly to us for some time.

I will give an overview highlighting the Domain Name Industry as a New Revenue Stream for Service Providers in Asia Pacific, into the region, and then I'll hand over the mic to the experts so that they can highlight the different aspects of the Domain Name System within the region.

Very quickly we'll cover some points. Domain name industry in the Asia-Pacific region, you see the potential and the domain name industry that's directly connected to the Internet landscape and ccTLD, we'll see the State of -- the position of ccTLD in the region, how exactly the countries relate to each other within the regions, how the ccTLD, the statistics in the regional markets, we'll see some very discrete statistics on that slide and domain name density in to the region markets, we'll again see the density in terms of population. In cybersquatting again, an entrusting slide, we'll actually see an entrusting of the rationing of this slide.

As you can see at the bottom, you see the potential, the Asia-Pacific Internet user penetration in the region. It is almost over 40% in the region and it is evolving. You can see half of the global Internet users are basically from Asia-Pacific and it is evolving. Similarly, mobile Internet penetrations, these kind of mobile penetration and Internet penetration directly contributes to the evolution of domain name industry within the region. You see domain name industry potential in the region. Since more than 50% of the globe language is probably over 7,000 languages that are spoken across the globe, more than 50% are from the Asia-Pacific region and I can introduce this IDN program -- ICANN will introduce this program, this IDN program, it was making it the Internet more universal so many more around the globe can effectively use the Internet. This is some examples of the IDNs, we see different scripts that are used as top-level domains. IDNs for those of you who do not know, internationalized domain names where you can actually register a domain name in your own language using script or Arabic script or others.

This is a state of the ccTLD in the Asia-Pacific region, .cn, India, they're larger markets. We can clearly see the majority of the chunk is covered by .cn and .in but it is not always about the population in the country or region. We can see some very interesting statistics here that, you know, Australia, New Zealand, even though their population is not that big but they're doing well in terms of the number of ccTLDs registered.

The ccTLD, it is over 314, this is the latest -- the latest number is from the first quarter of 2016 -- it is that there is almost 326 million domain names which includes .com, .org, others as well. You see in the region again, China,.cn, .in, this is unusual behavior

of the ccTLD in the region.  You see Australia and South Korea, New Zealand, even though their population compared to the rest of the region markets within Asia-Pacific is low, their ccTLD registration is high.

The domain name density, this is a comparative analysis or train of the ccTLD of the top-level in the country.  We can see that New Zealand is the best performer within the region.  Australia, New Zealand, of course.  Malt eves again -- the number of ccTLD in India and China are higher in numbers but it is down because the penetration, it is automatically high for that.

The final slide, cybersquatting, that's kind of a -- it is illegal -- people try to register domain names of well-known Trademarks, businesses with the expectation that they'll sell them in the future for high price of business, this is sort of illegal and it is a cybercrime basically.  It actually results in disputes within the domain name industry.  These are according to the statistics the top 10 countries with the highest numbers of domain name disputes registered, you can see, there is no one from Asia-Pacific region in the top 10 of the number of cybersquatting registered across the -- cybersquatting around the globe.  That was a quick overview.  We'll hand the microphone over to shed light on the State of this within the Asia-Pacific region.

Thank you.

>> JIA RONG LOW: Thank you for asking me to join the panel and calling me an expert when I'm clearly not one!  I'm a jack of all trades and master of none, I know a bit of everything, but not deep enough to be considered an expert.

Within this room actually most people are familiar faces, I'm wondering whether I should just go through my deck anyway because my deck basically is more for newcomers or people that don't know about the domain name industry and I'll run through the slides very quickly and then go into discussion instead.

First of all, I work for this organization, ICANN, the Internet Corporation for Assigned Names and Numbers.  You have heard of ICANN many times here very often in the context of the transition so I won't talk about that; the other area that you have heard of ICANN very much which was yesterday was on multistakeholder approach and the other keyword is on internationalized domain names; the third one, IDN has something to do with the domain name industry and how it effects the Asia-Pacific region.  I'll go into that a bit more.

When we think about the domain name industry from ICANN's perspective, basically ICANN is the organization that helps to establish registries.  Registries are organizations or companies that run the top-level domains.  For example, there is a contract with ICANN and they run a .com domain.  Now we have this new GTLD program, you have the top level domains of many forms, it can be a .brand or .location and it can also be an internationalized domain name.  What this does, it expands the Domain Name System.  Previously people were restricted

to using certain domain names only and only in English as key characters and now you can actually have more than that and you can use your own language and have your own domain names in your own language and it is not only the second level but also at the top level as well.

The first round -- we call it the first round of the nGTLDs program. We saw so many applications, and 1,000 have been delegated, which means that they can be used and it is basically allowing for many opportunities within the whole world, especially for the APAC region.

I mentioned about the program, the first round, after the applications on the 23rd of October, the first new generic top-level domains -- I'll call it nGTLDs going forward -- they were regulated through the program and the very first few, they were all IDN. We know that our languages, they're not English as a native language, and it actually provides a chance and opportunity for non-English native speaking community members to come online going forward. About three years later, we're now in 2016 over 1,000 top-level domains have been delegated and we're looking at about 256 still proceeding through the program. We hope to delegate them as much as possible over -- as soon as possible.

Next slide, please.

This is a bit outdated, this slide. The idea is to let you see the geographic distribution regarding the top-level domains being dedicated around the world for the APAC region as of January, 2016 we have 149, I think we have much more -- a larger number than that now. This basically shows that we have a few GTLDs and now you can have more than that and an example of these GTLDs, they're in IDNs.

The next slide.

The benefits of the nGTLDs program listed here, if you're a business, a person, you want a web presence which is usually tied to the domain name. People don't remember IP addresses that well. A branding is tied to a domain name. I think of a brand name like Nike you straightaway think of Nike.com but now there is an opportunity for you to have .Nike instead. If you're a group, community, you can have .wiki, .shop and .Tokyo. Here in Taiwan you could have .taipei, and people are starting to use that as well.

The fourth point I mentioned, about the IDNs -- I won't elaborate much on this -- but a key purpose of the whole nGTLDs program is that it provides more competition, it provides consumers with more choices. Previously you had McDonalds.com and if you're McDonald's and you forgot to register first, then you have to think about going around the problem. Now instead of having that problem you can have the more choices. You don't have to actually register Mcdonalds.com. If you don't want to, you can go, register somewhere else.

For small businesses, this also gives you the opportunity -- a statistic that I knew, I read about, a law of the -- a lot of the .com names were picked up because that's the one that's most popular, now to register anything you need about 15 letters to register something.

Instead of jiarong.com you have to double it, then it is easier to register because the shorter names mostly have been taken up.  If you're a small business and you want to register your business, let's say a restaurant business, is it easier to put JiaRongLowcafe.com and now you have new options like .restaurant or .cafe at the end and you register the business with that top-level domain and it allows people to actually easily remember and identity the web presence with you so that it offers people with a choice and the competition.  The third area of the new GTLD program is on innovation.  People need to think of new ways to use this online.  It is very new at this point and abstract.  I won't talk much about it.

Over the past couple of days when we discussed IDN we didn't talk about -- there will be some challenges especially when using Chinese script because of cross-community scripts and how do you innovate, get around the problems.  It actually creates innovation allowing us to think of better ways to help our communities come online.  This is another area of the nGTLDs program that's beneficial.

On the one hand I talked about nGTLDs as enabling IDN.  IDN are already available especially for the country top-level domains.  On this slide you see the map and you see various top-level domains that actually already are dedicated IDNs for their countries.

In Taiwan you can see the simplified version and the traditional version of the Chinese script.  For India as well, .in, you see so many different scripts that can be representative of their country and it's actually good for their local communities because they're communities that cannot speak English and communities, we think that India is Hindi, not true, there are so many languages there.  It allows the communities to come online and use the domain names so that they'll set up the web presence.

Coming back to the domain name industry as a revenue stream, if you were to ask me what are some key areas that we would be looking at, talking about revenue stream, I think there are many facets to this question.  I'll put some stats regarding the nGTLDs program that some background work was done on.

Next slide.  I remember when I first joined ICANN and we were rolling out the nGTLDs program some -- somebody said, you know, the nGTLDs program doesn't make much sense.  If I have a phone I can only use one ring tone at one time.  Why would I want to have more than one ring tone?

He equated that analogy with domain names.  If I already have Nike.com, why would I want to have .nike instead?  That kind of an analogy.  I didn't have a response at the time because I was brand-new.  After a while I realized that actually I do have a response.  While on the one hand we use one ring tone at one time in the past on our phones, remember the time we were all using handle bar phones, a very good industry was the industry that sells ring tones.  You can buy a ring tone for a dollar, $2 and you can have the music that you want.

The industry, it was a million-dollar industry.  Very interesting, every different industry, there is always a different way of having competition and demand for it.

Now that the nGTLDs program was rolled out, you see an increase in the number of the GTLD registrations.  The number currently stands at 22 million.  That the growth figure is not bad.  Coming from ICANN I won't comment so much on why or who is doing very well, but the statistics here basically show that there is a demand for GTLDs especially at the second level.

One other area that I think I want to highlight as an introduction is ICANN published a gTLD marketplace index in the data phase and it is open for public comment.  The idea behind this report is to look at the gTLD marketplace, the health of the marketplace in things like competition, trust, market stability and you can access this -- actually if you Google gTLD marketplace health index ICANN it is easier to find than to click on the link.  When you find it, this report, it is open for public comment, anyone can comment, look at it and you can give your inputs to whether this report helps you understand the gTLD marketplace.  Those people interested in this, go online, have a look, give us your comments so that we can make this report more comprehensive and that it can help inform members of the public as well as yourselves regarding how the gTLD marketplace is.

Some highlights on this marketplace health index in the current draft, since we're in the APAC community, I'll focus on IDN.  You can see an increase in the IDNs registration which is very positive.  The second and graph on the right side, you can see on comparison between IDNs, brands and geographic registrations.  So far the geographic registrations is the highest followed by IDNs and the brands are relatively smaller in the second level registration size.

Next slide please.

This is a bit small so I will just talk through it.  If you want to look at whether there is demand you also want to look at over time are people dropping out of it.  It's only positive if the number of additions to the registrations is more than a number of people dropping out of it.  Initially everybody were registering, but after a year, you couldn't tell if they were using that domain name.  This chart, the first on top talks about the number of new additions and the chart below talks about the number of deletions.  People dropping off and not renewing their names.  You can see that the top one, the total number of additions is about for the second half of 2015, it is about 30,000 and the second half of 2015 for deletions is 18,000.  There are still more people it registering than people who are dropping off of the new gTLD second-level domains.  This is a positive sign as far as there are many other questions and we can only take this number based on registrations so we'll just look at it based on this figure.

Now let's go to the next slide.  Just some thoughts I mentioned about the new.GTLD, enhance competition, allow for consumer choice, innovation.  For APAC, we're a region of growth.  As more people come online, they'll want their web presence so there is opportunity for using new gTLDs to give them that web presence.  Also for APAC region, IDNs will be considered an area that is an area of growth for us. The next billion people coming online will come from our region.  Many of whom will not speak English as the first language.  It could be an area of potential growth and of course we see some trends now about the registrations, but I mentioned a had little bit to this, and during the discussion how many people use it, it how many services revolve around the domain names and how fast we'll pick it up in the future. It is good for discussion.  I shall just stop here.

Thank you very much.

>> ZAKIR SYED: Thank you for that comprehensive overview of the program.

Now I'll ask Edmon to go ahead.

>> EDMON CHUNG: Thank you for having me here.  Thank you.  This is an interesting topic for me, of course.

Just to start off with what I do, we operate the DoT registry and we were the first to operate the new gTLD in Asia.

Instead of domain .com what we do, we offer domain .asia and that's our income source.

Jia mentioned interesting things, ringtones.  I never heard of that analogy, but the first thing that comes to mind is that, yes, you can have multiple ringtones, and if a different person calls you -- you know, my mom calls me it rings differently.  It is more important!  Then it goes in silent mode!

(Chuckle).

That's actually one of the things.  At DotAsia we see the usage for small, medium-sized companies in the local area, for example, let's say here, they use a .tw domain for the business.  When they expand their business to Asia, to Singapore, to Malaysia, Philippines they use that DotAsia domain and represents their identity and the scope of businesses beyond the local market.  Of course, at the local market it is useful to use a different domain.  I would answer that by saying, you know, you can have multiple ring tones.

Back in terms of revenue generating, I think that's the theme for today.  That's what is helping DotAsia with their, the income coming in from the registrations, it is helping promote the Internet development and adoption around Asia, that's our mandate.  One of the things that we're helping support is, of course, the secretariat and youth engagement, the youth IGF that you see, you know, if you see young people running around, that's a program that we support as well. I guess coming back to the it excitement part in terms of the revenue opportunity for DotAsia we're seeing it firsthand in many ways, a first area is the ASEAN integration as well especially for DoTAsia

but for the Asia-Pacific region in terms of growth as well.

We know that there is an explosion in terms of new top-level domains.  This is what sparked the discussion today.  Of course what also sparked the discussion today is kind of the unlevel playing field at this point in terms of the total number of top-level domains applied for.  This is a little bit outdated but the percentage would probably be similar.  What is interesting, in terms of the application, the ownership, Asia-Pacific seems to be much far behind from North America and Europe.  If you adjust it a little bit there are actually many North American companies sort of disguised as European companies. For example, Amazon uses a European entity to apply for the top-level domain.  If you use that adjustment, North America takes up 70% of the applications.  That's a much different view.  In Europe that means that Europe is down to 20%.

Yes, Asia-Pacific is still behind, not that far behind Europe at this particular point.  still, it is just 15, 16%.  What is interesting is that if you look at the current registration, second-level domain registrations, more than half of the registrations are actually coming from Asia.  More than half of the top 10 registrars for new GTLDs including from Asia.  This is outdated, that's ranking higher.

What we're seeing in DoTAsia is similar.  We see a lot of activity in Southeast Asia and in the countries not only in terms of registrations but usage, real life DotAsia usage we see from Singapore, Malaysia, Indonesia, India.

This is reflective of the growth in terms of the DotAsia registrations over the years.  When we first launched the U.S. and Europe has been among the top countries registering DotAsia domains, that's no longer the case.  The majority of domain registrations are coming from Asia and U.S. is still an important part and up to a certain point Germany was still an important country with DotAsia registrations, but that's no longer the case.  The top 10, in fact Germany I think just dropped off last year from the top 10.  U.S.A. has dropped to number 8 in terms of the top 210 for DotAsia.  -- top 10 for DotAsia. Another thing that's interesting with the nGTLDs expansion which important is accredited registrars in the ecosystem of domain names we have the registry, the producer and the registrars, the retailer, the distributor.  It is very important for the channel to develop within a particular region.  I talked about this with the folks in Africa and Latin America.  Their biggest challenge is having registrars and the channel to actually sell the domain names.  For DotAsia we're -- we're excited to see that with the nGTLDs launch in the last few years we jumped from 150 accredited registrars for DotAsia to 250 at this point, 250 registrars worldwide.  That's a big jump.  For us in a few years' time.

This is -- these are some of the things that are happening.  Really when you talk about the market potential it is that there is still

a huge number of small medium-sized businesses, micro businesses that do not have their own domain.  That's -- I guess that's somewhat to do with the level of awareness.  I think this particular session we're -- I'm interested to talk a little bit about the evolution of domain names.  Well, it used to be when it was first designed the Domain Name System was envisioned to be a command line on the Internet.  It is a tool to navigate the Internet.  That's grown beyond that.  An interesting thing, talking not to John but to Paul who had designed the DNS, he told us on one of the occasions that .com was an afterthought. The domain system is supposed to be the country code, top-level domains, .us, .hk, so on, and so they thought, okay, .com, .net, .org, who wants that.  They gave it to a small little company, network solutions to run it.

History has it now that at 300 millions, over a third of that comes from .com.  I think that's a situation that, you know, in this region we're still not yet quite grasping that concept of domain names being more than a command line, more than a brand name, it evolved from a vanity name to brand protection to recent years.  It's a big part of the search engine optimization.  It makes an impact, a difference on two areas:  One, if the domain name is a natural type-in keyword, it naturally enhances your ranking on Google and other search engines.  Also with multiple domains you create a bigger presence on the Internet.  That's one of the things that I think this -- this Asia-Pacific community, the industry, they need to let people know. Of course brand names are a fundamental part of domain names.  Also, even more important is that it is really about traffic and location. In the physical world we think about chain stores, why are there so many 7/11s, why so many Starbucks?  Because they collect traffic just around the corner.  Every spot collects a little bit more traffic. That's how chain stores work.

On the Internet, multiple domains tend to have the same effect. Of course, it is a bit different.  You have what it called a long-tail effect with the main domain names having the majority of the traffic with a long tail that adds up to a lot.  A lot of companies are starting to realize that potential.  Another challenge for us from Asia-Pacific region is there's a tendency towards depending on platforms.  You know, many of the local shops now say, hey, I can just open up a Facebook page and that should be enough.  Of course in the industry we would like to see this happen.  Reality is that this is like renting or owning property, not exactly but the value of when poverty goes up and the value of the domain goes up as you own it and drive traffic to it. By utilizing just the platform you're really driving traffic to the platform and also losing control.

Today's Facebook -- does anyone still remember MySpace?  It was just a few years ago.  Tomorrow it could be something else.  People, there has been talk about people -- younger generations starting to move to different platforms.  When that happens, you don't want to

be depending on your brand, all the advertising that goes out, you want to have control of that traffic. That's one of the things that I think we need to make more of the small, medium-sized companies in Asia-Pacific aware.

I was -- I was asked to talk a bit about internationalized domain names. My favorite topic. That's an important topic with nGTLDs especially. People today have business cards with one side that's all English and one side that may be all the local language. Today still for the e-mail address, the domain name, it is still limited to English. Not anymore, but they could actually use a multi-lingual domain name. The domain name in their own language. Yes, a lot of people say, hey, but users are not typing in the IDN or typing in the domain names in native language, they're not used to it, but if you think about it, you go back to one of the trends that I talked about in terms of search engine optimization users search in their own native language, people from China, from Japan, from Korea. They search in their own native language. In fact, I would hardly think that they would spell out what they want to search in English.

That's where IDNs come into play as well. We're seeing a lot of activity actually starting from Japan in the last couple of years starting to register domain names that clearly is towards search engine optimization, utilizing keywords that are being searched in Japanese.

This is another thing, a thing that people think about, well, if you don't -- if it is hard to type in or people are not readily typing in domain names in native language, that could change as mobile and audio input becomes more prevalent. Think about it. When you talk to your phone, highly unlikely you would spell out a domain name in English versus the more easy way to speak to your phone in your own native language. That, I think, is going to make a difference and create a difference in terms of market here in Asia as well. Speaking of mobile, well, there are mobile apps, why do we need domain names anymore? Two things I usually tell them about, well, first of all, of course, apps are important, and easy to navigate. Behind every app, behind every mobile app there has to be one or more domain names. The design of apps on your phone, most would connect back to the Internet and domain names is a prevalent part of it. More importantly, how many apps would you download on your phone? 50? 100? 500? Let's say 1,000 apps you download to the phone. Fine, you won't download the millions of companies who all try to have multiple apps for each of the products and services. You just won't be doing that.

In order to navigate and explore to new services and new things more likely in the future especially with HDML5 and dynamic web access from your phone domain names is still going to come back and still will be very important for companies who are trying to get new customers. Speaking about new customers, one thing I'm completely confused about is that why people -- why companies would advertise to search on Google Play or search on app store in Apple when they put millions of dollars

in advertising just to go to search on Google Play to find their app, but then five other apps that are absolutely competitors show up at the same time.  You're actually paying advertising for your user to find your competition that's very strange behavior that I couldn't understand it.  Then I guess what is important is to tell the companies that, hey, using a shorter domain name that people can immediately understand and relate to brings traffic under your control and your customers directly to the app.  That's interesting observations and it is about the future.  As we talk about the new GTLDs, an important part is about -- about -- well I believe it is about the Sustainable Development Goals, about the developing world, especially with Asia here, how we integrate that into a whole push to get them online but also to get them into eCommerce, eLearning and all of those platforms to help support the continuing development of the Internet.  Speaking about the future I think there's going to be an interesting development in the use of domain names that are yet to be discovered in this time. Internet of Things is coming up.  We talked about naming different -- it is possible that your refrigerator, oven, your sink could be connected to the Internet someday.   In that time, when you balance against privacy, you understand what the importance of domain names and personal domain names is going to be.

Today uploading a few files to Google may not sound like so big of a deal.

Loading your whole wardrobe, your toilet to Google may be something very -- you know, you would think twice.  Having your own domain allows you to keep it within your own network.  That's the future that I think, you know, domain names can support.

If you're interested and want to hear more there is a bit of an advertisement, in Hong Kong, September 19 to 22, we'll have a domain fest and talk a lot about domain in the marketplace.  To end with, I think the future is not just about volume.  We always talk about having new domains that are registered, how many domains are registered under each TLD.  It is not just about volume.  It is about how actually it is being used, how are domains used.  It may not be on o be the second level but the third level as I explained on the   Internet of Things.  It ultimately is about a strategic domain value.  How -- how a domain is actually used in the marketplace.  I think what will not change is that domain names, they're always going to be identities that connect with people.  That in itself is the most important thing. I think to build that value for the Asia-Pacific community and make it a business, I think when you can create value with identities to connect with people you can create market value for domain names. That brings me to the end of my presentation.

Thank you.

>> ZAKIR SYED: Thank you for that dynamic, informative information.

Looking at the slides, the very interesting slide which actually

mentioned join DotAsia, we're thinking of Internet of Things of Internet of Domain Names.

Before we move to the questions and answers and comments section I would like to, you know, ask some experiences of APTLD in the Asia-Pacific region and Leonid Todorov will share experiences. The APTLD, it is very important and very major domain name association that's working in the Asia-Pacific.

>> LEONID TODOROV: Thank you. I'm from APTLD as it was said already.

I don't have a presentation. You know, my job for this particular event, throughout the event is to challenge my friend Jia Rong and in this case I guess Edmon to some extent.

I wouldn't claim that I have immediate expertise but I'm in touch with many members, I believe there is some insights that may be of certain interest. Before I start I'm just -- I'm really sorry that I can see my colleagues, friends from APTLD across the table. I would love to have others here, that's the session for them actually and we're missing them in the room. We're mostly talking to ourselves which is a pity.

I do deliver some talks to ISPs in Russia, I'm usually invited like you just provide some insights from the Asia-Pacific region. I must first of all confess that ISPs, they're practically unaware -- this is Russia -- unaware of our existence. It was a good sample of 100ISPs in the room, 8 heard something about ICANN and 3 or 4 were aware of the transition, that was in Russia, the second biggest city, the cultural capital of Russia. That's just for our friends at ICANN to memorize. Figures, we have seen many figures. I'll go very quickly. We have seen many figures. Figures may be misleading as you know, studies can be. First of all, population numbers in Asia-Pacific, most populated region, how does it correlate with the number of domains? The answer is unlikely. You know, it is not about the population, not everyone would love to have a domain name. Second, do we believe that the private sector would necessarily go after the domain names. Hardly so because, again, as already the Edmon mentioned, micro businesses, small businesses, they're not yet there. One of the explanations I can offer, for example, for the Arab world, I checked with my Arab friends, for example. Why there are so few registrations in the Middle East. Relative to the population and the wealth of some of those countries. The answer was Arab retailers, small, micro businesses, medium-sized sized businesses, they do not want domain names because they're happy with what they have. They don't want to expand enter nags play, they want to stay a neighborhood friendly around the corner business rather than to go to Asia, for example except for some companies that are fueled by government, you know, backing and which are really huge.

Now, Edmon also suggested that Facebook, some other platforms are a natural competitor in terms of domain names. Indeed, that's

the case.  You know what, I think that companies especially small and micro businesses really want to save money even if they need to pay for a.com registration, they would just go to Facebook for free and, you know, they will be there because they're after a very specific group of customers, they're trying to target a vet specialized audience, for example, youngsters.  That's understandable and we just need to factor that in to our marketing calculations, whatever they are.  At the same time we have seen figures that Australia and New Zealand relatively -- they're better off than others.  That's another story.  Probably the mindset has something to do with promoting yourself, putting yourself ahead of others, making yourself unique.  I don't know.  It is just -- it is just speculation.  Then interesting story about IDNs, very special story.

   As you may have heard, Russia is ahead of the whole world in terms of development of IDN, that's the biggest in the world.   When we checked how domain names are used there, out of nearly 900,000 domain names some 200,000 -- let's say a fifth, right, it is just mirror sites for a regular or they're used for outdoor ads and radio commercials.  For the Russian mind -- remember that 86% of Russians, they have no command of any foreign language.  For a regular Russian it takes 0.8 seconds to memorize whatever domain name is put in Russian.  When you drive a car, when you see a billboard it takes you less than a second to memorize that.  Otherwise, you know, when it goes -- when you translate whatever Russian word into -- into English and then you try to memorize it, it is really hard.

   Basically this is a very practical use.

   The rest of those domain names, I would dare say they're not used at all.  They were bought.  When we were just -- we start the open registrations in the IDN I liked one of the domain names which was immediately bought which translated said I don't know why I'm buying this domain name but I'm buying it anyway, .ff.  You see, people just try their best.

   Speaking of domain market itself, I'm afraid sometimes we're sort of biased a bit because we're in this market.  We're doing this as our jobs, this is our lives, but frankly speaking the market itself is very small compared to the oil market, for example, several billion dollars at best.  This is a very small market.  This is a very Niche market with very specific product which is domain names with price elasticity -- sorry to say, absolutely uncertain, we don't know when and where a customer will be in the mood to go and buy immediately.  We saw that in China all of a sudden that hype and we don't know yet what it is about.  It is hard to say whether it was unique marketing, wise marketing policy, Chinese idea that, well, there's something in there, I don't know why I'm buying this duo main.  You will have lots of them trying to do some of that.  Some more things, just a couple of comments on this first of all.

   I'm told that new utilities, they're about innovation, stuff

like that.  Jia Rong, all due respect, what innovation are we talking
about?  To me that means something tangible, I don't see innovation
in creating -- I don't know I'm sorry to say in the presence of
ladies, .sucks, that's not innovation.  That's just some juggling with
words or symbols.  So from my perspective, this introduced a lot of
market confusion and market distortions rather than enabled -- they
did field some growth but not to the extent one would expect and we
can see that many of them will just go bankrupt this or next year.
Then some more things to say, oh, yeah, registrars, several years
ago I heard from the ICANN executive management that the major tasker
for the next three years would be to triple the number of registrars
in Africa.  Three years past.  There are so many registrars in Africa,
nor are there many domains added in Africa.  I think it doesn't -- it
doesn't have anything to do with the registrars, rather there should
be some maturity of that market and there should be some understanding
among customers and, of course, Internet penetration in the area which
is probably the best or locomotive for the industry.  This is important.

        Finally, about Internet of Things, well, Edmon suggested, yes,
there may be another takeoff for domains with the rise of the Internet
of Things.  There is yet an opposite experience, Ed.  In on -- I don't
know if you heard that already -- the -- one of the best
technologists -- how do you say that?  Technological I will say, in
charge -- who runs the board -- yeah -- yeah -- okay.  He -- he's one
of the leaders of IDEA, Internet engineering taskforce.  He shared
an exciting story about implementing Internet of Things in his place.
Since then, when he's in Russia I introduce himself, now please meet
the only man on earth who speaks -- who communicates with his washer
on Facebook.  His devices are on Facebook.  He communicates.  What
I mean is that it is unnecessarily domains but platforms like Facebook
which might be home to all these appliances and devices.  Again we
see that fierce competition on that side.

        Once again, getting back to ISPs, I think that our job at ICANN,
at APTLD and for our entrepreneurs -- I think Edmon is doing it, to
reach out to ISPs and to educate them, make them aware of market
opportunities as well as market failures.  For ISPs, I think, it is
important to understand, well, it may not be their core business.
ISPs, they deal with practical things, you know, things like that.
Registrations, it could be a nice, pleasant supplement to that.  Who
knows.  Overtime they could be addicted and they could just change
the nectar of the operation.

        Thank you.

        >> ZAKIR SYED: Thank you for that.

        Are there any questions, comments from the audience here?  With
your extensive experience in the Asia-Pacific market operating this
registry H what do you think of some of the major challenges for
registries within the region or in the domain name.

        >> EDMON CHUNG: Some challenges, Jia laid it out, bare-naked

truth kind of thing.  It is -- the biggest challenge is actually very truthfully the platforms.  In this -- especially this community and this drives me, this pulls me back to thinking about Internet governance, thinking of the multistakeholder model and about a tendency towards deferring to authority.  A tendency towards a more authoritarian regimes and people are more comfortable under those platforms.  Will that change?  Maybe.  Is that a definitive path?  Maybe not.

In my view though, one of the things that's very important is this sense of brand, sense of intellectual property.  If you especially look at developing -- the developing world starting from China and all around Asia, there isn't a very strong sense of I got to build this brand as a small, medium-sized company or mom and pop shop.  I'm there, I deal with my neighbors as my customers, I identify a trade that can make money and then I -- you know, I exploit a particular gap in the marketplace.  Those are the more prevalent ideas in terms of creating new businesses and creating brand is slightly less of a traditional mindset in terms of Asia-Pacific, particularly Asia and Southeast Asia mindset in terms of creating new business.

However, I'm more optimistic and that's changing especially with mom and pop shops of trading companies which are the main thrust of small, medium-sized companies to tech start-ups more prevalent in terms of people starting up businesses.  That's going to make a difference I believe.  In terms of how brands are being established, how important small companies view the brand.  In a virtual world, providing information services brand they're already providing a virtual service, virtual product the brand is the differentiating factor quite a bit and domain name plays a role in that, a sense of that.  It is going to be the same as you have to have it, you have to get a Facebook page, maybe not.

It would become -- it is like things like I don't know oil, salt that you put on your home, even if you don't cook.  That's the kind of thing I think that domain name may become.

Until it finds new applications and my suggestions on Internet of Things is just one suggestion.  I think the group of people who find new applications for domain names are the ones that will really find the gold in this marketplace and it still has to be based on it being a name.  It is just a code, then anything will do.  It needs to relate with names and then building on that as an application, that's going to be I think the next breakthrough for domain names. That answered what Leonid said, do we have that innovation yet?  I don't think we're seeing that at this point.  I go back to say but if you don't have the nGTLDs there is no chance of creating that innovation in the future.  I'm still a supportive of nGTLDs.  The marketplace will be -- there's some froth in it right now perhaps. Whoever finds -- I think in the future we still need to find the right application for names.  People love names.  People love their own language.  How it will actually play a role in this ecosystem I hope

I can find out.

>> JIA RONG LOW: I share a lot of thoughts with you as well, Edmon, specifically on mom and pop shops.

I come from a developed country.  It was very hard for me to understand, but you made a good point on the Arab world.  You know, they like to serve their communities.  It reminded me of a story that I learned when I was in Thailand.  I'll explain it in two parts.

The first thing is this, in Thailand, for example, if I'm a farmer I want to sell my produce, usually it goes through a distributor and I have to sell through to the middleman, and as a result I get paid very low wages.  On the Internet, they allowed them to have some platforms where they can self-direct.  That created opportunity for them to get higher wages, it was very good.  A lot of these platforms, they needed somebody to help them because it was in English or just to get on -- just to get some level of English to do it.  In Thailand to get around this is if you can have IDNs.  The governments, they would tell you, this is why the government is pushing so hard for IDNs to move in Thailand.  The main reason, is so that the mom and pop shops and farmers can go online and sell their own products there.  We're not there yet.  This allows innovation to make sense.  Coming back to the point on the nGTLDs program and aims, I think there's a bit of a mismatch in expectations.  The first thing, as Edmon said, the nGTLDs is like an application that forms a platform for people to build on.  There is an expectation ever I can set up the nGTLDs and all the nGTLDs in the market must work and it is ICANN's responsibility for it.  It is not true.  It is where we are, it is we create a base that allows for applications to build on top of it.

Where we are right now, it is where we're seeing.  Some things will succeed, some may fail.  Is it ICANN's responsibility for them succeeding or failing?  That is not the role of ICANN.  I would like to make it very clear.  It comes back to the question of also having the discussion of IDNs yesterday as well.  You know, when we have IDNs will we succeed, how will the pickup rate be?  If we don't have IDN we won't know.  It is the start, having the IDNs as the base and then that gives people an opportunity to use that and see innovation come from there.

Thank you.

I'm from the SDG registry in Singapore.  I thank the panelists for the information they shared and insights.  I appreciate it.

Of course I share the optimism of Jia Rong.  There is a new potential for growth with nGTLDs.  The question I have is related to -- what we observe, since last year from SG we have seen a drop in growth.  We're still growing, but not as high as before when we used to have, not at the same growth and now we have noticed the growth, it is quite low.  We tried to do some checking, searching to find out the real reason in this drop in growth in registrations.  Of course then we couldn't check the company decision and the records and receive the

SME register, we speculate that's the reason why it is low, could it be something due to the nGTLDs program where somebody is searching the nGTLDs, we don't know.  We're not opposing the nGTLDs, we believe in competition and the user will decide whether they want to go to international space and we support the fair and open competition. We have some concern, we don't know whether -- this could be due to the experience by Singapore or the weak global economy or is it something due to the nGTLDs?  We hope this is not.  We always believed that when a company, it is based on  -- you have to decide whether you're regional, Asia, global, the nGTLDs or use the domestic and go to the ccTLD, I think I have seen some of that registry in the room.

Maybe I want to see if someone can share insight, maybe the panelists, you have the same problem and what you have experienced.

Thank you.

>> LEONID TODOROV: That's probably the case across many and that's what I meant when I asked about innovation on one hand and some distortive signals or distorted market behavior.  ccTLDs, they have a very special mission.  They're custodians and guardians of the nation's identity online.  As such they should behave because they're thoroughly scrutinized by both the government, the society, the community, the users.  They should take care of let's say higher moral across respective zones and now consider for example to such an innovative move which was, for example, tried by -- I already mentioned that.sucks.  .sucks offered to big names, big brands.  I mean, they put that offer, please by the names from us, just make sure that you make that registration, for example, well, Microsoft.sucks.  To make sure that no one else would use that name which would be otherwise offensive to Microsoft.  Probably Microsoft or some other brand would just go and buy that domain just because to fence themselves off from whatever undesirable connotations online.  We cannot afford this at ccTLDs so we should, as you can imagine, you should play by the rules while new ccTLDs are free to go on their own as long as they comply with ICANN's bylaws, formally and informally they do not violate them. That's what I mean -- of course it is market.  I understand.  These are not equal conditions and this is not fair competition to some extent.

>> EDMON CHUNG: That's a good question.  I have been doing some soul searching too.

The reality I think and speaking to registrars is that the key aspect -- well the unfortunate answer is, yes, it is something to do with nGTLDs.  The better answer is that it is not just about the nGTLDs but it is just about the bandwidth of registrars to bring out products.  We finally get into a situation now of a classic kind of supermarket issue with shelf space.  Registrars sell over 1,000 TLDs now, they can't promote every single one of them.  In the last couple of years there are many processes like sunrise, launch, premium names, auctions that take away a lot of the bandwidth of registrars to do

the regular work that they were doing previously looking at adding registrations to .sg, offering their customers, you know, the variety but there were in the last couple of years, there were a lot of activities and I guess effort spent on launching nGTLDs. I think we should give it a couple. Years until that settles down to really see how the market settles in although then we are supposed to have the second round, right? Back to the core of it, I think it is really about the registrars having bandwidth with the different registries and that's created a different dynamic for registries. Registries that are kind of producers, as I said, they depend on the registrars to distribute the product to the retailer or directly to the consumer. Many of the registries -- I'm guessing like .sg and .asia, we don't have a direct sales channel. Therefore when the registrars are too busy doing something else they have less time to offer this particular product or it becomes at the back of the shelf and nobody sees the product. I think that's the situation.

That creates a different dynamic which the new registries understand that's the competitive marketplace that they're in. They offer very different incentives for registrars to offer their top-level domains. That's a bit of a challenge I guess especially for ccTLDs and nonprofits like ourselves. A lot of the incentives are monetary based or investment based or really some money to get to the top of the shelf or to face the customer.

Again, back to the classic supermarket situation, it is a matter of shelf space I think right now. Is that going to change? Is the digital world so expansive it doesn't matter, you just search for everything? Yes and no. I think it will have a lasting impact on that particular aspect. How to respond to it. I think we'll say -- at this point we were thinking about a free market situation. At some point I think the registrars are going to have a stronger market power than registries and at that point I think some sort of policy may be appropriate for top-level domains both from ccs and from nGTLDs. Are we there yet? Probably not quite there yet. Should we start the discussion? I think we should start the discussion in terms of whether any policy should be in place before it gets so far in terms of shelfing more I guess that breaks out.

>> I'm from a Human Rights NGO in Malaysia. I'm one of the new people in the group.

I have two questions. The first one, whether there are any restrictions in terms of the type of domain names that you can have.

The second one, actually from someone that I will read out, it says that GTLDs are important points for freedom of expression, if.my goes to government of Malaysia, who manages or controls, say, .Islam.

>> JIA RONG LOW: The first thing is explaining again how registries are established, right now we're delegating -- we're delegating 1,000, and we'll finish with 12,000 over. It is not just if I want to be a registry I can be a registry. There has to be an application process,

a window that opens up for people to apply for certain GTLDs.  The first round, we're still implementing it.  The other round, when other GTLDs are available is the next round, we mentioned about the first round and the next round.  When the next round happens, there has been some rough estimates because we need to do something, some reviews currently regarding the first round and ongoing and we have to complete those reviews around the global domain division, it is sometime around 2020.  It will be sometime before we actually look at having more than what we have currently because of the nGTLDs.  I think that's the first question, the base for this.

Coming back to your question regarding are there restrictions to domain name types.  There are restrictions with certain names.  If it is a public interest kind of name there are certain parameters to set around what kind of name because of the public interest kind of name and if it falls under that category you can't be a registry for that.  The question then becomes that I want to apply for .islam, I have to demonstrate that I am serving the public interest to use .islam as a registry.  There are many checks and balances to make sure that the person of the organization applying for the .islam is indeed serving the public interest.  It is not because someone like me I want to run for Islam, I make an application and it is there, there are checks in that sense.

There are other checks also in terms of let's say two different people that are applying for the same name.  Then there are checks like, say, I'm applying.Singapore and then I'm Jia Rong Low applying .singapore and we have to check that.  Is it a representative of Singapore, the Singapore government, Singapore the public interest of Singapore?  We have to check these criteria.  Only if we meet the criteria then the application can go through.  If not, there will be -- then it is not so simple as that you can just actually apply for a name and then be registered for it.

Coming back to your question regarding who controls the Islam, because it is public interest requirement, it is not supposed to be anyone that could just apply.  I think it really depends on at the time when there is amination for occasion for it -- application for it, who is the person, organization applying for it.  Are there any other people applying?  Thirdly when the applications, there is a process that allows for people to look at applications and a community member can raise a point to say that this organization should not be applying for this for whatever reasons but there are some steps around it that helps to -- to make sure -- to make sure that the right people are actually applying for the right domain names.

I wanted to get back to the  -- what Edmon said about the supermarket stuff.  I realized one of the desirable consequences of the launch of the new DLTs, again, let me explain, first of all, I'm not against nGTLDs but trying to play the devil's advocate on one hand.  On the other hand, indeed, ccTLDs, I have seen their growth stalled.  That's

the kind of problem that is a concern.  I can't help but convey that
to the audience.  With the registrars, it is an interesting story,
I --
     I will do this, I will pay you money.  No, he has to comply with
certain regulations.  For example, in Russia, he should make a deposit
first, place a deposit first to make sure that he's financially sound,
sustainable, you know, there are credentials.  Then, of course, it
is a tricky business.  All the risks are his, but the deposit is in
my safe box.  What I mean, is that for registrars, on one hand they're
getting really picky, yes, I want this or that particular domain,
TLD and I'll work with that.  On the other hand, what we noticed recently
is that small registrars are going out of business.  You know, again,
that's quite understandable, the industry should go through
consolidation, but we can see that -- I may be wrong.  I don't know
how it works across Asia-Pacific but big guys play their own games
and small registrars, they're -- their share is shrinking.
     Another interesting phenomenon, big registrars, they ever been
for a while sort of ignorant, for example, of the community, we invited
them for our meetings at APTLD, they don't show up, send representatives,
this time, it was like the second time in Auckland in February we
had a meeting, all the big guys were there.  No less than Vice Presidents.
To me this is a sign that registrars, big registrars, they're not
that particularly sure that nGTLDs is that bonanza that they had hoped
for.  That's an assumption again.
     >> AUDIENCE: We're run --
     >> EDMON CHUNG: We're running out of time but registrars, three
used to put a deposit on, that's no longer the case.  They're now asking
for post-payment.  The risk, it is also born directly by registries
as well.
     That is a changing dynamic of the marketplace in this I guess
new landscape.
     >> ZAKIR SYED: Thank you very much.
     I know there are certain challenges this these programs like
ideas of nGTLDs and, yes, as Jia, Edmon mentioned, we have to be
optimistic and there is big room for investment.
     There are challenges there, we agree.  ICANN's recent consumer
study, there was a release last month, there is this very interesting
trend that Asia-Pacific, in Asia-Pacific consumer awareness is, in
fact, 20 points higher compared to Europe and North America.  There
are some positive points coming in from the market, from the bottom
of the market.  With this, in fact, we come to the end of this workshop.
I thank you for your time.  I thank the panelists for spending your
time with us.  Thank you very much.

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