

May 1, 2009

Mr. Peter Dengate Thrush, Esq.
Chairman of the Board
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

Dr. Paul Twomey
President and CEO
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

Dear Mr. Dengate Thrush and Dr. Twomey,

This letter addresses recent events surrounding NeuStar's proposal on the release of one-character and two-character second-level .BIZ domains, originally submitted to ICANN on October 31, 2008 via the Registry Services Evaluation Process (RSEP). Specifically, we are concerned about the delay in the approval of our proposal by the ICANN Board.

The ICANN Board was scheduled to vote on our .BIZ one- and two-character marketing proposal during its April 23 meeting. We understand from recent conversations with ICANN staff and ICANN Board members that while some discussion on the proposal took place, time expired before the scheduled vote. We also understand that the Board raised questions about the auction phase of our proposal, and answers were not adequately supplied by staff. By delaying the April 23 vote, the ICANN Board has not met its obligations under Section 2.7 of the RSEP Policy to vote within 30 days of receipt of the RSTEP report and close of the applicable public comment periods.

I would like to take this opportunity to submit to you and the ICANN Board the reasoning and justification for approval of our proposal. Much of the following language was included in our RSEP proposal, but we understand that this background information may have been omitted from the staff briefing papers to the Board. Although these briefing papers have historically not been released to the public or to the party making the request for a registry service, we believe the omission of such critical details may have resulted in the delay in approval of our proposal.

The goal of NeuStar's proposed .BIZ one- and two-character marketing program is to increase the use, branding, and awareness of the .BIZ gTLD. For each eligible one- and two-character .BIZ domain, the program will have 3 main components, to be introduced in the following order:

1. An RFP phase to invite interested potential registrants to propose specific plans for use and promotion;
2. An auction phase that offers domains not allocated during the RFP round; and
3. A first-come, first-served (FCFS) release of any domains not allocated during the RFP or auction rounds.

NeuStar's three-part allocation process is designed first and foremost to secure usage and marketing commitments from potential registrants through an RFP phase, which in turn will raise awareness of the .BIZ gTLD. Through the initial RFP round, we will identify candidates with the most beneficial and meaningful combination of quality, innovation, brand recognition, financial commitment to promote the domain name, and ability to deliver in a timely manner. This is a unique opportunity for NeuStar to raise awareness of the .BIZ brand in a marketplace dominated by .COM and where ICANN-accredited registrars are largely uninterested in promoting smaller TLDs without significant financial incentives from the registry.

Once the RFP round is concluded, NeuStar will conduct an auction of any remaining names, with the proceeds being used by NeuStar to promote awareness, usage and uptake of the .BIZ gTLD, including rebate programs that will encourage registrars to aggressively market the domain while ideally passing savings on to .BIZ registrants. For any names not allocated during either the RFP or auction rounds, NeuStar will announce a release date and allow first-come, first-served registration where normal business rules apply.

It is important the ICANN Board understand .BIZ comprises just 2% market share in the gTLD space. We believe it is critical for the branding of .BIZ and our ability to compete in the gTLD marketplace that NeuStar have the ability to allocate these desirable second-level names in a fair and equitable process that attracts registrants who will commit to using and promoting their brand using a .BIZ domain.

If there is any concern among ICANN Board members about a financial windfall to NeuStar or whether approval of the .BIZ proposal somehow sets a precedent for similar auctions in market-dominant TLDs, we urge you to consider the realities of the marketplace. Under the Registry/Registrar construct designed by ICANN, registries like .BIZ are reliant on marketing by registrars. Given that .BIZ has such a small percentage of the market, registrars are generally reluctant to spend marketing dollars on the promotion of .BIZ relative to .COM. Smaller registries like .BIZ require greater flexibility relative to those with market dominance, particularly when registrars demand greater compensation to promote our brand to registrants. Therefore, any proceeds derived from the .BIZ auction would be used to make up for this shortfall by registrars and to engage in branding efforts at the registry level.

In sum, the ICANN staff found that there are no technical, security, stability, or competition concerns with NeuStar's proposal. There were no comments opposing NeuStar's proposal from the ICANN community, and to the contrary, only comments of support. Any proceeds from our auction of .BIZ domains not allocated during the RFP phase will be used to further promote the .BIZ brand. The .COM registry alone represents approximately 75% of the entire gTLD marketplace (85% for .COM and .NET) and cannot reasonably claim to need additional financial resources from an auction to promote its already-dominant brand. Approval of NeuStar's proposal is in line with ICANN's responsibility to promote competition in the TLD marketplace.

Since NeuStar made its proposal for the release of one- and two character domains, several registries, including the .PRO registry, have followed suit. NeuStar was hoping to be the market leader and have a first to market position with our service, but unfortunately the delay may have unduly prejudiced NeuStar by weakening this competitive advantage. We believe that any further delay in a vote further inhibits NeuStar's ability to creatively promote .BIZ in the marketplace.

NeuStar respectfully urges the ICANN Board to expedite its review and to approve our .BIZ one- and two-character marketing proposal at its next meeting. We are available to respond to any questions or concerns and request that this letter be posted on the ICANN correspondence page.

Sincerely,

Tim Switzer
Vice President, Registry Services

Cc: Members of the ICANN Board