about models

CORE is a not-for-profit membership association, see the 1997 gTLD-MoU.

Model: Locus of competition in ***the registry function***, see the 1998 SRS I-D by Crispin, Crocker, Gaetano & Langenbach, and the IETF-43 DRP BoF, chairs Crocker & Crispin, minutes Brunner-Williams, 1998.

1998 US DoC selects the “new entity” ICANN, we all blame Ira.

Model: Locus of competition in ***the registrar function***, see Hollenback RRP RFC, 2000.

CORE adapts. 4/1999, registrar (RRP). 12/2001 sTLD registry operator (EPP).

Start: unified registry-registrar, 2nd floor, E Building, SRI – the Jake Feinler era, single-source contract

Next: unified registry-registrar, competitive contract to GSA – the Network Solutions (I) era,

Next: cost recovery, $50/yr, 70/30 private/public split, litigation on public, fee set at $35/yr era -- the Network Solutions (II) era,

Next: “competition”, in the registrar function -- early ICANN era

Next: separation of Verisign (registry) and NetSol (registrar)

Next: {.info, .biz, .name}, “competitive” monopoly registries

Next: Market crashes – middle ICANN era

Next: Market crashes – middle ICANN era

Next: .org divestiture, partial process failure. SWITCH, ISC “not qualified”.

Next: .net divestiture, total process failure, VGRS retains .net

Next: more gTLDs .cat, .mobi, .travel, etc. .name fails, .pro fails.

Next: ICANN starts current new gTLD round

Next: Market crashes – current ICANN era

Next: CRAI silliness

(i) registry registrar separation

(ii) single registrant

Next: Nevett 100k cap proposal, Raad/Neuman, cross ownership counter-proposal

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com/net/org, was 100%, now 93.51% :: 6.49% new, 7.1% divested

Registry Market: Monopolies
VGRS com/net (86%), Afilias org/info (11%), Neustar biz (2%)

Registrar Market: Oligopoly, 4 companies, 50% market share
GoDaddy (28.8%), Enom (8.3%), Tucows (6.8%), NetSol (6.2%)

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Now …

the model (i)
no general changes

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Background

CORE was fortunate that there were RAA contracted registrars in Catalonia to market CAT.

There are few or no RAA contracted registrars in Scotland, Wales, Bretagne, Galacia, the Basque Region, Africa, Latin America, and West Asia.

There are few or none working in Arabic or Farsi or Chinese as their primary customer support language.

There are few or none working in currencies other than the dollar and the euro, with a sufficient grounding in local and WIPO Trademark practices.

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The Problem Statement

For linguistic and cultural, regional, municipal and industry-specific applicants to succeed and bring new goods and services to the market, ingenuity is required.

The problem space is locality, language, industry, currency, law and minority status -- all fairly remote from Reston, Toronto, Phoenix, and Seattle, which account for 50% of the registrar market.

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General Proposal

The existing 15% cap rule allows seven or more applicants to cooperatively use their individual resources and create effective sales channels.

A co-operated registrar provides participating registries having consistent policies for the protection of third party rights, registration interfaces and data requirements with a solution to the actual problem at hand -- registry start-up.

Well-known defects in the early contracts are fixed by the least disruptive means.

Comparison with NSI's Proposal

The per-registry exception rule originally proposed as a "100,000 unit inventory cap" by Jon Nevett of Network Solutions during the December 11th, 2008 Registry Registrar Separation Consultancy in Washington, DC, would create at least seven times as many registry-specific registrar associations as the co-operated registrar model under the existing 15% ownership cap rule.

Comparison with NS/AF/PIR’s Proposal

The “full reciprocal cross-ownership of registrars, registry operators and registry backend service providers” counter-proposal, with the proviso that no registry-owned registrar sell the inventory of the owning registry by NeuStar, Afilias and PIR, would also create at least seven times as many registry-specific registrar cross-ownership associations as the co-operated registrar model under the existing 15% ownership cap rule.

Common Limitations of both the NSI and NS/AF/PIR Proposals

Neither of the NSI “cap” proposal and the NS/AF/PIR “full cross-ownership with no self-sales” counter-proposal contain any mechanism, other than EPP and the existing Consensus Policies to ensure per-registry implementation costs scale for registrars and per- registry rights protection costs scale for third parties.

Neither of these mechanisms are generally thought to be successful at containing registrar or third-party costs.

Neither proposal addresses well-known defects in the early contracts.

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Failure Modes of the NSI and NS/AF/PIR Proposals

The NSI “cap” proposal fails as entities apply for registries primarily for the value of the first 100,000 units of inventory.

What would you do with 100,000 units of “ab initio” inventory?

x, xx, x-x is about half that

generics, trademarks, famous dead white guys, …

The NS/AF/PIR “full cross-ownership with no self-sales” counter-proposal fails as fictionally “competitive” registries convert to COM/NET registrars, transitioning from price-capped 1.8%, 4.6% market shares to uncapped 75% + 11% market shares, with side-lines in permanently non-competitive registries.

issue discussion

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Issue Discussion

Proposals revisiting the decision to place the locus of competition … not in the registry back-end, as proposed by CORE in the original Shared Registry System model … but in the registry front-end as adopted by the USG in establishing ICANN as the New Entity … creating a market consisting of a monopoly database & oligopoly access market … incrementally, in theory … transformed to a fully competitive market through the introduction of additional monopoly databases …

… should address root causes.

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Issue Discussion Continued

The Board's initial decisions to authorize AERO, COOP and MUSEUM did not also sunset the monopoly registry's right to exploit the aeronautical, cooperative and cultural memory registrants in the dominant market, or transfer to the operators of AERO, COOP and MUSEUM the registrants, whether ultimately published in the monopoly operator's zones or in their own zones.

"Competition" created at zero cost to the monopoly operator is potentially fictive, and we've a decade of experience to observe that of the aeronautical cooperative, and cultural memory institutions using the domain name system, most continue to use the monopoly operator's zones, and therefore, to be non-fictional the Board's initial decisions should be revisited.

criteria

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Criteria

The motive for revisiting fundamental policy choices must not be enabling the registrars with access to capital sufficient to pursue an application for a top-level domain to capture the registry and registrar revenues for the ensemble of generic strings normally disposed of without price caps, e.g.,“SEX.XYZ”, that is, to increase the ROI for shareholders in the top four registrars already controlling 50% of the registrar revenues in existing markets.

Neither must the choice be enabling Neustar and Afilias with the ability to compete for the registrar revenues for the monopoly registry, and potentially converting from registries with business sidelines as COM/NET registrars to COM/NET registrars with sidelines in no longer if ever, competitive, post-2000 registries.

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Criteria Continued

Revisiting fundamental assumptions should result in fundamental improvements, not minor adjustments in profits without changing the market's fundamentals.

the model (ii)
minimum specific changes

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CORE's specific proposal

1 no change to the existing 15% ownership cap

2 SITA, NCBA and MUSEDOMA propose specific improvements to their contracts

3 stranded registrations and the associated registration fees from the $35/year period to the present, less operating cost, for aeronautical, cooperative, and cultural memory institutions transfer from VGRS and PIR/Afilias to SITA, NCBA and MUSEDOMO, respectively

4 no further applications for registries be accepted which increase, or maintain, the market power of the incumbent monopoly operator until a competitive market exists

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CORE's specific proposal

5 specific accommodation is made to the registry-registrar separation model for a specific period for the aero, coop and museum registries,

6 No unrelated complications, such as the vanity TLD, be considered while the current round of new gTLD applications has neither a start nor an end date.

thank you & questions

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