2015 – 3rd Quarter Review

gTLD Statistics & Business Implications

.TBA

TLD WATCH
Meaning via Transparency

Overview

2015 3rd Quarter

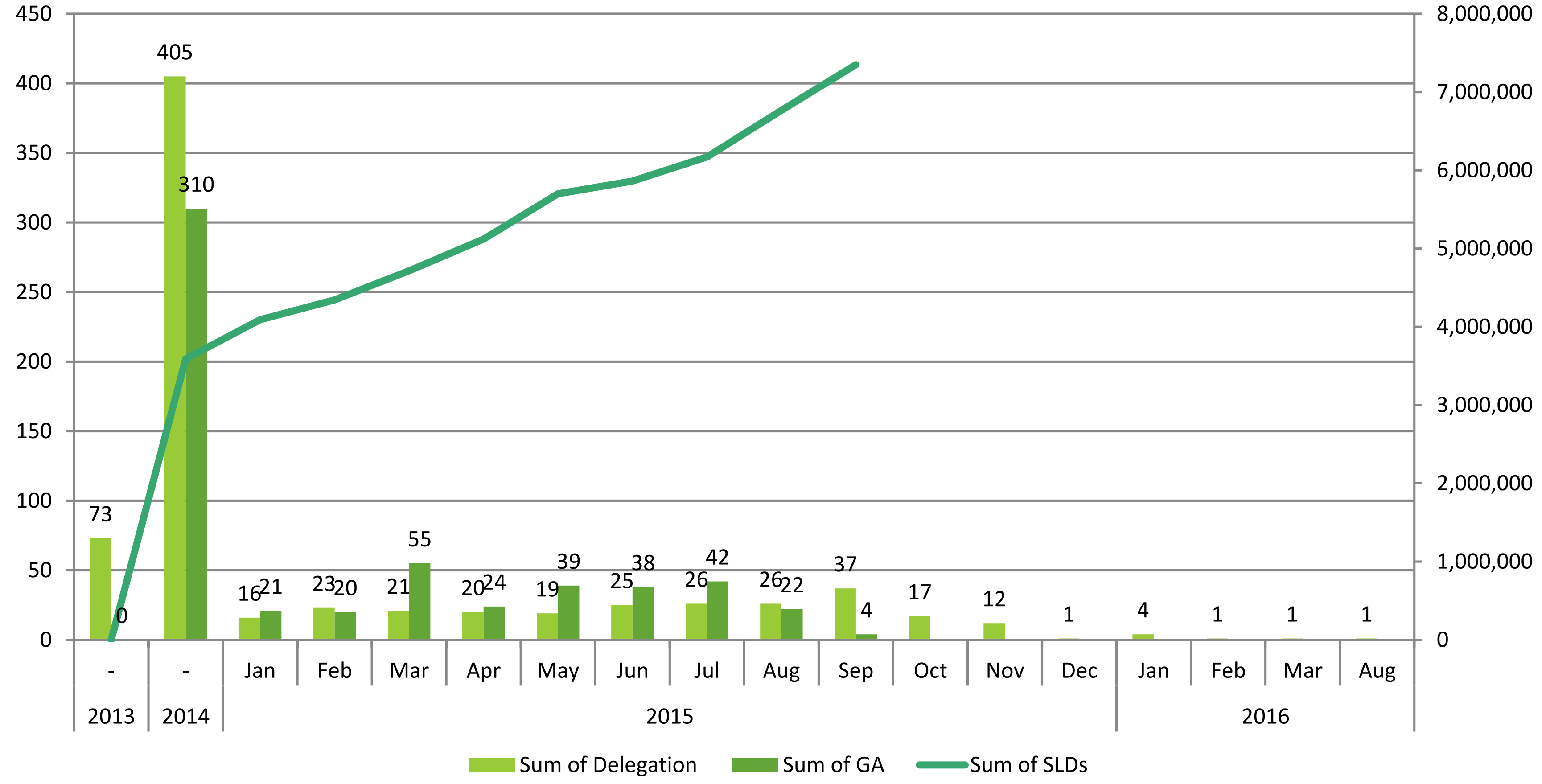
- Circa 2012 gTLD statistics

Circa 2012 gTLD Tiers Business Implications

- Volumes & Values new gTLDs can expect
- Correlation between Prices, Volumes, etc.
- Impact on registry financials
- Business models considerations – additional value adds/value proposition over registrations
- Amalgamation of data

2015 3rd Quarter Stats

2015 Q3 – Circa 2012 gTLD Stats



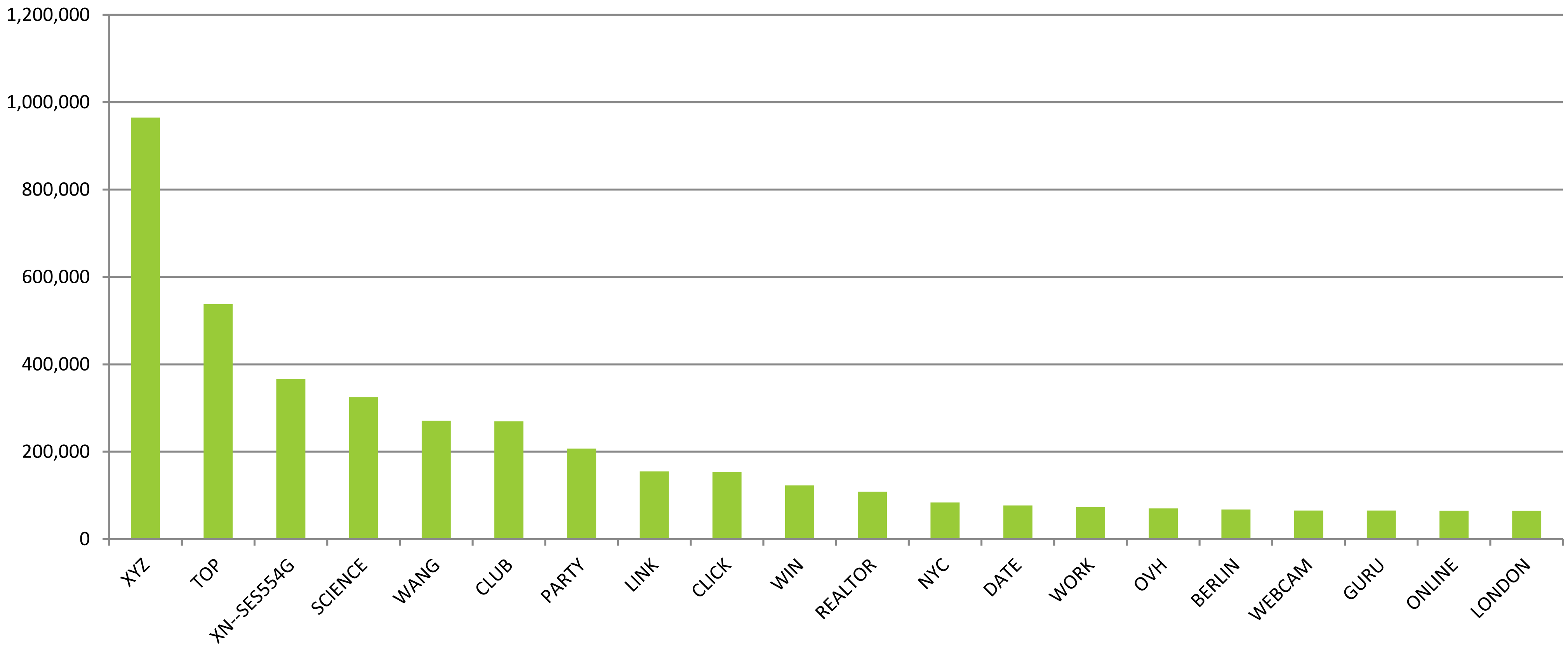
728 - Delegated
575 - General Availability

No 2015 GA Launch Data:

97 – Brand
80 – Generic
9 – Geo

Source: TLDWatch Zone collection

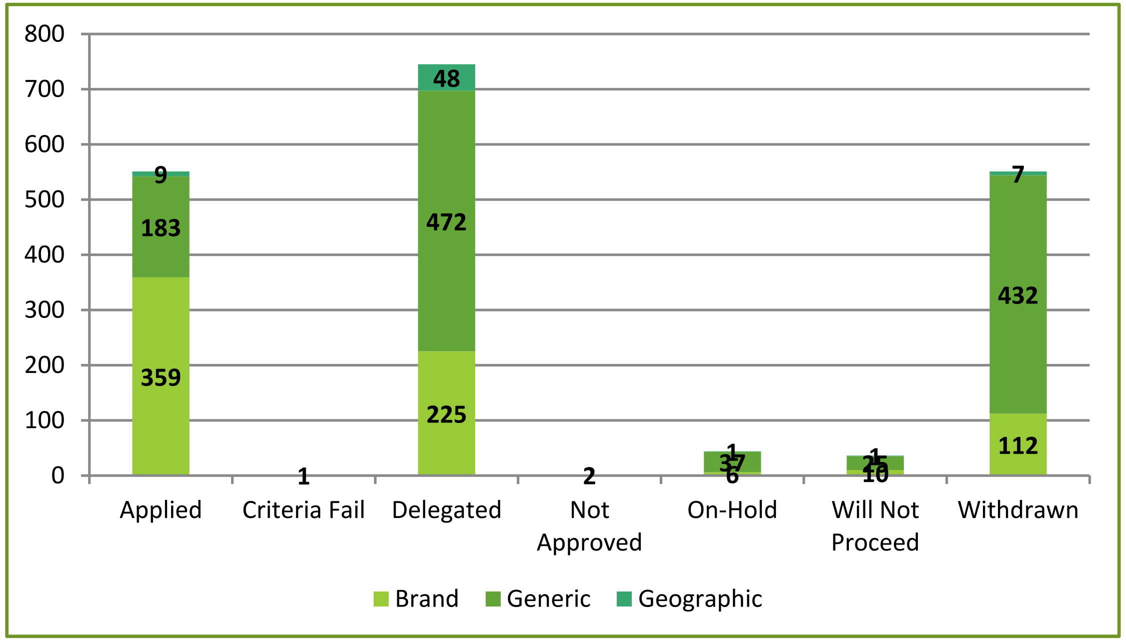
2015 Q1 – Circa 2012 Top 20 gTLDs



Source: TLDWatch Zone collection

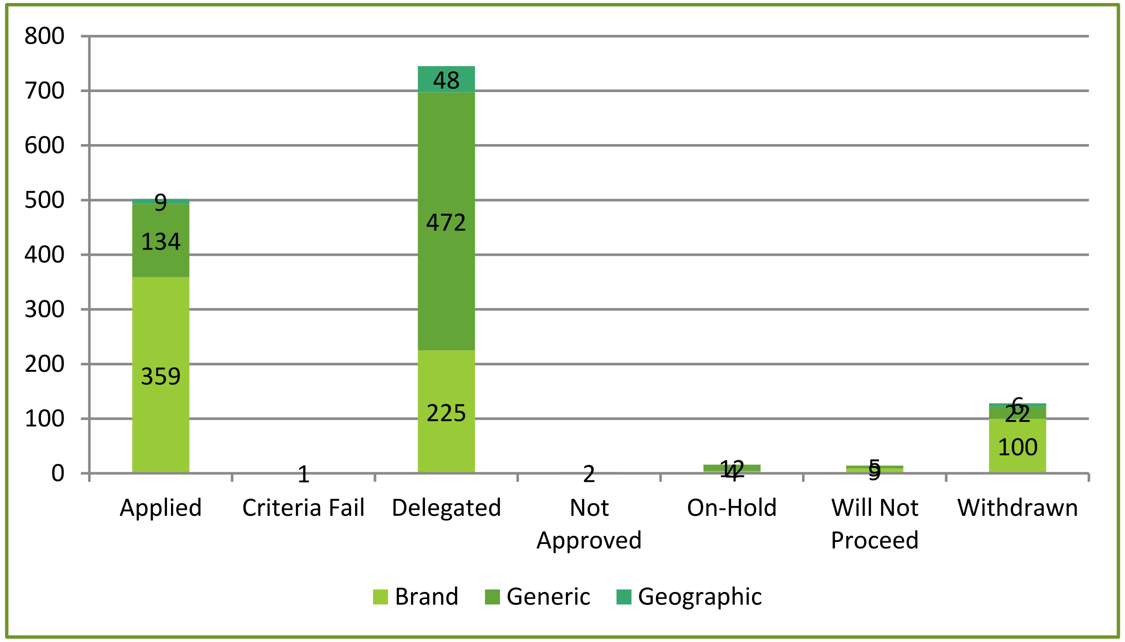
2015 Q1 – Circa 2012 gTLD Applications

Application View – 1930 Total



- Applied = yet to be settled
- 1213 RyA signed
- 757 Delegated as of 30 Sept per ICANN (+93 from 30 Jun 2015)
- 107 applications in contention (82-ineligible. 23-On Hold)

Unique String View – 1408 Total



- 30 unique strings in Contention

as of 30 Sept 2015

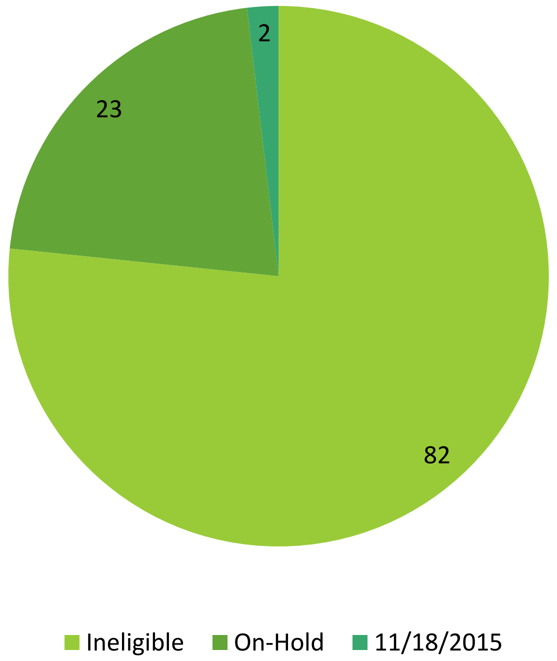
2015 Q3 – Auction Results & Schedule

Contentions Settled to Date:

- Strings resolved http://newgtlds.icann.org/en/applicants/auctions
- 13 strings via ICANN Auction for $61.9 Million

ICANN Settled Auctions:

String	Auction Date	Winning Applicant	Winning Price
PING	25-Mar-15	Ping Registry Provider, Inc.*	$1,501,000
SRL	25-Mar-15	mySRL GmbH	$400,000
APP	25-Feb-15	Charleston Road Registry Inc.	$25,001,000
BABY	17-Dec-14	Johnson & Johnson Services, Inc.	$3,088,888
MLS	17-Dec-14	The Canadian Real Estate Association	$3,359,000
DOT	19-Nov-14	Dish DBS Corporation	$700,000
REALTY	22-Oct-14	Fegistry, LLC	$5,588,888
SALON	22-Oct-14	Outer Orchard, LLC	$5,100,575
SPOT	22-Oct-14	Amazon EU S.à r.l.	$2,200,000
BUY	17-Sep-14	Amazon EU S.à r.l.	$4,588,888
TECH	17-Sep-14	Dot Tech LLC	$6,760,000
VIP	17-Sep-14	Minds + Machines Group Limited	$3,000,888
信息 (xn--vuq861b)	4-Jun-14	Beijing Tele-info Network Technology Co., Ltd.	$600,000

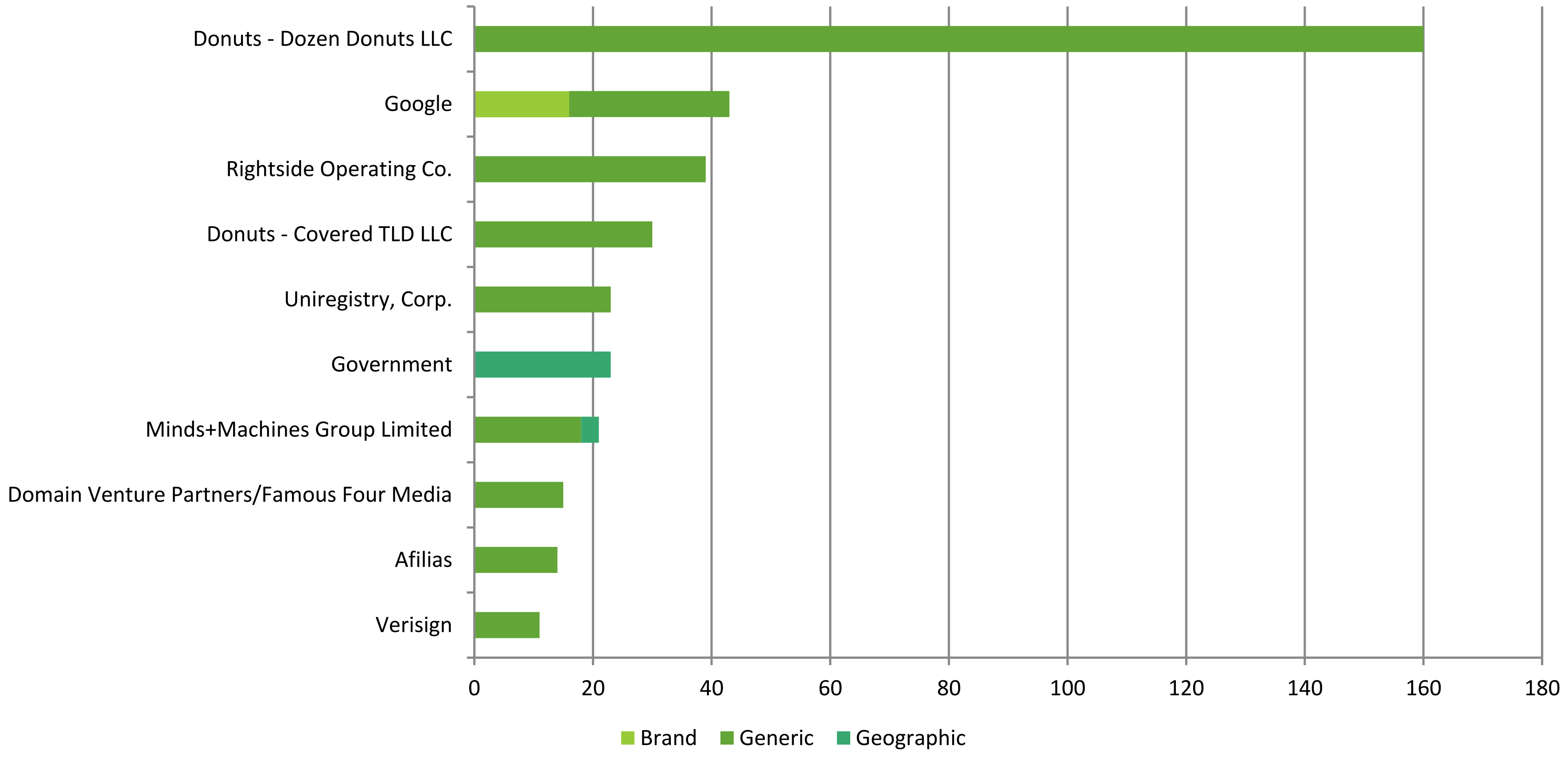


18 Nov 2015
- hoteles
- hotels

Source: icann.org as processed through TLDWatch

***Auction schedule subject to change**

2015 Q3 – Circa 2012 Top 12 Ry Operators

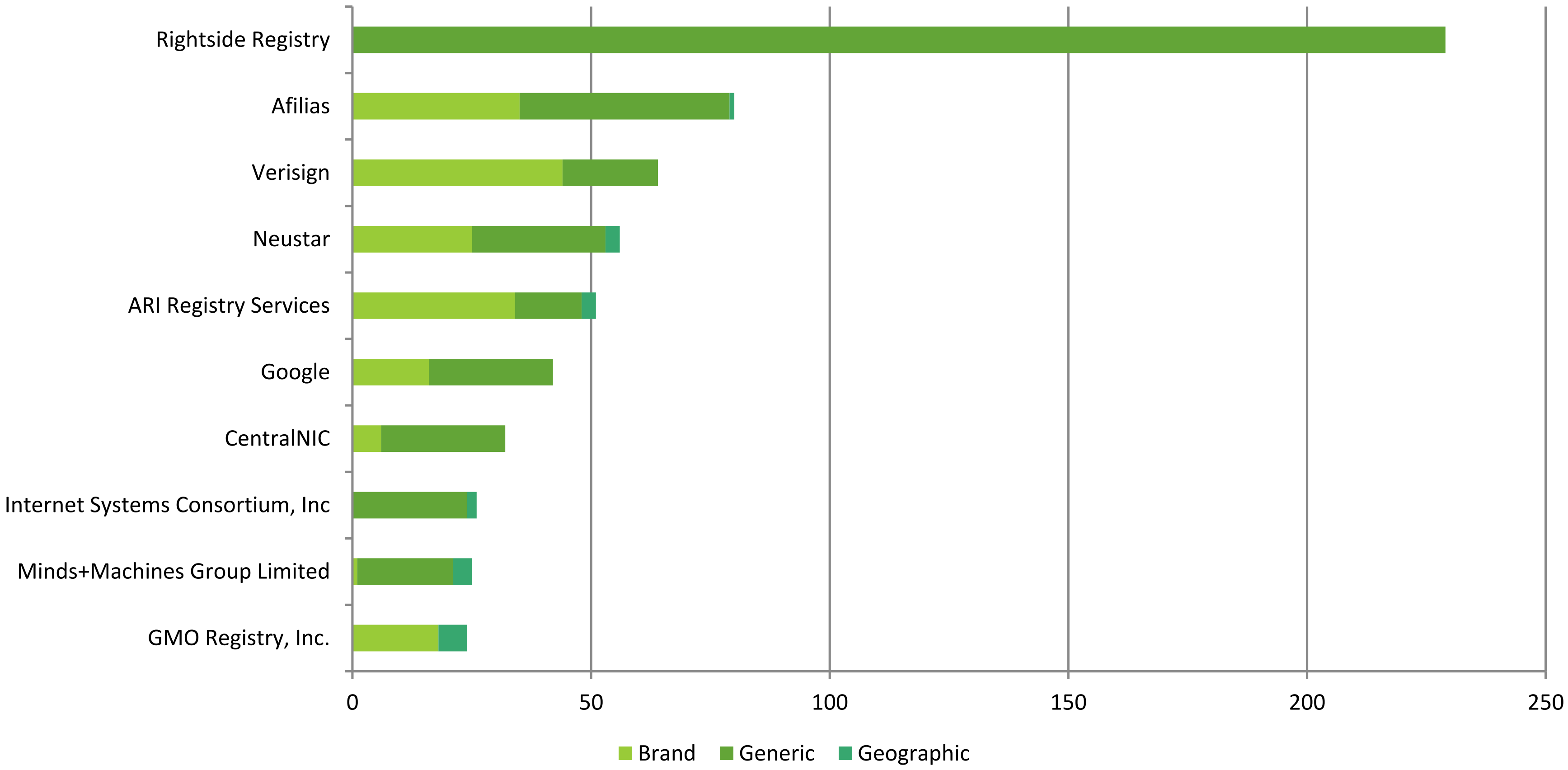


Registry Operators represented here are based on the parent organization and not necessarily the company that signed the Registry Agreement.

These figures are based on gTLDs processed from the 2012 application round and that are now delegated in the rootzone and processed in TLDWatch systems.

Source: as registered through TLDWatch

2015 Q3 – Circa 2012 Top 10 RSP



Registry Service Providers provide the backend systems support for Registry Operators.

These figures are based on gTLDs processed from the 2012 application round and that are now delegated in the rootzone and processed in TLDWatch systems.

Source: as registered through TLDWatch

Circa 2012 gTLD Tiers Business Implications

Overview

- Describe data set
- Analysis of various performance factors
- Pricing
- Financial Implications
- Amalgamate

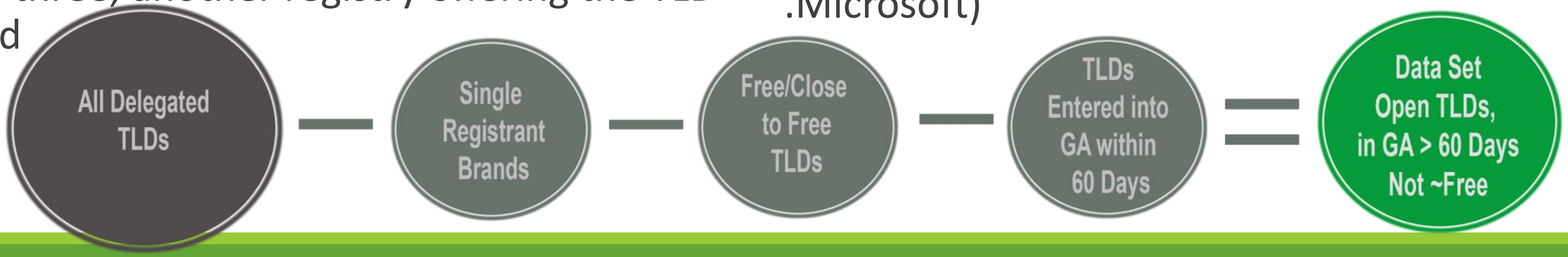
The Data Set Caveats

The data set used in the analysis <u>includes</u>:

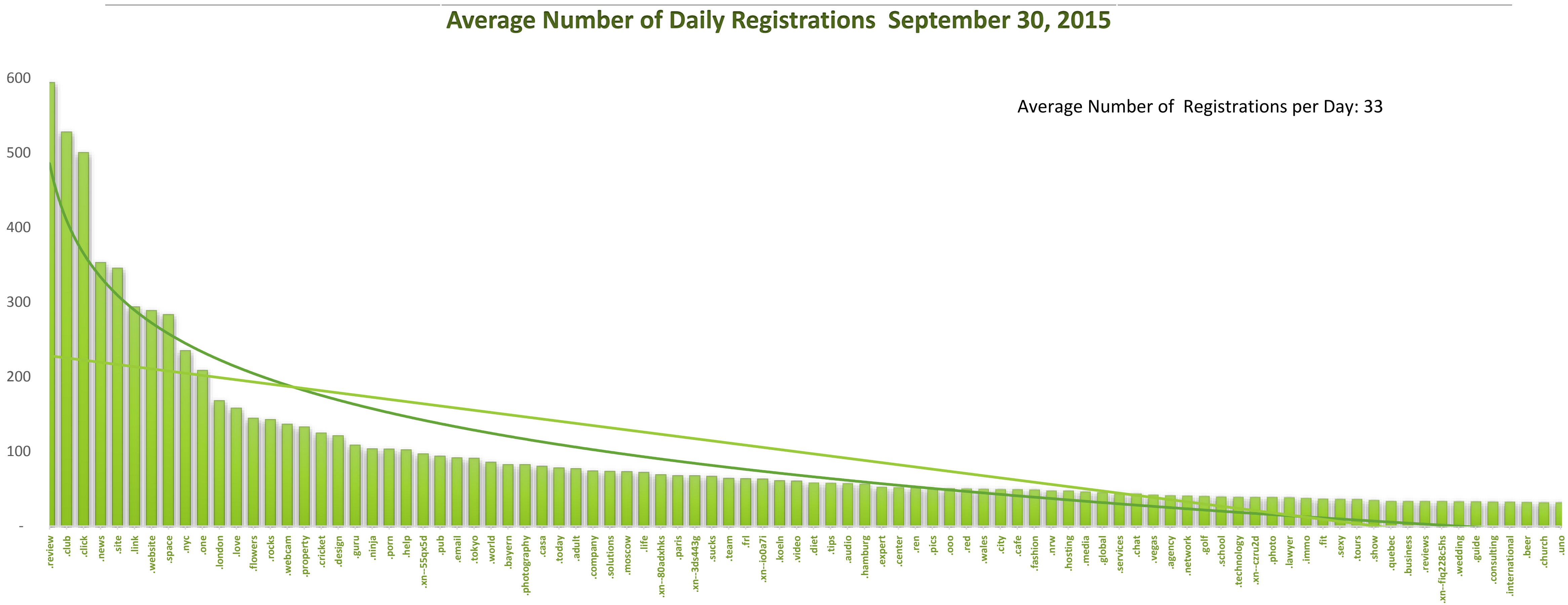
- TLD in General Availability > 60 days
- Registry registrations may inflate the number of true, arms-length third-party registrations
- Registries who provided Registrar rebate programs (data is not known)
- Average retail prices are determined using three registrars. If a TLD was not found on any of these three, another registry offering the TLD was used

The data set used in the analysis <u>excludes</u>:

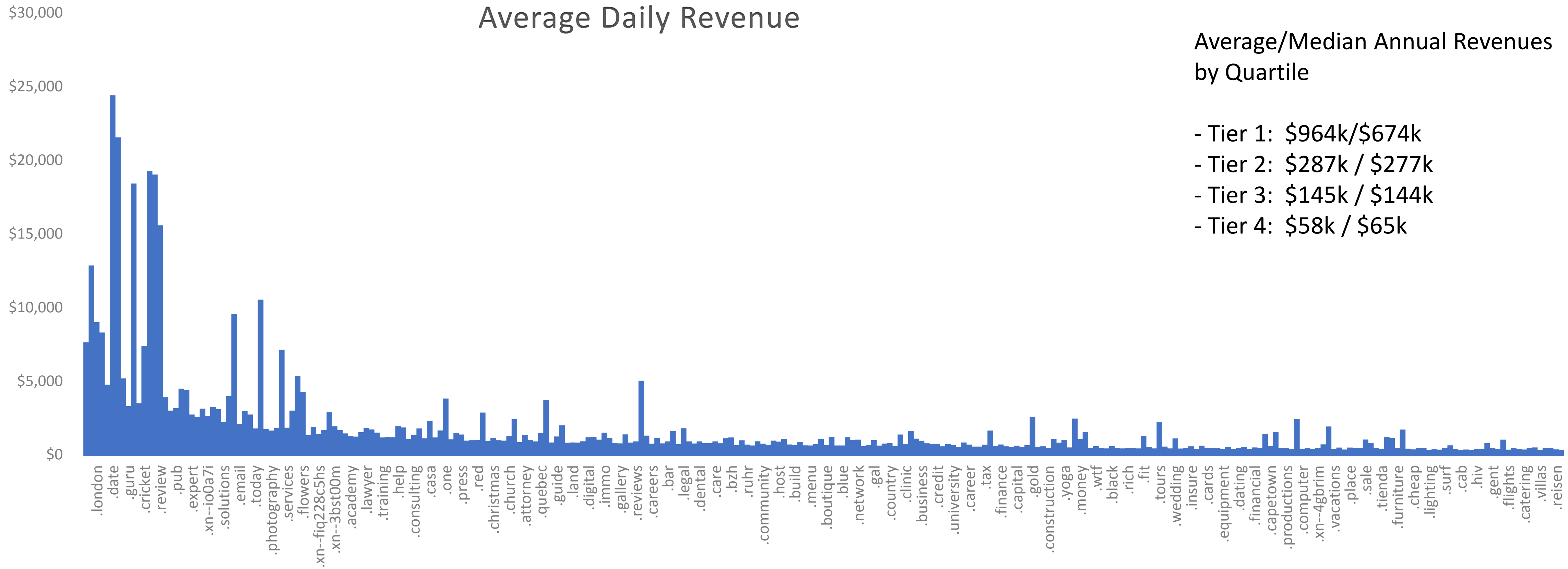
- TLDs with almost free pricing. This can be a viable business plan but for comparison purposes have been eliminated (.xyz, .science, .berlin, .top)
- TLDs that have entered into General Availability within the last 60 days. To eliminate the initial registration upswing (.run, .ski, .tech)
- All single registrant, brands (.delta, .online, .Microsoft)



gTLDs in Terms of Volume



gTLDs in Terms of Revenues



Average/Median Annual Revenues by Quartile

- Tier 1: $964k/$674k
- Tier 2: $287k / $277k
- Tier 3: $145k / $144k
- Tier 4: $58k / $65k

Top 25 gTLDs by Retail Revenues to Date

Rank	TLD	Retail Revenues	Rank	TLD	Retail Revenues
1	.club	$ 3,835,441	13	.news	$ 1,454,369
2	.xn--czru2d (mail)	3,548,350	14	.review	1,405,466
3	.london	3,422,988	15	.bayern	1,374,923
4	.nyc	2,915,278	16	.webcam	1,370,029
5	.xn--55qx5d (company)	2,299,678	17	.pub	1,357,184
6	.date	2,208,140	18	.click	1,347,473
7	.bank	2,098,650	19	.property	1,322,071
8	.website	1,910,181	20	.expert	1,310,561
9	.guru	1,908,073	21	.xn--3ds443g (online)	1,299,073
10	.sucks	1,845,797	22	.xn--czr694b (trademark)	1,282,888
11	.link	1,796,248	23	.xn--io0a7i (network)	1,253,751
12	.cricket	1,633,423	24	.global	1,202,272
			25	.hamburg	1,178,944

***Retail revenues are based on the average retail values obtained from: GoDadddy, United Domains and 101Domains. Data from other registrars were used if pricing was not available at one of these three sources. TLDs have to be in GA for 60 days to eliminate initial sales bump. Excludes Premium Name revenues.*

Top 25 gTLDs by Volumes to Date

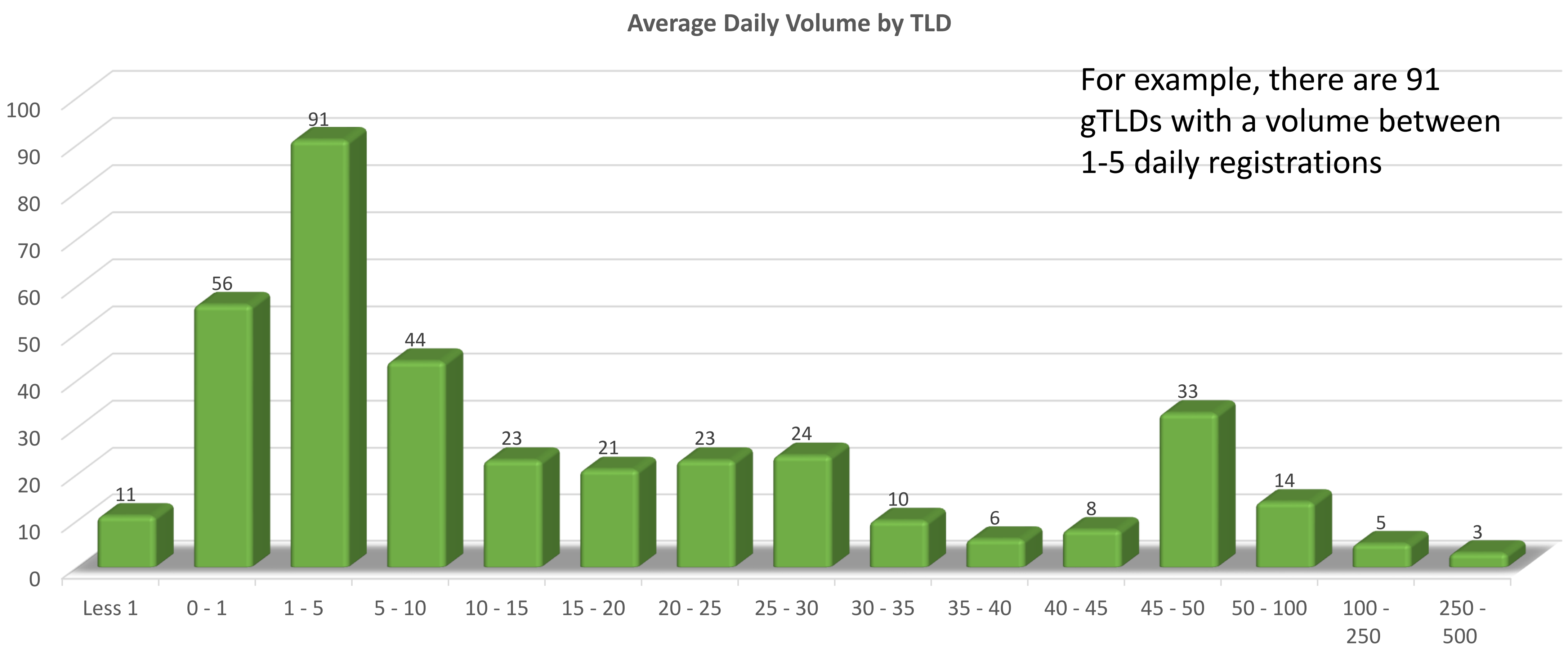
Rank	TLD	Total Volume
1	.club	269,769
2	.link	156,604
3	.click	154,571
4	.website	109,200
5	.nyc	83,911
6	.date	77,499
7	.space	69,427
8	.webcam	65,255
9	.guru	65,250
10	.london	64,900
11	.rocks	59,920
12	.review	54,072

Rank	TLD	Total Volume
13	.ninja	50,675
14	.email	50,580
15	.photography	49,003
16	.xn--55qx5d	48,015
17	.today	45,864
18	.pub	42,093
19	.company	41,405
20	.property	41,004
21	.solutions	40,612
22	.tokyo	39,515
23	.xn--3ds443g	35,797
24	.tips	33,675
25	.help	31,573

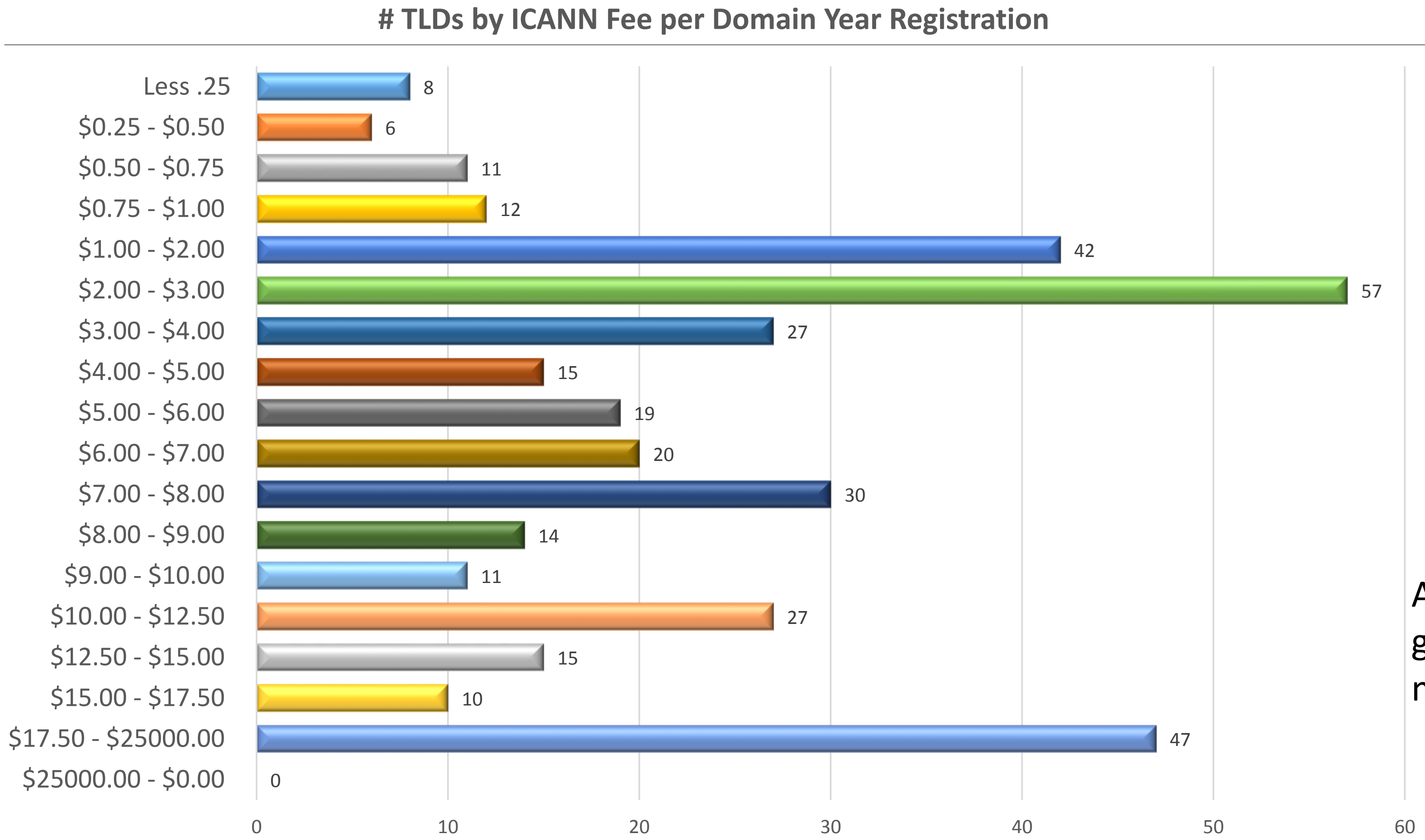
gTLD Results Top Revenue & Volume

	Registration Revenue	Registration Volume
Top 10 TLDs:	19%	18%
Top 25 TLDs:	36%	37%
Top 10%	44%	52%
Top 20%	52%	68%
Average per TLD:	$ 365,249	11,406

Number of gTLDs by Average Daily Registration Volume



Projected ICANN Registration Fees

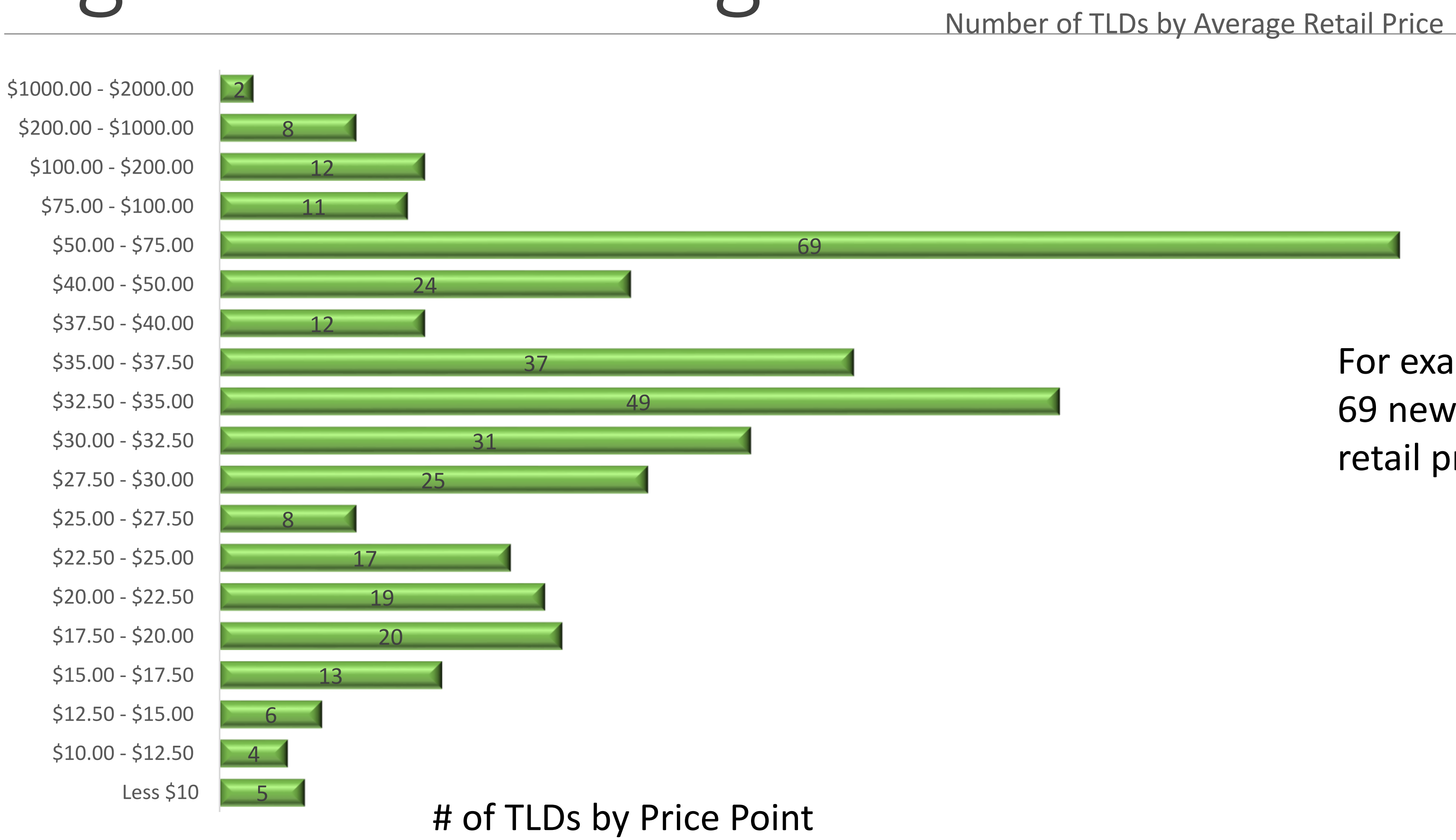


Extrapolating current registration volumes for a one year period, the ICANN minimum registration fee of $0.25 per domain registration will apply to 8 TLDs in the dataset

Almost half (47%) of all new gTLDs in GA are paying $5 or more per domain registration

Based on $25k paid to ICANN plus incremental fee of $0.25 per domain with a volume over 50,000

How Many new gTLDs are Selling within a given Price Range?



For example, there are currently 69 new gTLDs with an average retail price between $50 - $75

***Retail revenues are based on the average retail values obtained from: GoDadddy, United Domains and 101Domains*

Pricing

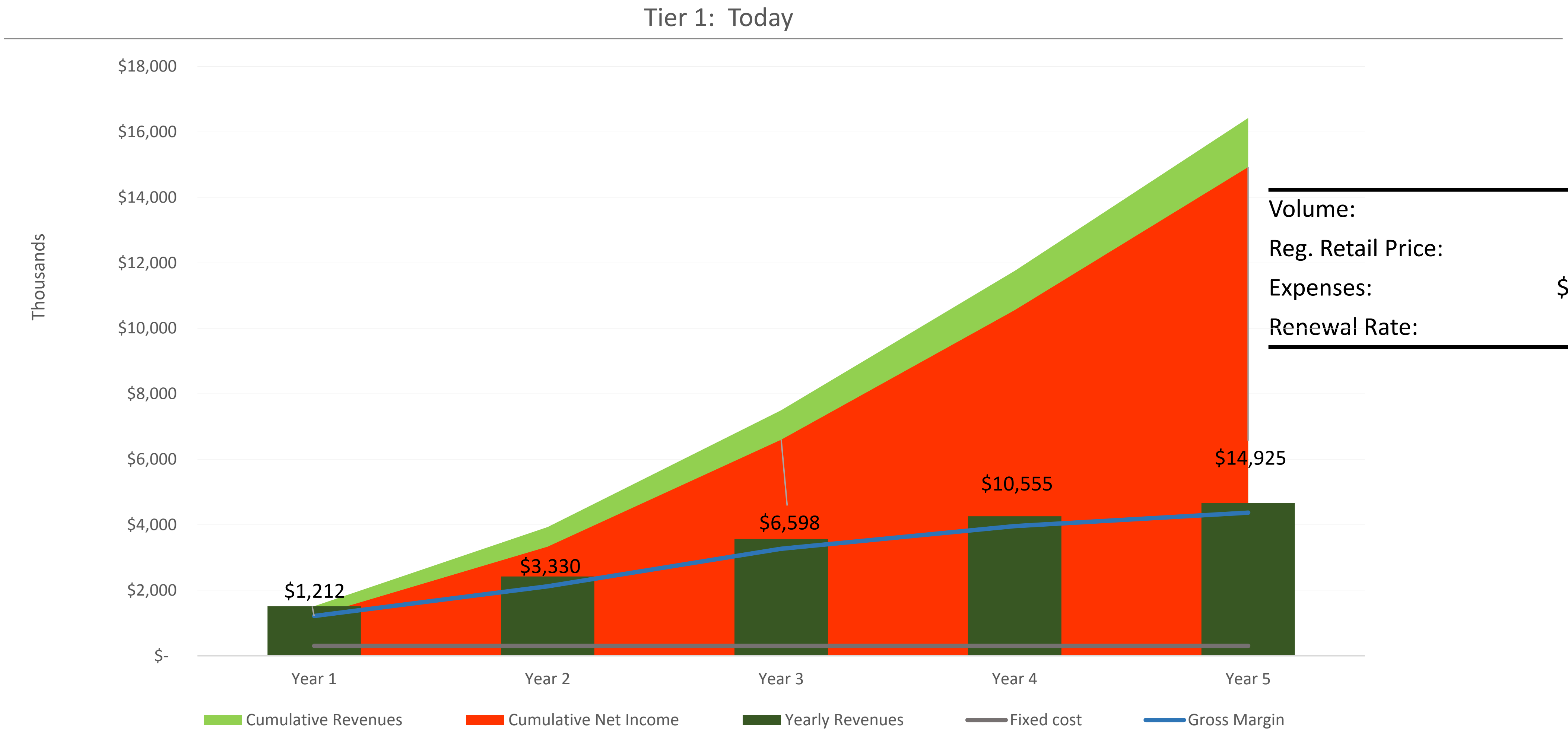
To date, the new gTLDs with the highest volumes and values have not improvised by being cheaper.

Tiers	Average Retail Price	Median Price
1	$ 68.65	$ 33.49
2	$ 45.45	$ 35.24
3	$ 83.82	$ 35.99
4	$ 35.16	$ 31.74
Overall	$ 58.30	$ 34.74

Is there a Correlation between Price & Volume?

Period	Correlation	Significance
Q3 2015 – Overall	-0.09	No or Negligible relationship
Q3 2015 – Tier 1	-0.24	Weak negative relationship
Q3 2015 – Tier 2	-0.75	Strong negative relationship
Q3 2015 – Tier 3	-0.29	Weak negative relationship
Q3 2015 – Tier 4	-0.49	Moderate negative relationship
Q4 2014 - Overall	-0.23	Weak negative relationship

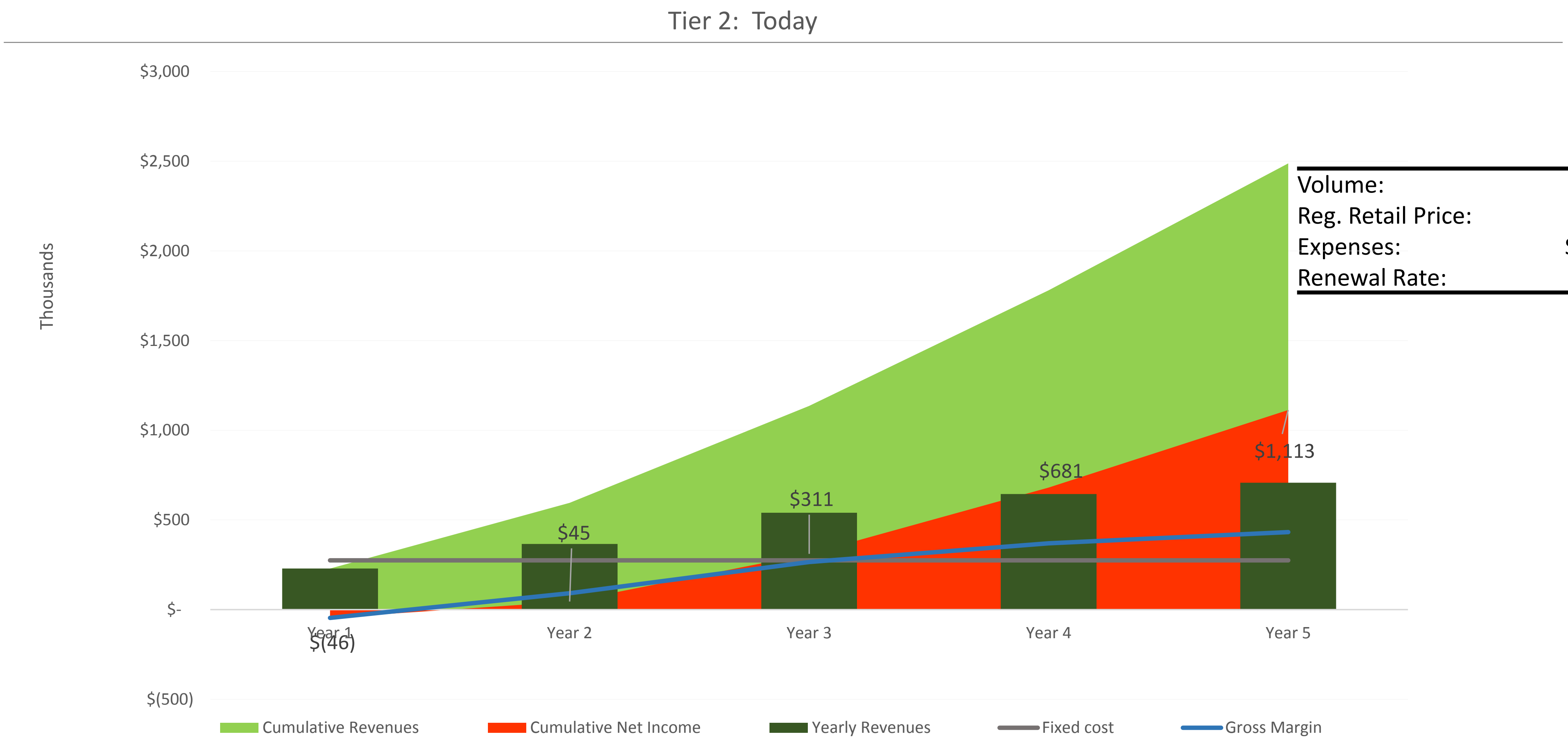
Financial Implications: Tier 1 Today



Volume:	36,701
Reg. Retail Price:	$68.65
Expenses:	$300,000
Renewal Rate:	60%

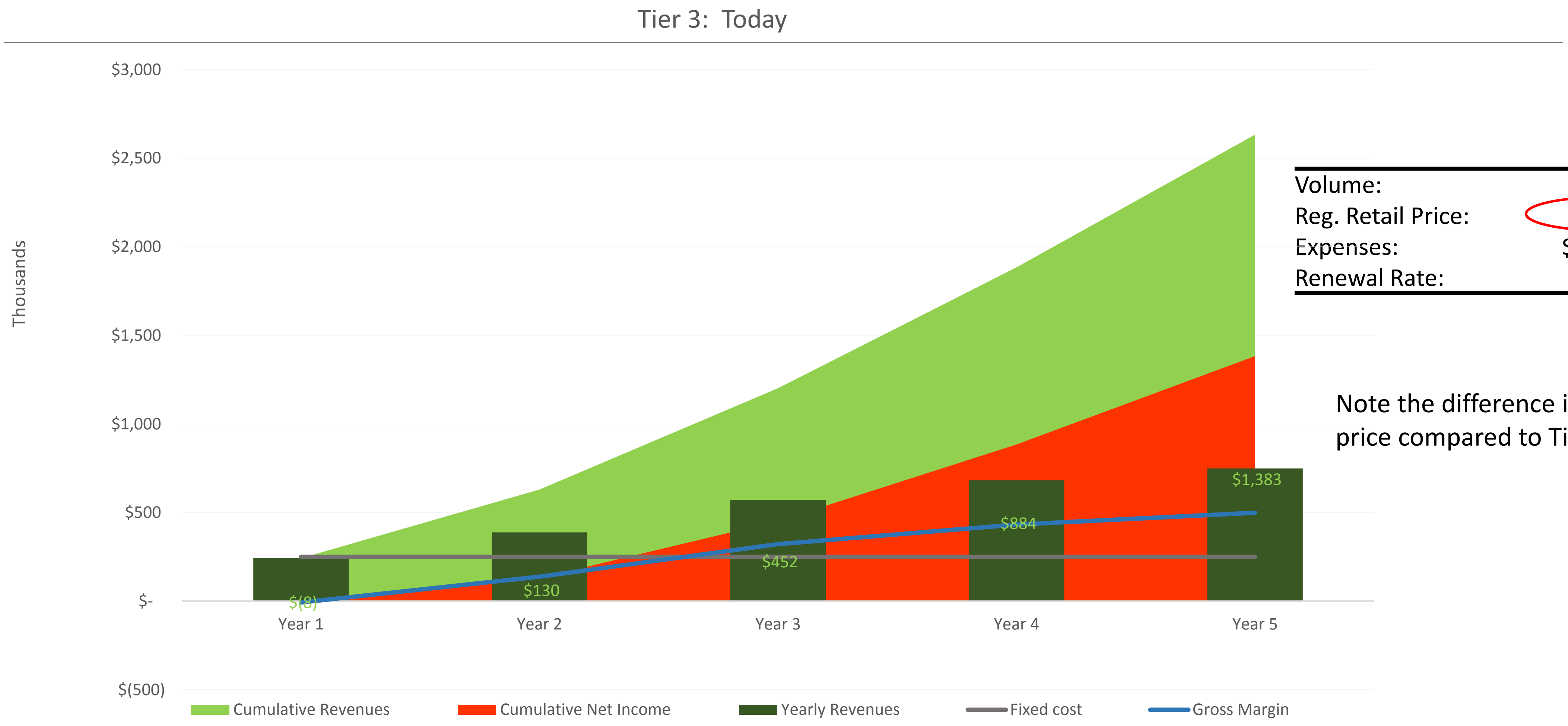
The price and volume is unique to its own tier along with the associated projected expenses

Financial Implications: Tier 2 Today



Volume:	8,396
Reg. Retail Price:	$45.45
Expenses:	$275,000
Renewal Rate:	60%

Financial Implications: Tier 3 Today

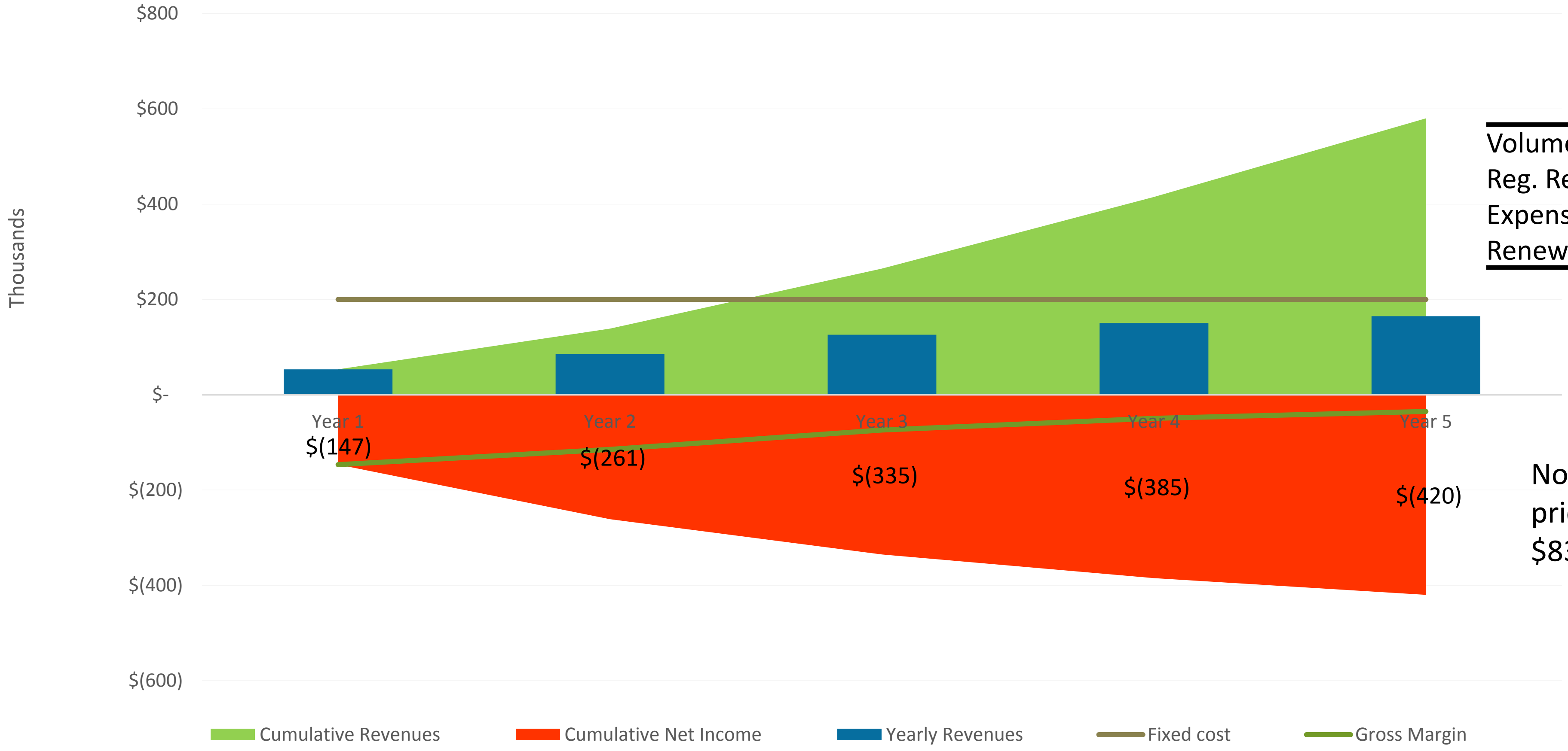


Volume:	4,818
Reg. Retail Price:	$83.82
Expenses:	$250,000
Renewal Rate:	60%

Note the difference in the retail price compared to Tier 2 - $45

Financial Implications: Tier 4 Today

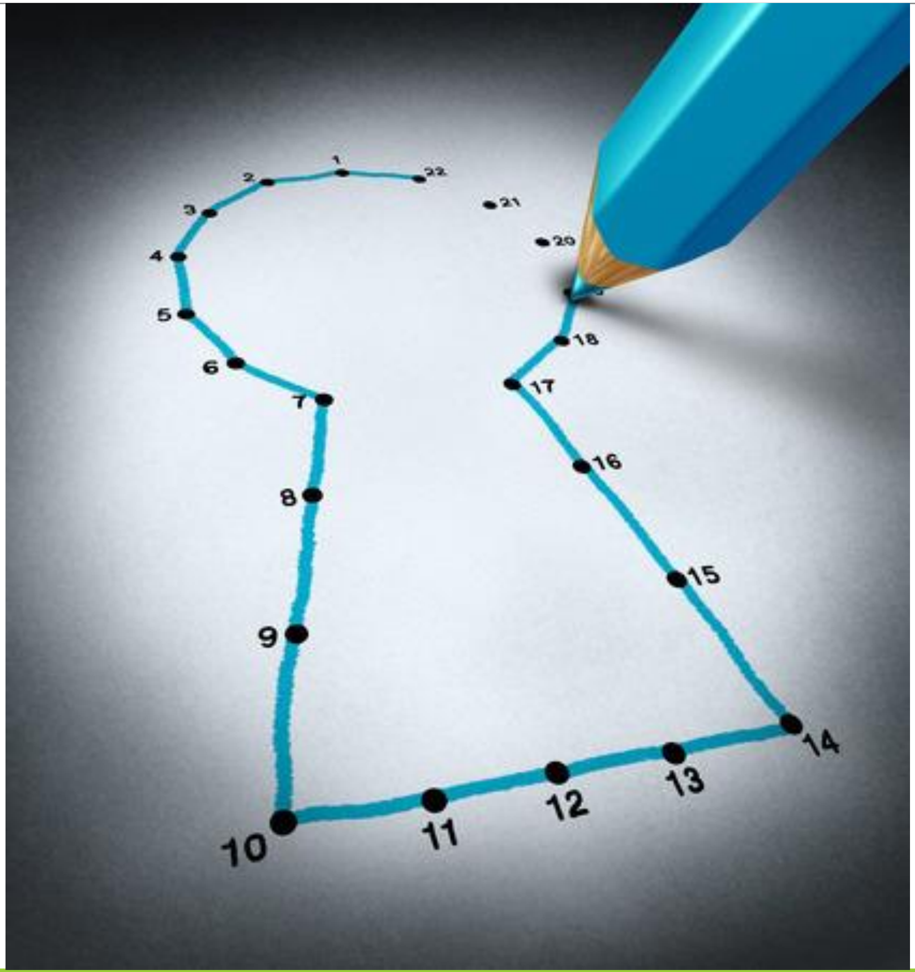
Tier 4: Today



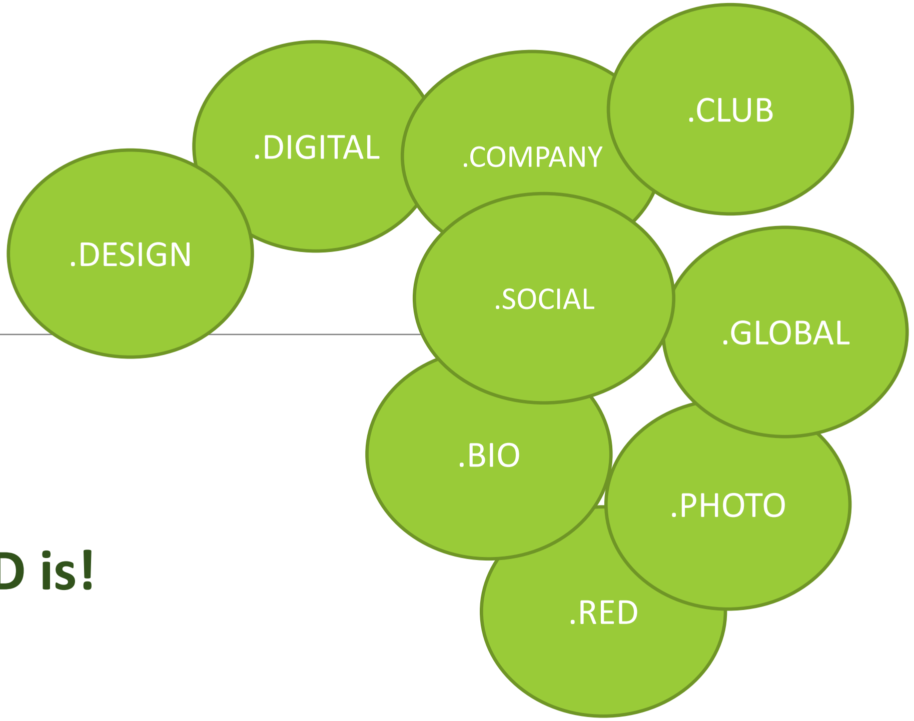
Volume:	2,530
Reg. Retail Price:	$35.16
Expenses:	$200,000
Renewal Rate:	60%

Note the difference in the retail price compared to Tier 3 - $83.82

Pulling it all together…

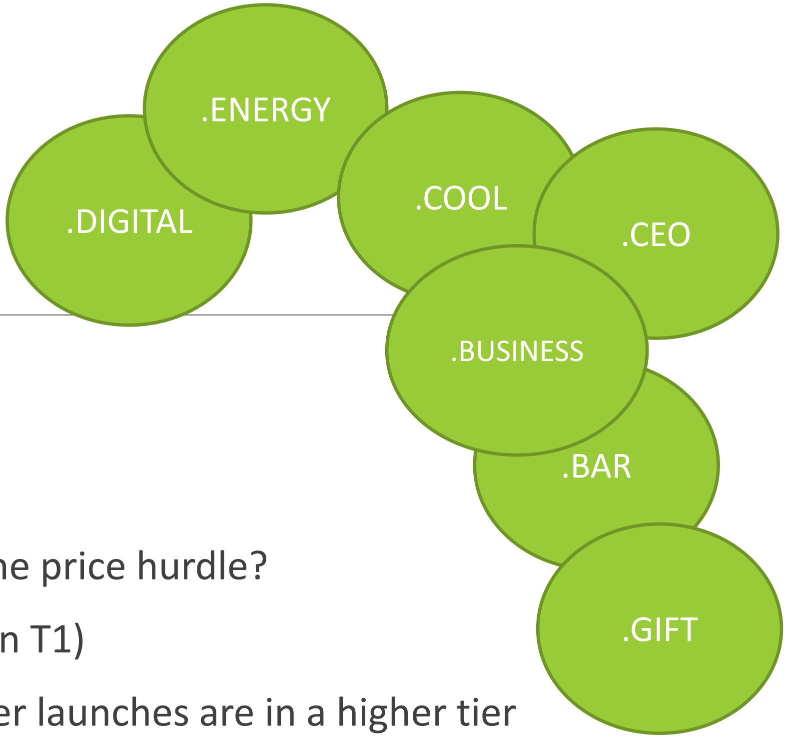


Tier 1: Trailblazers



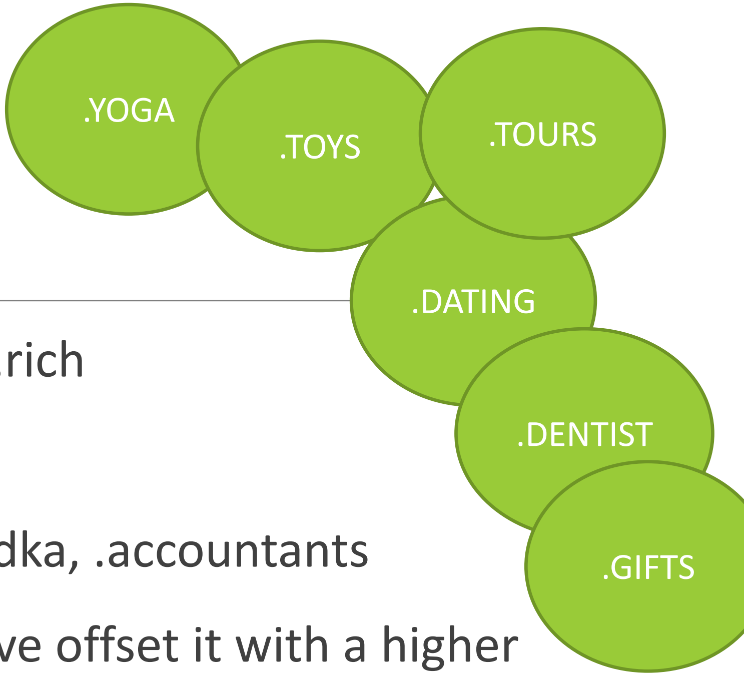
- Average Retail Price Ranges: $8.71 .click to $850 .bank
- Average daily volume 101; Yearly registration volume 36.7k
- **Price is not propelling the volume, the caliber of the TLD is!**
- Registrants will choose and pay for a meaningful, relevant TLD
- 25% of geographic TLDs are a Tier 1 (.nyc, .paris, .London, .Moscow); 67% of Geo's are in Tier 1 or 2.
- Projected yearly volume has increased quarter-over-quarter
- Overall strong registration volume along with price
- Similar strings, first one into GA will be in this tier. Secondary GA launches more likely to be in tier 2.
- Surmise: Strong TLDs are understood by registrants and/or have promoted the TLD so Registrants recognize it. This tier will continue to grow and will receive the biggest (and most deserved) benefits from industry growth.

Tier 2: Path Finders



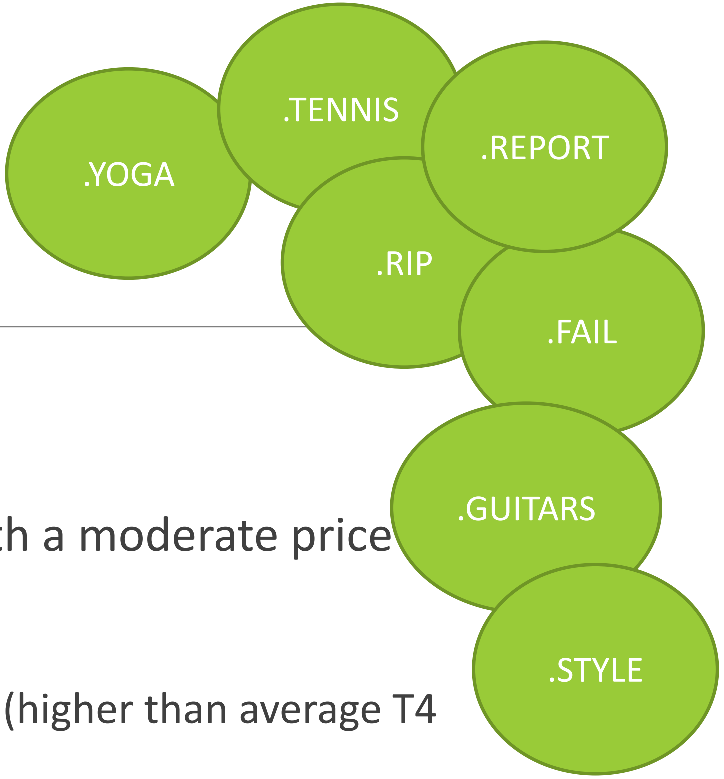
- Average Retail Price Ranges: $9.74 .koeln to $110 .career
- Average daily volume 23; Yearly registration volume 8.4k
- Price is a factor in driving volume
- Question is, can it be offset with increased promotions to become a T1 and get past the price hurdle?
- As a group, the length of the TLD in average number of characters is 6.2 (up from 6.0 in T1)
- TLDs similar to other TLDs are more likely to be included. In over ¾ on the cases, earlier launches are in a higher tier
- .Work went into GA in February utilized the low price model. Followed .'works' launch in May 2014. At the current daily registration rate and a renewal rate of at least 6% will be ahead of .works.
- .Fan General Availability not yet announced. .Fans came out in September 2015. Interesting decision as .fans volume at Sept 30 is 863
- Only tier where overall volume has declined from Q1 (by 10%) and Q2 (7%) while all other tiers have increased. Average retail prices have also declined.
- 67% of Geographic TLDs are in Tier 1 or 2
- In you are in Tier 1, the work required to become a Tier 1 is significant.

Tier 3: Campers



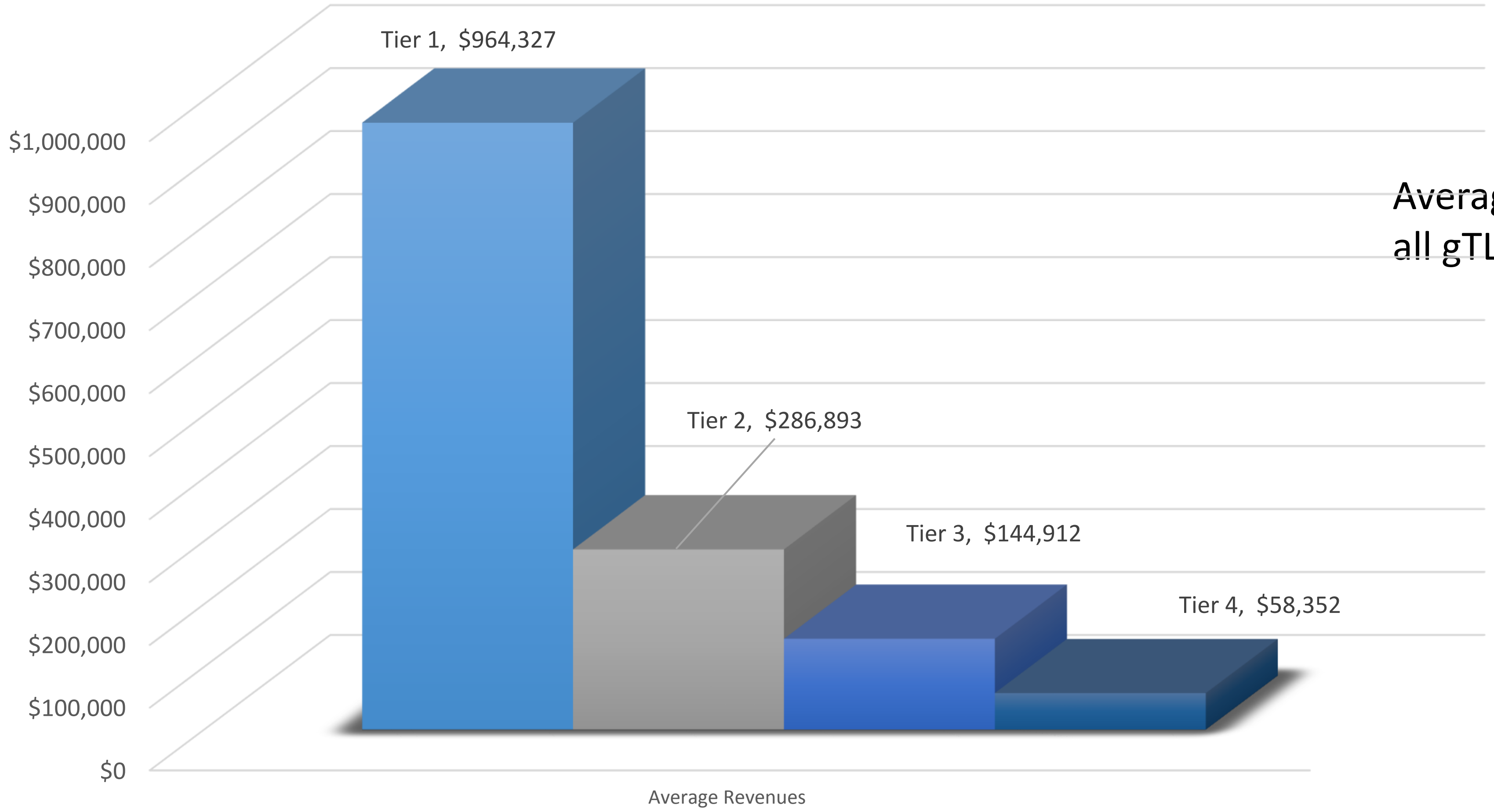
- Average Retail Price Ranges: $5.10 .xn—80adxhks (Moscow) to $2,347 .rich
- Average daily volume 13; Yearly registration volume 4.8k
- Appear to be more niche TLDs - .vet, .creditcard, .pharmacy, .horse, .vodka, .accountants
- Niche TLD Registry’s appear to have projected the lower volume and have offset it with a higher price. Average retail price in T3 is $83.82
- As a group, the length of the TLD in average number of characters is 6.4 (up from 6.2 in T2)
- Overall volume has a slight increase in registrations with an increase in average retail prices
- Surmise: Over the long-term with a growing industry expect these TLDs to be financially viable.
  - The non-niche TLDs are going to need to be more creative, increase promotions, etc. if they want to become financially viable over the long-term

Tier 4: Hikers



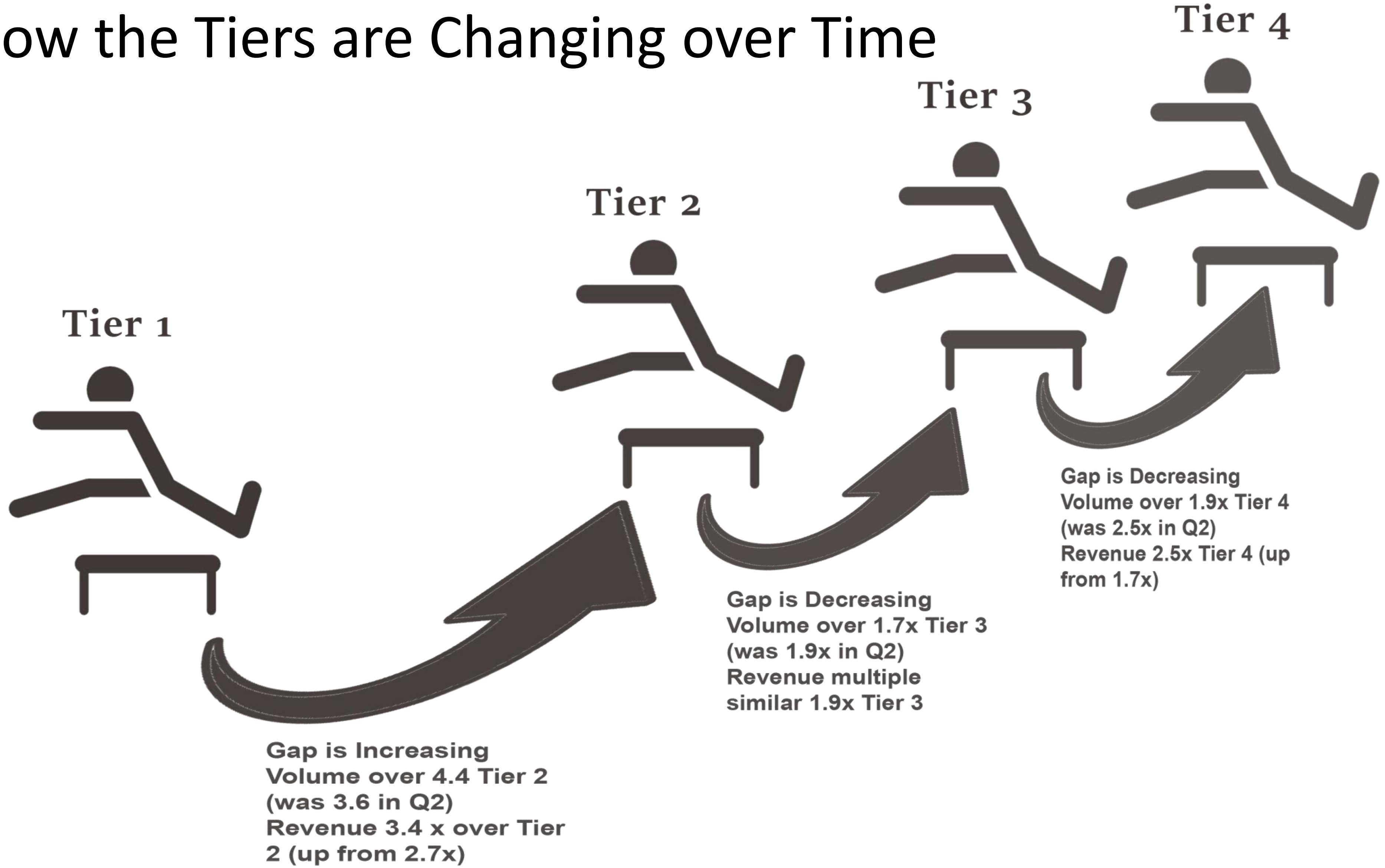
- Average Retail Price Ranges: $12.95 .organic to $99 .whoswho
- Average daily volume 7; Yearly registration volume 2.5k
- Lowest average retail price of $35.16 and lowest median price of $31.74 with a moderate price volume correlation (not to be confused with causation)
- A few clusters of TLDs:
  - Political: .democrat, .republican, (lower than average T4 prices) and .vote, .voting (higher than average T4 prices)
  - Military: .army, .navy, .airforce (lower than average prices in T4)
- Registration volume has increased over Q2 yet average retail prices have declined
- Higher priced TLDs moving from T4 to T3 also reflects that people will pay for a relevant TLD
- Surmise: Adding other benefits to the TLD may improve registrations
- Targeted smart promotions that will move an average volume of 7 to a tier 2 with a daily volume of 23
- Evaluate whether a low cost/freemium model with renewals will offset the costs

Average Retail Revenues by Tier



Average Revenue of all gTLDs $365,249

How the Tiers are Changing over Time



Going Forward

- Average volume remains consistent despite the increased number of TLDs
- Revenues & Volumes continue to increase
- Volume and value of premium names also on the rise
- Unfortunately, based on current trends, 75% of TLDs will be operating at a loss for the next year
- A lot more TLDs are still hatching
- Moving in the right direction but haven’t reached the tipping point
- While our little suspension bridge is getting some usage, we still need to build the 8 lane super bridge to the outside world

Quarterly Review Schedule

Event	When & Where
2015 – Q3	October, Podcast
2015 – Q4 & 2015 Year in Review	NamesCon

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