I. Overview

On January 12, 2012, the Internet Corporation for Assigned Names and Numbers (ICANN) will begin accepting applications for new generic top-level domain (gTLD) suffixes in Latin and non-Latin characters such as .bank, .berlin, .brand and .network in Thai. ICANN expects to receive hundreds of applications, as the New gTLD Program represents a historic opportunity for organizations from all corners of the globe to own and control a piece of the Internet.

II. What new opportunities could New gTLDs afford my organization?

Consider these statistics:

- The current global online population is 1.9 billion. By 2014 the number is expected to grow to 2.3 billion, with the greatest rates of growth occurring in the Asia-Pacific and Middle Eastern/African regions.

- Global eCommerce sales are growing more than 19% per year, with Goldman Sachs Group Inc. predicting that e-retail will grow at five times the rate of traditional retail, with year-over-year dollar sales expected to overtake offline retail by 2020.

- A 2010 study by the Pew Internet & American Life Project found that 58% of consumers conduct online product research before making a purchase, up from 49% in 2004.

- According to research conducted by Berkery Noyes, online firms with annual revenues of $160 million or more sold for 3.6 times revenue in 2010, as compared to smaller firms, which sold for 1.5 times revenue.

Today’s most successful businesses have embraced the Internet. They have used it not only to facilitate operational efficiencies but to educate consumers, drive revenue, and ultimately, build corporate value. However, the face of the Internet is about to change as a result of ICANN’s New gTLD Program.
Companies will now have the opportunity to own and control their own place in the DNS, instead of just licensing (and fighting for) space within third party-owned and operated TLDs like .com, .net, .us and .co.uk.

Exclusive ownership and control of a TLD has the potential to offer organizations a myriad of new business opportunities. For example:

- **Branding/Marketing:** Under ICANN’s New gTLD Program, applicants can define narrow registration criteria for the TLD so as to make registration exclusive to a specific organization (i.e., your company only). This scenario enables companies to provide customers with a completely branded online experience and eliminates the need for them to fight for product names, taglines or other monikers in domain name registrations under the TLD. It may also provide some advantage in organic search engine results, as well as improve direct navigation traffic if the TLD is well-publicized.

- **Online community building:** One of the biggest online trends has been the emergence and rapid growth of social media communities. Sites like Myspace®, Facebook®, Twitter® and Flickr® have transformed how we interact, share information and connect with other people, organizations and causes around the globe. Some believe that New gTLDs could be the foundation on which second-generation social media and new online communities are built.

- **Authentication:** While the global online population continues to grow and eCommerce gains hover in the double-digits, growth has been restrained by problems like phishing/pharming, counterfeiting/gray market distribution and other online ills. Many industry experts believe that one of the greatest potentials of New gTLDs is the ability to create owner-policed online spaces where only vetted parties can obtain domain name registrations and those who fall out of good standing are ousted immediately. An oft-cited example of this concept is a .bank TLD, where the TLD is owned and operated by a global financial sector trade organization or partnership of trade organizations. One can easily see how companies could employ this model to “certify” and police distributors or franchisees and how non-profit organizations could use it to indicate approved websites for online donations.

- **Disruptive opportunity:** What the “next big thing” will be on the Internet is anyone’s guess. However, the injection of more corporate players into the top-level of the DNS brings new resources, ideas and talent to defining how
business gets done online. Companies on the leading edge of technology will likely have the greatest opportunity to create new disruptive opportunities and lead their market sector. New gTLDs could be the platform through which such disruptive strategies are delivered.

III. What new risks could New gTLDs pose to my company?

New gTLDs pose the following new risks:

- Increase in fraud, counterfeiting/piracy and other criminal behavior online, as the availability of domain names that can act as vehicles for these threats will expand dramatically (in English and other languages).

- Increase in brand abuse/infringement online (in domain registrations, in Web content, in metadata, etc.), because a surge in new TLD launches in Latin and non-Latin based characters will increase the scope, cost and complexity of online brand protection.

- Increase in consumer confusion online, as there will be a great deal of new “noise” on the Internet for customers to sift through. Currently the gTLD space only has 21 gTLD “categories” (.com, .net, .org, .mobi, etc.), but with the implementation of New gTLDs there could be hundreds of new categories, complicating direct navigation and search for many Internet users.

- Need for complete overhaul of current company online policies and programs, such as SEO/SEM, domain name registration, brand monitoring and enforcement. Companies that do not stay abreast of the impact of New gTLDs on these programs face the very real risk of lost Web traffic, declining conversion rates and increased enforcement costs caused by lack of understanding and expertise.

- Competitive disadvantage against others in your market who find an innovative or disruptive use for a new gTLD. While the first application window for New gTLDs will open in January 2012 (and ICANN intends to open a second application round within one year of the closing of the first), legal challenges, the volume of first-round applications received by ICANN and the potential need for policy modifications may cause delays. Thus, those who take a “wait and see” approach in the first round may find themselves at a competitive disadvantage. In addition, if a competing rights holder for one of your brands applies for a new gTLD during the first round
New gTLDs: What Should I Tell My Board?

and you do not, it is likely that you will forever lose the opportunity to own that brand as a TLD for your exclusive use.

IV. What is the process, cost and commitment required to apply for a New gTLD?

The ICANN board approved the New gTLD program on June 20, 2011. Now ICANN commences a six-month Global Communications Campaign to build awareness around the world about the opportunity for entities to apply for a new gTLD. From January 12, 2012, through April 12, 2012, ICANN will accept applications via an online interface. Applications will need to detail the TLD (a.k.a. "string") being applied for, the purpose and population the TLD intends to serve, the eligibility rules for registrants, how the applicant meets the financial and technical qualifications required to run a domain name registry, and policy rules the applicant will put in place to protect the legal rights of others in the TLD.

Applicants will also need to agree to ICANN’s Terms and Conditions for submitting an application and agree to accept the Registry Operator Terms and Conditions for a term of 10 years if awarded a TLD. The application fee is currently set at $185,000 USD per TLD and significant additional costs may be incurred during the application process if an application is opposed or requires extended evaluation. In addition, those awarded a TLD will be required to escrow three years’ worth of operational expenses.

New gTLD registries must operate a full registry infrastructure with 24/7/365 availability. This includes operation and maintenance of both a free and public WHOIS and Zone file for the TLD. New gTLD registries would also be responsible for significant compliance reporting and data escrowing to maintain ICANN accreditation. If a registry wanted to offer registrations to outside entities, it would also have to develop a process and infrastructure to accredit, connect to and monitor compliance of third party registrars and resellers.
New gTLDs: What Should I Tell My Board?

Implementation and operation of a new gTLD will likely require a minimum investment of $500K-$1M for the first 18-24 months (not including any supporting marketing effort). (This includes the application fee of $185,000.) Costs will likely decrease over time, but are not likely to fall below $100k annually in the near future. (Note: These estimates are based on costs associated with a single new gTLD. They are rough estimates based on current information and are subject to change.) Additional marketing costs related to building awareness of a new gTLD promise to be significant as a massive consumer education will be required to inform consumers of an organization’s new location on the Web.

V. What do other companies think about ICANN’s New gTLD Program and what are they planning to do in response?

Over the past three years, many organizations have focused solely on the policy aspects of ICANN’s New gTLD Program. As a result of this engagement by legal representatives from organizations worldwide, significant policy work has been accomplished to develop new mechanisms to protect intellectual property rights, government interests and Internet users from malicious conduct online.

CSC has observed a growing interest in the New gTLD Program from marketing, eCommerce and C-level management stakeholders. They are intrigued by the program’s possibilities and interested to know more about their own options.

Potential corporate options include:

- **Not apply but monitor:** Organizations can choose not to apply for a new gTLD but can still monitor the program for potentially infringing applications and take appropriate action to oppose applications that may impact their legal rights.

- **Apply for a .brand:** Organizations can submit a “Community” application under ICANN’s New gTLD Program for a “branded” TLD
New gTLDs: What Should I Tell My Board?

(example: .csc) with narrowly defined eligibility criteria, enabling their organization to own and operate the TLD registry for its exclusive use.

- **Apply for a generic word**: Applications for generic words such as .sports, .car and .socialcause are also possible, but the New gTLD Program evaluation criteria make it difficult for a company to successfully apply for one of these terms for its exclusive use. Applicants for generic word New gTLDs would likely have more success if the application were brought forward through a third party organization and run for the benefit of multiple parties within a particular industry (see .bank example above).

VI. What should my company be doing now to prepare for the New gTLD Program?

With the opening of the New gTLD Program application window only months away, it is critical for organizations to quickly transition from a “wait and see” mode to active assessment and strategy development. Thus, companies should immediately begin doing the following:

- **Identify key internal stakeholders and educate them about New gTLDs.** Managers should inform and educate their marketing, eCommerce and C-level management stakeholders about the New gTLD Program as soon as possible. Those who fail to do so may find it difficult to gather all the relevant parties in time and will likely find their progress slowed by a barrage of questions and concerns from senior management.

- **Assess potential options and determine your strategy.** Applying for a new gTLD is not for everyone. However, regardless of whether you plan to apply, monitor or both, you need to develop a strategy and engage others within your organization to execute it. Also, because the TLD space will expand rapidly with little ramp-up time, organizations are strongly encouraged to evaluate their current domain registration, online brand monitoring and enforcement policies and processes to ensure that they are up-to-date and scalable.

- **Begin budget planning.** Regardless of what strategy your organization chooses, you are likely to need funding for new items (New gTLD application and support fees, new second-level registration costs in 2012, and the
expense of additional staff or outsource partners to handle the increased workload, etc.).

- **Secure partners.** While many service partners claim to have the expertise to help you understand the complexities of ICANN’s New gTLD Program – from applying for a new gTLD to navigating the registry infrastructure to managing the TLD itself – there are in fact only a handful of firms that have the requisite financial stability, long-term vision and enterprise-class solutions to address the program’s challenges. Organizations that wait until the eleventh hour before securing partners may find their choices limited.

VII. How CSC can help

CSC has created a full spectrum of New gTLD solutions to help not only those organizations that are considering applying for a new gTLD but those interested monitoring the process for infringement, the use of industry terms and/or submissions of New gTLD applications by competitors. Specifically, we offer:

**Consulting Services**

- Offered on a time and materials basis, with no minimum hours of engagement.

- Engagements can include, but are not limited to:
  - Stakeholder Education & Awareness
  - Feasibility Studies & Strategy Development
  - Application Objection Strategy

**ICANN Application Preparation and Submission**

- Offered on a flat-fee basis

- Complete preparation and submission of ICANN New gTLD application in accordance with all ICANN and client guidelines, as well as management of application throughout the process
New gTLDs: What Should I Tell My Board?

Monitoring Services

Monitoring for New gTLD applications that exactly match specified strings

- Monitoring for New gTLD applications that contain or are similar to industry terms
- Monitoring for competitors’ New gTLD applications
- Monitoring for infringing second-level registration in New gTLDs

Registry Infrastructure and Ongoing New gTLD Management

- Registry Infrastructure Set-up & Technical Capability Testing, including:
  - ICANN-mandated Registry Activity & Compliance Reporting
  - World-class, globally redundant DNS Hosting
  - Port 43 WHOIS & Thick WHOIS Support
  - TLD Zone Set-up & Maintenance
  - Malicious Activity & DDoS Attack Monitoring
  - 24/7 Technical Registry Operations Support
- Single Registrar (CSC) Set-up & Registry Infrastructure Connectivity Testing, including:
  - Proprietary, industry-leading, Web-based portal, which allows CSC clients to register, renew, modify, manage and report on their new gTLD names and manage associated DNS within a SAS 70-certified data center; and
  - 24/7 Registrar Operations Technical Support
- ICANN Delegation Support
- “Go-live” Implementation Support, including:
New gTLDs: What Should I Tell My Board?

- Certification and security set-up for authorized registrants (i.e., select international employees, counsel, distributors, affiliates and/or licensed partners); and
- Development, implementation and compliance monitoring of registration policies, procedures, rights protection mechanisms (if needed) and best practices

- Ongoing Registration and Operation Support, including:
  - Quarterly Operations and ICANN Compliance Reporting & Payment
  - Registration Data Escrow
  - ICANN-mandated, annual Whois Data Reminder Policy (WDRP) Notices & Reporting
  - Dedicated Customer Service Team
  - Complimentary Strategic Registration Advisory Services

Contact CSC

For additional information on New gTLD Services from CSC, call 800.927.9800 (North America), +44 (0)20 7565 4090 (Europe), or visit www.cscglobal.com.

About CSC

Corporation Service Company provides legal and financial services for many of the world’s largest companies, law firms and financial institutions. Founded in 1899, CSC reduces risk and costs for clients by providing corporate identity protection, corporate governance and compliance, litigation and matter management, and deal and transaction support services. As the trusted partner of more than half the 100 Best Global Brands (Interbrand®), an ICANN-accredited registrar since 1999 and the leader in domain name services customer approval (World Trademark Review, 2010), CSC is only partner that...
New gTLDs: What Should I Tell My Board?

can help you navigate and balance the challenges associated with everything from screening and clearing new brands to monitoring and enforcing against infringement with just one call.