

INTERNET 2020

AN ANALYSIS OF HOW NEW
GTLDS WILL TRANSFORM
THE INTERNET

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ABOUT **NETNAMES**

NetNames provides companies with global reach on the Internet whilst protecting their brands from online fraud. As the global leader in this field, NetNames has been chosen by many of the world's most successful brands to enable and protect their internet presence.

With online channels becoming increasingly important for a corporate's commercial and marketing activities, NetNames offers a single point of contact for management of domain names, in all locations, globally, and protection for brands across all online environments. NetNames offers expertise, infrastructure and service levels that are hard for corporates to replicate internally and enjoys long term relationships with large and mid-sized corporates.

Headquartered in London, NetNames' global network includes offices in Cambridge, Paris, Copenhagen, Stockholm, Zurich, Munich, New York, San Francisco, Melbourne and Singapore.

FOREWORD

The Internet is evolving, growing in all directions every single day, and rapidly changing the way in which modern businesses operate. As early as 2005, Pulitzer Prize winning journalist Thomas Friedman described how the convergence of technology, new ways of doing business, the removal of economic and political obstructions, and the rapid introduction of millions of young Chinese, Indian, and East European professionals into the world economy had leveled – or “flattened” – the global playing field.

It is important to note, however, that Friedman shared this vision long before Facebook, Twitter, Instagram and other social media sites had billions of daily users. Not only do sites like these represent the most important channels to market for many companies, some businesses would simply not exist without them. In the wake of such a dramatic period of change, it is not only fascinating, but also vitally important to consider what is coming next for businesses in the digital age.

Every so often, industries experience a disruptive event or innovation that has the potential to change that particular market forever. For instance, the launch of Apple’s iTunes and iPod music offerings in 2001 dramatically changed the way people consume music, transforming the music industry’s

business model and giving birth to an entirely new market – digital downloads. We believe that the current restructuring of the Domain Name System (DNS) and the introduction of thousands of new domain name endings is the Internet’s disruptive event. The liberalization of the root zone to allow commercial organizations, communities and brand holders to own and operate their own suffixes, such as .web, .shop or even .dog, has been one of the most debated topics in recent years. Already, businesses have registered over one million domain names across all new generic top-level domains (gTLDs).

This rapid growth represents a transformational change within a very complex and dynamic ecosystem – an ecosystem that changes and evolves at a very rapid pace. For example, less than 5 years ago people did not understand the concept of hashtags or Twitter handles. As a result, the Internet in 2020 will be a very different place to the one we know and use today, with wide-ranging ramifications for both businesses and consumers. But what opportunities will it bring? And what challenges? In order to maximize the former and deal with the latter, businesses will need to completely re-evaluate their online presence and develop a domain strategy that best reflects their business objectives, target markets and products.



To this end, NetNames has published our inaugural Internet 2020 report with the objective of providing an insightful, data-driven analysis of the three biggest trends that are set to transform the Internet in the second half of this decade. Importantly, the Internet is a 'democratic' and liberalized ecosystem, where anyone can register a website or a domain name. It is a truly global community, open to all, where users – consumers and businesses – ultimately determine failure or success. For this reason, we have based our analysis on the views of the internet's users, surveying 400 business leaders and 6,000 consumers across four countries, and have included expert input from ICANN, industry leaders and our own corporate clients in order to help predict what will happen over the next five years.

Firstly, we believe that the introduction of these new gTLDs will spark a dramatic fragmentation of the Internet. Much as multi-channel digital television fragmented TV viewing audiences and changed the economic model for TV advertising, the new internet domain system will fragment internet users into communities of interest within the new gTLDs.

Secondly, we also expect to see the widespread adoption of a .BRAND domain name strategy, as more and more companies begin to manage and control their own space on the Internet in this way. Already, there have been over 600 .BRAND applications for this purpose, representing 34% of the total number of new gTLD applications.

Finally, a key trend that we expect to see develop is the adoption of Internationalized Domain Names (IDNs), as these will quickly become the natural home for businesses that are operating in countries which do not only use Latin script. For organizations that are actively targeting and/or trading in these countries – or may want to in the future – IDNs represent an enormous opportunity. According to ICANN, there have been over 100 IDN applications, and this number is likely to soar in future as entire populations begin to move beyond the confines of Latin script and keyboard input and embrace new ways of navigating the Internet.

All of these changes will combine to effectively 'reset' the Internet, offering brands the opportunity to strengthen their online presence and lead the way in a new digital era. We believe that this report will help prepare and stimulate global brands to realize this vision and understand what needs to be done today in order to secure continued success in the Internet of tomorrow.

We welcome your views, thoughts and feedback to garymclraith@netnames.com



Gary McIlraith,
CEO, NetNames



EXECUTIVE SUMMARY

NetNames' Internet 2020 report examines what the Internet may look like in 2020, after the restructuring of the Domain Name System (DNS) and the introduction of thousands of new generic top-level domains (gTLDs). In addition to NetNames' own expertise in this field, the report is based upon the latest market data on domain name registrations, independent quantitative research carried out in May 2014 with 400 senior business managers and 6,000 consumers in Great Britain, the United States, France and Germany, as well as expert input from ICANN, industry leaders across the Internet ecosystem and our own corporate clients.

Whilst nobody can predict the future, the findings of Internet 2020 highlight the key trends that are likely to have the biggest impact on the Internet over the next six years, with a particular focus on three main areas:

1) The fragmentation of the Internet

- Almost all of the senior managers surveyed (99%) thought that the introduction of the new web address endings will fragment the Internet within the next five years; this included 45% who think the fragmentation will be significant;
- 80% of consumers who shop online on a daily basis said that the introduction of the new gTLDs will make them more likely to enter a company's web address into their internet browser to get to a website, rather than using a search engine;
- New gTLDs will continue to grow at a faster rate than traditional TLDs, with a number of the most popular ones already rivaling the most prevalent country code TLDs available today, such as .cn, .fr and .co.uk;

2) The rise of .BRAND domain names

- By 2020, domain names using a .BRAND format will become the natural starting point for direct-type browser-based navigation and also be given the highest relevance in searches relating to companies and brands;
- For this reason, 89% of businesses thought that new gTLDs will make it easier for consumers to find their website; consumers were less sure, however, with just 41% sharing this view;
- As a result, 95% of business respondents felt that having access to new gTLDs will enhance their existing online strategy; nearly four in ten (39%) thought that it will be significantly enhanced;
- 78% of consumers who shop daily on the Internet would shun a company if they found themselves on a bogus website pretending to be that brand, even if the company itself was not negligent;
- Further rounds of new gTLD applications will see a larger number of .BRANDS domains, enabling organizations to drive innovation and greater differentiation in the way they interact with users online.

3) The impact of domain names that use non-Latin characters

- Brands wishing to gain access to global markets will increasingly have to adopt Internationalized Domain Names (IDNs) in order to address consumers effectively in countries whose first language uses non-Latin characters;
- Even though IDNs with endings written in Chinese, Cyrillic, Japanese and Arabic were identified as the least popular gTLDs according to NetNames' survey, one-third of the companies surveyed (33%) said that they have applied – or will apply – for these;
- Among those who have already started to invest in new web address endings, more than half (52%) stated that they have applied – or will apply – for IDNs;
- To date, approximately 20% of all new gTLD registrations have been for IDNs;

In order to prepare for this changing landscape, businesses need to ensure they have a robust domain name strategy that reflects the release of new gTLDs, as well as the suffixes that already exist. Internet 2020 examines the impact of all three of these trends and also lists the 10 most important steps that businesses need to take in order to gain the greatest benefit from these changes over the months and years ahead.

SECTION 1

MARKET FRAGMENTATION

Over the next six years, the arrival of new gTLDs will fragment internet users into 'communities of interest'

Have you ever wondered how big the Internet is? There are over 271 million domain names registered worldwide, a truly astonishing number. The greatest majority are .com domains, which make up 114 million or 42% of the total. .com web addresses have been the main driver for the exponential growth of the Internet in the last 20 years, with other domains like .net coming a distant second at just over 15 million registered domains.

With so many domain names already registered, the Internet was running out of useable space. Valuable .com 'real estate', i.e. domain names that are short, meaningful and relevant to website content, has been shrinking rapidly over the last few years. The average length of a new .com domain name was 15 characters in 2013, with many new registrations stringing together two or more English keywords. As a result, the growth of .com domains has been steadily declining in the last few years – 8% in 2011, 7% in 2012, 5% in 2013 and 4% so far in 2014.

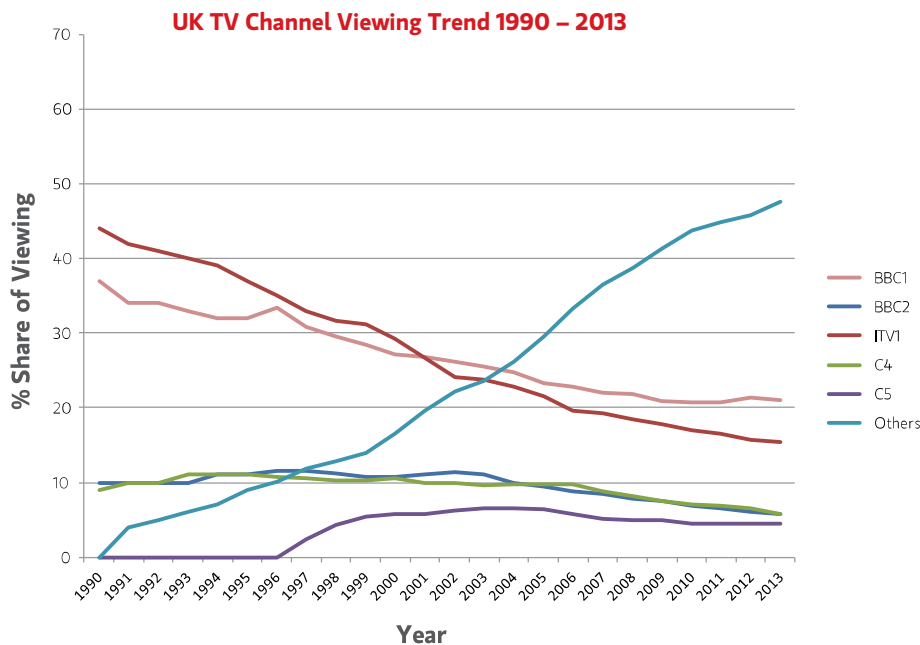
The new domain system was devised to fuel the Internet's next phase of growth by providing more choice and relevance to the expanding internet user community of 2.6 billion people worldwide. Registrations surpassed the 1 million mark on the 7th June 2014, just over six months from the initial launch. This figure does not take into account the many thousands of companies that have opted to initially block their brand names in the new gTLD's, reserving the option to register them later.

It is early days, but we are already able to make some key observations:

- New gTLD registrations are already 54% of the 1.9 million .com domains registered during the first six months of initial new gTLD availability. During this period, only 300 of the 1,400 new gTLDs were launched and in a staggered fashion, with many wide-appeal domain extensions, such as .app, .blog and .buy, yet to be released;
- The registrations of gTLDs have been highly fragmented. Extensions such as .xyz, .club, .guru, .berlin, .photography, and .email and many more are starting to gain momentum as the public become aware of the new gTLDs.

Does this mean that the Internet will be more fragmented in the future as a result? We believe that this is highly likely given similar experiences in neighboring sectors. For instance, multi-channel digital television has dispersed the TV market into communities of interest, with channels catering for niche viewing tastes and interests having caused a shift away from generic channels that had previously catered for the mass market.

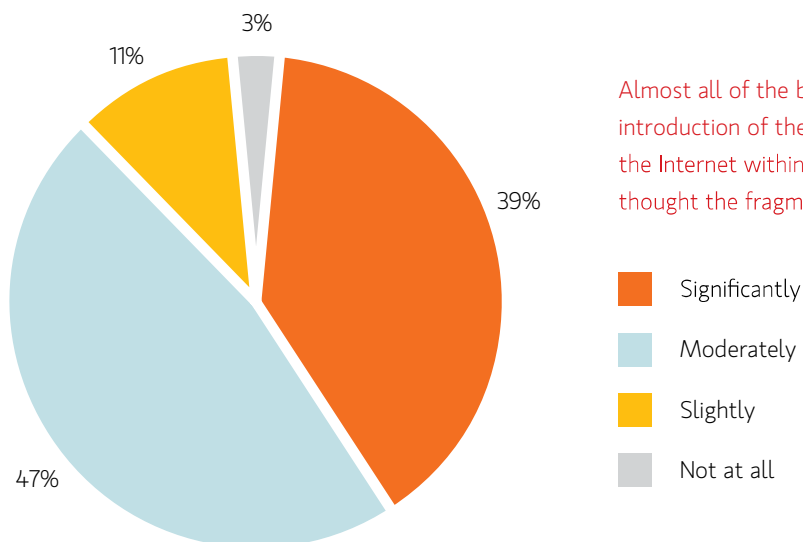
Despite a huge increase in TV advertising inventory (as well as a massive reduction in average viewer numbers), the ability to deliver targeted audiences through niche channels at specific times has significantly increased the value of primetime TV advertising slots. Just like TV, the Internet is a channel through which consumers find content for entertainment and information – so the parallel between the creation of 500 TV channels in the last two decades and the release of more than 1,000 new gTLDs is plain to see.



Source: http://www.barb.co.uk/resources/tv-facts/annual-share-of-viewing?_s=4

According to NetNames' research, almost all of the businesses questioned (98%) said that the introduction of new web address endings would fragment the Internet into specific vertical user groups within the next five years, as new endings such as .holiday, .sport and .news create areas of the Internet

specific to different interests. The findings include 39% who believed the fragmentation will be significant. Nearly all of the MDs/CEOs/business owners surveyed (98%) expected to witness this fragmentation, as did 100% of the marketing and branding professionals and all of the US companies surveyed.



Almost all of the businesses questioned (98%) said that the introduction of the new web address endings would fragment the Internet within the next five years; this included 39% who thought the fragmentation will be significant

While organizations will no doubt retain their existing domains for 'defensive' purposes, they are likely to shift their main web content to more meaningful gTLDs. For this reason, more than eight out of ten (85%) of the companies surveyed stated that they will change their online marketing investment strategy following the introduction of new gTLDs – and 98% of marketing professionals said that they are planning to invest in the new domain endings, with almost half (48%) having already started.

As these new gTLDs become more commonplace, online search will fuel growth in this area even further. Search engines will adapt their algorithms to factor in the relevance of the gTLD to the search term, and online advertising spend will shift as traffic migrates to the new gTLDs. In fact, some search engines are already taking proactive steps in this area, with Google having set up a dedicated gTLD business unit as it will soon become a domain registry for almost 100 new gTLDs itself. At the same time, new market entrants will arrive to serve niche gTLD interest areas – thereby creating direct competition for existing mass-market marketing and affiliate network operators.

The net result of all of these changes is that the availability of more targeted channels to reach niche interest groups will improve the economics of online marketing. For this reason, 95% of business respondents stated that having access to new gTLDs will enhance their existing online strategy and 39% believed that it will be significantly enhanced.

Whilst this shift is likely to take a number of years, the gradual adoption of the new gTLDs as the primary source of internet content – by both the supply side and the demand side – makes perfect sense. In effect, one will actually fuel the other. As a result, .coms, .nets and country code top-level domains (ccTLDs) could well go out of fashion in favor of more descriptive, search-friendly and geographically-neutral gTLDs. Whilst the age of the new gTLD is still in its infancy, new registrations have gone from zero to over a million registrations in less than five months. Existing gTLDs like .com and .net have experienced double digit growth for many years, but it appears that the appetite for them is now waning as growth in Q1 2014 was just 4%.

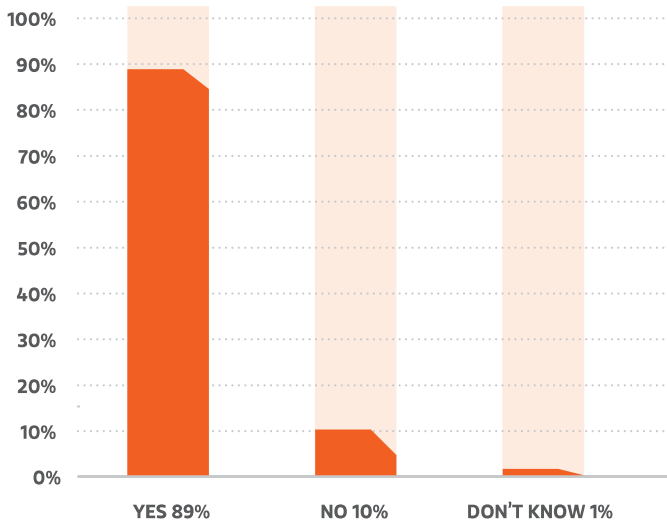
A company's biggest online investment, according to the CEOs, MDs and business owners surveyed by NetNames, is therefore likely to be in domain names aimed at specific communities of people (69%) such as .bank, .sport or .art, although fewer marketing professionals (56%) and legal staff (43%) shared this opinion.

At the same time, the move from country-relevant domain names (ccTLDs) to sector/interest/brand-relevant domain names will facilitate the growth of cross-border commerce. This will be particularly marked within the EU where the free movement of goods and services permits free trading between countries, which is constrained to some extent today by the geographical structure of the Internet. Today, a number of European Top Level Domains, including the new .uk TLD, still require a domain registrant to have a local address. To facilitate this expansion, web technology will continue to develop to select language by user rather than by website/TLD, as it does today.

In commercial terms, there are a number of clear benefits associated with the introduction of new gTLDs. First, the descriptive nature of new gTLDs will help consumers to memorize this naming structure to facilitate browser-based navigation in cases where consumers have a specific website destination in mind. This kind of intuitive naming structure will therefore make them less reliant on using a search engine to find a website.

For this reason, 89% of the businesses surveyed by NetNames believed that the new gTLDs will make it easier for consumers to find their website – and this number climbed to 93% amongst CEOs/MDs/business owners. Nearly all of the US companies surveyed (96%) shared this view, along with 89% of those in France and 81% in Germany.

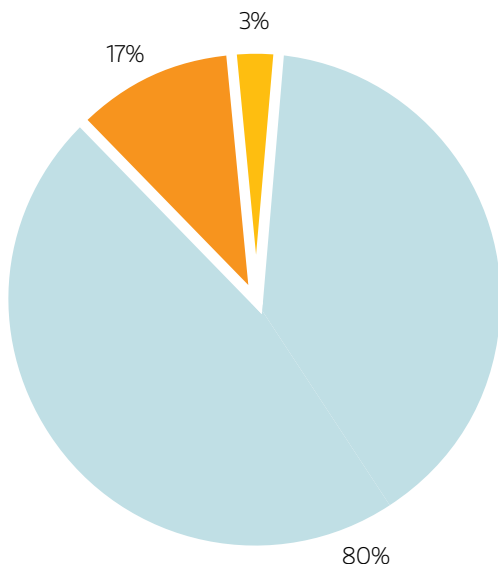
89% of the businesses surveyed by NetNames believed that the new gTLDs will make it easier for consumers to find their website



- **100% of marketing and branding professionals expect to see the internet fragment within the next five years**
- **More than eight out of ten (85%) businesses plan to change their online marketing investment strategy following the introduction of new gTLDs**
- **80% of people who shop online on a daily basis said that the introduction of the new gTLDs will make them more likely to enter a company's web address into their internet browser to get to a website, rather than using a search engine**

Many of the consumers surveyed by NetNames shared these views, with nearly nine out of ten (88%) daily internet users expecting the Internet to change by 2020. NetNames' research also revealed that 59% of daily internet users (aged 18-60) thought that new web address endings will make it easier for them to find things on the Internet. The type of endings thought most likely to support this change were those related to relevant communities (e.g. .bank, .sport, .art, etc), which were mentioned by 44% of consumers.

Eight out of ten (80%) of people who shop online on a daily basis also felt that the introduction of the new gTLDs would make them more likely to enter a company's web address into their internet browser to get to a website, rather than using a search engine. This will provide a further incentive for search engines to evolve their algorithms in favor of gTLDs to safeguard valuable traffic and offer direct search within the URL bar, which will in turn help to further cement the impact of the new gTLDs.



80% of people who shop online on a daily basis said the introduction of the new endings would make them more likely to enter a company's web address into their internet browser to get to a website, rather than using a search engine

- Yes
- No
- Don't know



CASE STUDY

Philips is a diversified technology company, focused on improving people's lives through meaningful innovation in the areas of healthcare, consumer lifestyle and lighting. For over 120 years, Philips' innovations have improved the quality of life for millions, creating a strong and trusted brand with market access all over the world.

Ingrid Baele is General Manager, Business Management Office at Philips Intellectual Property & Standards.

What is your organization's new gTLD strategy and main focus?

Philips is a global brand – as such we've moved beyond domain names that use Latin script alone by extending our scope to include all of the markets that we operate in around the world. We're also looking forward to anticipate how new gTLDs could be used in the future. For example, we have already purchased a .BRAND Internationalized Domain Name (IDN) – .philips, in simplified Chinese script – and are currently investigating which other IDNs to acquire.

Philips is a truly global name, and we have customers and stakeholders all over the world. China is actually our second largest 'home' market. As such, it is very important for Philips to deliver localized messages, in the local language, to our audiences and customers across the globe, with the same look and feel. Using this approach, Philips intends to play a leading role in encouraging the adoption of gTLDs amongst the global internet community.

What are the opportunities for Philips having its own .BRAND TLD?

Philips is approaching the launch of new gTLDs as an opportunity to promote our brand by creating an online environment that we can manage, as well as a way of defending our brand and IP. Names like .philips and other .BRAND domain names will help make it very clear to Philips customers that they are visiting and engaging with a genuine Philips site – at both a corporate and a brand level.

What will make .philips a success?

By using the .philips TLD, Philips will be able to promote our brand by providing dedicated online content within the .philips domain, so that customers looking for Philips products are able to find genuine products much more easily. At the moment, some Philips customers shopping online are being unwittingly drawn to counterfeit items and then are subsequently disappointed by the poor quality of these fake products.

What will the Internet look like in 2020?

I hope it will be easier for consumers to search and to find the genuine items they are seeking. The success of gTLDs will ultimately depend on how big brands like Philips and search engines promote them. Together with these other key players, Philips hopes to make the Internet a safer, more navigable space for consumers.



POINT OF VIEW

Donuts is a leading Internet domain name registry founded in 2011, and the largest registry operator for the new gTLDs. Dan Schindler is Co-founder and Executive Vice President Sales & Marketing at Donuts.

How will the introduction of the new gTLDs transform the Internet?

It's finally a chance for a business, organization, family, individual, etc., to have a specific and relevant Internet identity that's short, meaningful and relevant to their interests or the information they want to present to the world.

Most new gTLDs are descriptive, dictionary terms freely available for purchase by the general public. Examples include: .media, .marketing, .guru, and .photography. In addition, end users will be able to purchase and use names in the following categories: geographic regions (such as .london, .nyc, .berlin), communities and interest groups (such as .gay, .eco, .ngo) and global languages and scripts (such as Arabic, Chinese, Russian).

Finally, over half of the world's most valuable brands applied for their own .BRAND gTLDs.

Instead of being made available for sale to the general public, these names will be operated by brands such as BMW, Nike, and HSBC. They will provide Internet users and brands alike with an added layer of security and brand authenticity as well as short, memorable names like www.3series.bmw or www.run.nike.

In a nutshell, new gTLDs will bring innovation, variety, and choice to Internet naming and allow marketers, brands, and business owners to acquire the short, meaningful, and descriptive web presences necessary for future online success. But with new gTLDs launching weekly, marketers and brand owners should educate themselves quickly in order to capitalize on this new opportunity to obtain their desired domain names and protect their IP rights. Domain names are the crux of Internet navigation and will be for a long time.

What is your strategy? How are you getting ready for this?

Donuts is the largest new gTLD registry operator with approximately 200 TLDs in the process of launching. Our strategy is one of simply making new and fresh naming choices available to people and organizations that need them. ICANN's program is about competition and consumer choice, and that's what we've focused on. Some of the world's largest brands, entrepreneurs, city and regional governments, community representatives, and small niche operators applied to operate new gTLDs.

How can a domain registry drive tangible differentiation at domain level?

Donuts' idea always has been to simply introduce gTLDs that are relevant and meaningful to end users. The semantic meaning of the gTLDs is sufficient enough to drive user adoption.

Additionally, it is easy to see how a short, relevant new gTLD name would catch the attention of Internet users. If someone is searching for a plumber, then www.myname.plumbing stands out as the obvious choice. Not to mention, the memorability factor implicit in a short, relevant domain name makes it easy to direct customers from offline media campaigns (such as billboards, flyers, TV, and print advertising) to the desired site.

What will the Internet look like in 2020?

New gTLDs will fundamentally change the Internet, altering the way end users remember and locate URLs. As with any marketing campaign, the keys to success in the new Internet are education, awareness, reach, and timing. Savvy marketers and brand owners have already realized that now is the time to have a short relevant, memorable, and meaningful new gTLD name and in addition innovate, become a market leader, effectively reach customers, and protect IP rights.



SECTION 2

THE GROWTH OF .BRAND DOMAIN ENDINGS

Companies will use .BRAND domain names to control their own space on the Internet

When ICANN opened up the domain name space for applicants in 2012, brand holders were encouraged to apply to manage their own .BRAND top level domain name – over 600 seized the opportunity.

By 2020, it will become the norm for companies to manage their own space on the Internet by managing their own domain name registry. A .BRAND domain presents a unique opportunity for a company to create a new and more effective online identity by integrating product and brand in a single domain – for instance, music.apple, bank.barclays, bags.hermes, sound.philips etc. Domain names using a .BRAND format will become a natural starting point for direct-type browser-based navigation and are likely to also be given the highest relevance in searches relating to companies and brands.

This approach will also provide an opportunity for brands to review current online security measures and investments, unlocking new strategies and potential cost savings. As a result, online criminals will quickly turn their attention to the brands without their own namespace.

The business benefits of taking a .BRAND approach are clear, starting with greater security. Much like the businesses that adopted online security measures early on, companies using their own gTLD will be seen as ‘safe harbors’ by internet users – and will thus be able to increase consumer trust and brand loyalty dramatically. The ringfencing of their online entity will ensure that their reputation, customers and ultimately revenues are protected. This approach will also provide an opportunity for brands to review current online security measures and investments, unlocking new strategies and potential cost savings.

Businesses will also use their .BRAND domain names to differentiate the online user experience and drive greater innovation. New gTLDs will let brands operate their own registry systems, allowing them to develop their own section of the Internet to best meet the needs of their customers. For example, companies such as Sony and Microsoft may want to improve the online gaming space using their .Playstation and .Xbox domains. With the ability to develop specific parts of the registry system, companies like these could introduce superfast servers at the root of the Internet to meet the needs of online gamers, improving the user experience and boosting engagement amongst this community of consumers.

Similarly, banks and other financial services organizations will have full control of their own DNS infrastructure and therefore be able to provide increased end to end security to their customers. For example, fraudsters will simply be unable to register any domain names under a .BRAND domain extension.

This means that .BRAND domains will enable brands to uniquely differentiate and tailor the online experience for their customers.

Conversely, the increase in the size and complexity of the Internet name space will make search even more important where a consumer does not have an end destination in mind. We will therefore see a rapid growth in relevance allocated to new gTLDs, driven by the volume of traffic to major brands’ .BRAND websites.

Benefits like these may help to explain why 41% of the CEOs/MDs/business owners questioned by NetNames felt that the new gTLDs will increase consumer trust in companies

- **Four out of ten (41%) of CEOs/MDs/ business owners believe that new gTLDs will increase consumer trust in companies and also increase the value of their business**

- **More than three-quarters (78%) of consumers who shop daily on the Internet would shun a company if they found themselves on a bogus website pretending to be that brand even though the company itself was not negligent itself**

- **More than half of daily internet users (53%) believe that the introduction of the new endings will make them more likely to enter a company's web address into their internet browsers to get to a website, rather than using a search engine**

and also increase the value of their business. For example, in its application for the .cba string, the Commonwealth Bank of Australia (CBA) stated that .cba will be used "to provide information, services and resources to customers in a way that promotes trust, confidence and utility", whilst providing an authoritative internet space for CBA.

A .BRAND approach will also allow for simplified navigation and search. A convention for naming structure in front of the dot will emerge that will simplify direct-type routing and modify search behavior, e.g.iphone.apple; lighting.philips; myaccount.barclays; find.hotel.

The benefits of this shift are clear. First, the descriptive nature of the new gTLDs will help consumers to memorize this naming structure and thus facilitate browser-based navigation where a consumer has a specific website destination in mind, making them less reliant on using a search engine to find websites. This will also force all search engines to allow direct browser search.

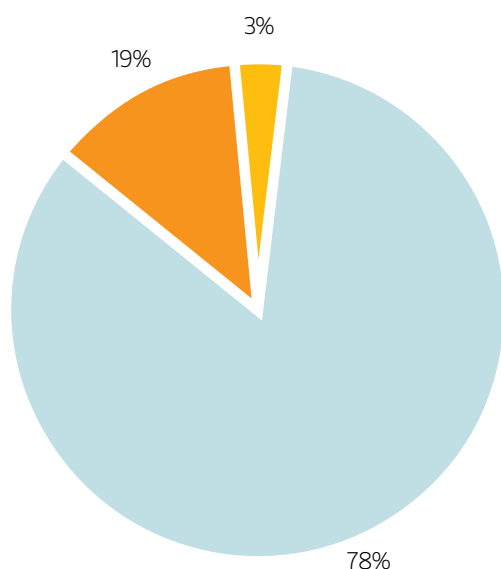
We believe the cost and ease of operating a .BRAND will reduce as the market matures and restrictions on timing for creating .BRAND domain names are removed so that they can be applied for at any time. It will therefore become the norm

for new companies starting up or companies launching new brands to base their primary website on a .BRAND gTLD..

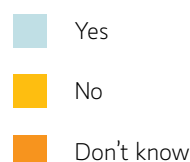
Consumers appear to be on-board with this approach as well. According to NetNames' research, 53% of daily internet browsers thought that the introduction of the new endings would make them more likely to enter a company's web address into their internet browser to get to a website, rather than using a search engine.

NetNames' research also revealed that 78% of consumers who shop daily on the Internet would shun a company if they found themselves on a bogus website pretending to be that brand even though the company itself was not negligent - and 54% felt certain about this. Overall, consumers in France felt the most strongly about this, with 72% saying that they would shun a brand in this scenario, compared with those in Britain (53%), the US (53%) and Germany (44%).

There is already very strong demand for .BRAND domains from companies. With ICANN expected shortly to announce a second round of .BRAND applications, all the signs point to a large surge in new corporate applications. We believe this will drive transformational change in the Internet.



NetNames' research revealed that 78% of people who shop daily on the Internet would shun a company if they found themselves on a bogus website pretending to be that brand





CASE STUDY

CERN, the European Organisation for Nuclear Research, is one of the world's largest and most respected centres for scientific research and the birthplace of the World Wide Web. In 2014, CERN turns 60, having grown from its beginnings as a small physics laboratory into a globally recognised brand.

Dan Noyes is the web manager for CERN's communication group.

What are the opportunities for CERN having its own .BRAND gTLD?

During its transformation into a global brand, CERN has retained a unique organisational structure. CERN is not a single company, but a research infrastructure that hosts many communities, united by fundamental science. The opportunity to own a .BRAND TLD will help CERN and its associated experiments and projects grow and flourish within this framework.

The current domain name system makes it very difficult to express the multitude of sub-brands that operate within CERN's ecosystem. The .cern gTLD will give individual experiments and projects their own online space, while simultaneously growing the presence and value of the overall CERN brand.

How is this change programme being driven within your organization?

Having our own TLD will allow us to regulate and curate our online space better, while also developing better governance models. For end users we hope to build a more semantic space that is easier and more pleasurable to engage with.

We are going to take our time to really think about how we manage this new online space. Our first project will be to migrate the CERN homepage and then – in a carefully planned and managed way – we will open up .cern to internal communities.

What will make .cern a success?

We want to shape .cern to the benefit of the communities within the organization as well as the audiences beyond it that we seek to engage.

One opportunity that the .cern 'reset' will offer is in the way that we treat archival material online. Given CERN is the birthplace of the web, we have tens of thousands of websites in our archive, including the very first web page ever created. I would like to develop an archival policy with conventions for older content that takes the full lifecycle of websites into account, for example.

What will the Internet look like in 2020?

The internet has grown and evolved organically and with that organic process, you inevitably accumulate complexity and confusion. My hope is that the new gTLDs will give rise to pockets of the internet that are closely curated, to the benefit of all users. I hope we see communities of trust growing in the new gTLD space.

CERN has not yet included IDNs in its current strategy but we certainly plan to do so in future. Previously CERN was exclusively a European laboratory, but countries beyond Europe may now apply for membership, and I think we will see some international .cern domain names by 2020.

I hope the web will be a lot more inclusive than it currently is. I hope that by 2020 we will see greater equality of access to a web built on an open internet, both within individual societies and across the global population. I hope that CERN can play a key role in making the web more inclusive, as its inventor intended.

CASE STUDY

Sandvik is a high-technology and global industrial group offering products and services that enhance customer productivity, profitability and safety. In 2013, the group had 47,000 employees and sales of just over 87 billion SEK in more than 130 countries.

Charlotte Falck is the trademark manager for Sandvik Intellectual Property.

How will gTLDs change user experience in the Internet?

The new domain names will ultimately enable internet browsers to more easily identify the company behind the web address. The new gTLDs will also make the internet a more secure place for information and give consumers confidence that products are genuine, creating a higher level of authenticity. For example, any person visiting a website ending in .sandvik will know that it is a legitimate page. We believe that it will take big companies like Sandvik to demonstrate how successful the new gTLDs can be.

Which gTLDs has Sandvik applied for and why?

We have applied for three .BRAND gTLDs: .sandvik, .walter and .sandvikcoromant. Primarily, we chose these brand gTLDs for the security they will offer the company and we hope that by owning our own .BRANDS, any potential cyber-squatters will be discredited.

What are the opportunities with a .BRAND gTLD?

.BRAND gTLDs present many opportunities for businesses. From an intellectual property perspective, we will be able to give our distributors access to the .sandvik domain so that their customers can be assured that the products they are viewing online are genuine.

How do you see companies with a .BRAND gTLD differentiating themselves from others over the next few years?

Once gTLDs are underway and internet browsers have started to utilise them, our .BRAND domain names will showcase Sandvik as a modern company and a pioneer brand in this area. We are the only brand in our industry that has applied for a .BRAND gTLD and we feel this expresses our forward-thinking nature. This goes very much in line with our new vision "we set the industry standard". What's more, our .BRAND gTLDs are likely to resonate well with the younger generation, who will be more accustomed to this new internet age. This may positively impact Sandvik's recruitment strategy by appealing to new talent.

What do you think the Internet of 2020 will look like?

When I started working with domain names in 1996, I would never have predicted how the internet would change in the following three years, let alone where it is now and where it will be in another six years. However, as a trademark owner, I would hope and expect that the internet of 2020 will be a more secure place for businesses – driven by the new gTLDs. Looking forward, we will need to have more gTLD programs. Once people have seen what can be done with the current program, I expect more organizations will get on board with the new domain names. Sandvik, as a modern company, hopes to showcase the opportunities that lie ahead with the new gTLDs.





CASE STUDY

Monash University is based in Melbourne, Australia. Founded in 1958, it is the university with the largest student body in Australia and home to major research facilities, including the Australian Synchrotron, the Monash Science Technology Research and Innovation Precinct, the Australian Stem Cell Centre, 100 research centers and 17 co-operative research centers.

Dr. Ian Tebbett is Chief Information Officer at Monash University.

What convinced you to apply for the .monash gTLD in the first place?

We are acknowledged by ICANN as being the first .BRAND in the world. Our motivations at the time were primarily around getting a name which would represent a more global presence for Monash. We now have campuses in five countries and a growing alumni trail across the world and we put quite a lot of effort into reputation and brand for the university, particularly in the Asia Pacific region. We thought this was one way in which we could harmonize our presence, even down to a tactical level of things that appear on handbooks and in marketing materials. As we got into it, we have seen even more opportunities.

In terms of looking ahead, what will make your .BRAND gTLD a success?

We have already reached a stage where we consider the project a success. We now have a tool kit that we can use which is part of our marketing mix and I'm sure we will mature that over the next 2 or 3 years. We started to use .monash experimentally – primarily for marketing and campaigns around student recruitment, appealing to a user base that will adapt fairly quickly to this new approach. It seems to be working. The first site we put up was about .monash explaining what a Top Level Domain is and why we are doing it. The main one at the moment is called destination.monash, which is aimed at pre-university scholars.

Looking to the future, the most interesting space that I'm keeping an eye on is the interplay between URL and search. We are increasingly using search techniques, especially for postgraduate students who tend to make enquiries through search models. This is also interesting because of the way that the browsers are beginning to work. Search-browser interaction is changing quite markedly and it won't be long until your search box and URL box are effectively the same.

Has Monash considered applying for any IDNs?

It is something we may well look at in the future. We do have a campus in China that will grow quite rapidly. It is certainly something we will consider in the future.

What will the Internet look like in 2020?

I do think that we are going to through another cycle in the internet. In the medium term (for the next 5 years) it is going to get messier. Clearly there are trademark issues and a generational shift is needed before new gTLDs become the norm. It will be a difficult journey to get this message across to the public. In the longer term (5-10 year lifecycle) things will become easier. A new set of tools will appear once the search-browser interplay has changed. If you look at what's happening in computing generally, new interfaces come along and what was once a primary interface is suddenly hidden to the user community.

I would expect a more visual experience for users. In recent years, the 'less-is-more' approach seems to be working very well with users.



POINT OF VIEW

ARI is a leading provider of Domain Name Registry Infrastructure Services and Consultancy Services for over 100 generic Top-Level Domain applicants globally, including .BRAND (.ibm, .barclays and .virgin), CITY (.sydney, .dubai and .abudhabi) and new generics (.luxury, .one and .menu).

Tony Kirsch is Head of Global Consulting for ARI Registry Services.

What is happening in the .BRAND market?

Some of the .BRANDs are going live now, and it's really exciting to see some of the great ideas that people are coming up with. In the next 6 – 12 months, we're going to see the emergence of the 'Super Brand' – organisations that really focus their .BRAND gTLDs on delivering unprecedented value to their clients, and it's going to be very hard for the others to compete.

Organizations are starting to awaken from their historical wait-and-see approach, but there are some global leaders across prominent industries that will soon take the lead on this innovation and quickly create a tipping point for other .BRANDs to get involved.

How are users going to embrace and adopt these changes to the Internet?

As people start seeing new extensions such as .london or .shop being publicised, there won't be much education needed – internet users will instantly understand what it means when they see a hotels.london or an iphone.apple domain name. It's important to remember that consumers are more adventurous and innovative online, and I don't think that the step to more relevant gTLD domains will be difficult at all for consumers.

What will success look like for the new gTLDs, and specifically for the .BRAND program?

For me, the purest level of success is when end users find themselves intuitively navigating the web and trusting their ability to find what they are looking for. Search is only really exists because there is so much content on the Internet. If users were given clear sign posts, people will be able to return to the days where they can go back to trusting their ability to find things themselves. It will probably take a few years and clearly brands will be the guide in this process. The key success factor for .BRAND applicants will be when users are coming to them directly and not using search.

The overall new gTLD program has already proven to be a success – there have been over a million domain name registrations in new TLDs, showing that there is a demand for people looking for innovative name spaces and new 'keyword' digital real estate. The Internet is so vast and people are looking for sign posts or assistance to navigate the web in more innovative ways than just simple search.

What will the Internet look like in 2020?

By 2020 we are going to be completely used to the concept of .BRANDS, and my guess is that ICANN will have been through at least two more application rounds due to corporates clamoring to have .BRAND top-level domains. Brands are under constant pressure to innovate and provide better services and experiences, and by 2020 organisations which applied for a .BRAND top-level domain and appropriately implement it will have enormous advantage over their competitors.

Also, in 2020 the Internet will simply be more relevant and facilitate the return on intuitive behaviour. It will need to be in order to evolve and continue to be the basis for globalisation. We also need to consider the arrival of remaining global population that are not online who will be leveraging the fantastic opportunity that mobile provides and joining the Internet community.

Our shared responsibility is to provide a system which provides far more beacons that are trustworthy, easier to recognise and more descriptive than ever before.



Community-related visualization of new gTLD's

Travel & Leisure

airbus, booking, changiairport, christmas, clubmed, cruise, cruises, delta, fly, genting, guide, holiday, hotels, hotel, hoteles, hotels, hyatt, kerryhotels, map, marriott, open, orientexpress, passagens, reise, reisen, shangrila, show, theater, theatre, tickets, tour, tours, travelers, vacations, viajes, viking, voyage, vuelos, webjet

Sport

afl, baseball, basketball, bike, cricket, dance, fan, fans, fish, fishing, football, futbol, golf, hiphop, hockey, horse, nfl, racing, rodeo, rugby, run, ski, soccer, sport, sports, supersport, surf, team, tennis, yoga

Real Estate

apartments, casa, condos, estate, fresenius, haus, home, homes, house, immo, immobilien, kerryproperties, land, lease, loft, maison, mls, properties, property, realestate, realtor, realty, rei, rent, rentals, room, space, studio, villas

News/Media

abc, actor, africamagic, arte, bbc, blockbuster, bloomberg, canalplus, cbn, cbs, channel, comcast, cookingchannel, dstv, dvr, eurovision, film, foodnetwork, fox, fyi, gallup, gotv, hbo, imdb, media, mnet, movie, news, multichoice, mzansimagic, netflix, nhk, observer, ollo, ontl, ott, press, qvc, radio, report, review, sbs, showtime, sky, spiegel, theguardian, today, travelchannel, video, weather, weatherchannel

Music & Art

art, band, beats, broadway, gallery, guitars, music, song

Money & Finance

allfinanz, americanexpress, amex, anz, bananexam, bank, banque, Barclaycard, barclays, bbt, bofa,

Adult

adult, love, porn, sex, sexy

Beauty & Fashion

beauty, fashion, furniture, hair, hot, ink, makeup, moda, new, salon, schwarzgroup, skin, spa, style, tattoo

Brand gTLDs

analytics, acer, aeg, airbus, aol, amazon, android, apple, bauhaus, boehringer, bosch, brother, calvinklein, canon, cartier, cern, chanel, chloé, cisco, cuisinella, dell, delmonte, deutschestop, dhl, dupont, epson, ericsson, ferrero, fls, flsmidt, fujitsu, fujixerox, gap, godaddy, google, gucci, hermes, homedepot, honeywell, htc, ibm, intel, iwo, java, kinder, kone, kpmg, lancaster, lancome, lego, live, microsoft, montblanc, mcd, mcdonalds, movistar, mirmuscle, mtpc, nec, nikon, nokia, norton, office, oldnavy, omega, one, oracle, pamperechef, panasonic, pccw, philips, piaget, pioneer, playstation, praxi, pwc, qtel, ricoh, rocher, sap, sas, schaeffler, scjohnson, sfr, sharp, shell, sina, skype, smart, sony, stada, statoil, swatch, symantec, tdk, tiffany, toshiba, tui, vanish, verisign, virgin, vista, vistaprint, walmarkt, weber, windows, xbox, xerox, xperia, yahoo, yellowpages, yodobashi, youtube, zippro

Business Niche

airforce, army, boehringer, boutique, build, builders, cab, camp, cleaning, construction, consulting, contractors, delivery, emerck, energy, engineering, equipment, events, express, extraspace, farm, farmers, ggee, glass, gripe, industries, juniper, law, lighting, limo, navy, next, nextdirect, open, phone, plumbing, politie, rocks, safety, services, solar, storage, supplies, supply, systems, taxi, trade, translations

Business Entity

afamilycompany, agency, associates, business,

New gTLDs

Luxury

boats, design, diamonds, jewelry, luxe, luxury, rich, vip, watch, watches, yachts

Insurance

aetna, aig, allstate, americanfamily, amfam, amica, anthem, axa, esurance, goodhands, guardian, insurance, insure, lifinsurance, maif, metlife, nationwide, nissay, northwesternmutual, onyourside, pramerica, progressive, prui, prudential, redumbrella, select, statefarm, swiftcover, tiaa, travelersinsurance, travelguard, trv, versicherung, vig

Health & Fitness

abbott, abbvie, alcon, bms, cancerresearch, care, clinic, dabur, dental, dentist, doctor, fit, fitness, health, healthcare, heart, hisamitsu, hiv, hospital, lilly, livestrong, lundbeck, lupin, med, medical, merck, merckmsd, pfizer, pharmacy, physio, rehab, sanofi, stada, surgery, teva

Games & Gambling

bet, bingo, casino, game, games, juegos, ladbrokes, lotto, play, poker, spreadbetting, tips, top, win, winners

Geo Culture

africa, alsace, aquitaine, arab, bayern, bzh, corsica, country, cymru, global, indians, irish, lat, latino, map, nrw, okinawa, pars, patagonia, persiangulf, place, ruhr, ryukyu, scot, swiss, saarland, tirol, town, vlaanderen, wales, world, zulu

Food/Gastronomy

bar, beer, cafe, catering, coffee, cooking, diet, dish, eat, food, grocery, kitchen, kiwi, mango, menu, organic, pizza, pub, recipes, rest, restaurant, rocher, vin, vodka, wine

Computer/Tech

antivirus, app, audio, auspost, blog, cam, camera, chat, click, cloud, codes, computer, data, dev, digital, docs, domains, download, drive, email, epost, fail, feedback, help, host, hosting, hotmail, link, mail, mov, network, online, photo, photography, photos, pics, pictures, ping, protection, search, secure, security, site, software, solutions, stream, support, support, systems, tech, technology, tube, web, webcam, website, wiki, zip

E-Commerce and Consumer Niche

ads, auction, bargains, bestbuy, bid, blackfriday, boo, book, boots, buy, buzz, cashbackbonus, center, cheap, clothing, coupon, coupons, day, deal, deals, direct, directory, discount, ecom, edeka, florist, fowers, foo, forsale, free, gift, gifts, gratis, here, kaufen, macys, market, pay, promo, qpon, sale, save, shoes, shop, shopping, shopyourway, store, tienda, tjmaxx, tjx, tkmaxx, tmall, tools, toys, trade, uno

Faith

bible, catholic, church, faith, guru, halal, islam, kosher, lds, memorial, mormon, rip, shia, shiksha, wedding

Educational

academy, career, careers, coach, college, courses, cpa, degree, education, ged, latrobe, mba, monash, phd, prof, rmit, scholarships, school, schule, science, study, training, university

Cause gTLDs

charity, earth, eco, gives, giving, green, ngo, ong

City

abudhabi, amsterdam, barcelona, berlin, boston, brussels, budapest, capetown, city, cologne, doha, dubai, durban, gent, hamburg, helsinki, ist, istanbul, joburg, koeln, kyoto, london, madrid, melbourne, miami, moscow, nagoya, nyc, osaka, paris, quebec, rio, roma, stockholm, sydney, taipei, tokyo, vegas, wien, yokohama, zuerich

chase, community, company, corp, enterprises, foundation, industries, institute, international, investments, limited, ltd, management, marketing, partners, plus, productions, safeway, sarl, srl, ventures, work, works

SECTION 3

THE RISE OF NON-LATIN CHARACTERS IN DOMAIN NAMES

New Internationalized Domain Names (IDNs) will become the natural home for domains that serve large populations whose first language does not use Latin script.

The Internet was designed to be global, but it was not designed to be multilingual. For decades, this limitation was most evident in website and email addresses, which permitted only a limited set of Latin characters. Of the 2.6 billion internet users worldwide, more than half have first languages that use non-Latin script. For this group of over 1.3 billion web users, .com has always been a foreign address.

Website addresses can now support non-Latin characters, referred to as Internationalized Domain Names (IDNs). More than 30 countries, ranging from Russia, China, Japan, Saudi Arabia and South Korea, can now have country code domains

in their native scripts. For instance, Russians no longer have to register a domain using the Latin (.ru) country code and may instead use the Cyrillic equivalent .рф. ICANN has now also allowed local-language equivalents of the new wave of gTLDs, including equivalents of .com.

These new IDNs will open up the Internet to regions containing more than 2.5 billion people, many of whom are in countries where we will see most of the growth in internet usage over the next decade.

Country	2013 Internet users (millions)	2013 internet users growth (millions)	2012 internet users growth (millions)	Internet population penetration (2013)
China	618	10%	10%	46%
USA	263	2%	2%	83%
India	154	27%	36%	13%
Japan	101	0%	1%	79%
Russia	76	9%	14%	53%
Indonesia	71	13%	15%	28%
Germany	68	1%	1%	84%
United Kingdom	55	1%	3%	87%
France	55	5%	4%	83%
Italy	36	2%	6%	58%

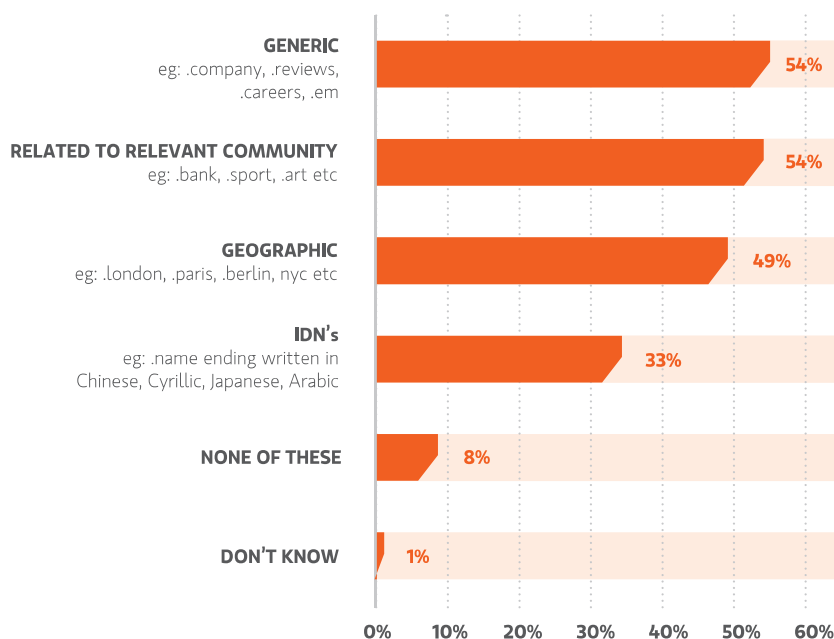
Source: KPBC Internet Trends Report, 2014

During its initial launch, ICANN received a total of 116 applications for IDNs, including 73 in Chinese characters, 15 in Arabic script and 9 in Japanese. Today, 101 of these applications are still live with a small number already available to register.

A number of companies have already taken advantage of this and applied for local-language equivalents of their brand names. For example, global consumer electronics group Philips has applied for the Chinese-language equivalent of its name (飞利浦) and the online retailer Amazon has applied for the Japanese version of its name (アマゾン).

One-third of the companies we surveyed (33%) said that they have applied – or will apply – for IDNs. Among those who have already started to invest in new web address endings, more than half (52%) stated that they have applied – or will apply – for IDNs, and this number jumps even higher amongst the C-level and above (59%), compared with just 22% of senior managers and 23% of those who work in legal roles.

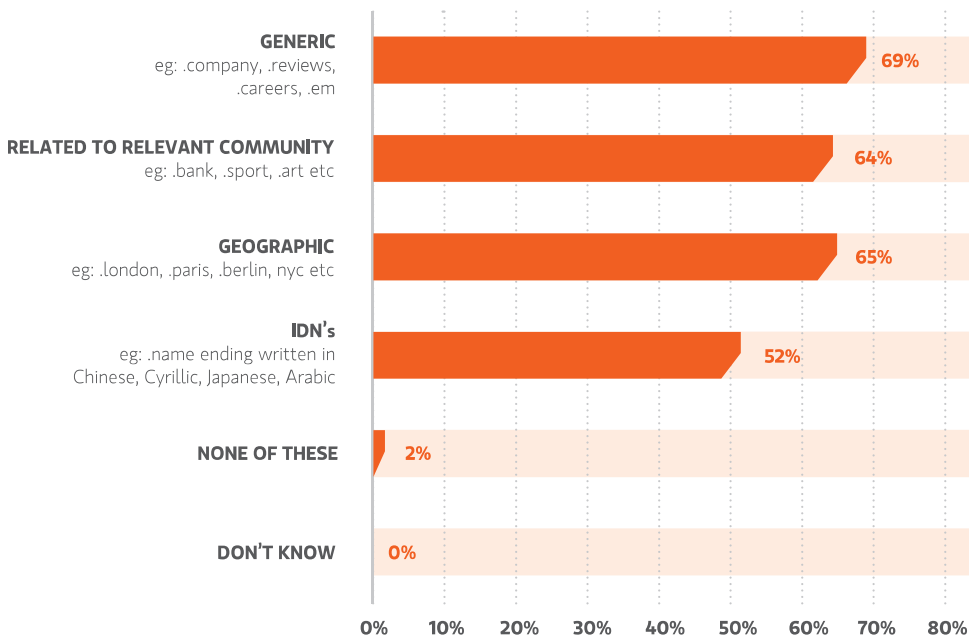
One-third of the companies surveyed (33%) said that they have applied – or will apply – for Internationalized Domain Names (IDNs) gTLDs



According to NetNames' research, businesses in the US were most likely to be interested in IDNs (42%), followed by France (31%) and Germany (29%). A company's size did not seem to play a major role in this decision, however; companies that have more than 50,000 employees were just as likely (39%) to pursue a domain name strategy that includes IDNs as businesses with between 1,000 and 2,500 employees (39%).

It is not difficult to see why IDNs will grow significantly by 2020. It is a positive development for making the Internet truly accessible to the world, improving its overall usability and creating a linguistically local web, in which people no longer have to leave their native languages to get where they want to go.

How will IDNs make the Internet more useable? Many non-Latin language scripts use a much larger character-set than typical Latin scripts, which means that today's keyboards tend to be a poor input device for computer users in many parts of the world. However, because much of the Internet today is dominated by languages that use Latin script, keyboards in these other countries have developed based on the QWERTY structure, with the local script hugely simplified to fit into this keyboard structure.



Among those who have already started to invest in new web address endings, more than half (52%) stated that they have applied – or will apply – for IDNs new gTLDs

The confluence of three factors is likely to change this model, however. First, the availability of touch-screen technology and the use of mobile devices will fuel the growth of input methods that cater for non-Latin scripts. Also, IDNs will make it possible to create entire domain names in non-Latin scripts. The biggest driver behind the adoption of IDNs, however, will simply be the massive growth in internet use in countries that use non-Latin scripts (e.g. Chinese, Japanese, Cyrillic and the Arabic scripts, and so on).

Without the restrictions of keyboard entry – and with the huge increase in local-language websites to serve indigenous local populations who have no interest in European language sites – the need for a Latin-script domain name will essentially disappear. In fact, a .com extension could actually become a hindrance to attracting local traffic to a website. Instead, the IDNs will become the natural route that indigenous populations choose to navigate to the websites they want to visit.

In addition, the introduction of IDNs will transcend geo-political boundaries, bypassing governmental controls and creating online communities that are unified by language. As a result, global brands wishing to gain access to these markets will have to adopt these localized domain names in preference to .com in order to address these consumers effectively. As of June 2014, approximately 20% of all new gTLD registrations are IDNs – we expect this ratio to increase significantly over the course of the next 5 years.

- **The availability of touch-screen technology and the use of mobile devices will fuel the growth of input methods that cater for non-Latin scripts**
- **The introduction of IDNs will transcend geo-political boundaries, bypassing governmental controls and creating online communities that are unified by language**
- **Businesses in the US are the most likely to be interested in IDNs (42%), followed by France (31%) and Germany (29%)**



POINT OF VIEW

The Internet Corporation for Assigned Names and Numbers (ICANN) is a non-profit organization that coordinates the Internet's global domain name system. ICANN's primary principles are to help preserve the operational stability of the Internet, promote competition, achieve broad representation of the global Internet community, and develop policies through bottom-up, consensus-based processes.

Akram Atallah is President of the Generic Domains Division at ICANN.

The new gTLDs will transform the Internet – why will this transformation be successful?

The Internet has grown over the past 20 years to become essential to the way we connect with friends and family, the way we do business and the way we learn about new cultures. Now the way we navigate the web is changing forever. The rollout of the new gTLDs will result in the largest-ever expansion of the Domain Name System (DNS), monumentally changing the way people live and thrive on the Internet. For example, companies and communities will enjoy more options to operate under a name of their choosing.

The new domains will also provide an opportunity for local communities, charities and small businesses to stand out from the crowd. Speaking of businesses, brands will be able to operate their own TLD, which can help increase their visibility, deepen brand recognition and build trust amongst their customers. While we can't predict the future, we believe this will create a platform for greater innovation and engagement on the Internet. This is evidenced by the number of new gTLDs that are rolling out now and the way they are being used.

What role does ICANN have to play as the future of the Internet?

In an increasingly interconnected world, ICANN plays an integral role in the future of the Internet. We believe in a multistakeholder approach that sees and addresses opportunities to grow online communities. This means making the Internet more accessible, secure and competitive through gTLDs and the new processes we established with the Internet community.

What part do domains names have to play in the "internet of things"?

There is so much possibility with the Internet of things – everything connected. Additional domain names can help facilitate this innovation from a technical level, and because of the New gTLD Program and the processes put in place, it will help ensure that the evolution is secure and stable.

What innovations in the Domain Name System do you anticipate through the new gTLD program?

History has shown us that, when given new horizons for self-expression, there are no limits to what people will think of. Let's start with greater accessibility to an Internet that now speaks their many languages – this is what is happening with the new gTLDs. This is the first time that Internationalized Domain Names (IDNs) will be available as generic Top Level Domains, enabling new extensions in different language scripts such as Arabic, Chinese, Greek, Devanagari and more. One example is the launch of .shabaka, which means .Web in English. The launch of this gTLD opens the door for Arabic speakers globally.



We also expect brands to find new ways to market their products and services to both established and emerging markets. Some may even open up their site to let fans, partners and others create email addresses that use the new domain name or even create a social network on the domain. Not only will this drive new levels of engagement with their audiences and promote closer connections between people, but it could open up innovative marketing opportunities that allow business to reach current and prospective customers.

What will the new gTLDs mean for businesses and consumers?

According to various industry reports, 2.7 billion people are connected to each other via the Internet today, and that number is rapidly growing. For the first time, Internet users across the world will be able to engage online entirely in their native languages. This change can help promote closer connections among people, brands and organizations and in turn provide new routes of self-expression and innovation. The new gTLDs will give both developed and developing markets, entrepreneurs and organizations opportunities to innovate, connect and shine on the global stage like never before. Additionally, the new gTLDs will open-up new routes for brand expression, immersion and engagement. There will be new white spaces for brands and organizations to build new platforms for digital innovation. For businesses with growing global consumer bases and e-commerce models, this next evolution provides grand opportunities to connect with their customers and reach new markets.

What will the Internet look like in 2020?

Six years is an eternity on the Internet. And that's precisely the beauty of the rollout of these new gTLDs. It is our hope, and vision, that the gTLDs can – and will – contribute to Internet innovation, and overall Internet accessibility and online community development.

POINT OF VIEW

As the global leader in domain names, Verisign powers the invisible navigation that takes people to where they want to go on the Internet. For more than 15 years, Verisign has operated the infrastructure for a portfolio of top-level domains that today includes .com, .net, .tv, .edu, .gov, .jobs, .name and .cc, as well as two of the world's 13 Internet root servers (A and J). Verisign's product suite also includes Distributed Denial of Service (DDoS) Protection Services, iDefense Security Intelligence Services and Managed DNS.

Pat Kane is Senior Vice President of Naming and Directory Services at Verisign.

What does the gTLD internet transformation mean for a registry operator?

The domain name industry is one of the most competitive marketplaces in the world, with dozens of back-end service providers, hundreds of registry operators and thousands of registrars and resellers offering a variety of TLD options and other online services to users. We see new gTLDs as part of the evolution of the Internet, expanding upon the existing domain name ecosystem and providing additional choices for individuals and organizations. Registry operators have a unique opportunity to contribute to that effort and help companies and individuals build their online presence through value-added services that focus on back-end technical operations, security and reliability, website optimization, and targeted web content marketing.

What is your strategy? How are you getting ready for this?

Verisign is participating in the new gTLD program, as it is important to be involved in the growth and expansion of the domain name ecosystem. We applied for 13 new gTLD strings, including 11 transliterations of .com and .net. In addition, more than 200 new gTLD applicants selected Verisign as their provider of back-end registry services.

As we have been running .com and .net for more than 16 years with uninterrupted availability and 100 percent operational accuracy, we are equipped to power the technical operations for these 200 new gTLD strings. We have the experience, resources and global infrastructure in place to ensure the security and stability of these new gTLDs and the array of Internet destinations they will enable.

As more new gTLDs become available, we will continue to commit the necessary resources to meet the root zone management volume increase associated with the new gTLD program.

Overall, as new gTLDs continue to become available for registration, we expect that .com and .net will retain their global brand appeal among Internet users for their consumer recognition, trust, and history of security, stability and reliability.

What difference will IDN gTLDs make for local language internet users?

A domain name is the single most important way to locate resources on the Internet in a stable and predictable manner and IDNs are poised to transform the Internet into a truly global and multilingual tool. There is an increasing number of non-Latin based language speaking Internet users and this number is expected to continue to grow as the Internet gains a more global reach. IDNs will make the Internet more accessible especially in non-Latin based language speaking communities as it allows users to access the Internet in their local language.

Specifically, the new IDN gTLDs will help to provide businesses and individuals with the opportunity to more effectively reach local native speaking customers in their native script. A completely localized domain name is memorable and easy for local customers to access. For global businesses, an IDN.IDN can help with expansion into new regions with local relevance.

We anticipate that IDN.IDN domain names will appeal to new and existing registrants. This could include micro businesses currently not online due to language barriers or relevance, as well as businesses wanting to communicate with customers fully in their native language. Additionally, IDN.IDN products should appeal to many current domain name registrants who want to expand into new regions and/or simplify the experience of finding their website by local users.

What will the Internet look like in 2020?

The Internet has doubled in size over the last decade, and it's expected to become even more pervasive. In a few years, we expect the world to be even more connected, with Internet access being a huge enabler of the global economy.

By 2020, we expect the Internet to be more geographically dispersed. We'll see a vast number of physical devices connected to the Internet, as billions of sensors on buildings, wearables and other electronic devices will provide information that could improve daily life.

However, as more people continue to use the Internet and businesses move critical operations online, we expect hacker attacks to become even more sophisticated and prevalent as well as targeted at Internet of Things devices. This is why we need to make the Internet safer and more secure for everyone with an eye on privacy preservation, in order to protect all the critical infrastructure, applications and data that will be online.



POINT OF VIEW

Flip Petillion is a partner in Crowell & Moring's Brussels office, where he practices in the Intellectual Property and International Dispute Resolution groups.

What do you see as the biggest risk to brands as a result of the introduction of the new gTLDs, and specifically the Internationalized Domain Names (IDNs)?

New TLDs offer easy opportunities to domain name hijackers to register a domain name that is identical or confusingly similar to a brand. The general public may not yet experience the effects of the multiplication of domain name extensions, but it is a major evolution in the development of the Internet. One of the obvious consequences of this evolution is the dramatic increase in the number of domain names registered in a variety of new extensions. This creates an enormous challenge for companies wishing to maintain and improve their online brand presence.

Companies that are globally active also face the risk of cybersquatting in scripts other than Latin. Abuses may pass under the radar for many years, but be a real nuisance when trying to expand their business in new areas.

Which steps and precautions should organizations take to protect their trademarks in this new internet age?

Finding the right balance between precautionary measures - i.e. registering in the Trademark Clearinghouse to participate in Sunrises - and combating abuses (UDRP and URS) is a continuous exercise. It is not possible any more – or at least extremely costly – to register every trademark in every domain name extension. We see trademark holders focus on their key brands. They analyze which extensions can be useful for their business and focus on those.

Very important is that companies actively monitor abuses and that they take quick and efficient action to halt the abuse. A strong reaction to abuses from the outset sends a clear message to cybersquatters. They don't mess with your brand and you take away their incentive to make new registrations with your brand.



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SECTION 4

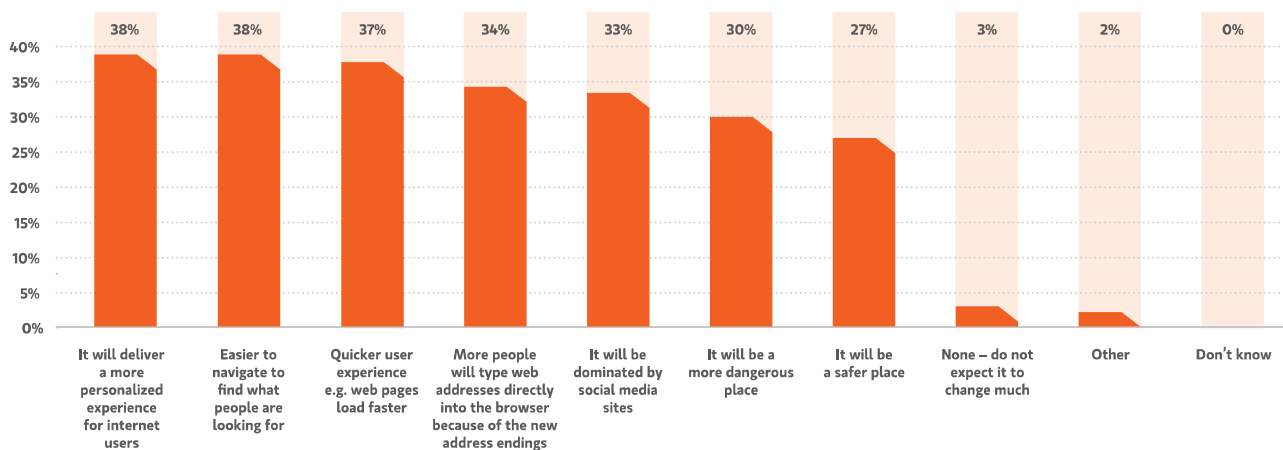
WHAT WILL THE INTERNET LOOK LIKE IN 2020?

Half a decade after the launch of new gTLDs, the Internet will almost certainly be a very different place: online access, mobile computing, traffic distribution, marketing strategies and the end-to-end internet value chain will all change significantly.

According to NetNames' survey, 92% of large companies in the US, Britain, France and Germany are planning to invest in new gTLDs over the next three years. Indeed, 46% say they already have begun to invest in this area and the same proportion (46%) has plans to follow suit.

From a business perspective, 37% of respondents believed that the Internet of 2020 will provide a quicker user experience (i.e. web pages will load faster), whilst more than one-third (34%) expected internet users to type web addresses directly into the browser more often following the release of new gTLDs. More than four out of ten MDs, CEOs and business owners (43%) shared this vision, compared to 28% of those working in online / digital / ecommerce roles and 21% of those in legal positions.

More than one-third (34%) of the businesses surveyed felt that internet users will be more likely to type web addresses directly into the browser following the release of new gTLDs

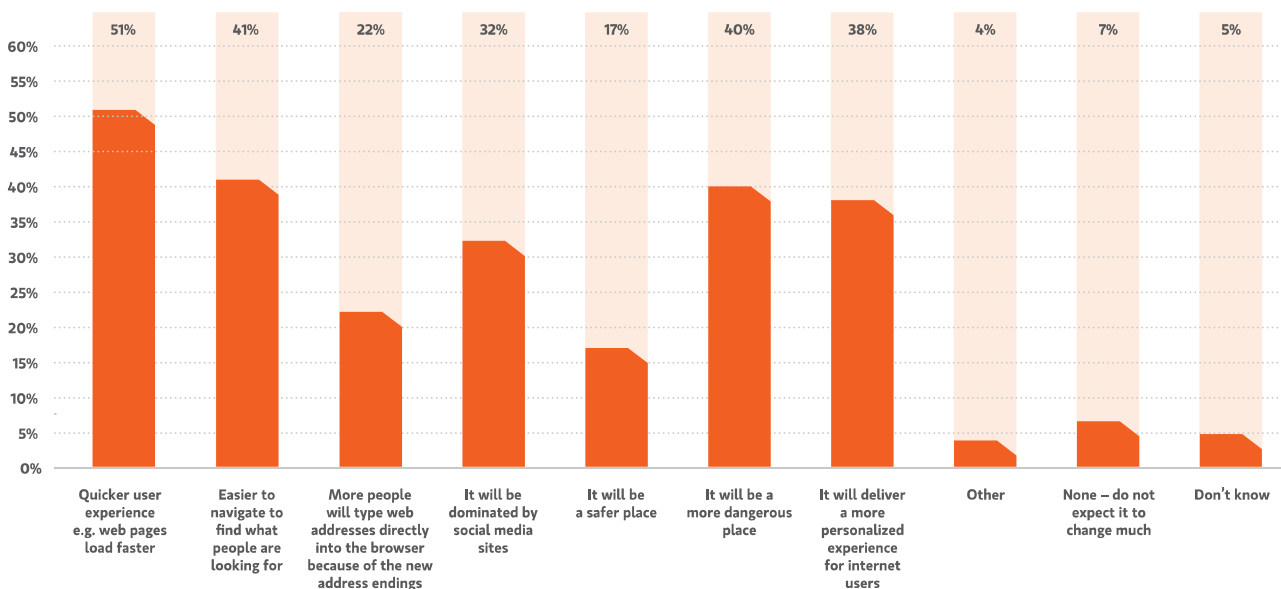


Nearly four out of ten (38%) senior business managers also felt that the Internet of 2020 will be easier to navigate than it is now, thus making it easier to find what people are looking for. An even greater number of businesses in the US believed this to be the case (51%), compared to those in Britain (28%) and France (32%).

In addition, more than half of the strategists surveyed (53%) felt that the Internet of 2020 will deliver a more personalized experience for internet users, along with 30% of those working in marketing and branding and 33% of employees in legal roles.

Consumers are expecting some major changes as well. More than half of the consumers questioned by NetNames (51%) felt that the Internet of 2020 will provide a faster user experience since, for example, web pages will load more quickly; those in Britain were the most likely to hold this view (55%), compared with just 44% in France.

Four out of ten consumers (41%) think that it will be easier to find what they are looking for online in the future

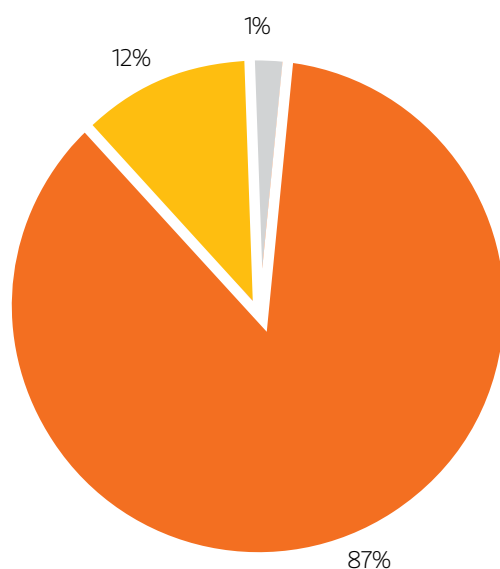


Opinion was divided on how safe the Internet will be in 2020, however. More than one-quarter (27%) of business respondents felt that it will be a safer place, yet 30% thought it will be more dangerous. Slightly more marketing and branding professionals (36%) believed that it will be safer, compared to those in online / digital / ecommerce roles (30%). Germany also stood out in this regard, with considerably more business managers there (51%) feeling that the Internet of 2020 will be a more dangerous place, compared to all the other countries.

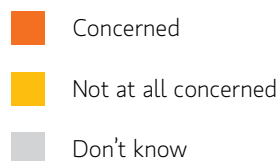
With the potential release of 1,000 new gTLDs in 2014, a new host of opportunities have been created for cybersquatting – the practice of registering domain names which infringe trademarks – and brand owners are now seeing new risks and challenges when protecting their online IP. Cases of cybersquatting have increased rapidly since the launch of the new gTLDs, with many global brands already falling victim to this practice, including IBM (ibm.ventures, ibm.guru), Burberry (Burberry.clothing) and Lufthansa (lufthansa.email) to name a few.

In the face of threats like this, nearly 9 out of 10 businesses (87%) admitted that they would be worried to some degree about keeping their brand and trademarks protected with the introduction of new gTLDs. Indeed, 41% described themselves as either very or extremely concerned. The most concerned respondents were those in marketing and branding roles (94%) and legal (90%), compared to just 76% of those working on business strategy.

As with the potential benefits on offer, consumers were able to see these same risks. Overall, four out of ten of the consumers surveyed (40%) believed the Internet of 2020 will be a more dangerous place, whereas only 17% felt it will be a safer place. Internet users in Germany were the most wary in this regard, with more than two-thirds of respondents (67%) saying that the Internet in 2020 will be a more dangerous place than it is now, compared to 38% in the US, 36% in France and 30% in the UK who held this view.



Nearly 9 out of 10 businesses (87%) said that they would be worried to some degree about keeping their brand and trademarks protected with the introduction of new gTLDs



• **41% of CEOs, MDs and business owners think that new gTLDs will increase the value of the business**

• **Nearly nine out of ten (88%) daily internet users expect the Internet to change by 2020**

• **Four out of ten consumers (41%) think that it will be easier to find what they are looking for online in the future**

The Internet in 2020, in summary:

- Although .com will remain popular, registrations in the new gTLDs will significantly overtake new registrations in .com and .net as these established domain names become saturated;
- Driven by the increase in internet adoption in non Latin-alphabet countries, a significant proportion of new gTLD registrations will be IDNs;
- The simplicity and specificity of the new gTLDs will make Internet navigation less reliant on search. Users will use direct navigation much more frequently, particularly when wanting to reach organizations that have their own .BRAND top-level domain.
- Search engines will adapt their algorithms to continue to provide both relevant and valuable information to their users. These algorithms and processes are designed specifically to deliver the best possible search results, so the additional relevance and specificity of the new gTLDs will become a significant weighting factor in search;
- The new gTLDs will shake up and disrupt SEO and search rankings, rebalancing the current dominance held by .com;
- Companies will adopt a more sophisticated view of their online engagement strategy, and leverage the new gTLDs to target specific audiences more effectively and with more relevant messages. In particular, .BRAND top-level domains will be common place and organizations will look to IDNs to more effectively engage with audiences in emerging economies;
- Brand holders will adopt more holistic trademark protection strategies to ensure their trademarks are proactively protected across all new gTLDs.

SECTION 5

KEEPING ONE STEP AHEAD OF THE TRANSFORMATION IN THE INTERNET – **A BRAND HOLDER'S GUIDE**

The release of new gTLDs will make it even more important for companies to manage their online presence very carefully, across a number of different job roles, as market fragmentation, new naming structures and domain names based on non-Latin characters disrupt the online world.

All businesses will need to reassess how they are optimizing their online presence in all of these areas whilst also protecting their hard-earned reputation, revenue and intellectual property. Internet 2020 may sound like a futuristic vision right now, but as any business that relies upon technology will know, changes like these tend to arrive with extraordinary speed.

Uncertainty surrounding rights protection mechanisms, dispute resolution and cybersquatting at the gTLD level has led many rights holders to take a defensive approach to the program, with some organizations spending hundreds of thousands of dollars to ensure that their rights are protected and that those acting in bad faith cannot apply and win gTLDs that match their rights. With the benefit of hindsight, it appears that measures taken by some have proven to be a less than cost-effective approach to protecting rights.

Navigating this change requires the input of stakeholders throughout any organization. It is essential that all departments understand the significance of the new gTLD program, and that it will introduce both opportunities and risks. Blanket registration of all trademarked terms under each new gTLD is simply not an option and would be ineffective and costly. However, while some additional investment is necessary, it can be optimized with a balanced Trademark Clearinghouse (TMCH) registration, domain registration and trademark monitoring strategy. By having the framework of your strategy in place and by selecting providers that are competent in these areas, you will be able to implement the strategy effectively.

The questions that each organization should be asking itself are as follows:

- What impact will the new gTLDs have?
- What are the opportunities and threats?
- What are our competitors doing?
- What trends are emerging in the new gTLDs?
- What audiences should we target?

Once those questions have been answered, rights holders then must understand:

- Which trademarks to protect;
- Which new gTLDs to register in, both actively and defensively;
- Which trademarks and strings to monitor in order to identify infringements;
- What strategy to take to deal with the infringements should they occur;
- How to optimize the investment required.

Through experience in developing sophisticated trademark policing strategies, NetNames has seen that the existing methods used by rights holders do not translate well to the new gTLD program. Today approximately 300 new gTLDs are available for registration globally. Only a small number of mass-market gTLDs are available today, but it is expected that over 600 open gTLDs will be introduced over the course of the next few years. The new gTLDs are far more descriptive than the existing set of 22. We will see a mixture of geographic (e.g. .london, .paris and .nyc), generic (e.g. .shop, .web and .news) and IDNs and transliterations (e.g. .ком, .网址 and .Онлайн) being launched side by side.

Determining the opportunities and threats that each gTLD represents to your business, in collaboration with those responsible internally for brands and marketing, will give you a clearer idea of what domains to register and in which phase of a gTLD launch the registration should be submitted. By employing this approach, you will be able to ascertain quickly which trademarks to submit to the Trademark Clearinghouse – an essential requirement for participation in a gTLD Sunrise launch. Having a well-defined strategy is key.

Many large-volume applicants are looking at inventive ways to make the liberalization less intrusive and onerous for brand owners. Various models will allow brands to block large numbers of gTLD strings without the need to register and operate domains. This model was first used by the .xxx registry operator ICM and proved to be popular and fair. The Trademark Clearinghouse offers an early warning system for brand holders, but in reality this provides little protection against actual domain infringement, so NetNames recommends adding trademarks to the TMCH only if you plan to participate in Sunrise launches. There are more sophisticated and cost-effective ways of monitoring and policing abuse of those trademarks that you do not plan to register in Sunrise, and you should not submit your entire trademark portfolio. With high registration costs for the TMCH, you will save yourself time and money by ensuring that you use this rights protection mechanism – created under ICANN's supervision – efficiently by submitting only trademarks that you intend to register as domains in Sunrise.

Brand registrations

Many organizations register domains that contain their company brand name(s), or variations thereof, as a way of protecting rights. This approach is simply not scalable under the new gTLD program; NetNames' advice is thus to focus on the gTLDs that are applicable to your business or sector.

As an example, 'netnames.online' is attractive as a domain to our business, whereas 'netnames.pharmacy' has no relation at all to us. In this example, we would look to secure the .online domain and focus on monitoring for infringements on our brand name under .pharmacy. As we would like to secure netnames.online before anyone else, we will ensure that our NetNames trademark is registered in the Trademark Clearinghouse and ensure that we apply for that domain during the Sunrise phase of .online to increase our chances of registration by attempting to secure it before others.

We see five main reasons for registering brand-related new gTLD domains:

- **Innovation** – a different gTLD appears unusual and exciting and provides a talking point for consumers, such as netnames.rocks and netnames.cool;
- **Focus** – certain gTLDs specify a sector focus, with potential for priority treatment in natural search, such as netnames.domains and netnames.website;
- **Trust** – consumers build trust in certain gTLDs which demonstrate security or help to verify identity, such as netnames.secure;
- **Organization** – specific gTLDs enable separate sites or sub-sites for visitors looking for a particular topic, such as netnames.contact and netnames.reviews;
- **Localization** – certain new gTLDs appeal to specific cultural groups, defined by location or language, such as netnames.london and netnames.مركز (the Arabic version of .com).

By setting rules internally for which brand registrations you intend to secure, you will keep a more efficient, cost-effective domain portfolio and ensure that you understand the implied cost of securing those domains. Depending on your business, many of the gTLDs that will be available for registration simply will not fit with your profile. It is therefore essential to take an early view on which gTLDs are relevant in order to mitigate costly Sunrise registrations that simply will not be used. Time should also be spent not only on brand registrations, but also on keyword or sector registrations that can be used with high impact.

Sector and Premium registrations

One of the most overlooked opportunities of the new gTLD program is the chance to secure sector-specific registrations. As well as trademarks, the new gTLDs offer a fresh opportunity to acquire valuable sector-specific domain names early and avoid costly after-market acquisitions. Quality sector registrations can be highly valuable both in terms of marketing and in search rankings. As an example, think of fashion.shop, film.reviews, music.download and car.insurance. The .com versions of these names have developed valuations into several million dollars, and big brands have invested significant amounts to acquire these names to capture the traffic that they attract. Publicly available data shows that insure.com was purchased for \$16 million, hotels.com for \$11 million, clothes.com for \$4.9 million and toys.com for \$5.1 million. There is an opportunity to acquire the new gTLD version before similar valuations develop.



Threats

It is not all good news from a branding perspective. New gTLDs have been widely criticized for increasing the range of domains available to cybersquatters. There are certain gTLDs that brands may simply be forced to register in. The new gTLDs open up new possibilities for cybersquatting and fraud, and a similar method used for assessing the gTLDs as an opportunity should be used to review those that represent a threat. NetNames has separated these gTLDs into three key areas:

- **Brand damage** – new gTLDs that present risk of brand damage from registration by disgruntled consumers. We see threats from opinion gTLDs (e.g. .sucks, .gripe or .exposed) and adult gTLDs (e.g. .adult, .porn or .sex). A recent survey of more unusual existing gTLDs (.asia, .biz, .info, .jobs, .mobi and .pro) indicated that cybersquatting here is common.
- **Fraud** – new gTLDs that could be used as reputable confirmation of identity in a phishing attack (e.g. .group or .solutions). Since the new gTLD program was first announced, there have been concerns about the potential risk from phishing. The European Banking Authority stated that “the potential for consumers of financial services to over-rely on what might be perceived as ‘regulatory endorsement’ of the companies operating under such TLDs is immense and the risk for new types of fraud and ‘phishing’ can be enormous”. The US Federal Trade Commission stated that “the proliferation of existing scams, such as phishing, is likely to become a serious challenge given the infinite opportunities that scam artists will now have at their fingertips”.
- **Counterfeiting** – new gTLDs that could be used for the sale of counterfeit goods and increase the chance of counterfeiters obtaining reputable domains (e.g. .shop, .deal, .discount or .save). Without adequate protection, counterfeit specialists might migrate their web address from yourbrandcheapoutlet.com to yourbrand.shop or yourbrand.store

Most of these gTLDs have legitimate uses in certain situations and our advice is to ensure that you understand whether these pose a risk to your brand. You can then decide upfront to secure registrations defensively in order to ensure that no one else does.

Monitoring and enforcement

There is an additional security tool available that should be used as an integral part of an online brand protection strategy: Advanced domain and content monitoring. It is not cost effective to register every brand name and common misspelling in every gTLD. Sophisticated monitoring solutions can provide a cost-effective way of identifying abuse and reducing the cost and administration of defensive domain ownership. It is a matter of balancing, in your domain name strategy, the cost of registrations with the cost of enforcing against abuse (in terms of dispute resolution process costs and legal fees). Clearly, there are plenty of options for rights holders to review and assess in developing a cost-effective gTLD trademark policing program for their business. Some may opt for a balanced mix of active and defensive registration, combined with monitoring, or may choose to invest more in one approach. One thing is clear: businesses should be well prepared for this imminent change. Key to this will be stakeholder engagement and a well-developed gTLD strategy. Review your options carefully and prepare your business and people.

Executed correctly, your strategy should shift from costly defensive domain registrations to owning digital domain assets that can demonstrate measurable return on investment. In some cases, rights holders may wish to switch from domain registration to infringement monitoring and enforcement, or a mixture of both. It is important to partner with experts who recognize that one size does not fit all.

APPENDIX

MARKET RESEARCH METHODOLOGY

This research was commissioned by NetNames and presents quantitative research carried out with 400 business senior managers and 6,000 consumers aged 18-60 who browse the Internet daily across France, Germany, the UK and the USA. All business respondents confirmed prior to interview that they operate at senior manager level or above and 21% are at C-level / VP level or above, while 35% are directors and 45% are senior managers.

Business respondents also confirmed their role in the company and the sample was weighted to have equal proportions of each of the following departments / groups in each country: MDs, CEOs & owners; people in marketing / brand roles; strategists; online / digital / ecommerce roles; and legal professionals. Companies also confirmed that their website was either an ecommerce site (61%), or a site that was an important marketing and information asset over which payment was not accepted (40%).

Finally, business respondents also confirmed that their organization had at least 250 employees. They also confirmed which industry sector they operate within and all the main sectors are well represented in the sample. Also, 84% of companies have multiple sites and 65% have sites in different countries.

For the consumer sample, all respondents confirmed prior to interview their age (18-60) and that they browse the Internet on a daily basis. The sample is split evenly between men (48%) and women (52%), and 73% of people work either full or part-time.

The fieldwork took place between 16th April and 1st May 2014 using an online panel. Before and during the interview, respondents were not aware that NetNames had commissioned the research. The results of the survey have been analyzed and sig-tested at a 95% confidence level according to various parameters. For this summary, any differences reported are statistically significant at a 95% confidence level.



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