



Generic Top-Level-Domains (gTLDs) to Enrich a Regional Telecommunications Operator's Business Portfolio

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Background - Generic Top Level Domains (gTLDs) -

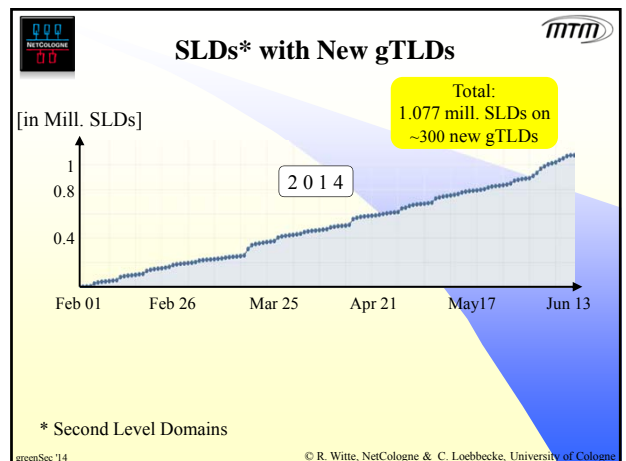
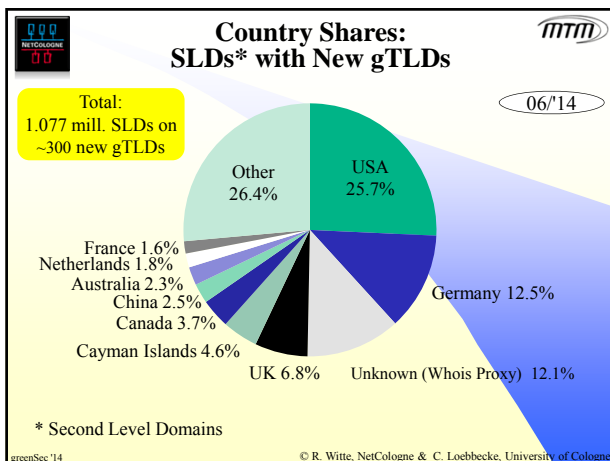
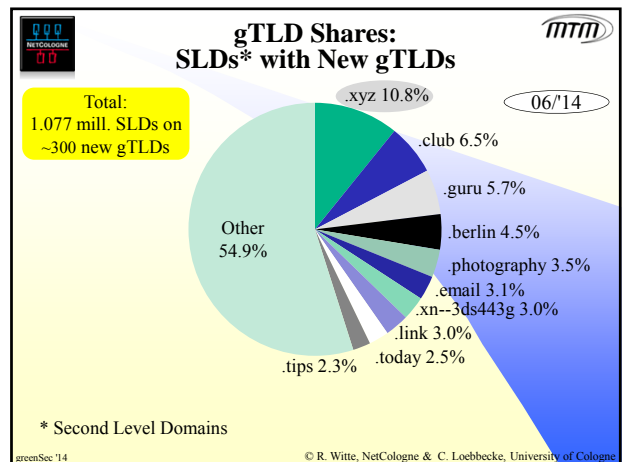
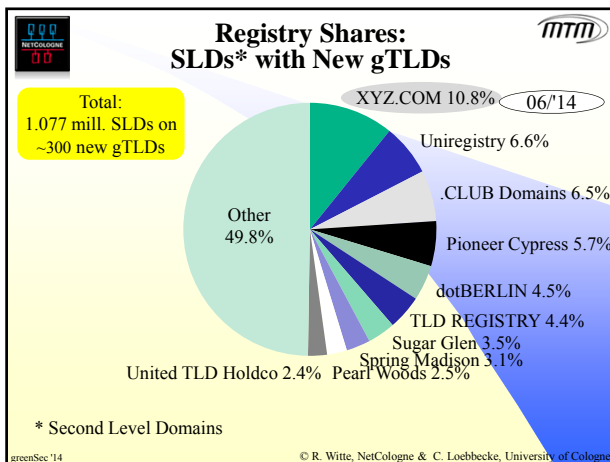
3+ character extensions, complementing 200+ country code TLDs



gTLD	Year
.com, .org, .net, .edu, .gov, .mil	1985
.int	1988
.biz, .info, .name, .museum, .coop	2001
.aero	2002
.pro	2004
.travel, .tel, .cat, .jobs, .mobi	2005
.asia	2007
.xxx	2011
.post	2012

⚡ Growing congestion of namespace

ICANN admitting >1,900 new gTLDs including geographic ones
(>300 approved – 06/'14)

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Research Questions

- (1) How to successfully *apply for and manage a new gTLD* ?
- (2) What business impacts are to be expected from *regional players offering geographic TLDs*?

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Research Methodology



Action Research
(R. Witte, Head of Sales & C. Loebbecke, external scientist)

➔ Case Study
(Baskerville, Myers '04; Eisenhardt, Graebner '07; Yin '09)

Regional telecom operator NetCologne

- Ongoing daily business and meetings
- In-depth interviews with NetCologne management, city representatives, service provider (Knipp), and ICANN employees
- Server data (e.g., pre-registrations)
- ICANN information



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NetCologne - Company in Brief -

- Founded '94 in Cologne, Germany
- Subsidiary of municipality / energy company (GEW)
- About 900 employees, €242 mill. revenue ('12)
- Providing full telecommunications service to private and business customers
- Own fibre network (FtTX and HFC): ~ 23.000 km
- Customers: 388,000 fixed, 216,000 TV, & 25,000 mobile

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NetCologne - Application as Registry -

- (1) 'Cologne internal' process to be supported & selected by City of Cologne (Oct. '12 – Jan. '13)
- (2) Applying at ICANN
 - Paying USD 185,000 per gTLD application (.cologne / .koeln)
 - Completing 50-question ICANN application form (2-3 pages per answer)
 - Ensuring
 - IT robustness
 - Intellectual property protection standards
 - Mechanisms enforcing prioritized domain name assignment to trade mark holders

Contract with ICANN signed: Jan. 9 & Feb. 5, '14

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NetCologne - 11-Week gTLD Roll-Out Process -

Pre-Registrations since Jan. 08, '14	>100,000 preregistrations for .koeln by 05/'14
'Sunrise' June 12 - July 13, '14	Anyone registered in Trademark Clearinghouse as a trademark rights preferential registration
Limited registration July 14 - Aug 12, '14	City of Cologne, City's subordinate bodies, other public bodies ('Reserved Domain Names'), others w/ special bond to City of Cologne
'Land-Rush' Aug 26 - Sept 4, '14	Anyone via paying increased registration fee: '10 days - offering 'special' domain names for €100,000 on 'Day 1' to €50 on 'Day 10'
General availability > Sept 5, '14	

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NetCologne's Geographic TLDs: Registry & Registrar 'Calculation'

Annual Cost	Annual Revenue
Year 1 & 2: <ul style="list-style-type: none"> - Marketing / launch cost: € 750,000 - Ongoing/operations: € 300,000 	as Registry € 5.50 x 50,000-100,000 domains = ca. €412,000 +
Year 3 onwards: <ul style="list-style-type: none"> - Marketing cost: € 100,000 - Ongoing/operations: € 300,000 	as Registrar € 13 x 30,000-50,000 domains = ca. €520,000 > € 900,000 as of 1 st full year

> ca. € 1 Mill. p.a. first two years, drastically decreasing after launch

plus opportunities from bundling with Internet access or hosting

plus one-time land-rush revenue

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Discussion

- 'Registry' sustainable business in the era of apps?
- 'Registry' useful addition to telco portfolio ?
- 'Geographic TLDs' as promising generic TLDs in global Internet business?
- 'Geographic TLDs' as local / regional business ?

URL crucial for search ranking

EoScope / Cross-subsidization

Emotionality / Strengthening regional brands

Local mktg. expertise

Decreasing URL visibility

Successful niche registries

Trend towards homogeneity / centralization

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EoScale

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Conclusion & Outlook



**NetCologne
(Registry & Registrar)**

✓

New, innovative business opportunity with limited financial risk

supporting local business / city


Business Value of Domain Names

✓

Ongoing research on market value of TLDs and SLDs


Edelman, Schwarz '11; Jeong et al. '12;
Lindenthal, Loebbecke '14;
Loebbecke, Lindenthal '14;

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.... Questions, Comments, Complaints ?


Thanks for your attention !




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