

# Report of Public Comments

<b>Title:</b>	<b>Report: Supporting the Domain Name Industry in Underserved Regions</b>		
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<b>Prepared By:</b>			
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<b>Section I: General Overview and Next Steps</b>			
<p>ICANN is exploring ideas and strategies to help promote the domain name industry in regions that have typically been underserved. In particular, ICANN is looking at existing barriers to registrar accreditation and operation and considering ways that these challenges might be mitigated.</p> <p>To that end, ICANN published in May 2014 a report for public comment exploring suggestions that ICANN has received to date for promoting the domain name industry in underserved regions. The suggestions included potential changes to the Registrar Accreditation Agreement as well as increased educational efforts and outreach by ICANN.</p> <p>Public comments received by the 30 June 2014 reply deadline addressed many issues. Many commenters urged ICANN staff to carefully consider the goals of this effort (including identifying metrics to measure progress). Some cautioned that increasing the number of accredited registrars will do little to promote actual domain name industry growth in underserved regions because the root issues include a low level of demand from consumers and other more fundamental challenges such as less-than-satisfactory internet penetration levels and even access to electricity.</p> <p>Many commenters supported potential changes to the Registrar Accreditation Agreement, though many advised against loosening contractual requirements based solely on a registrar's location. For example, the Registrar Stakeholder Group said it would support changes that applied equally to all registrars, regardless of location.</p> <p>Based on public comments, there will likely be multiple phases to this effort. There are several areas where ICANN staff could initiate changes relatively quickly, including providing more educational materials for registrars in plain language and multiple languages. During this early phase, ICANN staff—in consultation with the community—will also review the RAA's \$500,000 commercial general liability insurance requirement to determine whether changes could be made to ease the burden without threatening the security and stability of the Internet or leaving registrants without a remedy,</p>			

should a problem arise.

In a second phase, ICANN staff could help to ease contracting challenges by rolling out the Automated Registry Onboarding System (AROS) and encouraging registries to utilize the system.

In the third phase, ICANN staff could increase collaboration with ccTLDs to continue to learn more about the challenges facing underserved markets and sponsor and facilitate additional educational efforts in underserved regions. ICANN—as a community—could also explore greater opportunities for reseller involvement at ICANN, which could increase participation in underserved regions.

These phases could run in parallel, though earlier phases would likely be completed first. ICANN staff plan to post a detailed project roadmap for public comment in the coming weeks.

## Section II: Contributors

*At the time this report was prepared, a total of fifteen (15) community submissions had been posted to the Forum. The contributors, both individuals and organizations/groups, are listed below in chronological order by posting date with initials noted. To the extent that quotations are used in the foregoing narrative (Section III), such citations will reference the contributor's initials.*

### Organizations and Groups:

Name	Submitted by	Initials
Registrar Stakeholder Group	Michele Neylon	RR1
Asia Pacific Top Level Domain Association	Marc Salvatierra	APTLD
Registrar Stakeholder Group	Michele Neylon	RRSG
China Internet Network Information Center	Prof. Xiaodong Lee	CNNIC
The Centre for Internet and Society	Jyoti Panday	CIS
Registries Stakeholder Group	Paul Diaz	RySG

### Individuals:

Name	Affiliation (if provided)	Initials
John Poole	Domain Mondo	DM
Bob Wiegand	Web.com	WC
Yasmin Omer	DotShabaka	DS
Mahmoud A. Lattouf	Abu-Ghazaleh Intellectual Property	AGIP
Michele Neylon	Blacknight	MN
Hamza Aboulfeth		HA
Marc McCutcheon	TLD Registrar Solutions	MM
Graeme Bunton	Tucows Inc.	TC
Donna Austin	ARI Registry Services	ARI

ALAC submitted a comment to ICANN staff after the comments period closed. The comment is available at: <https://community.icann.org/display/alacpolicydev/At-Large+Report%3A+Supporting+the+Domain+Name+Industry+in+Underserved+Regions+Workspace>

In summary, the comment states that the ALAC strongly supports the concept of supporting the domain name industry in underserved regions but notes that simply increasing the domain name industry without corresponding increases in demand will not be helpful.

The ALAC's comment added that: "The evolution of DNI [domain name industry] programs should adhere to the following principles: 1) While increasing [domain name industry] penetration, the standards of suppliers should not be lowered; 2) education at all levels is key; 3) the processes to become a registrar should be clarified and simplified with training and support; 4) the demands placed on registrars should be reasonable based on local cost-of-living and related financial constraints; 5) the second new gTLD round should give preference to applicants from developing economies and undertake an outreach program to ensure a better understanding; and 6) technical and legal supports should be provided to new gTLD applicants in underserved regions."

### Section III: Summary of Comments

*General Disclaimer: This section is intended to broadly and comprehensively summarize the comments submitted to this Forum, but not to address every specific position stated by each contributor. Staff recommends that readers interested in specific aspects of any of the summarized comments, or the full context of others, refer directly to the specific contributions at the link referenced above (View Comments Submitted).*

#### I. Comments on the Goals of Underserved Regions Outreach and ICANN's Approach

The comments summarized in this section generally addressed the goals of ICANN's proposed "underserved regions" initiative and/or ICANN's approach to the initiative:

The RrSG would like ICANN to clearly articulate the goals of identifying "underserved" regions. If the objectives are to increase access to registration services, ensure service availability in languages and currencies, and increase customer choice and competition in smaller markets, then are there alternative ways of achieving the same goals? (RrSG)

The RrSG asked ICANN to establish clear, objective metrics or indicators to determine whether or not a region or markets is "underserved." And, once identified, establish benchmarks to determine whether or not increased efforts are successful, and the target market is no longer "underserved." (RrSG)

The report demonstrates the absence of a holistic approach being taken to develop a robust domain name industry in these regions. (DS)

The challenges and issues identified in the report are symptoms, and not causes, of an underdeveloped domain name industry. The proposed solutions may alleviate these

symptoms but will fail to address the root causes of an underdeveloped domain name industry. (DS)

Research must be conducted at the outset to identify and address the root causes of underdevelopment in the domain name industry. The research should at the very least:

- Identify qualities (and their associated statistics) of a robust domain name industry e.g. over 80% Internet penetration.
- Define the eligibility criteria for an “underserved region” based on the qualities of a robust domain name industry e.g. less than 40% Internet penetration.
- Identify “underserved regions.”
- Analyze in detail the differences between the domain name industry in the underserved region and a robust domain name industry by reference to the profile of the Registry Operator, registrar, registrant, and internet user.
- Identify proven measures aimed at addressing the deficiencies of the domain name industry in the “underserved region.” A holistic approach should be taken in this regard that is not limited to measures within ICANN’s perceived purview.
- Implement measures aimed at addressing these deficiencies e.g. poor consumer awareness may be addressed by a Domain Name Industry Roadshow in “underserved regions.” (DS)

We echo dotShabaka Registry’s assertions that the Report identifies symptoms of an underdeveloped domain name industry, rather than root causes, and over-focuses on growing the number of registrars in underserved regions. (RySG)

“We (RySG) believe that research on the matter would benefit from the holistic approach dotShabaka registry proposed. These steps are requisite if new registries and registrars in these regions are to succeed; without an engaged marketplace, they will be doomed to fail. Lastly, we underscore dotShabaka Registry’s insistence that efforts to support the domain name industry in underserved regions not unwind or undermine established ICANN policies that have come about through the bottom-up, multistakeholder process.”

Measures to increase the supply of domain names will be met with futility where the demand is lacking. Absent the adoption of measures to address the deficiency in demand for domain names, these registrars will effectively be set up to fail. (DS)

Establishment of a “local registrar” where there is no “local demand to register domain names will doom that registrar to financial failure. The real issue is “what is holding back registration of domain names in areas of the world that ICANN refers to as “underserved regions.” (DM)

If ICANN wants to promote the domain name industry in “underserved regions,” ICANN needs to assist those areas, in whatever ways it can, in establishing the three necessary factors which have been correlated with domain name registrations: good internet connectivity available for all; internet freedom (absence of internet censorship); high GNI per capita. (DM)

Has anyone looked at linking the cost of domain names and access to internet services with the cost of living and average salaries? (MN)

You can't talk about Domain Name nor Internet where you don't have electricity. (HA)

The point has been raised that an increase in Accredited Registrars in the region is perhaps not the best measure of the development of the industry, and that internet penetration, freedom and commerce overall are more pressing issues. Whilst this is almost undoubtedly true it should still be noted that an important role is played by Registrars, be they accredited or reseller, in internet advocacy, promotion and educating the wider public about the DNS industry and e-commerce opportunities. (MM)

Any changes in standards or Registrar responsibilities should require input from the multistakeholder community and before these changes are made; the community should clearly define success as well as identify how success will be measured. (WC)

It is disingenuous for the ICANN community as a whole to take part in making accrediting registrars more difficult while wringing its hands at the lack of participation from regions with less capacity. (TC)

There is a thread within this report that requires some dissection. It is the notion that participation within the domain name industry should come primarily in the form of full fledged accredited registrars. The impediments to this are well documented in the report: starting capital, the availability of insurance, managing registry agreements and other regulatory impediments. Further, the technical capacity required to build and maintain numerous registry connections is considerable. (TC)

There are other difficulties in becoming a registrar besides the technical and regulatory ones mentioned above. Margins in the registrar business are extremely low... [E]xtremely low margins also mean a successful registrar depends on scale, and scale requires considerable time as well as a willing and ready market. Frequently, selling domain names is secondary to a registrar's business. For hosting companies, who sell the majority of domain names directly to end users, domain registration is a cost, not a service they sell for profit. (TC)

New registrars are essentially required to reinvent wheels that have already been crafted and refined by others, with less resources, smaller markets and increased regulation. And for no strategic or business benefit. (TC)

Increasing participation in the domain name industry is merely a measure of other things that are more important... [including Internet speed and price, penetration of computers and smartphones, level of Internet awareness and participation]. What ICANN's role can be in affecting those things is a separate, but exceedingly worthy discussion. (TC)

A barrier to ICANN's capacity building initiatives has been the lack of trust, given the general view that ICANN focuses on policies that favor entrenched incumbents from richer countries. Without adequate representation from poorer countries and adequate representation from the rest of the world's Internet population, there is no hope of changing these policies or establishing trust. (CIS)

## **II. Comments Related to ICANN Contractual Requirement**

The comments summarized in this section generally addressed ICANN's contractual requirements and potential changes that could be made through the "underserved regions" initiative:

The RrSG is generally concerned that ICANN must not add cost-increasing requirements (such as those in the 2013 RAA) for established registrars and their resellers, while simultaneously proposing to reduce barriers for others. (RrSG)

Regarding General Liability Insurance, the RrSG asks ICANN to outline the specific risks that we are required to insure against. Is this requirement still necessary, given institutional improvements in other areas (e.g. Compliance and Data Escrow)? We also seek justification for the reduction of coverage based on registrar size, as well as what the logical break points for coverage requirements might be. (RrSG)

The RrSG asks ICANN to justify the requirement to have \$70,000 in working capital, and would like to ask ICANN whether this fixed level still makes sense for all registrars, or if it should be determined by revenue, number of customers, or some other measurement. And, importantly, we cannot support any use of JAS funds to subsidize or otherwise offset registrar fees to ICANN. (RrSG)

In relation to the current accreditation process I would urge ICANN to examine the existing criteria and see if they are suitable in today's climate. For example, the insurance requirements. Where do they come from? Why are they set at that limit? What purpose does it serve? (MN)

All ICANN accredited registrars need to be treated equally and should be held to the same standard. (MN)

We support ICANN working with insurance companies around the world to help better understanding of the insurance requirements of the RAAs. ICANN could publish a list of insurers who understand the industry so that nascent registrars have choice. (APTLD)

We also support regular reviews of contract provisions to ensure that they remain useful and that each clause does indeed serve an important function. (APTLD)

We would be concerned if ICANN lowered any minimum standards required which would

affect the ongoing security and stability of the Internet. (APTLD)

The required insurance as one of the requirements to become an ICANN accredited registrar might act as a burden for some small businesses interested in the industry. This topic is addressed in the report, but wanted to stress the fact that this issue might act as a huge burden for new entrants. (AGIP)

I do not want lesser barriers for Registrars from underserved regions... one thing I learned about ICANN is that everyone is the same! If we would like to address this issue, then we should not treat Africa or the Middle East any differently. (HA)

We strongly believe that ICANN should not decrease the accreditation or compliance standards for one group of Registrars unless those decreased standards are applied uniformly to the entire Registrar community. (WC)

Web.com supports the community proposal for ICANN to create variable insurance requirements for Registrars so long as those requirements are applied uniformly to all accredited Registrars. (WC)

It is important in our view that ICANN review and evolve its processes for accreditation and see if they are as relevant today as they were when launched. (CIS)

ICANN should, and must, increase efforts toward helping registrars find suitable insurance providers and scaling down the working capital. (CIS)

It is a feasible solution to provide a list of accredited insurance companies who are known to serve the existing registrar business for registrars. (CNNIC)

### **III. Comments Regarding Other Contractual Issues, Including Registry-Registrar Agreements**

The comments summarized in this section generally addressed additional contractual requirements and potential changes that could be made through the “underserved regions” initiative:

“[W]e need to understand the resistance from Registries regarding [the Automated Registry Onboarding System] AROS, if any, and how these concerns can be addressed. We believe there is value in “standardized” RRAs, where possible, which registries may then tailor to their specific needs with amendments, annexes, etc.” (RrSG)

Having to review complex legal agreements is time consuming and costly. While it could be argued that this is a “cost of doing business” it would be helpful if more of the Registry-Registrar agreements followed some kind of standardized approach. While some new TLDs have adopted variants of existing RRAs this is not the norm. However there is a line between what ICANN can facilitate and registry operators’ ability and right to conduct business on their

own terms. (MN)

If ICANN were to accept payment in other currencies and via other banks this might make things easier for many registrars and possibly registries. (MN)

I would be opposed to ICANN using its own funds to finance registrars in “underserved regions.” (MN)

The process of applying for accreditation for new gTLDs is cumbersome. Each registrar has to sign a separate agreement/contract with each gTLD provider. For many, this is time and resource consuming. It would be easier for everyone if there was one agreement/contract template for all registries to minimize the time taken to enroll. (AGIP)

Establishing credit at Registries is expensive, it is especially difficult for a business with low cash flow reserves who may have difficulty obtaining instant payments. It is my understanding that this is difficult in some regions of Africa, a PAYG system at Registry level would lower the risk for start-ups. (MM)

Most Registries offer a web interface where purchase can be made through a registrar account, this might be the preferred option for start-up businesses until technical knowledge can be afforded. Removing the OT&E requirement would allow this. (MM)

Web.com supports the community proposal for ICANN to create a clearinghouse to facilitate registry/registrar contracting and proposed standard language for RRAs. (WC) In addition, Web.com believes that ICANN should be more proactive in reviewing RRAs prior to submission to Registrars in order to ensure consistency with the terms of the ICANN Registry Agreement and existing consensus policies. (WC)

Web.com does not support the lowering of costs and capital requirements for Registrars based on region unless an equal credit is offered and applied to all Registrars serving said region. (WC)

CNNIC recommends ICANN to act itself or have banks as payment clearing houses and encourage registries to adopt a slide deposit schedule, which will largely relieve financial burdens for registrars that engage in providing domain registration services for a variety of TLDs. (CNNIC)

#### **IV. Comments Regarding ICANN Training and Materials**

The comments summarized in this section generally addressed ICANN’s training and materials and potential changes that could be made through the “underserved regions” initiative:

The RrSG agrees that ICANN could sponsor education and outreach efforts, and recommends that it be included as part of the overall “Registrar Certification” course required in the RAA.



We also propose that successful completion of the course would be recognized as an industry-wide certification credential via the training program operated and maintained by ICANN. (RrSG)

The Global Domains Division should follow the example of the larger ICANN community and expand its efforts to provide document translation and support resources in other languages. (RrSG)

Why isn't there an actual application form to become a registrar? At the moment there are pages of information written in quite obscure and technical English, but there isn't an actual form for anyone to fill out. There are a lot of references to various clauses in the RAA but no real explanation in plain English (or any other language) of what is actually being asked or what is required. (MN)

Providing better materials that are more accessible could go a long way to helping reduce issues that result from misunderstandings of registrar obligations. (MN)

Organizing webinars in local languages to update interested stakeholders about recent changes and how changes might affect their businesses might be a good idea to have more participation. (AGIP).

Most Registrar instruction, both at ICANN and the gTLD Registries, is vague and difficult to interpret. Very clear actionable insights, particularly in regards to compliance, sign up processes, fees, etc. would benefit potential Registrars with little experience. (MM)  
We recommend creating an online application process and simplifying the language keeping it contextual to the region. It would also be helpful if ICANN invested in introducing some amount of standardization across forms, this would reduce the barrier of time and effort it takes to go through complex legal documents and contribute to the growth of DNS businesses. (CIS)

CNNIC recommends that ICANN assemble a floating expert team for underserved regions to provide training opportunities. (CNNIC)

ICANN should publish translated documents in a timely fashion directly on the ICANN website. This will encourage more participation from a variety of underserved regions. (CNNIC)

## **V. Comments Regarding ICANN Outreach and Collaboration**

The comments summarized in this section generally addressed ICANN's outreach and collaboration and potential changes that could be made through the "underserved regions" initiative:

APTLD suggests that ICANN also actively work with ccTLDs in underserved communities. The local ccTLDs will know their community and the local Domain Name Industry. The ccTLDs may

also benefit from the growth of the local Domain Name Industry. (APTLD)

There are already a number of ICANN accredited registrars who focus on acting as a “clearinghouse” for other registrars and for resellers to engage with registries. Rather than have ICANN reinvent this “clearing house” role, nascent registrars should be encouraged to work with these “clearing house” registrars while they grow their businesses. (APTLD)

ICANN should, working with local communities, develop the Domain Name industry in underserved communities. This could include facilitating resellers in the first instance that, as they grow, become registrars. This will provide them the experience necessary to become a fully accredited registrar. (APTLD)

APTLD is aware of the work of the Middle East Strategy group and also note that the ICANN Oceania working group has also identified the Domain Name Industry as one of four areas of focus during the medium term. APTLD works actively with the Domain Name Industry within our region and will continue to do so. Should opportunities to co-locate training or meetings arise, these should be pursued. (APTLD)

There is a significant lack of awareness regarding domain name issues in some regions. ICANN has done great work to raise awareness, however, and similar to other awareness campaigns, it might need some time to see the results. ICANN along with the Internet community in these regions should maintain these efforts. (AGIP)

What ICANN should do is work closely with the established Registrars to develop this together, then when the industry flourishes other players may see an opportunity here and therefore become Registrars and probably not the other way around! (HA)

Ready access to a mentorship program that involves ICANN accredited registrars [may benefit the creation of local registrars]. An element of these mentors should aim to include those Registrars who have utilized the various reseller options available to them to first establish a web services business, and have then moved onto accreditation. (MM)

Engage with multinational businesses with a large presence in Africa and encourage localized Domain and DNS management. (MM)

ICANN should also push forward on efforts to ensure that registrars are sustainable by providing incentives for registering in underserved regions and help toward maintaining critical mass for the registrants. The Business Constituency could play a role in this and ICANN should endeavor to either expand the BC function or create a separate constituency for the representation of underserved regions. (CIS)

Given that local ccTLDs have relatively comprehensive knowledge in their communities and local registrars, CNNIC suggests ICANN should work with the ccTLD community in order to clarify varying degree of flexibility, such as the different criteria of CGL coverage could be set

up in geographically diverse regions. (CNNIC)

ICANN could partner with local educational organizations to cultivate talents with mature expertise and initiate boot camp events to absorb raw talents for DNS industry. (CNNIC)

## **VI. Comments Regarding the Role of Resellers**

The comments summarized in this section generally addressed the role of resellers in the domain name marketplace and the lack of reseller participation at ICANN:

Regarding Accreditation Fees and Costs, we do not agree that small registrars having to compet[e] with local resellers is necessarily a problem. In fact, by serving niche markets, regions or languages, this is precisely the role that resellers are intended to fill. On the contrary, if a regional registrar's cost structure is unsustainable in its current business model, it should consider converting its ICANN accreditation to a reseller of a larger registrar. (RrSG)

If we genuinely wish to increase participation within the DNI from underserved regions, we should find a space within ICANN for resellers who wish to participate and encourage them to do so. Our strong suggestion is that this should be an important part of the GNSO reform process. (TC)

Perhaps the most material distinction between registrar and reseller, at least in terms of ICANN, is one has a clear seat at the table and the other has no place. (TC)

## **Section IV: Analysis of Comments**

*General Disclaimer: This section is intended to provide an analysis and evaluation of the comments received along with explanations regarding the basis for any recommendations provided within the analysis.*

The community emphasized in public comments that there are significant challenges underlying low domain name services demand in underserved regions that have little to do with ICANN's registrar accreditation requirements. But the community also echoed many comments ICANN staff has heard before about ICANN's contractual requirements. The community said that adjusting certain contractual requirements for all registrars, such as registrar accreditation insurance requirements, could remove unnecessary barriers for businesses in underserved regions to seek registrar accreditation.

With these comments in mind, ICANN staff will first analyze whether and how contractual requirements might be modified without creating risks for domain name registrants and to the Internet's security and stability. ICANN staff will also improve materials to make the accreditation process and criteria easier to understand for prospective and existing registrars as well as the broader community.

At the same time, ICANN will continue its long-range outreach planning in light of the community's

comments. Staff plans to increase outreach and collaboration with businesses in underserved regions and to increase educational efforts and opportunities for all prospective and existing registrars.

This will be a long-range effort. A project roadmap that will be published in the coming weeks will attempt to encompass both short-range changes and long-term goals. This project starts with smaller steps that staff can take now to begin lessening known contractual barriers to participation in the gTLD marketplace but also incorporates the study and planning that will be required to effect more substantial changes, with the goal of increasing domain name industry participation worldwide, particularly in regions that have low levels of participation today.