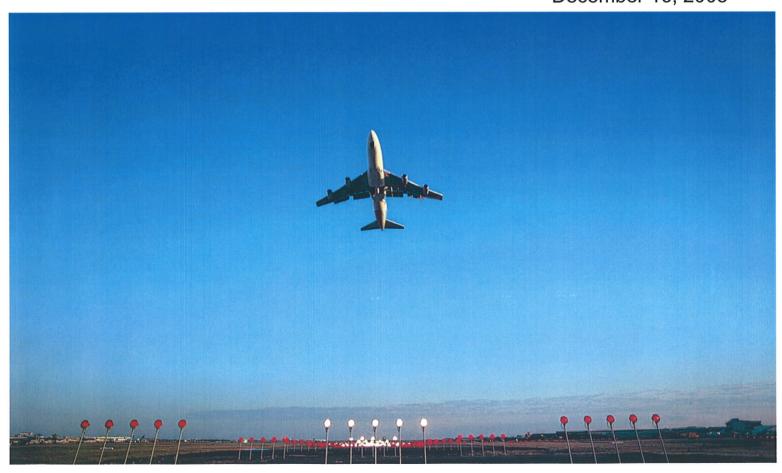Proposal to ICANN for renewal of SITA's sponsorship agreement relating to the .aero TLD

December 16, 2005

SITA

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December 16, 2005

Dear Paul,

SITA is pleased to submit its proposal to ICANN for the renewal of SITA's sponsorship of the .aero Top Level Domain. Enclosed with this letter is SITA's report concerning sponsorship of the .aero TLD and other information required by ICANN in support of our proposal.

SITA is a not-for-profit cooperative owned by 700 airlines and related businesses – including airports, aerospace, distribution and logistic companies. SITA has been serving the aviation community for more than 55 years with all aspects of their communications and information systems.

During the four year period that we have sponsored .aero, we have made a substantial investment in development of the domain. For example, through the Dot Aero Council (DAC), we have developed an active relationship with the aviation community as a whole, enabling the effective exchange of information to be sure that the future development of .aero meets the changing needs of the community as a whole. We have established a fully operational registry service and we have identified a number of opportunities for the further development of the domain for the benefit of the sponsored community.

Through this process, we have learnt many lessons about the operation of a sponsored top level domain which, we believe, have broader applicability to other sponsored top level domains. We take this opportunity to share with you and the wider ICANN community our experiences.

We believe that we remain uniquely qualified to manage the .aero domain and best serve the interests of the community as a whole in a neutral and unbiased manner – taking into full account the respective interests of the various sectors of the industry.

We look forward to continuing our role as Sponsor of the .aero top level domain.

Yours sincerely,

Hans-Peter Kohlhammer
CEO & Director General
SITA SC

1. Report of SITA's Sponsorship of the .aero TLD

(Description of Sponsor's effectiveness in meeting the needs of the sponsored community)

1.1. An established organization serving an existing community

The project to create the air transport community's own Internet space was initiated by SITA (formally the Société Internationale de Télécommunications Aéronautique, but known universally throughout the industry simply as SITA) in 2000. SITA is a co-operative organization owned by more than 700 airlines and related businesses, including airports, aerospace companies, distribution companies and logistics operators. SITA was founded in 1949 by 11 airlines that recognized it would be more cost-efficient to pool the provision of telegraphic resources across their rapidly growing international networks, rather than develop their own.

SITA was founded after the 1939-45 world war, at a time when the majority of today's supranational and international organizations were being formed, including the International Civil Aviation Organization (ICAO) as an agency of the new United Nations Organization, and the International Air Transport Association (IATA) as a body representing the interests of airlines.

The simple logic of the SITA co-operative structure (with members charged according to their usage of the system, together with a 'subscription' fee) ensured that its services rapidly became essential to the safe and efficient development of air transport. As a global co-operative, untied to any particular state and with a clear not-for-profit mandate, SITA was also able to operate within the state-owned telecommunications environments that characterized most countries, in some cases with a requirement of near-invisibility. For decades, SITA has employed staff in virtually every country and territory in the world, speaking scores of different languages. The organization has thereby made a substantial contribution to the transfer of communications technologies to countries that would otherwise have been unable to afford or gain access to such equipment.

Against this background, it was an obvious step for the air transport community to embrace the idea of creating and running its own top level Internet domain.

1.2. Representation of the community in policy development

Although the domain is sponsored and managed by SITA, the agreement negotiated with ICANN was always premised on the basis of a governance system that ensures the aviation community as a whole remains actively involved in the evolution of standards, the maintenance of the domain's integrity and the pioneering of new services.

The process through which this takes place is the Dot Aero Council (DAC), a forum for the effective exchange of information designed to ensure that the future development of .aero meets the changing needs of the community as a whole.

Members of the DAC are drawn from relevant and respected associations that represent the various interest groups within the community and act on behalf of various registrant groups. They include Airport Council International (ACI – based in Geneva, representing airports); the Civil Air Navigation Services Organization (CANSO – based in Amsterdam, representing air navigation services providers); Federation of Airline General Sales Agents (FAGSA – based in Geneva, representing air freight logistics companies); Fédération Aéronautique Internationale (FAI – based in Lausanne, representing air sports); International Air Transport Association (IATA – based in Geneva, representing airlines and commercial air transport operators); International Civil Aviation Organization (ICAO – based in Montreal, acting as an observer on behalf of civil aviation authorities and based on its status as a UN body); National Business Aviation Association (NBAA – based in Washington DC, representing business aircraft operators); SITA itself (based in Geneva, representing other aviation industry associations and aviation distribution systems); and ARINC (based in Annapolis, US and providing transportation, communications and systems engineering solutions for industries that include aviation and airports). The Dot Aero Council is open to new members.

The Dot Aero Council meets twice a year to assess the state of the domain and evaluate policy proposals submitted by SITA or third parties through the SITA website or directly through DAC members. The ability to consult policy issues with the DAC has been critical to ensuring that the interests of diverse segments of the community can be properly recognized and that the resulting policy provides a good balance between the sometimes diverse needs of various segments of the community.

The allocation of domain names provides a good example. In the early 1950s, ICAO, IATA and SITA agreed on the need for industry standards for both telegraphic message content and protocols. The result was the introduction of agreed designators based on the now-familiar two-character airline designators (e.g. BA for British Airways), three-character airline codes (e.g. AMR for American Airlines), three- and four-letter airport location identifiers (e.g. LAX for Los Angeles and EDDC for Dresden), flight number identifiers (e.g. BA724) and a number of other designators and identifiers related to specific elements of air transport operation.

When the Internet was first introduced, however, many of the designators and codes were legitimately taken as domains by companies and organizations that had nothing to do with air transport (e.g. sas.com is not the airline but the software services company). With millions of domains registered using almost every word in the English language, predictability is crucial. So the .aero domain has gradually introduced a structured naming convention based on the industry's own long-established designators and codes, without in any way conflicting with those air transport businesses that have a well-established Internet presence via the company name and top level or country domains.

Currently, and following evolution of this policy over time, all existing airport and airline codes have been pre-registered by SITA and reserved for the use of designated code holders. This affects not only two-character airline codes, three-letter location codes and three-letter airline codes, but, also, following community feedback, the decision was made recently to extend the pre-registration process to include the additional three-character airport codes in common use in the US.

Other consultations with DAC have taken place in areas such as allocation of specific reserved domain names, evaluation of the eligibility criteria in unexpected situations or determination of the selection criteria and the choice of the .aero registry operator.

1.3. Community outreach and awareness building

The reach of a sponsored domain is different from that of traditional domain registrations. Many registrants are first-time domain-holders – and even experienced registrants, justifiably, have different expectations from a sponsored community focused domain.

For example, we have observed that individuals processing the actual domain registration request, whether industry professional or employees processing the request on behalf of their employer, are often unaware of the requirements and issues associated with domain registration. Recent telephone surveys carried out by our staff confirmed that most "non-renewing" registrants interviewed were simply unaware that they had to renew their registration and genuinely believed that their name was still registered by their registrar.

To further the mission of .aero "to create a structured, open and constantly evolving Internet naming architecture which helps the aviation community to integrate systems and services, and streamline communications within the community and with its partners", in the last four years, SITA has made a significant effort to reach to a wider aviation community. Communication has been focused in two directions.

First, we have introduced communications programmes intended to build awareness of the existence of the .aero domain, the availability of domain registration service and navigation of potential and current registrants through the maze of issues traditionally associated with domain registration. For example, a recent issue of the .aero newsletter carried an article on ICANN's domain hijacking report and provided advice for registrants on how to minimize the risk of such incidents. Also, to develop the community spirit further and improve the value of .aero names, SITA has launched on the web site www.information.aero a free online directory intended for registrants of .aero names.

Second, a major part of communications efforts relating to .aero are intended to develop a general awareness and deeper understanding of the Internet and its potential for facilitating communications

throughout the air transport community. So newsletter articles, workshops and other development activities conducted by the .aero team explore the possibilities provided by the underlying technology for better integration and communication within the community, with particular reference to industry specific problems and applications.

1.4. Effectiveness of eligibility and name selection services, dispute resolution

Eligibility and name selection services provided by SITA have proven to be highly effective in discouraging speculative domain name registrations. The service provided by the .aero office focuses on verifying the eligibility of individual registrants, ensuring that industry codes are allocated in accordance with the Domain Management Policy, and enforcing the Policy. Indeed, SITA has cancelled several domain name registrations on the ground of non-compliance with Domain Management Policy.

We continue to believe that the ability of the Sponsor to directly enforce domain registration policies is one of the most critical factors in building a sponsored top level domain.

Registrants and other interested parties have a wide spectrum of options at their disposal to resolve various disputes relating to .aero name registrations. In addition to UDRP, CEDRP – and to ensure that registrants have a recourse in case they disagree with Sponsor's decision – SITA has introduced an Eligibility Reconsideration Policy, which allows registrants to request an independent review of the Sponsor's decision. The policy has been developed in close cooperation with WIPO, with any request being reviewed by an independent aviation expert. No disputes have been filed under ERP or CEDRP.

1.5. Contribution to the innovative use of domain names

The main feature and challenge of .aero is that it combines "traditional" domain registration services with new, community-specific, use of the domain name space.

Qualified entities – organizations and individuals – often register domain names for traditional purposes such as branding for a new web service or in order to set up a website. Indeed, there are airlines in many parts of the world with a .aero domain name as part of their livery, and major industry events have selected .aero domain names as a means of advertising their Web presence – such as the Aviation and Environment Summit using www.environment.aero.

SITA is working with the DAC to develop infrastructure, conventions and policies in the .aero domain. For example, the development of naming structures for a fast, and simple means of accessing information related to air transport in the form of short and predictable domain names, based on recognized industry conventions. Following a period of policy development, SITA has pre-registered all airline and airport codes. From those, more than 200 codes have been taken over by the respective code holders. It means that a frequent traveller can access the websites of airlines and airports using codes such as www.cx.aero, www.ok.aero, www.ba.aero, www.nw.aero or www.jfk.aero, www.lax.aero, www.lcy.aero, or www.gva.aero.

In 2003, and in cooperation with Geneva International Airport and with the technical and operational support of the Council of Internet Registrars (CORE), SITA conducted a pilot "flight status" service to demonstrate that a large group of predictable domain names can together act as a distributed database of information for travellers. Thanks to the support of ITU, the service was available for all ITU Telecom 2003 participants and was accepted very positively by travellers and entities serving travellers. The pilot service provided SITA and the community with valuable insights and lessons that are now being applied to management of the domain.

1.6. Perspectives

Traditionally the air transport community has maintained rigid standards for inter-system communications pinned to the underlying centralized network. However, with IP communications over the Internet rapidly becoming the *de facto* standard for business-to-business transactions – and as the community begins to embrace this new technology – the absence of well defined standards restricts the flexibility and scalability of the solution.

Many air transport companies, airlines and airports are having to establish bilateral or multilateral mechanisms to connect their systems over IP networks and increasingly rely on a small number of hubs to gateway between their systems. The end result is a different number of solutions for the same problem, although each is achieved independently.

Work is being pursued in order to develop a framework for intra-industry communications using DNS as a means to simplify addressing in the IP network environment. Airlines in particular will benefit from this work. For example, while most airlines have moved to an IP environment, some still rely on legacy networks. From a community perspective, development or standardization of messaging formats, naming schemes or communication mechanisms taking advantage of the Internet should also provide for transition from and translation to legacy messaging.

While not all of this work is directly related to – or indeed requires the existence of – .aero, it is clear that an industry's own top level domain with a governance mechanism directly linked to existing industry standard-development bodies can help to facilitate this important transition.

1.7. Lessons learnt and proposed additions to or deletions from the delegation of policy development responsibility from ICANN to sponsor

Our renewal proposal to ICANN is based on the assumption that the existing charter and delegation of policy development will remain substantially unchanged.

While we do not request any specific changes in the charter or policy delegation, during the last four years we have learnt valuable lessons and identified two areas where a change of our agreement or a change of policy on ICANN side would be for the benefit of a sponsored community and Internet users overall.

1.7.1 A sponsored community should not be required to serve the needs of a distribution channel: rather, the distribution channel should serve the needs of the community

As indicated in the past – in our annual Proof-of-concept reports and on numerous other occasions – we continue to believe that the current agreement has proven to lack the flexibility necessary to establish a distribution channel suitable for the needs of the sponsored community and that it is counter-productive to create a competitive environment in the context of a small community-focused TLD.

While registrars in general are highly qualified and effective in providing generic domain registration services, the registrar community typically lacks deeper understanding of the needs of a sponsored community. An average registrar cannot easily determine whether a potential registrant is a member of the community – and not least whether the potential registrant identifies with the specific needs of the community.

The recent acquisition of a major .aero accredited registrar (holding the majority of .aero registered domain names) by a third party not authorized to register .aero names illustrated the vulnerability of the model. It has demonstrated that the benefits associated with an established organization acting a sponsor can be easily lost.

Also, in the past fours years, SITA has been forced to turn down a number of applications from aviation entities in the least developed countries – simply because the current distribution model is unable to accommodate the settlement mechanisms traditionally used in the air transport community.

In summary, what was once an appropriate means of introducing competition in an established .com market, has proven to be highly inappropriate for a start-up top level domain with a narrowly focused community. Insistence on the registrar model unreasonably increases the cost of operating a sponsored top level domain and indirectly forces the operator of the domain into a "first come first served" registration model – not because this would be the best service for the sponsored community but because this is the only way service can be provided in the existing structure.

While we intend to continue working with ICANN-accredited registrars, we also ask ICANN to allow SITA to serve the community directly – and to allow SITA to involve other entities that

SITA considers qualified in the distribution of .aero services as envisaged in our original proposal for .aero in 2000. Failure to achieve improvement in this area, in our reasonable opinion, will prevent SITA from serving the needs of the sponsored community, lead to stifled competition, and eventually to a failure of the concept of sponsorship.

1.7.2 Registering and using names in new top level domains is not for the fainthearted

In her July 2004 report[1] on policy and legal issues on new TLDs Miriam Sapiro concluded that: "Launching a new registry is not for the faint of heart". We could add that, for a registrant, registering and using a domain in a new and sponsored top level domain is also not for the faint of heart.

Initially, registrants experienced frequent problems where their e-mail or Web address was considered invalid by many websites – simply because the verification routines on these websites assumed that there are no other top level domains other than ccTLD and .com, .net and .org,.

SITA staff assisted numerous individual registrants in addressing their issues and SITA contributed to the development of RFC 3696 Application Techniques for Checking and Transformation of Names. In this context, we wish to express our sincere gratitude to Dr. John Klensin, author of this RFC, whose dedication, depth of understanding of the issue and incessant work have been instrumental in this effort.

While there has been substantial improvement in recent years, occasionally registrants continue to experience difficulties when using domain names from new TLDs. Conceivable, this problem will continue to affect new TLDs as they are being created by ICANN.

We continue to believe that ICANN, as the organization responsible for coordination of the Internet, should take the lead to address this issue on a global scale.

1.8. Conclusion

As we seek renewal of our sponsorship of the .aero domain, we conclude that, while the free spirit of the Internet must be nurtured, so vast is its reach and its future value to mankind, its freedom depends on the adoption of norms and commonly agreed standards. The genius of the Internet has always been its simplicity and its humility – not interfering any more than is needed, providing only the basic infrastructure, relying on the community at large to maintain openness and commonly agreed standards.

The option of a sponsored domain for global communities run along the lines of .aero – based on the needs and aspirations of that community within the broader community, run by that community for the benefit of its members and for the broader community at large – has much to recommend it in resolving issues of governance and future development.

Of course, what suits the aviation community will not necessarily suit other communities. And there is no doubt that issues of root server security, stability and interoperability need global coordination. But it is surely better for an identifiable community to be able to retain maximum freedom for innovation and the evolution of communal standards, than to be governed wholly by a dominant global body applying generic standards and policies. That was the basis on which ICANN originally agreed to endorse the introduction of the .aero domain – and it remains the guiding light for the .aero domain, its sponsor and its community as a whole.

We take our responsibility seriously and we are looking forward to serving the aviation community as the Sponsor of .aero for years to come.

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[1] Evaluation of the New gTLDs: Policy and Legal Issues, presentation at the Kuala Lumpur ICANN Meeting by Summit Strategies International, 22 July 2004. Link: http://www.icann.org/presentations/sapiro-forum-kl-22jul04.pdf

2. Certification that the Sponsor has complied with all of the material terms of this agreement

Escrow arrangement

As we have already informed ICANN, the Sponsor has an escrow arrangement in place, different from the escrow agreement described in the ICANN agreement. This has been implemented proactively by the Sponsor, following several unsuccessful attempts to implement the escrow agreement as structured in the existing sponsorship agreement.

Further, following the selection of the new registry operator, the Sponsor is currently conducting negotiation of a data escrow agreement with Iron Mountain on terms substantially consistent with terms in other ICANN registry agreements.

Replacement of SITA INC with registry operator not associated with the Sponsor

SITA issued Request for Proposal to identify a new registry operator in July 2005 and is currently negotiating an agreement with the preferred supplier selected in this process. Agreement signing is imminent.

The Sponsor certifies that it has complied with all material terms of the Sponsorship Agreement with the exception of the item(s) stated above.