



# Comment on gTLD Marketplace Health Index (Beta)

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Version: **2**  
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**Business Constituency Submission**

**GNSO//CSG//BC**

## Background

This document is the response of the ICANN Business Constituency (BC), from the perspective of business users and registrants, as defined in our Charter:

The mission of the Business Constituency is to ensure that ICANN policy positions are consistent with the development of an Internet that:

1. promotes end-user confidence because it is a safe place to conduct business
2. is competitive in the supply of registry and registrar and related services
3. is technically stable, secure and reliable.

## **gTLD Marketplace Health Index - Beta**

The BC welcomes the opportunity to review and comment on this Beta report designed with metrics to assure a robust, stable and trusted marketplace. The BC is especially interested in the results made visible via this report, as they reveal new details about the state of confidence, competition, and security among gTLDs.

We appreciate ICANN's efforts toward the development of this Beta report, and recognize that the initiative to establish a gTLD Marketplace Health Index advances ICANN's core mission. The BC supports ICANN's priority attention to the implementation of this Index.

The BC mainly agrees with the factors named for determining health in the areas of competition, stability and trust, with the expectation that ICANN will continually seek to improve measures and calculations and inputs with each publication of the Index.

We understand that only some results are provided in this Beta, as other elements defined for calculating robustness of competition, stability of the marketplace, and trust, are still in development or under consideration. Additional elements desired by the BC are detailed below under the heading "Additional Topics for Community Discussion."

We will plan to continue to work with ICANN to review and refine the inputs and calculations as development continues.

## **General Comments**

We note that the intended frequency of publishing is twice each year until v1.0. The BC is interested in knowing the intended frequency ongoing, and again suggests targeting 'quarterly' as the desired frequency of reporting.

We note that the report is a presentation of mainly graphics/charts/figures—and is somewhat light on clarifying statements, explanations, definitions. We look forward to seeing more explanatory text in future versions. Also, figures will benefit from more explanation of inputs, calculations, and results.

Regarding the attached "An Economic Evaluation of gTLD Performance Metrics" report from Dr. Bhargava of UC Davis, we are in agreement with the Caveats and Next Steps named in the report, for points on which ICANN should be mindful, and for recommendations of changes to be made. We

especially make note of the statement of caution regarding interpreting results in Section 4 - Summary and General Observations, and the importance of measuring across time, and suggest that these be accounted for in future versions of the report, and communicated to the report's audience.

We note ICANN's inclusion of an information technology management academic and see the opinions and input as useful, and suggest that the development of this report continue with input from disciplines such as economics and statistics as well, as application of related disciplines to these marketplace metrics will likely improve the baselines and usefulness of this report going forward.

Other useful items in the UC Davis report which we recommend using are:

- Principles for metric design
- Suggestion to evaluate if the metrics capture relevant factors
- Suggestion to push more sophistication re: measurement, normalization into subsequent phases

### **gTLD Marketplace Health Index – Beta: Calculations, Figures, Inputs**

#### **(1) Calculations**

Some calculations in the report are provided with pinpoint precision while others are not. We suggest maintaining consistency across classes of calculations.

For example: "These data are presented at a 95 percent confidence interval with an estimated percentage plus or minus approximately two standard errors," is the label for only one of the graphs--Accuracy of WHOIS Records. By contrast, "Second-Level Domain Name Additions in gTLDs: Year-Over\_Year Growth Rates (2010-2015)" includes percentages rounded to both a tenth of a percent and a hundredth of a percent, and with no note about deviations or means, or why two different rounding schema are used in a single graph. Consistency where possible will add to the readability of the report and decrease opportunities for confusion.

#### **(2) Figures**

A more diverse color palette for the report's figures will allow distinction of categories and distinction of inputs across figures. For example, in Figures 12 and 13, the color used for new gTLD additions is the same color used in Figure 16 for domain name deletions. Consistency of color schemes across figures can be achieved with a broader color palette and will result in greater readability and comparison of data across figures.

#### **(3) Inputs**

One test of the gTLD Marketplace Health report should be its utility. Inherent in its utility is that the report's audience understands how to use it, and does not misinterpret that data. To this end, we recommend including solid definitions of terminology. Defining the inputs will be helpful to knowledgeable readers, as well as make the document more understandable those among the audience who are less knowledgeable.

It would be useful to have names of Figure(s) in addition to or in lieu of page numbers when referencing content elsewhere in the document.

## **gTLD Marketplace Health Index – Beta: Comments by Section**

### (1) Geographic Diversity

The BC recognizes these results as a strong start for this category, agreeing that inputs are currently not reflective of reality within regions, but provide a good beginning view intra-regionally.

In addition, it is noted that this measure is for physical presence in a marketplace that is primarily virtual. We look forward to subsequent reporting that strives to account for this factor.

### (2) Competition

In calculating the metrics, each gTLD registrar or gTLD registry operator family is counted once, then added to the number of independent gTLD registrars or gTLD registry operators.

It is desired that Competition reveal registrar and registry operators operating independently vs. part of larger families with a corporate parent, the latter of which ICANN's infographics provide.

### gTLDs – Total

Definitions are here for H1, H2 which are abbreviations used earlier in the report. Suggest defining abbreviations on first reference.

Figure 7 - Description is for "total number...in existence," and graphic is for "number of registrations"—174 million. With approximately 326 million current registrations in existence today, this graph shows 174 million registrations after H2 of 2015, with no explanation for the disparity.

Also, there appears to be no view in the report of renewals vs. initial registrations, or separation of .com vs other TLDs.

### gTLDs - Additions and Deletions

It appears that there is a typo in the following sentence, with the second instance of the word "deleted." "Second-level domain name deletions in 2014-2015 are shown (on page 9) as a percentage of total second-level names deleted in each category."

Figure 14 - Suggest adding words to the title for agreement with the title of Figure 15 and easier comparison of the two.

Figure 17 - Some figures present numbers that are (meant to be) relative to each other. Some are relative to a total number that is not named. (This confusion may be due to a typo in the last paragraph on page 6.) But it requires a closer look to get clarity. Suggest adding text that makes the visuals more reader friendly, as in the explanation for Figure 19, for example.

Figure 18 - It appears that some figures are relative to each other, and that some are relative to a total number that appears to not be named. This confusion may be due to a typo in the last paragraph on page 6.

### Marketplace Stability

It seems that voluntary vs. involuntary de-accreditations will be difficult to separate, as abandonment and failure to pay fees can constitute an intentional opt-out.

Figure 20 - The accompanying note states that a figure with measures for gTLD registry operator terminations is not included because the number is zero. As this Beta is as much about format as results, suggest making a place in the report for it anyway, so that when numbers are greater than one, the community knows that this will be reported. Also, the note states both that this “would normally be reported,” and also that ICANN will “consider publishing” the registry metric if numbers are greater than zero. A firm commitment to publish these numbers is suggested.

Note that, in the case of registrars, ICANN terminates accreditation agreements and in the case of registries, the registry operator terminates the agreement with ICANN. Both appear under the heading entitled “Involuntary Terminations.”

Suggest defining de-accreditation vs. termination.

Suggest defining the term “registry operators,” as some readers may confuse the term with back-end registry operators.

### (3) Trust

For the sake of clarity, consider including an introduction explaining what the figures in this section of the report are intended to communicate.

The “Number of UDRP and URS Decisions Against gTLD Registrants” figure and the introduction are descriptive and useful. Suggest keeping this figure as-is.

### Accuracy of WHOIS Records

Figures 22 and 23 are presented with inclusion of standard deviations. The additional specificity may detract rather than add to the message provided by the graphs.

Otherwise, this section of the document is a model for other sections—it is highly informative, providing explanations for the graphs in language that is easy to understand. Exceptions are the inclusion of standard deviations

- unsure if anyone intends to scrutinize this closely on the Beta
- matches in color scheme but is otherwise unlike the other graphs w/presence of standard deviation measures.

- use of SME statistical terms accompanying superfluous information is inconsistent and a distraction

### **Additional Topics for Community Discussion**

The BC reiterates its desire that the most appropriate factors be used, despite the fact that they may not be the most easily available, and despite the fact that the data may not currently be collected by ICANN.

We welcome consideration of the following topics that were raised by the BC in January 2016:

#### **Concentration index for gTLD registry operators and gTLD registrars**

(assuming that this denotes concentration around particular geographies, as opposed to some other type of concentration--like age or pricing schema) Additionally, the BC suggests that counts from registrar resellers are distinguished from counts from ICANN-accredited registrars themselves.

#### **Geographic distribution of gTLD registrants**

Original BC suggestion: Measure volume of new registrations across a country, then cross-segment by registry/registrar country to determine level of competition/choice.

#### **Number of reported cases of phishing**

#### **Incidence of cybercrime**

##### **Incidence of abuse:**

- Number of abuse complaints against gTLD registrars involving malicious or abusive registrations
- Number of unique second-level domain names in gTLDs that had abuse complaints filed against them
- Number of times a response was made to a report of abuse

#### **Capture net effect of resellers in the marketplace**

Note that this is listed in the report as two separate additional topics for community discussion, namely, "Percentage of second-level domain name registrations in gTLDs completed by resellers," and "Number/percentage of resellers broken down by ICANN region and/or legal jurisdiction"

### **Additional BC Requests**

Reiterating the BC's earlier comments that did not appear to be addressed in the July report, and are not among the items listed for future community discussion:

- We note that marketplace stability is reported as a measure of the number of gTLD registrars accredited and de-accredited over multiple periods. There is no reporting of marketplace dependencies and vulnerabilities.
- Accuracy of WHOIS records is reported, broken-out by Syntax Accuracy and Operational Accuracy. There is no reporting on WHOIS complaints or WHOIS reputation and/or trust.
- Use weighting and filtering to prevent large entities from dominating results, to make KPIs more useful by pinpointing potential problem areas.
- Capture direct competitiveness, robustness, other metrics in addition to renewal rate---new registration velocity, average pricing, ratio of registrar agreements per gTLD.
- Separate .com from other gTLDs in reports of numbers of registrations, deletions
- RE: trust in the marketplace, separate .com from other gTLDs
- Review market share broken out across families
- Distinguish between renewals and new registrations
- Measure average pricing, pricing spread of actual sales transactions; average or relative number of sales per price point, as little price diversity can indicate a lack of competition
- Take into account all of the related actions that do not involve ICANN compliance.
- Publish reports quarterly. Incorporate period-over-period trend data.

### **Additional Topics for Community Discussion**

Despite not commenting earlier about the topics below, we note their inclusion in the Beta report and support the development of metrics for these items as helpful additions to the Index:

- Survey data on perceived marketplace fairness
- Percentage of gTLD registrars offering registrations in IDN gTLDs
- Number of gTLD registrar security breaches reported to ICANN
- Number of complaints reported to ICANN regarding misleading information from gTLD registrars and resellers
- Number of compliance issues with gTLD registry services detected by ICANN SLA monitoring system
- Average number of gTLD registrars offering a gTLD (average across gTLDs and broken down by category)

## Glossary

- Suggest improving the definition of IDN. Current definition does not account for what makes IDNs distinct.
- Suggest improving the definition of Geographic gTLD, or provide pointer to inline definition.
- Suggest improving the definition of gTLD registrar. (An uneducated reader, the UC Davis author, used the existing definition to confuse “registrar” and “registrant.”)
- Suggest improving the definition of "registry," to present it as more than a database, as well as to distinguish between registry, registry operator, operator family.

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This comment was drafted by Angie Graves, and was approved in accord with our charter.