

### Making Money on the Buy - With Andrew Rosener

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Today's interview is all about buying great domain names at value pricing, so you can resell them for a profit. We are going to learn some great tactics and about a brand new platform that is turning auctions upside down. Stay tuned.

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Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name investor and entrepreneur directly from the experts.

Today's guest is a repeat Domain Sherpa. He has helped us learn about how to value generic domain names, and we have named an equation after him. Go to any search engine and type in 'The Rosener Equation' and you will see the formula today's guest shared with the world. But today we are going to go a bit deeper. We have had some great Sherpas on here, who talked about many of the different aspects of domain name buying and selling, but none who have talked about how to find great domain names for purchase. So, that is what today's show is going to focus on.

Returning back to the show to help us understand this topic is Andrew Rosener, CEO of Media Options. Drew, welcome back to the show.

Andrew Rosener: Thanks a lot, Michael, happy to be here again.

Michael: So, I mentioned to you yesterday via Skype chat that I had your officemate on my show yesterday. He is Holland right now, but Frans Van Hulle, if I nailed his name, took an hour and helped us understand how to make money from lead generation in the insurance industry. I asked him, "What is it like to share an office with Andrew Rosener," and do you know what he said?

Andrew: Loud.

Michael: He said, "He is a loud talker and he curses way too much."

Andrew: Man, I used to be a fishmonger. You cannot blame me. I have got a dirty mouth.

Michael: All right, he was a great guy. So, okay, let me first ask you about a story I just read on Mike Berkens' website TheDomains.com. I think it was just yesterday or maybe the day before. He wrote that you purchased Internet.org from a previous owner. I went to the WhoIS History on DomainTools.com and looked it up. I saw Michael Bower of Denver, Colorado. You held it for a few months, and then you sold it to what appears to be Daniel Thralow of Naples, Florida, who subsequently sold it to the Founder of Facebook.com, billionaire Mark Zuckerberg. Is that correct? Is the research that I did correct on that?

Andrew: Well, there has been a few different stories that have flown around. It is not entirely accurate. So, we actually sold the domain name through a brokerage to Daniel for a decent amount. At the time, we had shopped the domain name to a awful lot of buyers and, ultimately, Daniel had presented the highest offer. And so, yeah, we were holding the name for some time, basically acting as escrow agent, and ultimately Daniel made a great purchase.

Michael: All right, so you bought it, you held it for a few months, and then you sold it. Like just looking at those three events, and you sold it for a profit from what I understand.

Andrew: Yeah, we actually brokered it.

Michael: Oh, you brokered it.

Andrew: Yeah.

Michael: Okay, so when you say you were holding it as an escrow agent, that is why the WhoIS information said your company's name.

Andrew: Yes, exactly.

Michael: Okay, I understand. So, you did not actually buy it. Did you talk about buying it?

Andrew: I did actually. I wanted to buy Internet.org, but ultimately not everybody agreed and we did not buy it, but yeah, I knew that was a very special domain name. I mean ultimately it is Internet.org. It is a very unique piece of Internet real estate. It is a very old domain. It was from the original owner. That was a very, very unique domain name. You do not see a name like that come across your desk everyday. I mean ultimately Daniel paid a significant five-figure sum for that domain name. It is easy to look back in hindsight and say, "Oh man, what a good deal he made," but he took a risk. I mean he made the highest offer that was out there and he was rewarded handsomely for it.

Michael: Right, and he happened to be, at the right time, at the right place.

Andrew: Yeah, (Unclear 6:01.8). That is like being struck by lightening. (Unclear 6:04.4).

Michael: That is a lottery ticket.

Andrew: Yeah, (Unclear 6:06.2).

Michael: Struck by lightening.

Andrew: Absolutely.

Michael: Happened to buy the right domain at the right time for probably what was the highest price. And you are no slouch when it comes to marketing domain names for sale, so I can imagine that you went to a lot of big brands and said, "Here is what you could do. Here is what you can own. It has been registered for a long time," and that was the highest price.

Andrew: Yeah, we went to major media outlets. I mean we really talked to a lot of people on that name. Particularly since it is a .ORG, if you do not have the vision or plan of what to do with it, it is a tough purchase to swallow at that price tag. But ultimately I think Daniel made his statement and also told me over the telephone that this was like collecting art for him. He likes to collect interesting domain names.

Michael: Yeah. Well, I am glad you clarified it. I thought you actually purchased it and then sold it, made a profit, and then the subsequent buyer sold it for like magnitudes more. And I was going to ask you what it felt like to have that happen to you.

Andrew: I mean that has happened to us multiple times, but no, in this particular case, we brokered the deal. We were just holding the domain name (Unclear 7:23.8).

Michael: So, your company, MediaOptions.com, actually, unlike a lot of other brokers who will mainly just acquire the rights to sell a domain name and then sell it for a larger amount, making commission, you do that; you also help buyers find domain names for their flagellant companies, and you have your own portfolio of domain names that you purchase and try to resell on your own and start up companies with. Is that correct?

Andrew: Yeah, that is exactly right. There is kind of four parts of our business. The main business is still and always will be domain brokerage - selling other people's premium domain names. Then there is our own portfolio, owner-operated portfolio. We are always buying. At the moment, we are buying quite aggressively. And generally, those purchases happen when somebody comes to us with a fixed price and say, "Oh, okay, we will take that," or we buy in NameJet. We buy in Sedo. We buy in all the marketplaces that everybody else is participating in. And we also have people that are going out and soliciting domain owners to see if they are interested in selling. We do not ever just kick tires. If we are interested in a name, we are going to email you and we are going to make you an offer. We are not going to just say, "Hey, you want to sell this domain? How much?"

Michael: Yeah. All right, so tell me about some of the domains that you have recently purchased, or purchased and sold. Like what kinds of names does Media Options buy?

Andrew: So, in the past, we bought a lot of exact match keyword domains. And we still do, but we are focused one bigger ones now. Unless it has got like ten thousand exact match searches a month or more, it is probably not interesting, unless it has got a phenomenal CPC. I mean if it has got two thousand searches a month and a 40 to 50-dollar CPC, that is something else.

Michael: Yeah.

Andrew: We also buy brands. At the moment, we are really focused on trying to build up our portfolio of really strong brandable .COMs.

Michael: Yeah, and I know some other domain investors that are doing the exact same thing. So, what would be an example of a great brandable domain name that you are purchasing?

Andrew: So, probably one of the best examples, we just bought Oregano.com. Oregano is a spice. It is an interesting domain, I think, in my opinion, because oregano is probably, I believe, the only herb, or at least the only of the top ten to twenty herbs, which is the same in pretty much every major language. It is the same in German. It is the same in Spanish. It is the same in Portuguese, English, and Italian. All the same. They all say oregano, whereas basil, mint, thyme are all different. Every language has a different word for it. It is nice. It is a spice. It just is nice. It has no negative connotations. It can be used for anything.

Michael: Cool. All right, tell me some other domain names. Let's go through a small list.

Andrew: The domain that we just bought this week is Iodine.com.

Michael: Iodine.

Andrew: Yeah.

Michael: Okay, so iodine is a medicinal drug. Like what do you use iodine for? It is an element.

Andrew: Well, iodine is an element. It is one of the elements in the periodic table. I think that in itself makes it pretty unique. There is only - I have not been in Chemistry in an awful long time, but I there is only, I think, 100-something elements. I do not know the exact number. It makes it a unique, limited--

Michael: Quantity, right.

Andrew: Those are the things that make it limited, right? So, that sort of brings us to the next category, which is two-letter .COMs, three-letter .COMs, and numeric .COMs. These are all limited resources. There is only

16 thousand and something three-letters. There is only 676 two-letters. As far as numerics go, I mean I saw the interview you did with Aaron and you kind of touched on numeric domains. It is also a market I do not fully understand, although we are responsible for some of the largest numeric domain sales in history. But ultimately, let's say this. I do not understand the meanings of some of the specific numeric strings, but I do know that it is an extremely limited resource. We have only got 100 two-number .COMs, we have only got 1,000 three-number .COMs, and you have only got 10,000 four-number .COMs. So, that in itself makes it extremely rare and extremely unique. When you look at the sort of trading price of a four-number .COM, it is only a thousand bucks or two thousand bucks, unless it is something really special; then sky is the limit, but that seems cheap to me. So, we are buying those. When I see something that I think is at or below market value, probably below market value, we will buy it.

Michael: Right, so for your own portfolio. The owned and operated. They are owned and looking to resell. You want to buy at value prices. You want to buy like Warren Buffet. It is undervalued. You know if you did some work to add value to it by marketing it, by maybe building out a website that shows what the potential it can be, that you could make more money off of it.

Andrew: Yeah.

Michael: That is your MO, and so I have got a list here, Andrew, on my screen, of some other domain names, but I do not want to say them, because you know the way I operate. What happens in private stays in private until you say something out loud. I have got Oregano. I have got Iodine.com. Are there any other like generic domain names? Can you throw out a couple more?

Andrew: Yeah, we recently bought BlackTie.com, which is, personally, one of my favorite domains I have ever purchased. For a long time, I have been in the market, looking for a really strong sort of luxury brand, and that is a really strong luxury fashion brand. I mean it can be used for so many different purposes beyond just fashion and men's clothing.

Michael: Definitely.

Andrew: So, really happy with that acquisition. That was a great buy. And we had some phenomenal offers since then on that name.

Michael: Oh yeah?

Andrew: Yeah, we are working on a lease deal actually as we speak for BlackTie.com.

Michael: Cool.

Andrew: It may or may not come to fruition, but it is interesting. What else? You made me close all my applications, so I do not have my list in front of me to look at.

Michael: Yeah, and I do not want to throw them out and my texting is not working right now, when we are on video. Drew, come on. What else you got, buddy? You have got some good ones, but I am not sure exactly what you bought and what you brokered.

Andrew: Yeah, let's see. We bought a couple of short .ORGs.

Michael: Yeah, but one of the .COMs you bought, which we are going to discuss later on in the show is DNX.com, so you are buying three-letter .COMs.

Andrew: Yeah, we have bought quite a few three-letter .COMs recently. Hold on, I am just pulling up a list here.

Michael: Okay.

Andrew: So, this is going back a little bit further, but we bought relatively recently - in the last six or seven months - Scanner.com, Sellout.com, TheNet.com, which is a phenomenal brand in my opinion. Pigs.com.

Michael: All right, so we have an idea of the types of domains that you are looking at. Oregano.com, Iodine.com, Scanner.com, Sellout.com,



BlackTie.com, and Pigs.com. So, it is either a single word or it is a phrase that is used in general society, like people know what a sellout is. People know what a black tie is. And it can, often times, have multiple different connotations and uses.

Andrew: Ideally, it would have multiple connotations and uses, because that widens the scope of potential buyers. And the more buyers you have, the higher the value is in my opinion.

Michael: Yeah. So, when you are looking at these names, is there a one-sentence summary that you can give that says this is what I look for in a brand domain name that I am buying? What are the characteristics?

Andrew: So, ideally, I would like to still see search volume. Obviously, when we are talking about exact match keyword domains, something like - I don't know - DisabilityInsurance, the factors that would be taken into consideration are specifically CPC, search volume, competition, etc. When it comes to a more brandable domain name, a one-word generic or two-word generic that may not be used specifically for its semantic meaning, I am still looking to see some search volume. I still want to see that those, because that gives you an indication of how commonly used is the word. Even if you do not care about how many people are searching to buy oregano online, how often is that word used in daily language? And that is some indication of it. I use Google Trends to also get another sort of representation of how often and what is the trend on that particular keyword. So, yeah, search volume is something. I am looking for traffic. As far as I can tell, and from my experience of buying and selling an awful lot of names, any commonly used word or expression has type-in traffic. I have yet to acquire something that I thought: "Oh, wow, that is a great phrase. It is commonly used," and then find out it has zero traffic. That has not happened yet. So, traffic is a good indication, again, of how often is that expression used and how popular is it. The more traffic, it also increases the value. What else? Like you said, particularly words or phrases that have multiple meanings, multiple purposes, things that can be repurposed for lots of different things. Things that maybe they do not limit usage, like Desk.com, for instance. Sales Force acquired that. That is a phenomenal brand that can be used for an accountant. It can be used for architects. It can be used for selling school supplies. It can be used to

furniture. It is just a phenomenal brand with many different purposes, all of which are sort of high volume and high dollar verticals.

Michael: Yeah. All right, so let me summarize, and then you tell me what I missed. So, you want real words, like a dictionary word. You want it to have search volume and traffic, meaning that people are using it in regular life and you will even use Google Trends to see how that word is used in news releases and other stories that Google monitors over time. You want it to have some sort of brand value and have multiple meanings so that people in different industries or even in an industry, but serving different customer types who have different needs might be able to use that domain name. All right. So, if we look at one of your domain names, Oregano.com, like I look at that and I am like: "I do not need oregano. I do not cook. I am not even sure how oregano tastes." So, it is a single word. I get that. It probably has a decent amount of search volume, because I would think that a lot of cooks need to search for oregano, and it probably gets decent type-in traffic. Do you know how much type-in traffic it receives?

Andrew: Yeah, offhand, I believe it has like 60 to 80 uniques a day.

Michael: Okay, so a good amount. When you were thinking about buying this domain name, what thoughts went through your head about who you might be able to sell it to?

Andrew: I have absolutely no clue of who we might ever sell it to. We had a company in, I believe, Abu Dhabi, and it was a headhunting company called Oregano. Oregano Human Resources or something like that. And they contacted us and offered us like fifty bucks. I countered at eighty grand or 85 grand, and they said, "Okay, fine," and then I was kind like: "Oh, maybe I sold that too cheap."

Michael: They said okay? They offered fifty bucks and you countered at eighty thousand dollars, and they said okay?

Andrew: They accepted it and we entered escrow, and then I got a little ahead of myself. I started going: "Wow, we just really undersold that domain." So, anyway, I think a week had passed. Everybody had accepted escrow, but they

had not sent the money, and so I said, "Okay, you have got seven days, so five business days to make the payment, or we prefer to cancel the transaction." And I think that blew the sale, but I had it in my head that we undersold it. And in hindsight, we just recently got another mid-five-figure offer on it, and I do not know why. Probably because I am obsessed with food and I love to cook. I love that domain, and so it was a good sale. Eighty grand would have been a great sale with great return on investment. I would have been more than happy to have completed that deal, but I also do not really regret that it fell through, because I think the name ultimately is worth more to the right buyer.

Michael: Yeah. So, how much did you pay for Oregano.com?

Andrew: I think we paid fourteen or fifteen thousand. No, actually, we paid \$16,500. That is exactly what we paid.

Michael: Okay, and a lot of domain investors would say, "Jeez, that is a lot of money that I am probably not going to see a return on for a few years, if I even see a return on it." Yeah, it is a great name. Don't get me wrong. And yeah, it gets type-in and it does not have any advertisers likely on Google or Bing, so I would look at that, not that I am a domain investor by any means, and say, "That is a risky investment," but you would look at it and say.

Andrew: Because of our brokerage business and the number of transactions that we process, and we get a lot of acquisition business through startups and other companies coming to us to acquire domain names, and these companies are all looking for these types of domains. Not all of them, but let's say a lot. Recently, I would say the majority of those companies are looking for a sort of universal brand that does not pigeonhole them into specific vertical. Maybe their business pivots, maybe their business expands into other services or products, and they are looking for a universal generic brand that can be trademarked for sort of the non-semantic meaning. So, if you are Oregano.com and you are going to sell restaurant coupons, you can get a trademark for that.

Michael: Yeah.

Andrew: If you are Oregano.com and you are going to be a clothing brand, you can get a trademark for that. So, for me, Domain Shane posted a good article the other day about understanding value and the importance of comps. And part of the reason why we are so aggressive in buying domain names, even if we are looking for really rock bottom, reseller pricing, in some cases. In the case of three-letter .COMs, I think we probably pay more than almost anybody in the domainer market because I am bullish on them. But part of the reason why we are making all those acquisitions is really to set those comps; to really have a firm understanding and grasp of what is the bottom line in the market for any specific type of domain. Gathering all those data points, collecting all that data, using all that data to basically really establish face values, which we can use to make smart acquisitions and which we can also use to advise our clients when they are making an acquisition or, in most cases, when they are trying to sell their own domain and are looking to us for advice on what is this domain worth. We could say, well, the quick value price is this. I mean if I am willing to pay this for it, then there is probably other domainers willing to pay the same or maybe even a bit more, and so I can confidently give a baseline price, because: "Hey, you want to sell it for that? We will buy it today."

Michael: Yeah.

Andrew: If you are looking for liquidity, let's skip the brokerage process. We will buy the domain.

Michael: All right, let me ask you about another domain. So, we set the bound on Oregano, and I understand what you are thinking and where it can be. And the one quality about Oregano that you and I have discussed is that it does not necessarily make you think of anything in particular. Like BlackTie could be events, could be a clothing company, could be a caterer, or it could be a lot of different things, whereas Oregano does not directly tie to a startup that is focused on social media or traffic, or whatever, right?

Andrew: We have got a lot of other examples in that space too, right? You have got Basil.com. You have got Parsley.com, which I believe Brandon Pollock is involved in. We actually brokered Parsley.com to him.

Michael: Well, there is parsley, the herb, and then there is the company Parsly, which is spelled differently because it used to be Pars.ly.

Andrew: Exactly. Exactly. But still, I mean companies using these types of brands are what we are talking about. And then you have got Mint, which obviously mint has got more.

Michael: Like making a mint, and they are a financial service like a Quicken. Yeah.

Andrew: Exactly.

Michael: So, there is a good example. Thank you for bringing that up, because that is a generic word that actually has a couple of different meanings. Mint, the spice or whatever mint is. The taste.

Andrew: Yeah, it is an herb.

Michael: Herb, and then it has got mint like I am making a mint or something financial related, and they decided to go that route. So, they have got a four-letter generic keyword that is related to their industry of financial planning that they can brand.

Andrew: So, if you wanted to talk about like what is the Holy Grail, in my opinion, of brandable domains, I mean Mint.com is as good an example as you will get. Four letters, which three or four-letter words in my opinion are the absolute best brands that exist. Maybe some five-letter words. That is why I have always thought that it is hard to say most valuable, but my favorite portfolio of all the big domain owners is Scott Days, because Scott just owns an absolute insane list of four-letter words. Just four-letter brands. Just absolutely insane, and three-letter words too.

Michael: Yeah.

Andrew: But yeah, Mint.com is as good as it gets. I mean for all the reasons you just stated.

Michael: Okay. So, we talked about some great domains. Iodine, Oregano, Scanner, BlackTie, and Pigs. How do you find your domain names? How do you come to acquire domain names like this? Because I go out and I get a couple of emails in, and I look at the drop list, and I look at the stuff that is for sale, and there is just an enormous amount of domains for sale and you need to filter through them and find the good ones - the ultra great domain names - or I could just go to a dictionary and pull out every single word and tack on a .COM and do a WhoIS. How do you do it?

Andrew: We do it through a lot of different ways. So, like I said, I have got people that are going through lists. The lists that we have is a very old list from 2006 - sort of the last Overture database - and I am looking for names that have got traffic. (Unclear 29:59.2) trademark terms. Names that have got traffic. If they are not resolving, we contact the owners. We actually have a private investigator that we hire, and we use him for our own acquisitions as well as for clients. People come to us sometimes and they are just like: "I have tried this. I have tried that. I have tried other brokers. I have tried this, and we just cannot get a hold of this person. We want to buy his domain. We are willing to pay a price. We just cannot get a hold of somebody," and we have somebody that is pretty good at that.

Michael: And you use that investigator to find email address, telephone number, and mailing address.

Andrew: Yeah, in some cases it is crazy. Sometimes they find relatives. So, in the case of acquiring DX.com, which we sold a couple years ago, we used this service and we found the guy's daughter in Vietnam, who was studying abroad. I do not even know how this all came about, but we found her in Vietnam. She was studying abroad. She was very skeptical, and then we said, "We want to buy a domain from your dad, who is not using it. We want to offer him a lot of money," and so we sent her an email, which she forwarded to her dad. And her dad then followed up with us and we closed the deal.

Michael: Wow. What did you buy DX for?

Andrew: I do not think I can say still. We have an NDA. I think probably it is a couple years before I can disclose that.

Michael: Fair enough.

Andrew: But it was a significant number. It was the most that we have ever paid for a two-letter .COM.

Michael: Wow, but the guy did not know what a two-letter .COM was. It was not resolving.

Andrew: Oh, he knew.

Michael: Oh, he knew.

Andrew: This guy is sharp. He did not know exactly what a two-letter is worth, but he knew the value. I mean he knew this was a valuable domain name. He was a sharp guy. He used to have multiple eCommerce companies, starting back in the mid-'90s, even early '90s, when there was only a few people selling products online.

Michael: Right.

Andrew: He had - what was it - JustBalls.com, and he was selling all types of athletic balls. Tennis balls, baseballs, golf balls, and it was a very successful business. He had something to do with private jets. And yeah, very sharp guy.

Michael: All right. So, you have a list from Overture - the old Overture - that was bought by Yahoo that went out of business. And that is why I like EstiBot.com, because if I type in a domain name, I can look at the value that was last in the Overture database that was archived about roughly how many type-ins the domain receives per day. And I have verified the numbers on a couple of interviews, and it is about the right order of magnitude, surprisingly.

Andrew: Yeah, it all depends on whether the domain was developed at the time. If something has happened with the domain since then, but yeah, just as a starting point. We use it as a starting point. It is a great data point, sort of the first step. Basically, the way that I use EstiBot.com in general; I mean

many people would be surprised, but it is one of the first tools I turn to as my first look, and a lot of that is for the reason you just mentioned. It is the only valuation tool I know that gives you that Overture score; that last database score, and that is one of the first numbers I like to look at.

Michael: Yeah. So, what other tools do you use to find great domain names? You mentioned this list that you are going through on your own. You have a newsletter that I receive, and it comes out with like phenomenal domains that I could never afford purchasing because they are way too high.

Andrew: You know what? Don't be afraid, man. Everybody sees those numbers and they get scared. Make an offer. Nobody wants to publicly offer their domain at a low price, because then that becomes the ceiling, right? So, we do not want to cap and you do not want it publicly offered at a low price, and then you buy it and everybody knows that you paid a low price.

Michael: Right.

Andrew: So, people should never be afraid to make an offer if you see a domain. We just closed a deal on a domain from our newsletter today actually. The guy made an offer. It was a lot less than the asking price. I can tell you that much, and we got the deal done.

Michael: Wow, all right. Okay, so do you use other newsletter lists also? Do you follow the other brokers that have newsletter lists and get theirs?

Andrew: Yeah, I follow all the newsletter lists, and we buy domains from all the other newsletters (Unclear 34:46.3). We have bought lots of domains from Justin Godfrey. We have bought lots of domains from Toby Clemens. I have bought domains from Domain Advisors, now Igloo.

Michael: Yeah. So, you find those lists good. You have your own list. You use domain name broker's lists, like yourself and others. How else do you find great domain names?

Andrew: NameJet. It has gotten very competitive, so I get priced out of a lot of the auctions that I would like to buy now, but we are participating in all of



the auctions that are out there, even Flippa. But we also obviously have a unique channel for getting these acquisition possibilities through our newsletters. I mean we are getting thousands of submissions sent to us, and sometimes people are pricing the names at a price we are willing to pay and we just say, "Okay, we will buy the domain," and that is it. And we are always transparent about it. There is no, hey, we have a client. We do not pretend that it is a client. If we are going to buy it, we are going to tell you: "Okay, we are interested. This is what we would pay."

Michael: Now, I watch these shows on Discovery Channel and all these other channels about pawnbrokers. And people come in and they are like: "I have got this antique gun from the 1700s and I want ten thousand dollars for it," and the guy behind the counter is like: "Well, it might be worth five thousand, but I need to make money on it. It is going to sit on my shelf for a long time. I am going to have to search the world to find a buyer who wants this version of this 17th Century gun, so I will offer you two thousand." So, do you feel like you are in that sort of realm too? You need to make money on it, right? You are running a business just like everybody else.

Andrew: Yes, absolutely.

Michael: So, if you think the retail value is five thousand, you need to buy it for something less than five thousand.

Andrew: Absolutely. I mean I am not pretending that we are paying the highest price in the world to buy somebody's domain. I mean we are looking for value acquisitions, but the tradeoff there is that we pay instantly, same day. We have a great reputation. People trust us. We are easy to work with and easy to deal with. We have an account at virtually every registrar, so it is easy transfer or push/change of account.

Michael: So, what do you think is a value price? If you think the retail value of a domain name is one thousand dollars or ten thousand dollars, what is the value price? What is the price Warren Buffet would pay if he were a domain name investor?

Andrew: It all depends upon the sort of liquidity of that name. Some names are more liquid than others. And if it is a highly liquid name, then I am willing to pay a lot closer to what the full wholesale value or even, in some cases, retail value.

Michael: Yeah, so I would say BlackTie.com, which you own, is much more liquid than Oregano.com. Would you agree?

Andrew: I do not know. I do not know if I would necessarily agree with that.

Michael: Because people can see. I want the ritzy events, where people are dressed up. I make more money if I service those, whereas Oregano, like nobody is thinking: "I should name my company Oregano. Let me go see if it is available." I could be wrong. I have been wrong plenty of times.

Andrew: You are wrong. There is people out there that want to name their company Oregano, and the one that has got a fat pocketbook will come knocking one of these days, or the company in Abu Dhabi will come back.

Michael: So, I should say, Drew, because most people will not come on and say here is my portfolio. Mike, who is ignorant of domain names, like poke holes in it, right, because that is all of ours. I told you the domain name that I am bidding on right now at NameJet, because I think my six-year-old son is going to think I am totally cool. Like people are going to make fun of me, and I am not saying it, so I give you kudos for throwing out your domain names on there and letting me say who is trying Oregano.com to see it is available. Thank you for doing that.

Andrew: Yeah, I mean I am not telling you about all the domains we are buying, but these are generic names. They are available. Anybody could have bought them, and I think these were good acquisitions.

Michael: Yeah. All right, so where else do you find your domain names? Give me like one or two other places you find great domain names. People are emailing you a list of like a thousand domain names and there is only one of them on there that even comes close to any of these likely, right?

Andrew: Yeah.

Michael: Most of the time there is none.

Andrew: Yeah, most of the time there is none. Nearly 98% are not names that we would be interested in acquiring, but yeah, that is more or less it. I mean that database that we sort of work our way through has been a treasure trove of great names that we have acquired, particularly early registrations.

Michael: Right. All right, so what other tools do you use when you are evaluating a domain name? You mentioned EstiBot.com, which I go to as well. I run my numbers through the Rosener equation so that I can see what a value might be through yours if somebody were to try and buy a keyword-rich domain name and get it ranked up on the top and sort of look at it as a value. Instead of paying for marketing on Google, they can invest in something they own and develop it out properly. And then I use EstiBot because they include those factors and some other factors as well, like how many of the other extensions are available and provide the old Overture data. What are other tools do you like to use?

Andrew: I like to use DomainIndex.com.

Michael: What does that do for you?

Andrew: They have a lot of data. More data than I even know how to use.

Michael: Yeah.

Andrew: But they have got a phenomenal amount of data. Their valuation system I have not quite figured out yet, but it is very much different than what EstiBot is doing. DomainParking.com also provides a valuation tool, which is interesting. They give you a range, which is--

Michael: Yeah, sometimes a little better if I go and list my house. The realtors are not giving me like a fixed price. They are giving me a range. Yeah.

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Andrew: I kind of use those tools like Zillow in the real estate market. I just kind of get a comfort zone, and then I go to and look at Google Keyword Tool and see if there are any searches and see if there is any CPC. Then, if I can get access to what are the real traffic stats, that will adjust the value in my opinion. The more traffic the better. If the name has any PPC revenue. I use Compete.com. Alexa.com.

Michael: If there were actually websites up and running on the domain name to get an idea of the traffic.

Andrew: Yeah, exactly.

Michael: Okay.

Andrew: I like to look at the link profile. If it has got a really spammy link profile, then I am almost immediately not interested, even if it was a good deal.

Michael: What tool do you use to look at a link profile of a domain name?

Andrew: Open Site Explorer.

Michael: I think that is put out by Moz.com. It used to be SEOMoz.com, up here in Seattle.

Andrew: Yeah, exactly.

Michael: Cool. All right, so that gives you more information about the domain name so that you can make a more educated decision about whether you want to buy it or not. So, that all make sense to me. So, my question then is: I understand what kinds of names you are looking for. That makes perfect sense. I understand how you are doing your research on them to find whether it is a good name. Even though it is a single keyword, whether it is a better name or not. How you think about it. BlackTie has multiple different industries, like catering versus event hosting versus different industries that might want access to it. And then my next question is: when you find a domain name that you would like, let's say BlackTie.com. Let's use that as an

example. How do you reach out to the current registrant of it? Do you do it or does somebody on your staff do it?

Andrew: Both. It just depends.

Michael: Do you reach out by email or do you pick up the phone?

Andrew: When possible, I prefer to pick up the phone.

Michael: And when you pick up the phone, and you call up and you say, "Hey, is this Mike Cyger," and I say, "Yeah," what do you say?

Andrew: I say, "Hi, this is Andrew Rosener. My company is Media Options. I am interested in your domain name. If you are interested in selling it, I would like to make you an offer." It all depends, and then it is salesmanship.

Michael: Right, so then he says, "Oh, I have never real thought about it before. What are you willing to pay?" Do you throw out the first number?

Andrew: Yeah, generally I do. I mean unless they come right out and say, "Oh yeah, I am thinking about selling it. The price is fifty grand." Coming from the (Unclear 44:24.8) industry, I always had a motto. If I solicit you, it is my job to tell you what I am willing to buy it for and what I am willing to sell it for. If you solicit me, it is your job to tell me what you are willing to buy it for or sell it for. And I like that motto and I try to stick to it. And there is a lot of people that say, "You put out the first number in negotiation and you have already lost." I understand that concept, but I do not necessarily agree. In practice, I think I have closed a lot of deals that would have otherwise never gotten done because I stepped up and made an offer right away. And that is not just in acquiring domain names. That is also selling names, and selling names for clients and buying names for clients, where they may have already been trying to reach out to an owner and they cannot get a hold of them, and he does not respond. Well, I am going to put it right in my subject line. XYZ - ten thousand dollar purchase offer, and that gets people's attention.

Michael: Yeah, definitely. So, all of that research that you are doing on those domain names are going in towards you setting a price on it. And so, you actually need to set two prices, or correct me if I am wrong. I think you need to set two prices. You need to set the end user price, so the retailer price, like what could you sell it for, and then you need then determine your buying price for it. So, for Oregano.com, you said that you had a transaction that fell through at about eighty thousand. Maybe you think the price is somewhere between fifty and a hundred thousand. Even though that is an enormous range, let's just say that, because it is a name that we cannot really track to other names, like a three-letter .COM or a two-letter .COM. Let's just say that it is between fifty and one hundred thousand. So, you know that you need to buy it for less than fifty, and you set a price of \$16,500. Was that your opening offer to the purchase?

Andrew: No, I think I offered eight or ten grand. And I actually should have had that for fifteen, but I was really impatient and the guy was kind of dragging his feet. We had a deal at fifteen. He agreed. It was a done deal, but he was like: "Oh, I have got to do this," and it was going to take days and I just did not want to risk that I was going to lose the deal or that he was going to change his mind. I said, "Listen, I will give you \$16,500, but I want the deal done now. I will send you the money immediately. I mean within the seconds the money will be on Escrow.com, but I want the domain transferred today, but I will pay you fifteen hundred dollars extra, which is ten percent."

Michael: Yeah, and so he did it. That was enough to get him over the hump and say okay.

Andrew: And we got it done in an hour.

Michael: Got you. How do you get \$16,500 in Escrow.com when a wire takes more than 24 hours to send?

Andrew: Because we have a lot of transactions. I mean at any given time we have got ten to twenty transactions live in Escrow.com, and so we have got funds available there. Instead of having them wire out money on every transaction, they do bulk wires.

Michael: Oh, okay, I understand. So, did you have a final price? Did you say, "I need to buy this domain name for fifteen thousand dollars or less, so I am going to open up with a value of half of that so it gives me some room for negotiation. Eight thousand is enough to get somebody's attention, and then we can negotiate from there, and I am hoping to close it at about fifteen"? Was that your thought process going into this?

Andrew: Yeah, I mean to be frank, I probably would have paid as much as 25 thousand to buy Oregano.com, but yeah. Hopefully the previous owner (Unclear 48:35.9).

Michael: It is a done deal, right? He knows you are a broker. That is just part of it. And if he would have had an offer that was higher than that, he could have taken it, so you know.

Andrew: And he had the name for a long time.

Michael: Yeah. Do you ever negotiate by Skype, because you do have a lot of connections on Skype?

Andrew: Yeah. I mean as far as like sort of wholesale/reseller deals go, I do a lot of business on Skype. A lot of business, especially acquisitions, like a reseller who is looking to sell. I bought SpaceCakes.com over Skype.

Michael: SpaceCakes.com.

Andrew: Yeah.

Michael: And what is a space cake?

Andrew: Space cake is a marijuana-infused cupcake, brownie, or any type of pastry I think. I do not think it is limited to any specific type of pastry.

Michael: Yeah, all right. By the time this interview comes out, we have got an entrepreneur live named Noel Abbott that has bought a bunch of marijuana domain names and create a marketing and branding business around the fact that recreational marijuana use in Washington State has now

become legalized and will become operational by the end of this year. So, big business.

Andrew: Big business. Big business. And anybody that has not acknowledged that that is a big business is missing something.

Michael: Yeah. All right, man, well, we have talked about some great domain names, and how you are finding them and how you are negotiating them, and how you are thinking about the process. I appreciate that. One of the domain names that you purchased was a three-letter domain name. DNX.com. Actually, did you purchase that, or did somebody else purchase that?

Andrew: I actually did purchase that domain name, but I purchased it on behalf of my partner in DNX.com, Chris Crowther, but yes, I did actually do the negotiation and the actual acquisition of the domain.

Michael: How much did you pay for DNX.com?

Andrew: I prefer not to say, but we did not pay a reseller price. I can tell you that. We paid up for that name, but in my opinion, it is the absolute single-best brand in the domain space outside of maybe Domain.com or Domains.com. Especially because of DN Journal, DN Forum, and DN Wire.

Michael: Yeah, it has got brand value, brand equity, exactly; already from the beginning. So, Aron Meystedt was recently on here, talking about two-letter, three-letter, two-number, and three-number, and setting some ranges for those because he is starting a live auction platform over at HA.com - Heritage Auctions. And he said that the floor, the bottom floor, for a three-letter .COM is about four to five thousand dollars. Rock-bottom minimum. Like if he bought a domain name, he knew he could liquidate it like that. And if you look at the Scrabble letter values, the higher values are harder to use. There is less companies that have a word with that name or less words that use that letter, and so X is one of those. Did you find that DNX was actually a lower-priced domain because it has that hard-to-use X character?

Andrew: I mean I do not want to give away my secrets, but I am going to tell you something. I have invested for years in three-letter .COMs with the letter



X in it, and I have done extremely well them. I mean it has got something to do with the fact that I was really focused on buying ones that had X in it, but the majority of the three-letters I have sold to end users contain the letter X. And for me, X is almost top three to top five letters you can have in a string, because it is variable. X represents so many different things, particularly in the technology world. Literally, X means everything. It means exchange. It means transfer. It just goes on and on, and on and on.

Michael: X Factor. TV Shows. All those. Yeah.

Andrew: Yeah, I mean Space X, right? What does X mean is Space X?

Michael: So, you have given away a secret, but you have already like plundered the X on two and three-letter domain names. So, you have given away, but you already had your fill of those.

Andrew: Yeah, I actually do not think there is any left anymore.

Michael: And you mentioned earlier you bought DX.com.

Andrew: Yeah.

Michael: And sold it.

Andrew: Yeah, for a lot.

Michael: Can you say what you purchase it for?

Andrew: I cannot.

Michael: Was it six figures?

Andrew: Oh yeah. Yeah, it was well into the six figures.

Michael: And did you sell it for in the six figures?

Andrew: We sold it for a lot of money.

Michael: All right.

Andrew: And for a big store credit on Deal Extreme.

Michael: Oh, cool. All right. So, one of the ways people can now sell their domain names is through a brand new auction platform that you and your partner, Chris Crowther. Internet Media. You both have launched a brand new platform together, called DNX.com. The acronym stands for Domain Name Exchange, as you mentioned. And from what I can tell, Internet Media, Chris's company, is located in Panama as well. Is that correct?

Andrew: Yeah.

Michael: Did you two meet in country?

Andrew: Yeah, probably a story for a different day, but that is how we met and we met under really funny circumstances, basically competing for several local Panama domain names.

Michael: Huh. I need to get down to Panama, because you have got Frans in your office with you. You have got Chris at Internet Media. Like you have got a powerhouse over there.

Andrew: All the cool kids are here. Jeff Gabriel was just actually here with his wife, visiting. Greg McNair is here often. Elliot Silver was just down here with his wife, visiting. Panama is a happening place. It is a great spot.

Michael: All right. So, DNX.com is a reverse auction platform, also called Dutch auction.

Andrew: Exactly.

Michael: How does that work?

Andrew: So, it is a reverse auction. We start at the highest price. We start at the asking price, and the price drops at random price intervals and random

time intervals, until it hits either the reserve price, until somebody hits the buy it now button and just buys it at the current price, or until it hits somebody's previous bid. So, kind of the way that you make a proxy bid on current domain auction platforms, where that is the highest bid you are willing to pay and your bid increases until the auction ends. In this sense, you make a bid at the highest price you are willing to pay, and the price drops until it hits your price or until somebody else is willing to pay a higher price.

Michael: Okay, now wait a second. So, one of the domains on there, and there are some really great domain names on there. One of them, which I think is a great domain name, is Diagnose.com.

Andrew: Yeah, (Unclear 56:26.3).

Michael: I think it fits your whole criteria that we discussed earlier. It started at let's see here. Probably like - I don't know - seventy thousand or something. I have been following it.

Andrew: Yeah, 75.

Michael: And it is currently at 46 thousand.

Andrew: Wow.

Michael: And so, who sets the first price? Who sets that initial offering price?

Andrew: Like any of our brokerage deals, I mean it is kind of a negotiation, right? So, we kind of talk about it. We are really focused on value here, so that is kind of where we are trying to differentiate. Outside of, obviously, our process it is completely different, and we will get to why that is important, but we are trying to differentiate by not having ten thousand or, in the case of some of these things, five hundred thousand domain names.

Michael: It is way too many.

Andrew: It is way too many. It takes way too much time to filter through. So, we are focusing and we are doing that filtering for you. We are taking all the

submissions and we are boiling it down, and we are only presenting you. We are trying not to have, at least for now, more than thirty or fifty, maximum one hundred, but I do not even think we really want to have that many names yet at any given point. And you are kind of getting my seal of approval. I hesitate to say that because we have had some pretty low quality names on there, but that was when we were launching. But it is kind of like one of us is saying, "All right, maybe it is a stretch, but we think that this name is a good value." Maybe the asking price is high, but by the time it gets to the reserve price or many of these names have zero reserve. We have sold a bunch of names at a dollar.

Michael: Wow.

Andrew: Nobody is making money when a domain sells for a dollar.

Michael: No, you are not making a commission, I assume. The seller is not making any money, because they are at least paying registration fees. So, the only one that is winning is the buyer.

Andrew: Yeah, but I mean it is a new site. It is a new service, and there is some good opportunities. Buyers should definitely keep that on the radar. There is a lot of good deals to be had.

Michael: All right, so let me ask you a couple questions. So, you and the sellers set the asking price. So, maybe that is like the retail value, right? You will start at the retail and then it gets decremented in price randomly. That was one of the questions that I was going to ask you. Like I cannot figure out is it every eight hours. Is it every six hours? What is the dollar amount that it is going down?

Andrew: Yeah, that is exactly what we want. Our whole purpose was basically value and security and trust. It is impossible to defraud our system. I mean basically you cannot. There is no shill bidding, because the price is dropping, so there is no fake bidding.

Michael: Now, one of the other people I have interviewed - another Sherpa - has a marketplace, and I did not see very much action on it and I said, "What

is going on?" And he said, "There is no shill bidding on my marketplace, because I require every buyer to provide a photo ID, and verify their email address," and something else. I was like: "Yeah, you are making them jump through some serious hoops in order to get onto the marketplace," but you are not necessarily doing that. So, how can you prevent shill bidding?

Andrew: We thought about really triple-checking every buyer and making sure that every person that signs up is legitimate, but ultimately, we are doing our sellers a disservice because I know, even myself, I do not want to jump through hoops to buy a domain name, unless there is good money to be made. But ultimately I think that it is not as critical for us because you cannot shill bid. There are no fake pictures. It does not make any sense. The price is dropping. Not going up.

Michael: Right, okay.

Andrew: So, shill bidding does not do anybody anything.

Michael: So, the price is dropping. I am watching it. I am getting nervous. Should I pull the trigger for Diagnose at forty thousand or should I pull the trigger at thirty thousand, or maybe nobody else is watching because it is a brand new offering and maybe I am the only person on DNX.com, so maybe I will just wait for like fifteen thousand. Should I wait or should I put in an offer, because on some of the domains you have, on the far right side, make offer.

Andrew: So, that is exactly what we want you to be asking yourself. We want to create a sense of urgency. We have got the bid meter, and we are actually going to be rolling out soon a new version, a much more sophisticated version of that bid meter. Right now it is basically tracking how many people are watching this auction, how many people are bidding in the auction, how close is the bid to the reserve price or the asking price.

Michael: And when you say bidding, like Diagnose.com is at forty thousand. I could put a bid in at twenty thousand, right?

Andrew: You could put a bid in at five dollars if you want.

Michael: Okay, so I can put five dollars and it is going to go all the way down to five dollars unless somebody bids higher or if somebody buys it at the current price.

Andrew: Or puts a higher offer. So, Diagnose is a great example. I mean Diagnose, to be honest, 150 grand. You are already talking about getting into valued territory. That is a medical name, and the medical space is blowing up. Health and medical are going to be the fastest growing verticals over the next few years. So, that is a phenomenal name. It is already getting into viable domainer buying price range. And you might say, "Well, I am willing to pay 25 grand," but you should really ask yourself: is that the most you are willing to pay? So, if you put in a 25 thousand dollar bid, and I come in and say, "Well, I am willing to pay \$25,500," you are not going to know that I bid five hundred dollars more than you. So, it better be the most you were willing to pay, because when that price drops, if it hits \$25,500, I got that name and you just lost out over five hundred bucks.

Michael: Right. All right, so what about the reserve price? How do I know if Diagnose.com has a reserve or does not have a reserve?

Andrew: You do not.

Michael: Okay.

Andrew: You put in a bid where you are comfortable buying that name, and it is either going to drop to a price that somebody bid or it is going to hit that reserve price. When it hits the reserve, there is a sort of last chance. I believe it is like 24 hours. It stays up there and it says, "Listen, this is your last chance. This is the bottom line price. Buy it now," but you do not know.

Michael: So, if I put in a ten thousand dollar offer and then it comes down to, let's just say, thirty thousand dollars, which is the reserve, will it notify me, "Hey Mike, your ten thousand dollar offer is below the reserve"?

Andrew: So, we have launched back in June and it was sort of a soft launch. It was very much a BETA. We had still a lot of bumps to work out. We just

wanted to get it out there. We wanted to get feedback, we wanted people to test it, and it was very successful. I do not remember exactly how many sales, but we had some good sales. I mean we sold a few four-figure names, a whole bunch of three-figure names, and like I said, a few people got some just smoking deals.

Michael: Well, I had told you. I do not want to name the domain name, but when you announced that it was coming out and I looked through it, I saw what I thought was a good domain name that I thought I might be able to use in the future, and I watched it for like a good few days and it just kept going down and down. And I bought it for one-tenth of what I think is reseller value.

Andrew: Yeah, I agree.

Michael: So, yeah, it was, and I still think that there is probably a lot of those deals to be had, because DNX.com is so new and there is not a lot of people that are aware of it.

Andrew: Absolutely. Absolutely. So, over the next couple of weeks. So, we kind of took the month of July off because the whole world was on vacation, including myself. And we were still running the site a little bit, but mostly we were testing and working. We listened to everybody's feedback and we are going to be implementing a lot of new features. We are going to be fixing a lot of the bugs. You mentioned like about getting an email that the price dropped. That was one of the biggest requests we had, so we are going to be implementing a newsletter that will go out to all of our registered users every day. So, if you are not registered, you should sign up, and that will notify you: "Hey, these are the new names that are being listed. It is not going to be a thousand names. It is going to be five names or ten names. Twenty names, hopefully, every day or every two days. And these are pre-filtered. It is going to be good inventory. We need to get to a critical mass. That is going to take a little bit of time. We have no unrealistic expectations here, and we know it is going to be a process. In the meantime, like you said, there are going to be some great deals to be had for buyers.

Michael: All right, so I like Diagnose.com. I am going to go there. If I do not want to follow it every single day and watch those price drops, I can just put in the most that I am willing to pay. It is not a submission to the registrant to say, "Will you sell it now?" I am presetting what my highest price I will pay is. And if the domain name decrements down - auctions down - to that price and my price is above the reserve, then I will get it for that price.

Andrew: And I want to make it clear nobody knows. If you put in a ten thousand dollar bid right now on Diagnose.com, nobody knows that you put in a ten thousand dollar bid. They will see, by the interest meter, that the interest has increased, meaning either a whole lot of people have put it on their watch list or somebody has made a significant bid.

Michael: Got you.

Andrew: But including ourselves, we have really made this double blind. There is no way to defraud this system. Nobody is going to know what your bid is. Nobody can try and snip just above your bid, because they do not know what it is.

Michael: Right. And do you have a buy it now option as well on domain names?

Andrew: Yes.

Michael: All domain names?

Andrew: All domain names, yeah.

Michael: And how does that work?

Andrew: Buy it now.

Michael: Oh, it is just I put in the price right now and I click. Like if Diagnose, right now, is at 46 thousand, I can just click the button and buy it right now, before the fifty people who were waiting for it to fall to 45 thousand get it.



Andrew: Exactly, and that is the issue. That is why it creates a sense of urgency. It creates a sense of need to put in your best offer, because at any minute somebody could click the buy it now or somebody could put in a higher bid, and the price drops and bam it is gone.

Michael: Yeah.

Andrew: We are really trying to create a very efficient marketplace, where a name is dropping in price until somebody just cannot say no.

Michael: Yeah, and that was the case with me. I totally got sucked into it. So, I am going to go on my iPhone right now and I am going to EstiBot.com, which you and I both use, and I am going to type in Diagnose.com to see what a retail value for the domain name is. And let's see here.

Andrew: I just want to mention too, while you are doing that, just that while, at the moment, we really are focused on this being a reseller marketplace and like NameJet or Sedo, we actually just hired somebody to do brokerage, and they are not going to be reaching out, saying, "Hey, do you want to buy this domain name?" They are going to be reaching out to companies. They are not going to be focusing on all the names. They are going to be doing top names, top values on this platform, and they are going to be reaching out to end users and saying, "Hey, this domain name is in auction. It ends in seven days. And if you want to participate, by all means please do."

Michael: All right, I am going to come back and ask you. You have got multiple different options to sell a domain name, and I am going to come back and ask you which one to choose if I have a domain name I want to see, but first, let me go through the example. So, Diagnose.com on EstiBot.com. It is a keyword. We can argue back and forth whether the valuation is right or wrong. It is probably an order of magnitude correct. 57 thousand dollars is the retail value.

Andrew: I think that is very low.

Michael: You think it is low.

Andrew: I would say that is low, yeah.

Michael: But is a six-figure domain name, retail?

Andrew: Yeah, I think a retail for sure.

Michael: Okay, but is it like a two hundred thousand or a one hundred thousand six-figure?

Andrew: Yeah.

Michael: Right, so like 57 thousand is pretty close to a hundred thousand, right?

Andrew: Yeah, I would say it is probably the 100 to 150 thousand range. It is probably where I would put it.

Michael: Okay, so then if you are selling the retail value at, let's just say, one hundred thousand. What would be the Warren Buffet value price on Diagnose.com?

Andrew: Yeah, I mean me, personally, I would say that is a fairly liquid name. If a name is ill liquid, something like SpaceCakes.com, I am looking to pay no more than ten percent of what I think I could sell it for. If a name is a bit more liquid, like Diagnose.com, I would say I am probably willing to pay a lot closer to thirty or fifty percent of what I think it could sell for. So, in this case, you know.

Michael: So, you might actually pay fifty thousand if you think that it could sell for a hundred.

Andrew: By the time this airs, the auction will be over.

Michael: Exactly. Exactly my point, which is why I wanted to bring it up.

Andrew: Okay. So, me, personally, I would be willing to pay 30 thousand to 35 thousand for that name pretty readily.

Michael: So, because you are an owner in the platform, you cannot bid on Diagnose, right?

Andrew: Yes, we are working through that at the moment. I mean at the moment, no. The policy was no, but because we have got all these things in place that prevent me from having any advantage. And actually, I want to clarify something. I am not technically an owner. Well, sort of, but it is more of a joint venture between Media Options and Internet Media. But anyways, that is off the point.

Michael: Right. So, when this interview airs and people are like: "Diagnose. That is a great domain name. I am going to see who owns it," and it shows up as Mike Cyger, see, I am trying to figure out like is Drew going to outbid me on Diagnose.com.

Andrew: Yeah. No, I mean at this point, I am not. Media Options is an aggressive buyer. We are out there buying a lot of names. And so, I feel like, in a way, we are doing our sellers a disservice by not participating because even if we are not the ones that end up buying it, our participating is increasing the interest in the name.

Michael: Right, you do not want to shill bid something up, but you are a buyer just like anybody else, and so you make the market just like every other buyer. So, let me ask you this. When somebody has a domain name to sell, let's say that I own Diagnose.com and I come to you, Drew, and I am like: "I want to sell it. I just watched this interview on DomainSherpa. You are a broker. You can represent me for a commission. You are in joint venture with DNX.com. I could list it there with a reserve price and sell it, or I could just list it in your newsletter and see if you can sell it that way, which is pretty much the same as, I guess, your brokerage, but you may or may not list it in the newsletter."

Andrew: Let me clarify all three of those channels.

Michael: Okay.

Andrew: Our end user brokerage business is focused really on domains, which not what you think, but that I think can sell for 75 thousand dollars or more. That I look at it and I say, "I am comfortable that that name sells at 75 thousand dollars or more," and then it comes down to is your price expectation in line with ours. That is where our end user true brokerage business is. We are out there hustling, knocking on doors, making phone calls, connecting with real end users, and that is the core of our business. Beyond that, we have got our newsletter and the DNX JV. So, we have created a process. It is now pretty much fully automated, and you submit a domain name to us. Basically we are taking it for at least a thirty-day exclusive, and we are going to submit it in the newsletter, in the next available spot in the newsletter. We will probably run it twice in the newsletter. Probably once, and then again at a slightly reduced price. And then, if it does not sell or we do not get a significant offer, then after it is run probably twice, it goes on DNX.com at the asking price and it drops until somebody buys it or hits the reserve price.

Michael: Okay.

Andrew: So, by submitting a domain name through us, through our newsletter, you have got added value. So, you are getting, basically, multiple touch points and more exposure. So, for smaller names, we encourage people to just sort of submit their domains directly through DNX, but if you have got a stronger name, I think it is probably better submitting it through us. We will put it through the newsletter a couple times. You are going to benefit from all the marketing that we do, through all the social media marketing that we do. And then we are going to put it through DNX. We are going to manage that auction all the way start to finish.

Michael: Sounds good. So, most of the domain names on DNX do not have a reserve price. So, they will go all the way down to a dollar?

Andrew: It depends. I am not going to say most because I do not actually know at the moment.

Michael: It depends.

Andrew: Yeah, it depends. A lot of them do not have a reserve. I would say most do. You should know that we do not let people put names on there that have stupid reserves. We are not interested in that. It does not offer value to anybody.

Michael: Got you. Right, because you want to be the place where investors or registrants can liquidate a domain name for a fair price.

Andrew: We are looking to create an efficient market. We want to create a more liquid domain market. We want to be able to say, "You know what? The spot price of this domain name is whatever it sells for on DNX." That is what we want, and that is what we are working towards, and we are putting the systems in place to do it and functionality in place to do it. We are going to be constantly improving this marketplace and appropriately marketing it. I mean like I said before, we have only done a BETA launch so far. We are going to be rolling out Version 2 in September, probably around the time that this interview airs. And there is going to be increased functionality. There is going to be subaccounts. There is going to be a lot of new stuff coming.

Michael: Nice. Well, I think it is a beautiful system. As I mentioned to you, I have been on it. I have purchased a domain name. It all worked very well and I cannot wait to see the next version. So, if I list a domain name for sale, what kind of commission do I have to pay on it?

Andrew: So, the commission is 15% regardless. So, it does not matter whether you list it directly on DNX. It does not matter if you submit it through our brokerage or through our newsletter. Ultimately the commission is 15%.

Michael: Okay. And then people are going to pay DNX.com, you guys are going to take out your commission, and then send the rest over via wire or PayPal, or whatever.

Andrew: Yeah, we process basically all transactions over five hundred dollars through Escrow.com. That process is completely automated. We are fully

integrated with Escrow.com. And smaller transactions are creating a bit of a headache at the moment, but we are working through that and trying to figure out the best way to automate the smaller transactions. But at the moment, we are processing those through PayPal.

Michael: Awesome. A couple of the domains that I saw this morning: Dietitians.com was at 15 thousand and Newbie.com was around 101 thousand.

Andrew: Those are phenomenal.

Michael: Just some fantastic domain names there. So, what didn't I ask you about DNX.com that you wish I would have?

Andrew: Let's see.

Michael: I think we have covered all the big things. The buy it now and the reverse auction portion of it. I can put in an offer, which as it decrements, I will be there. What if two people put in the same offer amount? If we both put in 25 thousand on Dietitians.com, how does that work?

Andrew: That is a great question. So, each offer is time stamped, and the person with the first timestamp gets it.

Michael: Nice. Who built out the system? Was it your partner Chris?

Andrew: Yeah, so I am involved. Basically, we have got really well-defined roles, and that is why it has worked out really well so far and I think it is going to be a great partnership; is that Chris is a phenomenal developer. He knows his stuff. This is an extremely sophisticated system.

Michael: Yeah.

Andrew: This took literally eighteen, almost 24 months to build.

Michael: Wow.

Andrew: This is a vision that I had, and one day we got to talking and Chris had a similar vision, and we said, "Let's combine forces and do this." And we have been talking this through literally for more than a year and a half. And the development took, let's say, two years, maybe two and a half. And let's say the development itself took eighteen months.

Michael: Wow.

Andrew: And we are still not done. We are still implementing fixes and still implementing new functionality, and responding to all the feedback that we have received from our BETA launch. I mean there is six figures invested into the development of this platform, making sure that it is bulletproof and that everything works the way it should, and that everything is secure. And bottom line, there is not going to be any snafus. There is not going to be any like shill bidding or anything that makes people doubt the worthiness of the platform. I mean I do not want to name names, but I mean there are several platforms out there where I am bidding and recently I go: "I feel like I am bidding against myself here."

Michael: Right. And a lot of the cases, and I cannot remember which platform it is, people would make a bid and then I think it is on maybe NameJet. They will make a bid. They may have purchased domain names in the past, and then they just do not pay. Like that sucks, because a lot of other people have put in bids.

Andrew: That is something we are working on. I mean that is something that everybody faces as an issue; is non-paying bidders. So, people that become recurring bidders, I mean obviously we are going to white list those people, but we have got some ideas of things that we are going to do going forward in order to really make it difficult for people to be non-paying bidders.

Michael: Yeah, great. So, I have been on your website, MediaOptions.com, Drew. I have seen a lot of new blog posts. You are sharing a lot more thought leadership in the industry. Every once in a while, I am reading an article and the little chat window will pop up from - who is it that is on the chat?

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Andrew: Any of us. We are actually in the process of hiring two more brokers. I do not want to name names yet, but yeah, we have got two more brokers coming onboard. I, myself, am on there often. (Unclear 1:20:55.7) is on there often.

Michael: Tess. I see her a lot on there. I feel like: "Hey Tess, what is going on," but I never do.

Andrew: But what is important is that it is a live person. No robots.

Michael: Awesome. And you also mentioned that you were doing some contract automation through your website. How is that going to work?

Andrew: Yeah. So, we are really trying to automate our whole business in any way that we can with the exclusion of the actual end user brokerage and negotiation. So, we are bringing all our contracts online. Everything will be digital signatures. Contract gets signed and domain gets automatically listed in MediaOptions.com. We have implemented a whole new domain search feature. We are going to be making that really, really sophisticated. We are going to be adding a lot of keywords and categories to every single domain in our marketplace to make search for those types of names easier, where you can say, "I am looking for a brandable name that is six characters," and even if you do not have a keyword in mind, we are going to give you options. And every domain is going to have its own landing page on MediaOptions.com. We are encouraging domain owners. Unless your domain is making significant money in parking, man, or you have got a live website on it, forward it directly to our sales page. We are going to be optimizing these sales pages to make sales. It is going to have our toll free number - (855) DN-SALES. It is going to have our email address and contact information. We are going to be writing eight to ten sentences about the domain name and about the keywords, etc. We are going to get that page indexed in Google. We are going to make Media Options a very authoritative site in the space. That is part of the reason why, like you said, we have been making a lot more blog posts. We are not really interested in posting about current news. We are not trying to compete with any of the domain blogs out there. We are just trying to basically go through the questions that the buyers and sellers ask us often, and addressing those concerns, addressing those points, trying to just



give back a little bit of education, which, in turn, makes our job easier. We can refer people to a specific article and let them read it. We have had a lot of people complaint that we do not allow comments, but like I said, we are not necessarily trying to be a blog. We are just trying to sort of put some information out there for people to get informed. And because it is our corporate site, I do not necessarily think that it is the right place to have comments.

Michael: Yeah, definitely. All right, Drew, here is the last question for you. What is your view on your strategy that we have discussed today - buying premium generic words that have multiple connotation that can serve as sort of an industry-defining brand. How has changed when the new general top-level domains are going to become available starting late this year?

Andrew: I do not think it is going to change. I think that the types of domains that you and I have been talking about today - really strong one-word, two-word domains, even .NETs and .ORGs that really fit the extension. I do not think the values there are going to change. They may even increase. I think there will be an eventual flight to quality, but the gTLDs are going to present some really interesting opportunities and we are looking forward to sort of participating in brokering some of the premium names from some of the strings. Looking forward, that is one of the things we want to be doing with DNX.com; is running some of the premium auctions from the land rush on some of these gTLD strings through DNX.com. But I think that the gTLDs ultimately are going to just sort of expand the pool of names that fit the description that you and I talked about. When you start looking to the right of the dot and you are looking at Car.insurance as a great alternative to CarInsurance.com, I am not going to say that it has got the same value because it does not. Plain and simple. Maybe it is worth five percent, and maybe it is worth ten percent, and maybe it is worth fifty percent. I do not know.

Michael: Yeah.

Andrew: But the age of the .COMs, the mindshare the .COM has among the general public is not going anywhere. These gTLDs are not going to change that, but it does expand the field and it does present a lot of new opportunities

for people that cannot afford the .COM to pick up a great alternative. I think that there is going to be some really interesting sort of marketing plays and brand plays here. When you start incorporating the right of the dot into the sort of semantic meaning of the domain itself, it gets interesting. There are some really fun stuff that you can do, but each extension is only going to have a limited number of those types of names.

Michael: Right, like Mobile.app, I think, is probably going to be one of the hot domain.

Andrew: (Unclear 1:26:29.5).

Michael: And I am sure there are a ton of other ones, but will the launch of .APP and the availability of Mobile.app increase the value of MobileApp.com, for example?

Andrew: Yes, I believe it will, because inherently it will leak traffic to MobileApp.com and traffic increases value. At the end of the day, traffic is the currency in this business. It is all about traffic. Domain names are a naming system. That is not going to change. That is not going anywhere, but what keeps it relevant is traffic, and that traffic comes because domain names are memorable. That traffic comes because domain names are great brands. That traffic comes because it is an exact match domain that helps you rank in Google, and that got you more traffic.

Michael: Yeah. Okay, so it might spill over and help you. If Mobile.app is actually developed, it will help even more.

Andrew: Yeah, and so if Mobile.app sells for a great price and a company builds on it, in-certainly that increases the value of MobileApp.com.

Michael: Yeah, sounds good. All right, this is the point where I ask people to reach out and, if they have questions, they can post their questions in the comments field below the video. You can do something as simple as saying thanks to Drew for taking a lot of time - an hour and a half - out of his day to talk about how he looks at domains, how he prices them, how he reaches out to them, and this new opportunity at DNX.com to get some fantastic domain

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names at value pricing, especially now when it is relaunching and there is not a ton of traffic. So, I would say get over there, sign up for an account, and start following some auctions.

Andrew: Look, do not be fooled. We are actually getting quite a bit of traffic.

Michael: Oh, yeah?

Andrew: Yeah, there actually is quite a bit of traffic on the site.

Michael: Darn it, I missed the opportunity already.

Andrew: Yeah, it is growing. It is growing. We have got a lot of key buyers onboard and they have sort of recognized some of the values.

Michael: Nice. Hey Drew, if somebody wants to send you an email or wants to follow up with you and say, "I have got some domain names that I want to get through your newsletter and DNX or have you broker," if it is over 75 thousand dollars, how can they best get in touch with you?

Andrew: Yeah, Andrew@MediaOptions.com. I respond to every email I get, except for spam. And you can call us (855) DN-SALES, or go to our homepage and hit us up on the live chat.

Michael: All right, and are you going to be at the TRAFFIC Conference coming up in October, in Florida?

Andrew: I am not. There is a possibility that we may change plans last minute and go, but at the moment, we have just got too much going on. I am not going to be attending, although I am looking forward to attending next year, when they move back to Miami, and I am hoping there will be another Domain Fest this year.

Michael: Yeah, maybe.

Andrew Rosener, CEO of MediaOptions.com and Joint Venture with DNX.com. Thank you for coming on the show, sharing your knowledge

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about pricing and finding great domain names, and thanks for, once again, being a Domain Sherpa.

Andrew: Thanks a lot, Michael.

Michael: Thank you all for watching. We'll see you next time.

**Watch the full video at:**

<http://www.domainsherpa.com/andrew-rosener-dnx-interview/>