

HOW TO VALUE AND SELL A DOMAIN NAME HA.CK - WITH MAX GUERIN



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Episode 377

Michael Cyger: I am often asked how you can make money with domain names. And it seems like such a simple, straight-forward question on the surface. But the deeper you understand an industry, the broader the opportunities become. One of those opportunities is called domain hacks. We're going to find out what the opportunity is, what kind of returns you can generate, and how one investor is making real sales happen. Stay tuned!

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Michael: Hey, Sherpa Network, thanks so much for joining me today. My name is Michael Cyger, and I'm the publisher of domainsherpa.com, the website where you can learn how to become a successful domain name investor and entrepreneur directly from the experts. My goal is that you'll watch these interviews, take away strategies, tactics and ideas, become successful yourself and then come back to Domain Sherpa and do an

interview. I'm often asked how you can make money with domain names, and it seems like such a simple straightforward question on the surface but the deeper you understand an industry, the broader the opportunities become.

One of those opportunities is called domain hacks. We're gonna find out what the opportunity is, what kind of returns you can generate, and how one investor is making real sales happen. I'm pleased to welcome Max Guerin, founder of Claim Club, an investor in premium brand of all domain name hacks. Max, welcome to the show.

Max: Hi, Michael. Thanks for having me.

Michael: This has been a long time in the process. You and I started having a conversation a couple of years ago. It's finally great to have you on here, learn more about your business and domain hacks. Let me start with this, Max. Many investors may not be familiar with the phrase "domain hack." How do you define what a domain hack is?

Max: Well, to start with, I don't really like the name, domain hack, because it's been quite detrimental to this type of domain names, because usually most Internet users, when you talk about hack or hacking, they associate the term with something that's bad, or they relate it to what they hear on the news and what they read in the media. But actually, hack is more for a way of playing with the...whether it's called in terms of domain names, domain hacks, to play with the words, to play with what makes a domain name, which is the word you use and the extension, the detail of the [inaudible 00:02:06].

But something that people don't know is that the first domain hack is actually very old. It's Internet inter.net, which I think was registered in '92 or '94, which is still used today. It's a German company, I think one of the largest web hosts in Germany. Back then there was only a few [inaudible 00:02:34], .com, .net, .org. So there was not many possibilities of making them in hacks, besides [inaudible 00:02:42].com or cyborg.

Michael: So, it's interesting that you bring it up because in interacting with you, leading up to this interview, one of the things that I noticed is that you are a creative person. And, you know, just like people who write content, you know, write poetry, write novels, appreciate play on words, you as a domain and name investor appreciate the play with words, the wordplay that comes into domain names and how you can use a top-level domain like the country code for Spain .es and work that into words. So the right of the dot and the left of the dot. If you were to move the dot, that's the word that you're trying to make.

Max: That's why I prefer to otherwise use the word "branded domain name" and the expression by the domain name, which is what marketers nowadays use, or URL platforms like Bitly, which I think were the ones who were one of the first companies that coined the expression "branded domain name." Which means, you know, to have the brand incorporated within the domain name. The only thing that separates the brand name from the domain name is the dot.

Michael: Right. Yeah. And that's a great point. You know, I appreciate you saying that, that we should call these brandable [SP] or branded domain names, because that's what they are, but for consistency and just to be able to identify them to people who have known them as domain hacks in the past this is the topic that we are discussing. While I think that it is...I totally understand what you're saying, that the word "hack" or "hacker" has been negative in the past, I do see people talk about growth hacking, people talking about hackathons, and the whole culture around programmers has really shifted from a negative to a positive recently.

So, you know, I'll just throw that out as one side of the coin, but I completely see where you're coming from. Max, you know, people often turn on to Domain Sherpa and they watch the show and they want to know right off the bat, you know, I understand the concept, but is the interviewee, is the person that's giving the interview somebody that's actually doing something that I should pay attention to? And the way that we record that is by sales volume.

So if people are having some sort of sales volume, people want to get an idea of the level of success. What was your sales volume over the past year, or if you just look at 2016?

Max: Well, this year I haven't sold too many domain names. I did make some great sales through mostly the flippa.com marketplace, with the help of media holdings, which was acquired by Flippa, I think, sometime last year.

Michael: Domain Holdings.

Max: Domain Holdings.

Michael: Yeah.

Max: They were one of the [inaudible 00:06:04] helped me with the sales. One of them was sto.re, S-T-O.R-E, which uses the... [inaudible 00:06:18] in a way, but it's part of France's...the islands of [inaudible 00:06:24], which is a bit up north of France. Don't ask me why they have an extension. I don't know. It was a great sale. It sold for \$30,000, I think post sale negotiation. We launched the shopify.com [inaudible 00:06:47].

[Crosstalk]

Michael: So shopify.com bought STO.RE, the domain hack for store, for \$30,000. But if I take a step back, Max, how many total domain names did you sell in 2016?

Max: I sold roughly 20 domain names this year.

Michael: So about 20 domain names. You sold most of them through Flippa, it sounds like.

Max: Yes.

Michael: And then, what was the total sales volume? Like, the total top line sales, before commissions, before costs, holding costs, things like that?

Max: About \$100,000.

Michael: A hundred thousand dollars. Okay. So you're doing six figures on the sale of 20 domain names, roughly almost two domain names per month that are selling. How has that trended compared to prior years? Like if you look to 2015, was it about the same? Was it trending up or trending down?

Max: 2015 was pretty much the same as was '16 because I got many offers, [inaudible 00:07:58] offers. But I decided early on, which I think is why I'm still able to make such great sales because I knew how to value my domain names.

Something most domain [inaudible 00:08:17], at least with domain hacks, didn't know, which was the value of these domain names, for different reasons. If you ask me why did I choose to invest in domain hacks instead of dot com domains or dot co or dot media, which I own some, but most [inaudible 00:08:43] and domain hacks, and the reason is simply because I found this crazy value in these domains. Through the websites I knew and some of the entrepreneurs that I respect...for example, Matt Mullenweg of WordPress, was one of the first individuals to own a domain hack for his website, which is still ma.tt.

This had this impact on me, that if such innovators are interested in these domain names [inaudible 00:09:30]. They're working on the monumentals. So I decided that I should invest in these domains and not let them go for little money.

Michael: I'm gonna dig into more on how you value your domain name hacks. But I want to understand a little bit more about a few of the domains you've sold. You've mentioned sto.re. S-T-O-R-E sold for \$30,000 on Flippa. I didn't realize that you sold Matt Mullenweg ma.tt. Are you up to say how much you sold that domain to him for?

Max: No, no, I didn't sell that.

Michael: Oh, you did not. Okay.

Max: No. What I said is that...

Michael: That his use has made it more popular to use domain hacks.

Max: [inaudible 00:10:14 to 00:10:19], or I realized the value of this domain.

Michael: Yeah, definitely. What are a couple more domains you've recently sold on Flippa?

Max: Recently, I sold one, .et domain name, which .et is the ccTLD for Ethiopia. The domain was l.et, L.E-T.

Michael: L.E-T.

Max: Correct.

Michael: What did that one sell for?

Max: This one sold for \$4,000.

Michael: Four thousand dollars. Do you own b.et? B.E-T?

Max: No. Unfortunately, I don't own this one. But I do own intern.et.

Michael: Oh, you do? So you own I-N-T-E-R-N.E-T?

Max: Yes.

Michael: Oh, wow. What do you value that one at?

Max: Well, this one is one of my personal favorites, so I would sell it for at least six figures, I think.

Michael: Six figures. Awesome. So how large is... You mentioned that you do have some domain names besides those that are domain name hacks using a country code top-level domain. How big is your entire investment portfolio, Max? How many domain names?

Max: So far I have about 200 domain names.

Michael: Two hundred. Okay. So, it's a good size, but it's not massive. Some people have 20,000 domain names or something. So it's very manageable. Of those 200, how many would you say are domain hacks, like l.et or sto.re?

Max: I think more than half of them are domain hacks.

Michael: So, over 100?

Max: Yes.

Michael: The difficulty that I find with domain hacks is that you can't run a "reverse who is" look-up on the domain name. Country code top-level domain name registries operate who has databases that are hard to query, they're slow. There's no one-stop location.

So I can't go to domainiq.com and type in a domain name that I know you own, like start ups. You own S-T-A-R-T-U.P-S, which is the state of Palestine country code top-level domain. I can't go and look that one up and then look up all the other ccTLDs that you own. So, knowing that, what are your favorites? What are the ccTLDs, the domain hacks that you own that would be really hard for you to part with, Max?

Max: Just to respond to your question. You can actually find who owns that PS domain. You have to go through the registry directly.

Michael: Right. You can. I should clarify. In all the registries, you can go to nick.whatever, nick.es for Spain, for example, and do a "who is" look-up. But you have to think of the domain name, then look it up. I want to do a reverse "who is" to find out a list of every single domain name that you own, and I couldn't do that, leading up to the show.

Max: My favorite domain hacks would be intern.et, like I said. I like...more recently, I bought a .com domain, which I use for my blog, which is flipa.com. Not to be confused with the domain [inaudible 00:14:04].

Michael: Wait a second. You're using F-L-I-P-A, flipa.com?

Max: Correct.

Michael: For your blog. But it's not to be confused with Flippa the marketplace.

Max: Yes, because I use it as Flip A .Com, like flip a coin. It's a word play. I explain on my blog that I decided to use this domain name [inaudible 00:14:30] of all extensions because that's how I started in domaining. Now that I want to sell my [inaudible 00:14:40] I decided I must use .com.

Michael: Interesting. As a side note, do you get a decent amount of traffic going to flipa.com?

Max: I get a few thousand a month.

Michael: Interesting. And so, what else do you like in your portfolio?

Max: Well, since I'm in Montreal, I like m.tl, which MTL is the abbreviation for Montreal.

Michael: Oh yeah, that's a great one.

Max: I own i.je. Je in French means "I." So it's double I.

Michael: I.e. Nice.

Max: Startups is a good one as well. What else? Twe.et. I own twe.et.

Michael: So T-W-E-E-T?

Max: Mm-hmm.

Michael: Another Ethiopian one.

Max: Yes. [inaudible 00:15:49].

Michael: So, Max, you sell about 20 domains a year. Most of them are sold through a marketplace like Flippa but some of them are sold by people who think of the domain hack, look up the "who is," and contact you directly?

Max: Yes, sometimes this happens, but not quite often, especially since I don't have a...I used to have a website marketplace for which I was sending these domain names. But I wasn't satisfied with the design so I decided to take it offline. Nowadays I mostly use flippa.com, ceedo.com. Or I contact the end users directly.

Michael: Oh, you do outreach on some of the domains?

Max: I do outreach, yes.

Michael: How does the outreach go?

Max: Well...

Michael: Do you find that it is successful, or is it like most people that do outreach, that 90% of the emails that you send fall on deaf ears?

Max: It has been successful. It's rare, but when it does, usually it's for [inaudible 00:17:04 to 00:17:06] not only because I save fields from reusing a sub-platform. But also because there's more space, I would say, for negotiation, other than just adding...you [inaudible 00:017:24] and you're able to speak with the person. It's just...it's out to negotiate, I find, whether it's on Flippa or Ceedo, than if you were to talk with the person, make a phone call, that kind of thing. For example, I sold a package to overstock.com two years ago, which was through outreaching to the communication director at overstock.com, who was Judd Bagley.

Michael: So tell me about that. What did the package include? Which domain names?

Max: The package included the domain names, o.ly, O.L-Y, which at that time was still relatively successful. You probably remember, [inaudible 00:18:25] a lot. A few years ago many startups started to call themselves something "ly."

Michael: Yeah.

Max: Nowadays, it's IO, but a few years ago it was .ly mostly. So o.ly was the most important one. The other ones were o.cr. CR is the ccTLD of Costa Rica. And o.vu. VU is a small island that I can't remember the name of. I think it's Vanuatu. Anyway, these were the domain names. And there was, included with this package, which was not sold per se, it was part of the branding package, were social media URLs and handles like twitter.com/o Twitter handle.

Michael: Wow, twitter.com/o, the username O.

Max: Yes. I was early on Twitter, so I was able to secure that one. There was o.tumblr.com.

Michael: Wow. Yeah. That's phenomenal. So you saw the value of a single character. You didn't know that Overstock was gonna re-brand to o.co.

Max: I knew at the time. That's why I offered them this package, because I knew they were trying to re-brand as [inaudible 00:20:04]. This was after they bought [inaudible 00:20:07].

Michael: I'm sorry, what I meant to say was, when Twitter was coming out and you secured the user name O, at that point you had no idea that Overstock was going to re-brand. You may not even know of Overstock at the time, but you saw the value in short brands, like the letter O. And so that's why you picked up o.ly, o.cr, o.vu, as well as various social media. All in, how big was that package?

Max: The package was sold in Bitcoins because I was very interested in Bitcoin then, still am. And I knew that Overstock was involved within Bitcoin and invested a lot of money and decided to pay their employees [inaudible 00:20:58] in Bitcoin. So I proposed that they pay me in Bitcoins, and they agreed. And so we agreed on 150 Bitcoins, which at the time of the sale in December 2014 was \$50,000. Which now would be worth more than...

Michael: More than \$100,000.

Max: Right.

Michael: That's fantastic. So, you know, you saw...you understood that Overstock was playing the Bitcoin space that would be a negotiation point where something that they might not have as much invested. It may not come off the books as cash, that they might be able to use Bitcoin and that you saw that Bitcoin was probably gonna be the best coin currency and you wanted to play in that space. That's a fantastic agreement.

Clearly required a ton of vision to be able to be an early adopter on Twitter and get that O handle. One of the questions was going to be, how did you sell the usernames when most social media accounts won't...their terms and conditions say that you cannot sell. And it sounds like you did not sell it as part of the package. You sold the domain names. And as part of an

agreement to buy those domain names, these social media handles just rode along with it.

Max: That's correct, yeah. The contract with Overstock, it was clearly stated that the Twitter handle, the Tumblr URL, all the social media accounts were transferred as part of the domain name deal [inaudible 00:22:45].

Michael: Why did Overstock want to buy these domains, o.ly, o.cr, when they had o.co?

Max: Well, that's because I saw a trend in domain name sales. [inaudible 00:23:04] I think it was o.cu.za, which is the ccTLD area of South Africa, which was bought for something like \$6,000 by overstock.com. So then I started to think about the fact that [inaudible 00:23:23] went after more than one domain name, which like you said was all the [inaudible 00:23:29] that they wanted to own as many as possible. Which reminded me of booking.com with whom I had a prior deal, were doing the same thing. They were trying to acquire all of the booking and bookings domain names, whether it was booking.net or booking.jp, which is one of the domains I sold to booking.com. So I saw the same trend and I started to register and buy all these domains.

Michael: Gotcha. So I'm gonna come back to the bookings, but before I do that... So it sounds like on Overstock, your investment hypothesis was, I'm gonna buy single letters in country code top-level domains because somebody is gonna want those single-letter some day. And that company came along and it was Overstock and you sold it for 150 Bitcoin.

And I assume that you probably used that investment hypothesis with other single-letter domains as well. You probably own P, the letter P, in other top-level domains that are different from the ones that we've just mentioned. Is that a fair assumption?

Max: No. I bought the O because I knew Overstock was going to buy them.

Michael: Gotcha. So you did go out and buy them with the intent to sell them to Overstock, who was trying to consolidate the market?

Max: Exactly. And I knew they were serious about renaming into O. Even though, in the end, it didn't work out for them, that [inaudible 00:25:19].

Michael: Yeah. But Twitter started I don't know what year. You secured that handle way before you started buying the country code top-level domains.

Max: Yeah, for the Twitter handles it was different. It was for my personal use. It was a coincidence when I started this package for Overstock. I said, "Well, probably they wouldn't be interested in the Twitter handle," so I added this.

Michael: Gotcha. And that probably definitely sweetened it. So that was Overstock. So I completely understand it. They were trying to buy all the defensive registrations around the letter O, which was their brand. Now, Booking went out with a tremendous marketing campaign in the United States. They started using booking.yeah, which in their marketing materials, which wasn't even like an extension and was kind of confusing with all the new TLDs, but they had a lot of money and they were going out to the market to build brand. Now, how did you hear about booking.com was buying up domain names?

Max: Well, at the time I was using mostly ceedo.com, and every couple months I would see the results of that. [inaudible 00:26:36] booking something, I was in the top sales selling for up to \$20,000 or sometimes less depending on the size of the country, the ccTLD. So I saw this trend and I started to do some research and looked for the ones that Booking had not secured. I found 36 of them at the time which were available, all the ccTLDs available that I could register as an individual without needing every trademark or...

[Crosstalk]

Max: Yeah, a company registered in the country. So I found 36, which I got within six months. And then I contacted booking.com and I offered them this package.

Michael: Who did you contact at booking.com? When you buy these domain names, and you have them and you know you need to reach somebody at the company, who did you reach out to?

Max: Usually, I reach the marketing department of the company, the chief marketing director or someone working in the marketing of the company.

Michael: Okay. And do you typically go to like a LinkedIn to look up who's the director of marketing, trying to find the highest level you can?

Max: Usually, you find all this information on the website of the company.

Michael: So you just went to their public website, looked up and found out who the chief marketing officer was?

Max: Yeah. Most of the time, though, you have to figure out which email address they use, which is something quite easy, actually. It's kind of like trial and error. You have to try a few times. Usually, you end up finding the right email address.

Michael: Yeah. So you found the person, you emailed them. What does your initial email look like when you're trying to sell some domains like that?

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Michael: Yeah. So you found the person, you emailed them. What does your initial email look like when you're trying to sell some domains like that?

Max: Well, usually, I introduce myself and my company. I just, you know, point out the fact that they bought other Booking domain names and that I was able to find domains that they didn't know even existed. So I...you find this actually...make connection in the name I use to represent myself, which is Claim Club, the Claim Club was actually a phenomenon that started in the U.S. back in the 19th century, which was individuals who were securing lands for early settlers and they were called claim clubs and also squatter clubs. Which is interesting because you also find this word of squatters, cyber squatter, in the domain name world. At the time, though, the word squatter didn't have the same meaning as now.

Actually, this movement was seen as something positive because these people were doing a lot of work. They were the first there and they were securing these lands. So that's corporations, big corporations [inaudible 00:30:25] were claiming all this land. The little people, if I may say so, are the trends in [inaudible 00:30:35]. So I started to use the same concept [inaudible 00:30:40]. The fact that I seek this obscure, what people think of obscure extensions, like .et for example, to me it's the beginning. Usually, most of the [inaudible 00:31:03] kind of becoming more and more used because these big companies like Booking start using them.

Michael: Yeah. And so, how many...so you registered booking.et, bookings in other country codes. Maybe you had a domain hack in there. How many total domains related to booking did you accumulate before you approached them to sell them?

Max: It was a package of 36.

Michael: Thirty-six domains. And what did you sell that package to booking?

Max: I sold it for \$60,000.

Michael: Sixty thousand dollars. Okay. And were you at all worried that because they had trademarks on the word "booking" that they may just turn around and say you were a cybersquatter and you were registering their trademark in the different domain names and just take them from you?

Max: This is possible, especially nowadays where a lot of companies don't even bother to speak with you. They go straight to the [inaudible 00:32:11].

Michael: Yeah.

Max: But in the case of Booking, it's delicate because...and also because of the domains I was selling to them, since booking is a generic word, even though it's a trademark, it's used by many, many companies. There's no way Booking can go after all of them. And also because the domains I was registering for them were small, tiny African nations, except for bookings.jp, which is the ccTLD of Japan.

I don't believe Booking had a trademark in these countries. And I think they didn't see me as a squatter, because like I said, they didn't even know these extensions existed. So, you know, in my mind, if probably someone else where they ended up registering these domain names and started Booking websites, then it would have been an issue for booking.com. But what I was doing was just securing these domain names. Usually, I never...actually, I don't like to put ads on my domains. If you make a domain name, it's legal

advertisement. So I just, you know, secured these domain names and then I approached Booking directly.

Michael: And it's not a non-risky proposition to secure those 36 domain names. These are country code top-level domains that may charge anywhere from... You know, it's not your typical \$8.47 dot com. Some of them are \$50 a year, \$100 for two years. You know, just sort of odd registration processes, and manual processes as well where you have to go to small registrars. It probably took a lot of time and a decent amount of money, like thousands of dollars to register those 36 domains.

Max: That's correct. It took more than \$1,000, and it took, like I said, six months to register all of these domain names. Sometimes if you have to wait... Actually, at the time, which was four years ago, you had to wait a long time just to get a reply from anyone. Sometimes there's no... You have to deal directly with the registry and not a registrar.

Michael: Yeah, in some of the countries, the process is manual, where you actually submit a form online and it probably gets printed someplace in another country and it needs to be processed.

Max: Exactly.

Michael: Yeah. It's amazing. You know, just before we hit the record button, you were telling me that you sold Kim Dotcom a domain but not before another deal fell apart. Tell me, how did Kim Dotcom approach you to begin with?

Max: Well, he approached me one night in 2012. It was in November 2012 at the time where he wanted to...he was about to launch his new series called Mega. And months prior, I made this proposal to him. I sent it to him through Twitter actually. I was offering him an imaginative domain name because I knew that his service was not going to be launched on a dot com, on a top [inaudible 00:35:59] because if you remember, his domain names,

megaupload.com and all these other mega domains were seized by the U.S. government.

Michael: Right.

Max: So it would have been a pretty stupid move to launch his new websites knowing that he still had legal issues with the U.S. government to launch his new series [inaudible 00:36:21]. I came up with this ID to offer him the mega domain name.

Michael: Me.ga.

Max: Correct. Which GA is the ccTLD of Gabon, which is a small African nation. And he called me one night and...

Michael: He called you up?

Max: He called me, yes. I think my number was in the proposal then. We talked for a while and he wanted to use the domain. He was really excited about his domain and wanted to use it right now. So we agreed on...there was a price in the proposal, though I decided to renegotiate these amounts and the offer. Because he needed this domain so urgently, we came to the agreement that I would get a percentage in his next company, which was some stock in his Baboom service, which was launched later on. So, the agreement was that we would sign a contract. Actually, he wanted to invite me to New Zealand so we can sign the contract because he was not able to leave New Zealand.

Michael: Right.

Max: And in exchange, I was supposed to redirect the me.ga domain name to the launch page of the Mega service, which I did. And Dotcom announced the new domain name as...it was like a...the way he tweeted about it and the way it was represented in the media was more of a middle finger to the United States. This created quite a storm. I think the U.S. government called Gabon

and they decided to suspend the domain name. We didn't have a chance to sign the contract. At the time, I was much younger. I regretted this a lot, especially because when this happened, Dotcom decided to not to pay me, first. But also, he didn't offer any apology, nothing, because he felt I was somewhat responsible for this action of Gabon.

Michael: Well, he was the one that was promoting it and getting people over there to take a look at what was going on.

Max: Exactly. But if you look at the history of Mr. Dotcom, you would find a lot of this. The way he's portrayed in the media is actually quite ridiculous. But then you have to do your own research, which I did because I had to...I tried to get my money through my lawyer but, like I said, since we didn't sign any agreement. It was just talking on the phone, emails.

Michael: Right. And he got the benefit of you redirecting it until the deal was done. So, in hindsight, if you had to go back and redo that event again, what would you have done differently, Max?

Max: I would have signed a contract directly. I would have flew to New Zealand and I would have met the guy and signed a contract.

Michael: Before redirecting, before allowing use, before even allowing him to promote it, potentially.

Max: Yes.

Michael: But that wasn't the end of Kim Dotcom. Although the me.ga, M-E-G-A domain name didn't sell, he ended up buying another domain name from you.

Max: Yeah. Actually, six months later, I got this offer from [inaudible 00:40:30] for a domain name which I did along with the me.ga domain name, which was k.im, K.I-M, with kim.com in mind because I knew that the only Kim who would be willing to pay a good amount of money for that would be Dotcom.

But Kim Dotcom, I think, for half a million dollars sometime in the early 2000. Also, because of the fact that his dotcom domain was seized and that Kim Dotcom, his name, was at risk, something told me, "You should register this," and I did. He offered me \$20,000 for this domain name, which I accepted.

Michael: You didn't even negotiate because this is Kim Dotcom. He's got a lot of money.

Max: Actually, at the time no because not only his domain names were seized but all of his money, and he didn't have so much cash that people think. I think 20,000 for his domain was [inaudible 00:41:46], especially since he has not used the domain since. He wanted to launch...

Michael: So let me ask you, Max. Let's take a step back. For investors that are listening to this that maybe own some domain hacks or are thinking about buying any, if you've allowed any to get through and there are some to register, how do you value domain name hacks?

Max: I value them...well, I have three ways. One is, of course, how much the dot com was. I usually go on estibot.com and I look up the value of the equivalent in dot com. One example is... Actually, it's not the best example, but locally.com.

Michael: Locally.

Max: Which was recently bought for a company...well, [inaudible 00:42:51] was \$25,000. But the domain hack, local.ly, local.ly, was sold three years ago for \$100,000. So, you know, in that case, the domain hack appears to be more valuable. But, you know, it's not the case. I don't know how much locally.com ended up selling for but pretty more than \$100,000. So this is something where EstiBot doesn't really give... I think EstiBot is mostly based on the traffic of the domain name. Some domains are very valuable but don't get any traffic. So in the case of [inaudible 00:43:38] .com, I guess they don't get so much traffic, so that's why the [inaudible 00:43:43].

Michael: But if I type in kim.com into EstiBot, let's see what the order of magnitude, what the estimation is. It's loading right here. It comes back with 1.13 million, which probably highest and best use case, there's probably a company named Kim out there, Kim Electronics, Kim Medical, Kim something, that's probably like a million-dollar domain name. Three letters. It's a word, pronounceable. But you sold k.im for \$20,000.

Max: Yeah.

Michael: Is that a good fraction, a million-dollar dot com is worth about \$20,000 in a domain hack?

Max: Like I said, it really depends. Usually, when I say estimate my domain names, I value them as...you know, five, ten percent, sometimes 20% of the dot com. It really depends on the quality of the domain name. If you take...it's like Internet. Internet.com probably was in the tens of millions, I guess. For me, \$100,000 is a good estimate for that.

Michael: So it depends on how big the industry is, how big the use case is. Definitely. And so, does the country code become a factor as well? Like if you have a domain hack that uses a small African nation, let's say, versus a domain hack that uses the country code for Spain, .es, is the Spanish one gonna have a higher...you know, all the other things being equal, is the Spanish one gonna have a higher value because Spain is a larger country would you say?

Max: It really depends on how well known the ccTLD is. If you take, again, .et, Ethiopia is not a small nation but it is mostly unknown. It's so unknown that Google doesn't even own google.et.

Michael: Really?

Max: They have google.com.et but not the top TLD. So in the case of .et, it does have an impact on the price. Not so many people know about it, not many companies use it. And that's why usually I hold on to these domain

names. I sell a few to big companies like Booking, for example, that these guys start to use them. And then the small guys come along and they also want the AT [SP] and then the price goes up. So, it's a long process.

Michael: All right, so you said in terms of valuation, you'll look at the dot com and use a percentage of it. Could be anywhere from 5% to 20%. More popular country code top-level domains may affect the price. What else goes into valuing domain name hacks, from your perspective, Max?

Max: Well, if it's a one-word domain hack, it's going to have of course more value than two-word domain hacks, which I guess can also be applied to dot com. Although we have seen some two-word dot com domains which have sold for a lot of money. When it comes to domain hacks, usually the more than one-word, any more than ten characters I would say, is a hard sell. It's very hard to sell these domains. Because, again, the interest in these domains is the fact that they're very small. That's the main point in acquiring a domain hack, is because it's very short. I think the more we advance on the internet and there is this trend for simplicity, for short, for... I think it really was popularized with Twitter and the 140 character limit.

And then these URL platforms like Bitly, these started a trend not only in the domain name world but also in how we approach text and all that. So, in evaluating [inaudible 00:48:48] on not just domain hacks. It's one investment but you find the same trend in small dot com domain names, the four-character dot com domain names.

Michael: More and more companies are using those shorter domain hacks because they do want the shorter like. Google of course will use G-O-O.G-L as their Greenland country code for their shortener. National Public Radio, I don't know if you see those in your Twitter feed. It'll be n.pr, which is the country code for Puerto Rico. You know, even in the domain name industry, and I've often said that it's the most difficult domain name to use because it's not a shortener, which you just click on it.

You don't need to remind somebody what it is or tell them to go to n.pr/session100 or whatever. But Mark Kychma decided to use DN Prices, D-N-P-R-I-C-E-S, which of course uses the country code for Spain, as his domain. One of the few domain hacks that's actually in use. Again, I find difficulty telling anybody how to get there because you need to spell it out. Is there a better way to do, Max? Am I just silly by spelling it out?

Max: Not only GN Price is not many in the industry, but domain hacks are used by many, many, many websites. If you want, I can send you a list. There's many startups, which is another reason I'm still buying them, is because there's big demand for them.

Michael: Yeah, I'd love to see that list and post it as part of the interview, if you wouldn't mind selling it. Because I've never seen a list of startups that are using hacks as their domain names, and that would be really interesting to see.

Max: You can go, if you want, on one of my Twitter accounts, which is Domain Hacks, twitter.com/domainhacks. You go on the list and there's a list of domain hacks, of companies using domain hacks that are on Twitter.

Michael: Awesome. I'll post a link to that. So that's why people are buying these domains. It's either ego, like kim.im. It's defensive purposes like Overstock or Booking who want to get every single domain, or it's shorteners, which the new GTLEs have been promoting constantly. That maybe you don't find a use for our domain name but it can still be a shortener for a domain name that you have and you can shave off those three dot com characters. One of the domains that you've owned, I think, for a really long time, that was one of the first domains that opened my eyes to domain hacks and the fact that you had such a large portfolio, was Tags, T-A.G-S. And being a publisher and knowing that data is tagged, and metadata and how important that is in databases, I've always loved your domain tags. If ta.gs.com was, say, a 500... Let's just say order of magnitude \$500,000 domain name. Maybe it's 800. What is TA.GS worth, Max?

Max: TA.GS I would say is worth a little less than \$50,000, based on the fact that Tag, the [inaudible 00:52:30] sold for \$60,000 a few years ago to this marketing company. That's also the reason I bought ta.gs, because I saw that tag sold for that kind of money. It's actually one of the rare domain hacks that I bought on the aftermarket. I paid actually, I think it was \$3,000, \$4,000 during an auction on [inaudible 00:53:00] to secure that one.

Michael: How do you typically...you know, most people ask me how do I go and do the research, and I'll say, "Go to DN Prices or go to Name Bio and you can type in specific words and then look at the comps for those." But you can't type in "tags" and Name Bio will spam the dot in order to pull in t.ag, for example, that recently sold. How do you research who's buying ccTLDs that are domain hacks and keep track of which ones are selling for how much?

Max: Well, usually, I just go on [inaudible 00:53:36] and I look at the top ccTLD sales. I look at sales that are over \$10,000. Usually I don't look at what's below this. Because if you're going to pay, let's say, 100 bucks to register a ccTLD... I mean, some of them are less expensive but many of them, like you said before, are quite high [inaudible 00:54:06]. By the end of the year, you have to pay the bill. So, 100 bucks is still a big investment if you only have 200 domain names and not so much cash available. I want to at least make \$5,000, \$10,000 if I'm going to pay these kind of fees. Yeah, that's how I research the domain names, from [inaudible 00:54:37], namebio.com.

Michael: You're relying on people who are selling these domains to make the information public?

Max: Yeah. Well, we were talking about tags. That's what I did in tags. I looked at the set of t.ag. And also because, like you said, tags are everywhere.

Michael: Yeah, that was a good buy. So if you own 200 domain names, roughly, and you're selling about 20 domains per year, you've got a 10% sell through rate, which is really high. You're doing that through proactive marketing with domain holdings through Flippa, Flippa bot domain holdings brokerage. You also have them listed on Ceedo. Is that correct?

Max: Yeah. I actually just listed my domains on Ceedo. I used to have them before I sold half of my portfolio to my brother on a [inaudible 00:55:47] name, which were mostly of dot com domain names and single character domains. Which I'm still a broker for him, so I get a percentage in each sale, the domains I already sold to him. So, after the AT auction last month on ceedo.com, everyone was so amazed that they were able to reach \$1 million in sales. I don't remember the number of domain names but I don't think it was so much.

Michael: It wasn't that high. I think c.at, C.A-T, might have been one of the top sellers, and that was about \$60,000, if my memory serves me correctly.

Max: That's correct, yes. But I was talking about the number of domain names they auctioned for [inaudible 00:56:44]. But yeah, like you said, the top sell was a domain hack, which was c.at. Sold for \$60,000. We also saw other domain hacks performing very well, like...if I remember, there was what, sad, and a couple more. Meat as well. When I saw this, I sent a tweet to the CEO of Ceedo on Twitter. I told him, I have this...I'm from Domain Hacks, my Twitter, Domain Hacks. I told him I [inaudible 00:57:28] Domain Hacks and I was trying to sell my portfolio. So we talked a bit, and quickly he told me that Ceedo was interested in working on an auction sometime in 2017. That's why I started to list my domains on Ceedo. Right now we're in the verification process, which is a long process because some domains are hard to verify, as you know.

Michael: Yeah, definitely. Fantastic. So that Ceedo auction is gonna happen sometime in February, March. How can people...you know, if they want to follow you on Twitter so they can get updated when the auction goes live, and I'll try and update this interview page as well with that auction information, what's the best Twitter handle that they should follow to be notified of that auction?

Max: They should follow the Domain Hacks.

Michael: Domain Hacks on Twitter.

Max: Or they can follow me on Domain Portfolio, which my personal Twitter handle.

Michael: Okay, great. I will put a link to those in the...down below to your bio as well. Hey, Max, is the opportunity to purchase good domain name hacks gone? Or is there still an opportunity for under market value purchases?

Max: There's a growing opportunity actually because of new GTLEs. Something you might notice if you look at the top new GTLE sales, most of these domains which are sold domain hacks, they are these word plays that started with domain hacks. That's one of the reasons my business is still making good sales. Because nowadays I think the [inaudible 00:59:38] on naming a company is, again, the size of the domain name. I think it is really, really important, and that's why domains like [inaudible 00:59:51] .io sell for a lot of money nowadays. Because these domains are available, they're easy to acquire.

For most startups who don't have a big budget and haven't raised yet a lot of VC money, they cannot afford \$100,000 or more dot com domains. This comes afterward. But I'm thinking of the small startups when I buy my domain names, and that's so much thinking about the big guys. If it happens, that's great. But I'm thinking of the small guys who they want a good domain name and create a domain name for not so much money. That's what I do.

Michael: So here's the final question for you, Max. For newer investors that are watching this, or investors that are watching this and haven't contemplated buying domain name hacks in the past, what advice can you offer them about investing in domain name hacks and making that a wise investment?

Max: My advice would be to be smart about it. So don't go registering long domain hacks because there's very low money in that. I mean, last week I sold Donald J Trump on flippa.com for \$60. Which is still good money but it

shows that there's not much value in long domain hacks. So yeah, focus on the smaller is the better when it comes to domain hacks. Yeah, be smart about it. Do your research. Don't just focus on .io or the easy names like... Do like I did. I went through the very unknown ccTLD and I was able to register some very, very good domain names. And you have to be patient. It's like the domain king.

Michael: Yeah, Rick Schwartz.

Max: Very patient man. Others were not so patient and sold amazing dot com domains, I'm sure, in the late '90s for nothing. But he was patient, and now he's getting the money that he was already [inaudible 01:02:38] back then. He was a pioneer. So, be a pioneer.

Michael: Great advice. If you have any questions, please post them in the comments below this video on Domain Sherpa and I'll ask Max to come back and answer as many as he can. If you received benefit from today's show, learned something new, thought differently about investing in a new domain asset class, please take a moment to thank today's Sherpa. I'm gonna be the first to say thanks to Max. Max Guerin, founder of Claim Club, thank you for coming onto the Domain Sherpa Show, sharing your information about how you built your portfolio, how you valued your domain names, how you sell them to end users, and thanks for being a Domain Sherpa for others.

Max: Thank you very much, Michael. This was special.

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