

Interview with Michael Berkens, RightoftheDot.com

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Michael Cyger: Hey everyone, my name is Michael Cyger. I'm the publisher of DomainSherpa.com, the Domain Name Authority, and the place where you can learn how to become a domain name entrepreneur directly from the experts themselves.

On Monday June 20, 2011, ICANN approved plans to make sweeping changes to the domain name industry as we know it, increasing the number of generic top level domains from current 22 to potentially hundreds within the next few years. I interviewed David Weslow who was following the proceedings live. I interviewed Juan Calle, founder and CEO of the .CO domain registry who shared many lessons learned from the successful launch of that TLD. But what I have yet to do is to help entrepreneurs figure out how to navigate the ICANN new gTLD application process.

Joining us today to talk about this new process is Michael Berkens, Co-founder and Managing Director of Right of the Dot. And internet consulting and advisement firm specializing in new and existing TLDs strategy, board advisement, premium domain and market positioning, sales and services. Michael, welcome to the show.

Michael Berkens: Thank you Michael.

Michael: Michael, you are not just a consultant you are an avid domain investor yourself. How many domain names do you currently own and in what TLDs?

Michael Berkens: We currently own about 75,000 domains. A vast majority are .coms, well over 95%. We own some .nets, some .orgs, some .mes and .tvs and some .COs. That would probably be the only ones we have any major amount of domains in.

Michael: And the new TLDs that are going to be launched can be whatever people want to apply for. What do you think the most popular TLDs will be in terms of competing applications?

Michael Berkens: The generics, the bang on generic words and terms - things like .cars or .insurance or a variation there of or .realestate, things that are very sellable on a registry level.

Michael: Ok, so is it fair to say that some of the most premium, say .com, domain names that have been registered -- the highest valued ones -- those are prime to be extended into their own top level domain?

Michael Berkens: Yes, I would think so. It would have to be a category that would obviously be rich in sub-domains. So things like .casino or .poker would be very valuable. The geos would be very valuable. The .nycs, .paris', .berlin's they should be very valuable as well. And then basically they will be brand, brand domains. So you might see that .ebay or .apple or .microsoft, some of those will be open extensions where they will try to let the customers have access to domains. And some will be closed extensions where they will just use them for in-house or marketing and business and advertising purposes.

Michael: Okay I'm going to come back to that to ask you a little bit more in-depth questions about why companies might want to do that. But let me take a step back and say ICANN said they expected anywhere from I think 300 to 1,000 applications in the next year. You have reported on your own blog TheDomains.com recently that MarkMonitor and VeriSign expect between 1,000 and 1,500 applications. How many applications do you think ICANN will actually see?

Michael Berkens: I predicted originally about 500. ICANN has budgeted 500 into the new gTLD program. But I think there is a possibility of maybe 1,000 depending on the brands. It's going to be brands driven so that level of domain applications and that of course is just in the first round. The first round opens applications January 12 and closes on April 12 of next year and those applications are going to get processed over a period of probably

several years and we don't know when the second round will open up, but probably not anytime soon.

Michael: So you said that applications are going to be processed over the period of several years. I'd actually heard or read someplace that the newest TLDs could be live as soon as early 2013 but some of them may take longer. How does that shake out?

Michael Berkens: It is going to shake out because there are going to be some extensions that are going to be bang on - not disputable. For example say .ebay, a brand application like that is there can really be no objection to by anybody. It can't be objected to by the trademark holders. Most likely isn't going to be sought by anybody else so it is a straight through generic. It's a brand application that should sail through fairly appropriately. They certainly have the business financial profits - it is a public company so they will easily meet all of those requirements. And all of this other hurdles that you have to get through in the application phase, they should get through fairly quickly. So it is possible that you possibly see some of these live early in 2012.

But then there are other strings that are going to take longer because they are going to be objected to possibly by trademark holders - they may be objected to by governments - there may be applications that some people are going to put in on generics as a community. Which is something else we can chat about but basically .music and .gay have both expressed to apply as a community. You can expect objections from third parties to that. So any time there is objections like in anything else it is going to delay the proceedings and delay the decision. So if there is contention for a string, if there is still more bidders, that is going to have to get worked out and that is going to delay the string being awarded and such to be resolved. You may see some go live in late 2012 and it may take a couple years on some of these other ones that are highly contested or sought after or have a lot of things just mentioned. And I think that is all spelled out in the guide book.

Michael: Are you personally applying for a new TLD yourself or as part of another business venture?

Michael Berkens: No we are not going to be applying for a TLD. Right of the Dot may take some small equity positions in the TLD in return for services but we are not applying ourselves.

Michael: So what I want to do is I want to help businesses that are maybe thinking about applying for a brand or entrepreneurs that are maybe thinking about applying for a generic TLD themselves learn some basics about the process, learn about how to apply for it. Clearly they can go read the guide book but not everybody has access to an expert like you in the domain industry that is doing consulting on this. I want to help people figure out how to move in the right direction. So that is what we will spend some time focused on.

Michael Berkens: Okay great.

Michael: A company called Urban Brain says they are going to launch .site. And they are going to target it at internet users, hobbyists and business owners. And I'm sure there is a host of other companies/organizations out there that have done similar things. They have launched, they have said that they are going to launch one, they have put up a website. Is just making an announcement and putting up a website the most that someone can do right now?

Michael Berkens: It is questionable...In what regard? The most that they can do in an attempt to do what...What are they trying to accomplish by putting up a website?

Michael: I guess that is my question to you. I'm not sure people would make this public announcement that they are going to launch a new TLD. I think there is a website out there that is tracking all the people that are saying that they are going to launch new TLDs. Why announce it at all? Why not just put out their application?

Michael Berkens: It is a business strategy. There are various reasons you might want to come forward and say that you are going to apply for an extension. One of the most obvious ones is to scare away other competitors. If you are a fairly large organization and well established with really good

funding it may deter others from going in and applying for, as a usual example: .site. So that would certainly be one reason for coming out front.

Another reason would be if they are looking to raise the money and investors they may want to have or at least appear to have a bigger market presence and stronger thereby gives investors some more reasons to invest. There are various reasons for coming out front. The only other really good reason would be is if you were trying to go in as a community like a .gay or a .music and they want to build up basically a huge basis of support to people in the organizations. So then it would be very helpful to come out front. But at the end of the day, apart from the community application, there is no real reason to come out front at this point in time. And I think the vast majority of companies considering applying for a gTLD are not out front.

Michael: So it sounds like there are sort of three general categories of organizations that are going to apply. You have got the brands like the .ibm or the .ebay. You have got the communities like the .gay or the .music. You have got individual companies that are just going after a niche like .site or .credit or something like that, from a company basis. Is that right?

Michael: Yes except the community is really based for communities like geographic communities. So going back to you cities again cities like New York and Berlin and Paris they have been very upfront saying they are going to apply for their own extensions. That is really what community is all about. Some other companies that are trying to use that community because the thing about the community is if you can prove you have the community then you get the extension for your application fee and the other cost but it doesn't wind up going to an auction which is most likely for most of the better generic domains. So if you can prove community you get the application. So New York City if they want New York City, that .nyc, they basically have to sign off on it and they get it. They don't have to go through an auction process. And a much quicker process at that assuming that the community is recognized by...there aren't any objection let's put it that way. So using that theory at the cities and the communities there are other applications like .music and .gay that will seek to apply as a community but it is very questionable as to whether or not ICANN is going to allow any of those to fly in as communities.

Michael: And if they apply, if .gay or .music, fly under the communities the worst that can happen is they will just be lumped back under the corporations and then they will just have to maybe go to auction.

Michael Berkens: Any string that has more than one applicant is subject to go into auction. Of course there is going to be time after the applications are all in, about two weeks after all the applications are placed April 12, the period closes, ICANN will announce what applications have been received. So basically until April 12, until two weeks after April 12, and the announcement is made you are going to be sort of applying in the blind without knowing if there has been an application placed or 20 applications placed for that same string.

Michael: And for the communities, the true cities like New York City, .nyc that could be a real revenue boom for cities that are willing to put forth the effort and organize this initiative for companies within their city. They could really generate a lot more revenue. Especially in this market where revenue is tough and businesses are going out of business.

Michael Berkens: Yes, absolutely. It is going to be a big money generator for a lot of cities and that is why you will see a lot of cities moving in that direction. There are companies out there that are going to be bidding on the contract so they will run the registry on behalf of the cities. Obviously cities are not well equipped to run a business like this that they don't know anything about. So for example Minds + Machines is one of the companies that has been active in this geo space trying to get a lot of those geos done. On behalf of the cities to run the registries for them, maximize the revenues for the cities and run the registry properly.

Michael: We have a little bit of a delay so if anybody in the audience is watching that is why I spoke a little bit over Michael but we will make sure that we take a little bit more pausing so I don't speak over Michael again. So for the cities I would expect that every single major city around the world should be considering this because every city is looking for revenue and this is a revenue opportunity for them.

Michael Berkens: I would agree with that statement but the problem with cities is that they don't move quickly as we know governments are fairly slow to act and this thing was just approved last month and applications open up in less than six months now. So they have to get going and cities typically take a long time to make decisions so that is going to be the greatest challenge. But there are obviously cities that are actively seeking. There is certain a reign for a city that has a fairly big population based on businesses and to go ahead to do this not only to make money but for the benefit of the city and to promote the city.

Michael: Right, definitely. And so if say New York City doesn't apply might some other organization within the city or some other private organization could they try and get the .nyc TLD?

Michael Berkens: They would still have to get the city to agree to sign off on that. So radically yes, the New York City Transit Department I guess had applied for the .nyc but the mayor's office and city council will have to agree that they are going to give that to that department which is highly unlikely.

Michael: So while there is an enormous benefit for cities to go after their own gTLD it is not like time is of the essence and if they don't act within the next six months to get an application they do not have a chance to lose the TLD.

Michael Berkens: They don't have a chance to lose it except that there is maybe two cities with the same name which there are cities like Springfield that there are lots of cities with the name. Even in Paris, there is a Paris that is in Tennessee or somewhere in the United States.

Michael: There is a Paris, Texas.

Michael Berkens: Yes, Texas. So theoretically Paris, France does apply in Paris and Texas does and Paris, Texas gets it then they will lose out. The second part of that, the answer to the question is that nobody knows when the second round will take place. So it could be for years and years that the city may not be able to apply because again they are only going to take applications to April 12 for the first round and if you are not in the first round

then you are not in. You can't get back in. And they are also limiting the applications to 1,000 so said ICANN in the earlier meetings. So there is not quite an answer at this point what happens if there is going to be more than 1,000 applications. I'm not sure it's going to...I'm not sure how they are going to do the cutoff. Whether they are going to decide – They haven't announced how they are going to deal with 1,500 applications when they said they will only approve 1,000.

Michael: Have they stated why they only want to allow 1,000 applications? Why there is a specific cutoff for the first round? Is this a learning process and they expect that they just want to limit it to get an ongoing process set up? What have they said? I know that you have been following ICANN very intimately.

Michael Berkens: This is a process that has been talked about through ICANN for several years and it's gone through several bad breaks and revisions and the 1,000 per round limit was fairly late in the process. I'm not sure what the impetus of it was. I think there were concerns by some maybe security and the DNS and that part of ICANN to make sure that the system wouldn't break the internet I think, was the most common phrase and others about that. Although, ICANN is assured that they can add an unlimited amount but they want to appease that concern of a lot of security experts.

Michael: If we take a step back and we go to a 30,000 foot level you have already said the timing, there is going to be an application process for a few months starting in January and then ICANN is going to review these applications for the cities that have the mayor sign off, they won't go to an auction, it will probably a quicker process as long as the city is financially stable. And then you have got the brands – the ones that are owned by companies - trademarks are owned by companies like .ibm, those will probably be a relative simple approval as well as long as the company is financially stable. And then you have got this auction process. What is the timing and what is ICANN said about how multiple applications for specific TLDs will be handled, go to auction in terms of the timing?

Michael Berkens: I don't think they have actually laid out the exact timing on this. What they have said is that there is a multiple application for the

same string and there is going to be a time frame where these various applicants basically make deals with each other. So you might see if there are three applicants for .xyz you might find one applicant being bought out by the other applicant. Or you might find some consolidation and when you do the LD space is struck by the multiple applicants that decide well instead of going to auction and bidding each other up to \$5,000,000 why are we partner up on this thing? Why don't we take a 33% each instead of three of us going into auction?

So there is an opportunity for things like that to occur. But entrepreneurs sometimes being entrepreneurs will a lot of time want what they want and there are definitely going to be extensions where there are going to be multiple applicants that aren't going to come to an agreement and it will go to an auction and then the question becomes what will these things sell for? Is it a really good pure generic extension? And we all have some thoughts on that.

Michael: So there is no timeline currently set up. We may see the earliest TLDs in 2013 but if it goes to auction and there is some time in there for applicants to negotiate with themselves it could be years?

Michael Berkens: You have other factors as well. Each of these applicants is going to have to go through a review to make sure they reach the qualifications. That is going to take a substantial amount of time. This may be a six month process. They are going to have to show that they are financially viable. They are going to have to produce financial statements and terms and they are going to have some sort of business plan. They are going to have to show that they can support and keep this registry running for three years. They will have criminal background checks. Some other disqualifying factors in the guide book include losing three UDRPs with one being in the last four years that is a disqualifying factor for any directors or stock owners.

So there is going to be a fairly substantial background process for each applicant. So an applicant could fail on one of those and be knocked out. There also could be trademark holders – it is not just a U.S. based trademark system. It is a worldwide trademark system obviously and there have been deluxe trademarks. Trademarks issued by countries that don't have as high a standard as the U.S. does, pushing trademarks. So it could be somebody for

example with a trademark for Durence out there in the world and they are going to come in and say you know we object to this domain being auctioned off or treated as a generic because we have a trademark on it. They probably won't win the day but something like a delay of the process for quite awhile.

Michael: It deserves due diligence.

Michael Berkens: Exactly. If an applicant is denied he may appeal and you may have to wait for that whole appeal to take place before the auction can move on. So it could conceivably go for awhile. There are a lot of facts and variables. It is hard to really peg them down.

Michael: So I went to the ICANN website and I looked at the new gTLD applicant guide book that is there. It hasn't been finalized. All of the versions are up there, the most recent version. I imagine they will come out with a final version just before the application process opens?

Michael Berkens: I'm not sure they are going to come out with another version. They definitely left themselves an opening in the current guide book to update the guide book and change it pretty much at any time. And they indicated that they would. And they did indicate in the last couple of meetings that this is still an ongoing process. Obviously it has never been done before. Things are going to happen that can't be thought of or contemplated. Some of this stuff is going to have to be gauged on the fly. One of the risks for an applicant is knowing that the rules may change a little bit on you as you go.

Michael: Is there an actual application? Or do applicants just use the guide book and they produce their application from that?

Michael Berkens: At this point I think they are going to build – I assume there will be an actual application. There is a lot of stuff that needs to be attached to the application - That other firms like Architelos is a firm that is helping a group of financial projections and do all of this other number crunching that has to be attached to this application. There are companies that are providing services to fill out the application and deal with any ICANN issues as well as other consultants in the field. Our specialty is really to try

and maximize the profits for the registries. We are not going to be filling out the applications. That is not our part. There are ICANN experts out there who are going to be doing that. Ours is from maximizing profits from the registries and be sure the registries serve formula all of those numbers into the projections from the outset so they realize how much money is sitting on the table, premium names, reserve names and the proper strategy for selling those along the way.

Michael: That makes sense. Let's talk a little bit about the finances. If we look at only the fees, not the total costs of ownership, not the total cost to run a registry, but just the fees to apply for and run a new gTLD over the first three years, how do they shake out?

Michael Berkens: Stuart Lawley, CEO of the ICM Registry, was on CNN today and he was chatting a little bit about this and basically made the statement that you should consider that it is going to cost about \$1,000,000 to get this thing through.

Michael: That is through the application process.

Michael Berkens: Yes through the application process, the fees, you are going to have to choose a backend provider, they are going to want some money upfront, you are probably going to use a consultant to put your application in, you will use somebody to do your financial projections, you are going to need attorneys and travel. It is going to get up there pretty quick. So certainly \$500,000 for a very basic not contestable application, but certainly budgeting up to \$1,000,000 would be a good idea.

Michael: And just the application itself is something like \$185,000?

Michael Berkens: \$185,000 application fee correct.

Michael: So just to put in your application is \$185,000 and then you have renewal fees and I assume every domain name that you sell you are going to have to provide a feedback to ICANN?

Michael Berkens: Yes, that is obviously if you are awarded the registry there will be annual fees, there will be ICANN fees, there will be fees that will be paid to ICANN for every domain name registered. You may have a fee paid to the registry provider for every domain name register depending on who you use and what kind of extension you have. So there are initial fees, there is the application fee and getting through that ICANN process if you will - which we project to be at least \$500,000 to \$1,000,000 for that part. That doesn't include an auction that may take place for a generic and those fees are substantially higher.

Michael: So closer to the \$500,000 for a brand that has a sort of uncontested trademark brand across the world like a .ibm or a .ebay and for communities like .nyc (that get the mayor to sign off) but for corporations or other organizations that may go to auction and it can be higher. Especially if the bidding is high it could take more consulting to help get the application through.

Michael Berkens: And there are a lot of factors involved. If there is an objection, you know if somebody files an objection to your extension for one of the various reasons that is going to start getting very expensive because even if you can defeat the objection you start getting into a very expensive process. And then there are appeal rights and you can't control a lot of this stuff. So if you file what you believe to be is a pretty straight on application it may still not be so. Apple may theoretically you could have other challenges to that Apple by other companies that say they have a trademarks and that will muddle it up and delay it and increase your cost substantially. So that is why you sort of have to have \$500,000 number in mind but you have to have potential financing in all of this stuff. And this is not something to go in with your \$185,000 and that is all that you have to put into this thing. This is not for you. So you have to have potential finances. There are a lot of contingencies in this thing.

Michael: I'd like to learn more about the backend IT technology systems and costs involved in starting a new TLD. New Star announced that they launched a Brand Assurance Package with entry level pricing for .brand like .ibm applicants looking for registry services, and charging only \$10,000 a

year. Will what work for all new TLDs? Or will it only work for a brand that is not going to go public and offer TLDs to people?

Michael Berkens: That particular product of New Star's is for brands that are pretty much going to have a closed extension. Really not utilized very many sub-domains even for itself. There is a limitation on the names that are included on that \$10,000 annual fee and after you exceed that it goes up and it could go up very substantially. So that is really only for plans that are basically issuing no sub-domains.

Michael: For internal purposes.

Michael Berkens: For internal purposes.

Michael: And what might it cost if you were to partner with somebody for external purposes? Or if you were to hire them to be the backend IT provider for your registry, what is a range of cost that that might run?

Michael Berkens: When Minds + Machines came out with a \$100,000 flat fee program about two weeks ago, three weeks ago. All the other registries, besides the New Star program, for geos that you mentioned - all the other registries are basically compensated on a per domain basis for each registration with a certain minimal amount guaranteed to them annually for administering the registry as well. That fee varies by lack of providers, there is New Star that does that of course. There is VeriSign that does it. There's Minds + Machines, there is Afilias that runs a bunch of extensions and .Newbie. Those are some of your bigger ones. And there are some smaller players like Open Registry in Europe and their rates are going to vary depending on definitely the string and the amount of domains you are going to register. A lot of domains are renewed in the system etc., etc. And you have to negotiate with each of those providers. With everybody in space, we know everybody in the backend registry space we can talk with the client and go through with them the advantages and disadvantages of each if the choices and the fees and cost involved.

Michael: Is it possible for either a brand or an open extension to build their own system? Or is that sort of like you are rebuilding the internet and why reinvent the wheel? It's just cheaper to use a service provider?

Michael Berkens: I would say it is obviously cheaper to use a service provider but it is something that is doable. It's not mandated that you use a current backend registry. If you want to have a new gTLD and you want to build your backend system you certainly can do that. It is going to be real expensive and you are going to have to prove that it works. You are going to have to go through some hurdles proving that you have the ability to run the registry which you wouldn't have to do if you hired one of the companies that currently run registries. So probably not feasible for 99% of applicants but if you want to do it, it is doable.

Michael: I understand the benefit of using a registry versus building your own. Which may be cheaper but there are a lot of other hurdles to get over. So let's say somebody gets through the application process. They have been approved. What kind of staffing level is required to run an open TLD?

Michael Berkens: You basically are looking at a lot of marketing. Let's back up for a minute. It depends on what you are doing with the TLD. Is it going to be a closed TLD or is it going to be open?

Michael: Let's go with the open TLD example because I think a closed TLD you are inside a corporation. You know what you want to do with it. Let's say you operate within the limitations that say one of these providers has. You can have these many domain names, extensions, things like that. Let's go with an open extension. Clearly marketing would be appropriate because you need to get people to buy the domain names so you can have the revenue so you can continue to have a business. But I think a lot of TLDs have not gone that route. I interviewed Juan Calle from .CO and they spent an enormous amount on marketing and it has been wildly successful for them.

Michael Berkens: I think if you want to have the success that .CO has enjoyed, or at least attempt to, you are going to have to spend a lot of money in marketing. I think I read he spent \$10,000,000 marketing. So marketing is going to be very important. Obviously you are going to be having hundreds

of these new extensions all launching in relatively the same time frame, whereas .CO had sort of the field to itself and it was the only new game in town. So you are going to have to establish your own market. You are going to have to separate yourself out of the pack of all of the other domain extensions as well. And it is going to take some marketing money for sure.

Michael: So they will need a CEO, they will need accounting probably, but they won't necessarily need a sales team because they will be partnering with registrars?

Michael Berkens: If they are going to be partnering with registrars and they are going to need somebody to build those relationships out for them. There are hundreds of registrars, there is only maybe 150 or so that are retail registrars and if you take out all of the ones that are owned by private domain investors and used for just for backend patching, domain patching. So Go Daddy has somewhere around 50% of the registrar market for new registrations and all the other registrars basically take the other 50%. So, it is going to be a very interesting dynamic how a new registry gets exposure on a registrar's site.

Although all registrars technically should carry each of the new gTLDs they may not want to. And as a registor you are going to want to partner up with some registrars that are going to actively promote you on the front page and you are going to want to be obviously above the fold. You don't want to be one of the 500 domains listed on the drop down menu. So you are going to want them to maybe help you market it, advertise it and also promote it on their websites to their customers. It is going to be an important part of the registry having a good relationship with the registrars.

Michael: So Go Daddy is going to be pretty much the darling when all these registries get approved.

Michael Berkens: No doubt. No doubt. Again they can only handle so many. They can only promote a certain number at a certain time but they are in the phenomenal position. I think they filed for a patent for some sort of auction system that would place domains higher up on their menu based on sort of a big price. Sort of like a Google Ad Sense system for registries. They have

been obviously in a good position to dictate terms. The other registrars though...Go Daddy is not going to carry every new registry. So other registries may choose Network Solutions, or Registry.com, or Tucows or something smaller. Registrars who are going to go out there actively find a way for them to registrations.

Michael: That makes sense. When I got into the application guide a little bit there appeared to be a maze of legal issues associated with the new TLD. Like the agreement with ICANN, the Uniform Rapid Suspension System, the trademark clearing house. There is a trademark pddrp. I don't even know what that acronym means. There are tons of terms and conditions. Is this like buying a house where you sort of read over everything but eventually you can't do it unless you sign the document so you just sign them anyways? Or does a new TLD applicant need to have an in-house attorney focused on every little legal issue?

Michael Berkens: I think it would be wise for them to have an in-house attorney. I mean they are going to have legal issues with ICANN. They are going to have legal issues with trademark holders, with registrants. I mean it is a very fastidious field as we all know. I think in-house council definitely would be a good move. As far as a lot of these things that you are mentioning they are in the guide book these are things that are in place. Or going to be in place when the new gTLDs so they are going to have to opt for it and abide by these terms. It's not something that they are going to be able to negotiate through and exclude somehow. So like Uniform Rapid Suspension, the URS is really more of an issue for the domain registrants who could have their domain taken from them or suspended actually upon complaint of a trademark holder. So these are all so new procedures that are going to be applicable for all new TLDs. A lot of them are registrant issues rather than registry issues.

Michael: So it is not as complex as it first appeared to me. Your company Right of the Dot has recently announced an alliance with Minds + Machines. We talked about it a little bit earlier but what exactly does Minds + Machines do? I know that part of their description says they do consulting and then how does that interact with your consulting business?

Michael Berkens: We have entered into some relationships with Minds + Machines and New Star and Afilias and VeriSign, so basically all the major backend providers. The consulting that Minds + Machines does, especially in the geo areas is to get these companies through the ICANN process, get them approved, get them up and running. We see ourselves sort of coming in after that. Going through and creating a reserve list for each of the registries, names that they would want from day one for the registration fees - Names that are worth substantially more. And position some names with major companies and end users that would help role out the extension as well. If you had for example lawyer.nyc, a very valuable name, there would have to be a discussion of whether that name obviously would be held back as on a premium list for a for sale at a later point in time.

But if a very high profile lawyer wanted that name and was going to brand it and take his .com down and put his name up using .nyc you might want to strategically either give it to them through a founders program, which the few registries are using in .CO and .xxx to get domains into end users hands right from the get go. Or to hold those names back because they are very, very valuable and are going to be a big source of revenue for the registries. So you don't want to let those go. So it depends on what Right of the Dot does. It has been my experience as a domain investor for eleven years and acquiring 75,000 domains, buying and selling domains and I've sold tens of millions of dollars of my own inventory the years.

And then Monte Cahn, who of course started Moniker, provided us the background and experience in that whole registrar, contacts and registrar levels to get registries hooked up with proper partners and properly promote and sell domains on their behalf and as a domain broker Monte sold hundreds of millions of dollars worth of domains - Probably more than anybody on the face of the earth. So the combination is to basically concentrate on the real money of these registries which is the premium and reserve lists. Help them on land rush auctions which is another major revenue center for registries. As you know and join the rollouts of any extension is the sunrise period for the trademark holders to apply. There is the land rush period where people can apply for a name and that is a higher premium price and if there are more than one applicant for those names they want to go into a land rush auction to get settled in that manner. I think there is a few million dollars in both .me,

.CO land rush auctions on those contested names alone, so big revenue sources.

Michael: Before October of this year the International Telecommunications Union plans to publish templated answers to all 22 of the questions that are on the ICANN applicant guide book. Currently gTLD applicants are generally paying registry backend providers to take care of this part of their applications. I have read that they are paying anywhere up to \$10,000 for parts of the application. Is this new templated Wiki system a good/bad idea or really won't make any difference? What is your opinion?

Michael Berkens: I don't think it is going to be a – it might be somewhat helpful but I don't think it is going to change really the basic situation which is most people are going to have to go out and hire some professional help to get them through this process. Especially on the financial projections proving that you have the background financial worth to run the extension and run it for the next several years. They are going through the background checks of all the people. If you are an applicant with a lot of partners, if you are more of an entrepreneurial guy that is going to have 10 markers and going through a venture you may have to do your own background check before you get into an application. Put your \$185,000 and get into the middle of something and then find out that one of your guys has a felony on it. So it would probably be a good idea for all applicants to serve background checks themselves.

Michael: Good advice. So for the bulk of this interview we have been focusing on brands, trademark owners, cities and then companies that are looking to get the new TLDs. For domain investors that don't plan to apply for their own TLD how can we end this interview with some advice for domain investors? Where are the nuggets of gold that you think domain investors should be keeping an eye on with respect to the new gTLDs?

Michael Berkens: I think there is going to be a lot of extensions that are going to have a lot of premium plays. So if you want to go back to .nyc, go back to lawyer.nyc example. I mean I'm sure there are hundreds of domain investors right now that say yes I'd pay \$100 for that domain. Or there may be hundreds that will pay \$1,000 for that domain name. It is an expansion of a space. I think domainers have a very...when they start talking of an

expansion of other extensions they are always think about obviously .com. And .com is the king and why do I want to invest in another extension because it is never going to be better than .com. That is just not the right way of looking at it.

You wouldn't decide not to invest in a new computer company because it is never going to be Apple. You don't have to be .com to make money. So we have seen the .mes, and there have been .mes that have sold for six figures. There have been .mes that have developed into major sites and sold off to receive money like about me and in the .CO space we have seen nice sales in the five figures over the year. And so it is an opportunity. What is the right acquisition price, that is obviously up to each domainer but each of these extensions (or a lot of these extensions) are going to give a lot of opportunity for domain investors to be able to acquire a name at a fairly low cost and to flip it, sell it, hold it, develop it and sell it years later for a substantial bonus.

You just have to use your intuition and your knowledge as a domainer to figure out what extensions have the best chance of succeeding. You have to look at the group that is behind the extension. Who are they, what is their experience? Just look, you are investing in an extension, you are somewhat investing in the group as well. And so that is one of the things that I've sort of been very positive about .CO over the year is because they have such good group and they are so smart and they are well funded and they know what they are doing. So if you are with an extension like that...Plus they are obviously they are willing to spend money marketing and getting the word out. So if you wind up with a group that is not that, not well funded, doesn't have the money to market, doesn't have the vision and doesn't have the experience to run one of these things you are going to take that consideration when deciding how much money to invest.

Michael: That is an interesting point. Should the applications be public information Michael?

Michael Berkens: Once the application period closes, approximately two weeks later they will open it up and let everybody know who has applied for what. And then everybody there is going to be able to see the hand that they have been dealt. And see if you applied for .web that there may be ten other

applicants in there with you and you will know who they are. Or you will know that you are the only applicant.

Michael: But will I as a domain investor be able to look at who is applying for .web and what kind of resources they have behind it and their answers to how they are going to deal with their new TLDs to establish credibility?

Michael Berkens: I think the applications are going to be public so you will be able to see what is in the applications. I think a lot of companies that will be behind some of the better generics are going to be well known. Or will be soon thereafter well known. There are going to be some well funded groups going after these extensions.

Michael: It is going to be very interesting. If you have a follow up question for Michael please post it in the comments below and we will ask Michael if he can come back and answer some of them. Michael runs a fantastic blog as I mentioned before he pretty much chronicles what is going on in the industry. The domain name is TheDomains.com. Michael if people want to follow you on Twitter, I know that you are active, what is your Twitter user name that they can follow?

Michael Berkens: It's Berkens. B-E-R-K-E-N-S.

Michael: Excellent. Michael thank you so much for taking the time to come on today's show.

Michael Berkens: You're welcome. I appreciate it. Thank you Michael for having me on.

Michael: Thank you. We will see you all next time.

Watch the full video at:

<http://www.domainsherpa.com/michael-berkens-rightofthedot-interview>