

All The Secrets of Domain Name Registrars - With Michael Goldfarb

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<http://www.domainsherpa.com/michael-goldfarb-namesilo-interview/>

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain...or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

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 more successful domain name entrepreneur directly from the experts.

We've all had a common experience when registering domain names. You go to a registrar, there are unclear pricing tactics; there are constant bombardments of upsell options as you're going through the registration process; there's nickel and diming for other services that you get for free at other registrars that you use. What if there were a user experience that were developed from the ground up that took out all of these trivial actions that you have to go through in order to register a domain name?

Today's guest has built just that system. Joining us is Michael Goldfarb, Co-Founder of Name Silo at NameSilo.com - a registrar launched in October 2010 focused on domains and nothing else. He offers some of the lowest prices on the Internet with many free different options. Michael, welcome to the show.

Michael Goldfarb: Hi Mike. Thanks for having me.

Michael C: It's great to have you. Your Twitter bio reads, "lowest priced domains, free privacy, parking, you keep the revenue, and hand security, DNS tools, domain forwarding, portfolio management, registry lock, subaccount tools". What's the catch here? It seems like you're giving everything away for free. I ran across you the other night when I was looking at something online and I said, 'there's got to be a catch'. What's your catch?

Michael G: Well, I appreciate the softball to start the interview. There really is no catch. That's actually the question that we get asked most. There's been so many people that have so many types of experiences that you listed in your intro that it seems to them almost unfathomable that there is a provider who doesn't get involved in all of the different types of misleading promotions, pricing tactics, add-ons, charging for things, hidden fees; those sorts of things. I would say that nearly half of the inbound correspondences that we get are people trying to find out what the catch is. There isn't one. It's quite simple. Transparency is what we're all about. We advertise the price

that people pay as the price that they pay when they hit checkout. We don't add any fees. There are no hidden fees. We don't upsell any services. It's just completely transparent and what you see is what you get.

Michael C: So even that ICANN fee of eighteen or twenty-five cents, or whatever; that's included in your price?

Michael G: Yes. Correct.

Michael C: Wow. Yeah, because I'll go and I'll find a coupon or I use another registrar that I pay a yearly service for in order to get one rate because I don't like to mess around. I don't want to spend my time on discussion forums looking for coupons and trying to find the best deal to register. My time is important and if I think of a name, or I want to buy a name, I want to register that name and get out and get done and go do some work, or spend time with my family or something else. I don't want to have to go around and fight for all these coupons. So I pay a yearly service at one of these registrars and they quote me the price, and then, of course, there's that sidebar right next to it that says an additional X cents per domain name.

Michael G: Right. No. We don't have that. You won't find any asterisks or special characters regarding pricing. In fact, the pricing that we show - we give bulk discounts for large orders -, we don't even advertise those prices. The price that we advertise is the cost to come buy one domain name. You can get cheaper prices by placing larger orders, but again, we don't advertise because we don't want people to be tricked into looking at our website and wondering why they are paying one price when they were told a different one.

Michael C: All right. So I'm going to ask you about that; cheaper prices for bulk and how that's included, and whether you want domainers who have five hundred domains and they're renewing every year and they buy five domains at a pop, or twenty domains a week, or whatever. So we'll get into all that, but first I want to ask you; now that we have an idea of what you do - you're a registrar and you provide these services -, I want to know is Name Silo successful today?

Michael G: Yeah. Name Silo is successful. I mean, I assume that you're asking financially successful and the answer is yes, definitely. We're already a profitable company. We've done that by keeping an unwavering focus on bottom line. We don't have the costs associated with a lot of other registrars who offer a lot of other ancillary services. We don't use domain names as a lost leader. To us, the domain name is profitable; and the way that we keep it profitable is by keeping our costs extremely low, but at the same time, not sacrificing the customer service people expect and need with a registrar. So, again, by not absorbing costs, by not having big, expensive offices, lots of employees doing a whole lot of expensive advertising and so forth, we keep expenses extremely low; and because of that, domains in themselves can be profitable and are for us.

Michael C: Excellent. Well, it's great to hear that you're profitable. I love to hear about other entrepreneurs that have started businesses recently, within a couple of years, and are profitable already. What is the total revenue of Name Silo today?

Michael G: Really don't want to release the exact revenue figure, but in revenues, really, I mean in all of the business I've been involved, revenue has always been a figure, which people place way too much importance on. We've always been much more about profit. So, the revenue in this business, we could have eight figures of revenue just by offering domains insanely cheaply and driving ourselves out of business. So, the revenue number, in this business especially, is I don't want to say irrelevant, but close to. The profit is what matters and that's what is going to lead to the overall health and growth of the company.

Michael C: Okay. How many customers do you actively have managing domains through your service?

Michael G: We have almost fifteen thousand registered users and just over nine thousand that have at least one active domain currently.

Michael C: Wow. And how many domains do you have under management?

Michael G: Another question I don't want to answer exactly. Other times that we have, it gets posted and circulated online and people go back and view something that was posted six months prior. What I can tell you is this; just in case people view this video whether it'd be tomorrow or a year from now, is that we're currently on pace to exceed a hundred thousand domain registrations by November to maybe December of 2012.

Michael C: Great. All right. So you've got a lot of domains under management, you've got a system; I want to understand how you guys came up with the idea for this and how you built up the business. I receive e-mails or comments every once in a while - not a lot of time, but every once in a while - from people wondering how you actually create a registrar. But before we back up in the story and figure out how you got to today, I saw a press release when you launched business back in 2010. It listed free WhoIS privacy, domain parking where users keep a hundred percent of the advertising revenue, domain defender, proactive security, DNS management that I, as the user, can manage, API access for domain management tasks, credit cards or PayPal subaccount tools so I can allow, let's say, an affiliate or an employee of mine to go in and manage certain things on my account, registry locking, and portfolio management. All of those things were provided for free when you launched. Are they still provided for free today?

Michael G: Yeah. All those things you just listed are free and we've added a number of other things, which are all free as well. We literally do not even have a capability. There's nothing on our website that can even receive payments for anything other than registering, transferring, or renewing a domain name. That's it. Our shopping cart has nothing else that it supports.

Michael C: Excellent. I'm going to have to sign on right after this interview and register a domain name just so I can see what the process is like, Michael.

Michael G: Oh, please do.

Michael C: I'm listening to you and it's like this is too good to be true.

Michael G: It's easy to sell.

Michael C: Let's talk about how you got to this point. You have two co-founders in the Name Silo business. Is that correct?

Michael G: Yes.

Michael C: And what are their names?

Michael G: Michael McCallister and Chris McMurry.

Michael C: And Michael McCallister you've known longer than Chris McMurry, correct?

Michael G: Yeah. I've known Mike since, I want to say, eighth grade. It might've been ninth grade. There's a little dispute there. I think ninth grade.

Michael C: All right. And how did you two meet? Were you in class together in high school?

Michael G: Oh, I really don't want to answer that. I really don't want to answer that either. But we were friends through high school. I went to University of Arizona for a couple semesters. He went to Arizona State University for a couple semesters. We met back up after that and decided we wanted to start a web development company. This was back in the mid-90s.

Michael C: Okay. Mid-90s. So now I need to ask. Did Mike pick a fight with you first in eighth grade? What's the story behind you not wanting to talk about it? Did he beat you up?

Michael G: No, but you're definitely not getting this one out of me. There are only a couple people on the planet who know that and you and your viewers won't be the others.

Michael C: All right. Are you going to Traffic this year in October in Florida?

Michael G: No. No. We don't have any plans.

Michael C: You're going to make me come out to Arizona, or down to Tahoe, where you are today and I'm going to take you drinking. I'm going to get that story out of you one of these days.

Michael G: I wish you luck.

Michael C: All right. So you met somehow. You're not revealing how you met; just a little bit of secrecy there. And you were friends in high school. You were friends in college. Which college has the better parties? UofA or ASU?

Michael G: It's a really fair question actually. I mean, I guess I'd have to say ASU. Now, UofA puts up a pretty good fight, but I think ASU might have them beat by a little bit.

Michael C: I think Playboy Magazine ranks ASU higher as well.

Michael G: I've seen those same reports.

Michael C: All right. So you came together after college, you had this idea for a web development company; did you guys know anything about web? In 1995 - the mid-1990s -, the Internet was just coming out only at Universities. Well, mainly at Universities, where people spend the time because as a college student, why not browse the web? You're looking for things to do. And so, is that where you two became familiar with the web; because you were in college during that time?

Michael G: Yeah. Really, Mike was familiar with it and into it before I was. I'd stop by his apartment and he would have a website that he had just developed or show me things and, for me, it was nothing that I was really interested in. I accrued a lot of expenses through school. What actually led the web development company was a speeding ticket that I got when we were headed out of town to LA one day and I said, 'you know, I can't afford all this. We need to start a company and make some money'. So we thought about ideas for companies on the way to LA and thought, 'well, let's build websites for companies'.

Michael C: Okay. So, easy enough. Mike was in college. He was starting to develop websites, so he understood how to write HTML, and put graphics at the top and put text on the page, and make it look relatively good like a typewritten page, or whatever the case. And so, you two decided that you would do this for other companies. Did you just hang up a shingle on the web and say, 'we're doing this now' or did you actually form a legal entity and go through all that rigmarole?

Michael G: Well, I was working for a company called Shell Vacations at the time - who I've been working for through high school - and they needed a website, so we did their website for eight hundred dollars. Was our first customer. Now, it was actually a relatively high profile customer and so, that led to a couple other people finding out we did websites. And once we did three or four of them, we formed a legal entity and actually realized we can maybe make a viable business out of it; and I think that was the last time either one of us went to class.

Michael C: So if I go back on the Internet archive and look at that website from the mid-1990s, will it look like a mid-1990s website?

Michael G: It will look like a late-1990s website because we were good at what we did.

Michael C: All right. Excellent. So, you two started working together. You built a few websites. After you build those first three or four websites for businesses, did you notice that you were getting a steady stream of new businesses coming in? Or did you have difficulty finding new customers?

Michael G: It was actually pretty easy finding customers because there were so few people doing them. This was at the time when you would see a TV commercial and the occasional company would splash their website address across the screen. I mean, people and companies were starting to realize that they could make use of the Internet even though they didn't really know how. I mean, as you said, it was brochure. It was really a brochure online is what they started as; and companies knew that they needed to get into them, but didn't know exactly what they wanted to do. And again, as being one of the

few providers, certainly in the Phoenix area, that was doing them at the time, it wasn't too hard finding business for the first year or two.

Michael C: Great. So who did the business development and who did the coding?

Michael G: I was more the front man and Mike was more of the coder.

Michael C: Got it. And so, through the late 1990s, the Internet was taking off. Clearly, the peak was in 2000 - during the .COM. A lot of the IPOs and finally, the busts. So, did you see that sort of continual rise in business?

Michael G: Oh yeah. No. We definitely did, but one of the lessons that we learned amongst the many and having that company - the company was called Contact Designs -; one of the many lessons we learned was to always keep an eye on expenses. And, as you said, when the Internet was doing this and we're getting more and more customers, we were incredibly hesitant to take recurring expense and fixed expense. We didn't hire. We didn't over hire. We didn't move into big, beautiful, new offices. We didn't buy a foosball table. We really just focused on doing what we did and doing it well and we actually grew, even during the bust.

Michael C: Oh wow.

Michael G: So it was actually kind of nice for us because it kind of cleaned the industry out. There was really no barrier to entry to starting a web development company in those days, so every kid with a computer - like we were just years before - was a web development company. So the bust really kind of helped. It was almost like a wildfire that cleaned out a lot of the dead brush and so forth. So, by the time the bust was ending and things were turning back around, we were pretty well positioned.

Michael C: I can see that. Starting before the bust and then, being able to take over all those new customers that were served by other companies that were so lavish in the way that they operated in their offices; and they had costs that were exceeding their incomes, so they had to go out of business. But why were you two so frugal during the business? If business was continuing to

grow year after year, through 2000, why didn't you guys spend more? Why didn't you hire more people so you could go play more golf? Why didn't you buy beautiful office space so you could get you more employees?

Michael G: it's really just our nature. I mean, if you ask either of our wives, they'll tell you that we extend that into our personal lives as well. I mean, they even call us cheap. But yeah, it's really just the way that we are. My father was an entrepreneur who started a lot of businesses - some worked; some didn't - and so, seeing my father kind of go through the roller coaster of the ups and downs of business - having a ton of money one day and then the next day saying, 'we're going to have to move out of our house'. I didn't like that roller coaster. Mike's personality is the same and so, we're both very conservative and to us, there's really just no secret. It's just the way that we are.

Michael C: All right. So if I were to speak to either your or Mike's wife and ask how you two met, would they know?

Michael G: They would probably know a certain version of the story, but no.

Michael C: All right. Now I know my way in. Okay. So you two met. You built a business. It was growing. What happened to that business?

Michael G: We continued growing. We peaked at about twenty employees or so and we ended up selling it. We were acquired by Chris McMurry in 2009.

Michael C: Excellent. 2009. Twenty employees. Twenty employees for a web design business; that's a pretty good size marketing company. Did you consider yourselves to be a marketing company or a website development company? What did you call yourselves?

Michael G: It was really a lot of - we focused on software - really back end development. We had some full time designers. At the time we sold, it was maybe more around fifteen. We peaked around twenty. I think we sold as maybe fourteen, fifteen people or so. A couple designers, a couple salespeople, and a lot of software people. We really focused on functionality.

It was really what we were about. Finding design to be a little bit more of a commodity, so that was really our focus.

Michael C: What was the revenue when you sold the company?

Michael G: I think 1.5 or 1.8. Chris would know. I've long forgotten all the due diligence process. That was no fun.

Michael C: Yeah. I hear you. All right. So, good size business. You guys sold it to Chris McMurry; and Chris McMurry, we were discussing just before the interview. Tell me what McMurry, the business, is?

Michael G: McMurry is one of the largest content marketing companies in North America. They have some very large clients like Toyota, Ritz Carlton, Nationwide; very large companies. I think they have about two hundred or so employees. And Chris McMurry walked into our office one day looking for a web development company to acquire. He had done, I think, something like twelve acquisitions in like the previous four or five years and been building the company, and wanted a web development company to help build up an interactive division within McMurry.

Michael C: Excellent. So, content marketing. Is that where they have clients who want to show that their industry thought leaders; like - and I don't know who their customers are, but let's say that Toyota wants to do marketing, but they don't want it through traditional channels. They want to go write white papers on how people can drive more efficiently or save the environment, so they'll have content written and then marketed and promoted so people can download it and maybe they get the e-mail addresses. Is that what you're talking about with content marketing?

Michael G: Yeah. That's one of the big things that they do. They do a lot of custom publishing. Like, for instance, if you go into a Ritz Carlton and then you see the Ritz Carlton Magazines there on the table, McMurry publishes and distributes. So they do a lot of things. The interactive division that we sold has since become a larger division, so they're very involved in online things. They also do a lot of video production. Very, very cool company.

Michael C: So, are you still involved in Contact Designs, which then became the interactive division of McMurry?

Michael G: No. Mike and I had; I think the original agreement might have been two years to (Unclear 19:48.8). We made it, I think, nine months before we told Chris that we probably weren't going to make it for that long and he understood and was very gracious about it. And so, we ended up staying, I think, thirteen months before we left.

Michael C: All right. Excellent. And so, was that a payday opportunity for you and Mike? Were you able to take some money off the table and lead a better life?

Michael G: Yeah.

Michael C: Excellent. And so, today, you're not actually in Scottsdale, Arizona, where you and Mike grew up. Is that correct?

Michael G: Right.

Michael C: Where are you today?

Michael G: Just outside of Lake Tahoe in Truckee.

Michael C: All right. I know Truckee well. I spent a lot of time in the bay area working down there, going to school; and so, we'd go up and we'd stay in Truckee and then we'd ski heavenly in Squaw and all those beautiful places in Tahoe. There's nothing better than looking down the mountain and having blue skies above and the deep blue water of Tahoe.

Michael G: It's gorgeous here and, even better, it's seventy-one degrees outside; and it's 114 in Phoenix. One of my favorite things to do is remind McCallister what the weather forecast is here for today.

Michael C: Now, were you able to buy this home? It looks like a beautiful home, with the rock wall and the stovepipe. Were you able to buy this cabin-

looking home in Lake Tahoe area as a result of the sale of your web design company?

Michael G: Partially. I mean, as part of our frugal night, we actually just bought it a couple months ago. As I said, our wives might call us frugal, to put it nicely. But Mike and I have started a couple other entities also, which have done pretty well. And so, yeah, we have a couple of different interests out there and yeah, the housing market is down, so it's a good time to buy.

Michael C: Now, do you share this home with Mike?

Michael G: No. No. No. He's still toiling away in the heat in Phoenix.

Michael C: All right. So, once you sold the company and you and Mike decided, 'hey, it's been a great run, Chris. We've helped you during the transition after the sale, but now it's time for us to move on', what did you and Mike do next?

Michael G: Well, we actually started one entity immediately. We actually began; even in our last couple months in McMurry, we did start kind of developing and getting the groundwork laid for.

Michael C: What was that business?

Michael G: You're going to hate me on this one, but that's another one that I'd like to kind of keep private if possible. Nothing nefarious, but I'd like to keep that one under wraps.

Michael C: So it's related to porn. Or gambling.

Michael G: No. No. It's really nothing nefarious. Mike and I used to always joke that had we developed porn sites back in the day - starting the mid-90s -, I'd be in a much bigger and much more beautiful house in Tahoe right now. Nothing nefarious at all. It's just something we prefer to keep under wraps.

Michael C: Is that still an active going business?

Michael G: Yes.

Michael C: Okay.

Michael G: And then what we've done, as we were leaving McMurry, we had this list that's on a shared kind of e-mail account that we both have that we update ideas on. Just other ideas for business ventures; other opportunities that we want to look into exploring. And one of them that was on the list was a registrar.

Michael C: All right. So, it was on a list. How did that boil up to the top of the list as opposed to all the other ideas?

Michael G: It was more of a kind of a concrete, existing business; something that had already existed and was a place where we thought that we could do better. It actually started as a slightly different concept. Same concept, but a little different (Unclear 23:35.3) execution the Name Silo. We started as a business called JustARegistrar.com, where there was literally going to be not even a graphic on the entire website. The place to go if you were a domainer, or what have you, to buy the cheapest domain possible. We weren't going to offer customer service. We weren't going to offer literally anything other than "register your domain name and point your name servers". So, it started that way and that ultimately became Name Silo.

Michael C: Got you. And so, you guys were doing web development. A lot of your customers said, 'I need a domain name', so you're probably registering them for your customers; then setting them up; then managing them. So, did you have the initial need as a result of that previous business that you had?

Michael G: It was something that was pretty apparent to us. I mean, really, the biggest problem in our previous lives, owning the web development company that we had, wasn't so much even registering domains for customers; it was more people would ask there to go and we would give them place A, place B, what have you, and, invariably, those places would reflect badly on us because we referred them. Whether a customer ended up buying things that they didn't need, or couldn't even figure out how to register their domain name. And also a problem we had, as a web development company,

was that they were offering competing services. So, we also did hosting, so to send a customer to place X, who is offering a dollar domain with a four dollar a month hosting with a bunch of hidden fees and stuff tacked on; we didn't want to send people into the arms of a competitor.

Michael C: Plus it's a lot more work for you because they go there to register the domain name and then they come back to you and say, 'hey, I'm paying you three thousand dollars to develop a website when so and so register is telling me that they could have a website for me for \$4.99 a month'.

Michael G: Exactly.

Michael C: And then you got to educate them about the whole process of what the differences are, and that's a lot of work.

Michael G: You're exactly right. And so, that's where kind of the subaccount system that you mentioned earlier in your intro came from; is to be able to give the web development companies and really, anyone, who was tired of referring people to competing entities. A place to send people without having to worry about losing business.

Michael C: Yeah. Interesting. Okay. So you had this idea for the domain name registrar. How do you even put together a registrar? Like what is the first step you do? Like I know you need to be accredited, I think, don't you?

Michael G: Yeah. Well, the first thing that we did was to run through a whole ton of financials. I mean, it's one thing we learned in starting business we've started is that you don't know what you don't know until you get into it. And what we wanted to try to find out was try to figure out, 'okay; how much can we learn before we actually get started?' Where are the hidden costs? And so, our pro-form got pretty complex. As we got further down the process, we identified potential other fees, potential drawbacks. I mean, is this a viable business that we can do and not have it become what we didn't want to become? But technically yeah. I mean the first thing you need to do is you need to be accredited by ICANN. That's a relatively lengthy process; a whole lot of paperwork. And you also have to prove that you adequate finances. I think the number was seventy or eighty thousand dollars that you needed to

prove that you had. There's a lot of biographic type of information. Basically, proving that you're not just a fly-by-night entity. I mean, ICANN; at least their accreditation process is very concerned about the wellbeing of their customers' domains and make sure that you're a viable business. So once you get accredited by ICANN, then you can apply to the various registries to be able to sponsor different TLDs.

Michael C: Okay. So let me stop you there for a second. So you applied to ICANN. You go through the paperwork. You show that you have the finances. I'm sure they ask you a bunch of questions about how you're going to run the business because they want to make sure that you're not a fly-by-night place that is just a couple of checkboxes application. So you go through that process. How much does it cost to become a registrar?

Michael G: God, I don't remember the fee. It was nominal. It was nothing that I even remember. I mean, it might have been a couple thousand dollars.

Michael C: Okay. So it's not a hundred and eighty-five thousand dollars, like to start a new gTLD.

Michael G: No. No. No.

Michael C: A couple thousand bucks; somewhere on that order of magnitude. And is there a recurring fee to ICANN for being a registrar?

Michael G: Yeah. There's the recurring fee, which we actually just paid. I think it's a thousand dollars a quarter or something like that, but then there are the variable fees you mentioned earlier - the eighteen cents for certain TLDs.

Michael C: Okay. So that's basically what it is. A thousand dollars per quarter plus the eighteen cents per TLD that is registered through you. Okay. And so, you went through the process, ICANN said, 'okay; now you're accredited', then you have to go form relationships with all of the registries; and those are the companies that are in charge of the top-level domains like, .COM; .NET; .ORG.

Michael G: Exactly.

Michael C: And so, who was the first registry you went to?

Michael G: Oh, VeriSign. I mean, Common Net. I mean, we identified the TLDs that we wanted to support and, even on our site today, there's still only seven. I mean, there's not many.

Michael C: Seven. So which seven do you support?

Michael G: Hopefully I can do this. .COM; .NET; .ORG; .INFO; .ME; .MOBI; -- man, you're killing me here. There's a seventh.

Michel C: That was five.

Michael G: .BIZ.

Michael C: All right. And so, why don't you offer all the others ones? .TV; .whatever. And, well, we have potentially five hundred more gTLDs over the next five years. Are you going to offer all five hundred of those?

Michael G: Probably not. I mean, unless things change. Right now, looking at report statistics about overall domain name ownership; I mean, the TLDs that I listed are representing well over ninety-five percent of registrations. I don't know how that is going to change with everything going on these days with the new gTLDs and so forth, but I think we've added .ME since we've launched. I think that's the one we've added since the launch. I mean, a lot of what we do is based on customer feedback. We haven't had a lot of demand for the other TLDs to be quite honest. It's a little bit of a pain to get set up. There's a whole lot of paperwork you have to do. You have to pass certain technical tests to prove that you can sponsor that TLD effectively. Again, and I'm sure we'll get more into the kind of nuts and bolts, but it's a little bit of a pain to support each new extension. So we kind of pick and choose a little bit.

Michael C: And does each registry charge you a fee in order to connect into their system as well?

Michael G: No. I don't think there's a setup fee. No. No. There's really no setup fee.

Michael C: All right. So, we understand how you went through the process to get ICANN accredited and what is necessary in order to form the relationships with the registries to hook into their system, and they're going to have certain requirements around that; but how do you even build a system to be able to take the orders and then communicate with the registries and store all that information? It seems like you have to be a genius in order to write that sort of system. Did you buy a system off the shelf? Did you code it yourself? How does that work?

Michael G: We custom-wrote everything, which is actually kind of a point-of-interest for your viewers; is that there's really not as many registrars who really do connect directly to the registries. A lot of registrars are resellers of other registrars' platforms. For us to be able to hit the price points that we needed to hit to be able to make our business model work, we needed to code directly and integrate directly with the registries. It's definitely a steep learning curve. You can't write code that you've never written before to do it. You can use the same coding principles, but it uses an environment called EPP, which I believe is just specific to domain names. McCallister will know a little more about this than me, but we literally started from line one with the code. But what is nice is that once you do it for one registry, it's pretty easy. It's not just like flipping a switch, but it's certainly not starting from scratch with each.

Michael C: Definitely. And so, what did you code the website in? Is it in PHP? Is it in ColdFusion? What did you build it in?

Michael G: The frontend of the website is PHP running off MySQL, but there's a lot of backend coding that we did in various different languages based on what we were needing to accomplish. So, yeah, there's a lot. Again, you can't just use PHP to connect via to EPP. I mean, you really have to code very specifically to EPP.

Michael C: Yeah. So is it safe to assume that you did the frontend work and Mike did all the backend coding work like you did in the last business? Or did you pick up a keyboard and start coding yourself as well?

Michael G: Yeah. No. As we were leaving McMurry, really, my last maybe year or two with Contact Designs, I picked up a lot of programming myself. Just out of interested and also margins are better when you're doing the work yourself. But no; in this project, Mike did a lot of the very core backend - a lot of the EPP work -, but as far as kind of the backend of how the site was developed, that was a combined effort. The frontend was actually done by McMurry from one of our old employees at Contact Designs; did the initial design work and then, I did a lot of the HTML, and CSS, and stuff like that, that you actually see on the website.

Michael C: So how long did it take you from idea to actually having the technology up and running at the very first phase - the minimal viable product?

Michael G: From the time that we had the idea to like actually do the registrar?

Michael C: No. No. No. So, I understand that you and Mike went through your modeling and your business planning process whether you wrote a business plan or not, but how long did it take you from the day that you started coding either the backend or the frontend of your website to having it up and running and ready to start interacting?

Michael G: About seven months, but we were doing some other things as well. I mean, it wasn't just a straight seven months on just this project. But about seven months.

Michael C: Seven months seems like a pretty quick time period. Did you take outside investment when you were developing and building Name Silo, or did you and Mike just sit down and say, 'hey, let's go do this' and you had some money in the bank from the previous sale so you just focused on that by yourselves?

Michael G: Yeah. That's a good question. This is really only the business we ever had where we actually did get some startup on investment and that came courtesy of Chris McMurry, who we maintained a very good relationship with and always told us if we had any business ideas to let him know; and, for this business, we really didn't need the money to get started up because we're the ones doing the development work. We didn't need startup capital as though most people typically need startup capital for a project like this. But what we did decide is that in order to really get the thing moving is that we want some money round for marketing, so we did an initial raise. We talked to a couple of people. We were going to do certain percentages from different investors. Chris was gracious enough to fund it all himself to get to the number that we wanted to and Mike and I kicked in some money too; and that was it.

Michael C: Great. How much did you raise for the business?

Michael G: Into the six figures, but we spent just a fraction of that.

Michael C: So you raised it for marketing and you've only spent a fraction of it and, as I mention in the beginning, I never heard of you guys before - I don't know - seven days ago. So, why don't you spend more of that money that you have in the bank and more of the money that you're generating as a profitable company, which you've said earlier in the show? Why don't you spend more on advertising?

Michael G: Chris is going to thank you for asking that question and putting me in a public space so I have to answer it. I don't know. I really don't know. I mean, Chris implores us to spend more money and, for some reason, Mike and I just don't really pull through. We spend a little bit on Google; less on Microsoft. We did one forum banner about a year or so ago. And beyond that, we wrote a press release we had to pay a couple hundred bucks to distribute, but other than that; I mean, what has actually happened, to be totally fair about it, is that the money is definitely there to spend. What we've actually done with the money is something that we didn't forecast needing to do; is really our big oversight, I think, in starting the registrar, which is that there's a lot of money that you need for what is called the payment security with the different registries. The way it works is you actually need to have money on

account with the registries in order to sell a domain name. So, for instance, to sell a .COM domain, we need to have at least seven dollars and eighty-five cents sitting in our account with VeriSign before we can sell it. If we run out of money, we can't sell domains. So the volumes that we're doing and growing how we're going, we need more, and more, and more money to continually fund these payment securities. So the money is going towards things that really don't lead to growth, right? Not towards marketing; it's just going to being able to prepay all intensive purposes for the domains that we're selling. So, we kind of looked at, as far as our investment model, maybe taking the money that Chris put in and allocating that just for marketing and having the rest of us kick in money just for the payment security. That's kind of an escrow; if you want to look at it that way.

Michael C: Yeah. Almost exactly. So, if I go and buy a domain name today for whatever the cost is, do you have to then pay VeriSign their seven dollars and eighty-five cents the same day at closing? Or do you pay like in batch at the end of the month?

Michael G: No. No. We prepay. Everything needs to be prepaid and that's registry payment security I was talking about; is that we need to have just very simple numbers. Say, if we have a hundred dollars in our account on June 1st with VeriSign, we can then sell whatever seven dollars and eighty-five cents times whatever number it is to get you to a hundred dollars.

Michael C: Oh okay. I thought it was in your account as escrow, so VeriSign says you didn't pay me and they have access to pull it out. No. No. No. You're actually putting in the money in their account in an escrow.

Michael G: Yeah; and that's actually one of the parts of the business that, again, I think was our biggest oversight in starting. Was to understand that completely and to understand really just how much money you need because you can't just call up and give them a credit card number. A lot of the registries are International. You have to send wires. VeriSign is one of the few that you can actually send a check to. From the time the online banking sends it to VeriSign and they cash it, it's a week or two. So, if we're getting low on funds, we need to forecast what we're actually going to be doing and it's a little bit of a revolving door because it's a high volume, low margin.

Michael C: I would think so; because you never know when somebody is going to discover you and say, 'I'm buying all my .MEs there' and you only have a thousand dollars or ten thousand dollars in the account. And suddenly, if it's depleted, will they shut you down so you can't sell anymore?

Michael G: Yeah. Some do. .ME is a good example because they operate in Europe, which requires a whole separate --

Michael C: Right. Two weeks later they get the money and it's cleared.

Michael G: But yeah. They will. We actually came close a couple months ago at VeriSign and VeriSign actually will give you an emergency credit. So they want you selling domain names, but they also want their money, so it depends on your relationship with them. Some of them have a credit system, where you can get a couple days out if you wire money in that day. So yeah, it's a little bit of a juggling act. And especially, as we grow, that's where kind of more and more money is needed to be spent even though, again, it's not spent on pro-growth.

Michael C: Yeah. It's your money, but it's not in your account.

Michael G: Right.

Michael C: Yeah. So it's very interesting. I never realized that about the system. Okay. So let's talk about economics. If were to go to your website today and I want to buy a single domain name, what is that .COM going to cost me?

Michael G: Eight dollars and ninety-nine cents.

Michael C: Eight dollars and ninety-nine cents.

Michael G: Yeah.

Michael C: So, eight dollars and ninety-nine cents and then, you've already paid VeriSign seven dollars and eighty-five cents for that, so you make \$1.14 in profit.

Michael G: I wish. No. Not quite that easy. Well, you've got your \$7.85 to VeriSign. You got your eighteen cents to ICANN. Now, you have the payment processing, which, again, we support credit cards, PayPal, AlertPay, which is now called Payza, MoneyBookers. They all charge different things, but roughly, you're looking at about thirty cents a transaction plus maybe a couple points; two to three percent.

Michael C: Yeah.

Michael G: So, all those fees add up to where we're really making, on a .COM, maybe forty cents, forty-four cents depending on the payment processor.

Michael C: Wow.

Michael G: So, very, very high volume - low margin business; and that's where I said the revenue number really is almost irrelevant in this business in my opinion.

Michael C: Yeah. So, if you're targeting a hundred thousand domains under management, at forty cents, is my math correct that you're making forty thousand dollars in profit a year?

Michael G: Yeah. Well, it's close because there's other ancillary costs involved with running any business. We have to get our tax returns done. We have to have insurance.

Michael C: You have to pay for the servers. You have to pay for the security. Yeah.

Michael G: Exactly. Well, we actually have a pretty sweet deal through McMurry on the servers. We have our own hardware, but on McMurry's network, which we helped setup when we were moving over there. So those

costs we were able to keep very low. But yeah, there are other ancillary costs in operating the business and then there's other fees. I mean there are chargeback fees from credit cards. Not to mention that, but we also give coupons on top of everything to even generate more business. And the coupons, I consider to be a marketing expense. And those coupons; like, if we have a dollar off coupon, I lose money.

Michael C: So you lose money on those domains.

Michael G: Not to mention on top of that, maybe it's an affiliate. We have an affiliate program. Maybe an affiliate needs to be paid commission. So, in the end, where the profit really lies for us; I mean a domain registration is not a loss leader for us. I mean, we do make some money off the registration, but where the money really is, is in the renewals. When we get a high enough volume of renewals that will ultimately dictate how successful the business is. So, the renewals, we're making more because there's not the affiliate fee that we're paying and there's not the costs that it took to acquire that customer.

Michael C: Got you. And so, this sounds like you've built the business from the ground up with the experience that you wanted and it definitely doesn't make the margins that other companies make, but when you scale out to eighty million domains under management, then you'll be a highly profitable business; you'll have customers that are enthusiastically recommending you to everybody they know because it's a different type of experience than any other registrar that they've been to. So, is that end goal for you you're looking for?

Michael G: Yeah.

Michael C: How many domain names do you need under management in order to feel like you're at success?

Michael G: Well, that's the hard part here, Mike. We have a hard time reaching that feeling. I mean, I don't know exactly. I mean, right now, the ultimate goal is, I mean, yeah; once we can start having it kind of operate as an annuity and we can take some money out on a relatively frequent basis,

then cool. I mean, because we're so focused on just domain names and not other ancillary services and so forth, we're able to keep our support requirements to a minimum. As we've grown, we really don't have a noticeable increase in support that we need to do. Eventually, we'll get to the point where we need to hire a full time support person and that'll have its expenses and so forth, but overall, the business model extended out, as you said, to scale. Definitely still works and definitely is a profitable venture.

Michael C: So, as you add ne customers and they're adding more domains and transferring them in, do you find that you'll have to scale by adding more service and more customer support representatives? Is that the only thing that you'll have to scale?

Michael G: Yeah. That really should be it. And as I mentioned in the very beginning of the interview, I would say half of the incoming whether you call it support, whether it would be an online chat, or a phone call, or an e-mail is really sales-related. It's people trying to say, 'okay, well, what's the catch here?' or 'hey, I see you've only been around for a year and a half; what happens if you go out of business? What happens to my domains?' Reasonable questions. I would be wondering them myself, you know? So, beyond that, because what we do is focused on just the domains, the support requirements aren't huge. It's point your name servers; setup your DNS records. It's a very simplistic system. We try very hard to keep it simplistic.

Michael C: Yeah. So, I remember back in, I think maybe it was 2000/2002 - RegisterFly.com. I had all my domains at RegisterFly.com and they went out of business. I think they had some sort of financial embezzlement or something. I'm not sure what happened, but they went out of business and suddenly, all of my domain names went over to GoDaddy.

Michael G: Right.

Michael C: And is that was typically happens whens a registrar goes out of business? Their portfolio gets bought. It's overseen by ICANN and then somebody comes in and says, 'I will buy all those'.

Michael G: You're exactly correct. I mean, there's a whole process. I mean, that's part of the original accreditation agreement and each registry makes you write it out again. It's just what is your process should you go out of business. And it's funny; I mean, literally, an hour and a half ago, an e-mail came from ICANN about a company called Planet Online, who has lost their accreditation for whatever reason. They had like twelve hundred or two thousand domains or something, and VeriSign sends an e-mail out to all the registrars and says, 'hey, if you want to try to pick up these customers, here are the questions to answer and there you go'.

Michael C: And is it free, or do you have to bid on those customers?

Michael G: We've never done it. I mean, we've thought about it a couple times. I don't think there is a cost. I don't believe that there is. I think you just need to be able to assure ICANN that you're going to be able to take care of the domain owners. There is a big cost in getting those people moved over.

Michael C: There's a cost to bringing them over, and explaining the process, and being picked up. Exactly. So, physical cost to buy them, but there is a large administrative cost to oversee it.

Michael G: Exactly correct. Exactly correct. And plus, you don't know how many of those are good domains. Are they going to renew? Are they fraudulent domains? That's another issue that we run into.

Michael C: Right. All right. Let me ask you this. Who are your ideal customers? I realize you have customers from all walks of life. You have customers that are willing to pay really high fees, but they don't want to have the customers sold other ancillary products and services; all the different potential use cases, but if you had to define your primary ideal customer, what would that person look like?

Michael G: It's going to sound like I'm dodging the question, but it can really be anybody. I mean, we've tried very hard to put ourselves in the shoes of your various types of owners whether it is just a person out there who wants to register their name, whether it is a small company, a large company, a domainer, a reseller; whatever it happens to be. We try to offer services to

help them in their specific situation. So, I mean, for us, it is a numbers game. I mean, ideally, we get people that have a lot of domains, who are renewing a reasonable percentage of them. Yeah, I guess if we had to choose an ideal customer, somebody with ten million domain names that is going to renew eight million of them a year. That's great, but a lot of people own one domain. They keep renewing it. We still make money off of it.

Michael C: Okay. So domainers are domain investors who have a lot of domains and don't want to have to deal with hassles and it is just one customer with a big quantity of domains. That is anybody's ideal customer probably.

Michael G: Yeah. No. Exactly. And what we've done, as I said, it is not just lip service; we really do try to appeal to each one of those people. I mean, you got the people who aren't familiar with the registration process. We try to keep it incredible simple. People with a large volume - big portfolio - of domains, we built our tools so you can manage them very easily for bulk update operations and so forth. Resellers. We've actually done a lot with resellers. That was something we didn't plan when we started the business. We had people using us to drop-catch domains. Something else that we never even thought of when we started the business. So, really, each time we get kind of a new market out there of people we think could be good customers of ours, we try to develop for them; and that is one of the things we can do because we have our code directly with the registries. We're not going through any type of third party platform. That like when we wanted to add drop-catching, we took a couple days and we added support for drop-catching.

Michael C: Wow. So what does that mean? That you actually have an API that I could connect in to say, 'I want to make this request' and my computer can connect to your computer?

Michael G: It's happening literally this second. I mean, I'm looking at the clock; it is 11:31 Pacific. Drop-catching for .COM and .NET is 11AM until 12PM. So, right now, there are people hammering away at our API trying to drop-catch domains.

Michael C: Wow. I wish I even knew that entailed. Will you come back on the show at a later date and tell me what that entails? Actually doing the drop-catching and setting up a script on my computer to do that?

Michael G: Yeah. It is easier than you may think and there are actually a couple third party services that use us as their backend registrar to do it.

Michael C: Wow.

Michael G: It's an interesting business with interesting people.

Michael C: Yeah. Definitely. All right, Michael. I'm going to get you back on to do that show, but before we do that, are you and Mike also -- do you manage your own portfolio? Do you have a business of domain names? Or do you individually personally have domain names?

Michael G: Couple. I have my name; my kids names.

Michael C: That's it?

Michael G: Yeah. And for our other businesses. For other businesses, we have a handful. Nothing overly noteworthy. I did own FordMotorCompany.net in like 1994; until I got a pretty nasty letter. But no, we're not big domain portfolio people. I think Mike has less than me. I mean, we just don't have many of them.

Michael C: Yeah. Why is that? You're in the industry. You know how the inner workings of this convoluted, and backdoor, and good ol' boy network works. You have your connection to ICANN, which you need in order to do drop-catching.

Michael G: Right.

Michael C: Why aren't you doing it?

Michael G: Well, first, I think it would be a conflict of interest. I mean, we don't want to compete with our customers. Like, the drop-catching one is

very interesting. We get asked about that and we don't is one thing. It's just not what Mike and I are into. We have other things that occupy our time and it's just not the business that we're in. We just try to support people who are.

Michael C: Excellent. I like that answer. So, why did you rename your company from Just A Registrar to Name Silo?

Michael G: Well, we thought that Just A Registrar might be limiting in case we ever became anything other than a registrar. But also, again, the initial idea. I mean we already consider ourselves very low frills. I mean, Just A Registrar is going to be no frills. Literally, not a graphic. We weren't going to have a color on the website; just going to be text. So, once we got into it more and more, we decided that it'd be nice to have something maybe a little catchier sounding. Just A Registrar is a little hard to spell. I think Mike actually thought of Name Silo. We were at a sandwich place one day and he thought of it. And the domain was available. We didn't have to drop-catch it.

Michael C: It was available, so you guys didn't even buy it from another domain investor for a couple grand. It was just you could hand register it.

Michael G: That's right. That's right.

Michael C: All right. So, one of the big pains for domain investors that have a bunch of domains at a registrar is moving them to another registrar. I buy a few domain names via Name Jet than then automatically go to eNom because they transfer, and then I have to wait some sixty days, which is a pain in the butt because eNom doesn't tell me how long it's been in the system for. So, a month later when I'm, 'oh I need to get all my domains to one place so it's easier for me to manage because I want less problems with domains. I don't want to spend all my time doing domains. I just want less issues'. Then I pay over at, say, GoDaddy where I have a majority of my names, and I start the process, and I pay my money and then they say, 'oh you can't move it'. And everyday I get those e-mails saying, 'transfer failed because it's not sixty days'. Like, I don't need all these e-mails. I need some place where things just work; where I pay a fair price and everything gets transferred. Have you guys built your system to take the pains out of transferring domain names?

Michael G: Yeah. And again, thank you for the softball, but yeah. Definitely we have.

Michael C: Well, I phrase it like that because I'm not the only one that feels this way, but I'm the only one that has the vehicle to complain about it.

Michael G: I'm glad you are. I mean, it's a great question. For us, our transfer process is awesome. I mean, it's really, really good.

Michael C: Walk me through it. What do I need to do?

Michael G: Yeah. It's actually really easy. Well, we actually have a nice checklist on our site to help you. First thing you need to do is get your domain ready to be transferred at whatever registrar that you're with. So that entails unlocking the domain, and entails making sure that you have access to the registrant e-mail address, and that you have the EPP auth code. Okay? Once you have those things, then you can transfer your domain name. So, you go to our site. You input the domain name. If you have the auth code, you enter it then. Our system charges you and then, from there, we have a transfer manager. And the transfer manager guides you through every single step of the process. It'll tell you if your domain has been transferred within sixty days. It'll tell you that your domain was transferred twenty-eight days ago. We will automatically resume your transfer in thirty-two days.

Michael C: Nice. So you'll take my money today, but you won't start the year registration included in that transfer until it starts to transfer.

Michael G: Yeah, which actually isn't even our rule. That year gets added by the registry for ICANN rule. So that doesn't happen until the transfer is completed, but yes; and we'll tell you. If your auth code is wrong, we'll tell you. If the admin contacts say that you had a privacy service you were using, first we'll tell you if it's one of the more commonly used privacy services. We'll tell you that we noticed that your domain is using privacy service XYZ, therefore, you won't be able to receive the e-mail. Take the privacy service off your domain. And we'll check every fifteen minutes, so you don't have to come and do something on our website. If your admin e-mail address is incorrect or outdated, we'll send an e-mail. We'll tell you which e-mail

address we sent it to, we'll show you the WhoIS output, and we'll say, 'hey, this is not correct; you need to change it'. Then all you do is click one link on our site. We resend the e-mail in fifteen minutes. Once you confirm the e-mail, then the rest is really in our hands. We then verify, again, if the domain is unlocked, the auth code is correct, so on and so forth. We then submit the transfer request to the registry. Once that is done, that then begins the five to six day waiting period, which you can speed up in only one way. If your current registrar allows you to approve the outbound transfer; from the time that you do that, within fifteen to twenty minutes, your domain is in your Name Silo account.

Michael C: And I've wondered about that. In some places where I get an e-mail transfer and I buy it from somebody at GoDaddy and it comes over to my GoDaddy account, it can happen with a half an hour. And then sometimes, I need to wait seven days.

Michael G: Yeah. I think that might even be a per-registrar policy. Like, for us, what we do is like, if you register a domain or transfer it to your account, you can't move it. Not just to it; you can't move it to a different account at that registrar for sixty days or something. If somebody buys a domain on our site or transfers it, they can move it to a different account that second if they want to.

Michael C: Oh wow.

Michael G: So that's one of the things we try to keep. We try to keep bureaucracy out of people's way. So if they want to move a domain, we let them move a domain. We don't have rules that say like - everyone will know who I'm digging at here, but - if you change your registrant information, now you can't transfer it for sixty days. We don't do any of that. If you want to move your domain to us, we make it very easy. If you want to push it to a different account with us, we make it very easy. If you want to leave and go to a different registrar, we don't charge any fees and we make it extremely easy to unlock your domain and get your EPP code. So we really don't play those games.

Michael C: If I want to select two hundred domain names in my account at NameSilo.com and say, 'I want to unlock all of them at the same time', can I do that?

Michael G: Yeah. It'll take you ten seconds.

Michael C: And if I want to generate EPP codes for all two hundred of those domain names with select all and push of a button, can I do that as well or do I need to go into every single domain name to request the EPP code?

Michael G: No. For the EPP code, just because we e-mail those to the administrative contact. We used to use send those out in volume and we started getting issues with spam complaints and so forth. I don't know if it's the codes that are used and what have you in the content. What you could do is, we let you create CSV file of your domain names. They contain the EPP code. So you get them all in a file that way.

Michael C: Love it. That's one of my biggest complaints about one of the registrars that I use and I'm forced to use; is that I have to go into every single domain name to request it and it's like they're putting extra hurdles for me to get the domain name out of there. So it's wonderful to hear that you get out of the way. You understand how people work. If they decide they want to transfer, 'hey, we're sorry to see you leave, but we're going to make it easy for you to take your assets with you'.

Michael G: Right. They are their domains and, as you said, we stay out of the way; but even on the reverse side, you have to say, also, we make it very easy to come in. Like if you had two hundred domains to transfer to us, you can upload a TXT file with your domain names. You can copy and paste them into a large window. You can check. We don't have limits. I think you can lookup five hundred domains at a time to see if you can register them.

Michael C: Oh wow.

Michael G: So we try to let people do things in bulk. And, again, a lot of registrars don't do those things because it puts a strain on their resources, but we're able to.

Michael C: What do you recommend to domain investors that are listening to your service today and they're saying, 'this sounds great. I want to move some of the domains, or I want to move all of my domains over to Name Silo, but I've got some .COs, I've got some .TVs, I've got this and that'. Is the only thing you can say is, move all of the .COMs, .NETs, .ORGs, .INFOs, .BIZs over to you guys and maintain all those others at another location?

Michael G: Yeah. Unfortunately. I mean, we do get asked from time to time. It's not as much as we would've thought. I mean, we originally estimated that we would have a lot more TLDs on the website by now, but the demand just quite frankly hasn't been there. I mean, we get a couple inquiries here and there - someone might post to our Facebook page -, but the demand just isn't there enough for us to be able to actually add them. Once there is, we will. We've been trying to get .CO on our site for about a year. They won't for some reason. Maybe if they see this video, they'll actually apply.

Michael C: They won't do it? All right. Here's a callout to Juan Calle. Juan, you need to get Name Silo with .CO.

Michael G: Yes! I tried him. Thank you.

Michael C: All right. I will send a tweet to Juan as well and tell him to get with you guys. Let me ask you about the pricing. You said that \$8.99 for .COMs, but then you made some reference at the beginning of the show that, if people were coming in bulk, that you had lower rates, but you wanted to make your value proposition on the website as clear as possible. There is a single opportunity here and you don't want to mix it up; and I appreciate that. That it's just simplicity for all customers to see. But what do you offer to people that are coming in with two hundred or two thousand domain names?

Michael G: We have per-order volume discount. So, I think that the breaks are at fifty and then again at a hundred plus. I should know this. I could be wrong. But for those, the .COMs go down from \$8.99 to, I think - I should know this. Hold on. I'm going to move your window over on my computer - to \$8.59 to eight dollars a thirty-nine cents if they're buying over a hundred. We've also, for some people with very large portfolios, had a handful of

people who we've given additional user-level discounts to. So people will knock an additional five percent off of registrations and transfers. And we have some resellers with some very large portfolios; we've done the same. So yeah. But, again, we don't advertise the price, as you said.

Michael C: Yeah. So if I want to bring over my - I don't know how many domains I have. I probably have three hundred domains across all of the different brands that I have, and the publishing sites, and things like that. If I want to bring three hundred domains over and transfer to you, it's to my advantage to then renew those every year in mass because then I get a lower pricing discount.

Michael G: Well, that's actually the one thing. We do not discount renewals.

Michael C: Oh okay.

Michael G: We don't discount renewals; because, again, really that's where ultimately the profit - the business - comes from. So we don't discount renewals, but our transfer fees, we actually lose a little money on. We have some good coupons on our site to help nudge you to move your portfolio over. We find our renewal fees to be very, very, very competitive.

Michael C: And the renewal fee is the \$8.99 for .COMs and similar for the other?

Michael G: Yeah. That's very low.

Michael C: So that's the information that is publicly available on your website.

Michael G: Yes. Exactly.

Michael C: So if I'm a domain investor and I want to move a bunch of domain names over, where can I find the coupons for transferring domains to your system?

Michael G: Just click the support tab at the top of the website or the bottom of any page. And then, the top right link is coupons. We don't try to hide it. And I was going to say to you too, just one other thing on the pricing is that, if you go to our pricing page, again, transparency being one of our mantras is that we actually show a pricing table that compares our pricing apples to apples to our top competitors. We have links to their website to show where we got that information we show. If they charge for privacy, we show. If they charge for extra protection, we show. We show what are costs to buy in bulk to move over any number of domains. And some registrars make it very hard. I mean, as the person who did it, finding the price table for some registrars; for some, they don't have it. Some literally don't have it. You have to either go through the shopping experience to the checkout page just to see what I was going to have to pay for that domain.

Michael C: Right. No. No. No. And I ran across that webpage on your site, and I looked at it, and I do have a bulk of my domains at GoDaddy because I pay their yearly fee and I just get flat rate pricing. And if I compare apples to apples just on the domain names, I think GoDaddy is a little bit cheaper, but you offer a hundred percent privacy protection that GoDaddy charges ten dollars per year for.

Michael G: Right.

Michael C: Then if you start adding on the services, you can see that your service becomes cheaper even at the full prices that you have. Not including the discounts for transfer and things like that.

Michael G: Correct.

Michael C: Okay. So, you offer a discount for transfers available on your website. You offer bulk registration, so if I want to buy fifty domain names at one pop, enter it into your box, and then I'll see the discounted pricing when I go to the checkout process?

Michael G: Yes. As soon as you add them to your cart, the discounted pricing will already be there.

Michael C: So, again, it's not some secret, old boy handshake, where I need to contact you in order to get special pricing. It's just the way your system works.

Michael G: Yeah. Again, the only difference with that is we have a handful of people and they're (Unclear 1:03:22.0) with very large portfolios. They do contact us. I mean, we have given some additional discounts, but it's very rare and only in certain circumstances. I'll tell you. God's honest truth, Mike and I, when we renew our domains, we pay full price.

Michael C: Well, you have to.

Michael G: So there are no old boy networks.

Michael C: Right. Right. All right. And so, tell me about resellers. What is the advantage to a reseller to use your system?

Michael G: Well, just draw a distinction first is that, with our reseller platform, the one thing that we do not have that other registrars and reseller platforms make available is entire private-labeled website. That's something that we've been looking into and just haven't quite pulled the trigger on even though we might. But for our reseller program, I mean, again, the advantages are a couple. Number one, price. The price point is extremely low. Number two, we don't charge for the ancillary services, so a lot of resellers can charge a dollar for WhoIs privacy, they keep that dollar. We don't get any of that. We also allow as close to complete as is allowed by ICANN and the different registries to private label. The entire experience for their customers. So, they can add their own custom message to WhoIS. If you're on a WhoIS, they can say, 'this domain provided by XYZ'.

Michael C: So I can start up Mike's Registrar private label through your service and people can use my registrar. Except for a few minor things that will point back at Name Silo, it'll look like it's my registrar.

Michael G: Yeah. Very much so. And what's nice is we don't charge anything to even get set up. You can get set up. There's no prepayment. There's

nothing like that. You can just start immediately. You sign up for an account. You don't have to go to a different website.

Michael C: Wow. I have to sign up just so I can send my family over there and I can make a few bucks off the privacy for them.

Michael G: Well what we do too is, just one of the many things we've added based on feedback from customers is the integration with some large reselling platforms. Things like WHMCS. I don't know if you're familiar with it HostBill. Things I wasn't familiar with either, but they're kind of platforms that a lot of hosting resellers use and so forth. So we have tie-ins with those platforms. So, you can literally be up and running, I mean, with us, with one of those platforms in minutes. Very simple. I mean, we even have it private label to the point where if your customer is transferring a domain to us and they have to click on the link to approve the e-mail for that transfer, they won't ever go to Name Silo; they'll go to a private label site with your logo, with your marketing message, with your company name, so it's as private label as we are allowed to make it.

Michael C: That is pretty awesome. And so, I set all my own prices. If I don't want \$8.99 per domain, I can charge \$9.99 per domain.

Michael G: No. We don't have that. I'm sorry. We do. You can set your pricing for it. We charge you what we charge. Yes.

Michael C: Right. You charge me whatever, but I can markup anything on WhoIS privacy, on the registration, on whatever. Wow. Sounds fantastic. Where do I go to sign up for a reseller account?

Michael G: You just create an account with us and there's a link that says reseller manager. You can go there and configure the settings. And from there, all you need is an API key, which you can get in the API manager. It takes you a click and that's it.

Michael C: And then I point a domain name over there and I'm done.

Michael G: Well, again, it's not the private label. You're not going to get your own website, but we have kind of a mix. We have some people that use the platforms like WHMCS or HostBill, or what have you. We have other ones who actually do some of their own API programming. I mean, with our API, you can create your own website; your own completely private labeled experience.

Michael C: Oh okay. I understand. So I can connect into yours from my website and your system will send out the e-mails and update the WhoIS with my reseller information, but I still need to create my own account and hook in through an API (Unclear 1:07:18.3) system.

Michael G: Exactly correct. And then we just bill you. We either bill one of your credit cards you have on file, or your account funds. And then you collect money or however you want to do it from your customers.

Michael C: Got you. And I don't need to deposit money in advance with you.

Michael G: No. No. There are no fees.

Michael C: Love it. All right, Michael. Let me see what other questions that I have for you.

Michael G: I'm still not going to tell you how Mike and I met.

Michael C: That is not off my list. All right. So we talked about WhoIS privacy. Let's talk about parking. This is unheard of. That, if I have a domain name with you, I keep a hundred percent of the advertising revenue.

Michael G: Yeah. And the way that we do is pretty simple. There's no real secret sauce. If you have a Google AdSense account, you can run your ads. And your ads show up, our ads get removed, and we let you customize it a lot. I mean, parking is something that has been a pretty good thing for us. Not as big as we thought when we initially developed it, but we let you go in, you can add whatever content you want to the homepage; you can add whatever color scheme that you want; you can choose from our templates. If you give it keywords, it'll create a Twitter feed for you, or it'll show contextual

YouTube videos. And another thing on it is it also has an offer page. So if you want to sell your domain name, we don't get in the way there either. Somebody can just click on it, write you an e-mail right through our system, and what you negotiate, you negotiate. We're out of it.

Michael C: Love it. What's the domain defender proactive security that you offer?

Michael G: That has actually come in handy for a lot of people. I mean, it's, again, also free, but what is it is, it's actually a couple things. We offer additional protection in both, via proactive notification, but then also into your account. So, taking those one at a time; the proactive notification is that you can set any type or all of the types of actions you could perform with a domain name; whether it be unlocking or retrieving the EPP code, or changing the name servers, setting DNS record. Anything to automatically e-mail you each time it occurs, or even to text message you. So, that proactive notification is kind of nice. The other one is on the account level; is that sometimes people get someone knows their password, or hacks into their e-mail somewhere and ends up in their account. What we do is that, if you activate the domain defender additional questions, you can select anywhere from one to five additional security questions to get asked in order to perform any operation on the domain. So, if somebody hacks into your account, however it is that they do it, they still can't do anything to any of your domains unless they know the answers that you've previously selected.

Michael C: Yeah. Fantastic. All right. What else have you offered to the system that I haven't mentioned that you think might be useful for domain investors and entrepreneurs to know?

Michael G: I think you've really hit on the big things. I'm trying to think off hand. Yeah. I think you've pretty much covered everything.

Michael C: All right Michael. Let's leave the interview with one final question: now that you've been in the domain registrar business for a good couple of years, a few years, what do you know now that you'd wished you'd known three, four years ago?

Michael G: Yeah. I think the biggest one really is the registrant payment security. The pre-payment. I mean, just understand how the finance - the amount of funds - that you need available in order to support high volume. Some of the other ones are some of the things that we thought would trip us up when starting the business really haven't. Like we wanted to automate everything. So one of the biggest things there, for instance, was the transfer process. Could we automate that entire thing and keep the user completely involved so they could self-service themselves easily? And that was something that we've been able to do. One of the other big ones is just the sheer volume of potential fraudulent - I shouldn't say fraudulent, but misuse of domains. People trying to distribute malware. Using them for spam. I mean, so on and so forth. It's a lot and that's something we don't actively monitor as registrations and transfer come in, but as a discount domain provider offering free WhoIS privacy, we've definitely been targeted by people using domains for nefarious purposes. So, creating system to keep that at bay. We've tried to take a pretty harsh stance that, if somebody has a number of trademark and copyright violations for obvious infringements, we make them leave. And this is one of the things, again, that I'd like to draw a distinction between ourselves and most other registrars is that we don't welcome these people with open arms. Again, it's a fine line because we won't to advocate for our customers. We don't want to be overly aggressive, and we're not, but if there's a repeated offense, I don't care if this person spent registering a hundred domains a day to support their spam network. We will either shut the domains down, or, in most cases, we will tell them, 'you have thirty days to move to a different registrar'. And so, it's a pretty big thing. We get a lot of notices from lawyers, attorney, and ICANN about this domain has been moved to a different registrar because of this court order or what have you. There's too much of that online.

Michael C: Wow. Do you and Mike spend like a couple hours a day just going through e-mail complaints and letters from lawyers because of the WhoIS privacy?

Michael G: No. No. It's really not even close to that bad.

Michael C: Okay.

Michael G: Depending, we may get a couple a week. Sometimes more than others. If we have a new user who set up shop and he has created twelve different user accounts from twelve different IP addresses - ones that are hard to programmatically figure out - then we might get a whole slew of complaints, but typically, it's not more than a couple a week.

Michael C: Got you. All right. This is the point of the interview, Michael, where I ask people if they have a follow-up question for you - something I didn't ask; something they'd like to probe a little bit more -, come down to the comment area underneath the video, post your comment, and we'll ask Michael to come back and answer as many as he can. If people want to follow you, Michael, I believe you're on Twitter at @NameSilo and I believe you're also on Facebook.

Michael G: Yeah. Just quite frankly, the Twitter feed is something that's just really outdated and it's a little embarrassing. I don't even know when the last post was. It might not even be 2012. And Facebook, we're on a little. I don't have a personal Facebook page; neither does Mike. I've never been on Twitter besides for this company. So, they're just not things we're comfortable with or use probably too much. But yeah, we do have a Facebook page and feel free to check out our website. I mean, it's got a lot of very good information and yeah, give us a shout.

Michael C: Definitely. And I'm going to recommend that people go out and try it out and then, post your comments about that experience. I know Michael has been very open about constructive feedback when we were discussing certain things about other registrars, about his, and he's open to that. And so, I want to encourage that and I want to see Name Silo succeed because I think you guys are focused on the customer, focused on what the customer wants and needs, and there's not a lot of companies out there that are that focused, delivering exactly what they want. So I commend you and Mike and Chris for starting this venture, and keep up the great work.

Michael G: Thank you very much Mike. We really appreciate it.

DomainSherpa.com: The Domain Name Authority

Michael C: Michael Goldfarb, Co-Founder of Name Silo. Thank you for coming on the show and sharing all of your tactics and the insider secrets of building a domain name registrar, and thanks for being a Domain Sherpa.

Michael G: No problem. Thank you very much Mike. Thanks for having me.

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

Watch the full video at:

<http://www.domainsherpa.com/michael-goldfarb-namesilo-interview/>