

Namesphere 名天科建

A Concise Business Plan for a new Enterprise as an Internet Media Real-Estate Company – Opportunity from the Deregulation of the Domain Registry Industry

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Executive Summary

Domain names are addresses on the Internet (e.g. www.domain.com, www.domains.asia, etc.). They represent the infrastructure that allows navigation and resource allocation online. They serve a real substantive purpose and genuine value akin to physical real estate. Domain registry products do not require physical stock. Transactions and delivery are instantaneous and procured completely online. The industry is semi-regulated and sales channels are managed through “accredited brokers” (i.e. Registrars). The global industry has grown to over US\$10 Billion, yet it is only in its nascent stage, with very few domain extensions available and just around 200 Million domains registered (compared to over a billion online).

The domain registry business is one of the most steadily profitable subscription based businesses on the Internet. This year, between January to April 2012, a watershed opportunity is created by the deregulation of the industry. Today, the market is constrained to a few choices of global “top-level-domains” (TLDs) such as “.com”, “.net”, “.asia”, “.info”, etc. In the future, imagine: “.shop”, “.music”, “.web”, “.casino”... This business plan is about that future.

Even with search, web 2.0 and mobile technologies, domain names remain the primary navigation tool and address for the Internet. In fact, a significant value of domain names is built on search engine optimization return. In general, the value of domain names can perhaps be best appreciated as real-estate for the cyberspace, and its robustness akin to the telephone numbering system.

The economics of the basic business of a TLD registry is simple. Domain names are charged on a per-domain-per-year (renewable) model, and payment is collected upfront as deposits (prepayments), making the registry business a cash rich operation. Traditionally, the domain registry could best be understood as a utility service with recurring revenues. The future new TLD registry however will likely be a media real estate company. Beyond the “land rent” model (of per-domain-per-year income), new TLD registries will have the opportunity to leverage and exploit prime cyber real-estate to profit from a conglomeration of prospects. As a TLD registry, it would be possible to leverage the best domain names to develop strategic lines of businesses in support of the TLD development as well as being a source of revenue opportunity, e.g. “www.play.music”, “www.open.shop”, “online.casino”...

A good comparison is perhaps the MTR model in Hong Kong, whose model includes not only being a transit company moving passenger traffic, but also a property developer of the best locations (i.e. right above the stations).

This prospectus presents a plan to capitalize on the deregulation through a new holding Enterprise, which would develop its own TLD properties as well as to strategically invest into a portfolio of other new TLD and related opportunities. The Enterprise will operate as a hybrid of a fund and an operating business. A comprehensive framework covers the entrance (bidding of new TLDs), launch (of new TLDs), consolidation (M&A opportunities) and expansion (development of prime properties, etc.) phases of the anticipated market development following the deregulation.

The Enterprise will operate directly and/or invest into a strategic and diversified portfolio of TLD names, including: 1. landmark generic names (e.g. “.web”, “.shop”, “.wang” = “.网”, “.网站”, “.you” = “.邮” = “.遊”, etc.); 2. specialized verticals (e.g. “.視頻”, “.movie”, “.restaurant”, “.map”, “.银行” etc.); 3. brand TLDs (e.g. “.weibo”, “.联想”, “.haier”, etc.) and geographical names (e.g. “.北京”, “.上海”, “.klc”, “.taipei”, etc.);

and, 4. niche names (i.e. names with likely less competition but still opportunity for development, e.g. “.dev”, “.gold”, etc.).

This prospectus seeks an initial fund of US\$10 Million at a post-investment valuation of US\$15M to develop, invest into, support and complete the application bids for a portfolio of 20-25 TLDs. Strategically, the fund will invest into the areas as explained above to spread the risk, and to ensure that even if it loses out on landmark generic names, it can still recoup its investments through geographical names, verticals and niches.

Much like land auctions, depending on the bidding situation (competition for the same TLD name -- if there are 2 or more applicants for the same TLD, ICANN will hold an auction for the domain, much like land auctions), especially for landmark generic names, subsequent round of financing may be desired (e.g. for highly sought after projects such as “.web” or “.shop” etc.). It is also possible to strategically merge with other competing bidders through the process.

Based on a scheduled launch of TLDs, the Enterprise expects to turn profitable within the first 2 years of operation, with a strong cash flow throughout, and foundation for an IRR (Internal Rate of Return) of 175% over the first 5 years, and an aggregate NPV of US\$43M (at a 30% discount rate). This will allow the Enterprise to strategically expand and develop its properties and to seek IPO, M&A and exit opportunities.

The Enterprise will be seeded by DotAsia Organisation and overseen by its management, who are expert professionals in the industry, with over 10 years experience (since the beginning of the domain industry). DotAsia, through its network of members, advisors and staff is connected with every part of the industry and its international coordination body ICANN. The DotAsia team is also involved in the development of the regulations and processes of the deregulation and ongoing policy development. The founding team brings together a wealth of knowledge, experience, network, intricate understanding of the industry, and a track record of prudence and agility in execution and implementation.

Exit opportunities exists for each particular project (e.g. acquisition and IPO opportunities for “.tld” itself as a company) or portfolio of TLDs, as well as the Enterprise itself. It is also possible for the Enterprise to maintain projects as a long term revenue dividends (i.e. “cash cows”). The TLD registry business is sustainable, offers long-term investment return, as well as possible quick exits as TLDs are launched and as market consolidation happens after the deregulation.

Let alone the prospective economics, the prestige for owning a piece of land (or more fittingly perhaps, a city or state) in cyberspace, is in itself a fascinating proposition. As there will always be only one “.com”, there will be only one “.web”, only one “.shop”. The time is now before they have been asked for. The domain industry is still very young. The opportunities for new “agglomerations” are possible. Who would have thought that the new world would come to dominate the world economy when Columbus first set foot on the continent? Who would have guessed Hong Kong could become an international financial center when it was a fishing harbor and London was the center of globalization? .com will be here to stay for a long time, just as Britain is still a powerhouse. But the time is coming for new alternatives, new lands, new virtual real estate. The best new continents in cyberspace await the stewardship of true visionaries.

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1 Industry: A Watershed Opportunity

Deregulation of an industry brings opportunities. The global domain name industry has been tightly controlled. There are currently around 270 Top Level Domains (TLD), i.e. the last part of an Internet domain name (e.g. “.com”, “.org”, “.cn”, “.asia”) in the world. There are 2 main types of TLDs: Generic TLDs (gTLDs: e.g. “.com”, “.org”) and country-code TLDs (ccTLDs: e.g. “.jp”, “.uk” for each country/territory).

Less than 20 new TLDs have been added to the system since the inception of the domain name system (DNS) 25 years ago (in 1983). There were 7 original gTLDs: .com / .net / .org / .gov / .edu / .mil / .arpa. 7 new gTLDs were “approved” (out of about 50 proposals) through a beauty contest style process in 2000: .info / .biz / .museum / .coop / .aero / .pro / .name. This was considered an experimental round, which was subsequently expanded for 8 more new gTLDs (out of 10 proposals) in another extension round implemented in late 2003: .asia / .travel / .mobi / .post / .tel / .cat / .jobs / .xxx. Some new ccTLDs were also created when new countries are created or names of countries are changed. The two most notable are .eu which was created by the European Union, and .me for Montenegro (part of former Yugoslavia).

After more than 10 years of discussion at ICANN (Internet Corporation for Assigned Names and Numbers), the international quasi-regulatory body of domain names for the Internet, a new gTLD process is being put into place which will allow a much more liberalized process for the introduction of new gTLDs. The deregulation round is scheduled to open for application between January 12 to April 12, 2012. This is anticipated to be a watershed event with hundreds of new gTLDs being created. Imagine: .web, .shop, .music, .movie...

2 Market: High Growth Property Assets

Each TLD registry is an exclusive piece of real estate on the Internet. Technically, every domain name must be unique, therefore the registry must be a single operator of the master database behind each TLD. The TLD registry therefore has exclusivity over all domains under the TLD. Once a business uses a domain, i.e. have it setup for search engines, printed on business cards, advertisements, etc., recurring business (i.e. renewal rate) is highly sticky.

The traditional TLD registry business looks like a utility company. Domain registrations are generally sold at a low cost with a renewable yearly fee. Renewal rates are relatively high and highly proportional based on the level of usage of registered domains. The general average of renewal rates are around 55% for first time renewals and around 75% subsequently. In the market, “accredited registrars” provide registrations along with added value services such as hosting, email, etc. The domain industry as a whole can be estimated to be at about US\$10 Billion worldwide annually including its primary, secondary and immediate periphery markets. The total number of domains registered around the world has grown steadily over the years to close to 200 million today. A robust secondary market has emerged over the last 5 years to an industry with a turnover volume of about \$10 million per month, with average transaction prices at about US\$8,000.

The future of the TLD business is a media real estate company. It will resemble a property and development business while being a media utility company. Domain names are consistently being described as cyber/virtual real-estate. Beyond the utility-like business (selling registrations and renewals in volumes), the TLD registry of the future will be a property development company mixed with a media company. An “MTR-like” business (MTR -- Mass Transit Railway is the subway company in Hong Kong which is highly successful in leveraging its core business into real-estate and electronic payment businesses -- Octopus). The TLD registry would build user traffic to the TLD by developing the infrastructure and anchor tenants, and ultimately enjoying the economic values of the core by leveraging prime real-estate. Ability to develop sites for example: “www.jazz.music” or “phone.shop”. At the same time, the success of these anchor tenants would contribute to the development of the volume and demand for the TLD as well.

The leveraged TLD registry is a unique business proposition:

- Its basic of a TLD registry:
 - Cash rich (basic registrations are pre-paid by accredited registrars)
 - Steady (utility-like and one of the Internet’s most successful subscription based service), and,
 - Low risk (low capital investment and infrastructure requirement);
- While, its leveraged potential and value is:
 - Unlimited by capital investment (no stock shortage or delivery problems)
 - Distinctive and lasting (a domain name forms part of a brand for other companies)
 - Highly synergistic with other businesses (exploitation of prime real estate and expansion opportunities into different industries and to work with different partners)

Coupling the sustainable value for domain names and a robust secondary market, domain names are maturing to become tenable property assets. Bank of America in the US is known to have provided loans against portfolios of domain names as asset securities. It

would not be an exaggeration to understand the TLD registry as being the proprietor for a practically unlimited piece of cyberspace.

2.1 Threats: Industry Organization & Alternative Technologies

The biggest threat for the domain industry is perhaps the entry barrier itself. ICANN is the gatekeeper to new TLDs. Continued over restrictive policies may give way to development of alternative technologies, while overly loose policies could erode consumer confidence when TLDs fail or dilute the value of domain names in general. High cost of entry, especially if through high priced auction, may increase the risk of a longer path to profitability.

Development of alternative technologies, such as Internet keyword technologies, or replacement behaviours such as search could threaten the dominant position of domain names as the primary direct navigation tool. Keywords continue to come and go. AOL Keywords was popular for a while, and RealNames had its time. Today, China has its upsurge in keyword promotion and keyword remains relatively popular in Korea. Meanwhile, however domain names have steadily grown and outlasted keywords. Yahoo search was one of the earliest Internet brands. Google then took over for most of the search traffic. But both today increasingly engage in domain name activities and both have become ICANN accredited registrars and are frequent sponsors and visitors at domain industry events.

There remain views that see search as a threat to the domain industry, however, based on the development of domain portfolios as SEO (search engine optimization) tools and the tacit support from search engines to the development of domain usage, search engines are probably more of a support for domain industry development than a threat. Recent outstanding financial reports from Baidu and the rapidly increasing online advertising spending from Asia is also an indication of growing interest in SEO related products, which include domain name portfolios.

Past records of new domain registries have also casted some doubts about how lucrative TLD registries could be. None of the first round of new gTLDs (.info, .biz, .name in 2000) lived up to their expectations. Nevertheless, they are growing stronger by the day. .info for example has grown steadily to over 7 million domain names. Overhype at the peak of the bubble, the timing and restrictions in the early new gTLDs along with the general down turn of the market as they launched contributed significantly to give a gloom impression. Yet even under such conditions, most (if not all) of the TLDs remain operationally viable, and some market consolidation is already happening (for example, Afilias, who operates .info has acquired .mobi).

Recent launches of domain names also provide better perspectives as the industry gathers steam. .EU launched to more than 1 Million domain names in the first few days and grew to over 2.5 Million in the first year. .Mobi surpassed expectations to register over half a million in the first year, with high value premium names auctioned in primary and secondary markets. .Asia pioneered the auction process to rake in over US\$7 Million in revenues within the first 6 months of operation and a turnover of over US\$15 Million for the first year.

The threats and risks for entering the market is not trivial especially for landmark generic domains (which will likely require auction). While the revenue model for traditional domain registry business is strong, the effects of deregulation may not be predictable. Alternative technologies and the blossoming of the mobile Internet may further challenge the domain industry. Nevertheless, with careful planning and a strong strategic framework, it is possible for the enterprise to maintain an agile position to exploit the market, to proactively take part in potential consolidations post-deregulation, and to be well positioned to mitigate against risks by providing multiple exit opportunities for investors. Finally, the new model as a media

company expands the horizons and opportunities for TLD registries beyond the traditional utility model to open up significant partnership and revenue prospects.

3 Concept: Strategic Entry, Consolidation & Expansion

The deregulation of the domain registry industry will bring significant competition, opportunity and ultimately consolidation in the marketplace. The prospect for entering the market at this time is favourable, but to ultimately penetrate, thrive and capture the prospects that is presented will require:

1. A core team with in depth knowledge of the industry to navigate the politics and economics of the business;
2. A methodical and strategic scheme that can be successful and adaptive to a multiplicity of scenarios and shifting landscape; and
3. Strategic investors with strong financial backing and network to create adequate leverage for the enterprise during the entrance and consolidation stages.

3.1 Strategic Approach: Organized Leverage

In order to be best positioned through the likely consolidation in the marketplace after the expansion brought about by deregulation, the enterprise must rapidly develop a strong foundation in the industry. This plan describes an approach that would allow strategic entrance into the market that could grow organically or synthetically depending on the eventualities while providing a defensible position under the high uncertainty given such a watershed opportunity in the industry. The underlying principle of the plan is to achieve organized leverage to best position the enterprise at all times through its development.

The basic framework consists of the following 4 stages:

1. Entrance: bidding for new TLDs
2. Launch: strategic launching of TLDs
3. Consolidation: integration in the marketplace during and after the launch
4. Expansion: growth beyond TLD registry as a utility provider

There is going to be significant overlap and dynamics between the Entrance, Launch and Consolidation stages as well as the Consolidation and Expansion stages. The direction and approach for the Consolidation stage will be dependent on the competition and results of the bids for new TLDs and the capitalization of the enterprise (against other competitors) in the aftermath of the Entrance stage. The timing of the launching of each TLD won (or acquired or invested into) and the speed of consolidation will depend on the topography of the industry after the initial process of deregulation. The roadmap for the Expansion stage is therefore dependent on the approach and momentum of the Consolidation stage. At all stages, it will be important for the Enterprise to maintain a strong leverage position for financial resources and a strategic position in the politics of the business.

The strategic approach In the Entrance stage is a balanced portfolio for the Entrance and Launch process:

1. Major Landmarks (e.g. .web, .music, .shop, .blog, etc.)
2. Specialized Verticals (e.g. .hotel, .vin, .tickets, .food, etc.)
3. Brand & Geographical Names (e.g. .weibo, .taipei, .now, etc.)
4. Niche Markets (e.g. IDN TLDs, alternative TLDs, etc.)

Whether the Enterprise can win the bid for the major landmarks will depend on the leverage available from the financial backing and the effectiveness of the efforts at the ICANN

process. Like bidding for a piece of land, the availability of cash resources would be as important as the apparent support and economic strength of the financial backing. In the first round of deregulation, if 2 or more applicants are interested in the same TLD, and are qualified for all other criteria, an auction will be held to determine the winner. Before the auction is held, the applicants will be given opportunity to settle, merge or choose a different TLD string.

The success in specialized verticals will be built on the community efforts by the enterprise before and during the bidding process and the network leveraged through the financial backing. Niche markets are designed to be TLD bids for names that are likely to have no or very little competition for. This part of the portfolio provides a safety against the initial investments of the enterprise. More specifically, even if the enterprise fails to win the bid for major landmarks, it will still be able to occupy a piece of the cyberspace and develop a strategic position and exit opportunity for investors in the Consolidation stage.

Even though the foundation revenues from a gTLD registry will be built on domain registration volumes, the launch of registrations should not be hasty. For each TLD won, a different strategy should be developed to:

- Best leverage the prime real estate for that particular TLD
- Exploit the opportunities for Expansion
- Balance against the viability, reputation and community appeal of the TLD as anchor tenants and prime real estate is being developed.

For the Consolidation stage, depending on the dynamics during and after the Entrance stage, a mixture of the following strategic directions could be taken:

1. Vertical integration within the industry (suppliers, registrars, resellers, domain portfolio holders, etc.)
2. Horizontal integration (merger and/or acquisition of other TLD registries)
3. Expansion (into other industries leveraging prime real estate from the new TLDs: e.g. download.music, book.hotel, theatre.tickets, sports.shop, etc.)

Given the demanding requirements from ICANN on the technical infrastructure and capabilities of a gTLD registry, it is best to establish a relationship with an existing registry service provider for each of the bids. There are currently less than a handful of established service providers in the gTLD domain registry: Verisign, Afilias, Neustar and CORE. Some ccTLDs also have strong capabilities, e.g. .DE, .CN, .UK, .JP. It is also possible that new providers will emerge from the deregulation, however, this set forms also the targets for vertical (as a provider) and horizontal (as a gTLD registry themselves, e.g. .INFO, .NET, .BIZ, etc.) integration. The tactics for vertical integration with registrars, resellers and domain portfolio holders will depend on the development of the ICANN policies. For current gTLDs, a registry cannot also be a gTLD (ICANN Accredited) registrar. For new gTLDs however, they may be a registrar.

As discussed in the Entrance stage, exploitation for prime real estate will be critical for the development of awareness and drive traffic for the TLD (like anchor tenants to a new shopping mall). It will also present opportunities for the Expansion stage. The new TLD registry will be a media real estate company:

- The core revenues could be built on domain registrations, but
- The full potential will be realized when it successfully leverages its prime real estate to become a conglomerate media company to share the profits of businesses and initiatives built on its real estate.

The Expansion strategies will be built on the leverage developed through the:

1. Exploitation of the prime real estate (e.g. expansion into the music business through the exploitation of “music.web”); and
2. Influence aggregated through the development of the TLD (e.g. expansion into the online gaming industry through the development of “.game”).

The strategic approach at the Expansion stage will be determined based on: 1. timing – of the overall market conditions of the target market to enter; and, 2. network – the network and relationships built through the exploitation of the TLD and from investors.

The underlying strategic approach is to:

1. Maintain flexibility and achieve organized leverage in order to best position the enterprise at all times; and,
2. To exploit the opportunities presented by the deregulation and during the development of the TLDs.

3.2 Core Founding Team: Knowledgeable Industry Experts

The founding team will include the core team at DotAsia in addition to industry experts. All of whom are veterans of the domain industry, with more than 10 years experience in various capacities and for different companies in the industry. The track record of the team demonstrates a politically sensible, economically viable, socially responsible and financially prudent approach towards business. These will be crucial for the success of the enterprise to rapidly build credibility and rapport in the industry to execute on this strategic plan, and to best exploit the opportunities presented by the deregulation.

Edmon CHUNG – Edmon is serving as the CEO for DotAsia, and will serve as the Managing Director of the Enterprise. Edmon was twice elected as a representative from the ICANN gTLD Registries Constituency to the ICANN GNSO Council (highest policy development body at ICANN), is the standing Secretariat for the ICANN APRALO (Asia Pacific Regional At Large Organization), Chair of the Joint ICANN ccNSO/GNSO IDN Working Group (JIG) and the Internationalized Registration Data (IRD) Working Group, and working group member of many ICANN policy development processes and IETF technology standards development processes.

Edmon holds patents underlying the technologies for enabling multilingual domain names (IDN – Internationalized Domain Names) and email addresses. In 1999 Edmon started a company in partnership with the University of Toronto to exploit these patents. The company was acquired by the second largest industry player, Afilias, in 2003. In 2000 Edmon was honoured as one of the top Young Canadian Leaders by the Globe & Mail, and in 2001, he led his company to win the Most Innovative award in the Chinese Canadian Entrepreneurship Awards. Edmon holds a Bachelor of Applied Science and a Master of Engineering from the University of Toronto.

Throughout his tenure in the domain industry, Edmon has worked with 5 gTLDs and more than 30 ccTLDs around the world in various capacities. Edmon understands the politics, economics and technologies of the domain industry comprehensively and is a pioneer in the technologies, policies and business models for the domain industry.

Ching CHIAO – Ching is the Vice President of DotAsia since the organization formed in 2006. He was also an early and active contributor to DotAsia’s during its start-up stage since early 2004. He currently oversees the business / community development and regulatory

liaison with different parties such as registrars and registries, and other relevant organizations in Asia Pacific.

Ching has more than ten years of managerial expertise and know-how in the domain name industry. Prior to joining DotAsia, he was the Director of International Affairs and Public Relations of Taiwan Network Information Center (TWNIC). He also managed the Taiwan IPv6 program office and served as the APTLD (Asia Pacific Top Level Domain) Secretariat for four years. Before that, Ching was with Register.com, one of the leading domain registrars in the world, where he was responsible for developing the site's channel partner network in the Asia Pacific region.

Ching involves in several other Internet, telecom, and open source projects and initiatives. He was appointed as Co-Chair of APNG (Asia Pacific Networking Group) since 2009, and serves consecutively as a Supervisor to the Board of Taiwan Internet Association (TWIA) since 2006, and the Managing Director of ADCT (Association of Digital Culture in Taiwan). He also offers insightful advises to several Web 2.0 and Mobile Internet start-up ventures in Greater China area. Ching is the founder of the Taiwan Blogger BoF in 2005, the biggest bloggers event held annually in Taiwan, and the Blogfest.Asia in 2009, the first Pan-Asia blogger dialog and networking event.

Ching earned his MBA from State University of New York at Binghamton.

Rebecca CHAN – Rebecca is serving as the Finance and Compliance Officer of DotAsia. Rebecca oversees the policy compliance of the .Asia registry and registrars, as well as the financial operations of DotAsia. Rebecca is also the liaison with ICANN and registrars on accreditation, compliance and billing processes.

Rebecca has worked in the domain industry since 1999. Before joining DotAsia, Rebecca worked as an executive at an ICANN Accredited Registrar. Prior to that, Rebecca was the Corporate Resource Manager at a domain registration solutions provider specializing in IDN technologies.

Rebecca has a B.A.Sc. and an M.Eng degree from the University of Toronto.

Leona CHEN-BIRKNER – Leona is serving as the Vice President of Registrar Relations for DotAsia, and a key member of the team that launched the “.Asia” registry in 2006. At DotAsia, she is responsible for coordinating marketing and promotional related initiatives and serves as the main link between DotAsia and ICANN Accredited registrars.

Leona has worked extensively in various government and technology organizations in Canada and Japan. Prior to joining DotAsia, Leona was with IMB Canada and later with JENS Corp (formerly AT&T Jens Corp) Tokyo, Japan where she handled corporate affairs duties.

Leona holds a Master's degree from the University of Toronto in Asia Pacific Studies.

Desiree MILOSEVIC – Désirée Zeljka Miloshevic is an Internet public servant, and was a special advisor to the chair of the United Nations' Internet Governance Forum Multi-stakeholder Advisory Group. Additionally she is Senior Public Policy and International Affairs Advisor in Europe for Afilias, the domain name registry.

Desiree will be working closely with the Enterprise to identify and

Desiree studied English Literature at the University of Belgrade Faculty of Philology before starting her internet career at the newly-formed British service provider Demon Internet in 1993.

Andrew SULLIVAN – Andrew currently serves as a panellist on the ICANN RSTEP (Registry Services Technical Evaluation Process) committee. Andrew has extensive knowledge in database technologies and is the Secretary of the PostgreSQL Foundation, an Open Source database project, and is an acknowledged expert in both database design and operation. As Data Architect of Afilias between 2001-2008, Andrew oversaw the launch of 3 new gTLDs and played critical roles for the the transition of over 10 other TLDs.

Prior to joining the technical team at Afilias, Andrew taught at McMaster University in Hamilton, Ontario, Canada. Andrew holds a B.A. from the University of Ottawa and an M.A. from McMaster University.

Andrew has profound knowledge of the infrastructural operations, design and demands of a global TLD registry and is a recognized worldwide expert in database technologies.

Robert (Robbie) Birkner – Robbie is currently serving as the Chief Strategy Officer of HEXONET and 1API (the house registrar of HEXONET), as well as President of HEXONET Services Inc. in Vancouver, Canada.

Previously, Robbie played a critical role in developing Key-Systems from a start-up to the second largest registrar in Europe, led another registrar in Vancouver to win the highest commission among domain auctions for a new TLD launch, and was involved in the launch of the new .ME TLD. Robbie has extensive knowledge and relationship in the worldwide domain registrar community and has insightful understanding of the dynamics in volume domain name sales and marketing.

Besides the expertise inherent from the individuals involved in the founding team, the industry knowledge and network from the team will also be able to identify and attract key individuals as experts, consultants or advisors for the strategic development of the enterprise when and where appropriate and needed.

3.3 Strategic Investors

Besides the Founding Team, the Enterprise envisions working with strategic investors and partners in various capacities. As discussed in section 3.1 above, the Enterprise will engage in direct operations of new TLDs as well as invest into and/or work with different partners where appropriate to jointly develop new TLD projects. Each project may have additional strategic investors and partners.

Overall, strategic investors and partners are important for 3 critical factors:

1. Economic strength for the bidding process and Entrance stage
2. Leverage for the Consolidation stage
3. Relationships for the Expansion stage

In terms of the Entrance and Launch stages, financial requirements for developing the actual application to ICANN is limited, however, there are 2 ways in which strategic investors will play a significant role:

1. Development of bids for specialized verticals – strategic investors in particular verticals, e.g. for .hotel, .movie, .music, would be important for building the application and community strategy for the ICANN process. Strategic investors would allow better alignment of interests from key players in certain specialized verticals.
2. Economic strength before and during auctions – the perceived economic strength of strategic investors would play a significant role in the ability for the enterprise to engage and negotiate with competing bids before an auction is conducted (and possibly resulting in partnerships to avoid an auction). Obviously the availability of funds will also be critical if and when an auction is pursued.

While the founding team brings together unique, unparalleled knowledge and experience from the industry, strategic investors can also add to the team with expertise from:

- Financial – raising capital through private and public offerings (especially for the auctions, consolidation and expansion).
- Mergers & Acquisitions – with the deregulation of the industry comes the anticipated expansion and Consolidation phase thereupon. Strategic investors could provide resources and knowledge on M&A activities.
- Synergistic value – especially in the Expansion phase. Strategic investors could help connect and identify appropriate “properties” to be developed, i.e. leveraging the use of prime domain names to support and engage with potential partners.

There may be 2 general structures for working with strategic investors:

1. As core investors to the enterprise
2. As investors for specific projects (where appropriate) based around particular TLDs (or expansion/consolidation projects)

3.4 DotAsia Organisation

The Enterprise is founded by the DotAsia Organisation. DotAsia is a not-for-profit organization itself dedicated to promoting Internet development and adoption in Asia. The Enterprise will be a for-profit initiative with a vision to develop and invest into TLD initiatives and related businesses, including vertically into domain registration and secondary market businesses and the development of prime domain names of TLDs it operates and/or invests in. The Enterprise will embrace a triple-bottom-line approach and strong commitment towards corporate social responsibilities.

DotAsia will seed the Enterprise with funds as well as its founding team as resources to ensure that the knowledge and expertise can be injected into the Enterprise:

- DotAsia is the first and only ICANN gTLD in the Asia Pacific region (and in fact the only outside of US and Europe) operating the “.Asia” TLD
- DotAsia has extensive knowledge and experience of the ICANN process and is committed to supporting Asian TLD initiatives
- DotAsia is a not-for-profit organization formed by a consortium of government and government related organizations who are also operators of country-code TLDs (e.g. .cn for China, .jp for Japan, .kr for Korea, .in for India, etc.)
- DotAsia has a proven track record of executing on a successful launch of a new TLD, including policy development, balancing of competing interests (e.g. intellectual property rights and public interests), as well as marketing and branding of a TLD

While economic viability and sustainable return on investments are important, as a not-for-profit organization with a core mandate to promote Internet development and adoption in Asia, DotAsia will also prioritize our support for community oriented TLD projects, promote constructive competition, and projects that align with our vision to contribute to the development of Asia.

4 Implementation: Requirements & Return

The tactical implementation and execution plan will follow from the strategic approach to maintain a position that:

1. Could allow more progressive advance should conditions be favourable, and
2. At the same time maintain a defensible position should conditions become adverse.

Investments will be marked against clear milestones and required only upon triggering events. Basic investment requirements are relatively low and risks mitigated against a hedged portfolio. The implementation also lends itself to a multitude of exit opportunities for investors at different stages.

Investments required for the four parts of the strategic portfolio (as described in Section 3.1 above) will be different:

- Major Landmarks (e.g. .web, .music, .shop, .blog, etc.) -- in anticipation of possible auction of the landmark generic TLDs, the financial investments for the Entrance phase will be higher.
- Specialized Verticals (e.g. .hotel, .tickets, .food, .bank etc.) -- for specialized verticals, investments will focus on relationships with related associations and communities.
- Brand & Geographical Names (e.g. .weibo, .taipei, .now, etc.) -- partnerships with local governments and brand owners.
- Niche Markets (e.g. IDN TLDs, alternative TLDs, etc.) -- investments for the Entrance phase should be lower, as less competition is anticipated. Niche TLDs will also provide the “safety” to ensure that the Enterprise can recoup its investments.

Verticals can be developed through the portfolio of TLDs as well as based on prime second level domain names from the TLDs. Regarding the verticals to develop and expand into, tactically, based on the knowledge for domain name demand and the Internet market in general, the following 5 focus verticals could be considered:

1. Entertainment and interactive content
2. Sports and gaming
3. Travel and news
4. Personal cloud and home networking
5. Finance and commerce

The actual verticals to concentrate efforts into will be dependent on strategic partnerships that will be formed.

4.1 Initial Investment Requirements: Entrance Stage

Following from the strategic approach, the execution plan, especially at the Entrance stage, is highly milestone driven and adaptive to the development of the industry.

This proposal calls for an initial fund of US\$10Million for the Entrance and Launch phases.

The Enterprise intends to develop and invest into 20-25 new TLDs (including IDN TLDs) with a balanced portfolio to mitigate against market risks and uncertainties:

- Major Landmarks: ~2-3
- Specialized Verticals: ~5-10
- Brand & Geographical Names: ~8-10
- Niche Markets: ~4-8

The final numbers will depend on work with partners as well as investment opportunities for the Enterprise.

As described in Section 3.1, the Enterprise will also look to apply and bid for TLDs directly. The Enterprise intends to directly apply for 7~8 TLDs with the following spread among the 4 segments:

- Major Landmarks: ~1
- Specialized Verticals: ~2
- Brand & Geographical Names: ~2
- Niche Markets: ~3

For each direct TLD application the following financial requirement schedule could be expected:

• Application fee	US\$185,000
• ICANN Process	~US\$65,000
• ICANN Escrow Requirement	~US\$150,000 per year for 3 years
• Total:	~US\$700,000

For investments, the Enterprise intends to invest a range of US\$200K to US\$1M to different initiatives, in roughly equal portions to the 4 identified segments of the portfolio, with a slightly stronger weighting possibly on geographical (i.e. city and regional) TLDs. The investments would be engaged at different stages of the TLD initiatives, including application phase, auction phase, launch phase, etc.

4.2 Auctions Financing

Some of the applications are expected to go to auction. While it will be difficult to predict the final winning auction price, the general expectation can be estimated as follows:

- Landmark domains: US\$5-50M
- Specialized vertical: US\$1-5M
- Auctions are not expected for Niche markets and Brand/Geographical Names

The estimation is consistent with a rough projection of the revenues from the first 5 years of operation and a top line price of US\$5 each (wholesale) to registrars:

- Landmark domains:
 - growing to about 3 million domains registered
 - + Landrush, premium domain and other extraordinary income
- Specialized vertical
 - growing to about 100,000 domains registered
 - + Landrush, premium domain and other extraordinary income

Because auction prices are not cash that needs to be paid up front and only required upon winning an auction, while the cash resources need to be in place, the drawing of the capital is required only upon the confirmed winning of the TLD bid. The risk is minimal for investors at this stage.

It is anticipated that each TLD application will enter into a contract with an established registry technology services provider. Registry technology providers generally offer a risk free arrangement based on usage (i.e. domain name years registered), therefore, the only costs involved in the launching of the TLD would be administrative and marketing oriented. This greatly reduces the risk for building out a significant infrastructure to meet the ICANN requirements.

Given that this will be the first round of deregulation, it may be difficult to predict the timeframe for when the auctions may be conducted. However, it could be reasonably estimated to be 2012Q4 to 2013Q2.

This proposal calls for investments covering provisions for auctions partially. Additional funds may need to be raised for landmark domains and in preparation for auctions. In the case that such additional funds are required, further round of financing should be lined up by 2012Q3, when it becomes who the competition may be and whether partnerships could be formed to avoid auctions.

4.3 Projected Returns from Basic Registry Business

The economics of the basic registry business is simple, domain registrations are charged in a per-domain-per-year (renewable) fee to registrars, and registrars pre-pay all domains by placing a deposit at the registry. Recent developments in the industry have added a component of basic revenues for the registry through: Sunrise (priority registration) fees; and, auction income (for premium domains or domains receiving more than 1 application in the start-up periods). This process was pioneered by the “.Asia” launch in 2007-2008 (and adopted by several subsequent launches).

The expected basic pricing for domain names based on current market conditions are as follows:

- Landmark domains: US\$5-8
- Specialized verticals and Geographical Names: US\$10-40
- Niche markets: highly dependent on niche (could expect to be similar to Specialized verticals)

Based on the track record of earlier rounds of new TLDs and new ccTLDs, the following domain registration volumes could be expected over about 5 years after full launch:

- Landmark domains: 2-5 Million domains
- Specialized verticals and Geographical Names: 100K – 1M domains
- Niche markets: 50K – 300K

The following is a brief schedule of projected income based on the direct portfolio of 7 TLDs to be directly operated by the Enterprise (see Appendix A for more details):

Year	1	2	3	4	5	Aggregate
Projected Income						
TLDs Launched	2	6	7	7	7	
Domains Registered	600,000	1,500,000	2,680,000	4,100,000	5,500,000	
Basic Income	4,500,000	14,700,000	26,100,000	38,700,000	51,100,000	135,100,000
Extraordinary Income	-	13,000,000	17,500,000	4,000,000	-	34,500,000
Total Income:	4,500,000	27,700,000	43,600,000	42,700,000	51,100,000	169,600,000
Projected Expenses						

Per Domain Costs	2,250,000	5,625,000	10,050,000	15,375,000	20,625,000	
Operation Costs	1,700,000	1,900,000	2,200,000	2,200,000	2,200,000	
Total Expenses:	3,950,000	7,525,000	12,250,000	17,575,000	22,825,000	64,125,000
Net Income:	550,000	20,175,000	31,350,000	25,125,000	28,275,000	105,475,000
NPV (30% discount rate)	423,077	11,937,870	14,269,458	8,796,961	7,615,280	43,042,646

Based on the calculations above (with an investment of US\$5M into the directly operated portfolio), the basic registry operations for the directly operated portfolio could yield:

- Internal Rate of Return (IRR) of: 175%
- Payback period of: 2 years
- NPV (at 30% Discount Rate) of US\$43M
- 20 Multiple ROI

This is before Expansion and leverage of prime domain names for development. Based on an organic Expansion beginning in the 3rd year, it is possible to envision an even greater return on investment as the Enterprise expands to become a media real-estate company. The revenue base from the basic registry operations will also form the foundation for the Enterprise to raise further funds through public offerings for Expansion.

Besides the directly operated portfolio, a similar projection can be expected from the invested portfolio of TLDs. With an investment of US\$5M into other TLD initiatives at different stages, the expected return directly to the Enterprise may also be slightly lower because of lower risks (entering at a later phase of the TLD process). The total NPV could be estimated at around US\$60.3M, representing an IRR of 130%.

Nevertheless, the portfolio further supports the foundation for possible public offerings as well as opportunities for exits through mergers and acquisitions in the likely consolidation phases following the deregulation process.

A more progressive projection as well as a conservative baseline projection is also included in Appendix A for reference. The progressive projection includes a stronger ROI reaching an IRR of 500%. At a conservative scenario, the baseline projection has the Enterprise growing organically without a Landmark TLD, and a portfolio of only 900,000 domain names. That baseline scenario still maintains a positive IRR of 9% and an NPV of US\$7.1M (at 30% Discount Rate based on US\$5M investment into the direct operations portfolio) over 5 years, with a payback period within the first 4 years.

4.4 Financing Schedule

DotAsia is seeding the Enterprise with US\$500K in funds along with expertise, knowledge and operational capacity. The Enterprise is further raising US\$10M in total at a post-investment valuation of US\$15M.

The Enterprise proposes milestone based tranches as follows:

1. Before March 15, 2012: US\$4M (for completion of submission of applications)
2. 2012Q3: US\$3M (for completion of evaluation and consolidation negotiations)
3. 2013Q1: US\$3M (for launching of the first set of TLDs)

Submission: Applications for new gTLDs are accepted between January 12 - April 12, 2012. An applicant must initiate an application before March 29 and complete the

application submission by April 12. The first tranche of investment will be focused towards completion of direct operation TLDs as well as select investment into other TLD initiatives.

Negotiation: Upon initial evaluation, the Enterprise will require additional funds to complete the ICANN process as well as to initiate negotiations with prospect acquisition and/or merger targets. It can be expected that the initial evaluation will be complete by Q3 of 2012.

Launch: The final tranche of this first round of investment is targeted to support the launching of the directly operated TLDs as well as opportunities to invest into the launches of other TLDs. This is expected to happen in early 2013.

4.5 Consolidation & Expansion Phases Requirements

Consolidation may start as soon as the applicants for the first round of deregulation are known. Whether they may be competitors for the same TLD string or potential competitive TLDs against important niche markets, consolidation could likely happen before the TLDs are launched. Depending on the positioning, financial backing and competition, the Enterprise could be an initiator or a target of M&A.

The discussion in this section takes the assumption that the Enterprise is positioned to actively participate in the process.

Expansion opportunities also arise upon the launch of a new TLD. Prime real-estate (i.e. premium domain names) could be utilized to launch into new areas of businesses. The areas of business will depend on the nature of the TLD and partners readily interested in exploiting the real-estate. Such exploitations of premium domain names in a TLD in turn promotes the TLD registrations itself, creating a virtuous cycle.

Strategically, the enterprise would carefully select TLDs to launch to maximize the return, balancing registration volume against potential for exploitation of select group of domain names under a particular TLD. The best TLDs should also be strategically scheduled to maximize the capitalization of the enterprise for subsequent financing or public offering (as reflected in the scheduled launch of TLDs described above in Section 4.3 and further explained in Appendix A).

The Enterprise anticipates further round of financing for consolidations and expansion. Depending on the base new TLDs to work with (in the direct portfolio), the strategy for consolidations and expansions would be significantly different. In the worst case scenario, the Enterprise may simply launch the TLDs won and position itself to be a target for acquisition. In better case scenarios, the Enterprise would proactively seek merger and acquisition opportunities that would best complement and exploit the base.

In general, further financing is intended to fuel the launches of the different TLDs, including the top-tiered ones as well as to create corporate profile for a public offering by engaging in vertical and horizontal consolidation efforts in the industry. A subsequent public offering would pitch the Enterprise as a media real-estate conglomerate with plans to expand to different industries leveraging its strong sustainable revenue base (from registry operations) and prime real-estate retained (from its TLDs).

4.6 Exit Opportunities for Investors

An important feature of the strategic approach is the multiplicity of exit opportunities for investors. Broadly speaking there could be 3 general types of exit strategies available for investors at various stages:

1. Consolidation – exit upon subsequent financing for or during consolidation activities
2. Public Offering
3. Asset divestiture – selling off TLDs (or expansion domains)

The TLD business also presents a long-term investment opportunity given its “land rent” nature. Nevertheless, the structure of the Enterprise and the business operations would allow flexibility for asset divestiture, such as the selling off of a particular TLD registry as an independent business unit. Expansion units (or stake in such offshoot businesses) such as each particular exploited domain (e.g. “download.music”) could also be divested as an independent business unit. This presents unique exit opportunities for investors which reduces risk and increases liquidity of assets of the enterprise.

Conventional exit opportunities exist also at consolidation stage merger and/or acquisition activities, as well as at or after public offering.

4.7 Additional Synergistic Values to Investors

This business plan seeks for the Enterprise to become an Internet Media Real-Estate Conglomerate. The Enterprise aspires to maximize the opportunity brought about by the deregulation of a highly lucrative and sticky Internet subscription-based business along with rapid growth through M&A activities following the deregulation. Most excitingly, the Enterprise aspires to leverage the prime real-estates (i.e. best domain names) from its portfolio of TLDs to launch and position itself strategically to profit from the growing Internet business, especially in China and Asia.

The value of good domain names will become even more recognized in the future as the domain name industry grows. The SEO and brand recognition value of domain names will allow the Enterprise to leverage its own portfolio to play significant roles in emerging eCommerce and other Internet opportunities.

Besides ROI, investors have the opportunity to leverage both the TLDs as well as second level domains under the TLDs to create synergy for their businesses or other investments:

1. Opportunity to Leverage TLD: for investors or associated businesses focused in a particular geographic region or is interested to develop businesses in a particular city, investing and operating a city TLD (e.g. .beijing, .shanghai, .klc, etc.) will allow it to leverage the relationships with other businesses in the city, as well as the city governments.

2. Opportunity to Leverage Prime Domain Names: prime second level domain names (e.g. “www.shop.beijing” or “www.mobile.store”) can be used by investors or associated businesses to launch into related new businesses with an attractive and easy to remember domain name. A good domain name can add significant brand value as an asset of the initiative, and considerably improve SEO.

5

Conclusion: An Opportunity to Own a Piece of Cyberspace

Domain name is cyber real-estate. The deregulation presents a major opportunity for a new enterprise to penetrate the marketplace and to establish a significant position in the immediate industry and to leverage influence in other Internet businesses. As a real-estate developer, the Enterprise would gain considerable leverage to partner and expand into favourable businesses as a media company. As a domain registry, the Enterprise maintains a proven revenue base as a utility service company.

The domain name business is not a “get rich quick” scheme. The winners of this cyber land rush will be teams with comprehensive knowledge of the domain industry and a vision for strategic directives that would take the new domain registry company through the expected deregulation expansions and subsequent consolidation phases. Most importantly, winners of the deregulation process will be those that could leverage a balanced domain portfolio as a basis for entering into even more exciting high growth Internet businesses.

This proposal presents a strong framework for exploiting the watershed opportunity brought about by the deregulation in the domain registry business, along with a seasoned and knowledgeable founding team with an insightful vision for the future registry as a media real-estate company.

The proposal also presents a reasonable set of risk mitigation strategies for investors to achieve solid positions and to remain agile throughout its entrance and expansion stages. The multiplicity of exit opportunities including divestiture of independently separable business units (TLD registries and domain expansion offshoots) increase the defensibility of the overall approach without foregoing growth prospects.

Let alone the prospective economics, the prestige for owning a piece of land (or more fittingly perhaps, a city or state) in cyberspace, is in itself a fascinating proposition. The domain market is maturing to become like the real estate industry. In the highly adaptive and fast paced Internet marketplace, the domain name as an addressing system has outlasted and outpaced its competitors. At times there may have been challenges to the telephone numbering system, yet as we know today, once consumer behavior is accustomed, it could be difficult to unseat the incumbent technology. Domain name today has reached that critical mass.

The domain industry however is still very young. The best new lands in cyberspace await the stewardship of true visionaries.

Appendix A: Return and Investment Projections

1. **Positive Financial Projections** based on the investment of US\$5M for a portfolio of directly operated TLDs:

Year		1	2	3	4	5	
TLDs Launched							
	Landmark	1					
	Vertical		1				
	Geo		2	1			
	Niche	1	1				
	Total	2	6	7	7	7	
Domains							
	Landmark	500,000	800,000	1,500,000	2,500,000	3,500,000	
	Vertical		300,000	500,000	700,000	900,000	
	Geo		150,000	300,000	400,000	500,000	
	Niche	100,000	250,000	380,000	500,000	600,000	
	Total	600,000	1,500,000	2,680,000	4,100,000	5,500,000	
Per Domain Revenue							
	Landmark	7	7	7	7	7	
	Vertical	14	14	14	14	14	
	Geo	16	16	16	16	16	
	Niche	10	10	10	10	10	
Basic Revenue							
	Landmark	3,500,000	5,600,000	10,500,000	17,500,000	24,500,000	
	Vertical	-	4,200,000	7,000,000	9,800,000	12,600,000	
	Geo	-	2,400,000	4,800,000	6,400,000	8,000,000	
	Niche	1,000,000	2,500,000	3,800,000	5,000,000	6,000,000	
	Total	4,500,000	14,700,000	26,100,000	38,700,000	51,100,000	135,100,000
Extraordinary Income:							
	Landmark		10,000,000				
	Vertical			8,000,000			
	Geo			8,000,000	4,000,000		
	Niche		3,000,000	1,500,000			
	Total	-	13,000,000	17,500,000	4,000,000	-	34,500,000
Total Revenue							
		4,500,000	27,700,000	43,600,000	42,700,000	51,100,000	169,600,000
Expenses							
Per Domain Costs							
	Technology Provider Fees	3.5	3.5	3.5	3.5	3.5	
	ICANN Fees	0.25	0.25	0.25	0.25	0.25	
	Total	2,250,000	5,625,000	10,050,000	15,375,000	20,625,000	
Operation Costs							
	Human Capital	500,000	700,000	1,000,000	1,000,000	1,000,000	
	Marketing	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
	Administrative	200,000	200,000	200,000	200,000	200,000	
	Total	1,700,000	1,900,000	2,200,000	2,200,000	2,200,000	
Total Expenses							
		3,950,000	7,525,000	12,250,000	17,575,000	22,825,000	64,125,000
Net Revenue							
		550,000	20,175,000	31,350,000	25,125,000	28,275,000	105,475,000
							2010%
Discount Rate							
		30%	30%	30%	30%	30%	
NPV							
		423,077	11,937,870	14,269,458	8,796,961	7,615,280	43,042,646
Investment							
		5,000,000					
	IRR	175%					

2. Worst-Case / Baseline Financial Projections based on the investment of US\$5M for a portfolio of directly operated TLDs:

Year		1	2	3	4	5	
TLDs Launched							
	Landmark	1					
	Vertical		1				
	Geo		2	1			
	Niche	1	1				
	Total	2	6	7	7	7	
Domains							
	Landmark						
	Vertical		100,000	150,000	200,000	300,000	
	Geo		100,000	150,000	200,000	300,000	
	Niche	80,000	160,000	200,000	250,000	300,000	
	Total	80,000	360,000	500,000	650,000	900,000	
Per Domain Revenue							
	Landmark	7	7	7	7	7	
	Vertical	7	7	7	7	7	
	Geo	7	7	7	7	7	
	Niche	7	7	7	7	7	
Basic Revenue							
	Landmark	-	-	-	-	-	
	Vertical	-	700,000	1,050,000	1,400,000	2,100,000	
	Geo	-	700,000	1,050,000	1,400,000	2,100,000	
	Niche	560,000	1,120,000	1,400,000	1,750,000	2,100,000	
	Total	560,000	2,520,000	3,500,000	4,550,000	6,300,000	17,430,000
Extraordinary Income:							
	Landmark						
	Vertical			1,000,000			
	Geo			2,000,000	1,000,000		
	Niche		1,000,000	1,000,000			
	Total	-	1,000,000	4,000,000	1,000,000	-	6,000,000
Total Revenue							
		560,000	3,520,000	7,500,000	5,550,000	6,300,000	23,430,000
Expenses							
Per Domain Costs							
	Technology Provider Fees	3.5	3.5	3.5	3.5	3.5	
	ICANN Fees	0.25	0.25	0.25	0.25	0.25	
	Total	300,000	1,350,000	1,875,000	2,437,500	3,375,000	
Operation Costs							
	Human Capital	500,000	500,000	500,000	500,000	500,000	
	Marketing	1,000,000	1,000,000	500,000	500,000	500,000	
	Administrative	200,000	200,000	200,000	200,000	200,000	
	Total	1,700,000	1,700,000	1,200,000	1,200,000	1,200,000	
Total Expenses							
		2,000,000	3,050,000	3,075,000	3,637,500	4,575,000	16,337,500
Net Revenue							
		-1,440,000	470,000	4,425,000	1,912,500	1,725,000	7,092,500
							42%
Discount Rate							
		30%	30%	30%	30%	30%	
NPV							
		-1,107,692	278,107	2,014,110	669,619	464,593	2,318,736
Investment							
		5,000,000					
	IRR	9%					

3. Progressive Financial Projections based on the investment of US\$5M for a portfolio of directly operated TLDs:

Year		1	2	3	4	5	
TLDs Launched							
	Landmark	1					
	Vertical		1				
	Geo		2	1			
	Niche	1	1				
	Total	2	6	7	7	7	
Domains							
	Landmark	1,000,000	2,000,000	3,000,000	4,000,000	5,000,000	
	Vertical		5,000,000	8,000,000	1,000,000	1,100,000	
	Geo		5,000,000	1,000,000	1,200,000	1,500,000	
	Niche	300,000	800,000	1,200,000	1,500,000	2,000,000	
	Total	1,300,000	12,800,000	13,200,000	7,700,000	9,600,000	
Per Domain Revenue							
	Landmark	7	7	7	7	7	
	Vertical	14	14	14	14	14	
	Geo	16	16	16	16	16	
	Niche	10	10	10	10	10	
Basic Revenue							
	Landmark	7,000,000	14,000,000	21,000,000	28,000,000	35,000,000	
	Vertical	-	70,000,000	112,000,000	14,000,000	15,400,000	
	Geo	-	80,000,000	16,000,000	19,200,000	24,000,000	
	Niche	3,000,000	8,000,000	12,000,000	15,000,000	20,000,000	
	Total	10,000,000	172,000,000	161,000,000	76,200,000	94,400,000	513,600,000
Extraordinary Income:							
	Landmark		10,000,000				
	Vertical			8,000,000			
	Geo			8,000,000	4,000,000		
	Niche		3,000,000	1,500,000			
	Total	-	13,000,000	17,500,000	4,000,000	-	34,500,000
Total Revenue							
		10,000,000	185,000,000	178,500,000	80,200,000	94,400,000	548,100,000
Expenses							
Per Domain Costs							
	Technology Provider Fees	3.5	3.5	3.5	3.5	3.5	
	ICANN Fees	0.25	0.25	0.25	0.25	0.25	
	Total	4,875,000	48,000,000	49,500,000	28,875,000	36,000,000	
Operation Costs							
	Human Capital	500,000	1,000,000	1,250,000	1,500,000	1,750,000	
	Marketing	1,000,000	2,000,000	2,500,000	3,000,000	3,500,000	
	Administrative	200,000	400,000	600,000	800,000	1,000,000	
	Total	1,700,000	3,400,000	4,350,000	5,300,000	6,250,000	
Total Expenses							
		6,575,000	51,400,000	53,850,000	34,175,000	42,250,000	188,250,000
Net Revenue							
		3,425,000	133,600,000	124,650,000	46,025,000	52,150,000	359,850,000
							7097%
Discount Rate							
		30%	30%	30%	30%	30%	
NPV							
		2,634,615	79,053,254	56,736,459	16,114,632	14,045,511	168,584,472
Investment							
		5,000,000					
	IRR	494%					

4. Progressive Financial Projections based on the investment of US\$10M for a portfolio of directly operated TLDs as well as additional Investments:

Year		1	2	3	4	5	
TLDs Launched							
	Landmark	1					
	Vertical		1				
	Geo		2	1			
	Niche	1	1				
	Total	2	6	7	7	7	
Domains							
	Landmark	500,000	800,000	1,500,000	2,500,000	3,500,000	
	Vertical		300,000	500,000	700,000	900,000	
	Geo		150,000	300,000	400,000	500,000	
	Niche	100,000	250,000	380,000	500,000	600,000	
	Total	600,000	1,500,000	2,680,000	4,100,000	5,500,000	
Per Domain Revenue							
	Landmark	7	7	7	7	7	
	Vertical	14	14	14	14	14	
	Geo	16	16	16	16	16	
	Niche	10	10	10	10	10	
Basic Revenue							
	Landmark	3,500,000	5,600,000	10,500,000	17,500,000	24,500,000	
	Vertical	-	4,200,000	7,000,000	9,800,000	12,600,000	
	Geo	-	2,400,000	4,800,000	6,400,000	8,000,000	
	Niche	1,000,000	2,500,000	3,800,000	5,000,000	6,000,000	
	Total	4,500,000	14,700,000	26,100,000	38,700,000	51,100,000	135,100,000
Extraordinary Income:							
	Landmark		10,000,000				
	Vertical			8,000,000			
	Geo			8,000,000	4,000,000		
	Niche		3,000,000	1,500,000			
	Total	-	13,000,000	17,500,000	4,000,000	-	34,500,000
Total Revenue							
		4,500,000	27,700,000	43,600,000	42,700,000	51,100,000	169,600,000
Expenses							
Per Domain Costs							
	Technology Provider Fees	3.5	3.5	3.5	3.5	3.5	
	ICANN Fees	0.25	0.25	0.25	0.25	0.25	
	Total	2,250,000	5,625,000	10,050,000	15,375,000	20,625,000	
Operation Costs							
	Human Capital	500,000	700,000	1,000,000	1,000,000	1,000,000	
	Marketing	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
	Administrative	200,000	200,000	200,000	200,000	200,000	
	Total	1,700,000	1,900,000	2,200,000	2,200,000	2,200,000	
Total Expenses							
		3,950,000	7,525,000	12,250,000	17,575,000	22,825,000	64,125,000
Net Revenue (on Direct Operations)							
		550,000	20,175,000	31,350,000	25,125,000	28,275,000	105,475,000
Other Investments							
	TLD Investments	2,000,000					
	M&A Investments		3,000,000	5,000,000	5,000,000		

Appendix B: About DotAsia Organisation

DotAsia Organisation is a not-for-profit, membership-based organization incorporated in Hong Kong as a “limited by guarantee and not having a share capital” corporation. DotAsia is the Sponsoring Organisation and Registry Operator for the .ASIA Sponsored Generic Top Level Domain. Asia has developed into a global force in the international commercial, political and cultural network. The .ASIA domain aspires to embrace this dynamism in the Asia Century to become a nucleus, intersection and breeding ground for Internet activity and development in the region. The mission of the DotAsia Organisation is:

- To sponsor, establish and operate a regional Internet namespace with global recognition and regional significance, dedicated to the needs of the Pan-Asia and Asia Pacific Internet community.
- To reinvest surpluses in socio-technological advancement initiatives relevant to the Pan-Asia and Asia Pacific Internet community; and
- To operate a viable not-for-profit initiative that is a technically advanced, world-class TLD registry for the Pan-Asia and Asia Pacific community.

Organisational Structure and Governance

The DotAsia Organisation is a membership-based not-for-profit corporation consisting of two membership bodies from ICANN's Asia / Australia / Pacific Region, including: Sponsor Members (organisations that operate ccTLD registries in the region) and Co-Sponsor Members (Internet, Information Technology, Telecommunications, non-profit, NGO or other relevant community organisations in the region). The involvement of the Members ensures a wealth of knowledge and expertise in the operation and policy management of a TLD registry in Asia. The full list of DotAsia’s members is as follows:

Sponsor Members

.AF - Afghanistan Network Information Center (AFGNIC)
 .BT - Dot BT, Bhutan Communications Authority
 .CN - China Internet Network Information Center (CNNIC)
 .HK - Hong Kong Internet Registration Corporation Limited (HKIRC)
 .ID - Country Code Top Level Domain Indonesia (ccTLD-ID)
 .IN - .IN Registry, India
 .IR - .IR ccTLD Registry, Iran (IRNIC)
 .JP - Japan Registry Services Co., Ltd. (JPRS)
 .KH - .KH, Cambodia
 .KR - Korea Network Information Center (KRNIC)
 .KZ - Kazakhstan Network Information Center (KazNIC)
 .MN - .MN ccTLD Registry, DataCom Co., Ltd., Mongolia
 .MO - Macau Network Information Center (MONIC)
 .NU - Internet Users Society - Niue (IUSN)
 .NZ - The Internet Society of New Zealand (InternetNZ)
 .PH - PH Domain Foundation, Philippines
 .SG - Singapore Network Information Centre (SGNIC)
 .TJ - Information Technology Center, .TJ ccTLD Manager, Tajikistan
 .TH - THNIC Foundation
 .TW - Taiwan Network Information Center (TWNIC)
 .UZ - Computerization and Information Technology Developing Center, .UzInfoCom., .UZ ccTLD
 .VN - Vietnam Internet Network Information Center (VNNIC)

Co-Sponsor Members

APCERT - Asia Pacific Computer Emergency Response Team

APNG - Asia Pacific Networking Group

APNIC - Asia Pacific Network Information Centre

APRALO - Asia Pacific Regional At-Large Organisation

APTLD - Asia Pacific Top Level Domain Association

PAN - Pan Asia Networking, International Development Research Centre

The Members make up DotAsia Organisation's 11-person Board of Directors. The Board of Directors are advised on policy matters by an Advisory Council populated by one representative from each Co-Sponsor Members and/or experts in the region. In addition, a Proceeds Steering Committee (PROSCOM) appointed by the Board oversees the allocation of surplus proceeds from registry operations.

Sunrise and Landrush

Going hand in hand with our mission, before going Live (first-come-first-serve registration) on March 26, 2008, DotAsia successfully completed the Sunrise and Landrush periods from October 9, 2007 to March 12, 2008. The Sunrise Period offers priority for companies and government bodies with rights to secure their .Asia names. With more than 37,000 applications received, it proved to be a logical approach with a 90% success rate and zero disputes received. Starting right after the 2008 Chinese Lunar New Year, the 3-week Landrush period was well-received and supported by registrars and registrants worldwide. Receiving nearly 500,000 applications, about 40,000 .Asia names with multiple applications are put into auction which runs from April to July of 2008.

Prior to the beginning of Sunrise, DotAsia had gone through an extensive 6-month process of compiling Government Reserved Names with ICANN GAC Members in Asia as well as ccTLD operators in the region. DotAsia also works with top global brands, community interest groups, celebrities, NGOs, registrars and other partners on a Pioneer Domain Program.

The Sunrise and Landrush of DotAsia was different from any other first-come-first-serve TLD launches. It proved to be a fairer, calm and orderly process with everyone getting an equal chance for a valuable .Asia cyber real estate. DotAsia believes it will also ensure a better usage of the .Asia TLD. Refer to DotAsia Sunrise Policy documents and news section for detail information.

Community Projects

DotAsia believes in community engagement and contribution and has partnered with many not-for-profit organizations to implement various meaningful community projects.

OLPC (www.olpc.asia): OLPC (One-Laptop-Per-Child) is a non-profit organization providing a means to an end that sees children in even the most remote regions of the globe being given the opportunity to tap into their own potential, to be exposed to a whole world of ideas, and to contribute to a more productive and saner world community. OLPC is dedicated to bringing laptops and the Internet to children in remote and poverty stricken communities to support education, especially self-learning and knowledge development. DotAsia actively supports OLPC activities in Asia, including encouraging staff to volunteer and contribute on the oversight of the program. In 2009, DotAsia supported the deployment of thousands of laptops to children in Sichuan and Bhutan.

NetMission Ambassadors Program (www.netmission.asia): the NetMission program aims to bring together a network of dedicated young volunteers devoted towards promoting and contributing towards digital inclusion, Internet governance as well as a respectable and harmonious Internet environment. The NetMission program is initiated by DotAsia, co-

organized by the Hong Kong Council of Social Services, the Hong Kong Federation of Youth Groups, Agency for Volunteer Service, Internet Society Hong Kong and the Roundtable Community, and supported by 20 community organizations (<http://www.netmission.asia/main/sponsors-and-supporters.html>) across different sectors, including universities, children's rights, elderly, and from the IT industry.

Digital Solidarity Fund (DSF – <http://hk.dsf.asia>): DSF is a grants fund to support digital inclusion programs in Hong Kong. Advancement in information and communication technologies (ICT) has dramatically transformed people's lives in the last few decades, bringing new opportunities in education, employment and socio-economic development. At the same time, however, the gap between those who have access to ICT and those who have not is believed to be widening rapidly. This digital divide constitutes a major problem to modern society especially in the area of social development and poverty alleviation. To prevent disadvantaged groups from being further marginalized in information society, special attention is required at both the policy and program level to promote universal and affordable ICT access. DSF is a grants fund to support such programs in Hong Kong. DSF is initiated by the Hong Kong Council of Social Services (HKCSS) composing of funding contribution from the HKSAR Government and the private sector. Since 2009, DotAsia is a major supporter and contributor of the DSF.

Hong Kong Blogger Conference (www.hkbloggercon.asia): In 2009, DotAsia helped support and acted as the secretariat for the first ever Hong Kong Blogger Conference, which included a dedicated session and awards ceremony for senior bloggers (in cooperation with Cybersenior -- a not-for-profit organization encouraging and equipping the older group in society to use information technology, and promoting the belief that elderly have the right, need and ability to use information technology). The event was also held in conjunction with BlogFest.Asia, which brought together bloggers from over 20 cities around Asia to share their experience among themselves, as well as with SMEs and not-for-profit organizations.

InterChallenge (www.interchallenge.asia): InterChallenge is an international case competition based on internet and information technology organized by ISOC-HK (Internet Society Hong Kong) and AIESEC. The competition aims to promote Internet and information technology as positive tools and environment enabling organizations, professions, and individuals worldwide to more effectively collaborate, cooperate, and innovate in their respective fields and interests which make contribution to the community work for the betterment of society. DotAsia is a supporter and co-host of the inaugural InterChallenge launched in December 2009.

IPv6 World (www.ipv6world.asia): IPv6 World is a conference series to promote the migration of the Internet from the IPv4 based protocol to IPv6. IP (Internet Protocol) is the underlying protocol for the facilitation of Internet communications. IPv4 addresses is approaching exhaustion, and when it is completely exhausted, Internet communications will be significantly hampered, affecting business continuity. DotAsia supported the initiation of the IPv6 World initiative to promote taking action towards implementation, deployment and operations of IPv6 in different environments including research and education networks, commercial Internet services providers, Internet exchanges, content providers and enterprises.

Social 2.0 (<http://www.facebook.asia/pages/Hong-Kong-Social-20/103120012882>): Social 2.0 is a conference series organized by Hong Kong Association of Interactive Marketing (HKAIM) and the Hong Kong Productivity Council (HKPC). DotAsia has supported its inaugural conference in September 2009 which brought together speakers from leading online agencies, social media marketing experts, entrepreneurs of social media to share their insights on social media and its impact to SMEs and marketing.

Besides supporting the above projects with labor and financial resources, DotAsia has also provided internship employment to university students, and had supported web maintenance and secretariat functions for different not-for-profit organizations around Asia, such as APNG (www.apngcamp.asia), AOSSC (Asia Open Source Software Consortium – www.oss.asia) and Paragon 100 (www.paragon100.asia), transferring expertise and knowledge to support these not-for-profit initiatives to develop.