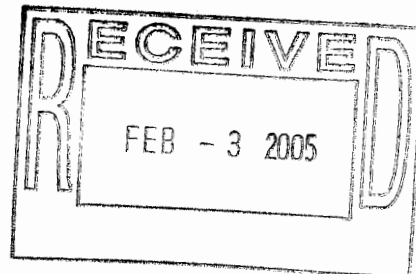




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# FAX

**Date:** February 3, 2005

**To:** ICANN

**Attn:** Dr. Paul Twomey

**Fax:** 310-823-8649

**From:** Elliot Noss

**Number of pages including cover page:** 5

If you do not receive all pages, please contact Hilda Kelly at 416-538-5493 as soon as possible.

**Message:**  
  
Please see the attached.

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February 3, 2005

Sent Via Facsimile: 310-823-8649

Dr. Paul Twomey  
President/CEO  
ICANN  
4676 Admiralty Way, Suite 330  
Marina del Rey, CA 90292-6601

Dear Bid Committee:

Thank you for the opportunity to enter into the formal record Tucows' observations concerning the factors to be considered in the .net rebid and Tucows' support for DENIC's application.

The outcome of the rebid process will involve the security, stability and diversity of management of the Internet's critical infrastructure. As well, the rebid process introduces competitive forces that will flow through to users in the form of cost savings and improved service levels.

We note that Tucows has substantial interest in the outcome of the re-allocation of .net. Specifically:

- Tucows has a Letter of Intent with DENIC to act as a sub-contractor providing some .net registrar customer service functions in accordance with ICANN's organizational conflict of interest policies.
- Tucows has an active role in the business of the GNSO. Ross Rader, a Tucows employee, is an elected member of the GNSO Council and more recently, our CEO, Elliot Noss, was elected to ICANN's Board of Directors Nomination Committee. Prior to any discussions with DENIC, Ross Rader participated in the GNSO Council subcommittee tasked with developing the criteria that is to be used by ICANN to select the next .net registry operator.
- Tucows' registrar business will be impacted financially and operationally by the decisions of the selected registry operator.

- Tucows has direct and indirect relationships with, or financial interest in, some of the other bidders. Specifically;
  - Tucows is an Afilias shareholder.
  - Tucows was involved with Afilias' founding and the deployment of its registry services technology platform, through Tucows' subsidiary Liberty RMS, which was subsequently acquired by Afilias from Tucows. Former employees of entities acquired by Tucows are now employed by Afilias. Former employees of entities owned by Tucows, and subsequently acquired by Afilias, are currently employed by Afilias.
  - Tucows is a former member of CORE and has substantial economic relationships with several other bidders either as a customer or a supplier.

Given Tucows vested interest in the economic impact on registrars of the new contract and the well-being of the incumbent and other hopefuls, we feel it necessary to provide substantial background concerning our support for DENIC's .net bid.

Tucows used the following factors to assess the alignment of the bids with the goals and interests for the Internet community: technical expertise and experience, impact on competition, stewardship and benefits for international co-operation. DENIC has submitted a bid that is consistent with the goals and interests of the Internet community and is the only proponent that has done so.

#### Technical Expertise and Experience

There is an important distinction between claims of technical and operational scale and a practical demonstration of it. DENIC is the only bidder, excepting the incumbent, that possesses a demonstrable track record of operating similar scale registry operations. The .do namespace is the second largest namespace in operation today. DENIC is in a unique position as the only operator besides the incumbent that has a demonstrated track record running registry infrastructure at the scale that .net requires. In our view, significant weight should be given to demonstrable experience operating registry systems on the scale of .net.

#### Competition

The .net rebid process provides the opportunity to bring much needed competition to all levels of the domain name system. The bidding process itself drives prospective operators to promise pricing and service improvements. The greater the number of credible operators, the greater this impact in future similar processes.

In addition, DENIC has proposed a cost-based pricing model, unlike the profit driven pricing models put forward by the other hopefuls. DENIC's proposed cost-based pricing model would initially reduce the registry by at least 10 percent with further reductions in the next two to three years.

The increase in competition amongst registrars has created significant price decreases and service improvements for registrants. It is reasonable to expect further increase in competition amongst registries will also produce price and service improvements.

### Stewardship

Tucows regards the stable and efficient management of the .net namespace as an overriding interest. Appropriate management of the namespace requires more than technical excellence. It also requires a demonstrated commitment to good stewardship and an alignment of interests with the Internet community. There is strong historical data indicating that shareholder interests often conflicts with the interests of the Internet community. DENIC appears to be the only applicant that has explicitly proposed a management structure that obviates this conflict. They have expressly stated in their application that they will focus on being "a truly neutral partner for all registrars" and they will supply "only services really needed by the registrars". We believe that DENIC has demonstrated integrity, capability and stewardship, pre-requisite skills that the successor registry must possess in order to be awarded this important management contract.

We find this combination of track record and structure compelling.

### Benefits for International Co-operation

Migrating management responsibility of .net to DENIC provides ICANN with a unique opportunity to strengthen ties with the International Internet community, increase the opportunities available to international businesses and increase ICANN's connection with key stakeholder communities. We urge ICANN to consider the full potential of this opportunity and take advantage of the available benefits.

We would be remiss if we did not underscore that Tucows has an economic interest in DENIC's application. Our recently announced arrangement with DENIC would provide cost-effective, global customer service and support across all time zones and a multitude of languages. This arrangement categorically demonstrates DENIC's willingness to ensure they meet the needs of the community. None of the other applicants have demonstrated this sort of willingness in the pursuit of their existing management contracts.

In conclusion, Tucows' support of the DENIC bid comes as a result of significant calculation and consideration based on years of operational experience and intimate knowledge of the practices of many of the hopeful bidders. We urge the bid evaluation team to continue the careful work that ICANN has commissioned and undertake a truly merit-based selection that factors in the wide range of quality and experience that the various bidders offer.

Regards,



Elliot Noss  
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Tucows Inc.  
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"Start your Internet day the right way"

<http://beta.tucows.com/blog/WebPages/TucowsStartService.html>