

April 12, 2005

Dr. Paul Twomey
President and CEO
Internet Corporation for Assigned Names and Numbers
4676 Admiralty Way, Suite 330
Marina del Rey, CA 90292-6601

Re: Afilias' Response to Telcordia Report

Dear Dr. Twomey,

After careful review of the Telcordia Report ("Report") released on March 28, 2005, Afilias believes that it is necessary to bring to your attention, and to the attention of the ICANN Board, certain issues regarding the evaluation conducted by Telcordia. It is our opinion that these issues are serious enough to have affected both the scoring and the ranking of Afilias' application.

Specifically, we cite the following examples:

- **Section 2.4.B – Pricing:** As noted in the .NET RFP, "the per-name price charged to registrars is a relative criterion, with lower committed prices being preferable to higher prices." However, Telcordia did not incorporate its findings on the important criterion of pricing into its overall rating and ranking. While it noted that Afilias ranked first in price, Telcordia departed from its color-coding system on this one criterion.

If Telcordia had used its color-coded system consistently, it would have given the highest ranked bidder on price, Afilias, a BLUE, and the remaining applicants a lower score. While Sentan and VeriSign were each ranked as second in price, Sentan's pricing information has never been publicly disclosed. Given the importance of pricing, we request that the specific pricing of all applicants be disclosed to the public, and that Afilias be given proper credit, in the form of a BLUE, for its superior pricing proposal.

- **Section 2.5.b.xiv – Peak Capacities:** All applicants were scored BLUE on this element, with the exception of Afilias, which was scored GREEN. Although the evaluators suggested that details of the peak capacity of the Afilias system were not clearly provided, we believe our application provided more than sufficient information about the peak capacity of each component of our system.

For example, we specified that our registry system is capable of handling 200 million domains, and over 2 trillion directory service transactions each month. Further, our application states that even as early as December 2003, the Afilias SRS system handled over 1 billion transactions per month, and currently handles over 5 billion transactions per month.

The Afilias proposal indicates that our SRS systems are expected to exercise 5-6% sustained load for .NET, which converts to an 18X capacity on sustained load. Further, Afilias stated that the anticipated burst load would execute 12-13% for .NET, which converts to an 8X capacity on burst load. Our database systems are expected to exercise at about 12-15% of sustained capacity, with peak loads of 20-25%. This converts to 7X capacity for sustained loads, and 4.4X capacity for peak loads.

The Afilias proposal states that we would proactively monitor in order to provision more capacity to the entire Registry complex as soon as 50% of sustained capacity – not peak – is reached. The evaluators, however, may have misunderstood this practice as proactive monitoring to maintain load below average levels.

Since Afilias has demonstrated more than adequate capacity for the operation of the .NET registry, we believe that Afilias should have scored a BLUE, which would rank Afilias equal to the other applicants with regard to this criterion.

- **Section 2.5.b.iv. – Registry-Registrar Model/Protocol and Shared Registration System:** Afilias scored GREEN on this criterion, with Sentan, VeriSign and DENIC each scoring BLUE. This seems arbitrary given that: (i) Telcordia states that Afilias' "SRS Add, Modify and Delete processing time performance objectives exceeded the acceptable criteria and met Blue threshold;" (ii) Afilias SRS availability commitment exceeded the specification under the current .NET agreement; and (iii) Afilias has successfully operated a large scale EPP SRS for years, while VeriSign and DENIC have never operated a large TLD on EPP. Afilias was the first registry to run a gTLD using the EPP protocol and Afilias runs the largest EPP 1.0 system operating today (in support of .ORG). The evaluation did not reflect these significant facts, and Afilias' rating on this criterion should be BLUE.
- **Section 2.6.a – Provision for Registry Failure:** Afilias received a score of GREEN for this criterion, despite the fact that Telcordia cited Afilias' "superior approach to managing registry failure." Afilias was one of only two applicants (the other being VeriSign) to receive a plus for this criteria, and yet only VeriSign received a BLUE. In fact, Telcordia made the observation that "some vendors provided significantly more detail than others, however, allowing some differentiation of the scores." This would imply that more than one applicant was entitled to differentiation with respect to its score. Other than VeriSign, the only applicant that would merit such differentiation is Afilias, based on the pluses and minuses listed. This appears to be a scoring inconsistency on Telcordia's part, and we believe that Afilias should be rated BLUE in this category along with VeriSign.
- **Section 2.7—Additional Relative Criteria:** All applicants were scored GREEN. The RFP required specific responses for this section in 3 different areas: Competition, Supplier Diversity, and Support for GNSO Policies. Telcordia's evaluation, however, appeared to focus primarily on registrar competition, noting pluses for Sentan and VeriSign activities in recruiting new registrars in various parts of the globe.

While Afilias also supports registrars, the issue for .NET is registry – not registrar – competition, an area where Afilias' plan (and performance record) excels. Afilias proposed the most competitive pricing/promotional plan for .NET, including a \$1.00 promotional price for the first year of new .NET registrations from the transition date until the end of 2005. This plan, coupled with Afilias' successful history of aggressively and effectively promoting .INFO, strongly shows that Afilias is better at promoting registry competition than any other applicant. Afilias provided similarly strong responses on Supplier Diversity and GNSO Policy support, but these seem to have been overlooked by Telcordia in the final Report. Afilias should receive a BLUE rating for this criterion.

- **Section 2.8 – Transition or Migration Plan:** Afilias, Sentan and VeriSign were all scored BLUE on this criterion, despite Afilias' demonstrably superior experience. The complexity of transitioning millions of names is far greater than that of transitioning a few thousand. Afilias undertook on behalf of the Public Interest Registry (PIR) the only proven transition of a large domain using innovative techniques. Many of these techniques have in fact been adopted in the proposals submitted by other .NET applicants.

Sentan was ranked BLUE on this element, with Telcordia noting "Sentan has significant experience in transitioning a TLD (.US) from VeriSign," without mentioning that it was only 17,000 domains according to Sentan's .NET proposal. Afilias, in contrast, has the more directly relevant experience of transitioning the .ORG TLD of approximately 2.7 million

domains from VeriSign in 2003 on behalf of PIR. Despite this fact, Telcordia observed "Sentan and Afilias had both experience in the domain name space of the same size and complexity as would be required in a .NET migration." Afilias' transition of approximately 2.7 million .ORG names is substantially superior to NeuStar's transition of 17,000 .US names in both scale and complexity under any reasonable interpretation of the RFP — and should be scored accordingly.

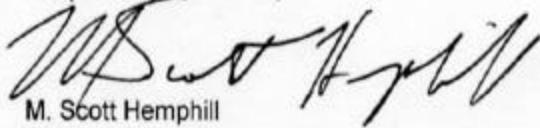
The Report also cited as a plus for Sentan that: "Sentan's incentive-based approach to accelerate transition to EPP was quite innovative." Sentan's plan includes a \$.05 per domain incentive if registrars complete the transition to EPP 1.0 within 1 month and to EPP/Thick within the first 3-months of an open-ended transition period. Should many large registrars rush to complete their transition quickly to receive an economic reward in lieu of taking adequate time for careful technical planning and coordination, the potential for instability in .NET would be elevated. Afilias' plan, in contrast, allows up to 18 months for the transition to EPP/Thick in order to complete it in a stable, secure manner, which reflects experience gained during the .ORG transition.

Further, while Telcordia cited a plus for Sentan's incentive plan, it failed to consider Afilias' incentive-based approach, which promises far greater financial rewards to registrars. The facts are that Sentan offered only a projected maximum of \$285,000 in support (and only if 100% of the .NET domains were successfully transitioned, including collecting thick registrant data, within 3 months). Afilias, by contrast, offered \$.25 per name (approximately \$1.4 million in support), which represents over \$1.1 million more than Sentan projected. Afilias' incentive, which is designed to offset registrar costs instead of accelerating execution without regard to issues of stability, is available throughout the transition.

Given Afilias' superior experience and transition plan, it should be rated above Sentan. Since no rating above BLUE was provided, Sentan should be rated GREEN.

In light of the foregoing, Afilias requests that our application be reconsidered with the above issues in mind. We believe that when the relevant facts are fully considered, Afilias' scoring should more accurately reflect the strength of our experience and our application.

Respectfully submitted,



M. Scott Hemphill
General Counsel
Afilias Limited

cc: Vinton G. Cerf, Chairman
John Jeffrey, General Counsel