

**Before the  
Subcommittee on Trade, Tourism  
and Economic Development  
of the  
Committee on Commerce, Science, and Transportation  
United States Senate**

**Hearing on  
“Internet Governance and the Future of the Internet Corporation on  
Assigned Names and Numbers (ICANN)”**

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**Testimony of  
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## **Introduction**

Good Morning, Chairman Smith and members of the Committee. Thank you for the opportunity to speak before this Subcommittee in my role as President and CEO of the Internet Corporation for Assigned Names and Numbers (ICANN). ICANN is a private sector organization performing a global function, with our main office in Marina del Rey, California. ICANN has been recognized by the world community as the global authoritative body on the technical and organizational means to ensure the stability and interoperability of the DNS, and the distribution of IP addresses.

## **ICANN's Role in Internet Governance**

Since appearing before the Senate Committee on Commerce, Science and Transportation nearly two years ago, ICANN has continued to take great steps forward in solidifying its role as the international private sector entity tasked to provide technical coordination of the domain name system (DNS).

The limited and distinct mission of The Internet Corporation for Assigned Names and Numbers is clearly set out in Article I of ICANN's Bylaws. ICANN:

1. Coordinates the allocation and assignment of the three sets of unique identifiers for the Internet, which are
  - a. Domain names (forming a system referred to as "DNS");
  - b. Internet protocol ("IP") addresses and autonomous system ("AS") numbers;  
and
  - c. Protocol port and parameter numbers.
2. Coordinates the operation and evolution of the DNS root name server system.
3. Coordinates policy development reasonably and appropriately as they relate to these technical functions.

Since its origins in 1998, ICANN has helped secure a stable and secure Internet that creates a presumption of universal resolvability. ICANN has fostered greater choice, lower costs and better services to DNS registrants, including over ten million businesses in the United States alone. The Internet requires a stable and secure system of unique identifiers if it is to serve the global community efficiently and reliably.

At the core of ICANN's mission is global interoperability of a single Internet. ICANN was established to serve the Internet community by maintaining the stability and security of the Internet's unique identifier systems, and fostering competition where appropriate to give Internet users greater choice at optimal cost.

ICANN's successful coordination of its community underpins the operation of the global Internet. Each day this system supports an estimated 30 billion resolutions, nearly 10 times the number of phone calls in North America per day. There are currently more than one billion users of the Internet. Due to the universal DNS resolvability secured and coordinated

by ICANN, the Internet addresses resolve in the same way for every one of the Internet's global users once online.

ICANN has entered into six new agreements with gTLD registry operators (including .NET, .TRAVEL, .CAT, .JOBS, .MOBI, and .TEL) in the last two years (and has finalized negotiations and is waiting for approval of 5 others). All of the pending agreements have set out language with a greater accountability to ICANN on security and stability concerns, and also provide greater opportunities for ICANN to act in the event of actions of registries, or such other issues that might arise from registry operator actions or practices., including: a) the .COM agreement (which is currently pending approval by the US Department of Commerce) and b) four other registry agreements for .ASIA, .BIZ, .INFO and .ORG (which are subject to review by the ICANN Board of Directors during the next ICANN Board Meeting).

The .COM agreement is part of a larger overall settlement of a long-standing dispute with VeriSign over its desire to introduce new registry services. That dispute arose with the creation of ICANN and has been resolved in a way that would enhance the performance of both entities, to the benefit of all of the users of the Internet. ICANN and VeriSign Board's have both approved settlement documents that would permit the parties to act together in a concerted way to protect the overall security and stability of the Internet. Further, if VeriSign were ever to act in a manner that is inconsistent with the interests of the Internet community, ICANN has built additional mechanisms into the agreement to resolve such disputes promptly and effectively.

### **Continuing Relationship with the United States Government**

ICANN has been engaged in a long-standing and important relationship with the United States Government since ICANN's inception, which has been administered by the US Department of Commerce's NTIA. ICANN is about to successfully complete the sixth separate amendment to its original Memorandum of Understanding with the DOC.

ICANN will continue in its relationship with the United States Government, having recently entered into a new 5-year arrangement for ICANN to manage the Internet Assigned Numbers Authority (IANA) function. Additionally, ICANN and the NTIA are in the final stages of discussions, which will confirm an appropriate continuing relationship and will recognize ICANN's global private sector role providing technical management of the DNS in a manner that promotes stability and security, competition, coordination, and representation.

### **ICANN's Private Sector Multi-Stakeholder Model and its Continuing Evolution**

One of the greatest achievements of ICANN has been the successful creation, support and coordination of an ICANN Community and creation of the bottom-up policy making process

supported by various stakeholders involved in the DNS. Since ICANN's creation, the Internet community stakeholders, have vigorously discussed and reviewed ICANN's mission and values. Accordingly, ICANN has continued to build into a robust entity, and has continued to evolve ICANN's multi-stakeholder model, which remains encapsulated in ICANN's Bylaws and its Mission and Core Values.

The evolution continues in many ways, but most recently in the following actions:

1) This week, the ICANN Board, having reviewed the comments about ICANN and its processes generated from the community during the past year, has commenced a review of its own guiding principles and is publishing a set of Private Sector Management Operating Principles (ICANN PSMOPs), which will be offered for public review.

2) Last week, the London School of Economics provided an ICANN-commissioned independent third-party review of one of ICANN's key policy development supporting organizations, ICANN's Generic Name Supporting Organization (GNSO). The information contained in this review will likely result in considerations of additional improvements to ICANN's GNSO and supporting organizational structure.

### **ICANN's Continuing Accomplishments**

Since 1998, ICANN's self-governance model has succeeded in addressing stakeholder issues as they have appeared, and bringing lower costs and better services to DNS registrants and everyday users of the Internet.

ICANN has been continuing its efforts to manage and adapt in the face of continued and dynamic growth of the Internet. ICANN, with the efforts of the ICANN Security and Stability Advisory Committee, has worked to make the Domain Name System more resistant to external attack.

ICANN has undertaken significant work in relation to Internationalized Domain Names (IDNs) that will enable people across the world to interact with the Internet's domain name system in their own languages, which will work to avoid the creation of alternate root systems. Working in coordination with the appropriate technical communities and stakeholders, ICANN's adopted guidelines have opened the way for domain registration in hundreds of the world's languages.

ICANN's Uniform Domain Name Dispute Resolution Policy (UDRP) has been highly successful and of great value to individuals, businesses and intellectual property holders. The policy enables them to assert their rights against domain name squatters and infringers of intellectual property interests. The UDRP has resolved more than

17,000 disputes over the rights to domain names, and proven to be efficient and cost effective for those utilizing this alternative dispute resolution mechanism.

After significant study and discussion, and working with the accredited gTLD registrars, ICANN developed a domain name transfer policy enabling domain name holders to transfer management of their domain name from one registrar to another readily. The implementation of this policy has been highly successful and has been an important step in providing additional registrar market changes and greater choice to consumers.

ICANN continues to introduce new Top Level Domains to give registrants right of choice. These include the introduction of seven new gTLDs in 2000 and four additional ones so far from the 2004 sponsored top-level domain name round.

ICANN re-bid the .NET registry during 2005, resulting in a new agreement being executed between ICANN and VeriSign. ICANN has proposed five additional gTLD agreements with the registry operators of .ASIA, .BIZ, .COM, .INFO, and .ORG. All of the newly proposed registry agreements contain new language supporting ICANN's role in the security and stability of the DNS.

The market competition for generic Top Level Domain (gTLD) registrations established by ICANN has lowered domain name costs in some instances by as much as 80 to 90%, with savings for both consumers and businesses. Additional detail is provided below.

### **Registry-Registrar Level Competition**

Since ICANN was founded in 1998, ICANN has entered into many private arms-length agreements with registries (that operate the generic top-level domains), and with registrars (who are accredited by ICANN to sell domain names directly to consumers). Through these actions, ICANN has provided a private-sector solution and helped break down the monopoly position by a single dominant company, which provided both registry and registrar functions to the majority of consumers purchasing domain names.

In 1998, there were only three main generic top-level domain name registries (.COM, .NET, and .ORG) from which domain names could be purchased by American small businesses. Only one company was running all three registries, Network Solutions (which was later acquired by VeriSign). Most registrations by small businesses were in .COM.

There was a single registrar in 1998. That same company that ran the registries, Network Solutions, was the only registrar from which a consumer could purchase a domain name. The price of a single domain name in .COM in 1998, was approximately \$90.00 per domain name.

The .COM Registry still controls a significant amount of the marketplace, but now less than 50% of the market, including ccTLD operators.

The price for a .COM registration today depends upon where you purchase the name from, but in some instances the price of a domain name has been reduced by as much as 90%. Today, the price ranges from \$7 to \$35 per domain name. GoDaddy is now the largest registrar, displacing Network Solutions, which has been spun out of VeriSign.

Consumers can choose from over 845 ICANN-Accredited Registrars, derived from more than 250 unique business groups (a significant number owning interests in multiple registrar companies), located in over 40 countries.

Between 2000 and today, 11 new generic top-level domains have signed agreements with ICANN. Five of those (.CAT, .JOBS, .MOBI, .TEL and .TRAVEL) having signed agreements with ICANN in the last 18 months.

## **Conclusion**

In conclusion Mr. Chairman, ICANN is committed to its continuing role as the private sector steward of a stable and globally interoperable Internet, and is committed to fostering competition in the domain name marketplace.