

Testimony of James Bladel

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Before the United States Senate

Committee on Commerce, Science, and Transportation

Subcommittee on Communications, Technology, Innovation, and the Internet

Hearing On

The Internet and Digital Communications: Examining the Impact of Global Internet

Governance

July 31, 2018

Introduction

Good morning, Chairman Wicker, Ranking Member Schatz, and subcommittee members. My name is James Bladel, and I am the Vice President of Global Policy at GoDaddy. We appreciate the opportunity to testify before you today.

GoDaddy is the world's largest web platform dedicated to independent ventures. We provide the tools, insights, and people to enable small businesses, aspiring entrepreneurs, or anyone with an idea to get that idea up and running online. Every idea starts with a domain name and building an online presence.

A domain name, whether it is a dot-COM, dot-ORG, or a new extension like dot-APP or dot-BLOG, is critical to establishing an online identity. GoDaddy currently manages over 76 million domain names for 18 million customers worldwide. Whether that customer is a florist in Mississippi, a baker in London, or a web designer in Mumbai, our mission is to provide an excellent customer experience that is uniform around the world.

The focus of this hearing is the impact of international policies and regulations on end user experiences and global competition online. Today, I will discuss the following three issues:

- Adoption of laws and regulations by countries designed to exclude American companies;
- The patchwork of country and regional privacy laws and regulations; and

- The renewal of the Cooperative Agreement between the National Telecommunications and Information Administration (NTIA) and Verisign, which underpins the global Internet domain name system.

Foreign Regulations

Internationally, we are seeing an increasing number of countries adopt local laws that make it more difficult to serve our customers in those markets. We have encountered numerous examples of regulations on foreign Internet providers that would require us to establish a local presence, or use local banks, or even hire a local workforce, all in order to access that market. Some nations aggressively regulate content and censor political or religious views. Taken together, these regulations stand in the way of GoDaddy reaching new customers, competing in new markets, and developing new innovative products. Laws like these must be seen as harmful to providers and consumers alike, and are a barrier to free trade.

There is also an increasing number of new privacy regulations, such as the European Union's new General Data Protection Regulation (GDPR)¹, creating a patchwork of country and regional laws with which companies must comply to operate globally. GDPR compliance has been a major undertaking at GoDaddy, diverting time and engineering resources away from customer service and product development.

GDPR

GDPR has touched every aspect of our industry, but notably it has significantly disrupted the WHOIS service, which is an online directory of contact information for domain name registrants. WHOIS is a two-edged sword, serving as an important tool for law enforcement agencies and other stakeholders, while also being a gold mine of personal data for spammers. Currently, we are engaged with representatives of law enforcement agencies and our colleagues at the Internet Corporation for Assigned Names and Numbers (ICANN) to strike the right balance between providing access to WHOIS data for legitimate needs, while still protecting the private information of our customers.

Cooperative Agreement and dot-COM Contract

Most important to GoDaddy -- and critical to the tens of millions of global customers who have dot-COM domains -- is the 20-year-old, exclusive Cooperative Agreement between NTIA and Verisign.² In 2016, an economic study commissioned by ICANN found that Verisign's share of legacy generic Top-Level Domains (gTLDs) was over 80%, making them an effective monopoly in our industry.³

¹2018 Reform of EU Data Protection Rules, *available at* https://ec.europa.eu/commission/priorities/justice-and-fundamental-rights/data-protection/2018-reform-eu-data-protection-rules_en

² Verisign Cooperative Agreement, National Telecommunications and Information Administration (October 2016), *available at* <https://www.ntia.doc.gov/page/verisign-cooperative-agreement>.

³ <https://www.icann.org/news/announcement-2016-10-11-en>

The Cooperative Agreement addresses this by capping the wholesale price of dot-COM domain names at \$7.85 per year. The Cooperative Agreement is scheduled to expire in November, and we understand that NTIA and Verisign are currently in talks to renew and possibly amend this agreement.

Our experience clearly shows that small businesses are very sensitive to price increases, and that any increase has the potential to suppress their ability to grow, deliver products and add jobs. GoDaddy serves millions of small businesses. Granting Verisign the ability to raise dot-COM prices would have a negative impact on our business and our customers, but also our competitors and their customers, which can ultimately affect overall economic growth.

We see no justification for higher dot-COM prices, and we recommend that NTIA preserve the price caps in any renewal of the Cooperative Agreement.

Beyond the renewal of the Cooperative Agreement, we believe our industry and all end users would benefit from the dot-COM contract eventually being put out for competitive bid. Granting Verisign the exclusive right to operate the dot-COM gTLD may have been appropriate in the early days of the Internet, but the Internet has matured over the last 20 years. And while we have no complaints with Verisign's performance of the contract, there are now several companies capable of operating the dot-COM gTLD equally as well, and perhaps at lower wholesale costs.

Conclusion

Thank you for the opportunity to testify today to discuss global policies that impact the Internet industry and our users. We believe the U.S. must continue to push back on protectionist policies imposed by other countries and the growing patchwork of privacy regulations.

Further, we are hopeful the NTIA will provide more transparency, and seek more stakeholder engagement, as part of the renewal process for the Cooperative Agreement. In the short-term, we support extending the dot-COM price caps in any renewed agreement. But in the long-term, we would like NTIA to engage with ICANN and other stakeholders to develop a strategy to put the dot-COM contract up for competitive bid.

Thank you for your time, and I look forward to your questions.
