

Business Lessons for Building a \$10 Million+ Portfolio - With Ammar Kubba

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<http://www.domainsherpa.com/ammar-kubba-thoughtconvergence-interview/>

Three messages before today's interview educates and motivates you.

First, if you're a domain name investor, don't you have unique legal needs that require domain name technical know-how and industry experience? That's why you need David Weslow of Wiley Rein. Go search for David Weslow on DomainSherpa, watch his interview and you can see for yourself that he can clearly explain issues, can help you with buy/sell agreements, deal with website content issues and UDRP actions, and even help you write your website terms and conditions. David Weslow is the lawyer to call for Internet legal issues. See for yourself at NewMediaIP.com.

Second, managing multiple domain name marketplace and auction site accounts is a pain. Inevitably, you forget to sign into one and lose a great domain...or worse. Now imagine using a single, simple-to-use and comprehensive control panel to manage all your accounts. That's Protrada. You can setup search filters, analyze domains, automate bidding, list domains for sale, and buy domains across all major marketplaces. Protrada also has a new semantic engine that builds Google-friendly websites with rich content and network feeds. Sign up at Protrada.com to get 20 free credits and start building and monetizing your domains today.

Finally, if you have questions about domain names, where should you go to ask them? The answer is DNForum.com. Not only is DN Forum the largest domain name forum in the world, but it's the best. You can learn about domain names and the industry, buy and sell domain names, talk about domain name news, and meet other domainers just like yourself. Register for a free DN Forum account and begin advancing your skills and knowledge today. And when you do signup, send me a friend request so we can connect.

Here's your program.

Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn the secrets of the domain name industry directly from the experts.

I met today's guest in person a few weeks ago when I was down in Los Angeles visiting family. We had a fantastic lunch and conversation. He's a pioneer in the domain name industry running one of the first domain name monetization platforms. I invited him here to talk about how he built his companies, how he finds new opportunities to focus on, and how he stays focused on each of those businesses to make them successful.

Ammar Kubba is the CEO of Thought Convergence - a service provider that has changed the way domain investors monetize, how individuals buy and sell, and how businesses research domains on the Internet. Ammar, welcome and thanks for coming here to tell your story.

Ammar Kubba: Thank you, Michael. Great to be here.

Michael: Let's start with a little background on you, Ammar. People love to know how many domain names people have. So, not talking about the business portfolio, just your personal portfolio, how many domain names do you own today?

Ammar: Personally, I don't own that many. I have probably about two thousands. Like we talked about over lunch, that was kind of one of my regrets that I didn't buy more names back when I had the opportunity. I was too busy paying off student loans. But I probably now own about two thousand domain names. I would say primarily .COM. But as people see me on auctions know, I have an affinity for premium generics and other TLDs as well, so I have some really great .NETs, a few .ORGs, and a few .MEs actually that I've invested in with other people. But in other, non-.COM TLDs I only buy really good stuff.

Michael: Yeah. Alright. Just as a side, I think we'll create a bloopers reel after this, Ammar, of the outtakes and the technology glitches that we have going on. Alright. So, two thousand domain names. What are your favorites? If you

had to give up all but, say, three of your favorite domain names - not including the Thought Convergence Businesses?

Ammar: Well, I mean, some of the names. I'm generally the domain buyer for all the stuff we buy, so we have some crazy names. We have Beer.com; Trader.com. One of the ones that I really like that I recently picked up is ContactUs.com.

Michael: Oh, interesting.

Ammar: Every domain name in the world, every website in the world, has a contact us link. So we have some great ideas for that. And, like I said, in the non-.COMs one of my favorite names that I own is Autos.net. Because I'm a huge car buff. So I have some really big plans for that name if I ever get around to them.

Michael: Yeah. Well, those are all great ones. ContactUs.com. Boy, my entrepreneurial juice has just got going on that. Like it could be a Wufoo.com type business. It could be a plugin for WordPress. That's a phenomenal opportunity there. Was that a recent purchase or you've had that for a while?

Ammar: That's in the last six months.

Michael: Did you buy that through auction or a private buyer?

Ammar: Through a private buyer.

Michael: Yeah. Are you willing to say how much you purchased it for?

Ammar: I can't say that. But it was a good deal because that name has amazing opportunity potential.

Michael: Definitely. Four figures or five figures?

Ammar: No, definitely five figures. About six figures.

Michael: Alright. Well, fantastic domain names. And so, you've got a bunch of domain names and then you've got your businesses. If you go to ThoughtConvergence.com, I can see a bunch of businesses listed there. How many businesses make up the Thought Convergence Umbrella - fall under that legal entity?

Ammar: Sure. Well, primarily, the three main businesses are TrafficZ, After Market, and Domain Tools. Those are the three main businesses under Thought Convergence. And then we have other divisions - some of which are legal entities and some aren't. But we have LeaseThis.com, which as I told you, we're going to be folding into After Market. Idea.net, which is our development arm. And then we're building out some other sites. But the main three ones are TrafficZ, After Market, and Domain Tools.

Michael: Okay. And so, if you look at those main three businesses, they have a number of employees and contractors working for them?

Ammar: Yeah. We don't outsource anything, so we do everything in-house. So, we have - I don't know exactly. I lose count. - somewhere around thirty-five I think in LA. And then in our Seattle office, I think we have about twenty in that neighborhood.

Michael: Great. So about fifty-five full time employees working on TrafficZ, After Market, and Domain Tools.

Ammar: Right. And then we have a small team in Luxembourg that works on some Domain Tools stuff. But that's about it.

Michael: Great. And so, of those businesses, what's the overall revenue for the company?

Ammar: I can't give you exact numbers. I can tell you it's in the eight figure range.

Michael: Eight figures.

Ammar: Yeah. We're not quite at nine yet. We'll get there.

Michael: That's your next goal.

Ammar: Yeah.

Michael: Alright. Excellent. So, what we want to do is give entrepreneurs who are in the domain name space, or thinking about the domain name space, or even just tech entrepreneurs who want to use domain names as the way to grow their business; we want to give them some inspiration. Because you haven't been in the domain name space your entire career. You actually started your career in a completely different industry.

Ammar: Right. So I was an attorney. I went to Law School. I went to UCLA Undergrad and Loyola for Law. But I knew, even when I went into Law School, that I wasn't going to be an attorney. I've always just been an entrepreneur. And so, I got into it. I was doing Business Law and Corporate Law. And then helping out a friend. Back then I would do anything I could to help out friends and kind of get little pieces of their businesses. And so, one of my buddies had a domain business and he said, 'Come help me do the business side of things. Help me with the contracts. Help me with the negotiations'. And that was my first exposure to domain names. And then through him he introduced me to a guy who was one of the earlier big domainers. Back then, I think, he had thirty or forty thousand domains, which was a lot back then. And that was when I started handling all of his legal stuff.

Michael: Alright. So let me pause the story for a moment there, Ammar. So, your partners name in that first business was what?

Ammar: That was my friend Marty who lives in Vegas.

Michael: Oh, okay,

Ammar: He was my first friend actually when I moved to the States, so I've known him since fourth grade.

Michael: Oh, okay. So he's a good friend of yours. And he said, 'Ammar, I need some help. Can you come in and help me out?'

Ammar: Yeah.

Michael: And so, do you recommend that if there are domain investors out there that want to buy domain portfolios put it under a legal entity to prevent their private assets from being intermingled with their business assets? Is that a good idea, today, to approach a lawyer friend and do some sort of deal would you say?

Ammar: Sure. I would say it depends on what scale, right? If you just have ten or twenty domains, and you're just starting out, and you're dabbling, and none of them are hugely valuable yet, then you don't need that entity yet. Because it's going to have a carrying cost every year. But when you're getting serious about it, I definitely recommend that.

Michael: Like serious like you're doing development; you're putting good money into the business; you want to make it ongoing operating business.

Ammar: Right. Absolutely. Once you start building up asset value in there, I think it's important to protect it. Because domains are increasing in value all the time, especially if you're doing a good job of developing your property. Then, you're building up value in it and so that's the best way to protect it. And I also think it gives you more credibility when you're out there talking to other people. Especially if you're going to raise money at some point. You've got to have that kind of entity in place - that kind of structure.

Michael: Okay. So your friend, Marty, contacted you. You formed this relationship. You started doing the business side of his business, doing the legal work - things like that - and he introduced you to a major domainer that had thirty-five thousand domains.

Ammar: Yeah. Thirty - forty thousand names that needed some legal help. And that's when I really started learning about the business of domain names. Because Marty wasn't a domainer. He just had domains.

Michael: Right.

Ammar: This gentleman was a domainer. And I started learning about the business of domain names. And I started seeing how he was taking these domains that he had bought for thirty-five dollars a year and he was flipping them for twenty grand. And we were doing this all day long and I was just amazed.

Michael: So when you say you were doing this all day long, what year was this roughly?

Ammar: This would've been probably '99.

Michael: Okay. So the late nineties. Right before the .COM crash, he owned a bunch of domains - forty thousand - and he was using you to do what kind of transactions mainly?

Ammar: So, I would handle the negotiations. All his inquiries that would come in, I would handle those. When we sold a name, I would handle the escrow through my trust account. I would help him negotiate monetization deals. Things like that. So, it was just kind of handling all the business and legal side for him. He didn't like to really interact with a lot of people.

Michael: I think a lot of us feel that way.

Ammar: Yeah.

Michael: So he didn't want to have to deal with the inquiries that came in and the negotiations; and you loved doing that. And then once the negotiations were finalized you would then move it through paperwork and escrow, and then completing the transaction. And what kind of domains did he typically have that you were dealing with?

Ammar: So, most of the deals with did were just for four letter .COMs. They were just acronyms for businesses. And I was just amazed. I mean, it was literally five to twenty-five thousand and they were just regularly rolling in. And just four letter .COMs that didn't mean anything.

Michael: Yeah. Back in '99. Five to twenty thousand.

Ammar: Yeah. I mean, there were a few generics in there that we did, but the volume came in on these four letters.

Michael: Yeah. Great. And so, you worked with him for how long would you say?

Ammar: I mean, he was just a client. So I would say he was a client for a few years.

Michael: And so, that really opened your eyes to the value of domain names, to generic domain names, and to acronyms.

Ammar: Right. And then he kind of taught me and he had no problem sharing knowledge with me, so I started buying some four letter domains. He said, 'If you can get any four letters, just start registering them'.

Michael: So what happened? Did you?

Ammar: Yeah. Not a whole bunch. But remember, like I said, I was paying off loans, so I didn't have a lot of disposable income. What I wish I would've done is just maxed out my credit cards, like some of the other people did, and taken that chance. But I already had a lot of credit card debt too coming out of school.

Michael: Yeah. And I think you've done okay for yourself so far, Ammar. And you're not recommending that people go max out their credit cards and buy domain names now. But if you had the opportunity to buy them on the drop, you would've bought as many as you could for the thirty-four dollars at the time or the ten dollars at the time.

Ammar: Right. But I'm definitely a risk taker. And so, I do think sometimes, if they're calculated risks, you got to take them. If you always play it safe, I think you're limiting your upside.

Michael: Yeah.

Ammar: Sometimes you just got to take risks. And just make sure you know the repercussions, you know the risks, and you know the rewards.

Michael: Alright. We're going to come back to that because I want to ask you what kind of risks you've taken recently. So you learned the ropes from this domain investor and you bought some yourself, but basically you were learning how the domain name industry was functioning. Where did you go from that point?

Ammar: Well, from that point, actually this client needed some technical help and obviously I'm not a tech guy. But my now business partner was trying his hand at his own Internet venture at the time and he was renting space in our Law office. And so, I got to know him. And so, I introduced my client to Kevin, my partner.

Michael: Kevin. What's his last name?

Ammar: Kevin Vough.

Michael: Vough.

Ammar: Yeah. And so, Kevin was doing some programming for him, wrote some scripts, and helped him register more names. And then, Kevin and I started buying some names together. So we used those same scripts to register names for ourselves. And then what happened was the client wanted Kevin to build a domain management platform and that was the birth of TrafficZ. So we took that code and he said, 'Well, if we're doing this for one client, why can't this work for everybody?'

Michael: Right. And your client was fine with the fact that he had an idea and you were going to develop the platform and then he was just going to use the platform.

Ammar: Oh, so what he had wanted Kevin to build was nothing like TrafficZ is now.

Michael: Oh, okay.

Ammar: Or what TrafficZ became. It was really a simple management platform and then Kevin took it to the next level and built the first version of TrafficZ.

Michael: Got it. So, what year was that that you started to develop TrafficZ roughly?

Ammar: I think it was '01.

Michael: Okay. So, 2000/2001 you had met Kevin working in the same offices that you were in. He also, I think you mentioned to me, graduated from UCLA.

Ammar: Correct.

Michael: And so, you had this idea. You were both working generally with the same customer. And did he come to you and say, 'Hey, Ammar, I've got this idea for TrafficZ. Do you want to be a part of it?' Or did you approach him, or how did that work out that you two became working on the same monetization platform?

Ammar: Well, while Kevin was doing that, I was still practicing Law and then I actually had gone in-house for a public company. And then I started my own separate Internet company with some other partners.

Michael: Okay. Internet Law company or Internet service company?

Ammar: No. This was in advertising adware. So, what started out as adware, and then 9/11 happened, and that turned into a security company and travelled around the world trying to sell Internet security and monitoring to Governments. And it was pretty fun. We met with a lot of foreign kind of defense agencies and kind of CIA equivalents. And did that for about eighteen months. Had a lot of fun, but it was also frustrating because dealing with foreign Governments is not easy and nothing ever gets done easily or

quickly. So while we were doing that, we were still doing the adware stuff; making money on toolbars and things like that. And then, Kevin and I were friends, so we'd keep in touch and he would tell me how his business was doing; I would tell him how our business was doing. And one day, he kind of just said to me, 'Hey', like he had been trying to figure out how to get me involved for a long time and he just flat out just said, 'Hey, why don't you come work with me? This thing is really blowing up and now's the time to get in'. And I was kind of ready to make a change, so I invested my interest in the other company and I came and started helping Kevin out with some business stuff. And that's how it started. So that wasn't until late '03 actually.

Michael: Oh, wow. Okay. And so, just so people understand that you don't necessarily need to start a company yourself in order to someday be the CEO, there's a lot of different ways to succeed in business. And in this case, Kevin started Thought Convergence as an Umbrella Company - as a legal entity - with TrafficZ underneath it as one of the operating businesses. And he asked you for help because he needed some help in operating the business and growing it - I'm actually going to ask you why -, and you came into the business at that point.

Ammar: Correct.

Michael: Okay. And what help, specifically, did he need?

Ammar: So, Kevin is a shy guy. He doesn't like to go out there and talk to people and make those kind of deals. And he needed to get a direct Yahoo or direct Google feed. And he had a Yahoo feed at the time, but it was syndicated through somebody else. And he couldn't figure out how to get in and get a direct deal. And so, he somehow had set up an appointment with Google at the time and he said, 'Hey, Ammar, will you come with me to this meeting and pretend that you're my partner?' And I'm like, 'Sure, why not'. He said, 'If you can get me a Google deal or a Yahoo deal, I'll give you a piece of the company and that's all you got to do. You don't have to do anything else'. I said, 'Alright. Sounds like a good deal'. So we go to lunch at Google and we meet with Eton Elbaz, who was the Director of Business Development at the time for the domain channel. He invited us. He said, 'Hey, what do you want to eat? You want some free juice. Let me give you a

tour. Thanks, have a nice day'. So apparently he just thought it was a kind of a tour of the Google office.

Michael: Right. Kevin called him up. He said, 'Hey, can we come over?' He said, 'Sure. I'll give you a tour'.

Ammar: Yeah, exactly. Which I didn't really know at the time. I'm not sure if Kevin realized. But as he's kind of walking us to the front, I said, 'Actually, no, we're here to talk about some business'. And he was surprised. He said, 'Oh, okay'. So he kind of had a puzzle look in his face. And he took us into the conference room. We sat down and probably had a forty-five minute to an hour conversation about TrafficZ - what we want to do. By the time we left, he said, 'Okay, we'll get a term sheet started and you'll have it in the next few weeks'. So that's kind of how it happened. And we did end up getting a term sheet and a contract. But at the same time, just kind of fortuitously, we also got a deal with a contact at Yahoo and then we had an option to go with either one. And we ended up going with Yahoo. But Eton and I are still really good friends, but we've never done business with Google on the TrafficZ side of things.

Michael: Got you.

Ammar: We're a Yahoo Shop on TrafficZ.

Michael: Alright. So, you got him the feed like he wanted. He made you a partner. And then you did all the paperwork and suddenly you were not a partner in Thought Convergence and TrafficZ. Was there only one product at that time - one service?

Ammar: Yes. It was just TrafficZ.

Michael: Okay.

Ammar: Just the domain monetization.

Michael: So that's a hilarious story because so many of us, as entrepreneurs, often times we feel like ugh, we just can't seem to make the contact. We just

can't seem to do the deal. So, having somebody whose sole purpose is to actually do the deals can sometimes be a benefit, where you feel like you're giving something away, but being able to get that deal was necessary in order to make TrafficZ more successful.

Ammar: Right. And I think I would tell entrepreneurs out there: you got to know what your strengths are and you got to know what your weaknesses are. And Kevin knew what he was good at and he knew what he wasn't good at. And it was kind of a perfect match because his strengths are my weaknesses and my strengths are his weaknesses, and it just works out. So, like you said, sometimes you got to give away something, but it's for the greater good.

Michael: Yeah.

Ammar: And if it helps you grow your business, you can't do everything on your own. It's pretty tough. At some point, you got to get help.

Michael: Right. And how important is it to have the personal connection? Clearly Kevin and Eton knew each other. I'm not sure if you did before you had that meeting. Now, you're good friends. How important is it to have those connections within the industry in order to get deals done and continue to grow businesses?

Ammar: I think it's critical. That, to me, relationships are the most important thing. So, more important than how good your product is. It's just more important than everything. I think relationships are critical in everything you do. Both, in business and in personal. And I think also reputation is also critically important. So it's a small world now with the Internet. So if you screw somebody in China, you know what? Somebody down in LA, down the street, might hear about it.

Michael: Right. Yeah, definitely.

Ammar: So, you got to try to maintain your reputation as well.

Michael: Alright. So, TrafficZ got up and running. They were monetizing it through somebody else's feed. Not making as much because there was an intermediary in there. You came in. You got the Google and Yahoo contracts. You ended up going with Yahoo Feeds, and now you're making more money because you're getting the feed directly from Yahoo. You became a partner in TrafficZ and Thought Convergence - the parent company. What happened next? Did you focus all of your time on TrafficZ? Were you still practicing Law?

Ammar: So, I have a little bit of ADD and I try to do too many things. So I did focus the majority of my time on TrafficZ. But I was still kind of dabbling. Like I said, I'm an entrepreneur, so I was still dabbling in other things. But TrafficZ started taking up more and more of my time. In the beginning, I just started coming into the office. I actually got a separate office next to Kevin's, and I started handling customer service. I would be the customer support guy. I'd respond to your e-mails. I pick up the phone and say, 'TrafficZ, how can I help you?' And it was fun. I started to learn. I would help process payments. I mean, it was just the two of us. So it was a lot of fun. It was a really exciting time. It was growing really fast. And that's when Kevin said it wasn't until I joined him that servers started crashing because we just started getting too much business. But it was really fun. It was also the beginning of when, I guess, parking started getting really big and people started realized, hey, I can make money with my domains. So the business just started growing very quickly and then, pretty soon thereafter, we went to our first Traffic Conference. And it was Kevin and I, and by that point I think we had a few employees. But we just got in a van. We rented a van. We put a flat screen and a booth in the van, and Kevin and I drove from LA to Vegas through the desert in a van with no AC, no radio; it was just terrible. But it was fun. We'd pull up to The Venetian, get everything out, and that was our first Traffic Conference, and it was overwhelming. I mean it was five hundred people there kind of coming and you just realize there's a whole other world out there that we didn't know about.

Michael: Yeah.

Ammar: So that was really fun. I think that's when we really saw even more so the potential. And that was our first kind of actual outbound marketing efforts. And that's when we started getting hockey stick kind of things.

Michael: Well, were there any other domain name monetization platforms at that Traffic Conference? Or were you the first?

Ammar: No. There were. We didn't actually go to the first Traffic Conference. We didn't know. The first one, I think, was actually even before I had started working with Kevin. And so, he didn't know about it.

Michael: Right.

Ammar: And so, I think there was Smart Name, there was Fabulous, and Domain Sponsor. It's who I recall off the top of my head that were all there; and us.

Michael: Got you. So, people saw you as a new provider. They were trying other ones and then they probably tried you as well. So, you got everybody at the conference to focus on you, and try out your product, and (Unclear 24:59.7) enormous amount of growth because these guys had a lot of names.

Ammar: Right. I mean it was ironic because this was in '04 and we had already been around for a few years. So it's like you're the new kid on the block, but we had been around for a long, long time.

Michael: Yeah. So you saw hockey stick growth, meaning you were probably getting some growth like this and then it suddenly shot up.

Ammar: Yeah.

Michael: In terms of domain names. In terms of monetization. In terms of revenue.

Ammar: In terms of everything.

Michael: Everything.

Ammar: Yeah. Clients. Domains. Dollars. It just kind of hockey sticked.

Michael: Yeah. So, up until that point, it was you and Kevin. And then you hired two or three.

Ammar: We started hiring. The first hire we made was somebody to help out on client support.

Michael: Client support. Okay. So you didn't have to pick up the phones anymore?

Ammar: No, I still did. I was the (Unclear 25:51.0) guy. But she would handle the e-mails that would come in and also the accounting and things like that. And I was focusing more on the business development side of things.

Michael: Got it.

Ammar: And then, after her, we started hiring some other engineers.

Michael: To help out Kevin, and the development, and new features and things like that.

Ammar: Right. Exactly.

Michael: Okay. Got it. And so, you went to the first Traffic Conference and you saw exponential growth. What happened from that point?

Ammar: From that point, we actually got a deal to do Yahoo's parking platform. We were actually powering Yahoo's parking platform for a while. And then, through that, we started getting attention from another public company and we actually had an offer to buy us in 2005.

Michael: 2005. So, four years after you started TrafficZ you got an offer?

Ammar: Yeah, I'm pretty sure it was '05. Early '05. And so, we actually negotiated back and forth and we actually were ready to do the deal and then

Yahoo had a right of first refusal on us. They exercised that and by then the hockey stick had actually got even more vertical.

Michael: Wow.

Ammar: And it was just kind of crazy, so we did everything in our power to not let the deal happen. And then like six months later, it finally kind of went away and we were able to just kind of focus on continuing to grow the business.

Michael: Got you. So, yeah, a lot of times you want to get a deal done as quickly as possible. The buyer actually wants to delay it because if there's any signs of trouble then they get more time in the due diligence phase to see that come to fruition and then maybe negotiate down the price. In your case, your growth was just so exponential that they didn't move quick enough. You saw that you were increasing value every week, or every month, or whatever. And so, it just didn't make sense that the valuation that you had agreed to before you entered due diligence and the deal just fell apart.

Ammar: Right. I mean, in this case, it was pretty much like every day we were becoming more valuable. And so, it just didn't make sense to do a deal.

Michael: Right.

Ammar: But everything was cool. We continued to focus on the business. It was growing. I got to say it was distracting for that six months. Because employees are excited. They're like, 'Oh, okay. They were selling the company and this and that'. And so, it's distracting. It's hard to stay focused, but you just got to do it.

Michael: Yeah. And I was going to ask you about that. Because in the previous media company that I owned and that I sold, I would get offers like this. And it's so easy to start thinking about what life's going to be after you sell, and this, and that. And it totally pulls you out of the day-to-day operating the business. It can really distract you and pull you off your game. So you found that as well.

Ammar: Yeah, definitely. I would say the hardest part is keeping your team focused. Because we weren't going anywhere anyway. Even if we did the deal, we were staying and we were going to continue growing the business. But it's hard to keep your team focused. And there's a lot of buzz and energy, and it's fun, but it's also distracting.

Michael: Yeah, definitely. So you were having enormous growth. How did you continue to fuel that growth?

Ammar: Well, when you're the new kid on the block, like I said, even though we really weren't, but we were kind of late to the game as far as the public's perception goes, you have to do some crazy stuff and kind of make a name for yourself. So, at those early conferences, people that were around would tell you I was kind of a little bit obnoxious and made very bold claims. And I think probably the conference that we made the biggest advances was in Del Rey. I got up in front of the room - I think there was like six hundred people at that conference - and I gave a presentation. And I would show kind of really nice domain names and I would show those domains parked at a competitors platform. And I would say, 'This is what your domain looks like today'. And then I would put it up next to a TrafficZ page and I said, 'This is what your domain could look like'. And it ruffled a lot of feathers.

Michael: I bet.

Ammar: But it was also great for us and we got even more business out of that. And so, I think those early years were spent kind of trying to adjust ruffle feathers and kind of be out there and make outrageous claims. And it worked.

Michael: Yeah.

Ammar: And now, we don't have to do that anymore. And I think also the industry was very different back then. It really was a lot less corporate and that kind of thing wouldn't happen today.

Michael: Why not? Why wouldn't that happen today? It's still the Wild Wild West, isn't it?

Ammar: Nothing compared to what it was. I mean it was really different in '04/'05/'06. Was very different.

Michael: Yeah.

Ammar: It's definitely more corporate now.

Michael: Yeah. Alright. So, TrafficZ continued growth. You had the potential acquisition, which didn't happen. Up until now, are you personally involved a hundred percent in TrafficZ?

Ammar: What do you mean?

Michael: At this point in time, in 2004/2005, were you focused almost a hundred percent of your personal time on TrafficZ?

Ammar: Yes.

Michael: Doing business development focused on the..?

Ammar: Yeah. Very quickly I realized this is where it's at. I mean I still had my little adventures here and there trying to do new things, but I would say ninety-five percent of my attention was on TrafficZ.

Michael: Okay. And then, what came next? Did you continue to have growth and do deals on TrafficZ? Or was there another business venture that popped up?

Ammar: No. We were buying lots of names and kind of growing out portfolio.

Michael: So you were taking the profits from TrafficZ and plowing it back? Were you plowing it into technology improvements?

Ammar: Into technology improvements and also reinvesting and acquiring names.

Michael: So, buying your own portfolio that you can then use your own platform to monetize.

Ammar: Right.

Michael: Okay.

Ammar: Still, not huge, but by then the prices had started going up. But we were buying a lot of names. And then, I would say in '07, we were like, 'Well, we got to try something new. We got to diversify'. And that's when we decided that we wanted to buy Domain Tools. Actually, sorry, let's rewind. We had started Lease This, I think, in '06.

Michael: Okay.

Ammar: And so, that was to do domain leasing and we saw that as a new opportunity for monetization. Something different.

Michael: Right.

Ammar: And we were one of the first, I think, to domain leasing. But it was still early and so it never really caught on. I mean we had some early success, but even today, leasing isn't big and I personally think its going to be huge. I think domain leasing is a really good alternative form of monetization and it's also - I know I'm getting off topic - a great creative financing vehicle for buying premium names. If you can't afford to buy it all at once, lease it with an option of purchase.

Michael: I agree. And we talked at lunch about leasing, and how the market just hasn't taken off, and how there isn't enough inventory for leasing. I was talking to a domain brokerage last week over Skype Chat and they said, 'We're coming out with a new leasing option'. I said, 'Send me a list of all your names' and there weren't that many that were good .COM domain names that regular people, regular entrepreneurs, or business owners would find useful. So the problem that I see is that regular people don't know about it and the ones that do know about it, there just isn't enough inventory around.

Ammar: Right. Yeah. It's early and so what I do is whenever I get inquiries on my names, I always throw out the lease as an option.

Michael: Oh, you do.

Ammar: Yeah. Especially if they're serious and it's a good name. I'm actually in the process of doing a lease deal on one of my names right now for an entrepreneur with a very quickly growing business. But he can't afford to pay me the six figures that I want for this name.

Michael: Alright. So don't tell me the domain name. Clearly you're under non-disclosure with that potential deal. But it's a single or double word what TLD?

Ammar: It's a two word generic .COM.

Michael: And it's a five or six figure?

Ammar: I paid five figures for it. I wouldn't sell it for less than six figures. I paid low five figures and I wouldn't sell it for low to mid-six figures.

Michael: So you think the value is now between a hundred thousand and five hundred thousand dollars. Somewhere in that order of magnitude.

Ammar: Yeah. It's probably around two hundred to two fifty is what I would say.

Michael: And so, he's probably tried to negotiate with you over e-mail or by phone and say, 'I'll offer you a thousand dollars for it'. And you're like, 'No. No. No. It's a six figure name' and you just can't come to an agreement. But you said, 'Hey, how about a lease?'

Ammar: Yeah.

Michael: So what kind of return do you expect from a leased domain name?

Ammar: Well, for instance, this name I paid under twenty grand for. And we're probably going to end up leasing it starting first year at five hundred a month and it'll go up every year. And there will also be a lease option price that will also increase. That's how I usually do my deals.

Michael: Yeah.

Ammar: So, year one, he pays five hundred a month. He can exercise at any point in year one for just pick a number - one fifty.

Michael: Yeah.

Ammar: Okay. And then, if he doesn't exercise year one, year two the monthly goes up as well as the option price goes up. And we're probably going to end up doing a five year deal. He wants ten. I think that's a long time, so I'll probably do five.

Michael: Got it. And he can walk away at any point?

Ammar: Yeah.

Michael: So, after twelve months, if he says, 'The business just isn't taking off. I'm not going to be able to pay off the eight hundred dollars a month next year or whatever it is'. He can just say, 'Ammar, thanks for letting me lease it. I'm done'?

Ammar: Yeah. And I'm happy because I get the name back. It's probably more valuable than what I gave to him at and it's going to have more traffic. And also, I believe domains appreciate anyway kind of constantly, so it's going to be worth more in the future anyway.

Michael: Right. And he's running a business. He's generating inbound links, which are increasing the page rank even though it may change topics later in the future or whatever. And so, do you value the lease amount based on the parking revenue that you get right now? Or purely on a 'I want a seven percent return on my investment a year'?

Ammar: I've never been really a numbers guy, so when I buy names, I almost never buy on revenue. I just buy on what my gut thinks it's worth. If I see a good opportunity, I buy it. And so, when I'm pricing it, this domain doesn't make more than twenty-five bucks a month maybe in revenue. Twenty-five to fifty bucks a month. So the lease the price is way higher than that obviously. It's just also not worth my time to deal with a hundred dollar a month lease or something. And if this guy's serious for the six figure name, five hundred bucks a month is nothing. I mean, it's the brand for his business. And I also think if you do it too low, that kind of takes away the value of exercising, right?

Michael: Right.

Ammar: So it diminishes the value. If something's worth a million dollars, why would you lease it for a hundred bucks a month? You would lease it for ten grand a month. Five to ten grand a month; something like that.

Michael: Yeah. So, if it's a great domain that's worth six figures, because you're an entrepreneur, are you torn between 'Well, I want to develop it into something that I've got an idea for', which was the reason why you probably bought it versus leasing it out and locking it up?

Ammar: Yeah, I am torn. I hate selling names. And it's very, very hard for me to sell a name because I get attached to all my domains. But I also know that I can't do everything that I have an idea for. And so, I need to pick and choose. And at some point, if you're getting a great return, then why not? There's no shortage of ideas.

Michael: Right.

Ammar: There's only shortage of execution.

Michael: Okay. So you realize you have your limitations, and you need to sell, and you need to lease them. But you never sell and you're hoping to lease it.

Ammar: Yeah, I prefer to lease it. But if the return is right, I'm getting better and getting more comfortable with selling.

Michael: Good. And you told me over lunch that you actually have a personal goal for the year.

Ammar: Yeah. Just because up until last year, I don't think I had sold any names. And so, now I'm like I need to prove the model. I need to prove that these domains increase in value. I need to justify my purchases.

Michael: Right.

Ammar: So now my goal is to sell a certain amount of names, or certain dollar amount of names every month on average. And so, that's what I'm doing. Now, I'm a little more open to selling if the number's right.

Michael: Got you. And do inquiries just come in because people are interested in Autos.net, so they send you an e-mail. You don't have them listed.

Ammar: I have them listed in After Market.

Michael: You do have them listed.

Ammar: At After Market, yeah.

Michael: Okay.

Ammar: Most of them aren't priced. I price some, but most of them aren't priced. And I just kind of have them up there to make it easier for people if they happen to be searching for it.

Michael: Right.

Ammar: So I get inquiries both, from After Market and just people do WhoIS lookups.

Michael: Yeah. And so, when they e-mail you, they say, 'Here's my offer of ten thousand dollars'. And you respond back, 'No thanks'. And then they e-mail you again saying, 'Well, how much do you want for it?' And you say, 'It's got to be six figures'.

Ammar: Right. Well, this domain that I'm talking about leasing. The guy first e-mailed me about, probably, a year ago. And I just keep telling him, 'It's not going to ever get that cheap'. So every few months he e-mails me back and I tell him the same thing. This time I actually got on a call with him and we had a good conversation. Nice kid. He's just trying to build a business. I told him, 'I'm just telling you. I don't want to waste your time. Here's the deal'.

Michael: Now, when you said here's the deal, what did you actually say? Were you just explaining the situation or did you say it's going to be a six figure domain name?

Ammar: Both. I was trying to explain. He obviously knows the value of the domain because he wants it that badly.

Michael: Right.

Ammar: But I'm trying to explain to him what we do - what our business is - and why we don't need to sell it. We don't need the money. Right? And so, it's just a matter of you need to decide if it's worth it for you and that's where I threw out the lease option. And it actually was very attractive to him because he said, 'Okay. So I'll do this as I grow my business and I can then afford to buy the domain from you. Then at least I have it locked up and nobody else can buy it from you'.

Michael: Right.

Ammar: Which is smart.

Michael: Yeah, definitely. So in some cases do you actually throw out the lease option by e-mail in response?

Ammar: Yeah.

Michael: Do you actually throw out terms? Or do you just say, 'And if you'd like to lease it'?

Ammar: I just say, 'Look. We're open to create financing. If you want to do a payment plan. If you want to do a lease with option to purchase. If you want to do cash in equity. I'm open to all sorts of different options'.

Michael: Yeah. Have you done very many lease deals, or cash in equity, or creative financing type deals?

Ammar: The cash in equity is a little more complicated. Especially with small businesses. You don't know what you're getting.

Michael: And you don't (Unclear 42:50.6) the owners.

Ammar: Right. And entrepreneurs, especially at the early stage, don't like to give away anything. So the equity stuff works better with bigger, more established companies. So we generally haven't done that, but we've done lease payments. I've done leases. I've done payment plans. Options to purchase. Things like that.

Michael: Got you. Alright. So you personally have done it. But on LeaseThis.com, which you had the idea to create this leasing platform, didn't quite pan out from the business perspective.

Ammar: So, the platform was great. What didn't pan out was people understanding the concept. It was hard enough back then to get people to understand the value of domain names.

Michael: Right.

Ammar: Right? So imagine now you're going to tell them, 'Okay, so I'm going to pay you for this asset that I don't think I should have to pay more than ten bucks for at GoDaddy. And now you want me to pay you a thousand dollars a month for it?' It's a hard sell.

Michael: Yeah.

Ammar: It was a very hard sell back then. And it's not as hard now, but it's still tough. But we've decided to roll that functionality into After Market. Because, like I said, I think the real value is as an alternative financing vehicle.

Michael: Right. So, if people come to After Market, they can look at the price or they can look at lease amount. Or even understand that it does have a lease opportunity.

Ammar: Yeah. Which will be totally determined by the seller if they want to even allow that option.

Michael: Yeah. It seems like there's an infinite number of marketplaces out there. I don't even know what to recommend besides After Market of course. When I get e-mails from tech entrepreneurs up here in Seattle, or friends, or relatives that want to buy a domain name that's listed on one of the websites. Are marketplaces like AfterMarket.com and some of the others - are they doing themselves a disservice by not having lease options do you think?

Ammar: I think what the disservice is, in general, and After Market is guilty of this too; I don't think anybody has gotten the marketplace model correct yet. I think we're doing a really good job of moving in the right direction and we have some new changes that are rolling out in the next few weeks, which will be great. I don't think they're catering enough to consumers. We've all been too focused on only catering to ourselves and the domain community only. And that's not where the upside is. The upside is once you go broader. So once you get to the consumer market. So that's our focus for After Market. Is to go to the consumer market, make a better user experience; make it easier. And so, I think what the leasing does is it makes it easier to buy a very valuable domain name. Because you don't have to shell out a hundred thousand dollars all at once. If you're a small business, you don't have a hundred grand to probably go lay out on a domain name. But you might have a thousand a month that you can put towards it and assuming that it helps your business grow, then down the line, you're like, 'Okay, now I'm ready to buy it'.

Michael: Yeah. I think you're right on the money. How many businesses start up every year in small towns around the US and they sign up for a one year lease at a minimum, or maybe it's a one year with a three year option to extend and they're locked into a fifteen hundred, two thousand dollars a month payment and they have the capital cost that they maybe split with the builder to start off? So they got an enormous amount of capital expenditures going into their business and they don't have a good domain name to match. What if they could get a great domain name for three hundred dollars a month leasing or two hundred dollars a month that really matches what they're doing but it happened to be taken?

Ammar: Yeah, I think that's the key. You just got to help these small businesses understand the value and make it easier - facilitate their ability - to buy the name; or to buy a good name

Michael: Right. So, education is the key, Ammar. What do people within the industry need to know? What do they need to think about in order to start changing the way that they're doing business with end users?

Ammar: Right. So I think, exactly what you said, education is the key. So I think all of us in the domain industry, what we should be focusing on - and I see it happening now gradually - is educating people outside of our industry. Because that makes all of our assets that much more valuable.

Michael: Right.

Ammar: Like I told you at lunch, I kind of have this silly dream that I want to bring domains to the world. I really want everybody to understand and appreciate domain names. From a selfish perspective, obviously, it makes my assets more valuable, but from a different perspective, I just love domain names and I think everybody should. And I think everybody should appreciate them and realize what kind of opportunities they are. And as we educate more and more consumers out there, and we bring in more investors, at some point it'll probably be a recognized investment class and then you'll start having hedge funds buying it. And that's where it goes crazy.

Michael: So what are you going to be doing at AfterMarket.com to educate end users about the value of domain names, buying them, and leasing them in the future?

Ammar: We're going to be doing some more videos on there. We're going to be writing more articles. We're going to be doing some marketing to outside of our industry. It sounds obvious, right? But I don't think enough of us have done it.

Michael: It sounds obvious, but I don't think very many people are doing it at all.

Ammar: Yeah.

Michael: I agree.

Ammar: And my friends will tell you I evangelize domains everywhere I go. I can't have a conversation with a friend without talking about a domain name. And it gets annoying to everybody else, but that's just what I am.

Michael: Yeah. Alright. 2006 - you started LeaseThis.com and you began working on it; creating the platform. And then in 2007, is that when you started?

Ammar: In 2007 is when we approached the Domain Tools team and said, 'Hey, we're interested in buying your company'.

Michael: Okay. So, hold that. Did you start After Market before that or after that?

Ammar: That was after that.

Michael: Okay. So, 2007, you approached Domain Tools and you said, 'We're interested in making an investment; buying it out'?

Ammar: It was kind of a we want to work together. We're open to an investment. We wanted access to all the data.

Michael: Yeah. Why did you want access to all the data?

Ammar: It's an amazing treasure trove of data what's in there and we barely touched the tip of the iceberg.

Michael: So tell me what you think is most valuable in this enormous cash of data that DomainTools.com has.

Ammar: I think that the reserve WhoIs reports are amazingly valuable to see how different domains are connected. And we have those different data points in there. And so, we can run all sorts of queries. And we can look and see that in Los Angeles; here's the portfolio that's owned in Los Angeles, right?

Michael: Yeah.

Ammar: Or you can connect different owners together. You can see who's buying what. You can see who's selling what.

Michael: Yeah, I can't tell you the number of times that I've done a WhoIs lookup on a domain name, and it says so and so owns two thousand more domain names. And then I click on that number and Domain Tools tries to sell me a report for like two thousand dollars. I got to come over to your computer and borrow your computer with your login for a little bit.

Ammar: Yeah, well, that's why we wanted to do it. So we wouldn't have to pay for those reports because they're enormously valuable. So we approached the team in, I would say, mid-'07. I think that's when we approached and started the conversation. It was at an ICAN Conference actually. And then negotiations started heating up in late '07. And then we finally closed the deal in, I think, March of '08. Something like that. I think it was March or April of '08 is when we closed the deal.

Michael: So, deals like this don't get done overnight. There's a lot of negotiation and due diligence process.

Ammar: Right. There is and also we had never done anything like this before. I had done murders and acquisitions from the legal side when I was the attorney doing those things. But from the business owner side, it's a totally different ball game and Kevin and I were just kind of learning on the job.

Michael: Yeah. So basically you and Kevin saw enormous benefit from all of the data that was in DomainTools.com and you had a lot of cash from the TrafficZ platform. So basically you could either take more money yourselves, invest it back into the platform - although if you don't have technology development to do, you're just basically buying more domain names- or invest in another technology that helps it that can then diversify your income streams and increase them.

Ammar: Right. Exactly. The nice thing about Domain Tools is it's a subscription based model, so it's totally different than the TrafficZ model. And I'm a firm believer of diversifying and you always got to hedge your best. And it was a great opportunity. It actually just started. Kevin and I were sitting at lunch one day, I think, and we were talking about Domain Tools. It was totally unplanned. And we were like, 'We really need to figure out how to get this data'. He really wanted that data. And I'm like, 'Okay, so I'll call them and we'll set up a conversation'. And I said, 'Well, do you want to buy them?' And he said, 'Okay'. And that's really how it happened. And it was just totally casual conversation. And we just said, 'Okay, we're going to buy it'.

Michael: So why didn't you decide to just build your own Domain Tools? You've already built an entire domain monetization platform. Clearly, Kevin is a technically guru. Why not just build it from the ground up?

Ammar: Well, sure, you can and there's other people that are replicating, or trying to replicate, what we have in Domain Tools. But what you can never replicate is the history. And so, Domain Tools has more history than anybody and that's invaluable. And it's also a lot harder than you think. So now I've looked under the covers and it's a lot hard than you think to build the kind of infrastructure and platform that they've got up there.

Michael: Yeah. Okay. So, even though Domain Tools may have been improving their technology and platform over the years, they have this historical data, which is worth a lot of money.

Ammar: Yeah.

Michael: A lot of value.

Ammar: Yeah. Exactly.

Michael: Alright. So you decided to buy it. You went through negotiations. You bought it. And I don't want to get into the whole kerfuffle of the whole situation that's been well documented on there, but a year later, were you the full owner of DomainTools.com?

Ammar: Yes.

Michael: And then what happened from that point to today?

Ammar: At some point in '09, we decided that Domain Tools' primary client base is in the US - North America. And we wanted to expand it globally, and we wanted to get into CCTLDs, and we just wanted to grow the subscriber base overseas. Because, I mean, if the people in the states find it so valuable, then obviously everybody around the world would find it valuable.

Michael: Yeah.

Ammar: And so, we decided we should joint venture with some people that can help us kind of grow it globally. And so, that's what we did in '09. Around the middle of '09, I think, we flew to Paris, closed the deal, and now Domain Tools is growing globally.

Michael: And so, does joint venture mean that you took it out of your Thought Convergence portfolio and moved it into another legal entity and then took investment?

Ammar: We structured a new entity that Thought Convergence is the largest share holder of and we brought in some partners. So now that's how we're growing.

Michael: And do the partners just bring technical know-how, like they're going to do the marketing and do the technology part of it, or do they actually bring money to the table?

Ammar: These are really smart guys. Very experienced. And with both technological infrastructure as well as bringing other assets to the table.

Michael: Got you. And what's been the growth of Domain Tools since you completed the acquisition in early '08?

Ammar: It's growing regularly. Our subscriber base is bigger. Our reverse WhoIs reports are growing. Our advertising revenue is growing. So, knock on wood, it's steady business.

Michael: Yeah. And where do you see it growing with the two thousand new TLD applications that are closing on April 20th?

Ammar: Yeah, so we're making some investments in that regard to make sure that we have the ability to kind of work with the new GTLDs and kind of beefing up our infrastructure so we can start getting that information as well.

Michael: Okay. And does that mean that you're working with ICAN to get information on that? Or you're just, as a business, thinking about it?

Ammar: With registry providers.

Michael: Yeah.

Ammar: We're working with registry providers on that. They're the ones that control all the data.

Michael: So, at this point in time, you've got your TrafficZ, which is still growing and profitable. You've got your LeaseThis.com and you've got

DomainTools.com. How do you, personally, find the time to spend on the business aspects of Domain Tools versus Lease This versus TrafficZ?

Ammar: You build a really, really smart team that you can rely on. So that's the one thing I'm really proud of; is we got an amazing team over here. And so, I have people that kind of handle a lot of the day-to-day things in making sure everything's running smoothly and running the business, and it frees me up to do more kind of strategic thinking and more big picture thinking; and also more of the stuff that I enjoy, which is the business development.

Michael: So, I think it's easy for people to understand that if a business is growing my leaps and bounds then you can hire people to do that. So TrafficZ was growing my leaps and bounds and you hired more customer service reps, you hired more technologists to help out Kevin Vough, and you hired a business development person maybe underneath you. And so, I think people can understand that if you have money, you want to invest some of it back into the company. Otherwise you're just paying a high tax rate on that money that you're taking out, especially if you don't need it. But on LeaseThis.com, I'm going to assume that it wasn't as profitable as TrafficZ. Is that a safe assumption?

Ammar: That is a safe assumption. So we had other models within Lease This that kind of funded the growth.

Michael: Oh, okay. So it was growing also and you had other models.

Ammar: It was making money, but not from leasing.

Michael: Okay. So that's what I was trying to get at. Did you actually hire people to work on LeaseThis.com even though it wasn't producing the kind of growth that you had hoped it would initially?

Ammar: Yes. We absolutely did. We were always believers in bootstrapping everything whenever possible, so we didn't want to take any money. We never taken any money in Thought Convergence either. So you try to bootstrap it. So what you got to do is, you got to do something that makes money even if it's not your primary line of business or the goal; but at least

it's funding the growth of what you're trying to build. Unless you have a lot of money that you can burn, when you don't mind a burn rate until you hit a certain critical mass.

Michael: Right. But the way you and Kevin have always operate is it's in bootstrap mode, which means you don't spend unless you have the money coming in. And then as you grow the business, then you reinvest back in and then you take some money and you grow it into a new division.

Ammar: Right.

Michael: Okay. That makes sense. So after you expanded Domain Tools, when did you get into the After Market business?

Ammar: So, when we acquired Name Intelligence, which is the parent company of Domain Tools, they had auction platform technology, which they didn't call After Market. It was just called Domain Tools Auctions. And they used to run those auctions at the Domain Round Tables. So, through that acquisition, we also get a conference, which was Domain Round Table. And so, Domain Round Table had auctions at every conference powered by the Domain Tools platform. And so, our vision for acquiring Domain Tools, and Lease This, and all these other things was we really wanted to build a domain ecosystem. And so, the entire lifecycle of the domain from registration, to development, to sale, and monetization in between. And so, that was the plan and part of that you obviously need a marketplace. So we didn't want just an auction. We actually wanted a marketplace. So the plan was always to build After Market. We didn't know what it was going to be called at the time, but it was always going to build After Market.

Michael: Got it. And so, the idea was that if you brought a customer at any point of the lifecycle, then you can try to maximize the revenue of that customer by then cross pollinating.

Ammar: You keep it in the family.

Michael: Keep it in the family. And how is that business concept played out over time?

Ammar: It's harder than you think; or harder than we thought it would be. As we've seen also in the industry, right? With some of the other companies that were trying to do that and were also having some difficulty with it as well.

Michael: Yeah.

Ammar: It's just you got to focus on what you're good at. You can't do everything. You can't be everything to everybody. So we think what we should focus on is the marketplace, and the monetization, and then selectively, the development. And then Domain Tools kind of helps all of those pieces separately. But the one piece we're missing now is the registrar, which we're probably going to be building at some point. But that's also a very difficult business. Low margin. A lot of support. But we need it as part of our After Market.

Michael: Why do you feel you need it as part of After Market?

Ammar: Because I think there's a big opportunity to own the customer when they buy the name from your marketplace and have it held into your registrar. Or if they come to the marketplace and they look for a name that's actually available, then you can also register it from there. You get more touch points with the customer.

Michael: So there's some extra benefits that you can provide to your customers, or potential customers, by being able to sell them new domain names or non-previously registered domain names. But why not just have a reseller account through one of the major registrars?

Ammar: Because you're always beholding to them then. And you can't obviously modify the technology and it just becomes more complicated. Now, if there's something that's a great white label opportunity, we would consider that.

Michael: Yeah.

Ammar: Because we're not trying to build a retail registrar to compete with GoDaddy. We just want to have that ability to service those clients and own the relationship.

Michael: Got it. Okay. That makes sense. Alright. So, you took the technology that you bought under Name Intelligence - the Domain Tools acquisition - and you built that out. You put your personal portfolio on there. Did you also put the portfolio of TrafficZ on there as well?

Ammar: This is for After Market?

Michael: After Market. Yeah.

Ammar: Yeah. We have all the company names. Well, I don't want to say all, but we have a lot. We have a lot of the company names and also a lot of my personal names. Probably not all of my names on there, but a lot.

Michael: Yeah. And so, when did you buy AfterMarket.com?

Ammar: We officially bought it in Paris, I don't remember which show it was, but there was a conference out there and it was in the auction at the conference. But I had actually already bought it beforehand, and then I had negotiated a really good deal for it, and then I think the broker got some kind of cold feet and backed out of the deal. And I'm not going to go sue him for it. He said, 'Well, I'm going to go put it in the auction'.

Michael: What? You're an attorney. What do you mean you're not going to go sue him?

Ammar: I hate lawsuits. So we had negotiated the deal. Had it in writing. Everything. But the money hadn't changed hands yet and he said that it was the seller who had backed out. So who knows what happened. But, anyway, I said, 'Okay. It's going to go to auction' and I bought it in the auction. I ended up paying about fifty grand more I think.

Michael: So what did you end up paying for that? That's public information because it was in auction, right?

Ammar: I think it was - I want to say - one twenty-five.

Michael: Wow. So, one twenty-five.

Ammar: But you know what? Within the first week, we had multiple offers for two hundred. Within the first week.

Michael: Did you even consider those? If you sold it directly, an immediate seventy-five thousand dollars.

Ammar: No. I mean, we wanted that name for the marketplace.

Michael: Yeah.

Ammar: So there's some names you just wouldn't sell. Now, if they would've given us two million, maybe. And then we'd find another name.

Michael: Four hundred thousand you wouldn't of taken?

Ammar: I don't think so.

Michael: Wow. Alright. Okay. So, now you've got a whole bunch of businesses in the entire lifecycle. You don't have a registry, which you're talking about to begin with, so you're starting them. But then you can monetize domain names that people own. You allow people to sell them. You allow people to research the domain names that they may want to buy or that they may be selling, or what have you. And then you had a conference company also. I went to DomainRoundTable.com because I never been to that conference before. Is that an ongoing conference?

Ammar: We're taking this year off from the Round Table. We had one last year in The Bahamas. It was a lot of fun. But the conference game is also not what it used to be. Conferences used to be not as hard to put on. I would say they were more profitable. There weren't as many, so people just were itching to go.

Michael: Right.

Ammar: And then what happened in, I would say, '09, I think, there was about two conferences a month. And I'm not exaggerating. One a month for sure. And people just got burnt out. I got burnt out. And it became just kind of not fun anymore and it became more of a drag to get people out there. And you got to do this stuff a year in advance and you got to make huge commitments and make huge bets. The ROI just wasn't there for the big conference model. Now, that being said, I'm a huge fan of kind of more of the regional meetups. So we're probably going to start converting Round Table into more of a regional event. We'll probably do two, three, four a year around the world and they'll just be kind of two days/one night kind of things. And that way people don't have to travel to far. It's not a huge commitment. And the goal is to build the relationships when you go to these things anyway. So you have a smaller, more intimate group. You can talk a lot more business.

Michael: And do you look at Domain Round Table as a loss leader? You're trying to bring people into the family portfolio companies. Or do you look at it as a business where you try and make money?

Ammar: Well, in the beginning, it was a profit center because you have the auctions and, like I said, everybody was just dying to go to conferences. And then it turned into a loss leader. And then it turned into a pain the ass.

Michael: Sorry, I should've qualified that. So, next year, do you look at it as a loss leader for customers and for potential customers?

Ammar: Yeah. I mean it'll still be. Because it's not going to make money under the new model. We're not doing it to make money. It's really just to build relationships and help the domain community.

Michael: Yeah. Great. And are you going to offer free reverse domain WhoIs lookups to everybody that attends, Ammar?

Ammar: Free Domain Tools account for life.

Michael: Alright. Fantastic. So we talked about which businesses you're focused on. What business are you going to launch next besides a registry? Are you looking at any other opportunities?

Ammar: Yeah. I really think it's time to get into mobile. It's way beyond time to get into mobile. So we've been throwing around the idea of kind of setting up a mobile development division here at TCI. I have some ideas. When I woke up this morning, I was in the shower, and I had an idea that I think is huge. It's in the daily deal space, but there's nothing like it out there that I know of. So there's a lot of opportunity. I think the big opportunities are going to be in the convergence of the mobile with the location and with the, I guess, crowd sourcing. So it's kind of the convergence of those things, I think, that's where it's at. And so, we're talking internally about doing some stuff there.

Michael: Now, you've got a division called Ideas.net.

Ammar: Idea.net.

Michael: Idea.net. And so, that's one of the domains that you've got that was a .NET that's a killer domain name. And you use that division for development of opportunities?

Ammar: Right. So, when we set that up, we were thinking it was going to be kind of like an incubator. And so, we were looking at joint venture opportunities with partners, where we don't want to put out a million or two to buy the name. But they have the asset. We have the resources and the technology. Let's work together and build something. So we did that while we worked on a few deals there. And then, you realize again, development is not easy, and it takes a lot of resources, and it distracts you from your core.

Michael: Right.

Ammar: And so, after about a year and a half, two years, we decided that we would shelf that for now and we would only focus on building out our own properties. And so, that's kind of what we're doing now. So, Idea.net; the idea

is still to develop names, but at least for now, we're only going to do it internally.

Michael: Yeah. Okay. That makes sense.

Ammar: You got to be able to pivot quickly and move. And you try things. Like I said, going back to what I was saying, I'm a risk taker. You got to try things. The calculated risk and if they don't work, that's okay. You move on.

Michael: Alright. So that's what I want to leave the audience with as the final question, Ammar. I want to talk about how you take risks; how you limit your downside while maximizing the opportunity for upside. How do you do that? Let's take an example. What was the last deal you did, or last business you tried to incubate, that didn't pan out?

Ammar: Oh, that didn't pan out?

Michael: That didn't pan out. Don't pretend like you didn't have any. We all have them.

Ammar: Let's talk about one that I think is going to pan out.

Michael: Okay.

Ammar: So I made an investment at Identity, which is the online identity e-mail platform.

Michael: Okay. So let's back up for a second and tell people what this is. So, actually, I'm not even sure how I had it, but that's one of the reasons why I contacted you. I went to Chicago.com. I saw that I could buy an e-mail address at Chicago.com. So I could buy Michael.Cyger@Chicago.com. If I lived in Chicago, and I loved it, and I was going to be buried there; and it would cost me like a domain name registration. It would cost me a few hundred dollars a year maybe. I can't remember the exact number. But if I wanted Mike - a four letter username - @Chicago.com, it would be much more expensive. But then when I had it, like a registration of a domain name, I could then sell it to somebody else.

Ammar: You can resell it. Yeah.

Michael: Okay.

Ammar: So, the pricing is entirely up to the domain owner. What I love about the model is, first of all, it's purely a creative revenue. It works with your existing developed site. Whether it's developed or not developed, it's kind of a pure margin on top of it. It doesn't take away anything. We handle all the technology and the platform on the backend.

Michael: When you say we, who is we and what is this business?

Ammar: The investment I made is in with Josh Metnick, who's the owner of Chicago.com. And so, he does everything. His team handles everything. I'm an advisor and I did the angel investment.

Michael: So together you've developed out a technology that allows the monetization of usernames through the e-mail.

Ammar: Right. So, Josh's idea, initially, was just to have it on a few of these geonames. Him and I have know each other for a long time. We were talking and I showed him that this is much bigger than just geos and the opportunity is just huge. And I believe that kind of in the future everything is going to converge on this online identity concept. And so, you'd much rather have Mike@Chicago.com than Mike3785@Gmail.com. It's just more memorable and it's something that you can identify with. Also, it has a lot more credibility when you have a @Chicago.com address, or @Beer.com. Well, Beer.com doesn't give you a lot of credibility.

Michael: I'm going to apply to college with Mike@Beer.com.

Ammar: But you will get a lot of people that, like, wow, cool address.

Michael: Right.

Ammar: So I just think that the opportunity's there to help these people with premium domain names. Especially with parking kind of revenues. Obviously everybody knows they've declined a lot. You're always looking for new ways to make money. So if you have these premium names, then you can make money. Even if you have a fully developed site, selling e-mail addresses on your site actually will help build your audience. It'll make your asset more valuable. So that's an investment that I think is going to pan out nicely. I definitely had my share of ones that did not work.

Michael: Alright. So, I've got DomainSherpa.com. This isn't the case. I wish. But, they've said, 'Oh, I've got to have Ammar@DomainSherpa.com'. Can I go to At Identity and form a relationship that allows me to then sell e-mail addresses?

Ammar: Yes. And we're going to be probably doing a value out of selling subdomains as well.

Michael: Interesting.

Ammar: So I can be Ammar.DomainSherpa.com.

Michael: Okay. Where do I go to learn more about that? Because I'm sure there's a ton of domain owners that want access to that.

Ammar: We're still kind of in BETA, but you can go to AtIdentity.com and you can check it out.

Michael: Alright. And you have a contact form or something there if somebody has interest.

Ammar: Yeah.

Michael: Okay. Great. Alright. So you've placed your bet there. Now, how do you make sure that you're getting enough piece of pie going forward with your angel investment versus limiting your downside?

Ammar: Well, I mean, you negotiate all that upfront. You make your investment. You're getting this much of the business. Also, because I'm a big believer in relationships, I do a lot of kind of handshake stuff and I'm not going to invest into somebody that I don't trust. At least at this point, right? I only would invest with people that I know and people that I trust. Because that's not my business. My business is Thought Convergence. Making sure that I grow this company to maximize everything that it can be. Maximize the potential. So I don't have time to keep an eye on those investments. I just got to invest in people that I believe in and that I trust. And then I just kind of act as an advisor.

Michael: Okay. That makes sense. So if anybody's looking to get Ammar to invest in their idea to go forward, get to know Ammar first.

Ammar: You got to get to know me first.

Michael: Alright. Excellent.

Ammar: And don't forget to tell people I'm going to start blogging pretty soon.

Michael: Well, that's what I was just going to ask you. So if somebody wants to follow you, Ammar, see what you're up to, see what you're working on, or what you're thinking about, what's the best way they can do that?

Ammar: I've been wanting to do this for a long time. I'm finally going to probably launch my blog this summer. So I'm going to launch it at AfterThought.com. So, hopefully, like I said, I'll be launching it this summer. I have kind of a coming soon page on there now. You can go there, put in your e-mail address, and then I'll send you an e-mail once it's live, So I'm really excited about that because part of what we talked about is I really do want to share knowledge. And also, I just kind of want to say what's on my mind sometimes. Even if nobody is listening. It just feels good. I'm sure you know.

Michael: I'm sure you're going to have a lot of people listening to, Ammar. So go to AfterThought.com, which is a play on Thought Convergence. Go to

DomainSherpa.com: The Domain Name Authority

AfterThought.com. Sign up for Ammar's newsletter. There'll be an e-mail box on there. You can sign up. Are you on Twitter, Ammar, also?

Ammar: Yeah. It's @AmmarKubba on Twitter.

Michael: Alright. And you're actually going to post something to Twitter soon.

Ammar: Yeah, I will. Right now I think I've got three tweets ever. It takes a lot of time to blog. I don't know how you guys do it. But I'm excited about trying my hand at it.

Michael: Excellent. And we're all excited about it too. Ammar Kubba, CEO of Thought Convergence. Thank you for being a domain sherpa, sharing your tips and tactics about domain names, and helping other becomes more successful domain name entrepreneurs.

Ammar: Thank you very much, Michael. Have a good day.

Michael: Thank you all for watching. We'll see you next time.

Watch the full video at:

<http://www.domainsherpa.com/ammar-kubba-thoughtconvergence-interview/>