

A Drop Catching Programming Expert Discusses the Domain Name Expiration Process - With Chris Ambler

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If you want to know how the domain name expiration process works in detail, this is the show you want to watch. We talk about domain names expiring, domain names that have auction partners associated with registrars, the best drop catching services to use. It is all in today's interview. Stay tuned.

I have three sponsor messages before we get into today's show.

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Michael Cyger: Hey everyone. My name is Michael Cyger, and I'm the Publisher of DomainSherpa.com - the website where you come to learn how to become a successful domain name entrepreneur and investor directly from the experts. I bring on experts, people I call Sherpas, to teach us through interviews, panel discussions, and tutorials. When you learn and advance

your experience and skills and make sales, I hope you come back here and do an interview like today's guest is going to do.

Today's Sherpa brings a wide knowledgebase across many subjects in the domain name industry, but today we are going to focus on the life cycle of domain names. In particular, what happens at the end of the life cycle, why some domains drop and are available for hand registration, and why other domains automatically seem to go to auction and sell for between tens of dollars or tens of thousands of dollars.

I would like to welcome to the show, Chris Ambler, currently a Principle Software Architect at the registrar, GoDaddy. Welcome, Chris.

Chris Ambler: Hi, how are you doing?

Michael: Great. I should preface our whole conversation by saying that I am interviewing you, Chris, the person who is an expert in many technical and political topics related to the domain name system, and you are not representing the views or policies of GoDaddy. Is that a fair statement?

Chris: I appreciate that.

Michael: All right, excellent. In preparation for this show, I did a ton of research on you, Chris, and I found some really interesting information. I am not sure if a lot of people have known you in the past, so I want to chat a little bit about your background, which will then give people an understanding of why you can talk about the domain name life cycle, which is going to be the focus of today's interview.

So, you are a programmer by background. We talked about your role at GoDaddy, but your programming dates back to the early Commodore PET, the PET computer days in the '70s, just like me. What is your earliest memory of learning to program?

Chris: Actually even before that. My uncle worked for the telephone company, so I would occasionally go into work with him and he worked at a

central office, where they had old PDP computers. I remember playing that tech Star Trek game on a terminal.

Michael: Really?

Chris: On a printed terminal, where you would get the running printout as you were doing things, and this was in the '70s, when I was single-digit years old.

Michael: Yeah. Yeah, that is phenomenal. All right, and so you learned on the early days of the personal computers. You went on. Practiced programming. Previous to GoDaddy, you worked at eNom, which became Demand Media, and you spend some time up here in the Seattle area at Microsoft as well.

Chris: Yeah, I got out of college around '97. Did not really want to, but I was getting married at the time and my fiancé said, "No, you are done," and floated my resume. Microsoft made the best offer. Moved up to Seattle. Ended up spending 17 years there.

Michael: Wow. All right, and every programmer that I know has an umbrella company that they use for launching all of their myriad of projects. We get ideas. We think we can solve something. We launch a project. Your company was called Image Online Design, or IOD. And in doing research on IOD, I found that IOD was the first to put in a request to run the .WEB top-level domain back in 1995. Is that correct?

Chris: Yeah, it was actually '94 that we proposed it. We were actually the first to commercially propose a new TLD at all. There were about seven or eight people who had expressed interest, but we were the first to come along and say well, we can actually do it. .WEB was one of them along with a couple others. And honestly, it almost actually almost happened. John Postel basically said show us rough consensus in running code, we built a registry, and just as it looked like there might be some new TLDs in 1995/1996, that is when the U.S. Government stepped in and said wait a minute, this is bigger than all of you put together.

Michael: Yeah. So, I want to chat a couple of minutes about that because you talk about vision in the domain name industry for people that are able to spot domain names that have a high value, but they spotted it 20 years ago. That is what you did. If you are looking at all the new top-level domains, I think arguably people would say the most expensive real estate will be .APP because there are just so many apps. The whole app economy took over, and .WEB, which is still I believe in contention. What gave you the idea to want to run .WEB back in '94 and earlier time period?

Chris: So, I started doing web design in '94/'95, when it was brand new, and I kind of saw the value there. I saw where it was going to be going. A lot of people were thinking this is just going to be online brochures, and it was quite clear to me that we were going to have more away. Being a William Gibson fan at the time, I had the whole Cyberpunk vision in my head.

So, we started doing websites. That is what Image Online did. We did websites for auto dealers, for local businesses. Being in a college town, where everybody was on the Internet, there were actually a lot of people who could use a website. One day, I am writing a check to Network Solutions for three thousand dollars for 30 domain names, because back then it was one hundred dollars for two years. It was 50 bucks per year. You had to pay in two-year increments.

Michael: Right.

Chris: I am writing this check and I am thinking okay, this is idiotic. I can run a zone file just like the next guy. Why don't I just create my own .COM zone file and we bifurcate the thing? And then I start thinking about DNS and I am thinking no, that is not going to work. It would have to be a separate domain. And then, at that point, who cares what it is? I just shot off an email to John Postel and Diana and said, "This is ridiculous. I would like to run my own top-level, but there is no facility in the registration template to say I want to be at the top level, not at a second level."

And he came back and said, "Oh, you noticed that, did you?" And so, he said, "Well, which one would you want to run - just I am curious -, and we can work on this." I actually came up with .AUTO, .CAR, and .WEB, because we

had been doing a lot for auto dealers. And actually I proposed to a couple the auto manufacturers. You want dot whatever your brand is.

Michael. BRAND.

Chris: So, I came up with that too, and I had no clue what I was talking about.

Michael: Right. Exactly, because they barely understood the web at that point.

Chris: Right. Right.

Michael: Yeah.

Chris: So, that is where it all started.

Michael: So, you started the conversation, but there was no formal application process like ICANN set forth in preparing for the latest round of the gTLDs in 2012. What happened to your application between when you put in that request in 1995 and then, in 2012, when a bunch of companies put in an application for 2012?

Chris: Yeah, so I will compress a lot of stuff. The TLDR version. So, in the early '90s, it was proposed that there would be a modest two-thousand-dollar application fee to cover costs. We put together the application, which was based on the initial domain registration template that Network Solutions was using. Network Solutions, which later became VeriSign. We enclosed a check and put it in an envelope. Gave it to John, who said, "I am going to put this on the stack of papers for when the time is right to start doing applications."

And we asked him. We said, "Can we give this to you now so that we do not waste time, and this establishes some priority."

Michael: Right.

Chris: And then he said sure. After the government came along, the envelope was returned to us. John Postel claimed that he never knew what was in the envelope and we slipped it into a stack of papers, yet his note returning it said, "With the government being involved, your applications is being returned." Well, if he did not know what was in it, how did he know it is an application?

Michael: Right.

Chris: And there have been court cases and this came out in court. So, in 2000, ICANN had their round. We applied for .WEB. So did Affilias. So did NewStar. Affilias, as we know, was given .INFO. NewStar was given .BIZ. Nobody was given .WEB and Vince Surf went on the record, and you can always go back and watch the videos. He said, "We may not be approving IO Design today, but I am not comfortable giving .WEB to anybody else because they were the pioneer." Anybody who applied in 2000 would be considered application pending, not denied, so we are approving these seven. All the rest of you, you are still pending. Let's see how the seven go and we will revisit it later."

And so, some 12 years later, after touching every continent except Antarctica, going to every ICANN meeting, they came along with a round in 2012, or when they started that round, and they essentially said everybody who applied in 2000, been nice knowing you. Please go pound sand.

Michael: Yeah, and you decided at that point not to put an application in, in that round.

Chris: We chose that because ICANN said if you apply, you must sign this waiver saying you have no rights from the previous round.

Michael: Right, and you were not willing to do that of course because you had been through so much.

Chris: Sure seems like for me.

Michael: Yeah, of course. And so, I went to ICANN's website yesterday because I could not remember what the status of the .WEB top-level domain is and it looks like it is in some sort of locked state. I cannot remember the number. It has probably ten or 15 applicants, one of which I think is a holding company for Google, if I am not incorrect.

Chris: Google is involved. I believe Donuts has an application in. I mean there are a bunch.

Michael: There are a bunch, yeah.

Chris: It was of the opinion it was going to go for the most money in the ICANN auction of last resort because I do not think those guys will agree amongst themselves. With the 41.5-million-dollar .SHOP sale yesterday or a couple of days ago, I think it might be second most. I think that 41.5 million might shock some people into more rational valuations, but I still think ICANN is going to collect upwards of 25 million dollars for it.

Michael: Yeah, wow.

Chris: I would like one percent, please.

Michael: Right. Well, I hope that it works out for you, Chris, because you had the vision. You got your paperwork in early. I hope that somehow it can come around to you. We are going to talk about your programming prowess and I am going to ask you kinds of things that you have worked on, but clearly anybody that has done web design since the early '90s and then understands the domain name system enough and has the vision, clearly you have got other projects. You have worked with other companies. Do you currently operate Image Online Design? Even though your current role with GoDaddy, do you do other projects on the side as well?

Chris: I do other projects. Image Online is kind of mothballed at this point because .WEB was its thing. I actually formed an LLC with some friends called Insider House, which was our way of doing our personal projects and some consulting on the side. They say that agreements among friends are great, especially when they are in writing, so we created the LLC just to be

safe. But yeah, I stand up websites all the time. I am actually known for putting up a spoof website when something interesting happens. I have put up fake election websites in the past. I actually registered

Douchebag.Republican and Douchebag.Democrat, and it is my plan in the next couple months to put up some user-generated content argument sites.

Michael: Nice.

Chris: Again, for the fun.

Michael: Yeah, totally. All right, so I will put a link down below to your website in case people want to check that out. Is that at InsiderHouse.com?

Chris: Yeah, although there is not a heck of a lot up there. I mean it is just a name that we use. But I mean if anybody wants to contact me, you can find me on Facebook, on LinkedIn, and my personal email is Chris@Ambler.net. You can always get me.

Michael: All right. So, Chris, let me ask you. What is the most interesting software problem that you have ever been tasked to solve?

Chris: That is an easy one. In 2003, I was looking for something interesting to do and Paul Stahura, the guy who founded eNom. We were just talking and he said, "Okay, I have an impossible problem. I think it is impossible to solve this thing. Give it a shot." And that was the domain name drop. He had started a thing called Club Drop at eNom and they were looking at writing the code to pick up dropped names at VeriSign, mostly .COMs and .NETs. In fact, mostly .COMs and then .NETs. And he wanted to do better than everybody else.

Michael: So, let me put this in context here. Paul was running with his partners, eNom.com, which is a registrar. So, they were selling domain names, just like a supermarket would sell whatever domain names, .COM, .NET, .ORG, on down, and he started ClubDrop.com, which was a paid service for individuals, or was he using it as the registrar to grab domain names for eNom's holding company?

Chris: No, it was a service offered to customers of eNom. So, Club Drop was like the service mark for the product. I mean the business model on dropping names has changed so many times. The initial business model was you pay a fixed amount of money to be in the club, which allows you to say what names you want. The software would go for those names and if it got it, you would pay a flat fee. There was not even an auction back then. It was whoever asked for it first.

Michael: Right. Simplicity is great, right? So, how many people are asking for them at the time? If you want a domain name, you put in your request, and if you are the first to put in your request and they grab the name, then you got it.

Chris: Exactly.

Michael: And so, what was the problem? It sounds like they had Club Drop before Paul asked you to start working on this.

Chris: So, there were many registrars who were trying to get the names and Paul essentially, like any good businessman, said, "I want the most. I want to pick up more names than my competitors. It seems to me that this is a technical problem to solve. How do you get more names than the next guy if you both have the same resources?"

Michael: Right.

Chris: And that is exactly what it turned out to be. It is what is called a scarce resource problem, where everybody playing has essentially a level playing field. But if you know what the rules are and you can I do not want to say game those rules, but figure out the optimal way to use the rules, you could do better than the next guy.

Michael: And so, were you able to figure out the rules and do better than all of eNom's competitors to ClubDrop.com?

Chris: I was.

Michael: You were. How long did it take you to solve that problem?

Chris: Initially it took me about four months to figure out what was really going on, and then a few more months after that to confirm that my suspicions were right, write up the code, and have the first version running. After that, I spent essentially the next ten years refining it. I mean I did plenty of other stuff at eNom, but I ended up working at eNom. What happened was after a while, I solved this thing and it was working great, and I said to Paul, "Hey, what is next?" And he said, "You being an employee is next. You are not a consultant anymore."

And so, I ended up spending ten years there and refining it. VeriSign changed the rules, sometimes on a weekly basis. I am firmly of the opinion that there were guys at VeriSign who knew what the registrars were doing in terms of trying to figure out the drop and they would change the rules occasionally and laugh.

Michael: Yeah. So, how much of you figuring out how to solve the domain name dropping problem was actual coding and how much was it sort of social engineering, getting to know people at ICANN, and figuring out how the system really worked so that you could program a better solution?

Chris: It was 98 percent technical. Two percent social. And the social was usually asking somebody at VeriSign. Hey, I noticed X, Y, and Z. Is that true? And gauging their response when they would always say cannot tell you, especially with ICANN. There is a rule that if a registry tells a registrar something of a material nature, they have to publish it for all to see. So, when I would say hey, I am noticing this bandwidth issue during the drop, they would often come back and say no comment, or they would come back and say okay, I can tell you what is going on, but keep in mind we are going to have to publish a notice to all registrars: be aware of X, Y, ad Z.

Michael: Yeah.

Chris: And then, at that point, sometimes I would say: "How about the weather," because then I would know I was on to something and keep it from

being disclosed. I would say you know what. Never mind. This is not really an issue. But coding it was the hard part.

Michael: Why was that so hard?

Chris: Well, it is black box development. You would write your code. You would run it against the registry at the drop. You only get to test your code in production once a day because there is only one drop. Analyze the results, figure out what you might have done, and then change it the next day. It is test and measure. How well did I do? Maybe you have to look at your competitors. How well did they do? And being a case where you do not know what is going on, on the other side, you cannot just take one reasonably good day and say I have cracked this nut. I mean you need weeks and months of data to see do I have a trend. I mean there might be a day when your competitor is offline because of the network error.

Michael: Right.

Chris: And you think oh my goodness, my change yesterday is succeeding incredibly. No, your competitor was just off the air.

Michael: All right. And the drops have changed significantly since the very early days, when you solved this problem. So, what we are going to talk about in this interview is what is the current process, what are the factors that can change from registrar to registrar, and then what happens at the end of drop and ways that investors and entrepreneurs can go in and look at it, because I get contacted all the time. Not only by investors who say I am watching this domain name. I want to see what happens to it, but entrepreneurs who may have the .NET, the .IO, or whatever, or a hyphen, and they want to get the .COM and they see it is coming up for auction, but they are not really sure of the process. Most of the time, I help them realize that it is actually not going to expire, that that previous registrant is just going to renew it, but we are going to talk about those different functions.

So, Chris, I want you to bring up, in your own window, if you have that ICANN domain name life cycle graphic. I am going to embed it underneath our interview so people can just scroll up on the page and look at the graphic,

but I want to walk through each of these phases and just get an understanding of them. They start off pretty understandable. A domain name is available to start.

Chris: I am bringing up my secondary monitor.

Michael: Whoa. Okay, cool. A domain name is available. So, I want to buy MichaelCygerRocks.com. I know. We could talk about .ROCKS. I should preface this by saying the graphic that we are going to talk about is a gTLD graphic. It applies to .COM. It applies to .NET. It applies to .ROCKS. It applies to .CAR. It applies to .SHOP. Any gTLD is what this graphic applies to. It does not apply to country code top-level domains.

Chris: For the most part. There are a few that try to play by the same rules.

Michael: There are a couple of country codes that try to play by the same rules as the gTLDs?

Chris: And some are close, but they are not mandated to. They make up their own rules.

Michael: Great point. So, we are just talking about gTLDs - .COM, .NET, .ORG, .BIZ, and then all the new ones. .AUTO. .SHOP. .APP. All those new ones. Okay, so a domain name is available for registration. I go and I pay my ten dollars at GoDaddy or 14 dollars that GoDaddy.com or UniRegistry.com, or any registrar in the world, and that becomes now registered, and you can register a domain name. So, that is the first phase. Registered for between one and ten years, ten years being the maximum, one year being the minimum.

If I choose not to renew that domain name, it then, one year later, goes to expired status. What happens in expired status, Chris?

Chris: Technically nothing. When it hits that time, the big thing that happens is the other guy who wants it gets excited.

Michael: Right, because they do a WhoIS lookup and they see expired today's date. It is like yes, I am going to get it.

Chris: Right. So, if you have auto renew turned on at any registrar, theoretically you never hit that date because they auto-renewed it a week or two or even a month ahead of time. They want your money. And if they renew it a month ahead of time, that is fine. You still get the month that you paid for at the end of your first year. It just extends that date out by a year. When that date actually hits, most registries will do what is called a presumptive renewal. They will bump the year up anyway. Now, at the registrar, they know that the name has expired and their Terms of Service will kick into play, but the registry might say we are going to presume that it is going to be renewed and kick the year. That keeps it from actually expiring at the registry.

Michael: Why would your registry do that? I do not understand why that would be something useful for them to even do since the registrar is responsible for selling domain names.

Chris: Accident of history. Presumptive renewal kept the database from saying oh, I have got to delete his name.

Michael: Okay.

Chris: So, there is a lot of stuff. All these things in life, where you just take it for granted and then you find out why it is really that way and it is like something from one hundred years ago.

Michael: Yeah, because they screwed up something in the past, so they did not want that to happen, so they put a rule in place, or something like that. Yeah.

Chris: Right, but it does not happen everywhere. So, yeah, you might see that the name has expired. You might even come back a week later and see well, wait a minute. It expired a week ago. Why is it still there? And the answer is it is in that zero to 45-day renewal period.

Michael: Right, and in the graphic that is called the auto renew grace period that can extend between zero and 45 days.

Chris: Right, and that auto is that extra year kick. That is where auto is going to come from.

Michael: Yeah, and so during that period of time, the way I understand it, and correct me if I am wrong, is the registrar will actually will turn off all services to the domain name. So, your emails will bounce. Your website will not resolve. If you are using sub-domains, those will not work. They are trying to tell the registrant, the person who has leased that domain name, that it is no longer being paid for.

Chris: So, there is a myriad of things that can happen there. You can make a grid of what is going to work and what is not going to work, and it is on a registrar-to-registrar basis. Some registrars might change nothing. You are still in the zone. Everything is still resolving. Life is beautiful. They are barraging you with emails, saying hey, your name is expired. Are you going to do something? Some might turn it off. Some might send it to parking. Some might turn your mail service off. Some might not. It is really what do the Terms of Service at your registrar say to tell you what is going to happen. And if you are a domain investor, you probably want to know this, but I am also going to say if you are a domain investor, I should hope you never have to find out. You are going to renew your names or not, and if you do not, you do not care. I mean you are going to let the name go.

Michael: Right. Yeah, definitely. And the zero to 45 days has perplexed me in the past, Chris. Why is it so up in the air and who decides whether it is zero days or 45 days?

Chris: The registrar does. So, the registrar can send an explicit delete any time they want. A registrar who does not want to upset their customers is not going to send an explicit delete on day zero.

Michael: Right, because then they have no opportunity to pull it back at that point.

Chris: Well, you can, but it is expensive. But if you issue the explicit delete on day zero, your customer comes back and says hey, I was on vacation. Give

me a break, and the registrar would say well, you could have had auto-renew, and the guy says but I did not.

Michael: It is not a great way to treat your customers.

Chris: Exactly. Exactly. So, that explicit delete might happen at some point, but the registrar might put in their Terms of Service: look, we are going to give you two weeks here. We are going to try to bug the heck out of you and say do you want to delete this name or do you want to renew it. I mean some registrars might say hey, if you want to delete it, let us know and we will delete it. I mean this is the point at which people get emails from other people, saying hey, I see your name is expired. Do you plan on renewing it? If not, can I renew it for you and take it?

Michael: Right. Yeah, some investors have done that in the past. Exactly.

Chris: Yeah, sometimes that works and sometimes the person says, "Oh, really? He would pay."

Michael: Yeah, exactly. So, the zero to 45 days is registrar to registrar. So, if I wanted to know what is the policy at GoDaddy.com, for example, I have to go to GoDaddy.com, scroll to the bottom, look for the Terms of Services for registrants, and then read the section that says how they are going to treat my domain in the auto renew grace period.

Chris: Yes. So, I mean people always complain nobody reads the Terms of Service, and I totally sympathize. On the other hand, they are there and every registrar is going to have them.

Michael: Well, if the people do not want to read it, that is fine. I do not read most of the Terms of Service either, but I am trying to point that out because if somebody is listening to this show or they are watching this show and they are like I do not know how my domain is going to be treated if I do not have auto renew, which I usually do not, and my credit card seems to be bounce and for some reason emails do not get delivered to me. How much time do I have? Go to your registrar, look for the Terms of Service, and read the section that describes how they treat domain names once they move from

expired into the auto renew grace period, because it could be some number from zero to 45 and it is usually not going to be 45 days. And we are going to run through a few explicit examples during this show to show you what happens in that time period, but it is going to be some period of time.

Once it leaves auto renew grace period. So, I am assuming that each registrar is going to set their own policy. So, let's say I run a registrar, ABC. I should not even use that example now that Google owns ABC everything. BDF.com.

Chris: The example that I like to give is I call it Bill's Bait and Sushi.

Michael: Yeah, Bill's Bait and Sushi runs a registrar and I set the policy at five days, let's say. The auto renew grace period. Five days. So, I am going to program my registrar so that on day five I am going to issue that explicit delete command.

Chris: Yes.

Michael: Okay, that is the way it works.

Chris: And when that happens, you have got that domain life cycle graphic. What that does - I am looking at it here - is it is going to advance the arrow to redemption grace period at that point.

Michael: Okay, which often is referred to as the redemption grace period (RGP). And at that point, that moves the domain name from renewal or potential renewal. I am not even sure what the ICANN status flag is for auto renew grace period.

Chris: Yeah, I am not sure what the flag is either. It is expired at that point.

Michael: But then it moves it to this redemption grace period, which is also known as pending delete.

Chris: No, it is known as redemption grace period.

Michael: Redemption grace period.

Chris: Pending delete is going to happen next.

Michael: Okay, so redemption grace period. I am looking at this ICANN graphic with my bad eyes and it is saying AKA pending delete - restorable.

Chris: Yeah, I am looking at that too and they should not have done that because pending delete all by itself means something else. Look at the next arrow.

Michael: Yeah, pending delete. Exactly. Okay, so let's just call it redemption grace period. I am glad I ask you because then people might get confused if they are reading the graphic or not. Redemption grace period (RGP).

Chris: RGP. It is 30 days.

Michael: 30 days. What happens during that 30 days?

Chris: Nothing. It sits there. It is out of the zone, and it just sits there for 30 days, waiting to see if anybody is going to do anything.

Michael: Out of the zone. So, if I do a WhoIS lookup during that RGP period, I will not see a WhoIS record.

Chris: You will see a WhoIS record. When I say out of the zone, I am speaking specifically it is out of the DNS zone. It will not resolve.

Michael: Yeah, okay, and I can do a WhoIS lookup and it will say something like redemption grace period or something like that, and it is 30 days. So, ICANN is basically saying registrars, you can do whatever you want in the auto renew grace period. You can decide if you want it to be zero days or 45 days, but once it hits this redemption grace period, we are going to mandate that you just sit on it for 30 days. And why would ICANN want to mandate registrars to do that?

Chris: Because enough people complained that registrars either deliberately or not deliberately accelerated any auto renew and it immediately went to

dro, and boom, it was gone. Somebody scooped it up. Consumers, to some degree, complained hard enough to ICANN: we want some kind of speed bump, and so this is the speed bump.

Michael: Yeah, and so let's say I am Ben's Bait and Sushi registrar. I register a domain name for a year. I leave the face of the earth. Head up to Iceland. I do not get any signal. They cannot auto renew. It goes through their, say, five-day auto renew grace period. Then we enter the 30-day redemption grace period. I come back from vacation on day 28. I have two days left on the redemption grace period. Is there a way for me to get that domain name back if I really want it?

Chris: Absolutely, because in that 30 days, you can say I want it back and you will experience sticker shock.

Michael: What do you mean?

Chris: Well, the registry is going to charge you money, which is passed on to the registrar to pass on to you. Registrar is going to tack on some money because there is a bit of overhead involved in getting a name out of RGP. And the cost is high enough that it dissuades people from using it as a safety net. It was never intended to be a safety net like that. So, you could be looking at upwards of three hundred dollars to get the name out of RGP.

Michael: Okay, and some people may be thinking wow, Chris, it is going to be exorbitant, but then you just threw out three hundred bucks. If I am operating a business, three hundred bucks, like yeah, I should not have let it expire, but I am playing that three hundred bucks to get my website back up and running today.

Chris: It is a life tax.

Michael: Yeah, it is a learning lesson. So, a registrant can renew the domain name all the way up to the redemption grace period exit, which is 30 days for that for that portion of the graphic. And they should contact their registrar to find out what the process is, who is then going to have to go to the registry to implement it. It is a manual process, so they have got to hustle to get it done.

Chris: It is not quite manual. I mean everything these days is automated, but there are other hoops that have to be jumped through, and the price reflects that a little bit, but it also reflects the fact that they do not want people letting things getting to RGP.

Michael: Right. It's a fail safe, not a safety net. So, once you exit the redemption grace period of 30 days, the graphic says it moves into pending delete for five days. What happens during that phase?

Chris: So, that is the phase that I always like to say only God and a court of competent jurisdiction can get the name out.

Michael: Somebody at VeriSign knows what happens for that in .COMs.

Chris: Yeah, well, the point being that I can count on one hand the number of times I have seen a name enter pending delete and not drop. There have been a couple times where it got there by mistake because a name had been stolen. Couple times where a court did come along and say whoa, hang on a second. Trademark arguments and such. It happens so rarely that I can remember when it happened.

Michael: Yeah.

Chris: During that five days, the name essentially sits in limbo, pending being dropped.

Michael: So, it is just another five days for the domain to sit in limbo. An act of God could pull it back out of pending delete, but it has got to be significant and it is most likely going to drop. So, it allows people, once they see a domain entering pending delete, to prepare for the drop at the end of that five days.

Chris: Correct. You know it is going to drop.

Michael: Yeah, okay. And then, at the end of that five days, the last phase is released. The domain name is available. I could go to Ben's registrar and type in the domain name and register it.

Chris: Yeah.

Michael: Technically.

Chris: You know you just opened up a can of worms.

Michael: I know.

Chris: So, in the perfect world, sure.

Michael: All right, and now we are going to talk about why there is not a perfect world in so many cases. All right, so let's walk through this. So, I want to walk through three scenarios with you, Chris, and I want to pick some registrars because they are popular, a lot of people want the domain names at these registrars, and then we are going to use them as an example that other people can learn from.

And the three registrars that I want to walk through are Uniregistry, which currently does not have an auction partner, and we are going to talk about why that it is important and walk through the process. Then we are going to talk about GoDaddy, which is the largest registrar in the world. Not because you work for them. Just because they are the largest I want to talk about it, because they have their own unique process by which domains go to auction. And then I want to talk about Network Solutions because they have some of the oldest domain names in existence and many of which people want and they are partnered with NameJet. And then I will share a resource that allows you to then look at any registrar and try and figure out which ones are like these and then how the drop works.

So, I want to walk through, day by day, what happens to a .COM, which is just an example. We could talk about any gTLD, but we are going to just use .COM as an example right now at Uniregistry, which I verified before this interview does not have an auction partner on the day of this interview. I

should also point that auction partnerships change. Relationships in the industry change. If you are watching this show two years after it first aired, you should verify the data or ask a question in the comments and I will try and clarify it.

Okay, so Uniregistry. I go to Uniregistry.com a year ago. I register a domain name. I register it for one year. The registration is coming up for renewal. They are of course going to send me emails if it is not on auto renew and ask me to renew it. Once it hits the expiration date of the domain name, it enters the auto renew grace period. Do you have any idea how long that grace period is for domains at Uniregistry?

Chris: I do not know off the top of my head. I mean I can go off and look at every registry and see how long they do it. I have not put that in my brain only because I am not a domainer. I made the conscious choice ten years ago not to be a domainer since I was working on the drop software. I really have a hard time with conflicts of interest. I do not like them. Very easy for me just to say I cannot have one because I do not play.

Michael: I appreciate that. I went to Uniregistry and I looked it up, and I read their Terms of Service and I believe unless I am incorrect that their auto renew grace period is 30 days. That means that for 30 days Uniregistry will hold my domain name. May or may not turn off services or what have you and will try and get in contact with me to renew that domain name.

Chris: Right. So, all the stuff that they do on their end is their choice, and what that is telling you is for 30 days they will do nothing with the registry.

Michael: Okay. And then, once that 30 days auto renew grace period at Uniregistry expires, it then goes to redemption grace period for 30 days.

Chris: Correct.

Michael: So, again, what happens during the RGP period for a domain name at Uniregistry?

Chris: So, what they do on their end, again, will be in the Terms of Service and they will say what they are going to do. When that 30 days is up, they are going to issue an explicit delete to shave off that extra 15 days before RGP. When it hits RGP, it is going to go out of the zone. Whether they have it in their zone or not now becomes a technical issue. And on a registrar-to-registrar basis, different things can happen at the DNS. Caching might keep it live for a couple days even though it is not in the registry anymore. None of this should really matter too much if you are a domainer, if you are an investor, because at this point, if you are experiencing these things, I am going to presume you do not care. You have let the domain go.

If you are freaking out right now, you are going to go renew it and it is going to be resolving the next day. So, what each registrar does on an individual basis technically in the DNS: do not concern yourself.

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Michael: Yeah, okay, and then it goes for five days into pending delete. Then, at the end of pending delete, correct me if I am wrong, Chris, the registry

then removes the entire domain name from the registry zone file and anybody can go to a registrar and register the domain name.

Chris: Correct, and this is all presuming that, as we are talking about Uniregistry here, there is no auction partner, so they have no intention of doing anything with the name other than shepherding it through this process.

Michael: Exactly. All right, and Uniregistry is a relatively new registrar, so maybe they will change their process in the future, but this is the process today. Now let's run through Network Solutions. I said GoDaddy we are going to run through second, but I think it makes sense to talk about Network Solutions next because a lot of the great domain names that are registered in the '90s were at Network Solutions because they had a lock on the .COM registration process. I went to Network Solutions and I read the Terms of Service and I tried to find out how long that auto renew grace period was, and I thought they said it was 35 days. Let's just say I am not a lawyer, but I am close to a rocket scientist, but I still did not have a good idea of what the auto renew grace period was.

I thought it said 35 days, but then in doing more research and looking at domain names that were listed on their auction partner, I thought that it actually goes to auction at about day 35. So, let's work our way back from that, Chris. If I see a domain name that expired at Network Solutions that is going into an auction at NameJet, which is the auction partner for Network Solutions at day 35, how many days does that leave for each of the phases before it goes?

Chris: Well, and it can get confusing because you are posing this as an either or. It can be both. So, they could send it to auction the first day if they wanted to, and they could say you have got 35 days in the presumptive renewal phase. You have 30 days in the RGP, but on day one we are going to send it to auction and somebody is going to bid it up and on day six maybe we are going to close that auction and somebody has won the name, but they do not get that name yet. They cannot transfer the name to them because you are still in these periods. It is entirely possible for the auction house to say this is the guy who is going to get it should it make it all the way to the end here.

So, you could see that it goes in at day 35. It goes into RGP at that point, the auction happens, we wait for the end of RGP, and they say okay, the guy did not use the redemption grace. We are going to pay the money to renew it as the registrar and then, according to our Terms of Service, that allows us to now go to the guy who won the auction and say here you go. The name never went into pending delete and it never dropped.

Michael: So, let me ask you this then, Chris. If I run a registrar and I set my auto renew grace period to zero days, as a registrar, I have to hold that domain name. I can sell it, but I cannot actually deliver it to anybody else for the full 30-day redemption grace period. Is that correct?

Chris: It is going to go through redemption grace. Now, this is an agreement with ICANN that actually I would want to go back and look at again. This is one of the few places where I have not looked at it recently and I am not one hundred percent sure that I am right. I am pretty sure it has got to go through the whole thing. There may be an out where they could say in the Terms of Service: on day 20 of RGP, we reserve the right to give it to somebody else and you cannot argue with us. That may be the case. I am actually not sure because I have never bought a name. I deal more with the technical side of it.

Michael: Right, which is what I am trying to get into. This technical side. Just by listening to this show, you can hear how confusing it is if you have a technical person like yourself, who has worked with the drop in the past, and somebody who is not afraid to read legalese and it is still not clear to both of us after going through this exactly how many days it is. But I want to take a step back and say that what are these auction house partners for anybody that does not understand what the process is. Let me put it in a nutshell.

There are basically auction houses that will take domain names and auction them to the highest bidder. They use that technology with a registrar who wants to partner and then sell the domain names. And so, if a registrar says we are just going to go through the process and let the domains drop like normal, that is fine, but some of these registrars realize that these assets could have value, especially the ones that are really old. And if we partner with this auction house, then we can take the domain names at some part of the after expiration, have the auction house auction them off, and then, at the

appropriate time, we will deliver the domain name to that new buyer if it comes to the point that the registrar is allowed to deliver that expired domain name to them.

Chris: Right, and this is where we want to point out that it is a zero sum game. Whichever registrar is the registrar of record for that expiring name, they get to choose how this is done. They get to choose which auction house they use. I mean theoretically, they could put it at all the auction houses and say whichever one gives us the biggest bid we use. I do not think anybody does that.

Michael: No.

Chris: But at the end of the day, it is the registrar who gets to make that decision. What is the disposition of this name?

Michael: Right. I will put a link below, but if you go to Google and you type in auction partners of domain name registrars, you will see a matrix that I maintain on Domain Sherpa that shows the largest registrars around the world and if they have an auction house partner, who that partner is. So, you will see Network Solutions on the left is partnered with NameJet, and you will see that Mark Monitor, the company that does domain name registrations for large companies, does not have a domain name auction partner. There is none. So, if a domain name expires, it just goes through the regular expiration process. And you will see Moniker uses SnapNames and you will see Name Scout uses Pool.

And then a bunch of people have asked questions like who does so and so use and who does so and so. And likely if they are small registrars, they have not built a way to auction off domain names with any large auction house, so they probably just followed the regular expiration process.

But back to the spreadsheet that I had put together here. It looks, and I was not able to verify this before our interview, Chris, that at about 35 days in, after an expiration date for a domain name that is at a registrar that partners with NameJet, like Network Solutions. At about 35 days after expiration date, it goes to auction if there is more than one bid on the domain name. If there is

only one bid and the auction partner is able to secure the domain name, then that person will likely get it for the 39 dollars or 69-dollar price at NameJet, depending on the type of domain.

Chris: A lot of places just call that a backorder.

Michael: A backorder, right. And if there is more than one bid, like say there is 60 bids on it with that minimum 69-dollar bid, then it actually goes into an auction process at NameJet for three days. And I am trying to generalize. There are a lot of rules here where no one person can say that every domain name will ever work that way because the registrar decides. It may go through their automated process, but then they may actually want to pull it back for some reason. Not in the case with Network Solutions, but I have heard of registrars actually pulling back domain names that they want to maintain in their own portfolio of high value domain names.

Chris: Yes, that can happen.

Michael: That can happen, or they can do like a sweetheart deal with somebody that they know through business dealings and they can sell it themselves, or they can let it go through their auction partner, Network Solutions in this case with NameJet, and then auction it off. So, a lot of things can happen. If it is a medium domain name, it is not a crappy domain name and it is not an ultra premium domain name, it is likely going to go through the Network Solutions to NameJet auction and be auctioned off, and then delivered.

Chris: Yeah, and remember there is always the back channel. You see a name that is up for auction. You know it is in RGP. You see that the top bidder has bid five thousand dollars. You would like the name for three thousand. Find out who owns it. You contact them. You do not tell them there is a five-thousand-dollar bid at some auction house and you say hey, I will give you three thousand dollars for this name. It is a lot more than I would normally pay, but this, that and the other thing. And the guy says three thousand dollars. Yeah, awesome, having no clue that somebody is on the hook for five thousand should they let it go.

Michael: Yeah, exactly, and that is why WhoIS historical tools, like Domain IQ and Domain Tools, comes in of value, because then you can go in and look up who actually owned the domain name prior to it expiring, because often times they will update the WhoIS to say pending delete or redemption grace period and they will list the registrar's name in that WhoIS contact information.

Chris: Right, and then actually getting in touch with that person is often like pulling teeth.

Michael: Yeah, exactly. All right, so that is the Network Solutions piece. And if it enters into auction at about 35 days, we might say that maybe the auto renew grace period is five days and then the redemption grace period is 30 days.

Chris: I am not quite sure I follow.

Michael: If it enters into an auction at NameJet, after 35 days, because I tracked a couple of domain names and it looks like they start auction at NameJet at day 35. Is it fair to say that if NameJet is auctioning it off and able to deliver the domain name at the conclusion of auction, that they would auction it off with a five-day auto renew grace period and a 30-day redemption grace period?

Chris: You could say that or you could say at day 35 they issue the explicit delete and the 30-day RGP begins immediately at the same time that the auction begins. This is a case of, to find that out, you could either ask them, because I mean that is not going to be in the Terms of Service. So, you could ask them and they might tell you, or you could just pick a couple example domains and see exactly what happens. When you do a WhoIS at the registry, you will see what the flags are, and then you can see what state it is in.

Michael: But the redemption grace period is always 30 days you said.

Chris: It is supposed to be always 30 days.

Michael: So, if I want that domain name, I cannot get it before the end of that redemption grace period.

Chris: I believe so, although this is the one place where you are making me second guess myself, so I was not sure. I would actually go back and look and see if a registrar has the ability to say this name is in RGP. Keep in mind there is a way to exit RGP. Pay for the name.

Michael: Oh.

Chris: So, it is entirely possible that they may never allow the name to hit RGP by actually paying for it because in the Terms of Service it says that they are allowed to do that.

Michael: So, wait a second. So, if I am a registrar and I am partnered with an auction house and I deliver that domain name at the end of my stated auto renew grace period, like 35 days let's say, because I want to be a good registrar for my customers who are registering domain names, and then I give to the auction house. They get enough bids on it that it is going to be worth me to renew it as the registrar. I can just renew it right then and then let it start the auction, and I am technically the owner until I deliver it to the new owner.

Chris: Correct, and this is a policy issue that you are making me think what didn't I prepare for in this interview. This is the one thing where you are bringing this up and I am going yeah, I am actually not sure, because I have personally never been in this situation nor have I ever dealt with any domainers that I consult for. I educate them well enough ahead of time that they never get into this position.

Michael: Right. Well, but this is the thing. If you want to get a domain name, you need to understand how that registrar actually works. And it is not the registrar you are at. It is some entirely different registrar likely, because which investors are paying Network Solutions 35 dollars per year for a .COM domain name? Not too many that I know.

Chris: Really.

Michael: Okay, so what I appreciate you bringing up is that there are a multitude of options that can happen. Even though this seems to be defined well, there are exceptions, like somebody can actually renew the domain name during that redemption grace period and potentially pull it out of that and then deliver the domain name at the end of the auction. So, that is an example of Network Solutions. It could be any domain name registrar and any auction house. We can see that that can happen.

Now let's talk about GoDaddy because GoDaddy is a unique beast. They are the largest domain name registrar in the world and they have a lot of domain names there. At GoDaddy, I went and read the Terms of Service and it says the auto renew grace period is eight days. And then I assumed that the redemption grace period was 30 days, and then the pending delete was five days because that is what the ICANN graphic says. But I will include a link to GoDaddy's policy because they are very clear about what happens on each day after the expiration date and they are very clear that an auction can start on a domain name that expires at GoDaddy using GoDaddy's own auction platform on day 25.

Chris: Okay. This is where I say that I am glad I am the technical guy and not the policy guy because it confuses even me. Not to say that this is bad in any way. It's actually politics. ICANN gets involved and makes all of these rules and there are negotiations, and this is what we are left with. It works. It is confusing.

Michael: Yeah, and GoDaddy auctions a domain name and there can be a winner of the auction, and I have heard multiple cases where the previous registrant of the domain name can actually pay the fee - I think it is 60 dollars - and get the domain name reinstated or renewed for another year.

Chris: Yeah, the consumer has protections and the whole concept here is that when it goes into auction, a reasonable person is going to say the odds of that happening are pretty slim. The fact that you have heard of this and it is notable speaks to how rarely it happens. Typically when a name gets to this point, the registrant is going to let it go.

Michael: Yeah, good point.

Chris: And you also have to realize that you cannot wait until one second after the flag drops into pending delete because at that point you cannot get it back. So, you have to, at some point, say we are pretty darn sure that this name is going to be let go, and so we can facilitate its transfer before it gets locked out. And in the unlikely event that the original owner comes and grabs it, that is just the way the system works. You are not going to lose your money. If you put down money for that name, it is not going to be taken from you with a so sorry.

Michael: Right. And if you did win the auction and pay for the auction and it does get pulled back by the last registrant, you get your money back. It is not an ideal situation, but it is not like you are going to lose your money. You may lose access to your money for a few days while they sort it all out, but that is what happens at GoDaddy because they run their own auction house, so they take the domain names that are going through the expiration process. They will auction it off.

If there is nobody that puts a bid on a domain name that is in expiration at the GoDaddy auctions, what then happens at the end of the process, Chris?

Chris: If nobody buys the name, it is going to expire.

Michael: It is going to expire.

Chris: This is true of absolutely everybody. If nobody pulls it back and nobody buys it, the name becomes available again and it drops, and that is where the frothy fun begins.

Michael: All right, and we are going to get into that. So, just to reiterate, what are the differences between .COM and other gTLDs like .NET, .ORG, .XYZ, .TOP, and .CLUB?

Chris: None really.

Michael: None.

Chris: At the fundamental level, all gTLDs are pretty much equal. The new ones that are coming out are having all the rules normalized with .COM. There are differences between the TLDs in other things, like registry premium names, where the registry of these new TLDs can say this name costs a lot of money because it is a dictionary word. You do not find that in .COM because, well, they are all taken.

Michael: Yeah.

Chris: So, those are some differences, but when it comes to the life cycle of domains, they are trying very hard to keep everything normalized.

Michael: Now, how do I, as an investor or an entrepreneur who wants a .IO for my tech startup company let's say? How do I track the life cycle of a country code top-level domain, like .DE or .CN or .NL or .RU?

Chris: Yeah, black magic again. You go read the Terms of Service at the registry as well as the registrar. This is often a case where you might send a support email to your auction house of note and say, "Do you support .IO," and they will tell you we do or we do not because and they might tell you why. So, when it comes to dropping names, for example, there are different rules for country codes that do not apply to gTLDs. One of them notably: we never played in the drop when I was writing the software for .UK because they had rules that said if you slam us in the drop, we are going to penalize you as a registrar. We do not like the drop. We do not like you pounding us, so cut it out.

Many registrars then sold .UK drops at a premium because they had to be very careful. They could not slam. You got penalized for every ad command that failed. So, each CCTLD is kind of different.

Michael: Okay, so go read the terms at the registry of that CCTLD and then the registrar where you want to buy it.

Chris: Right.

Michael: All right, so now let's talk about a domain name that is expiring. It has an auction house partner for the registrar, but it does not get any bids at all. So, we are going to wait. Let's say that I have spotted a diamond in the rough. Nobody else realizes it is a diamond. It goes through the entire expiration process and drops. How do I grab that domain name?

Chris: Okay, so there are two scenarios here that we will take the same time. One is a name dropping and a registrar that does not have an auction partner, and a name dropping at a registrar that does. So, if they do, you could be the only one bidding on it. 15.99. 29.99. Whatever. No auction happens and they say okay, we are going to pull it back before it actually drops and give it to you. In the case where there are no bids and there is an auction partner, at that point, the auction partner is irrelevant because there are no bids, or there is no auction partner. It hits the five-day pending delete. Those lists are published, so we know five days ahead of time what the names are that are going to drop.

And on day six, as these names move through the system, they become available. And the way they become available, if you know anything about database programming, it is like saying select every domain that expires today or that hits that day six today and set its status to available. And they drop an order and that is only of interest to drop catchers, but they drop in a particular order. It starts at 11AM Pacific time, so two 'o clock Eastern US time, and that is whatever daylight savings happens to be in effect or not in effect. It is always two 'o clock.

And then it takes the better part of a couple hours for them all to drop. You are looking between 60 and 80 thousand names a day. Some days have significantly more. Accident of history, and this is kind of interesting. There have been days when the drop did not happen, and I am talking about .COM in this case. VeriSign had a systems failure. Drop did not happen. They said, "Well, we are going to drop all the names tomorrow. We are going to double up." Well, as a result of that, more names are registered on that day. A year from then, when names start expiring, there are significantly more expiring then.

Michael: Right.

Chris: And I call that the power outage baby boom. It is the exact same theory of why you have lots of babies born on the same day. Well, look, nine months earlier, there was a power failure or a snowstorm or whatever.

Michael: Yeah.

Chris: So, a certain number are going to drop on a particular day. The drop catchers are going to attempt to pick up those names for people who want them. So, when you go to an auction house, you can say I do not want to bid on a name that you have a registrar partner for. I want to bid on a name that you do not have a registrar partner for in the event that that name should actually drop. And if the name is going to drop, it is because either nobody bid on it some place else - slim chance, but not zero -, or it is coming from a registrar that does not have an auction partner, so you know it is going to drop.

Michael: Right.

Chris: And then that auction house who is also a drop catcher is going to say all right, we will try to get it for you. And when the name starts dropping, they do what I like to call the world's largest legal denial of service attack, pounding the crud out of the registry with ad commands, trying to get that name. And it is truly first come, first serve. The first credential, the first connection to the registry that gets that ad command in after the name has become available will get it. And when I say commands, these are what is called EPP. It is the protocol by which registrars and registries communicate. You and I do not get to do this. Domain investors do not get to do this. This is a registrar acting on your behalf.

Michael: Right, and so when the news comes out that so and so drop catching service just bought ten more registrar credentials, what does that mean for them?

Chris: An arms race. So, the registries will give each registrar a certain amount of bandwidth. A certain amount of connections with which to annoy them with ad commands. VeriSign started. I think it was we got 40

connections with no bandwidth limiting. Then immediately they saw what was going on, so we were bandwidth limited. Then it was 20 connections with less bandwidth. It got all the way down. I think ten, four. Four is a magic number now. They are essentially just trying to not have to buy more bandwidth for this whole drop thing.

So, what drop catchers would do is they would say okay. Well, I just need more registrars then, because this all aggregates. So, at first, they were going to other registrars, saying hey, I will tell you what. If you let me use your connections to drop catch, I will give you X percent of whatever I sell a name that I catch in your credential for. Then Pool came along with their model and they said you know what. That is not quite fair because that is kind of random. If you let us use your credential, we will give you X percent of every name that we catch because it is a big pool and we will split this up.

So, instead of 20 percent of the value, if I catch at your credential, you get one percent of everything. May or may not be more money, but it is more consistent income I suppose. And if you like that model, you went with them. And so, it got to a point where there was what we called cred proliferation, where the different drop catchers would try to get more and more credentials to try to beat each other, and your success was defined by how many credentials you had, which was how many bullets you could fire versus how good your software was, which was how accurate your gun is. If your gun is really accurate, you need fewer bullets. If your gun is terrible, you need more bullets.

Michael: And if you had a great gun and more bullets, you are going to win the race, right?

Chris: Absolutely, and that is why one day, you saw that eNom all of a sudden had all of these registrars named eNom 491 and eNom 492, eNom 493, and people were going who are these registrars. They were drop-catching registrars. And at the time, it was quite profitable. Now, with more names being held back going straight to auction, not dropping, not quite as profitable, holding on to these registrars, which costs money every year. There is a price to performance curve that you have to look at.

Michael: Definitely. So, let's take the example at Network Solutions. A great domain name is expiring. Let's say it goes over to NameJet. NameJet says it is going to auction. A bunch of pre-bids come in and then the registrar says yeah, let it go. It then goes to auction. There is a winning bidder. NameJet shares some of that revenue generated back with the registrar and then delivers the domain name to the new customer that was the high auction.

Now, if nobody bids on the domain name, then the registrar actually does not release it to NameJet. It goes through the expiration process, and then it enters that five-day pending delete. If I am an investor or an entrepreneur and I am like oh, I just missed my opportunity, I can actually go to NameJet and put in a drop catch bid I guess to use their drop catching service to be the first to grab the domain name once it actually is deleted from the zone file of the registry.

Chris: Correct, but I want to add. You are saying NameJet in all cases here. When a name is going to drop, any advantage to being tied to the registrar of record is gone. There is no advantage at NameJet for drop catching a name at any registrar versus any other, whether they are partners or not. Once it is going to drop, it is going to drop. So, at this point, since it is a zero sum game again, only one drop catcher can get it. It is in your best interest, if you want that name, to put in a bid at every single drop catcher and then step back and wait and see who got it.

Michael: Is that the case at GoDaddy?

Chris: It is the case everywhere.

Michael: GoDaddy offers a service to drop catch domain names, but before it actually enters pending delete, I thought maybe if it does not go to auction and I use their drop catching service, maybe that gives me some advantage to get the domain name without it going through pending delete, and that is not the case.

Chris: Well, it is, but the terminology is wrong. You are not using the drop catching service. What you are doing is you are putting in a back order saying that since you have access to this at the registrar of record, I want it before it

is ever going to drop. There is no difference there between what we have been talking about for the past half hour. Once it hits pending delete, it is no longer a would you go grab this for me and give it to me if I am the only bidder or the high bidder. At that point, it goes from that to drop catching.

Michael: Got it.

Chris: Two completely different things, even though you might use the same software platform, like GoDaddy's aftermarket, Afternic, NameJet, or whatever. They might use the same platform, but it is drop catching at that point. When it drops, everybody is on a level playing field.

Michael: Okay. So, on Domain Sherpa, I have a list of drop catching services. I actually entitled this List of Domain Name Backorder Services. Is that technically incorrect? Should it be called list of domain name drop catching services?

Chris: Yeah. Now, they may also be backordering services, but that is not what we are talking about now.

Michael: Right. Once it has fully gone through the pending delete, that five-day period, and it is released from the registry, the first service to go in and grab it once it is being deleted or once it is available is going to be the winner of that domain name. And this list includes BackorderZone, DropCatch.com. Dynadot has one. GoDaddy has one. Hexonet. NameCatch. NameJet. Park.io for certain TLDs. Pheenix. Pool. SnapNames. Those are all drop catching services that could be called backorders as well.

Chris: Yeah. See, I would play the semantic game and say do not call it backorders because backorder means something else.

Michael: Okay, and I appreciate that. For somebody in the industry, what are you calling it? So, every drop catching service has the same chance theoretically to grab an expired domain name.

Chris: It is a game theory issue, where you can say that if everybody is playing with perfect knowledge, meaning they know how the drop works and

their software is all equally efficient, then your chances of getting that name are one over N , where N is the number of credentials being used.

Michael: Right, but that is not the case in real life.

Chris: No, in real life, the software that everybody runs is of different efficiencies. And as a domain investor, you probably do not have to worry about that too much because like I said, at this point, if you really want the name, if you want to play in the drop, put in your bid everywhere. You have nothing to lose. I do not believe there is a single drop catcher who says if we do not get it, you do not get use of your money. It is not like they say it costs ten bucks to bid, and if we do not get it, you are out your ten bucks.

Michael: So, there are some that say pay us 14.99 or 49 dollars, or whatever that drop catch order is. If we do not catch it, then you can use that for another drop catch in the future.

Chris: Right, and I mean that works fine for me, especially if you are going to be going after a lot of names.

Michael: But it does not work fine for me, especially if I am not going after a lot of names or their service is just really bad and they are never going to catch anything for me.

Chris: Yeah, in that case, you have made your business choice.

Michael: Right. Okay, so there are some that do that. There are others that say free backorder with a credit card on file. And then, to your point, you are saying everywhere that offers a free drop catch backorder, do it because it cannot hurt you. If they do not get it, they are not going to charge you.

Chris: Right, but keep in mind that most of them have Terms of Service that say, like with a credit card on file, should you be the only one to order this name and should we get it, you are on the hook to buy it. You cannot then say oh, no, forget it. So, if the cost is 60 bucks and they catch the name, expect your card to be charged 60 bucks and you to get the name.

Michael: Right. Yeah, exactly. But for example, GoDaddy. It is \$24.98 if they successfully catch a .COM, and you prepay that to start with.

Chris: Okay.

Michael: And then there are others like DropCatch, which is a free backorder. And then, if they successfully catch it, then it is 59 dollars. So, go to Domain Sherpa. I will include a link down below that includes that list. And again, just like you did, Chris, that is not the right terminology. You should not call it a backorder. You should call it a drop catching service and their fees. Please let me know in the comments because I want to correct those as well.

Chris: A lot of places might call it a backorder because that is the business name for it, which is fine. When I am being semantically ornery here, I just want to make sure that everybody watching this understands what is going on. Call it a ham sandwich. You are either getting it before the drop or you are getting it after. Just know which one you are playing.

Michael: Now, how can I, as an investor that is new to the industry, figure out who has got the most powerful, the most efficient - I hate to use the gun terminology, but the most efficient gun and the most number of connections? Which one of these drop-catching services is actually going to be the best to grab it? Is there any way to know that?

Chris: Well, like the weather in the city you live, you do not like it, in ten minutes it will be different. There are ways to find out, and those ways are usually to read the Trade Press. Watch your podcasts. Read DN Journal or Domain Insight. Well, Domain Insight would not cover that too much, but there are a number of places that you can go and read and see oh, yesterday such and such service bought five hundred ICANN accreditations. They are now the most powerful. It is truly an arm's race.

Michael: Yeah, it is.

Chris: So, I could tell you today who has which creds and whatnot. By the time you publish this, it might be obsolete.

Michael: Exactly, and I hate to even say like one drop catcher is doing better for me or not because in my few years that I have been in the industry, I have noticed a change. Right now, whenever I want a domain name that I do not want to put in a bid at say an auction house because I do not want others to discover it and maybe find it, I will watch it go through expiration, but I know I am not the fastest to be able to hand register it. Nobody is going to be able to do that at 2PM Eastern, so I will put in backorders at a number of places that allow me to put in a free backorder, and I do catch a lot at Pheenix. But again, that can change. And I remember when I was before in the industry Pool.com used to catch everything.

Chris: So, there was a time when it was eNom, SnapNames, and Pool. Those were the big three. I mean I remember the day when I discovered something about the drop that nobody else had figured out and we actually doubled our success rate for a better part of a month, until everybody else figured it out. And there was a time when Pool started eating our lunch for about a month and I could not figure out what the heck was going on, and then I discovered it and went back to parity. I mean it was fun. One of these days, I will probably write a book that six people will be interested in because it will be nerdy and lots of math, but to describe how this whole thing works. I think it was fascinating, but then again, I think lots of things are fascinating.

Michael: Yeah. Well, so do I. Chris, that is everything that I wanted to talk about. You have really illuminated a lot of different areas that were not clear to me in the past. Is there anything that I did not bring up that you thought I should have mentioned?

Chris: The one thing that I would bring up. A question I am asked a lot is: what is going to happen to all of this? Where is this going to go? And we almost lost the drop half a decade ago when VeriSign tired to propose that they were sick and tired of being pounded and all of the politics and the griping. They wanted to set up a system where it was deterministic how names would expire. That the registrar of record losing and gaining would each share in the revenue. And surprise, surprise, VeriSign would share in the revenue.

That was shouted down at ICANN. And it is kind of funny because the big registrars did not like it because they were able to play in the drop and make a lot of money. The small registrars did not like it because they did not have enough names under management to get to play in scheme. And if you flip it to the opposite, it was good for them for the opposite reasons, but nobody saw it that way. But one day the drop is going to stop, especially because the value in the drop names have gone down. There is a long tail of names now that people are still making money on the drop, but not nearly as much as they used to. I have a feeling that eventually it is going to normalize. We are going to get rid of the drop.

It might be another half decade before it happens. Let's see all the new TLDs get a whole bunch of name and it to get even more confusing. If you are a drop catcher now and you have to support a thousand TLD drops, that is kind of a pain. And the second thing - I think a lot of your audience is interested in - would be can I hand register these things. What if I do not want to go to a service and plunk down 60 bucks for a dropping name? What are my chances of getting it on my own?

And the answer to that is quite simple. If the name is contested, if anybody else wants it, your chances are slim to none. If you go to a registrar and you punch in the name on their front of site and try to register it, by the time it goes through the whole process, if it has not dropped yet, you are not going to get it. And if it has dropped, by that time, somebody has picked it up. And by somebody, I mean a drop catcher who has millisecond timing. So, your only time that you are going to get a name if you are going to hand register it is if you feel darn certain that nobody else wants it. And then yeah, wait five minutes and you can get it. A lot of people are getting names that way, and to you it might be a fantastic name.

Michael: I have tried it. I have tried it and it has been sucked up by one of the drop catching services. One of the drop catching services that belongs to a large portfolio owner. They Hoover up all that middle stuff. And they are not phenomenal domains. They are not crappy domains. All that middle stuff that investors may spy. Those go really quickly.

Chris: And keep in mind if they can get that name at a discount, so if they can get that name for let's just say registration fee, they get it for the registration fee. Call it ten bucks. If that name makes more than ten bucks a year in parking traffic, that is a net positive. And even if it is only making one dollar a year, but you have got one hundred thousand names.

Michael: Ten percent return on investment is pretty good.

Chris: Okay.

Michael: Yeah. Yeah, exactly. Chris, this has been phenomenal. If you are watching this show and you have questions, please post them below the video on Domain Sherpa and I will ask Chris to come back and answer as many as he can. He is speaking in technical terms, not as a policy for anybody that he has worked for or currently works for. If you are watching this show and you are thinking I know something unique like Chris just shared about the industry or about investing and I would love to be a Sherpa, then come on over to DomainSherpa.com. Top left-hand corner, there is a small link with the text: be interviewed on Domain Sherpa. Click that, fill out the form, and let's chat about the topic.

I also encourage you, who are watching the show or listening to the show while you are working out or at the gym or on your commute. Come back to Domain Sherpa, come to this interview, and post a quick thank you to Chris in the comments, or use the button that is just below the video to thank Chris on Twitter. I am going to be the first to do that right now.

Chris Ambler, Principal Software Architect at GoDaddy and all around technical genius. Thank you for coming on the Domain Sherpa show, sharing your knowledge about the domain industry and the expiration of domain names, and thanks for being a Domain Sherpa for others.

Chris: Sure thing. It was fun.

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

Watch the full video at:

<http://www.domainsherpa.com/chris-ambler-domain-name-expiration/>