

How Chicago.com Is Capitalizing on Place Identity - With Josh Metnick

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<http://www.domainsherpa.com/josh-metnick-chicago-interview/>

If you own a geographic domain name or you live in Chicago, Illinois, you have likely heard of the website and brand Chicago.com and their at-Identity email address offering. Today we are going to learn more about it, their success to-date, their upcoming auction of email addresses, and much more. If you are thinking of selling email addresses on your premium domain name, stay tuned.

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

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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 how to become a successful domain name entrepreneur and investor directly from the experts.

If you own a geographic domain name and you are interested in monetizing it, there are quite a few different business models available to you. One of them is to sell email address on that domain name, and today's guest has the industry's most developed product offering in that category.

I would like to welcome to the show Josh Metnick, CEO of Chicago.com.

Josh, welcome to the show.

Josh Metnick: Hello, good to be here.

Michael: It is great to have you. So, let me start off the interview with this question, Josh: are people - regular people - willing to spend a lot of money per year for a memorable email address?

Josh: Well, I guess that depends on how you define regular person and it depends on how you define a lot of money for an email address. A lot of this stuff is new territory. The entire market we pretty much figured out by accident. This whole thing kind of happened by accident. We had actually decided. We were going through out PNO and we were looking at all the line items in there, and we realized that we were spending about two thousand dollars a month supporting about fifteen email users because we still had a server and a dedicated call facility with its own software. So, our initial thought was the exact opposite of the product. Our initial thought was to terminate these users and close down the servers. That was our thought.

Literally, the day after we made that decision, I was with our CFO. We were like: "Okay, we are going to send a letter to these users and give them about sixty days or something to transition to Gmail or Yahoo, or whatever." We got a call out of the blue, which we kind of call it the call from God, but it was a call from Tony. It was Tony in Chicago and he wanted an email address. He wanted Tony@Chicago.com. So we told him no. We told him that. You know, we used to just do it out courtesy. People would call us; we would give them a name. It would not happen very often, but I have my personal cell phone tied to WhoIS at that time, so every once in a while, some non-domainer would figure out what WhoIS is and they would track me down.

Michael: Right.

Josh: Sometimes we would get tourism-related question. They were like: "Where is Lego Land?"

Michael: Right.

Josh: So, we told him no, and we said, "Sorry, it is just something that we decided to stop doing." So, he responded, "Well, how about if I pay you five hundred dollars for Tony@Chicago.com?" So, I put the phone down and trying not to make some kind of noise, indicate some level of shock I guess.

Michael: Right, you did not want to scream for joy.

Josh: Right. Right. Right. I'm sorry. Speaking of phones, let me turn that off.

Michael: That is probably somebody calling for an email address. Oh no, they can do that online now.

Josh: Well, we are a small company, so depending on the time of day, our sales line might actually be answered by me.

Michael: So Tony calls you up and says, "Hey Josh, five hundred bucks. Can you hook me up with Tony@Chicago.com?"

Josh: Right. And so, we tell him, "Yeah, we could probably do it. Let us think about it and we will get back to you." What happened was one of our main system's men. His name is Tony (Unclear 6:05.0). And Tony is like thirty-four now or something. Thirty-two. I have been working with Tony since he was sixteen years old. He started with me. My first ISP, he interned for us when he was going to school. Interned; I know he was in high school. It is crazy. So, we had allocated this name. Basically what I am saying is we forgot that we had given one of our system's men Tony@Chicago.com.

Michael: Right.

Josh: And so we went to Tony and we told him, "Look, this guy wants to buy Tony@Chicago.com for five hundred dollars. Do you want to split it with us 50/50, so it would be 250/250," and Tony said, "No, not interested." We were like: "What? You know what I mean? It is 250 dollars."

Michael: Yeah.

Josh: But he said no. I mean I thought he was crazy and I thought the other guy was crazy for offering five hundred. So, we could have repossessed it, I guess. I mean I get questions like: "Why didn't you just take back the name?" And when somebody is depending upon their email, to repossess somebody's email is a pretty drastic thing to do. So what we decided to do was to just let them negotiate and see if they can figure out a price. And the bidding got up to two thousand dollars. So, Tony wanted it, offered two thousand dollars, and then Tony who had it turned him down. He said no, and that is where the negotiation stopped. So I thought they were both crazy. I mean I thought Tony #1 was crazy for offering two thousand dollars and I thought Tony #2 was crazy for turning it down. So, I had this whole kind of diatribe that wound up in my head. I was going to yell at Tony, basically, and tell him that he was really stupid to turn it down. I literally slept on it, like I forgot to get around really to yelling at Tony. People who know me pretty well - I get distracted by cool things pretty easily, so I just never got around to yelling at Tony. But I fell asleep. When I woke up in the morning, I was thinking to myself: "What would I sell Josh@Chicago.com for," and there is no way I would sell it for two thousand dollars. A lot of that has to do with the fact that it has been my digital identity for so long.

Michael: Right.

Josh: So, it is not fair to sit down to value that compared to an email address that is on there that has not been used that is on the open market, but there is some value there, and we could not figure out what that value is. So we made a decision then to, instead of canceling these fifteen users, we chose what we thought was a pretty high price point. In fact, to our knowledge, and we did pretty extensive searching around. I have been provisioning email systems for eighteen years in one way or another, since the first ISP we had in '94. I have never heard of anybody charging two hundred dollars a year for an email address.

Michael: Yeah.

Josh: But we decided to try it with that price point - two hundred dollars. So, we were going to go back to these fifteen users. This was our first real pricing experiment. We have done a number of these over the last eighteen months. So we went back to those fifteen users and basically wrote them a nice letter, but said, "We have costs as well and to support this, if you want to keep your email address at Chicago.com, it is going to be two hundred dollars a year, or we can help you transition over sixty days." We expected some pretty horrible back, like we expected--

Michael: People to get irate. Like how can you take away my email address? Right.

Josh: Right. Many of these people had been using their addresses for ten years, etc. So, what happened was fascinating to us. So, what happened was, out of those fifteen users, basically what happened was the exact opposite, again, of what we expected. One person was irate. One person was like: "How can you do this to me?" One person simply said, "No, I am not going to do it."

Michael: Yeah.

Josh: One person never got back to us. But twelve out of the fifteen renewed basically within the first two days--

Michael: Wow.

Josh: --using credit cards or promised to send a check.

Michael: So, twelve out of fifteen said they would pay you two hundred bucks a year to keep the email addresses that they have been using.

Josh: Right. Right, so that was the first experiment we did. So we were like: "Okay, wow, this is interesting," so it is twenty-four hundred dollars a year in revenue, but it is not really a fair test because these individuals had been using these email addresses for ten years.

Michael: Right, so there is a switching cost that comes into play.

Josh: Right. Right. And to look back, we actually saved emails from the other twelve users that they were so grateful to be able to keep their address. It was like the exact opposite. It was like two hundred dollars was nothing to them. And we got these letters, saying, "This is awesome. I get to keep it. Like thank you so much." And I think part of the problem was it was a really informal relationship that we had with these users. Wow, why does this keep?

Michael: I forgot to remind you before we started this interview. I have my checklist. I am like: "Oh, Josh, switch your Skype to Do Not Disturb." I forgot to ask to turn off the phone, so my apology.

Josh: Well, if it does not turn off this time, I am just going to smash it or something. I swear I had it turned off. That is weird. Okay. So, we think one of the reasons why people were happy is because we did not have an explicit contractual relationship with these users. We think many of these users thought they kind got this email from Chicago.com on the down low and Chicago.com did not really know about it and kind of let them get away with it for a while or whatever.

Michael: Right.

Josh: But paying for it formalized the relationship, where they knew, with assurance that they could hold on to it.

Michael: Right.

Josh: So the feedback we got was actually positive, not negative. But from a price testing standpoint, very important variable. It is, perhaps, easy to convince somebody who has been using FirstName@Chicago.com for ten years to pay a certain amount for it, sure, but what does the open market look like? So, because we converted twelve out of fifteen, we actually raised the pricing. So, if people have been tracking us, we have done a number of price tests over the years, and price testing is difficult, because it is not like testing a consumable product, where you can test the price of sugar in one market and price of sugar in another. I mean customers talk to each other and there is recurring element to it. So, if you start differentiating the pricing too quickly or by too much, then you start to have angry or confused customers. Like: "Why did I pay this much," so you have got to be pretty deliberate about the way you do it. But the second test we did was we raised the price to \$299 a year and I sent an email out to about ten business associates that I have just done business with over the years. And one was a real estate company. Large real estate company in Chicago, and they wanted eight emails at \$299. So now we have gone from twelve customers at twenty-four hundred dollars a year to one customer at twenty-four hundred dollars a year, so this is getting pretty interesting.

Michael: Yeah.

Josh: So, we did some thinking on pricing and we looked at the domain model. And I was like: "Well, let's do a one-year, three-year, five-year, and ten-year pricing," so we did a second blast. And these are very small blast. These blasts were maybe to ten/fifteen (Unclear 13:49.0) that we had relationships with over the years. So, the third test that we did: we did one-year \$299, three-year \$750, five-year \$1050, and ten-year \$2000. Sent that out. I was coming back to work and I was on the L and I was reading my email on my iPhone, and I saw an order come through for ten thousand dollars. It was one company wanted to buy five addresses.

Michael: For ten years.

Josh: Ten years each.

Michael: Wow.

Josh: I was like: "Holy cow, what is going on here? Like this is really interesting." So, four days later, that company told another company about it, and this other company bought sixteen addresses. Not all of them for ten years, so it was not a thirty-two thousand dollar order, but some of them were for ten years. Most of them were for one year. And we noticed that the names of the people who were buying these things were like Rahm Emanuel has Rahm@Chicago.com. Richard Daily has Rich@Chicago.com. The level of individuals that were buying these names was pretty strong influencers.

Michael: Yeah. So that is who was buying the names - public officials.

Josh: Well, I mean I think Daily is in private practice right now.

Michael: Right.

Josh: Yeah, but basically famous Chicagoans, if you will. It was a bevy of kind of famous and people involved in the tech community here that started buying these names.

Michael: So the whole idea is that people feel so strongly about living in Chicago, working in Chicago, and raising their families in Chicago that they are willing to spend premium to get their FirstName@Chicago.com. And if they tried to purchase Rahm@RahmEmanuel.com or something like that it just would not have the same emotional impact.

Josh: Correct. So there is a concept. I knew nothing about this. In all the years that I have been doing geo-domaining, so ten years or whatever, I knew nothing about this concept. It is called place identity. And there are people who have post-doctorates and spend their entire lives studying this one subject. Essentially, one self-identity is composed of, say, a pie or whatever

of different elements. And for different people it is different things, but typically, where one is from and where one lives is the single largest component of one's identity. There are other things in there like sports teams, which in a way is place identity.

Michael: Right.

Josh: Religion, food. There are things like that, but for most people, the largest single component of one's self identity is where you are from. When you meet somebody you do not know, what is the first question they usually ask?

Michael: Where you are from. Where did you come from? Yeah.

Josh: I mean it was so fundamental that it was like in front of our face for ten years and we never saw it, so we started studying this concept. There is a lot of really interesting papers that are out there - academic papers - on place identity. So, if you own a geo, I would highly recommend Googling that. We actually purchased some of the research. We bought online from some professors who have written some stuff back in the seventies, which was just fascinating to read, and it talks about the kind of psychosocial attachment people have to their cities and why that is. So we started to understand that. I ran into Theis Lindenthal. I guess he is the head of product development for Sedo. I ran into him at ICANN Toronto, and somebody was like: "You have got to meet Theis. You have got to meet Theis," so he got Theis and I together. Theis actually had a fascinating study on place identity and domain names, where he downloaded the entire .COM root zone and then search for American city strings in the .COM root zone file. What he found was that there were four cities that have a disproportionately large number of domain names with the city string in those domain names. And I do not know the exact order, but the cities were Chicago, Boston, New York City, and Miami. And looking at the raw data that I saw - and I may be off on this a little bit because it was presented on a kind of relativity chart, but I did not look at the exact number - the amount of domain names containing Boston is I think equal to or larger than the amount of domain names containing Los Angeles. So, it kind of makes sense. I mean you think about people from Boston. They

love their sports teams. And I just think there is LA.com. It is a different attachment, I guess, that people have to that city, at least that is one theory.

Michael: Yeah, definitely. Yeah. So you started doing pricing experiments, seeing what people would pay, and you continued to discover that people were willing to pay higher and pay for longer terms of their rentals of an email address. Is it essentially that you were becoming like a registrar for email addresses of Chicago.com? People did not actually buy them and own them. They were just the registrant for a specified period of time.

Josh: So we began to think more about how do we treat these as discreet digital assets, and so we are not a registrar per se, but we decided that when that order of sixteen came through in one day it was clear that we had to write some kind of system that would automate the fulfillment of the names. So that is when we decided to start building out @identity, and that was Ammar Kubba in Los Angeles. No, I'm sorry. He was Fort Lauderdale for Florida, who was at TRAFFIC Conference. So I met with Ammar Kubba for lunch. Ammar and I have known each other for a long time, and I told him what was happening with the pricing. And I know he believed me, but he would not believe it. There was no way he would be lying to me about this. You would lose all credibility for life with me, but how replicable is this? How sustainable is this? And I did not really have a good answer. I was like: "Well, it is happening." I mean I know it is happening, so there is something here. And Ammar and I decided to form Identity LLC, which was the platform behind @Chicago that enables other domain names to do what we are doing.

Michael: Got you, and I want to ask you more about your partnership with Ammar. So, right now, how much are the @Chicago domain names going for?

Josh: Okay, so we are still doing some price experiments. So, somebody approached us about three months ago or so, and they wanted Lawyer@Chicago.com. And they had already purchased one name from us. I think they had purchased Bankruptcy@Chicago.com. It was a bankruptcy attorney. And he bought that from us at \$299 a year, and then he said, "I really like Lawyer@Chicago.com." We were like: "Well, that is probably

going to cost a little bit more than Bankruptcy@Chicago.com, but how much more we do not know." And I will get to kind of where we are going right now, but the pricing we just kind of picked it out of thin air. We were like: "Okay. Well, how about seven hundred and fifty dollars upfront, and seven hundred and fifty dollars a year?" And he said, "Great, let's do it." Okay, done. I tell that story to people and they are like: "How could you let Lawyer@Chicago.com go for seven hundred and fifty dollars a year?" If you would have told me two years ago that I would sell Lawyer@Chicago.com for seven hundred and fifty dollars setup fee and seven hundred and fifty dollars a year, I would have thought you were insane.

Michael: Right. Sure.

Josh: But now they have a point. I think we undersold it, and so the larger point being we do not know how to price these things. That market knows how to price these things.

Michael: Sure.

Josh: And that is why we are moving towards an auction model, but we are still testing some others. We have some buy now options, similar to Ebay, where you can decide whether you want to buy it now for a higher price or wait for the auction.

Michael: Like I can go on there right now and buy Michael.Cyger@Chicago.com and you will set a price right off the bat for that one, won't you?

Josh: For FirstName.LastName, yes.

Michael: How much are those per year?

Josh: We did some price testing over the last twenty-four hours that it was bumped to \$99 a year.

Michael: Okay.

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Josh: So, we are moving the site back now. The actual pricing of those is \$49 a year for the FirstName.LastName, and all FirstName.LastName include first name and last name. So, you would get Michael.Cyger and MichaelCyger.

Michael: Okay. Great, and that is \$49 every single year, and are you allowed to raise the rates or, as long as I continue to pay, I am locked into \$49 per year?

Josh: Our terms of service, we are allowed to raise the rates, and I think we need to be careful about that because you could only raise the rates so much.

Michael: Sure, that makes sense. So, you are still doing price experiments, but those are priced at \$49 right now. But clearly, if I wanted something premium - more premium than my First.LastName@Chicago.com, like I wanted Michael or Mike@Chicago.com - that would come at a higher price point, or if I wanted Domains@Chicago.com, because that is a premium word, that might come at a higher price point. Is that correct?

Josh: Yeah. Correct.

Michael: Okay, and so, right now, can I go on there and buy Mike@Chicago.com or must I go through this auction that we are going to talk about?

Josh: Okay. So, we were doing the auction in two phases, so we have phase one auction and phase two auction. The phase one auction - I think the auction closes end of May or first week of June. I forget, but somewhere around that timeframe. We are only taking 576 names to auction at that phase. Those 576 names consist of roughly two hundred keyword names, as we call them. So, Doctor@Chicago.com, Attorney@Chicago.com, etc. And we have a list of those names. It is in pool system. You can see them all. And one hundred of the most popular last names from the United States Social Security Database is about 176 or so first names, female and male first names combined.

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Michael: Yeah, your math is correct there. Great, so 576 names going through phase one. And so, basically, you are saying let the market determine the price.

Josh: Yeah.

Michael: Is there a minimum threshold? Does it have to be \$49 opening bid?

Josh: We have minimum thresholds in tiers, and those tiers fall into three categories. Our least expensive product - FirstName.LastName - is \$49 a year recurring.

Michael: Right, but just in the auction. You are not doing any First.LastName for the auction.

Josh: Well, it is actually an option that somebody can choose.

Michael: Oh, okay. I thought you said two hundred keyword names, one hundred last names, and then 176 first names.

Josh: So, there is a phase one auction, and then there is a phase two auction. The phase two auction is in September.

Michael: Okay.

Josh: So, the only names that we are allowing to be sold in that first auction are those 576 names.

Michael: Okay, just those 576. There is a minimum associated with each of those email addresses?

Josh: Yes, there is a reserve price on each of those. They fall into three different tiers.

Michael: What is does first tier start at?

Josh: So the first tier is \$49, the second tier is \$249, and the third tier is \$499. The \$249 a year is for a first name or a last name. \$49 a year is what we call Name Plus, which would be a first name or a last name with one initial on either side of it. So, like MichaelC or MCyger.

Michael: Yeah.

Josh: And the \$499 a year is for the keyword names, which includes the domain names. I think that is important to remember. When you buy Doctor@Chicago.com, the subdomain name travels with it. You buy rights to Doctor.Chicago.com as well, and we do not split those rights because we think it would be strange to sell one to one identity and another to another.

Michael: Right. Definitely. Okay, so let's say that I love domain names and I live in Chicago, and I want to buy DomainNames@Chicago.com and DomainNames.Chicago.com. Let's just say it was in the pool, which I am not sure if it is or not. I did not check. And let's say that it is at the premium \$499 opening reserve price. And I am the only one to put in a bid at \$499 and I get it for \$499. Can I do what many domain name investors do - buy it and then go out and find somebody to pay more for it and sell it?

Josh: Yeah, we allow explicit transfer rights. So, we treat them very similarly to domain names. And we have had a few domainers who have done that. Like somebody bought Limos.Chicago.com and Limos@Chicago.com. These are domainers who bought, I think, ExoticCars.Chicago.com. So there have been a few domainers that have picked up on some pretty good names.

Michael: And then they just contact every limo service and taxi service in Chicago and say, "Here is an opportunity to get into it." And just like they were buying a domain name for five hundred bucks, they buy this. Well, they are buying a domain name - a third-level domain name .Chicago.com - in addition to the email address. Excellent. So this is an opportunity. When I hear this auction and who you are partnered with - and I am going to ask you more about that -, I think this is for end users. This is for people that live in Chicago that love Chicago that want to own a piece of Chicago for the rest of their life and self-identify with it, but there is a significant opportunity here for investors that do this on a daily basis with domain names.

Josh: Yeah. Yeah, absolutely. Absolutely. I have got to be careful. I do not know exactly how our industry is regulated with blue sky warnings and stuff like that, but we have seen some pretty good names go for prices that I think were wise to buy.

Michael: All right, I am going to ask you why you chose Pool.com later in the show. How many email addresses and domain name payers have you sold to-date at Chicago.com?

Josh: Okay, so we are still pretty small. We are closing in on about five hundred.

Michael: Okay.

Josh: And our next goal is one thousand names after that; our next goal is two thousand after that.

Michael: What do you think has been your biggest hindrance to-date in selling more of these email address-domain name pairs?

Josh: Marketing. Yeah, lack of marketing power. So, the Chicago Tribune deal was signed on February 26th, which was a critical deal. It was - I don't know - nine or ten months of negotiations with them, and that is a multimillion-dollar marketing deal over three years. So, without something like that, it was mostly word of mouth. We would send these blasts out to a thousand people and people would refer friends. We are a small company, so up until the Tribune deal we really did not have much of a marketing budget. Now we have got a multimillion-dollar marketing budget just focused on Chicago and we are starting to iterate the message and see what types of words work and what does not.

Michael: Yeah. Okay, so you have just put in place a marketing partnership agreement with the Chicago Tribune Media Group. It is a multi-year deal that will reach hundreds of thousands of people around the Chicago area.

Josh: Millions.

Michael: Millions, I'm sorry, because it is the largest media group in Chicago. Is that correct?

Josh: As a whole, yes. I think that sometimes the newspaper circulation itself need to be bigger and their kind of neck and neck with each other. However, the Chicago Tribune owns WGN, a Television Station. They own CLTV. It is a 24-hour Chicago-based news channel. They own Hoy, their largest Spanish language daily. We have sold Spanish language names. We have sold Abogado.Chicago.com and Abogado@Chicago.com. So, I think they have eighty-something suburban newspapers. They have got huge web properties. They have got direct email lists of millions.

Michael: Yeah, so they reach a massive number of people. You have a great offering. They reach a massive number of Chicagoans. And you have spent the past eight or nine months discussing how you could work together to sell more of your properties. The Chicago Tribune Group is giving you millions of dollars in marketing budget. What do they get out of this partnership?

Josh: Right. Well, to go into the details of the partnership, I cannot. I have got NDAs like seven ways to (Unclear 32:27.6).

Michael: Sure.

Josh: So I do not particularly feel like getting sued out of bankruptcy in our company. So, yeah, those details are--

Michael: Okay, but it is fair to assume they are getting compensated somehow by the sale of email addresses and domain names?

Josh: They are in the business of making money.

Michael: All right, so they will somehow make money in this marketing relationship.

Josh: Yeah.

Michael: Sounds great. And I am interested in how these media partnerships are formed. When you had this idea that you wanted to reach more people and you are looking around and the Chicago Tribune is on your desk, and you are looking at the stations that they own and everything, how do you make initial contact with somebody at that media group to even have a discussion about partnerships?

Josh: It is a great question, and the Chicago Media landscape has been in turmoil for, what I would say, the last ten years. There is two large media entities here essentially. There's another - Crain's -, which is growing pretty well, but we have got the Sun-Times Group, which is owned now by a company called Reports, and you have got the Chicago Tribune. Starting back, there was a scandal with Conrad Black. He was the former. So, the Sun-Times was owned by a Canadian company, Hollinger. There was some kind of scandal there. I do not know if Conrad Black went to jail. There was some kind of criminal trial or whatever. And then, while that was going on - it is very difficult to be a print news operation these days. It is not a popular business to be in - the Sun-Times was having like criminal legal issues and the Tribune was having just business issues. They were headed into bankruptcy. And ultimately, the Sun-Times was having the same types of business issues. So, both companies went into bankruptcy. So, we know a number of people over there that the problem was not really reaching out to these people or getting a lunch meeting with them. That was pretty easy. The problem was that we had to wait for these companies to come out of bankruptcy before we could do anything with them.

Michael: Right.

Josh: So we were just sitting around the sidelines, waiting. Chicago Tribune came out of bankruptcy, I think, like December 31st or something, like literally the end of the year of 2012. We signed our deal with them February 26th. So, that tells you something, and we have been negotiating with them. So, our contactor, Bill Adey, is the head of all digital for Tribune. So, not just Chicago Tribune, but LA Times and Hartford Courant and all that. I have known Bill for a number of years, and I always kept a list. If this helps maybe somebody, like a business development philosophy, like as a sticky note on

my Mac, I have kept a list of like the ten most important people that could affect Chicago.com's fate if I could develop a relationship with.

Michael: Interesting.

Josh: And Bill was towards the top of that list, so I would ping him from time to time. We would get lunch. We would stay in contact. And then, as this product launched, he is pretty forward thinking, so he thought it would make a good partnership.

Michael: So, how would you pick the ten most influential people that could help the further development of Chicago.com and pick Bill Adeo who is Director of Digital Media, not pick the Editor and Chief or the Publisher, or the family member that owns it, or a host of other people that were potentially higher up in the hierarchy?

Josh: Well, we did contact a number of those individuals and we tried to not be annoying.

Michael: Sure.

Josh: Most of the time they would take our call. And I actually met with one of the family members who owned the Chicago Tribune at one point in time and I said, "Mr. X, why don't you just buy us? I mean you are Chicago Tribune. We are Chicago.com. Just buy us." And he looks at me and he goes: "Josh, I can't. Even if I wanted to, I can't. We are in bankruptcy."

Michael: We are hemorrhaging. Yeah, we are in bankruptcy.

Josh: All the decisions are up to the courts, and we are relative to the debt and (Unclear 36:51.2). We are still relatively small. So, even if they wanted to do something, they could not, so I think we just kind of hit the right person at the right time. But Bill was unique in that Bill understood the vision from the get-go. He got it. We actually saw an order come through for Bill@Chicago.com. And I looked at it and I knew Bill before he ordered it. I was like: "Wait a second. He is a customer," so he bought a first name at full price. He did not call us and ask for a discount. He did not try to get some

special. He just bought it. Bill@Chicago.com. So that was some affirmation right there, and he is a digital guy. He is not like a legacy print guy who is trying to transform. He gets it. So, it has been really being able to work with him.

Michael: Got you. So the partnership will last multiple years and this media marketing partnership is kicking off in unison with the auction that is going to take place at Pool or that is taking place at Pool phase one right now.

Josh: Right.

Michael: Okay, that makes perfect sense. All right, and I want to ask you about your first neighborhood product that you just sold, but first I want to go back in time, Josh, and figure out how you first became involved with domain names, and then, later, how you became an owner in some phenomenal geo domain names, like Chicago.com, Illinois.com, TelAviv.com, and many others. So, let me first start there. How did you first discover domain names as an investment and business opportunity?

Josh: Well, I think, like a lot of domainers, by accident. I did not see the business opportunity then, and I think every domainer who has been at this for a while probably has at least dozens of 'had I done this, had I done that' kind of thing.

Michael: Sure.

Josh: So I started an ISP with some friends from college in March of 1994, which was later sold to (Unclear 39:01.8) - it was a large hosting company - about five years later.

Michael: Definitely.

Josh: So, the first domain names that I registered were March of '94. And I remember this one time. I am sitting at the front desk, because I had like admin duties and sales duties, and I am like twenty-one years old or something. My role in this company was they would arm me with a bunch of print literature. They were drop me off in an office park, where there would

be big signs, saying, "No solicitors allowed," and then I would go door-to-door--

Michael: And solicit.

Josh: --and solicit and try to convince people that fax machines were not the way to go. It was so weird. Email really, because this was kind of pre-web. I mean NCSA Mosaic was out there. Netscape Corp was still, I think, called Mosaic Corporation. It was even pre-Netscape.

Michael: Yeah.

Josh: So, most people's connections were fortune four. I mean the web was just kind of goofy, experimental. It was slow and all this kind of stuff. So, most people were using Internet for email or for Telenet or Gofer - stuff like that. So I was at our front desk one day, and this was back when the old Internet form that you had to fill out to get all domain names for free. I was sitting there and I registered Flight.com, and I registered Chicago.org, and I registered Chicago.net. It was somebody else who had Chicago.com, but I had Chicago.org and Chicago.net. And then I registered Guitar.com. And I kept turning over. I was with my two partners at the time. I kept turning over, saying, "Guys, check out. I just got Guitar.com!" And they were like: "What are you doing? Just go out there and sell dial-up." And I was like: "Yeah. Yeah, I don't know." I was like: "You are right. You are right." And my big mistake was I took my arm-full of papers and I go to some random office park and I try to get people to signup for nineteen bucks a month to our Internet service when almost every single name was available at that point. So, I was not that smart. If I were smarter, I would have had a lot more names. By accident, I did actually register a .GOV, which I do not know if many people can say that.

Michael: Wow. Yeah, because those are restricted. And even back in '94, weren't .ORGs restricted at the time?

Josh: .ORGs and even .NETs I think you had to prove that you were some kind of network provider of some sort. .ORGs you had to prove that you were a non-profit or something.

Michael: So how did you get Chicago.org at the time?

Josh: I am not sure, but I would love to see that application.

Michael: Yeah, that would be great to see some of those initial applications.

Josh: Yeah. Yeah. Yeah.

Michael: All right, so you were at an ISP and it was AIS.net, which was the Internet Service Provider (ISP). So you were out there, selling Internet service before people really realized what the need was for the Internet. At that time, most people were not on the Internet. They were not doing email. They had a telephone number and they had a fax machine number, and they were good to go.

Josh: Right. Yeah, email was pretty rare.

Michael: But working at the ISP exposed you to domain names and that is how you got some fantastic domain names. But at that time, you did not actually get Chicago.com because somebody else had gotten it.

Josh: Somebody had beat me to it, yeah.

Michael: So, how did you come to own Chicago.com?

Josh: Well, I pretty quickly learned what WhoIS is and how to use WhoIS, and I found out there was this guy named Karl Swartz, who was the original registrant of the name and I reached out. Karl and I negotiated for five years. I had been wanting to buy the name for five years and we could never come to terms. At some point, and this was kind of just after the .COM bust, when I think expectations kind of came back down to reasonable, he had two offers on the table. He had an offer from, oddly enough, the Chicago Tribune--

Michael: Huh.

Josh: --for X amount of dollars and he had an equal offer from me for X amount of dollars. The Chicago Tribune contract was like a hundred pages plus. It had all sorts of clawbacks and probability protections, and they were afraid of the chain of title. At this point - when was this -, 2000 or 2001, I mean I knew enough about the chain of title. I had been corresponding with Karl for five years and I knew one hundred percent that Karl owned this thing. So, my contract was two pages - the purchase contract. So, Karl was like: "Same amount of money. Crazy contract from big company that wants to sue me if I do anything wrong." As well, we offered Karl a board seat. As part of the deal we were going to form Chicago.com and give Karl some equity, so he would have some upside.

Michael: Oh nice.

Josh: Yeah, which you see. I mean you see guys like Rick Schwartz talking about things like that. I am a big believer in that.

Michael: So is Karl still on the board of Chicago.com?

Josh: Yes, he is.

Michael: Okay, excellent.

Josh: He is a bit of a web developer himself. If you Google 'Great Circle Mapper', I think it is GCMMap.com. Eric Schmidt, the CEO of Google, was interviewed by a magazine and said that his favorite site on the Internet, excluding Google, was that site, which is a site that Karl wrote. It is kind of a technical site, but he is a bit of a coder himself.

Michael: Very cool. I will have to go check that out. So, I see on your Twitter profile that you are an investor in Chicago.com, Illinois.com, and TelAviv.com. Do you own those domains outright or is that part of an investment group?

Josh: So, Chicago.com is owned by Chicago.com Inc., which is its own S Corporation. Illinois.com is wholly separate. Illinois.com is owned by Illinois.com Inc., which is also an Illinois Corporation, but it is a C Corp.

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TelAviv.com is a bit informal. I own it 50/50 with Skip Hoagland. He owns Atlanta.com, and BuenosAires.com, and Fishing.com, and a bunch of great ones. So, Skip and I own TelAviv.com 50/50.

Michael: Do you own any other phenomenal geo domains like those?

Josh: Well, nothing at that level. No, nothing at that level. We have a bunch of phenomenal IDN geos, and most of them we picked up about seven years ago.

Michael: What would one of those be? What is an example of one of those IDNs?

Josh: Well, we have like France.com in Hebrew. I think we have got SiliconValley.com in Japanese. Things like that.

Michael: And do those get a lot of type-in traffic?

Josh: Some of them are starting to. Yeah, actually. So, our portfolio is not very big. And we have a separate company, Wyvern, which is the portfolio of names. And Patrick Carlton of AdPartnerships.com. A lot of people know Patrick because he was the Head of Associated Cities for so many years. Patrick and I were co-investors in that portfolio. It is a relatively small portfolio. It is about two thousand names in that portfolio. In that portfolio, off the top of my head, I would say the top ninety out of one hundred traffic names are IDN.

Michael: Wow.

Josh: Seeing a lot of traffic, relatively speaking, on our IDNs.

Michael: Fantastic. So you have got about two thousand domain names in that portfolio, and then you are part owner in a few different entities, let's call them, for some of the bigger domain names, and you keep those separate because you have different shareholders or investors in them. I completely understand that. What I do not see, Josh, is how you came to own some of these phenomenal domain names. I think some of these were probably - I am

just guessing - six or seven figures when you bought it. Maybe six figures. They are probably seven figures now or eight figures, but they were a lot of money when you bought them. How did you get the money to fund these purchases?

Josh: Well, it was from the sale of my first startup. That is where it came from. I mean I did not come from money. Single mom raising three kids on a teacher's salary.

Michael: Wow.

Josh: So, we were not poor or anything, but I just did not come from a lot of money. So, when we sold AIS to (Unclear 48:11.1), I did reasonably well on that. And it was a huge risk. I mean people thought, and maybe some people still do - I do not know. It was published, I think, in the Sun-Times. I paid mid-six figures for Chicago.com and people thought I was nuts for spending that much on a domain name. I mean we have had years. We have done more revenue than that, so things, so far, worked out.

Michael: Yeah, excellent. Is it safe to say that this year you are going to do more than that in revenue?

Josh: It is hard to tell. And we are on a growth path with hotel bookings and ticketing and advertising and travel-related stuff, pretty much what you see on every other geo that is out there. That was our business model. I think sometimes one has to reinvent and pivot to really. We were succeeding kind of marginally. It was not anything mind blowing. It was getting pretty boring. Being a hotel affiliate site for eight years, I would not push that on these days at least. It was a great business for a while. Now it is highly competitive. Google has gotten in the game themselves. So, it started to get pretty boring. And when we looked at the cold hard fact, I mean we have got a product now that has very high margin and recurring revenue. We do not put a gun to anybody's head to buy the product. People buy this product because they love it. So we have got super happy customers and all these things combined. So, revenue-wise, I do not exactly know what we are going to do this year. The Tribune deal did not factor into our estimate. We did not count on that yet, so we have to kind of redo things with that in mind. But we took the risk of

wiping all other revenue streams to zero, so we focus just on that product. Now, saying that, we have got one other thing to be proud of, but our primary focus is the email.

Michael: Got you. If I go to Chicago.com today, it looks like the entire website is an event calendar.

Josh: Right. So, that is what is coming up right now?

Michael: Well, that is what I saw, I think, yesterday or the day before. It looked like a really slick sort of Ajax-y event calendar. You have got the different neighborhoods. You have got dates. You have got theaters. And you can click any one of them and it will self-filter the main listings. So, wherever you are in Chicago, if you want to find out what is going on tonight or tomorrow, bam, it is right there for you. It is pretty slick technology.

Josh: Yeah. So, that product - now, depending on the time of day, because we were doing some AB testing right now.

Michael: Oh, okay.

Josh: We are trying to see if the identity product on Chicago.com converts better on the main site rather than Email.Chicago.com. We are doing some AB testing, but the site, if not now, will be moving back to what you described - the call of things to do. The internal code name for it was Time Zero (TZ) because, I guess, the vision for that product was something that I wanted to build for probably a decade or so, except I had yet to come across the development talent that was truly needed to build something like is on that site. So, the technology involved behind the scenes there is intense. We spent about ten months in development with some amazing developers. One of our developers, Gary, is getting his PhD in computer science and planning algorithms. Roberto. They will not actually let him out of Belize, we think, because he designed Belize's entire military network.

Michael: Wow.

Josh: We are not trying to get him here. So, everything has been done virtually with him.

Michael: Yeah.

Josh: He is a killer developer. And then, Cedric Hurst is our Lead Developer. At the age of sixteen, he does not like to admit this, but he actually wrote some of the Internet Explorer 1.0 code when he was sixteen.

Michael: He does not like to admit it now, but when he was sixteen that was pretty cool.

Josh: Yeah. Yeah. Yeah. I guess Internet Explorer 3 or 4 was pretty good, but things have changed quite a bit.

Michael: So, right now, when I go to Chicago.com and I see all these events and I click on one, are you making affiliate income based on somebody clicking through to the website and making a purchase?

Josh: So, we are going after more of a Google. it is almost like an anti-Groupon model. We are going after the kind of Google-Twitter model, where the only thing we care about right now is user utility. That is it.

Michael: Got you.

Josh: So there is no advertising on the site. We have no immediate plans for advertising. We have not a proper app, I guess, but if you bring up Chicago.com on your cell phone, it is a killer HTML5 app that they have developed. It is a different interface than appears on regular websites.

Michael: I will check that out.

Josh: And the vision of the site is to be the most comprehensive normalized database of events and things to do in Chicago. And we have written a number of like spiders and crawlers. Google-level stuff that kind of goes out to different event sites, grabs it, normalizes the information, and automates the process. And from the date of launch - December 27th -, we were larger

than the largest site that had been around for ten years by about 5X in terms of number of events.

Michael: Wow, nice. I just went to Chicago.com on my iPhone and it looks like it redirected me to Identity.Chicago.com, where you are selling.

Josh: Okay, so that is part of the AB testing.

Michael: Yeah.

Josh: Yeah, it is Wednesday, so, yeah, as of tomorrow you can see what should be appearing there.

Michael: All right, I am looking for it. By the time this video comes out, hopefully you will be switched back so that people can check it out.

Josh: If you go to ThingsToDo.Chicago.com, that will take you directly to that site.

Michael: Oh, okay. Let me check that out.

Josh: It is normally the main default mobile interface.

Michael: Yeah. All right, ThingsToDo.Chicago.com. It is loading right now. All right, while this loads, let me look at my next. So, the site does look slick. You built the technology. You have spiders. You go out and you collect all the data. You normalize it. You put it in your own databases, and then you serve it up quickly to people so that people know to come there and find exactly what they are looking for. So, I understand that. So, right now, you are monetizing the website not through ThingsToDo, but you are monetizing through the email addresses and domain names that you sell as a payer. And how else are you monetizing Chicago.com?

Josh: That is all.

Michael: Okay.

Josh: That is all. So, it is kind of nice. I mean the old version of Chicago.com started to look like a Frankenstein. We were just bolting on this thing here. It is nice to have this focus and purpose. So, we are just really focused on that one product.

Michael: Definitely, and you see that all the time, especially in media sites. And I am not pointing out Chicago Tribune or anybody. You can point at all of them. They all sort of turn into these monstrosities, where they have the content, but then they have these widgets that are functionality, and then they have the ads all over and they sometimes have popup ads. I know went to The Seattle Times just yesterday and they had a pop-under. I thought we got rid of pop unders a good half a decade ago, but there it was, and so yeah, I know exactly where you are coming from. And as a media guy, I face that issue as well. As we try and monetize these eyeballs that are coming to the website and we do not have services to sell, you need to sell advertising or you need to somehow take an affiliate income off of tourism. It does muddle up the whole user experience.

Josh: It is interesting. I took a screenshot of a local Chicago website - I will just leave it at that - two days ago. I could not believe what I was seeing. I literally could not believe what I was seeing, and this is one of the largest media sites in Chicago. The entire site, except the horizontal nav bar, was ads. Default view of the entire site was all ads! Everything. We were like: "They do not get it. They do not get it. Like look, it is not that hard." Like look at Google. Look at Twitter. Look at how simple. There is a brilliant science that goes into getting it to that level of simplicity, but yeah, I mean a lot of these sites are still stuck in like 1999.

Michael: Yeah. All right, so let's talk about what you used to power the email system at Chicago.com. I call it the @Identity because, whenever I see it, it is the @Identity, but then I think you referred to it earlier as Identity LLC. How do you refer to the system that powers your email system?

Josh: So the name of the company that Ammar and I formed is called literally Identity, LLC., but the product, we call it @Identity.

Michael: @Identity. Okay, that makes sense. So, you started selling these email addresses. First it was two hundred bucks a year, then it was 299 dollars per year. Then you came out with one-, three-, five-, and ten-year packages and different pricing for that. And you started selling a decent number of them. It sounds like you were provisioning them manually. So, you would see an order coming in for Josh@Chicago.com, and you were like: "I have to go into my MX Server and add Josh@Chicago.com and set it up, and then send out email manually of how they need to sign in and use it."

Josh: Part of that is true. So, the entire purchase process itself - the credit card processing - is automated. The letter that the user receives - the email that the user receives - and gives them some instructions on how to set it up and also our support phone number and our support email. That sounds out on an automated way. The emails themselves we still setup manually. And it is a little bit of a spot check to make sure that this is a real order, this is a real entity. We could automate that at some point in time. I mean if we start getting hundreds of orders per day or something like that, we could automate that.

Michael: Sure.

Josh: The system that we use is an open source system that I highly recommend. It has kind of a weird name. It is called iRedAdmin.org.

Michael: So it is iRedAdmin.org.

Josh: Let me double-check. Yeah, it is iRedMail.org. And it has been a fantastic system.

Michael: Huh, so iRedMail.org, and It is an open source system that allows you to manage these email accounts.

Josh: Yes. Yes, and also it allows us to provision subdomain emails, which we have been selling, which is fascinating to me.

Michael: Right. So you just sent me an email and I am not going to reveal the information of the email, but you had you were selling subdomain emails. So,

it is neighborhoods such as Gold Coast in Chicago. And I do not know that neighborhood, but people from Chicago I am sure know that. So you can get a FirstName@GoldCoast.Chicago.com. And I saw the email that just came through today for your first sale of a neighborhood email address. That is pretty exciting.

Josh: It is exciting. I mean we had a theory that there was a market out there for it. We were not really sure, so we took the identity concept even further. So, I do not know if it is actually a phrase or not, but I am calling it like hyper identity, where we go a level further. So we have sports fans, so you can be YourName@CubsFan.Chicago.com. YourName@HawksFan.Chicago.com. People are very passionate obviously, so we have sold some sports fan names. Then we have people in Chicago align themselves very much by neighborhood.

Michael: Right.

Josh: So, if you are from Chicago, it is like: "What neighborhood?" That is the where you are from question. So, yeah, we sold our first neighborhood product. The inspiration for that: I graduated University of Illinois, Champaign. My little sister, back when she graduated Harvard, so she has one of those Name@Alum.Hardvard.edu email. It got my thinking. I mean that is a pretty powerful email address. It has a lot of authority to it. I am not saying Harvard is all that, but obviously it carries some weight. So it got me thinking about our subdomain product; that maybe we can come up with something.

Michael: It is true. I know a lot of people that went to an ivy league school that are still using their Alum.College.edu address, because it comes with a status symbol.

Josh: Absolutely. I mean you cannot. I will never get accepted back to Harvard at this point, so yeah, it is hard to get one of those. It is a unique item.

Michael: All right. So you started selling addresses. A lot of it was not automated at the beginning, although the sales process was automated. You

sold a good twenty or thirty email addresses, and then you went to Ammar Kubba, who has been a past Domain Sherpa and you can go watch Ammar's video - for anybody that has not seen that one, it is a great one -, and you said, "Hey Ammar, check out what has been going on here." Long story short, you ended up forming Identity, LLC. with him. Why did you feel like you needed to bring on a partner?

Josh: It is a good question. Startups are tough.

Michael: They are.

Josh: Startups are tough. Most of us do not make it. It is a bit of hedging, I think, when you involve a partner, so you are going to give up that fifty percent or that twenty-five percent, or whatever the partnership might be. But for me, it was important to have a partner who had deep connections in the domain space; and particularly Ammar because we wanted to build the system to scale, and his knowledge of how Domain Tools is architected and his knowledge of aftermarket. We do hopefully see an aftermarket - a secondary market - for these things actually at some point. And TrafficZ. Just building up the parking system, he has a lot of experience in scaling large domain systems and he has a lot of relationships in the space, and he is just a great, kind of strategic domain thinker, if you will, to have involved. So, we gave away a portion of the company, but I think we gained quite a bit as well.

Michael: Yeah, definitely. And when you say we gave away, was it more than you at the time that were owner in this @Identity concept at the time?

Josh: Yeah. Well, technically, Chicago.com Inc. owns its portion of @Identity. We are conflicted. All the computers we use day-to-day and resources we use day-to-day are Chicago.com Inc. supplied resources. So, I have some partners in Chicago.com, our employees have options in Chicago.com, etc. So, by owning a part of Chicago.com, they al still own a part of @Identity.

Michael: That makes sense. So, can you explain, from a technology standpoint, how the @Identity system works? I have gone onto @Identity and I have looked at your frequently asked questions, and I see that you are

positioning Josh@Chicago.com as an identity layer over an email system. So, you are not supplying a new email system like Gmail or Yahoo. You are just supplying the identity on top of somebody else's system, and they can use whatever system makes them happy.

Josh: Right. Right. So, this was another early decision we made; was to just get out. When these high profile individuals started to buy the email addresses, the thought was: "Well, if we are going to be supporting Richard Daley's email or Rahm's email, you need serious security for that."

Michael: Right.

Josh: And we do not have the budget to do that. So, that is what led to the decision. And then, since we made that decision, I think there are other. No matter what webmail system you buy, I mean we cannot compete with Gmail. We cannot compete with Yahoo. We cannot compete with Microsoft. What we can compete on is the name. For certain people, there is just no Gmail address. Yahoo even as a brand, I think, is fading. Hotmail certainly faded. If you see it on a resume, it is almost a warning sign. That is why I think Microsoft has been transitioning to Outlook.com as a more professional brand.

Michael: Right. So that was one of the reasons. So, right now, when I sign up for Michael@Chicago.com, you actually set up a mail record on Chicago.com for the email box Michael, but I use my Gmail system to pull it from your server and to send through your server. Is that correct?

Josh: Right. We do not actually hold on to any emails, so we have no inbox. So we use Barracuda Networks as our MX provider, so they filter it all for spam or whatever. And essentially what it is, at a computer level, is a Unix alias. So we have web interface where we just set up a Unix alias. People tell us where they want it pointed to, and then, bam, we do it. The 3.0 system - we are working on a control panel, where people will be able to change that themselves.

Michael: Got you. So, if I understand it correctly, and I am not sure I do, Josh, if I have Michael@DomainSherpa.com that I use as my main system,

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but I want Michael@Chicago.com, when I sign up for your service, I say, "Deliver all my mail at Michael@Chicago.com to Michael@DomainSherpa.com, and you just forward it directly over.

Josh: Right.

Michael: Okay. And then, when I go to send email, I use an alias on my Gmail system to send it through the Chicago.com MX system.

Josh: Well, it depends. So, Gmail has their own SMTP servers. When you have a Gmail account, you can access their SMTP servers directly via SSO and all that. Yahoo as well. So, we prefer that people use Gmail or Yahoo SMTP services. Josh@Chicago.com is Gmail underneath. Not Gmail for business. Not paid version of Gmail. Josh@Chicago.com is plain vanilla, free Gmail, and the outbound/inbound identity is seamless.

Michael: Okay. So, it is seamless on most email systems except for Gmail actually, where if I get an email from you, it will say, "Josh@Chicago.com via Gmail.com."

Josh: That is true. Yeah, Gmail does. So, we have our own SMTP servers. We have Chicago.com SMTP servers. If it is that important to a user that they do not want that or whatever, then we just give them our Chicago.com SMTP server info.

Michael: Okay, I got it. So then you actually send it through the Chicago SMTP and it shows up as Josh@Chicago.com, and then nobody ever sees that it is coming from Gmail.

Josh: Right.

Michael: If they really are that concerned about it.

Josh: Right.

Michael: Okay,

Josh: We had a couple people that we had to do that.

Michael: Makes sense. So, what other sites right now are you using the @Identity email platform?

Josh: Well, four or, potentially, like fifty sites, depending on how you look at it, using it, but they are all on the 1.0 platform, which is the old platform. The Chicago.com 2.0 platform, which you see today on Chicago.com, is a huge improvement over the previous system. The previous system was basically a blank line with a search, and it kicked back very high. It was very confusing for the average user to use. It was designed by domainers for domainers. The new system is designed for more average consumers to be user friendly, etc., and should just generate different options for them that they might not think of. NewOrleans.com is on the system, Nashville.com is on the system, and Brookline.com is on the system. TelAviv.com is on the system as well. If you go to TelAviv.com, you will notice that we have almost every major city in Israel on that system.

Michael: Wow.

Josh: So, you can get Haifa.com, or you can get Nahariya.com, or you can get Golan.com. It is a huge list.

Michael: That is pretty awesome. Do you own all those names or are you just partnered with all of them?

Josh: We own TelAviv outright, and then we partner. So, this is core to the @Identity business. We essentially license the MX records or enter into a rev share partnership by licensing the MX records of domains that would be good for the product. And so, all those names that show up on the TelAviv.com site - the only name we own outright is TelAviv.com. All the other names are owned by another individual, who licensed us the MX record rights.

Michael: Got it. Well, fantastic. And so, I am sure people who are listening to this interview are thinking: "Well, I own my city name." In fact, I own BainbridgeIsland - the small, little island outside of Seattle. It is a great little community and big on tourists, and we have a magazine and a website. I have

thought about offering email addresses. I own Michael@BainbridgeIsland.com, and it comes with instant authority whenever I am dealing with any of the local merchants and stores. If I wanted to offer to the twenty-four thousand citizens of Bainbridge Island their own Name@BainbridgeIsland.com, could I use your system, and how would that work?

Josh: Yeah. So, we have a software license agreement that includes the MX records and it is a rev share agreement. The rev share can vary depending on how strong the domain is or how much demand that we see. There is a fixed cost for us to set up each customer. So, yeah.

Michael: Okay. So, who should they contact if people are interested in learning more about the rev share percentage? Well, first of all, are you willing to say what the rev share percentage is on the record, or does it vary too much by the power of the domain name?

Josh: I mean it ranges between 70/30 - seventy us, thirty the domainer - to like 50/50, depending on who does what, which, for most domainers, seems like a lot. Like they are used to maybe getting more or something. I do not know. But I know with hotels, we got, I should say the industry average. For hotels it is somewhere around seven to twelve percent or something. There was a lot of work involved on the backend.

Michael: Sure, and you deal with all the customer service and everything that is going on.

Josh: All billing. All invoicing. All collections. All customer service. Owner of the domain can be sitting on the beach. The one thing we do not do is marketing. So, the marketing of the product is the responsibility of the domain owner. That may be changing for certain sites. As we get data back on how to do it right, we may do it for certain sites.

Michael: That makes sense. All right, so whom should they contact if people are interested in discussing that option on their own website?

Josh: So, they can contact me. Just Josh@Chicago.com.

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Michael: Okay, sounds good, and I have also seen it on NYC.com. I did go to Nashville.com and I saw it there. It is Identity.NYC.com. Identity.Nashville.com.

Josh: I want to be clear too, because Sean Miller, who runs NYC.com. I have known Sean for a long time. We, I would say, kind of came up with this concept, like we were bouncing ideas off each other simultaneously. We are Unix-based. They are Microsoft-based. So, his system is actually his own system. It is a very similar product obviously, but he built his own system.

Michael: Got it. And so, part of the work that you do when you sell an email address is that domain name that comes with it. So, if I buy Michael@Chicago.com, I also get Michael.Chicago.com.

Josh: Correct.

Michael: And then, do I get an admin interface where I can point that at another website and frame it, or do you sell website hosting services? How does that work?

Josh: So, the control panel is coming with 3.0. The control panel will allow you to change where the alias points and it will allow you to change where the domain points. Right now it is essentially done manually. I mean you call us, you authenticate that you are who you are, and then you tell us what IP address you want the domain pointed to. The number one success case we have for the domain is a company called SpotHero. They just raised a bunch of venture money out of the West Coast and some out of Chicago. They are very successful with what they do with some other competitors in their space. They are trying to become kind of the Hotels.com of parking. So, instead of buying parking after the fact, you kind of look and see what parking is available before you go to a location to buy it.

Michael: Right.

Josh: They bought Parking.Chicago.com kind of as an experiment. I mean we did not know what to expect. They were our first customer. Within six

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months of launch and minimal resources, I got a call from Mark Lawrence, their CEO. He was like: "Josh, Parking.Chicago.com has passed SpotHero.com in the search engine rankings." So, we actually started to outrank. Exact match has taken a lot of hits, but it is still there.

Michael: It has taken a tongue-lashing - we should say that -, but it still has value. Especially people are getting the value of that top level domain. The Chicago.com. The authority value that that comes with having a domain that was registered in 1994 till today in various incarnations. Some of that authority transfers over to the third level domain.

Josh: Correct.

Michael: And that exact match Parking.Chicago.

Josh: Yeah.

Michael: Yeah. All right. I see the @Chicago.com has a service mark listed on the Identity.Chicago.com website. Is that a filed service mark with the United States Patent and Trademark office?

Josh: So, trademarks are established by use, right? Not by filing date.

Michael: Right.

Josh: So, certain marks we have on file. Certain marks we do not. Our trademark strategy is a little bit of a black project right now. There is a lot of stuff going on there. But some stuff we have on file and some stuff we do not. But as far as data for us to use for the particular product that we are developing, I mean we do not have anybody anywhere that is doing what we are doing except in those other cities. So, we have been doing it for almost a couple years now.

Michael: Yeah. Great. And I was a bit confused when I saw that on that website you had DotChicago because when I think of Dot-anything I am now thinking new GTLDs. Is there a .Chicago new general top-level domain being

applied for? And I went and searched through all the applications and there is not a .Chicago. So, you are actually using .Chicago in a different manner.

Josh: Well, domainers tend to think of domains as we have subdomains and we have got domain names. But if I go to my mom or the average person and say, "Check out that domain name and it is Mail.Yahoo.com or something," she is not going to turn around and correct me and say, "That is not a domain name. That is a subdomain name." I mean really, we are like geeks in the domain world, so we get caught up in: "Now it is a subdomain. Now it is a fourth level domain." It is a domain name. So, it is a little bit of a different tactic. Hopefully, we would like to work with the city at some point to apply for it. Similar to the way Boston.com did, I think we could do well with them.

Michael: Yeah.

Josh: But right now we are defining the product that way and at least establishing our rights to use it.

Michael: Sounds good. You have been attending some of the latest ICANN meetings, Josh. I know you went to Prague, Toronto, and Beijing. What are your thoughts about ICANN right now?

Josh: It is a shame that I have not been attending these meetings earlier because I am learning a lot. There is so much that I do not know. A lot of what we do is not specifically domain-related. I would say our company is kind of a hybrid-domainer/software development company. So, even just the abbreviations, GAC, and obviously GTLD I understand pretty well, but there is kind of a whole nomenclature, and clicks, and all this stuff within ICANN and it is very political. It is fundamentally political. It is just a political organization.

Michael: Yeah.

Josh: So, I am still very much just learning about the organization and seeing how I can participate.

Michael: I have thought about going in the past and I am like: "Well, they are just going to talk about boring topics and it is going to be discussion after discussion that does not lead anywhere," but for me that would be frustrating. What do you find of benefit by going to the ICANN meetings? What is one thing that you have learned by going to a recent meeting?

Josh: Well, some of the relationships that have been formed there have been great, like Richard Schreyer from Pool.com. I mean we met him because he called us. We got a phone call after we launched the very first version of the system. We got a phone call from some guy named Richard from Canada and he was like: "Well, this is broken, and that is broken. And this is not working and that." And I actually appreciated it. I did not know who this guy was, and he took about an hour of his time just listing all these things that were broken with the system.

Michael: With your @Identity Email System?

Josh: The first version, yeah. And I was like: "Wow, okay." We do not take offense to that. We are just trying to build a better system, and this guy, whoever he is, and now he turns out to be the CEO of Pool.com. He took time out of his day to give us some advice on how we can improve our system. We never met, so I met him in person at ICANN, and I think that helped cement the auction relationship. Lots of other individuals there that are just fascinating people to meet in the domain world. If you have been to the kind of regular domain conferences, I cannot recommend attending an ICANN conference enough. The ICANN conferences are free to attend. They are free.

Michael: Right.

Josh: They are not a thousand bucks. They are not two thousand bucks. It is not some like exclusive. You just have to get there. You just have to get there. It is a little known fact, like Patrick Carlton actually shared a room at a youth hostel in Toronto to save some money, so our total of stay was like two hundred and sixty bucks for both of us. It was like a two-bed room or whatever that we shared at the Toronto conference, and the conference itself was free, and there are always parties.

Michael: And you just sign up for free, and then you get to go to all those fabulous after parties that I hear about?

Josh: Yeah. Yeah, it is a good deal. It is a good deal. If you are a domainer and you have not been to an ICANN conference, go. Just go.

Michael: All right. Well, I have to find out when the next one is. Do you know when the next ICANN conference is?

Josh: I do not know when it is. It is in Durban I think. It is in South Africa.

Michael: All right. Are you going?

Josh: I plan on it. Yeah, I plan on it.

Michael: All right. Well, upcoming next month or, actually, at the end of this month is the TRAFFIC conference in Las Vegas. I know Ammar Kubba is going to that one. Are you going to that one as well?

Josh: I put about fifty percent chance. I really like the TRAFFIC conferences and I went to some of the early ones. I went to the one a year and a half ago with Ammar. So I do not know if I am going to be able to make the trip or not.

Michael: All right. Well, I hope so. I am going to be there and I am sure a lot of people watching this show are going to be there as well, Josh. All right, Josh, here is the last question. I am sure there are people out there that are watching this show, thinking: "I have got some fantastic domain names that people are probably going to affinitize with sort of like the place identity concept that you talked about with geo domains." Maybe I own Bicycles.com or Fishing.com, and people will want domain names. Given the information you have had about Chicago.com and where you see it going and sort of your projections on growth rates, do you have any advice for domain name owners that are thinking about offering an email opportunity on their domain name? Is there a certain number of visitors they should have per month, or a certain community size, or certain relationships that they should have for marketing?

Any advice that you have for somebody who is thinking about offering an email and domain name pair on their own property.

Josh: Sure. Well, A, it would be great if they were on our platform, because it is not only the platform though. We are developing this kind of shared knowledge pool between the different cities and the owners that are on it, so we are all trying different marketing approaches and we are sharing that information.

Michael: Nice.

Josh: But generally speaking, I would say start with the influencers in your community. I mean if you can land the influencers in your community, whatever that might mean, and then kind of work from there, I think that is a smart strategy. People with large networks, I think, are good. We had Power.com on our platform for a period of time.

Michael: Yeah, I remember that.

Josh: Yeah, it was an elite price point. They sold several names.

Michael: Wasn't it like a couple grand a year or something?

Josh: Yeah. Yeah, it was very high price point, so I am not going to reveal the names of the individuals who bought them, but we are maintaining that. For the people who bought them, we are obviously maintaining that for them. And I think the owner had - I am not faulting him for this. It just is what it is. I think he had certain short-term kind of motivations. I do not say that as a pejorative. It is just he had a short-term kind of horizon to profitability or whatever. I think to build any successful business, I mean it takes time and it takes iterating, and it takes a lot of grinding to get to the point where you have got your marketing message nailed, where you have got critical mass with customers, or whatever. So, the main advice that I would have is this is not something, from our experience, parking is something you throw up on your site and you start seeing maybe - I don't know - twenty-five cents a day. Some sites generate a lot. Whatever. But you start seeing kind of traction of some sort. This is a different ball game. I mean this is a product that requires

real marketing and requires reaching out in your community, getting out there, potentially even having an active sales force that is joining the local Chamber of Commerce, and that kind of stuff. So, I would say patient and persistence are important with this. I mean just like they are with any product, it is not going to be an overnight success. You might get lucky here and there, but I think it will take us probably one and a half to three years to get really where we want to be with this product.

Michael: Okay. So I am hearing you say it is not just throw it up and expect the money to flow in. People need to do their own marketing. They need to make sure that people know about it and understand it so that they will sign up for it. And one of the ways that you can do that is by finding the influencers in any topic or any geography. If people have Fishing.com, for example, or Power.com, or something like that, find the influencers where, when they email people and it shows up as Josh@Chicago.com, people are saying, "Oh, Josh has a very cool email address," or it shows up on your business card. How do I get one of those? And that people talk about it that way.

Josh: Right.

Michael: Okay, that sounds great. Let's see. If other people have questions for you, Josh, I am going to ask them to post them in the comment section below the video, and then I will ask you to come back and answer as many as you can. Josh, if someone wants to contact you and say thank you for coming on the show, sharing your background, your information on domain name investing, and your @Identity details, what is the best way for them to reach you?

Josh: Still Josh@Chicago.com.

Michael: Okay. All right, and we talked about if people want the email service and/or they want to learn more about it, they can contact you there. All right, I think that is it.

Josh Metnick, CEO of Chicago.com. Thank you for coming on the show and thank you for being a Domain Sherpa.

Josh: Okay. Michael, thank you for the opportunity to be here. It is cool.

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

Watch the full video at:

<http://www.domainsherpa.com/josh-metnick-chicago-interview/>