

Interview with Paul Nicks, [Go Daddy Auctions](#)

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Michael Cyger: Hey everyone, my name is Michael Cyger. And, I'm the publisher of DomainSherpa.com, the Domain Name Authority, and the place where you can learn how to become a successful domain name entrepreneur directly from the experts themselves. You know what we do here. We bring on a successful domain name investor, entrepreneur, or subject matter expert, ask them to share tips and tactics, and then we motivate you in your area of expertise. Then, you can come on the show and give back to others about what you learned, and how you became successful. Whether you're a domain name investor today looking for a great deal, or an entrepreneur looking for the perfect domain name for your business, you're best served by visiting the largest marketplace for domain names. Since Go Daddy is the largest domain name registrar, with more than fifty million domain names under management, they're also one of the largest domain name aftermarkets in terms of quantity of sales per month. Joining me to tell us all of the secrets of Go Daddy auctions and aftermarkets is Paul Nicks. Paul is the director of product development for the aftermarket division at Go Daddy. Paul welcome to the show.

Paul Nicks: Hi Mike! Thanks.

Michael Cyger: Paul, most people in the world probably don't reel outside of the domain name industry; most people of the world probably don't realize that domain names can be bought and sold like real estate; and, that aftermarkets and auctions even exist. Does Go Daddy research support that?

Paul Nicks: Oh, absolutely. I mean, one of the things that we've been making a concerned effort to do over the past couple of years today is put the knowledge of the aftermarket, put the auctions that are available, inventory that is available in the aftermarket in general, in front of the customers that are going there to buy and mend it. And, you know, as we start to mature as an industry, obviously the higher quality names, the really category killers, even the ones who aren't necessarily category killers, but just kind of sound

cool, those are the ones that aren't available. But there very well could be a buyer available for it. So, as they come and do a registration, or avail check, on GoDaddy.com, we made a very concerned effort to start bringing that inventory in front of them. Just put it in front of everybody, and all of a sudden, you increase that awareness of the aftermarket throughout. That's kind of what I've been doing in the past couple years. You're really trying to increase the inventory, increase just the knowledge of the space. I think you only do that through showing the users, showing potential buyers, that those names do exist, and there is somewhere they can get a name if it's not available to register fresh.

Michael Cyger: Got it. So, is it part of your job, and the team that you lead, to help educate the general audience about the aftermarket? Or, does that stay part of the role of that marketing team at Go Daddy?

Paul Nicks: You know, we all kind of work together. So, you know, the aftermarket division, we have marketing folks, and we've got the support team. The executive account reps at Go Daddy are really good, and we got dedicated auction support and such. So, we all work together. I can't say it's one persons job over another. As product manager, as that has sort of been defined around here, yes. I mean, it's my responsibility to make sure that customers are able to use our applications; that meets what customers are saying it needs. So, we've got quite a bit of focus on customer feedback and such.

Michael Cyger: Okay. So let's start the show with some basic information on Go Daddy. Most domainers know, in general, how big Go Daddy is. But for those in the audience that are business owners, or entrepreneurs, can you describe how big Go Daddy is, and whatever metrics you feel are most relevant?

Paul Nicks: Sure. Well, I think that we're roughly, - you already said - we're over fifty million domain names and managements, which is bigger than the next eighty biggest registrars. So, it's a significant number of domains under management. But we're also the number one as far as that do SSL certificates goes. We've got a pretty large chunk of our business, and hosting is a very large chunk of our business that we're right at the top there as well. So there's

a lot of things that, beyond domain name registrations, that Go Daddy does, and we have a customer base of 8.7 million customers. So, that alone, is quite a bit. So it's nice, I suppose, lead tool there, to make sure that all those customers that have a domain with Go Daddy are also able to have other services and such, and get what they need out there ready. So it's, I want to say, you know, the one-stop shop I suppose. While we have the domain registrations, but we also have all the other services that go along with building a small business up to a larger business, etc.

Michael Cyger: Definitely. And so, you know, to me, as somebody relatively knew to the domain name industry, it seems like the domain business is sort of a lost leader. You know, you offer coupons all the time. If people go and search, there's tons of websites that seem to have Go Daddy coupons that offer, you know, dot com for cheap, or dot biz for cheap, and that you might offer those for, you know, a small mark up, but then you try and up sell the hosting, and the e-mail, and you know, a host of other services. Is that truly the case?

Paul Nicks: Well, you know, I think that what we're trying to do; obviously once you have somebody who's purchased a domain name, then that's where they've decided their presence online is going to be, and you don't want to take that for granted, right? If somebody is putting their name out there, is saying, 'I want to start a business. I want this to be my presence online'. And it's up to use to make sure they're supported well. So once we have that, the biggest thing about Go Daddy is, not that we register domains - we register domains cheaply -, it's the support we have. You know, we've got 24/7 all US based supports, that really is where we get the customer in; make them feel comfortable. If they need another service, we have that to provide as well. So, I wouldn't characterize it as an up sell notion, as much as, finding someone who wants to build an online business, and helping them achieve that goal through in-house services.

Michael Cyger: Yeah. Well, and I have to say, just off the bat, and you know, I do use Go Daddy as one of my registrars, and the other day I couldn't figure out how to get an e-mail cache all on one domain to forward to another, and I saw the chat button, and I clicked it, and you know, not only did support, you know, help me get up and running on setting up the cache all on that domain

name so I can get all the e-mail, but they also said, by the way, you also have a hundred credits in your account for e-mail, and you didn't need to pay the \$2.95 for this, so just e-mail over to billing and they'll refund you, which, you know, I still haven't done, but I have to say, you know, in terms of customer service, that was top notch to say, to suggest, that. Because it really shows that they're focused on customer service.

Paul Nicks: Yeah. Well, we built the entire company up. I mean, it's absolutely the rock foundation of the company.

Michael Cyger: Yeah. So, since we're going to be talking about the aftermarket and auctions, how many customers do you have at Go Daddy, that might be signing into their accounts, and looking at auctions, going on there?

Paul Nicks: Well, as I said, we've got 8.7 million customers.

Michael Cyger: Wow.

Paul Nicks: And because we extend our Go Daddy auctions inventory into the avail check section of Go Daddy, potentially every one of those customers - any customer -, or person who's not even a registers customer at Go Daddy who's looking for a domain name to register, gets exposed to the aftermarket.

Michael Cyger: Right. So, I can go there, to GoDaddy.com, I can type MichaelCyger.com, and it will, because I own it, it may actually come up and say this is available, and you can buy it for two thousand dollars, or if I we're selling it, what the price would be. And then it would just take that user directly to the auction section. Is that the way it works?

Paul Nicks: It's a couple different ways of going there. If the name is just at auction, saying an offer, counter-offer model, but is the seller really hasn't put a buy it now price on it, then it'll be a link off of the auction site, and the user will be able to bid on the name, and do the back and forth in that method. But if it's listed through our premium listing service, which is where we have the fast transfer capable, then the purchase experience to the end user, the

customer, is exactly like registering and mending. So we go through, we say yes it is available; here's the price on it. They add it right to their cart. Once they pay, it automatically transfers to their accounts, just like as if they had registered it. So that seamless flow is really where we're trying to, you know, push a lot of people and such.

Michael Cyger: Alright. I'm going to come back and ask you about that seamless flow, because I want to know if it's actually confusing from a layman's perspective, you know, somebody that doesn't understand the system. But we'll come back to that. How many domain names are there in the Go Daddy auctions aftermarket?

Paul Nicks: We're over 4.4 million now.

Michael Cyger: Okay. And, how many domain names do you sell per month roughly?

Paul Nicks: Per month; I think last month it was roughly thirty-eight thousand domains.

Michael Cyger: Thirty-eight thousand.

Paul Nicks: That was a good month for us. Yeah. I think the quarter prior we averaged thirty-four, thirty-five.

Michael Cyger: And, what does an average domain name sell for in your auctions?

Paul Nicks: You know, because we mix, and we've got out expired names in the public listing as well, its hard to put a gauge on there, but in general, the public listings are in the thousand dollar range. And that's really our sweet spot.

Michael Cyger: Yeah. And that's what Tim Schumacher said from Sedo. That most domain names sell in the range of a thousand dollars. So if we, you know, if we just back at the envelope calculation, if you're selling about thirty-six thousand domain names, thirty-eight thousand domain names at a

thousand bucks a pop, that's thirty-six million dollars a month, and you know, over four-hundred million dollars a year. Of course, that's gross revenue, and not all of it is Go Daddy's to keep, but that's an enormous aftermarket that you're managing there.

Paul Nicks: We do well.

Michael Cyger: Okay. So, is the revenue of Go Daddy public right now?

Paul Nicks: No. Go Daddy is still a private company.

Michael Cyger: I've read in some reports online that Go Daddy has revenue over 1.1 billion dollars, at least, as of July 2011. Can you confirm that?

Paul Nicks: Yeah. That's actually, that's where we're trending for the year, is 1.1 billion dollars. So that sounds right; sounds good.

Michael Cyger: Okay. So, we're going to dig into how you run the world's - let's call it - highest velocity marketplace, because you have so many domain names going through your marketplace, and selling per month. But before we do that, let me ask you a few personal questions, Paul. How many domain names do you own, and in what TLDs?

Paul Nicks: I have less than a hundred. I think I've got about seventy five now. I used to have a hundred and fifty or so, but I've let some fall by the [Unclear 11:18]. Mostly I've got a lot of COMs. I like ORG these days, so I've been doing some ORGs, but it's not as much on the speculative side as now I'm just doing some personal things and helping people out with domains and such.

Michael Cyger: Got it. Do you own PaulNicks.com?

Paul Nicks: I do. I do. And, Nicks.mania, NicksFamily.com, and all sorts of personal names. Yes.

Michael Cyger: Yeah. As director at Go Daddy, are you allowed to play the market if you see good domains dropping and ending in auction?

Paul Nicks: No, not at Go Daddy. I'm not allowed to bid on or sell names through my own marketplace, but there's no restrictions as far as, you know, go and do another marketplace and such, and doing that.

Michael Cyger: Great. And, do you own any generic domain names; category killer domain names; anything that would, you know, make people salivate tearing your domain portfolio?

Paul Nicks: I only wish. No. No. I could still take those transactions.

Michael Cyger: Let's dig into Go Daddy aftermarket. You know, I know the aftermarket is more than just the auctions. Can you describe what the Go Daddy domain name aftermarket is, and what it encompasses?

Paul Nicks: Sure. Yeah, we put a pretty broad categorization of aftermarket on our services. So, in the most general sense, it's the auctions and parking.

Michael Cyger: Okay.

Paul Nicks: And each of those has its own, sort of, subdivisions of, you know, our cash parking program in which got a product called Quick Content, but then the cash parking program that we do as well. And we've got appraisals, and what we call our Domain Buy Service, which basically are sales reps who, if a user is interested and it's not available in the aftermarket, will try to contact the owner and see if there's any negotiation room there. So we have some of those products, but that's the gist of it.

Michael Cyger: Okay. So, auctions, parking, appraisals, domain buy service, and probably some additional serves within each of those categories.

Paul Nicks: Sure. Definitely.

Michael Cyger: Okay. And so, if we focus only on the auctions part, what kind of domain names are in your auctions? Are they only people selling domain names in your auctions?

Paul Nicks: No. Actually we've got. Our auction house is sort of unique, I suppose, in that we have expired domain name inventory along with, what we call, public domain name inventory, which is somebody actually trying to sell their domain.

Michael Cyger: Okay. So you've got the expired, and you got the public. So, let's talk about the expired for a moment. Can you describe the domain name life cycle, and how the Go Daddy auctions aftermarket fits in, you know? Let me leave it there.

Paul Nicks: Yeah. So what we've got essentially in our life cycle is, once the domain expires, once it fails to renew, or the original owner registrant doesn't, you know, chooses not to or we're unable to renew on their behalf, you've got an eighteen day grace period, where the original registrants can renew that name and redeem that name for just the price of the renewal. So, there's no extra charge or anything on that side. After that eighteen days, then you've got twenty-four extra days. So, for a total of forty-two after expiration. You got twenty-four extra days, where the registrant is able to redeem the name still, but this time at a service charge, because there's a little bit of extra work on our end, our call center side. The last fifteen days of the final twenty-four, so the last fifteen prior to releasing back to the registry is when it goes through our expired name auction service. And, that's it. Basically it's a ten day auction. If nobody bids on it on the ten day auction, then what we would do, we would consider it a buy it now where it keeps on dropping from, say, ten dollars to nine dollars, eight dollars. And, if nobody buys it at the end of the five days, then it just drops back to the registry.

Michael Cyger: Okay. I think I understand how that process works, which I sort of knew in pieces, but it was difficult to figure it all out together. So that's very helpful. So it expires. So, if my expiration on a domain name is today, it expires, and then I have eighteen days to where I can actually renew it, even though it's expired, and Go Daddy doesn't charge me anything. Then it goes through a twenty-four day period, where you have a redemption service charge. So, I can still get it back, even though it's expired. And, what is that service charge typically cost?

Paul Nicks: You know, that I don't know. That's something I haven't looked at in quite a while, so...

Michael Cyger: Okay. Any ideas; at like a hundred dollars or twenty dollars?

Paul Nicks: I want to say it's less than a hundred dollars, but honestly I don't know how much.

Michael Cyger: Okay. So, some fee. And, you know, to be honest and I hate to admit it, I've actually had this happen to me. Where, you know, I used to run a media company, and one of my domain names just stopped working; the web site just stopped working, and I thought it was the host. And I called them up, and I was irate, and it turns out it expired, and I can't remember who the registrar was at the time. And for some reason I didn't get notified, and so, it can happen to you, because it happened to me, and I'm somewhat competent about things like this, and it was very useful to be able to call them up, get it back up and running, and have that grace period. Okay. So, the eighteen days. The twenty-four days after that. The last fifteen of those twenty-four days, it goes up on to the auction site.

Paul Nicks: Yeah.

Michael Cyger: So, as a buyer, I may actually see a domain name in auction that I can bid on for up to fifteen days that could then get pulled down from the auctions because the registrant decided to renew it for the additional service fee.

Paul Nicks: Yeah, absolutely.

Michael Cyger: Okay. I understand that. And then, it goes to a ten day auction, and then if nobody bids on it, then it goes through five days of price drops, and then finally it is deleted from your registry, and available for registration through anybody else.

Paul Nicks: Yes.

Michael Cyger: Through any other registrar, I mean.

Paul Nicks: Yes.

Michael Cyger: Okay. I understand.

Paul Nicks: If it passes through it. I mean, there's that sort of sub. Excuse me, the sub-category of if it passes. If we release it to the registry, then it plays into the drop catching world. Yeah, so before it's available, you have to make sure all the drop catchers as well.

Michael Cyger: Gotcha. So, Go Daddy auctions actually has it for all that time before it even goes to drop catchers.

Paul Nicks: Yes.

Michael Cyger: Okay. I understand. And then the drop catchers, who actually have multiple registries, also can try and snatch it before it's available for hand registration by people like me, who don't understand the drop catching whole process.

Paul Nicks: Sure.

Michael Cyger: I understand that process. Does every domain name that expires go through this process?

Paul Nicks: At Go Daddy yes. All the Go Daddy names that expire go to the expired auction process.

Michael Cyger: So there's no other exception process, where Go Daddy employees can purchase things, partners of Go Daddy can purchase things? Things like that.

Paul Nicks: Not. Nothing like that. 100% everything that then expires is on the auction market, and obviously still available to redeem, but we don't have any side deals, or anything fancy like that.

Michael Cyger: So, there are two types of the domain names on the Go Daddy auctions. There's the expired, sort of the pre-pending delete domain names, and then, the, you called them, the public domain names. So, there's owned domain names. I may own some domain names. I can list them in Go Daddy auctions for sale.

Paul Nicks: Yes.

Michael Cyger: And those show up right next to the expired domain names. Is there a way to determine between the two without doing a WhoIs lookup to figure out what the expiration date is?

Paul Nicks: For sure. Yeah. We have; the auction site itself has sophisticated, advanced searching capabilities. So, on the right side of the auction there's lot of ways you can filter and sort the data. I mean, you know, you can do it by age; you can do it by number of characters, TLDs, etc. And one of those options is, if you want to see public listings, or expired inventory. And that's how we label them on the search as well.

Michael Cyger: Okay. So, I've got a window open here; I'm just looking through it, Paul. So, I would click on the right hand side navigation; there's a section called 'type', and then you have 'expiring auctions'. So, those are the ones that actually, you know, in the domain name life cycle of expired, correct?

Paul Nicks: Yeah.

Michael Cyger: Okay. And then I see other options for public auctions, which is the other type. Then you have public buy now, so, if somebody just wants to set a price instead of sending it to auction. And then you have some other options: Close Out, Value Price Names, Offer - Counter Offer, and Domain Connect. Can we run through some of what those are? Like, can you tell me what a close out domain is.

Paul Nicks: Yeah. Close out actually is that last five days, where we put the expired name that's no longer on auction. It's in a buy now price. That's what we call our close outs.

Michael Cyger: And it decreased by price a dollar a day as they go through those five days.

Paul Nicks: Exactly.

Michael Cyger: Okay. And then, what's a value priced name?

Paul Nicks: A value priced name would be one that, say somebody registers the domain name for ten years, or five years, or whatever it is, and then we get it from the registry, and they're unable to pay. We're unable to get anything for it, so just it's there, we're stuck with it at the registry. If we can't get our money back, we just put it on the auction and charge basically the renewal fee for it.

Michael Cyger: Okay. And, offer/counter offer.

Paul Nicks: I'm sorry.

Michael Cyger: Offer/counter offer. How does that work? That's clearly a public owned; somebody owns that domain name, right?

Paul Nicks: Yeah. Yeah. An offer/counter offer is our public news. It's essentials ones where the seller hasn't put a price on it, so you enter into that negotiation period.

Michael Cyger: Okay. And then the final one that's listed in the types is Domain Connect.

Paul Nicks: Yes. That's kind of newish for us. I think we launched that; we'll call it, six month ago or so. That's our first foray into really taking some pretty nice inventory from our customers and being able to walk that through. It's nice acting brokerage, but it's one of those things where we have the domain names, and we're trying to pursue and find buyers with our customer base that really match up with it. So, it's a special listing type of thing. Our executive account representatives really handle a lot of that.

Michael Cyger: Okay. So that could be like a premium listing that has a broker attached to the domain name.

Paul Nicks: Be careful with the terminology. A premium listing is a thing within Go Daddy; that's our fast transfer listing service. So, I wouldn't call it premium. It is a, probably a premium domain with a domain connect listing. There's only so many ways you can say something is good, right? So.

Michael Cyger: Right. And it seems like everybody defines these terms in a different manner.

Paul Nicks: Right. Right.

Michael Cyger: Alright. Hey, you know, the one question that I had, Paul, regarding the domains that are going through the auction process, whether they're expired or whether they're public - owned by another person. Does Go Daddy own any portfolio such that you would sell those through the process?

Paul Nicks: None that we'd sell. Obviously we have our portfolio of Go Daddy domains, but that's it. We don't work in the aftermarket; we don't rent house names. Nothing along those lines. No.

Michael Cyger: Okay. So, I wouldn't have Go Daddy bidding against me for a certain name that's going through auction.

Paul Nicks: Neither Go Daddy nor any of our employees.

Michael Cyger: Now, would Go Daddy actually peel off any of the domain names before it goes to auction if it's a good domain name that's expired?

Paul Nicks: No. That's where I said earlier, you know, all the inventory goes to auction. It's truly all the inventory. We're not holding anything back.

Michael Cyger: Alright. Great. Okay. And, do you have any idea what the quantity of expired domain names versus public domain names in your auctions is roughly?

Paul Nicks: Yeah, it's funny. That, sort of, that number fluctuates pretty dramatically day over day as we get new inventory in. It's less than half, but it's, you know, the majority of all of our names are public. But it sort of fluctuates. I don't think; expired has never gone over the half way mark.

Michael Cyger: All domains go through the auctions. I have a question from a reader. What percentage of all daily drop domains are on Go Daddy? It's an interesting question. So, I don't even know what the number of all domain drop, you know.

Paul Nicks: Are we talking in the entire Internet?

Michael Cyger: I believe so.

Paul Nicks: You know, obviously that is hard to answer from maybe not knowing the number of domains that drop everyday off hand. But because we have more domains than say, the next eight registrars, we know that's - I think it's fair to say - probably a reasonable assumption of that of a percentage for how many domains actually drop in our system versus the others. So, I would, say. You do the math there, but.

Michael Cyger: Is it a fair assumption to say that, I think Go Daddy has roughly half of all domain registrations in the world, right?

Paul Nicks: You know, I don't know that number.

Michael Cyger: Okay.

Paul Nicks: I'm not sure what the total number is. I know we're over fifty million. It seems right that the total registrar is in the hundred-million range, but I don't know that for sure.

Michael Cyger: How long after a Go Daddy name expires, goes through auction, can another registrar or drop catcher register the domain name?

Paul Nicks: That's after that forty-second day.

Michael Cyger: And it's immediately at whatever drop time it is?

Paul Nicks: It's whatever drop time it is, right. So, it goes off, but it obviously. The way that the registry handles what is available for hand registration, that's when the drop catchers really do their play. So, once we release it back into the registry, I'm not a hundred percent certain about the logistics of it, but I'm pretty sure it's not immediately available to register. The registry has to do their work, and then drop it for and make it available to registry.

Michael Cyger: Got it. Okay. How many employees does Go Daddy have today roughly?

Paul Nicks: Oh, roughly, thirty-three hundred. I think we're over thirty-three hundred or so.

Michael Cyger: So, thirty-three hundred. You've have to have a certain number of domain investors working at Go Daddy, you know. They live it. They breathe it. They probably are hooked on domain names like a lot of domain name investors are.

Paul Nicks: Absolutely.

Michael Cyger: Every single employee is not allowed to bid on auctions at Go Daddy?

Paul Nicks: Right.

Michael Cyger: Wow!

Paul Nicks: It's a very strict rule. But, you know, it was brought up a few years back. Andrew Aldo went on Bob Parson's radio show, and said, hey, you know, this gives the impression that people, or employees, were bidding against your customers, and from that day on, Bob said, no more, and what he says goes. So.

Michael Cyger: So, let me ask you a question about security then. What security measure do you have in place to prevent employees from, you know, taking a smoke break, walking outside, and getting on their phone to bid?

Paul Nicks: You know, the specifics of the security, obviously, we can't get too much into, but, you know, we've got a 24/7 fraud team. We've got a 24/7 security team that actually has won awards. We won the SE Magazine Top Security Team for 2011, and I think they're a finalist for 2012, so.

Michael Cyger: Wow.

Paul Nicks: We're very serious about, obviously, domain security, and protecting our customers. And once it was identified that employees bidding was at the detriment of our customers. You know, even the perception of being at the detriment to our customers, all that, you know, becomes part of the security plan. So, everything we do in our security world is to protect our customers.

Michael Cyger: Yeah. Okay.

Paul Nicks: Including, you know, obviously (Unclear 28:34.9).

Michael Cyger: And clearly, you know, employees bidding has been an issue in the past, you know. I know that there was an incident of shill bidding that happened at a major competitor of yours for four years between 2005 and 2009. You know, I think a lot of people that are outside of the domain name industry will look at and say, you know, here's a whole industry where I don't understand how things work. What's to prevent somebody else either, you know, external from Go Daddy, or inside Go Daddy from shill bidding, from bidding me up, just so something sells for a higher amount. You know, what's to stop the domain seller from creating a second account and bidding to try and increase the price of domain name?

Paul Nicks: Sure. You know, I think that the outside perception, if they were to look at, you know, potential bidding and such, I think that no matter what sort of security awards we get, or anything along those lines, the brand, you know, the Go Daddy brand, the Go Daddy knowledge and comfort level with

understanding and knowing who you're working with is really the biggest piece of the kind of novice end user. They want to work with somebody they're comfortable with. So, they come to Go Daddy. They've seen us; they know us. They know we're, you know, not a fly by night type of operation, so they trust that. And then, internally, it's our job to not mess it up; that trust, right. So, internally then, we've got all of our process feeds in place, so that the trust that the novice user place in us is well found. So internally, we do all of our work to make sure nothing like, you know, that skin or anything along those lines happens, and that extends outward in the brand, and in the brand recognition, and in the, you know, making sure there's nothing out there that really goes wrong. So, it's all part of comfort level is the biggest way to describe it.

Michael Cyger: Yep. Well, and I see that. And, you know, I've experienced the customer service, and I know a few people from Go Daddy including yourself. And so, I get a feel for the type of employees that are there. And I think I can trust Go Daddy, and the service that you're providing. But I think a lot of the world only sees Go Daddy for thirty seconds during the Super Bowl, and all they see are, you know, women in tight clothes, or fast cars, or something to that effect. Do you have discussion internally at Go Daddy about, you know, the type of culture that you're portraying at Go Daddy? Internal versus external for the masses; the non-domain investors.

Paul Nicks: I can say yes. They have. Conversations do happen all the time. I can say, I have those conversations (Unclear 31:36.8), but certainly the brand is something that we take very seriously, and we do a very good job with our marketing. Obviously it's helped us do very well. And, if you kind of read the web site, you know, you'll see (Unclear 31:53.8) on the web sites, but you won't see the skimpy, you won't see the tank-top, etc. It's all business. So, once you get the user to the web site, then we're all about describing what it is we can offer as a company, as a service.

Michael Cyger: Okay. That makes sense. So, what are some of the largest auction sales that have been made in the aftermarket at Go Daddy?

Paul Nicks: We've had a few. Homeowners Insurance was our biggest one; sorry, HomeownersInsurance.com. We sold that one for \$570,000.

Michael Cyger: Wow.

Paul Nicks: And one of the bigger ones that actually came up in a lot of the tech blogs was Color.com. It went off and made a pretty slick app based off of that domain name. That sold for \$350,000. So, we like to; we've played several times in that hundred-thousand dollar range. Haven't had the million dollar sale yet.

Michael Cyger: And so I actually reached out to the founder, the CEO, of Color.com after the sale was announced, and I tried to get him on the show to talk about the benefit of having a generic premium domain name as the company name, and he refused to apply to my email. So, no hard feelings. If he wants to come on the show, we can still talk about it. I know the first version of the app wasn't successful, but I'm sure people would love to hear what's going on with that. So, do you actively pursue other domain investors, or domain owners, that have premium domain names that would sell for five-hundred thousand, a million, a million and a half, and try and sell it through the auctions, or it's there if they have an interest?

Paul Nicks: You know, at this point, we're more on the it's there side. So, there is so many opportunities. And this year is specific, you know, 2011, late 2010. So, everything is sort of blooming where you get all this inventory to get the market sort of doing what it does, and domain evaluations go up and down as such, but there's been so many opportunities in the domain aftermarket realm, that I've been concentrating lightly on just getting listings in. So it's, get more inventory in; the high quality, low quality, you know, it doesn't matter to me. If somebody is looking for a low quality name on auctions, I'm not going to say I'm sorry, you can't have that here, instead go to this higher quality one, right. So, this is a, I want to make sure that all the inventory that is available in the aftermarket in general (Unclear 34:34:27.2), but the domain aftermarket is available to our registrations, and our customer base looking for those names. And that's kind of my life at this point.

Michael Cyger: Yeah. Well, so you brought up an interesting point there, about trends. How long have you been in this role, Paul?

Paul Nicks: In this role, call it a year and a half. I've been with Go Daddy and on the aftermarket side for four and a half, nearly five years now.

Michael Cyger: Okay. So, four, five years. You've seen the trends in Go Daddy auctions. Are there specific trends that happen throughout the year? Do you usually see more domain names coming up for auction at the end of the year, and then dying down during the holidays, and then coming back up before tax season, or things like that? Do you notice specific trends at certain parts of the year that are related to holidays, or winter months, or anything?

Paul Nicks: You know, that's, it's fairly close. It is seasonal. So, like in like call that June, Julyish range, you'll see less purchases. People are just off enjoying their family time all they can. Picks up pretty well, generally, in Fall. I think Fall is very good for us. And, you'll see a dip Thanksgiving, so basically we're going to start seeing a dip, I imagine, this week, extending through the weekend and cyber Monday. Then we'll pick back up again until Christmas time. So it is very much a seasonal thing. People who bulk register, or bulk buy, have to have vacations too.

Michael Cyger: And is that seasonal for buyers and for sellers?

Paul Nicks: Oh, well, yeah. I mean, basically, yes. It's seasonal for the entire market, so it affects both sides.

Michael Cyger: Yeah. Okay. You know, I was just trying to see if there was an inside tip related to the seasonality. You know, if there's less domain names on the market, and less buyers in June or at the end of the year during the holidays, is that a better time to buy, because there'll be less offers coming in on the domain names that are available?

Paul Nicks: Yeah. I think that the time to buy would be when there's less competition on the buying side. So, I'd say the best time to buy the names would be that seasonal dip, the Junish, the Thanksgiving weekend, the Christmas week, etc. The best time to sell would certainly be right after Christmas. You don't want to pick up when the entrepreneurs are out there, the beginning of the year; they're getting their business plan set up; they're getting ready to roll full steam. We usually see January is going to be a very

good month; it's been a good month historically for us. Because you get that fresh wave of entrepreneurial new years resolutions, etc. And that's when you want your inventory certainly in front of those people.

Michael Cyger: Right. Alright. Great tip. And a lot of those people are probably going to be running through the hand registration process on Go Daddy, and if sellers have their domain names in the system, then they can, you know, take advantage of that as well.

Paul Nicks: Absolutely. And then of course, there's the Super Bowl month, which shouldn't be discounted either, right? So.

Michael Cyger: That's a good point. That's probably a very good point. And are you guys going to be in the Super Bowl again this year?

Paul Nicks: You know, I'm not sure what my parking's up to. I'm not sure what we've done, or announced.

Michael Cyger: Oh, come on! Give us something good here!

Paul Nicks: You know what? Honestly, I wish I had the marketing insides, but that's not my realm.

Michael Cyger: Alright. Let's talk about pricing and commissions. If, you know, clearly a domain name expires and is going through Go Daddy auctions, you take 100% percent of the sales price of that. If I, as the domain name owner, want to list some of my domain names in auction; if I want to send it to a ten day auction; if I want to put it up for a set price; if I want to, say, make offer type bid situation, what are the commissions that I might pay you to sell the domain name on my behalf?

Paul Nicks: So, if you're listing an auction in the methods you described, so the seven day auction, or the offer/counter offer, etcetera, that would be a ten percent commission. And that is set up where those names actually do get visibility to the avail check registration path. That's not the fast transfer system, but that is quite a bit of exposure to the million of avail checks, etcetera. We have our premium listing network, which is actually our fast

transfer system, and that's a thirty percent commission, and that's mostly based off of the infrastructure it takes to make sure that fast transfer happens and such. But that exposure is by far, the premium listings is by far our largest sell through rates, because is essentially it's the same experience fresh reg'ing.

Michael Cyger: Hmm. Okay. And what would I pay if I wanted to have a take bids on a domain name?

Paul Nicks: That would be a ten percent.

Michael Cyger: That would be ten percent. Okay. So, what is the sell through rate for the premium listing versus the, you know, the non-premium listing?

Paul Nicks: Higher. You know.

Michael Cyger: Are we talking about like twenty percent versus ten percent, or three percent versus one percent? Just an order of magnitude I'm looking for.

Paul Nicks: In my experience, the sell through rate of the premium listings is roughly eight to ten times higher than that of the auctions.

Michael Cyger: Okay. I'll take it. Alright. So, how does Go Daddy auction system differ from other auction services? You know, everybody knows all the auction services out there. The Sedos, the Name Jets, the, you know, Snap Names. What are the advantages of your system versus theirs, and how do you differentiate your from everybody else's?

Paul Nicks: Well, there's two sides, obviously, to any marketplace. That's going to be the buyers and the sellers, right? So on the selling side, what we have is, if you want to get your name, your inventory, exposed to our buyers, our avail check path of customers, then we've got the lowest commissions to be able to do that. So, we got the ten percent commission; we'll get you into that. Now, we do obviously have the deal with Afternic, I think we announced, and that traffic where their names go up there as well, but you're paying the Afternic commission, which isn't, you know, a little higher than

the ten percent. But otherwise, you know, on the listing site it's a place to have your name. It's on the buying side; that it's the 8.7 million customers looking for domain names, and we register. I think it's we register, renew, or transfer a new domain every .77 seconds, or some ridiculous stat like that. So, beyond that, you've got so many avail checks happening that that's really on the buying side of Go Daddy inventory. So, you've have to get it in there either through, you know, a partner, or through Go Daddy directly. We're trying to put all those names up there. So it's really what sets us apart; it's not necessarily the listing side of the world. It's, instead, the buying side of the world, where that comes in. I'm going to try to list your name if I know about it. So, make sure I know about your name, and I'll get it up on the avail check path.

Michael Cyger: Right. Alright. So, really, people want to go to sell their domain names where the largest marketplace of buyers are. That's why people go to Amazon to sell their products. Because Amazon brings to them the largest marketplace to people looking for new stuff historically. Or, they go to Ebay, for people looking for used stuff.

Paul Nicks: Yeah, absolutely. And I think that's a fair analogy too. I mean, and Amazon doesn't necessarily have all the inventory necessarily from people going to Amazon (Unclear 42:17.2), and they've got partners with the large sellers as well. They view themselves as a place to sell product, wherever their product may be. So that's quite similar to how we're operating is, that I have a customer looking for a domain name. I absolutely know that. I know the name their looking for. If I don't know that the name is available in the aftermarket, then that's lost opportunity for the seller.

Michael Cyger: Sedo promotes their multiple listing service, which allows registrars to sell domain names as well as list their own domain names. Go Daddy is a registrar, so clearly you're not going to partner with other registrars to sell your domain name inventory, the auction inventory on their services. Do you provide a similar multiple listing service for your partners, or how else do you get your auctions in front of buyers?

Paul Nicks: You know, our auctions, for me, we have the buyers. We don't need to work as hard to get the auctions inventory in front of, you know,

another registrars avail check path. And I think we obviously have the vast majority of avail checks happening. So we do pretty well there. So, for me, it's more about the partnerships of getting inventory into our system rather than pushing inventory out.

Michael Cyger: Yeah.

Paul Nicks: So that's, and the Afternic deal is probably the best example of that, where they list their inventory with on their (Unclear 43:50.8) auctions; we'll display it up to avail check path, and that's worked out pretty well for us.

Michael Cyger: Let's talk about that seamless flow that you mentioned earlier. So, somebody watches the Super Bowl ad, you know, it's a guy that works in a business, and he gets an idea for a business, and he sees the advertisement on the Super Bowl, so he goes to GoDaddy.com, and he types in, PimpOutMyCar.com, or whatever. I, you know, I make up these domain names, and I'm sure domain investors are saying, 'Yes! I own that domain name.' I haven't done any checks on it. And so, it says, Yeah. It comes back with a, 'yes, this domain name is available for two thousand dollars'. I can't remember exactly what the terminology, what the phrase is that you use, but to me it was a little confusing because I couldn't tell at first glance whether a domain name was for sale, let's say, for hand registration of ten, twelve dollars, or whether it was for sale through the auctions. Do you have customers actually saying to you that this is confusing? Why are you charging me two thousand dollars, or more than ten dollars for this domain name?

Paul Nicks: Well, you know what it is? We always get the person who adds ten thousand dollar name to their cart and it is confused as why it's, you know, all of a sudden ten thousand dollars for a name. Along with the, 'yes, this name is available for X price', we put a phone number as well. So, our support staff, our call service staff is very well trained in explaining the value of a premium listing, the value of an auction listing; explaining why it's, you know, more money than the ten dollar fresh registration, and you know, certainly there's always going to be some level of confusion, but as we get more of those names in front of the public, then that confusion will just

lessen, right. So, it's part of my world to get as many listings, as many, yes, this name is available for a set amount, or yes, this name is available on auction for offer/counter offer in front of end users as I can, and that will just breed a familiarity with that entire system. So, as our customers understand that more, then they'll tell their friends, etcetera, and then that'll just grow the aftermarket. Not just the Go Daddy aftermarket, but the domain aftermarket in general. I think it's a responsibility we have - I have - is to make sure our end users are understand this available, or this inventory is available, and can be had; we've got phone number to explain it. And you know, for Go Daddy, it's a wonderful proposition, because one you have somebody that you can explain the value of a domain, explain that this, you know, PimpYouCar etcetera is available for a thousand dollars, whatever it is. Once they understand that, you know you've got a person who's willing to invest in their business with this domain name, then it's so much easier just to have that conversation about, you know, what you're going to need security on this name, you're going to need SSL certs; here's how we can help you build this brand with our services. So, it's obviously, it's in Go Daddy's best interest. It's in the customers best interest to have the domain name. And we can do everything in-house to get them set up with their business. That's the entire model really.

Michael Cyger: Okay. And, can users go on to Go Daddy and into the aftermarket, and buy any type of domain name TLD they want? Can they buy Canadian domain names, or Liechtenstein domain names - .LY domain names -? Do you support all the different ccTLDs?

Paul Nicks: .LY is Lybia.

Michael Cyger: Oh, Lybia. That's right.

Paul Nicks: But to answer the question, yeah, you know what? We don't offer all the TLDs. CA, we do offer CA, but not LY on the auctions platform. And there are various reasons for it. You know, some registries just restrict their change of registrant rules a little bit more. So we make sure that, you know, we've been working for registries that have an eye towards the aftermarket, and they understand that change of registrants; the easier you make that, then the easier the more names you stay registered as far as I'm concerned. So,

yeah, absolutely. We offer as many as we can right now. We're always looking to add more as they come in.

Michael Cyger: Is there a charge to purchase domain names in the Go Daddy auctions aftermarket?

Paul Nicks: There's a membership fee. So, yeah, we have a one year membership, and that's for listing or buying. It's \$4.95; five dollar roughly.

Michael Cyger: So, why do you charge a membership fee for \$4.95 per year to bid on domain names?

Paul Nicks: You know, the biggest reason for that was, we wanted a way to validate that the person was who they say they were. So, you know, we've got the 4.4 million some odd domain names in our marketplace. You know, you could be assured that a human being, that actually had a purchase run through our cart, and verified a credit card, was a person listing those. Or, if you're selling, and somebody is bidding on your name, it's the same basic idea. We've already done a transaction with the bidder to make sure we have validated who they are. So it's a bidder validation. (Sorry, screwed up there.) Bidder validation. But yeah, it's basically a security measure for our measure.

Michael Cyger: Okay. So on other domain marketplaces where I don't have to pay anything, and I can get an account with, you know, a name and an e-mail address, that would allow me to potentially bid on domain names, and then walk away from it, whereas on yours, you're at least taking a credit card, so you have some time to a financial system.

Paul Nicks: Right. Yeah, the other systems, I mean, they all generally have, if you bid above this certain amount, then they're going to go ahead and do some sort of nominal charge to a credit card to validate that credit card. We just do it up front. We want to make sure that, even the lower value names aren't the best sort of name sort of fraud scrutiny as all the higher ones are.

Michael Cyger: Yeah. Okay. So, if a domain is registered at another registrar that's not as big as Go Daddy, the domain would become available for registration, you know, after it expires and goes through the redemption

period, and you know, is deleted from the registrar, it's available for, you know, either drop catching or hand register. But at Go Daddy, as we've discussed, the domain name goes to auction, which essentially requires domain buyers to pay the additional \$4.95 membership fee per year in order to bid on it, in order to try and win it to register the domain name. Is this, you know, it's sort of the haves and have not. There are some domain registrars that are big enough to create this auction system, and then there are other registrars that just aren't big enough to have a system like that. Is it fair in the domain name industry, to have this type of system, where aftermarket, or auctions exist at some registrars and don't exist at others?

Paul Nicks: You know, the definition of fair is always fun to discuss, I suppose. So, as far as I'm concerned, yeah, it's far more fair than many of the alternatives. So what we've created at Go Daddy's auctions platform is a truly free auction system. So we're not inflating the value of any domain names, we're not holding any back, warehousing it etcetera. They all go to the auction system. They start off at their twelve dollars. If there is interest in the name, then you have an open auction system instead of a closed one. Then obviously as the process goes on, then it goes to the buy it now, close outs etcetera. So what we've created is a complete free market system where the market, the domain buyers will in essence determine the value of the domain name. If we were to send them all back to the registry etcetera, what you would get would still be auctions for those names. So you would still, if the name is good enough, get the drop catchers that are going to play, pull those names out, and then put all those into a private auction or keep them for themselves, and that system is actually much more insular than what we have at our auction system. So it's actually far less fair, I think, to go to the other systems where you have to know the inner workings. You know, it's trying to explain, you know, my mom, what a drop catcher is, and how you have to put a back order on a name for seventy dollars, and you still won't even get the name after you've committed to paying that because you have to go to an auction with a bunch of other people. You know, it's hard to explain. It's far easier to explain our system, where it's on auctions, somebody bids it up, it's completely free and up there.

Michael Cyger: Okay. That makes sense.

Paul Nicks: I think it makes sense. I think it's fair. I think it's good.

Michael Cyger: So, you mentioned back orders. Let's talk about that. You do offer back orders. Is that correct?

Paul Nicks: Yes.

Michael Cyger: What is a back order?

Paul Nicks: Back order essentially for us is, once we get to the deletion period, then the registry will release all the names that's gotten deleting for that day in one fail swoop, and the back order system will attempt to register the name on the behalf of whomever owns the backorder. So we'll go with our connections to the registry, and try to acquire that name on behalf of the back order holder. So that's essentially what it is, and you know, every registrar gets a connection to the registries and such, and that's how that all plays out. It's whomever has the most connections, or whomever is going after the, you know, one particular name over another, those are generally the ones that are going to get it.

Michael Cyger: Okay. So, in domainer terms, it's basically a drop catching service for Go Daddy.

Paul Nicks: Yeah. Yeah. Basically it is. I mean, in ways our back order system will try to get it. If you can put a back order name on a name that goes through the expiring platform, that are Go Daddy's expiring it. If you say you didn't want to bid on it, and get a bid up there, then maybe you have other show there is interest in it, you can put a back order on that name. And if goes through the close out system, and drops, then we'll try to pick it up. And I think it's, obviously, it's easier for us to pick it up on our side, and transfer it over. But we also do back orders at other registrars as well.

Michael Cyger: Got it. So, but if the domain is actually registered at Go Daddy, it goes through, it expires, goes through the eighteen day grace period, goes through the additional twenty-four days where there's the redemption period, and then you know, goes through your five days of decreasing price. Nobody puts a bid on it through the entire time. I have a

back order on it through Go Daddy. Will you get it for me for then ten, twelve-dollar hand registration cost before it gets deleted, and is available for drop catchers to pick it up?

Paul Nicks: Yes.

Michael Cyger: Okay.

Paul Nicks: If it's through Go Daddy. A Go Daddy back order will happen.

Michael Cyger: It will pick it up before it's deleted from the registry.

Paul Nicks: Yeah. That's the last check we run before we drop it off, and say, do we have a Go Daddy back order on this name or not.

Michael Cyger: Perfect. And, do you take multiple back orders per domain name, or there's only one back order per domain name because you could just give it to the first person?

Paul Nicks: No. We do multiple. We used to do first person only, but now we actually do multiple where if several people put a back order in, and we get it, then what we do, is just a private auction between those users.

Michael Cyger: Oh! Another Auction!

Paul Nicks: Yeah. It's the way that works. The first person in gets the first bid, and a lot of times those auctions don't have a lot of activity. Obviously because the name will have been in our system for the entire fifteen days prior, so. But that is how we do it. We didn't want to do first come, first serve, because it still has an error of an advantage towards somebody with better technology. You know, we want to try take away the gaming of the systems as much as we can, and that's the fairest way we found to do that.

Michael Cyger: I understand. Okay. And if I'm the only person to put a back order on it, would I get it for the registration cost by itself?

Paul Nicks: Well, the back order itself has a cost. So, what you would get is, you would get the domain name. And the back order itself, we take the middle price out of there. So, let's say it's a twenty-dollar back order. Then you'll get the ten dollar credit for your dot com, and all etcetera.

Michael Cyger: Got it. And, is that how much a back order costs, is twenty dollars?

Paul Nicks: It could. Last time I checked, yeah.

Michael Cyger: Alright. Somewhere around there.

Paul Nicks: The prices will sometimes fluctuate.

Michael Cyger: Do I get charged for the back order when I place it, or when the domain actually goes to the back order process?

Paul Nicks: You know, it's a credit based system. So what you do is, you purchase back order credits, and then you apply them to domain names. If we're able to capture the domain name on your behalf, then we can consume the credit, and the twenty dollar fee, or the system is twenty dollars. If not, then we'll just give you the credit back. So, it's a continue on. So if we only charge you. We charge you up front, but we only actually eat the money, we actually eat the credit, when it wins.

Michael Cyger: Okay. And that probably dissuades a lot of people from putting back orders in if it actually costs real money to do it.

Paul Nicks: You know, I'm not sure it does. I mean, it's less money. Yeah, it's really money, but it's less money. It's only really used when we win the name for you, so. The other systems that are out there, there has to be some sort of fee for a back order, because there's actual work taking place on behalf of the registrars etcetera itself.

Michael Cyger: Right. Okay. So, if people are out there, and they want to put a back order on the domain name, you know, they don't want to bid on it, but they want to see if it drops, and get their back order in; if it's registered at Go

Daddy, they should put the back order in at Go Daddy because they have the first chance of getting it there before any other, third-party, drop catching service that they pay for, or don't pay for.

Paul Nicks: Absolutely. If the name registered at Go Daddy, and they don't want to bid on it in the expired auction, they put a Go Daddy back order on it. Yeah.

Michael Cyger: Okay. Alright. We talked, you know, briefly and the traffic conference, Paul. I found a domain name that was registered on the aftermarket on Go Daddy auctions that a friend wanted me to purchase for them. It's a friend that lives here in the Seattle area. She runs a startup fitness company. She bought a domain name. I said, 'Why did you buy a domain name with four words in it, when really the three word domain name is much better for your business?' And I looked, and it was available at Go Daddy auction; it was a bid make offer type situation. So, I asked my friend how much she wanted to offer, and explained to her how, you know, domain aftermarket work. And she said, 'I want to offer fifty dollars', so I made the offer on her behalf. The owner, I believe, so I'm trying to recall all the details because I wasn't as familiar with Go Daddy auctions at the time; the owner sent it to a seven day auction, and if my memory serves me correctly, at the end of seven days, I was the only bidder on the domain name, and then the auction was extended to something like a sixty or seventy day auction. And, as you were describing the process here to me earlier, you talked about, you know, the auction length, and you didn't mention anything about sixty or seventy day auction. What happened in that situation?

Paul Nicks: I actually looked at that. So what happened with your particular situation; so, part of our system is, when you list the name - call it a offer/counter offer listing -, we don't let you list it from now for eternity. What we do is, we do a sixty day offer/counter off listing, and what that does is at the end of the sixty days, it automatically renews. Now what that allows us to do is, on the renewal, we can verify that you still own the name. We can verify some things; make sure that our auction inventory stays clean. So that's kind of how that renewal process works. What happened in your situation was, you were towards the end of that sixty day cycle, and so when you put the bid on it, the owner of the name, the seller of the name, didn't; I think

they actually made a counter offer, but they didn't accept the initial offer, and then the domain ran its course through the end of the last seven days of the sixty day listing, and then automatically renewed itself for another sixty day listing.

Michael Cyger: Okay.

Paul Nicks: So, you know, it was strange to me when we discussed it. It seemed odd to me because you shouldn't be able to, obviously, accept an offer and push it to auction, which we have that option for our sellers. If you get an offer you like on offer/counter offer, you push it to a seven day auction as you described. And we don't allow that, so once you push it to a seven day auction, that means that you're going to sell that name. You've already met your reserve price. The name will sell to whomever beats the high bid via the person that you pushed the auction because of that bid, or somebody else that jumps in. So, I have verified there's no way to cancel an auction, you know, a pushed auction listing that had been sent over there, so. It was just the timing was a little bit strange.

Michael Cyger: So, I'm still unclear. It went to a seven day auction. I was a bidder on the seven day auction. But then, what happened?

Paul Nicks: It didn't go to auction.

Michael Cyger: It didn't go to auction.

Paul Nicks: No. What you saw was, not that it went to a seven day auction, but instead you were at the last few days of the initial offer/counter offer listing.

Michael Cyger: Oh, okay.

Paul Nicks: So it said, hey, there are seven days left on this, but the original owner never actually accepted the offer, so it wasn't a true auction. It was, instead, an offer/counter offer listing that was about to get renewed for another sixty days. That's essentially what happened with that one.

Michael Cyger: Okay. Alright. I understand. So, if I'm a domain investor and I'm looking at the Go Daddy auctions, and you have a ton of domain names going through there, clearly, your registrar is so large, you have so many customers, you have so many domain names that expire that, you know, somebody might register a domain name and decides they just don't want to pay the renewal fee. What are some tips that you would provide to domain investors that want to use Go Daddy auctions to keep an eye on great domains that are in auction?

Paul Nicks: You know, I think that the domainers that do very well, they'll do one of couple things. So, a lot of people will have a look very day at auctions based off of the traffic. I mean, we do get some metrics; whatever metrics we know about the name, we try to give you on the expired site. So they'll sort their daily list by traffic, or by bids. See what other people are bidding on.

Michael Cyger: Yep.

Paul Nicks: And let that sort of run their decision making. And another way is, of course, with keywords. So if you're a say, a geo domainer and you're looking for Atlanta, or Cedar Rapids, Scottsdale, whatever, as far as your keywords, what you do is you end up setting up a safe search. The auctions platform allows you do to safe searches, and you could put whatever your filter criteria is, save that off, and then actually set that up to e-mail you every day. So, you can get a list e-mailed to you every day without even going to the auction site that shows you what today's matches are for whatever your filtered result is. So, that's how a lot of people who do well, who are bulk buyers and such; that's how they'll scrape through the list. Is by setting up those morning e-mails, looking at it over their cup of coffee or whatever, and seeing what they want to invest in.

Michael Cyger: Okay. And, on your platform, when it says the domain name, the number of bids/offers and then the traffic, if it says traffic two-hundred and fifty-four, what does that mean exactly?

Paul Nicks: What we do is we; the last couple weeks, so once we get past that eighteen day period, you've got this twenty-four day period. And what we do is we put a park page up, and we have a very visible banner at the top of the

park page in the hope of telling the original registrant, hey, your name is now up for deletion.

Michael Cyger: Right.

Paul Nicks: Click here to renew, right. But while it's there, while it's in that system, there's a parked page. We're able to gather whatever metrics we can to help the individual buyer on the auction platform. So it's a measure of the traffic there extrapolated out for some set of days.

Michael Cyger: Extrapolated out for some seven days? Is that how you finished that?

Paul Nicks: Some set of days is what I said actually. And also, we take the time we have it and then we try to determine based off of that amount of traffic what that domain might see. And I'm lawful here, because I don't remember if it's three months, six months, or a year, but it's over some set of time that it's the standard. That doesn't change, so.

Michael Cyger: Okay. Alright. So, I assume I can go to the Go Daddy help system, and it will tell me that the traffic is over some period of time.

Paul Nicks: Yeah, I'm not sure if that's in our help or not, but we could probably figure that out. We'll get back to you on that.

Michael Cyger: Okay. Great. And then a lot of the domain names have evaluations associated with them as well. Is that evaluation that comes from an appraisal in your system, or is that evaluation that is automated that your auction platform just assigns to it?

Paul Nicks: That one takes a lot of factors on that. So, you've got the traffic; you've got a UPC revenue that may have come in during that time; and, you know, obviously, the keywords and such. So, we use all the data we have about the domain to try to come up with some nominal measures.

Michael Cyger: Okay. So that's your own automated evaluation of that domain name.

Paul Nicks: Yes.

Michael Cyger: Okay. I understand. So I'm looking at DownloadChrome.net, and that has evaluation of eighteen dollars, and that's based off of the words, and the extension, and the traffic of 248, and you know, probably a host of other factors as well. I understand. Okay.

Paul Nicks: Seems correct. Yeah.

Michael Cyger: And then, if I'm looking at the featured domains, I see a domain right here that I believe it's spelled IListenTo.com. I have no idea what that means, Maybe it's in another language or something. And it says, zero bids, offers, prices forty-seven hundred dollars, which struck me as a little strange, and then I looked and it has a little A with a yellow circle that says view appraisal. And when I clicked that, it says, 'this domain has a certified appraisal'. I assume this is one of the services that you provide, Paul.

Paul Nicks: Yes.

Michael Cyger: Okay. And the certified appraisal was done July 28, 2010, and the appraisal price was \$11,234. So that means that somebody from your organization understands the purpose of this domain name. Maybe it's in another language and assigned a value to that domain name based on that and a host of other factors.

Paul Nicks: Yeah. The appraisal system. We have a mixture of automated versus manual appraisal, or certified appraisal, which this person ended up getting was the highest level appraisal that we have that does go through some manual intervention there.

Michael Cyger: Okay. And so, if it has a certified appraisal, you'll show that versus the automated appraisal.

Paul Nicks: Well, the automated one. The evaluation that you see is only on expired names. That's based off of that particular algorithm. It uses the data

we know. If it's a customer selling their name, then we don't have that data to be able to do that particular algorithm up.

Michael Cyger: I understand. Okay. Alright. Let me ask you a higher level question. What can the industry do to improve liquidity of domain names?

Paul Nicks: In liquidity, it's all about pricing and convenience, and those both kind of go to the heart of what a lot of the players are trying to do with buy now pricing. Make it as easier to get that; easier to get the name, as you can. You know, basically, go through the premium listing channel on Go Daddy. Go through some of the (Unclear 1:09:04.4) etcetera, but price your inventory and get it to where a person coming to Go Daddy, looking for that name to register, doesn't have to negotiate with you necessarily. Now, if the name has great value, then I wouldn't recommend putting a buy it now price on there. Then it deserves a little bit of education to the customer on why it's worth so much. But if it's a speculate of or if it's one that has some value, but in the fifteen hundred, two thousand, or whoever range you may have put the buy it now price on, then certainly. Put a buy it now price on it. List it through there. Make it as easier for that customer to get that name into their account as you can. You get a lot of people who are scared away from offer/counter offer listings, or even are scared away from going to Go Daddy auctions and putting in an offer or a bid on that name. That's why we push the premium listing network so much. It's because there's nothing else other than add to cart, check out. And, that's, you know, the optimal path.

Michael Cyger: Right. Makes sense. What's the biggest competitive threat to Go Daddy aftermarket?

Paul Nicks: Gosh. You know, I don't see us. The way I view us is not necessarily with a lot of competitors. What I have, in my back pocket, is the Go Daddy customer base, and the Go Daddy avail check system, and the Go Daddy brand. So as far as auctions competing with, you know, Sedo etcetera, I don't see that. You know, that's why you'll see partnerships happening; you'll see consolidation of inventory, because we're all in it; we all have names that are unique to each other, and we should be able to sell them. So, that's what really drove the Afternic deal. We mentioned while we were on traffic was simply that they had inventory that I didn't have. I didn't view

them as a selling competitor because they don't sell through Go Daddy auctions. I view them as a listing partner instead.

Michael Cyger: Yeah. Okay. Yesterday I brought up Auctions.Godaddy.com to take a look around, and right in the featured domains was a domain name TechCrunch.info, and it was listed at auction at around fifteen thousand dollars. For those who don't read tech blogs, TechCrunch.com is one of the largest in the United States, maybe worldwide. How does Go Daddy handle trademark infringing domain names?

Paul Nicks: The trademark stuff, that's best left to our legal and our policy folks. So, I'm not necessarily comfortable talking about that.

Michael Cyger: If I go to NameJet, and I click on a domain name, there's actually a statement on the bottom of the page that says, if this is your trademark, contact us. Do you encourage trademark owners to contact you if they see a variation of their trademark available for sale?

Paul Nicks: Absolutely. We have policies and processes all set up that if a trademark owner sees anything that had been infringed on their mark, they contact us, and we've got an entire team of folks that work with them on this.

Michael Cyger: Great. What's been your biggest 'aha' moment having managed and seen the inner workings of the Go Daddy auctions of the past, you know, year and a half in your current role, and over the past four, five years in working with Go Daddy auctions?

Paul Nicks: The 'aha' moment was simply understanding where I am in the market, and within Go Daddy in general. So it was only, call it eight, nine, ten months ago and such, so within the year. Then, we started displaying auctions listings to that avail check path. So knowing, you know, that I'd struggled for quite a while. Building this auction platform up, make sure the technology was up to par, make sure the security was good. You know, all those things that the product manager is supposed to do, right. With really ignoring the fact that I had millions and millions of people beating down the door somewhere else at Go Daddy, you know, so my side door asking for names, and I wasn't showing it to them. So, my biggest 'aha' was, hey, why

don't I just let the people know, yeah, this name is available. It's available on our aftermarket, come over here and put a bid on it. And that's driven, you know, my 2011 road maps, my 2011 road maps. It's all about making sure that the buyers and sellers are together, and that maybe I should've gotten to that realization a little faster, but we're there now.

Michael Cyger: So, you know, I ask for a lot of questions before this interview and one of the questions that came in was related to the cave. You know what the cave is, right?

Paul Nicks: I'm familiar with the cave. Yeah.

Michael Cyger: What is the cave? Why don't you describe it for audience members.

Paul Nicks: Well, we used to actually, when we were in Iowa, so basically we've got several offices in Go Daddy. And in Iowa, we had a office that was kind of scraped together from a single floor going to those places where you'd sublease this building, or that building, or that office, and we tried to get as many pieces together. They were kind of close to each other as we could. And one particular piece was designed; envision a circular hallway, and in the middle of the circle you have walls and one huge space with no windows, and two locking doors. And that's where we did most of our operations on the parking and the auction site for quite a while. And that was in factually referred to as 'the cave' because certainly, without the windows, little slits of light come through the door sometimes. So we tended to have the lights off quite a bit of the time anyway because the ambient glow of the beautiful monitors was enough for, very devy, you know.

Michael Cyger: For sure. Would people go in there and take naps as well? Just find a little corner to.

Paul Nicks: There was no time for that. No.

Michael Cyger: Alright. I do want to thank a host of domainers for helping me come up with questions to ask you, Paul. I'm not sure if they wanted me to say their full names, so let's just say thanks to Brad, Troy, Chris, Mark, and

Jim. I tweeted out. They responded. And we're all very appreciative. So let's finish up with this Paul. What can people expect to see in the next six to twelve months related to domain name auctions at Go Daddy?

Paul Nicks: You know, I think that what we have now is the end of the past year, and I mentioned this a couple times now, is really getting the inventory, and making it easy for the end user. And I think we're doing quite a good job at that today with the priced inventory, the buy it now inventory, etcetera. So what I have on my docket for the next few months, and into the next year, is really going to be figuring out a way to have the better names, names that require a little bit of education, the names that are offered/counter offered, and should be offered/counter offered. Those names really there's not an easy way. There's not a very user friendly way to get my Go Daddy customer, get them in, show them that name is available, engage them, teach them about the domain name, all without upsetting their user experience. So, that's a very big challenge. That's why we haven't necessarily tackled it yet. I mean, obviously the first challenge was let's get priced inventory, let's get the easy stuff in there first, and we'll upgrade that inventory as we go on. But now what do we do about the names that aren't in, and shouldn't be necessarily priced. That's my next challenge. And that's what you're going to see in the next year or so.

Michael Cyger: Alright. If you have a follow up question, please post it in the comments below. We'll ask Paul to come back and answer as many as he can. Paul if people want to follow you, are you on Twitter? Do you have a blog on Go Daddy, or personal blog?

Paul Nicks: Gosh. I'm just not that into the social club.

Michael Cyger: You're just not into the technology is what I'm hearing.

Paul Nicks: You know what? I'm an engineer. I love my technology. I just don't like sharing myself that much. I'm the true introverted engineer. I'll say that. No. We have the Go Daddy auctions Twitter accounts, which isn't me, but it's, you know, it's our marketing efforts.

Michael Cyger: @GoDaddyAuctions.

Paul Nicks: @GoDaddyAuctions. We have the Go Daddy Twitter page, and the Go Daddy Facebook page, and all those that we do most of our stuff through, and sort of consolidated channels there.

Michael Cyger: Excellent. I recommend anybody watching, listening, or reading this show, or for any show for that matter, the guests come on here, they make a sizable commitment of time and share their hard lessons learned. Please take a moment to thank them. Thank Paul through a tweet, an e-mail, a comment. If you see him at a conference, like I did at traffic, let him know you appreciated watching his show. Paul Nicks, Director of Go Daddy auctions and aftermarket. Thank you for taking the time, coming on the show, and being a Domain Sherpa for other entrepreneurs, investors, and business owners.

Paul Nicks: Thanks, Mike. I appreciate it.

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

Watch the full video at:

<http://www.domainsherpa.com/paul-nicks-godaddy-interview>