



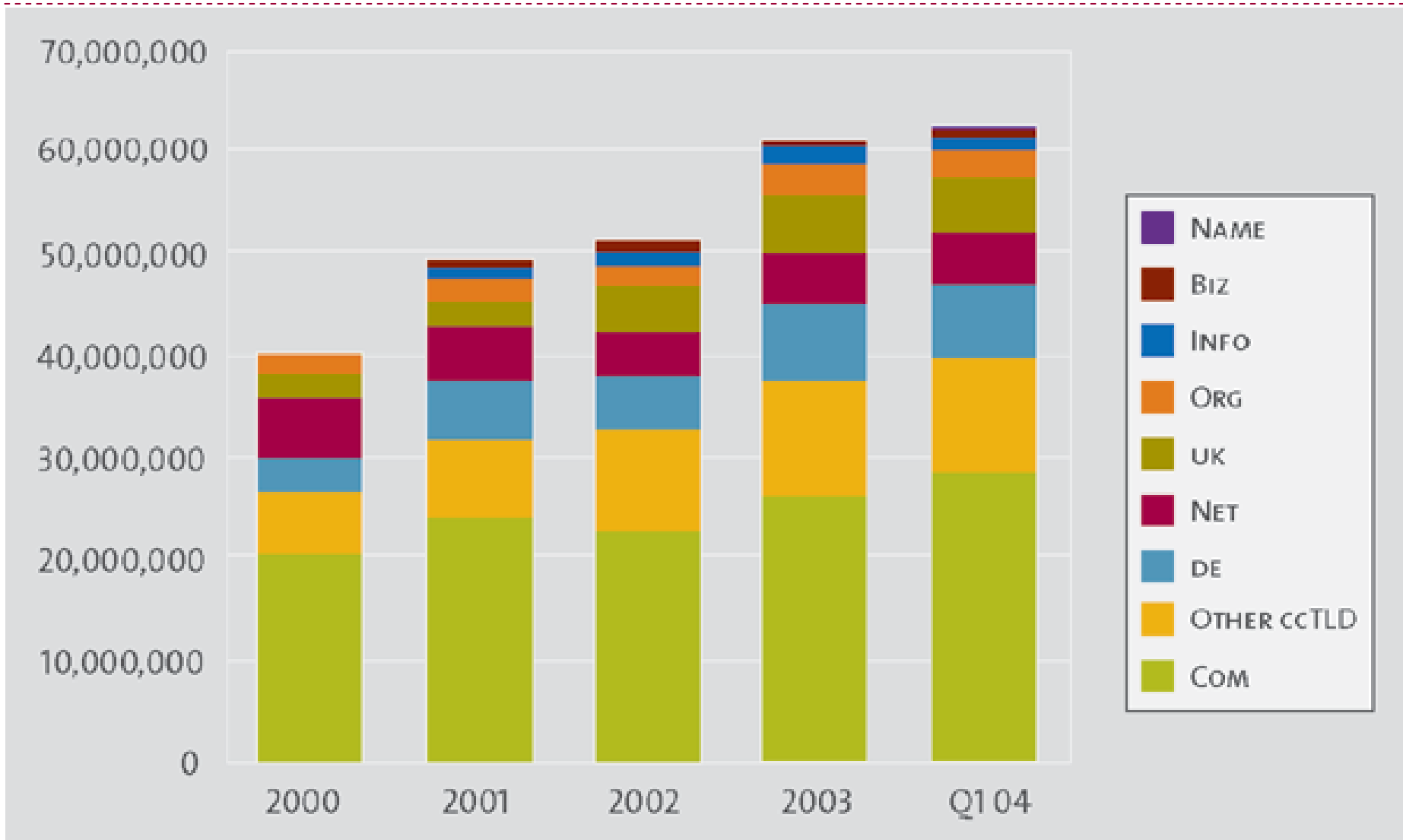
Market Trends Seminar

ICANN Meetings Kuala Lumpur

July 2004



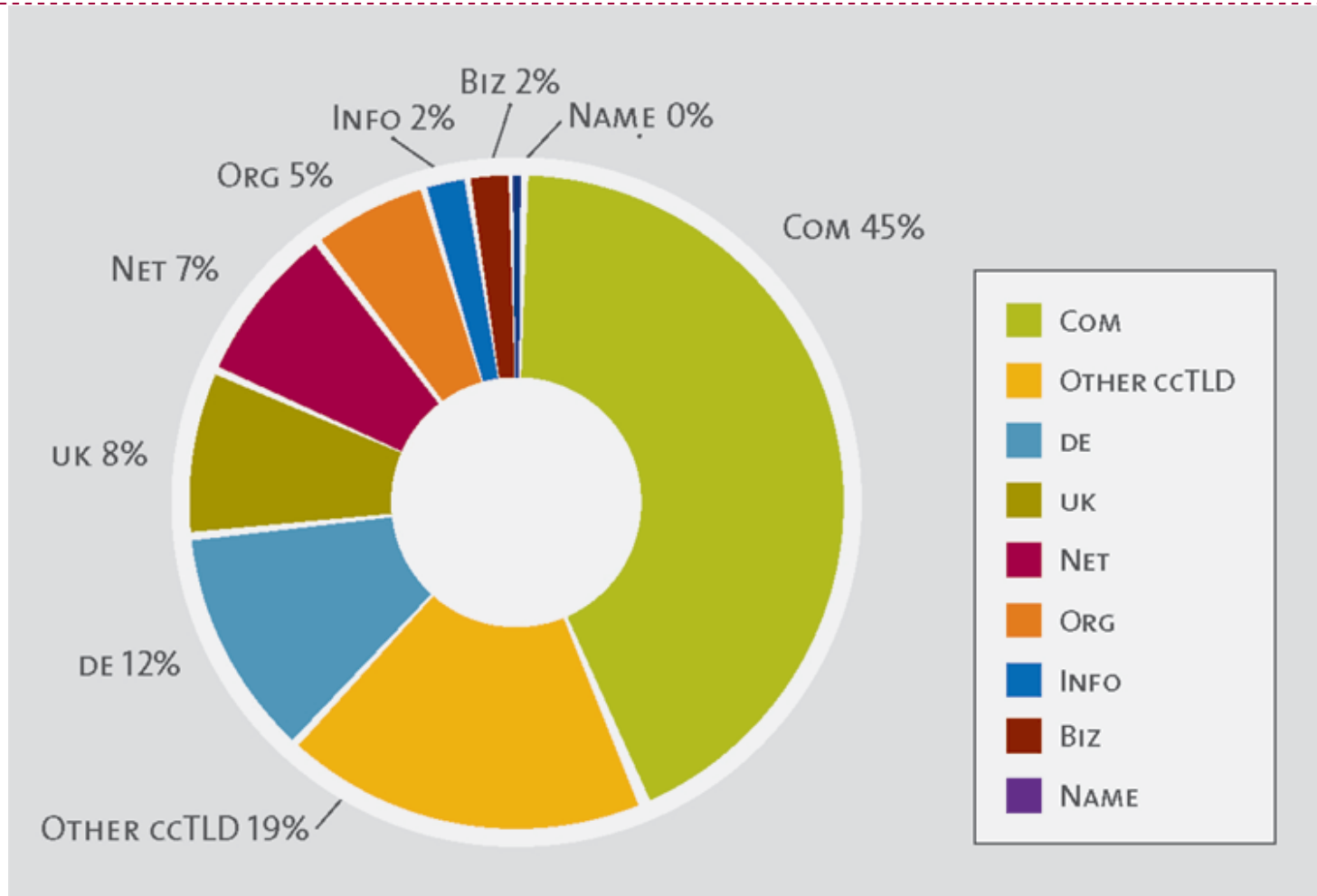
Domain Name Base



2 Key Takeaway: 16% growth 2003 vs 2002. 5% growth Q104 vs 2003 – total number of domain names at the end of Q104 reached 63 million. Industry on growth pattern again.



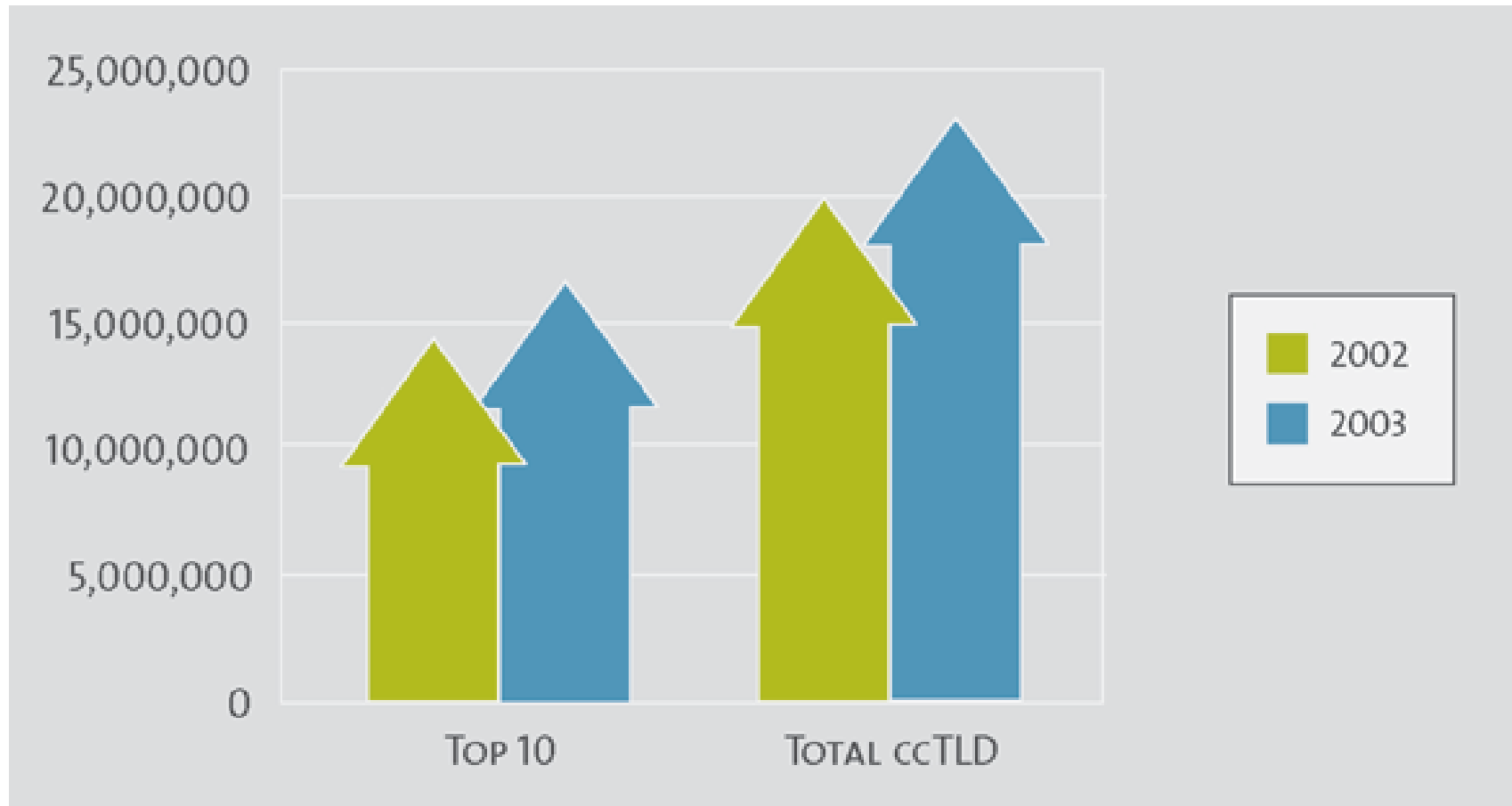
Industry Composition



Key Takeaway: By the end of Q104, com is at 45% with the major ccTLDs of .de & .uk coming in at 12% & 8% respectively. ccTLDs in total make up 39% of the domain name market.



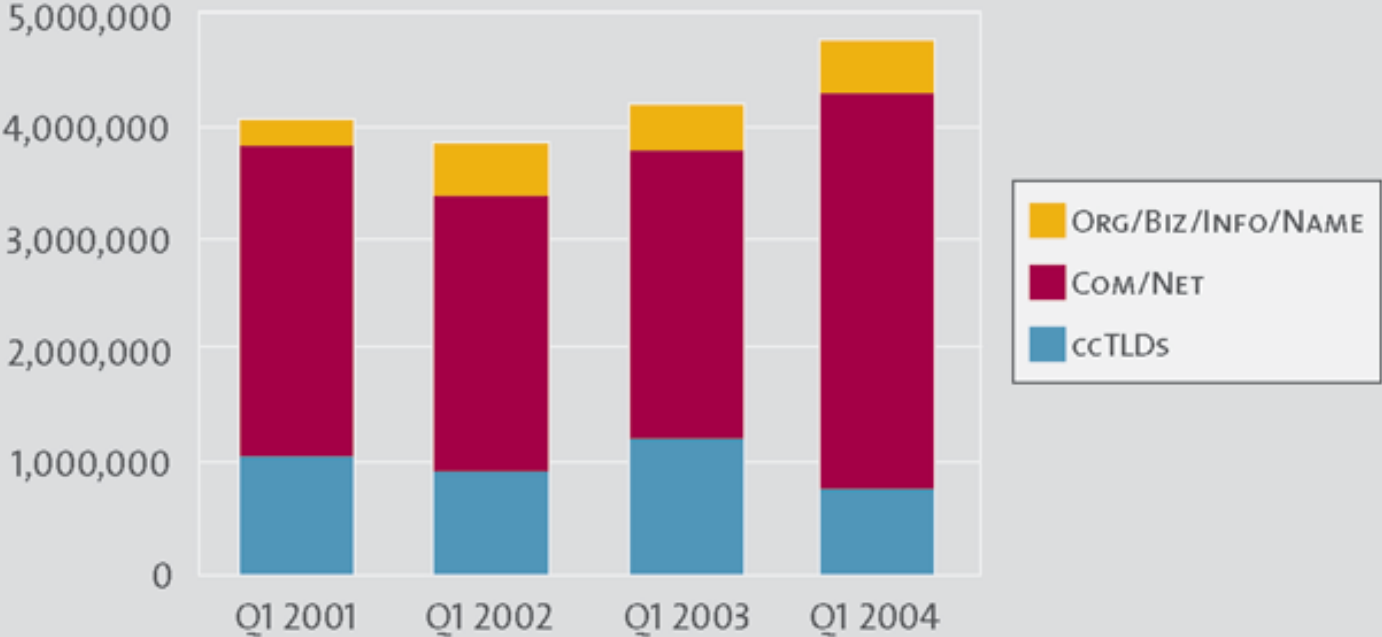
ccTLD growth



Key Takeaway: The Top 10 ccTLDs make up over 70% of all 240+ ccTLDs. 90% of German domain market is made up of ccTLDs. Reduced restrictions and automation of ccTLD provisioning has accelerated ccTLD adoption (i.e. .pl). ccTLDs grew by 4.5% in 1Q04.



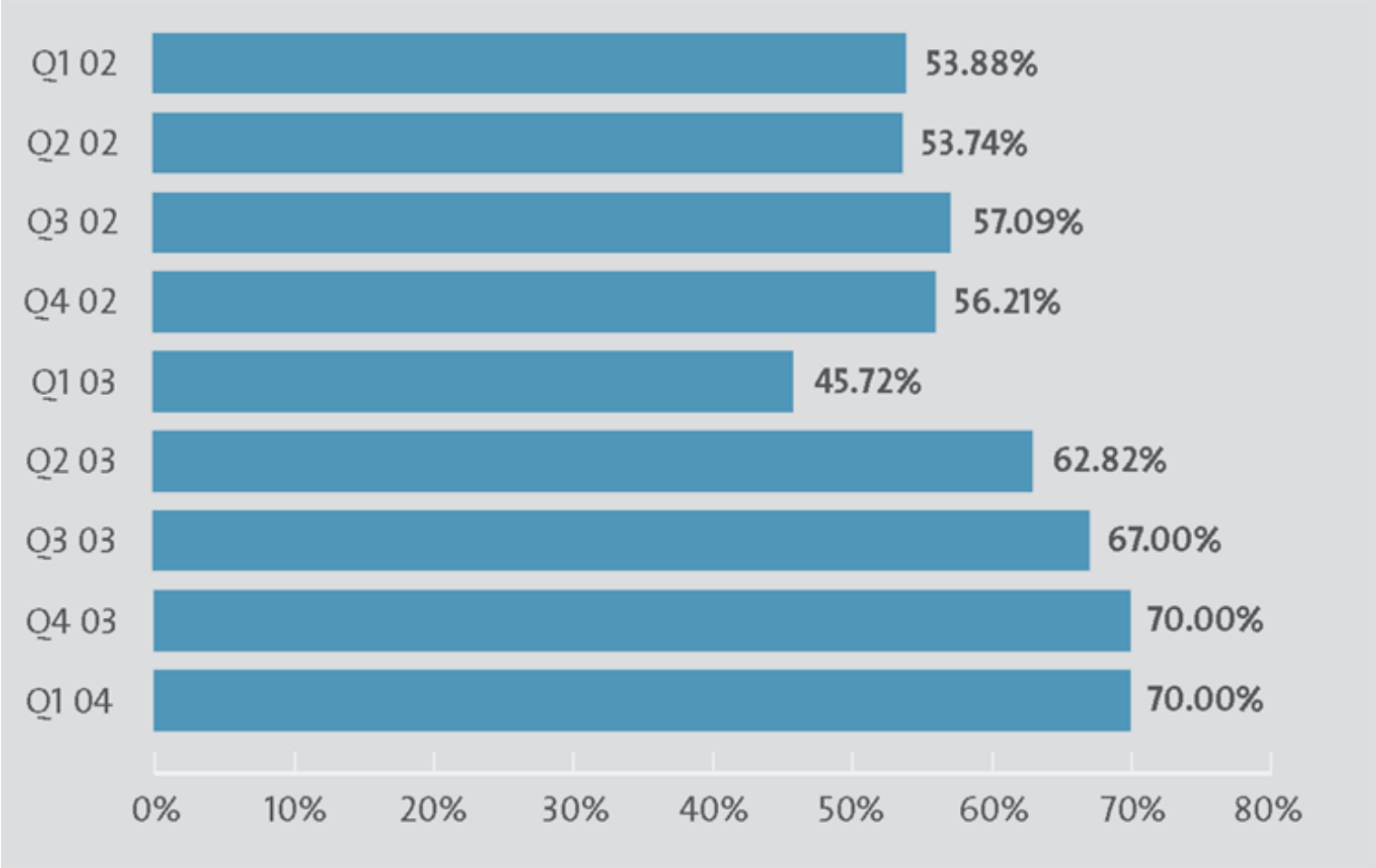
New Registrations



Key Takeaway: New Registrations hit 4.7M in Q104. Growth coming from all TLDs. Key triggers: Worldwide economic upswing; greater internet penetration rates; more channel partners in under-served areas of the world.



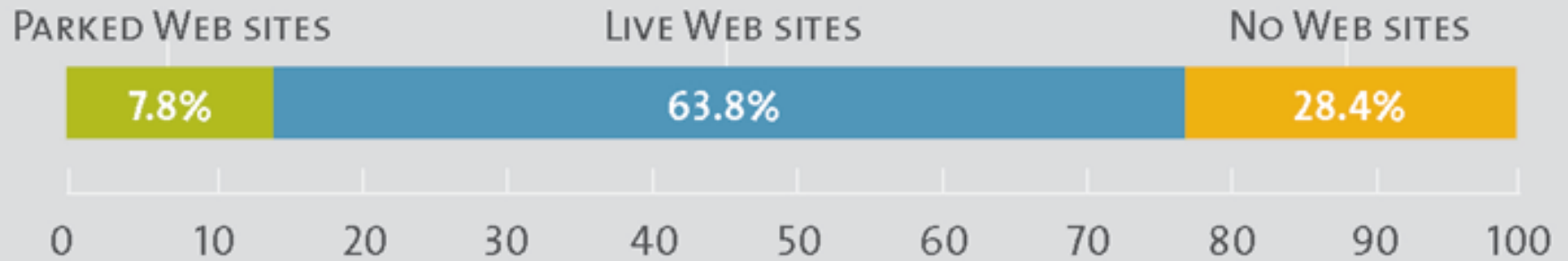
Renewal Rates – Com Net



Key Takeaway: Renewal Rates have been steadily increasing over the past 2 years due to a stabilizing of the base better renewal practices. Result is more stable revenue streams.



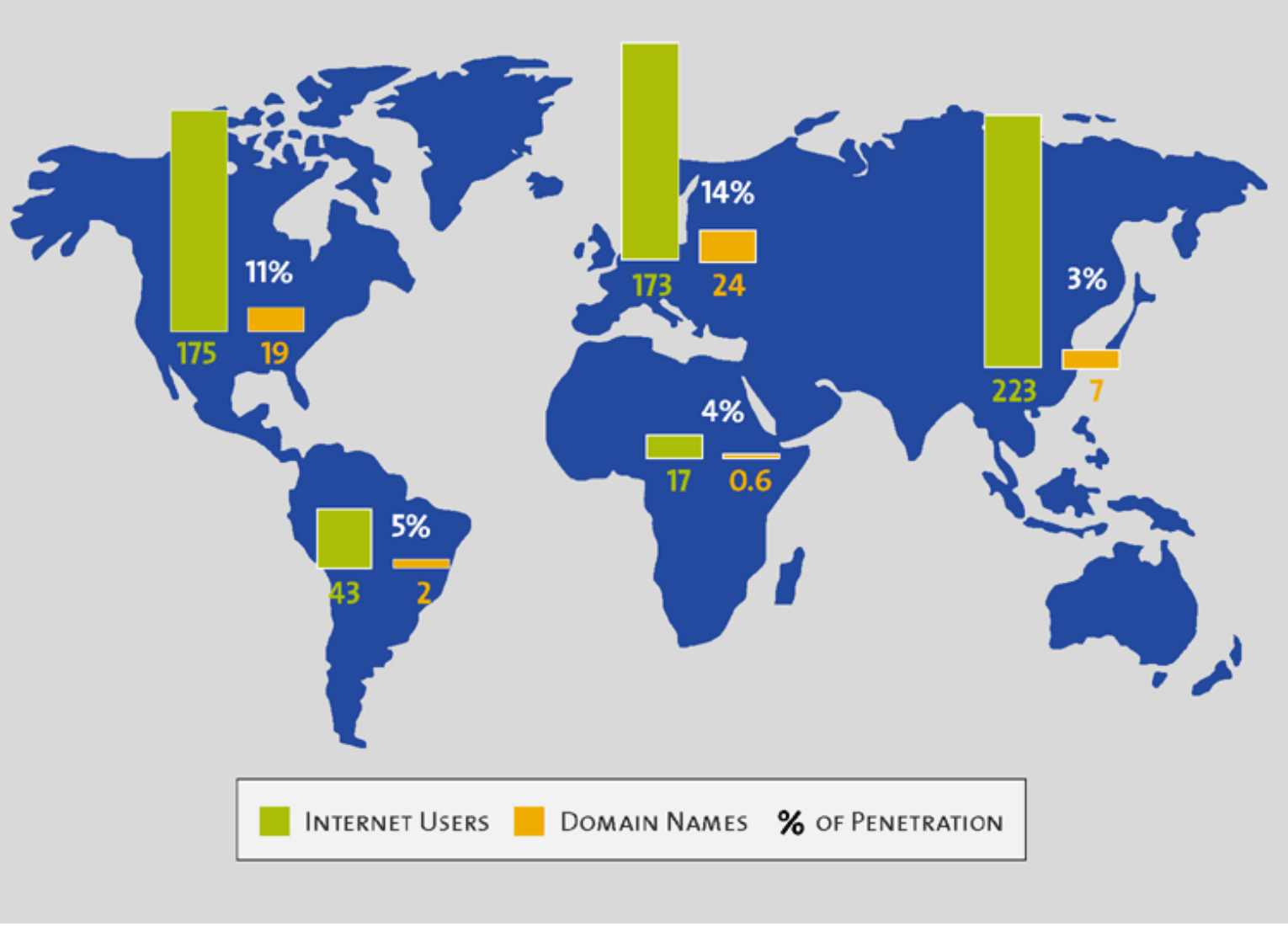
Web Site Usage



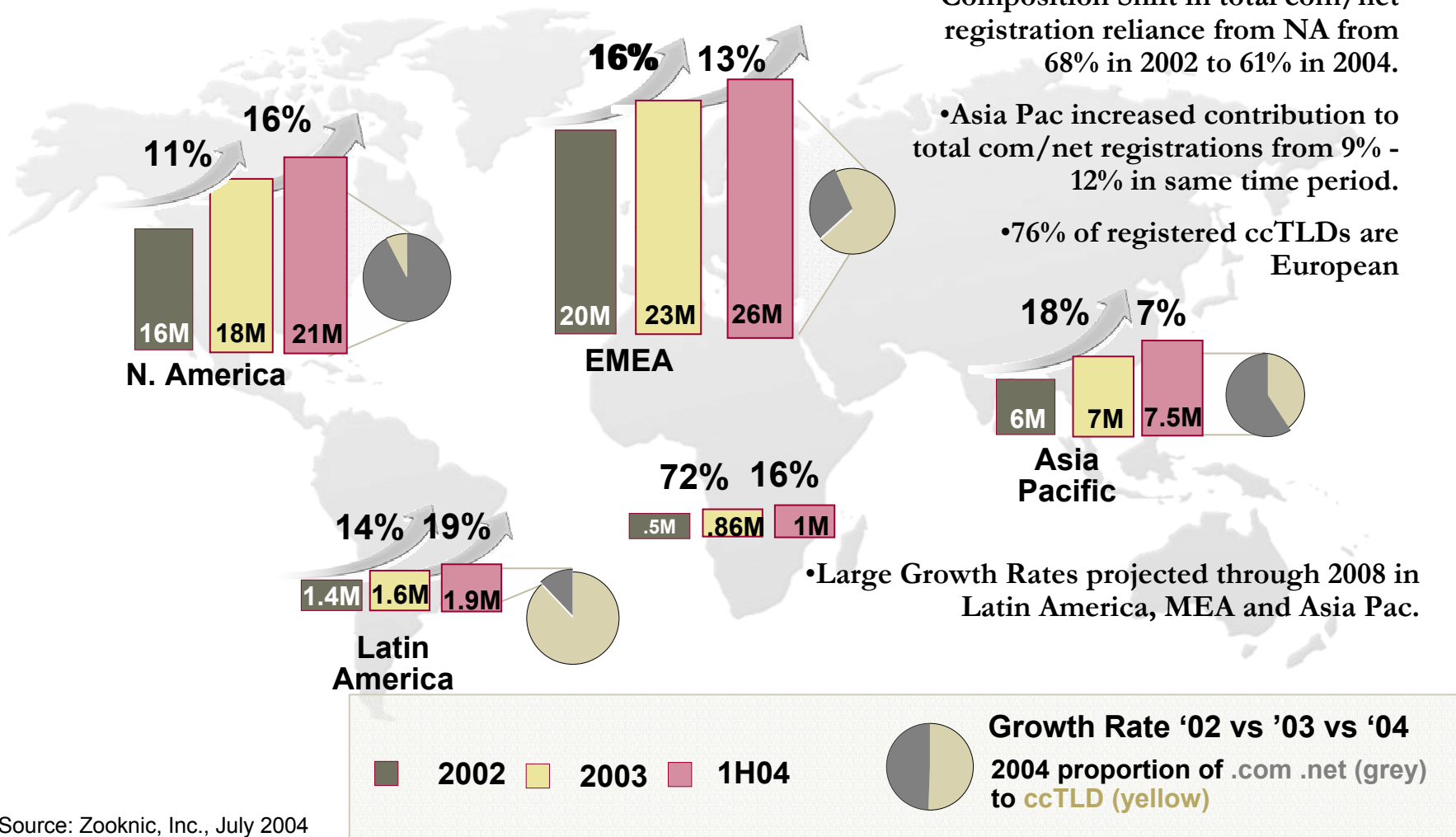
TOTAL DOMAIN NAMES SPIDERED = 28,998,231
PERCENT OF ALL DOMAIN NAMES RESOLVING TO A WEB SITE



Domain Name Market



Selective Geographic Composition: com/net and cctld's



- Composition Shift in total com/net registration reliance from NA from 68% in 2002 to 61% in 2004.

- Asia Pac increased contribution to total com/net registrations from 9% - 12% in same time period.

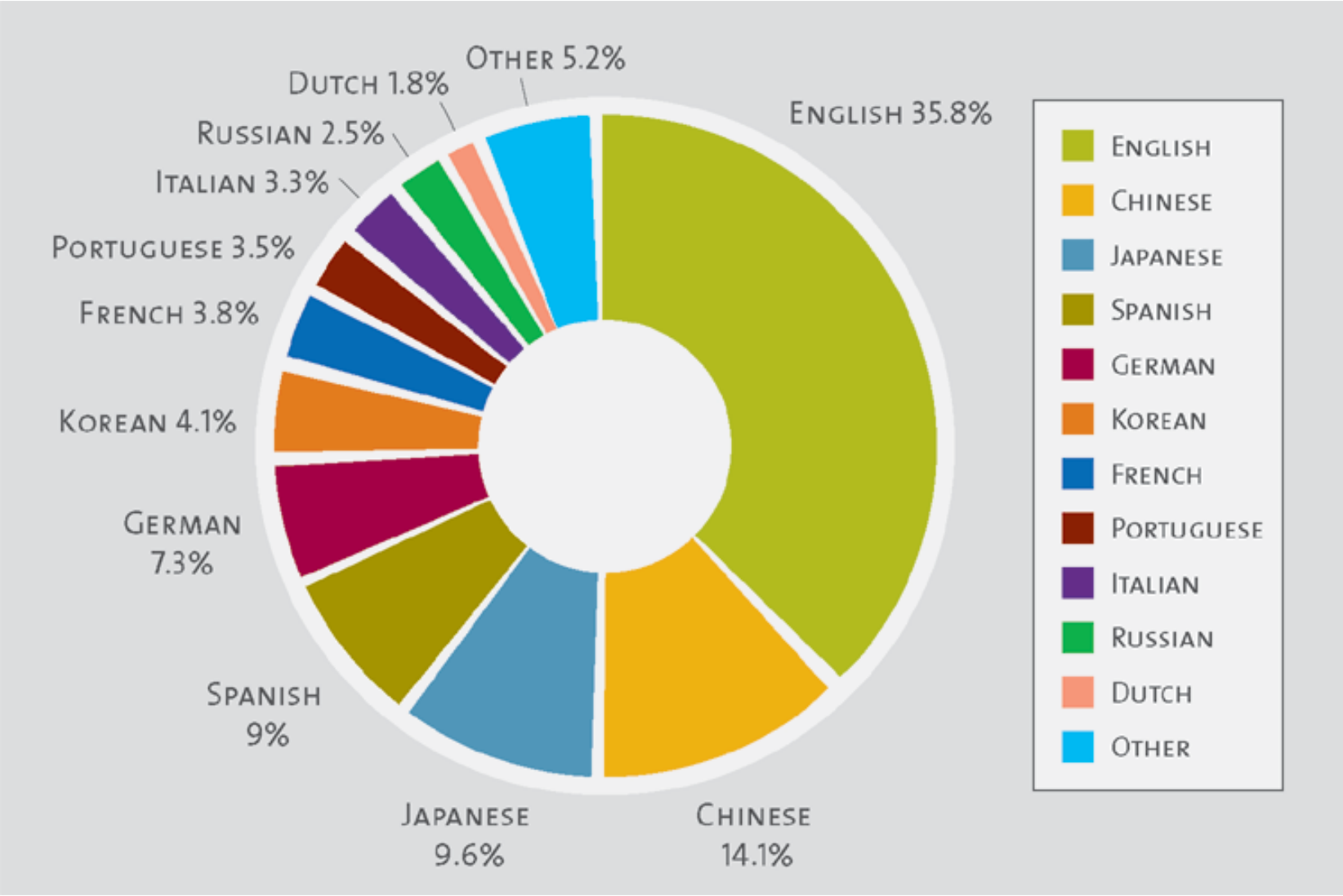
- 76% of registered ccTLDs are European

- Large Growth Rates projected through 2008 in Latin America, MEA and Asia Pac.

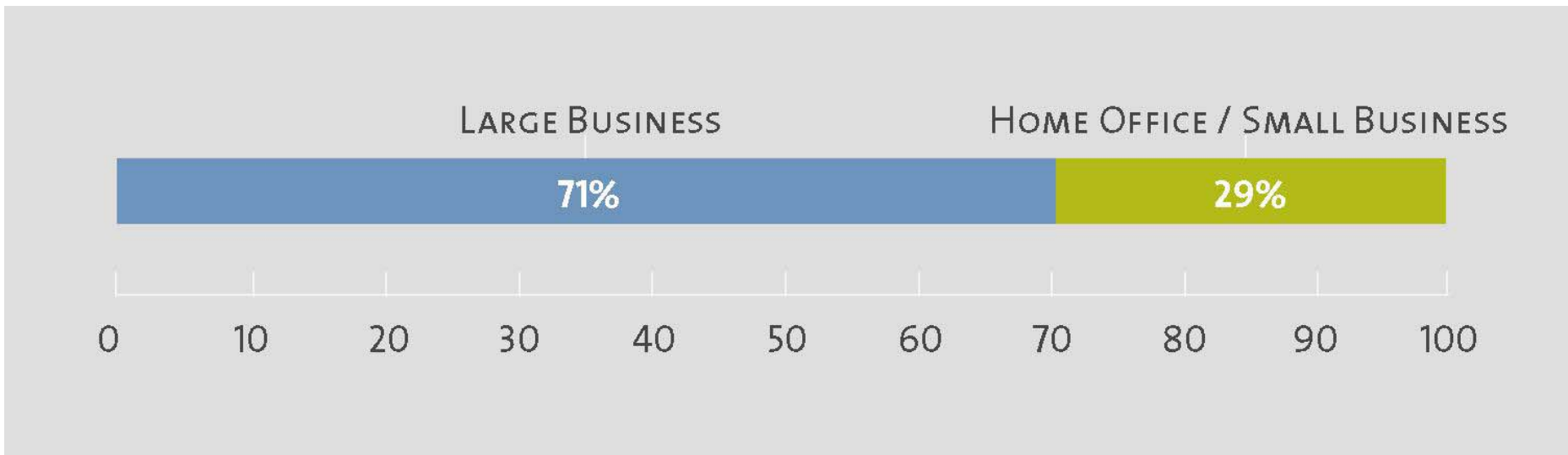
Source: Zooknic, Inc., July 2004



On-Line Language populations



Buyer Segmentation



**Registrants buy for a variety of reasons: makes it easier for customers to find them;
Improves the quality of customer service; to sell products & services;
Communicate with customers and vendors; expand reach**



Average Domain of Domain Names Registered

AVERAGE DOMAIN OF DOMAIN NAMES REGISTERED	
EUROPE	6.9
KOREA	2.8
JAPAN	2.1
CHINA	1.5
U.S.	1.4*

* One exception to this in the U.S. is .tv and .cc owners, who average a significantly higher number.



Com Net Under-served Markets

Worked with outside statistician to develop models to determine countries with highest opportunity for growth in com net.

Model constructed using 35 independent variables: 3 came out as most significant with VERY high r²

- + **Bandwidth** – The amount of International Internet Bandwidth from a country to the rest of the world (Source: TeleGeography; 2001)
- + **Internet Users** – The number of Internet users in a country (Source: Cyberatlas; Date is from the most recent available – generally from 2003/04)
- + **Number of SSL Licenses** – The number of websites using encryption technologies for Web transactions (source: Netcraft, 2001)



Results

The appropriate model was applied to data from each country and a “modeled com/net” level was obtained: MARKET GAP Method

This was compared to the existing level of com/net registrations

If negative, the difference represents a “market gap” in com/net registrations

The most significant pattern is that the countries with the largest com/net market gaps have very high ccTLD usage

- + Half of the top 15 have more than 80 % of their domain name mix as ccTLD domains;
- + Another four have more than 50 % of their domain name mix as ccTLD domains



Target Market Analysis:

(a)	(b)	(c)	(d)	(e)	(f)	(g)
COUNTRY	Code	Region	COM/NET	COM/NET	MARKET GAP	Rank based on
			2Q_2004	2Q_2004	Difference	
			2Q_2004	Market Gap	Between	Column f
				Method	Columns d & e	
Japan	jp	Asia Major	555,516	1,191,963	-636,447	1
Netherlands	nl	Europe	362,332	687,775	-325,443	2
Belgium	be	Europe	93,426	321,154	-227,728	3
Brazil	br	South America	84,770	278,313	-193,543	4
Sweden	se	Europe	222,527	366,260	-143,733	5
Russian Federation	ru	Europe	71,226	214,528	-143,302	6
Switzerland	ch	Europe	156,257	296,226	-139,969	7
Denmark	dk	Europe	99,413	217,051	-117,638	8
Taiwan	tw	Asia Major	64,546	175,661	-111,115	9
France	fr	Europe	798,066	906,721	-108,655	10
Poland	pl	Europe	42,376	117,451	-75,075	11
Austria	at	Europe	120,168	180,858	-60,690	12
South Africa	za	Africa	51,899	108,307	-56,408	13
Czech Republic	cz	Europe	39,963	95,556	-55,593	14
Argentina	ar	South America	29,679	80,584	-50,905	15

Source: Zooknic.com July 2004



Domain Name Industry Briefs

Designed to share VeriSign's intimate knowledge of the Domain Name Industry.

Issued Quarterly

Every issue will include an updated "VeriSign Domain Report" with useful analysis of the trends in the Industry.

Every issue will also include a topic of interest to the community.

- + This quarter is a Profile of Domain Name Registrants
- + In September we will issue the "Channel Profile", a look at the companies that market and sell domain names
- + In December we will release the "Multi-lingual Brief", a look at internationalization trend in namin.

Individuals can sign up for the Brief at www.verisign.com/domainbrief

Questions can be sent to domainbrief@verisign.com

