A Brief History of Domaining:
Milestones that Created the Industry

From Defense to Domain Names

In 1969, the four primitive computers that made up ARPANET sent their first test message. What started as an experiment in long distance data transfer over four Interface Message Processors (IMPs) in major research laboratories in the United States eventually became the internet, a media of the future that would later give birth to our industry.

It obviously didn't happen overnight. After ARPANET was tested, it took over twenty years before the internet's infrastructure was ready for commercial use. Still not the internet we recognize today, by 1991 legislation was in place to allow the explosive commercial growth the net would experience before the dawn of the 21st century.

The Four IMPs

The roots of the present domain name industry extend way back into the sixties. Most of us have at least heard of the ARPANET. This was established by the US Department of Defense Advanced Research Projects Agency and it connected 4 universities; namely, Utah University, Stanford Research Institute, University of California Santa Barbara, and University of California Los Angeles.

The Internet's Egg: A simple schematic of the four IMPs.

Worldwide, but not quite the WWW

Management of the ARPANET was transferred to the US Defense Communications Agency. Using the then prevalent X.25 technology and International Packet Switched Service, this proto-internet expanded even farther, encompassing 57 hosts in the United States, Australia, Canada, Hong Kong, and Europe.

Transoceanic Computing and the First Fileshares

At 40 hosts, 10 times the size of its initial network, ARPANET has grown to include systems in Scandinavia, Hawaii, London and Norway, among others. File Transfer Protocol (FTP) was newly defined and implemented, allowing file transfers from one site to another.

1969 1973 1975

Birth of the First gTLDs

Huge changes were happening to the early internet. RFC 801 was put into effect, implementing the Internet Protocol program that would pave the way for the internet's rapid expansion as well as the implementation of the domain name system (DNS) instituted to manage the growing number of systems under the ARPANET. It was in this year that the familiar domains .com, .edu, .mil, .gov, .org and .net were first used.

The First Registered Domain

The first domain registered domain name is Symbolics.com, designated on March 15th. Over the next two years, many other names are registered and reserved, most of them by technology and communications companies.

TCP/IP: Here to Stay

This is the year that TCP/IPv4 becomes the agreed-upon protocol standard, having been introduced a few years earlier and heavily popularized by ARPANET's migration to TCP/IP in 1983. The National Science Foundation's NSFNET, a high-speed "backbone" for use by universities, also adopts the standard. We still use this same standard today.

Not Hundreds, but Thousands

By the end of this year, the number of connected hosts across the internet (uisng the TCP/IP standard) stands at 2,000.

Speedy Growth and the Commercial Dawn

There are 80,000 hosts when the year begins. At the close of the year, this number has doubled. Commercial email is born through Compuserve and MCIMail. Other commercial interests keep a close eye on the growing technology, and rightfully so. A reorganization is on the horizon, one which will open the internet to the masses.

So long, ARPANET; Hello, World Wide Web

With the NSF lifting remaining commercial use restrictions, the internet becomes ever larger. The old ARPANET is retired, and commercial network providers begin proliferating. With the introduction of HTTP, URL's URI's and HTML, and the following popularization of the web browser over the next few years, the internet begins to look like the service we recognize today.

1983 **1985** **1989** **1991**

From Gold Rush to Bubble Burst

The consolidation of the World Wide Web gave the internet a layman-friendly interface, meaning even more profitable expansion for new commercial network providers. This enabled the internet to evolve from a purely academic and government network to something that ordinary people can use to communicate with each other.

The commercialization of the internet also opened the floodgates of innovation. New products and services were conceptualized by start ups and established businesses; they were driven by the need to find ways by which they can use the digital medium to improve the quality of life.

Some people attribute the start of the internet gold rush to the IPO of the internet pioneer company, Netscape. On the close of its first day of public trading, Netscape's value rose to about $2 Billion, and this naturally became international news.

The number of commercial businesses in the internet began increasing at an exponential rate. Some of the notable start-up internet-based businesses of this age were eToys, HotJobs, Amazon, WebMD, Monster, and eBay. Many of these start-up internet companies were able to flourish at the beginning because of the availability of venture capital and tech workers who were more than willing to work for no pay except stock options.

Name Game Pioneers

An exponential jump in domain registrations happens over the next three years. Domain registrations jump from about 300 per month to about 2000 per month due to the increasing popularity of domain speculation for profit. Large companies in and out of the tech industry become the pioneers in extending their brand to a new media.

We're in the Money!

Start-ups become known for lavish spending. This spending was most apparent during the SuperBowl of 2000 where more than 20 dotcom companies bought airtimes at a cost of more than $2 Million each.

Law on the Digital Frontier

With domain registrations measuring 14K per month by the mid-nineties, registrars were overwhelmed with requests and unable to carefully screen registrants. Domain name disputes lead to legal battles which eventually become the basis for the Uniform Domain-Name Dispute-Resolution Policy (UDRP). Notable examples include Princeton Review vs. Kaplan for domain name Kaplan.com, Adam Curry vs. MTV over MTV.com, and Joshua Quittner vs. McDonald's Corporation over the domain name McDonald.com.

Venture Capitalists Go Digital

Companies funded by venture capital rise by 200-300% in the next two years.

ICANN Takes Shape

ICANN is formed. It is a not-for-profit public-benefit corporation with participants from all over the world dedicated to keeping the Internet secure, stable and interoperable.

Party's Over (for now)

The investors' tech bubble bursts starting this summer. By the end of this year, 50% of web startups have gone under.

1993 **1998** **2000**

The Birth of ICANN and The Rebounding Industry

The turbulent years of the dotcom bubble also saw the birth of ICANN (Internet Corporation for Assigned Names and Numbers), a non profit organization formed primarily to manage domain names and replace the IANA (Internet Assigned Names Authority).

Over the years, ICANN released new gTLDs. The new domain name extensions, which came into existence in the years between 2000 and 2004, include .coop, .name, .aero, .info, .pro, .biz, and .museum. New gTLDs such as .mobi, .cat, .travel, .jobs, .tel, etc. were also rolled out later on. The new gTLDs somewhat alleviated the overcrowding in the .com domain market. They provided new avenues for the industry's growth especially in the ccTLD sector as well.

One of the most important events that resulted from the formation of ICANN is the removal of the de facto monopoly of Network Solutions in the registration of .com, .org and .net domain names. Before this move, the cost of registering a domain was $70 per name for the first two years. ICANN opened up the market to new registrars like CORE, Melbourne IT, Register.com, France Telecom, America Online and hundreds of other accredited registrars and, in result, the cost of registering a domain substantially decreased to about $9 per domain.

Newly accredited registrars were able to offer domainers more tools and domain management options. These innovations led to the rise in the rate of domain name renewals. To prevent domain payment kiting, moreover, the new domain registrars also began to demand payment through credit cards at the point of purchase.

Another important ICANN contribution, in coordination with WIPO, was the implementation of the URDP, the system for resolving domain name disputes without costly litigation. This policy helped further legitimize the system and stemmed the further proliferation of domain name hijacking, and cybersquatting.

Sorry to Burst Your Bubble...

Many of the failed dotcom companies are liquidated or acquired by established brick and mortar businesses. Domain speculation sharply declines. Around 130,000 domains drop this year as domainers lose confidence in making money out of their investments. New domain suffixes such as .info and .biz lessen the overcrowding in the .com arena as well, further driving down prices of domains in the aftermarket.

Web Marketing Reborn

This year saw the massive movement of advertising dollars ($4 Billion) from traditional media (i.e. TV, radio and print) to internet media. Big companies and venture capital firms also began competing with established domaining companies, raising competition and domain aftermarket prices to a new level.

Rebounding Rush, New Players in the Game

This year marked the second internet gold rush where a 21% jump in domain registrations was observed. This "gold rush" is attributed mainly to the movement of small- and medium-size businesses online. High domain sales on newly available gTLDs (.info, .biz, .us, .jobs, .travel) also fueled the boom. Recently released ccTLDs like .uk and .de also account for almost 40% of new domain registrations. By 2004, 63 million domain names have been registered. More than 4 million domain name registrations occur in the first quarter alone.

2001 **2004** **2005**

Looking to the Horizon

On one hand, there's the optimistic outlook where online advertising dollars continue to increase as traditional media becomes obsolete (shh...we know) and marketers and advertisers perfect the art of tracking, optimizing and managing traffic while delivering innovative ad campaigns. More and more people are also getting connected to the internet daily; more and more businesses are waking up to the fact that they now *need* an online presence to compete in the new economy. These things can only be a good signs to the industry.

On the other hand, some analysts are saying that another dotcom bubble is in the making. This is based on the phenomenal valuations of start-up companies like Facebook, Ning and YouTube, and the subsequent doubts of sustainability after a few massive purchases were made. It's no secret that Google is still looking for the best way to monetize YouTube, or that News Corp.—the current owner of MySpace— recently reduced its full-time US staff by 1/3, cutting almost 500 jobs.

But this time, the internet and the domain industry are based on a foundation much stronger than a decade ago, with an ever increasing number of people using the internet, less speculation on the stock markets, and the growth and acceptance of e-commerce. As the internet becomes a stronger medium in delivering entertainment, news, business, and direct communication – one can only expect further progess in the future.

Who Polices the Policies?

This year saw the emergence of the Internet Commerce Association (ICA). The ICA was established to defend domainers against CADNA and to shield them against the increasing pressure from governments, corporations and other parties that are lobbying for significant changes in the domain industry. The ICA is composed of the key players in the domain industry like Name Administration, Sedo, Oversee, Straat Investments, and iREIT as well as a conglomeration of domainers. Its main function is to protect the assets, rights, equality, and interests of website property owners. To date, the ICA has already been active in campaigning against perceived detrimental laws and proposals related to the internet like the Snowe bill, which could've had disastrous effects on geodomain owners.

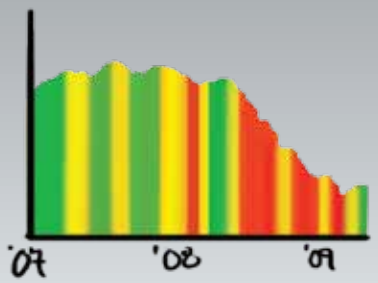
The Internet Everyman

User-generated content and social networking sites like YouTube and Facebook attract millions of registered users, becoming some of the highest-valued web-properties in history.

Financial Crisis

Once again, the domain industry is rocked by a financial crisis. This time, the causes are the fall of the US dollar and housing market. They had a significant effect on the domain aftermarket, where prices dropped by around 29%.

The financial crisis also coincides with the fall of parking revenues. Some domainers see a drop of 50% or more in their web-property income. The decline in PPC revenues means less money for further domain trading and acquisitions and lower auction prices and profit margins. Parking companies begin closing, with some of the more established performing layoffs.



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