

Web giants debate dot-com agreement on Hill

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Arguments over the details of an agreement on the price of domain names reached Congress Wednesday, with Internet powerhouses squaring off.

The agreement, between the International Corporation for Assigned Names and Numbers and domain registry service VeriSign concerning the registration of dot-com names, must be approved by the Department of Commerce to take effect, prompting a hearing by the House Small Business Committee.

The two key points to the settlement at issue were the contract's option for renewal and the ability granted to VeriSign to raise the price of a domain name as much as 7 percent in four of the next six years.

Speaking at the hearing, Rick White, a member of VeriSign's Advisory Committee and a congressman in the late 1990s, said at maximum VeriSign could only increase the cost of a domain name \$1.86 from its current \$6 price.

But W.G. Champion Mitchell, chairman and chief executive officer of Network Solutions, said that doing so would create an additional \$1.3 billion in revenue for VeriSign, more than half of which would come from small businesses.

"The proposed agreement would settle pending legislation between ICANN and VeriSign and provide them both a great deal of additional income, at the expense of the rest of the Internet community ... and

ultimately at the expense of the United States' influence over the Internet," he said.

Panelists noted multiple times a concern that if an equitable solution does not come from the ICANN community, international governments may try to take over the reins of the Internet.

"Truth is, the Internet needs a manager, not a governor," said Steve DelBianco, executive director of NetChoice, a coalition of trade associations.

"ICANN has a limited technical role and works with private-sector interests who have invested a trillion dollars to bring Internet connections to over a billion people around the world," he said.

"Governments, on the other hand, are too ready to regulate when problems arise, have an unlimited appetite for expansion, and are accustomed to the powers of taxation," he added.

Mitchell said that VeriSign's ease in renewing the contract will be a cause for concern to international spectators.

"Most of the world is allied against us and waiting for one credible cause to try and strip us of our influence," Mitchell said, "The granting of a perpetual monopoly against the protests of almost the entire Internet world community, including many of us here, will be that cause."

White said that the contract's constancy will make VeriSign able to work more closely on the security and stability of the Internet.

"The ICANN-VeriSign agreement protects the Internet infrastructure by ensuring that companies such as VeriSign have incentives to continue to invest in it," he said.

Craig Goren, CEO of Clarity Consulting, said that small businesses need companies like VeriSign looking out for them.

"For the world as a whole, the failure of the DNS system for even an hour would be economically devastating," Goren said.

"Large companies spend millions of dollars to build out infrastructure in order to protect themselves from failures of the DNS system," he added. "When you are small, you don't have the resources to protect yourself, so you rely on the registrars to provide your DNS resolution."

Goren said that Mitchell's characterization of the ICANN/VeriSign deal as a "perpetual monopoly" was unfair because the nature of the industry dictates that one company needs a long-term contract to fully invest themselves.

"If we allow this absurd definition to stand, every service provider is a 'monopolist,' regardless of industry or size," Goren said.

Mitchell responded that there's no reason to believe VeriSign's additional revenue will lead to increased Internet security.

"The current proposal is not necessary to protect the stability of the Internet," he said. "The only benefit is to VeriSign and ICANN, both of which put additional money in their coffers with no additional service given."

Rep. Sue Kelly, R-N.Y., expressed similar skepticism.

"I don't know that it's going to produce any better safety or security from anyone who's that additional cost, and I haven't heard anything today that tells me that would be the case," she said.

Goren said that Mitchell's opposition to the agreement mostly stems from the lowered profits it would result in for Network Solutions Inc.

"I urge you to make certain that the interests of the broadest swath of industries are protected," Goren said, "not just the narrow group of competitors who may be seeking government assistance for competitive advantage."

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