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**.nz Quarterly Report - Fourth Quarter ended 31 March 2019**

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**Introduction**

This is the fourth .nz Quarterly Report for the 2018/19 financial year, prepared jointly by InternetNZ and DNCL. There is nothing in this report that is confidential.

This report is presented in an updated layout to make it easier to read. Feedback on this format is welcomed.

**Overview of the Quarter**

This quarter has seen a decline in total registered domain names due to a number of factors:

1. Some larger registrars are consolidating their retail brands of .nz registrars and this has impacted focus on sales efforts. Additionally, this process identified a few thousand orphaned domain names that have been subsequently cancelled. We are also aware of further consolidation in the .nz market for 2019 as some legacy registrars signal their exit from domain names.
2. DNS Flag Day triggered a systemic investigation in regards to two Registrars who were over-represented with domain names that appeared to have been registered using invalid details. Follow-ups in relation to 1459 domain names with these Registrars led to a number of domain name suspensions.
3. Cancellation of domain names as an outcome from enquiries, approximately 499 for the total to end of year to date although there are a further 230 domain names currently being processed via the data validation process.

## Promotion and Marketing

A key focus for this past quarter has been preparation for annual .nz conference for registrars and resellers being held in May 2019. Inline with previous years this event will live streamed to our .nz community to allow remote participation.

Marketing activity by InternetNZ continues to be on hold while we refresh the .nz brand as part of a wider InternetNZ group brand refresh.

Effort this past quarter has focused on budgeting and planning significant marketing activity for 2019/2020 financial year to stimulate sustainable growth in .nz domains.

DNS Flag elicited a DNC/InternetNZ joint programme of work to communicate with registrars, hosting parties and registrants that would be affected by the DNS software changes occurring globally. This was extremely successful, significantly reducing the numbers of impacted domains and registrants.

The Domain Name Commission promotional activities carried in this quarter included:

- Celebration of Data privacy day on 28 January and sharing of the joint factsheet between DNCL and the Office of the Privacy Commissioner on being privacy conscious with domains and
- Social media campaign on twitter promoting the anniversary of the individual registrant privacy option

## Channel

Our channel engagement with our registrars has continued as part of our ongoing engagement with the community. Some key themes are worth some further commentary:

Market Consolidation: registrar acquisition activity locally and globally continues, and this year has had some direct impacts on .nz results:

- A reduction of sales focus with some key registrars as they focus on brand consolidations.
- Exit of some legacy providers and registrar platforms has identified domain names that no longer had paying customers. Cancellation of these names has affected growth figures for the year. Some positive impacts from these changes will be a zone of .nz names that we anticipate will have a higher

proportion of use, longer renewal periods and a set of more engaged registrars in the .nz market.

## Policy

### Policy Review Progress

A key focus on these months was the comprehensive .nz Policy review, including the appointment of the Chair, Sue Chetwin, Chief Executive of Consumer New Zealand. The focus will be on recruiting the panel in the coming quarter. We also brought on a new team member, a Policy specialist, to lead this work. Ongoing triage of .nz policy issues continues during the review, to address any issues while the full review is in progress.

### Christchurch Terrorist Attack Response

There was some work related to .nz policy in the aftermath of the Christchurch Mosque terrorist attacks at the end of this quarter. The team worked closely with the Domain Name Commission Limited in issues analysis and policy review, and led Interim Policy options work with the .nz policy committee of Council and the broader team.

## Registry and Technology

The main focus over this quarter has been upgrading the software and servers for the SRS and Registrar Portal to run on the latest version of the Ubuntu operating system.

In January we replaced the SRS XML client applications that were written in Perl with a new version written in Python. This is a simple command line interface to the NZ Shared Registry System. For more information see <https://docs.internetnz.nz/srs/sxc/>

In March we started a three month process to update the PGP keys the registry uses to sign SRS XML responses. The changes have been made in a registrar test environment and notice has been given to registrars of the change to the production system in 3 months time on the 18th June.

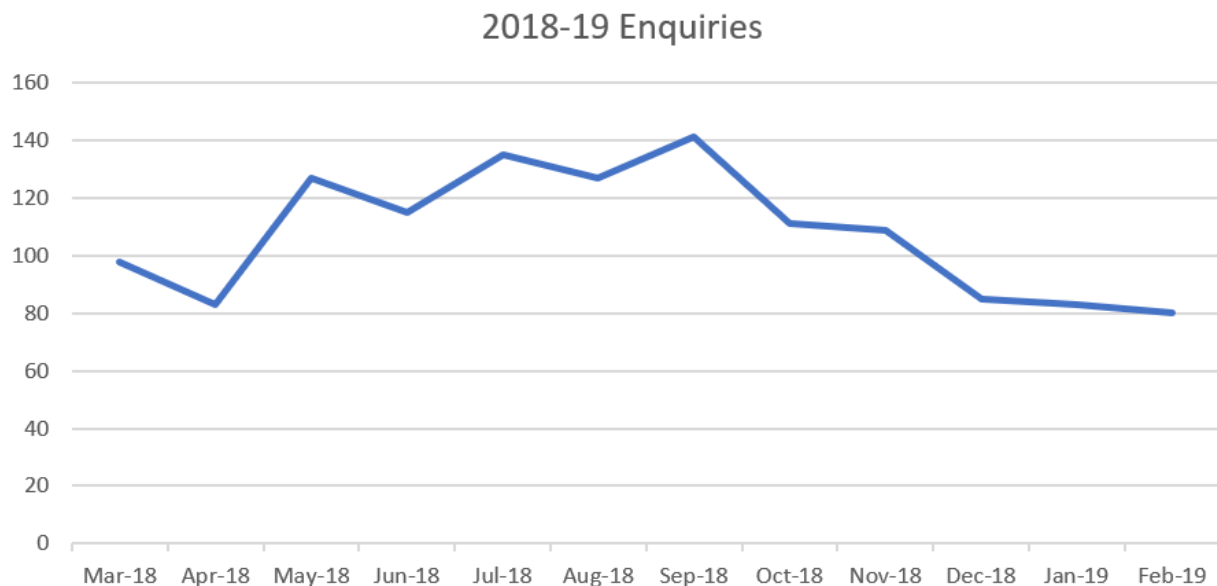
## Compliance and Enquiries

DNS Flag Day triggered a systemic investigation in regards to two Registrars who were over-represented with domain names that appeared to have been registered

using invalid details. Follow-ups in relation to 1459 domain names with these Registrars led to a number of domain name suspensions.

A significant amount of work was undertaken by DNCL staff in March in response to the Christchurch terrorism attacks. This included following a temporary process related to new domain name registrations and performing daily checks of domain name registrations.

The Contact Centre has been operational now for nearly a year. The first few months of the year are usually quieter for the DNC's contact centre. Despite this, the contact centre has received over 160 enquiries to date in 2019. This includes 47 phone calls.



## Annex: Key Statistics

### *Registrar Market*

*Registrars authorised*            92  
*Registrars connected*        87

*Number connected during the quarter:*            0

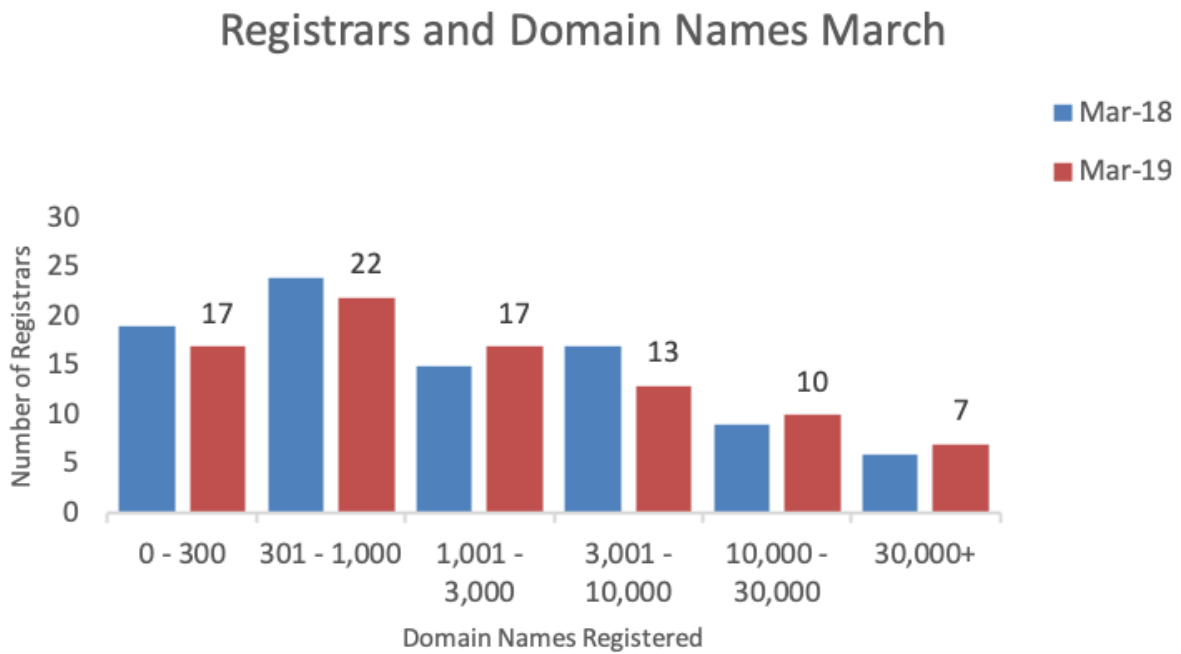
*Number authorised during the quarter:*            1

*Number de-authorised during the quarter:*        1

The total number of registrars where registrars under the same ownership have been linked together is 59.

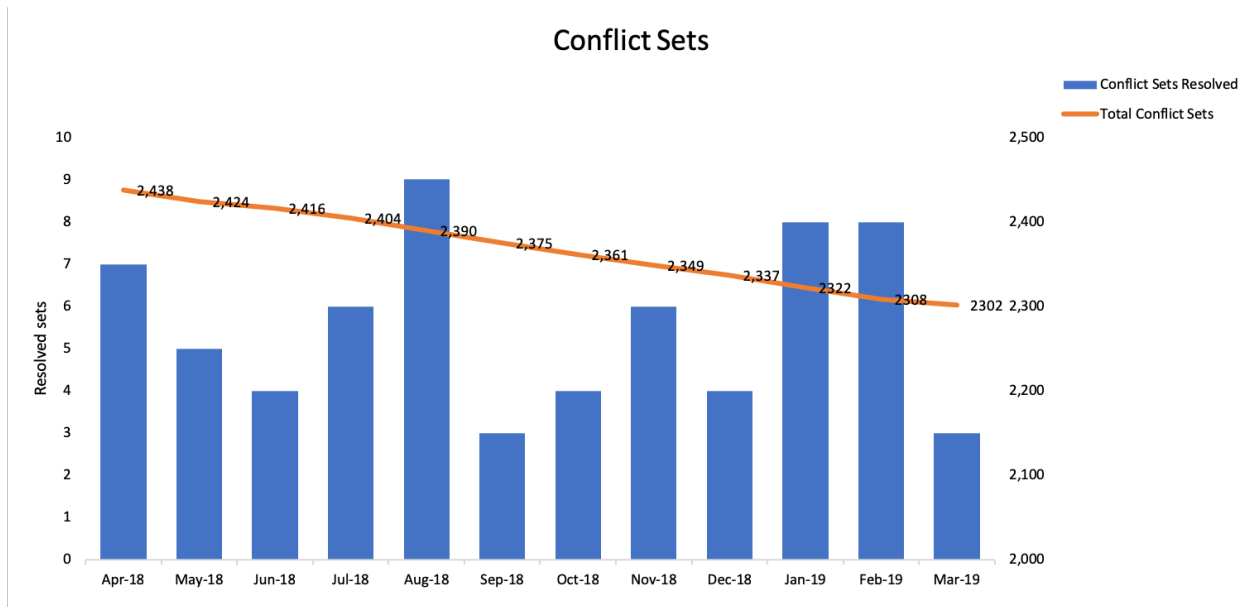
The Domain Name Commission authorised 1 new Registrars in Quarter ended 31 March 2019 to participate in the .nz domain name market. They were Domain Central Australia Pty Ltd.

The following chart shows the spread of registrars across the level of domain name registrations:



## Registration at the Second Level

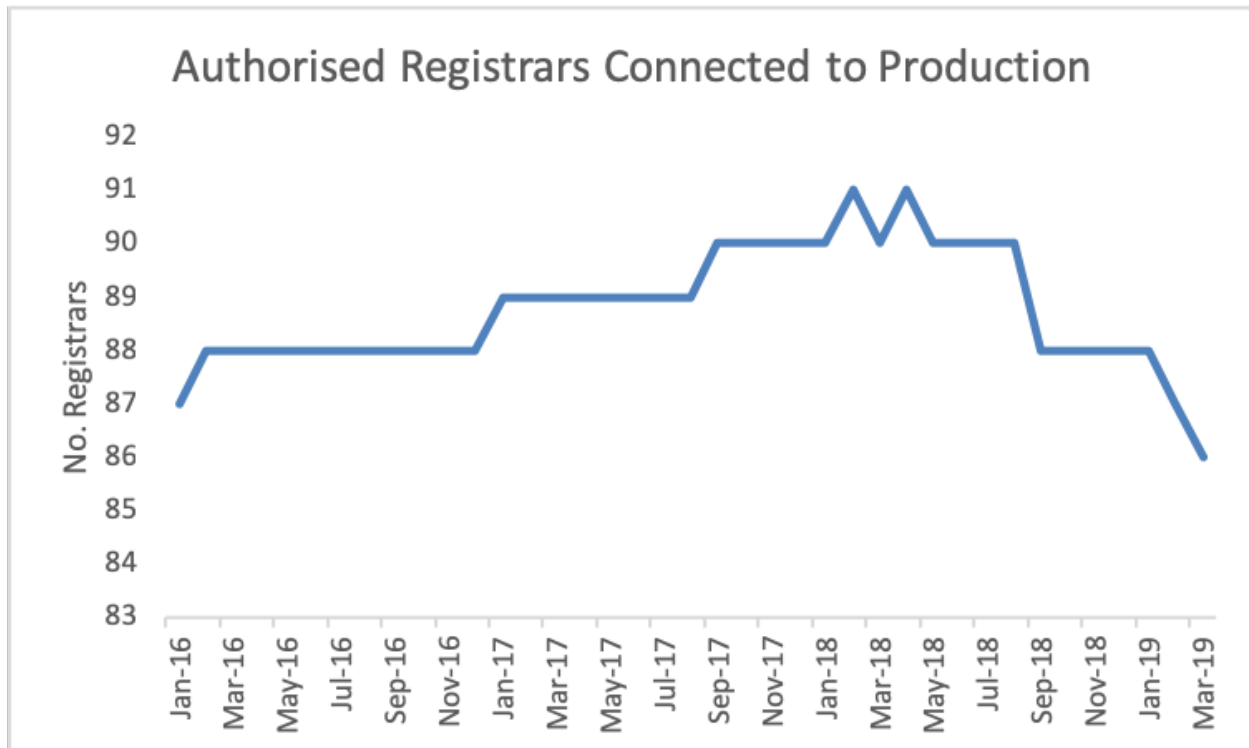
14 conflict sets were resolved in the last quarter. The number of conflict sets declines over time (conflicts cease to exist when all names in the conflict are released). The following chart shows the progress in reducing conflict sets:



The total number of domains in the conflict sets at 31 March is 5,206.

## Authorised Registrars

The following chart shows the number of registrars (including the DNC) connected to the SRS:



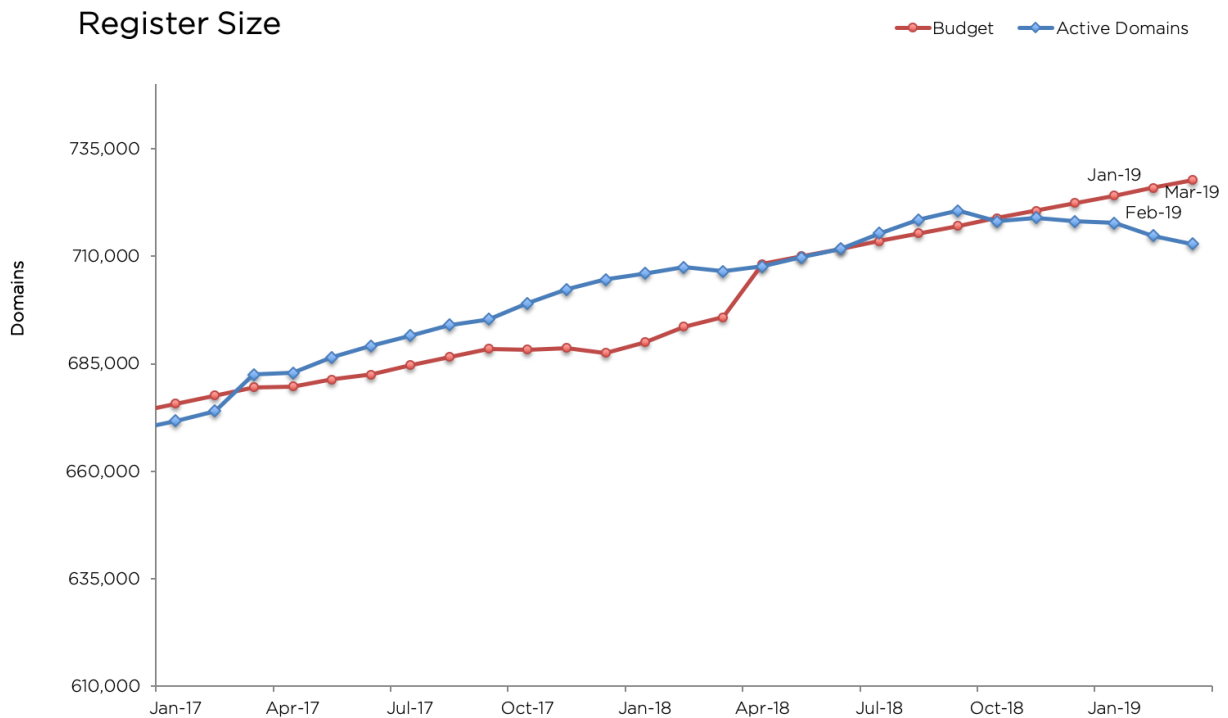
## Registry Performance

In the new operating structure, there is no Service Level Agreement between InternetNZ and DNCL. The same targets as provided for in the SLA are now Service Level Expectations and will be reported publicly on the same basis as previously. SLE targets for the DNS, SRS and WHOIS were met throughout this quarter:

System	SLE %	Jan	Feb	Mar
SRS	99.9	100	100	100
DNS	99.9	100	100	100
WHOIS	99.9	100	100	100

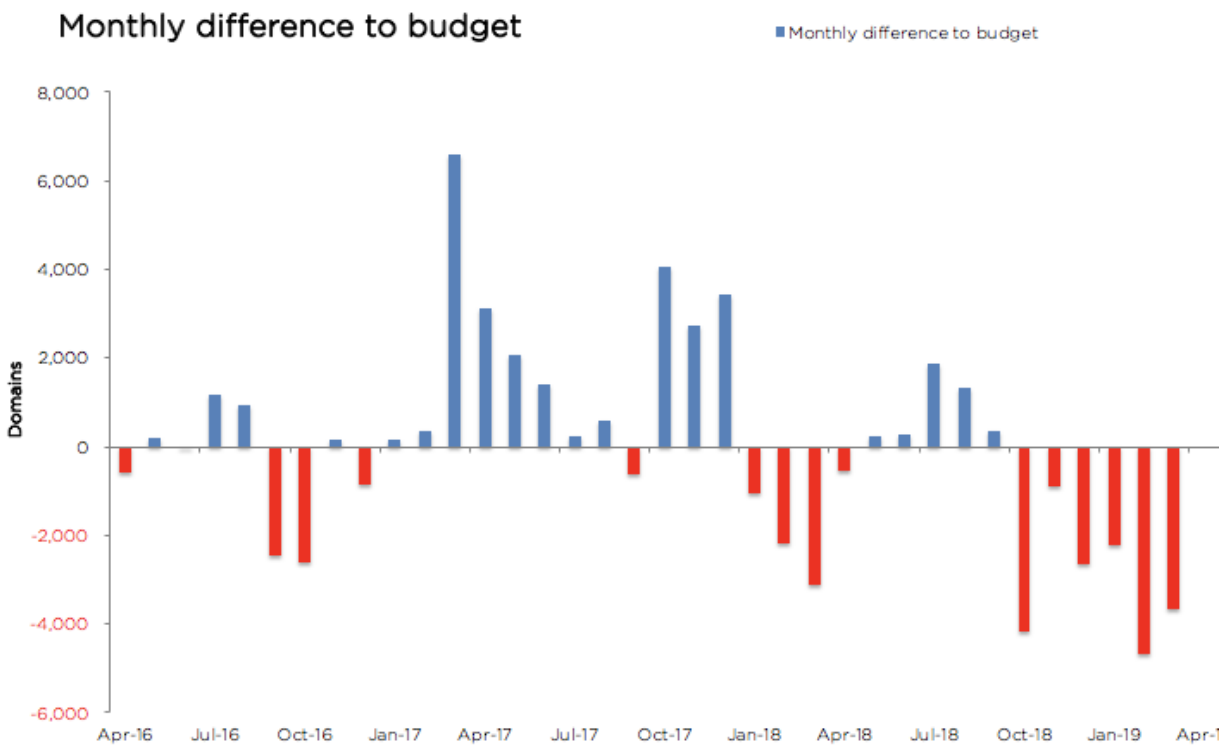
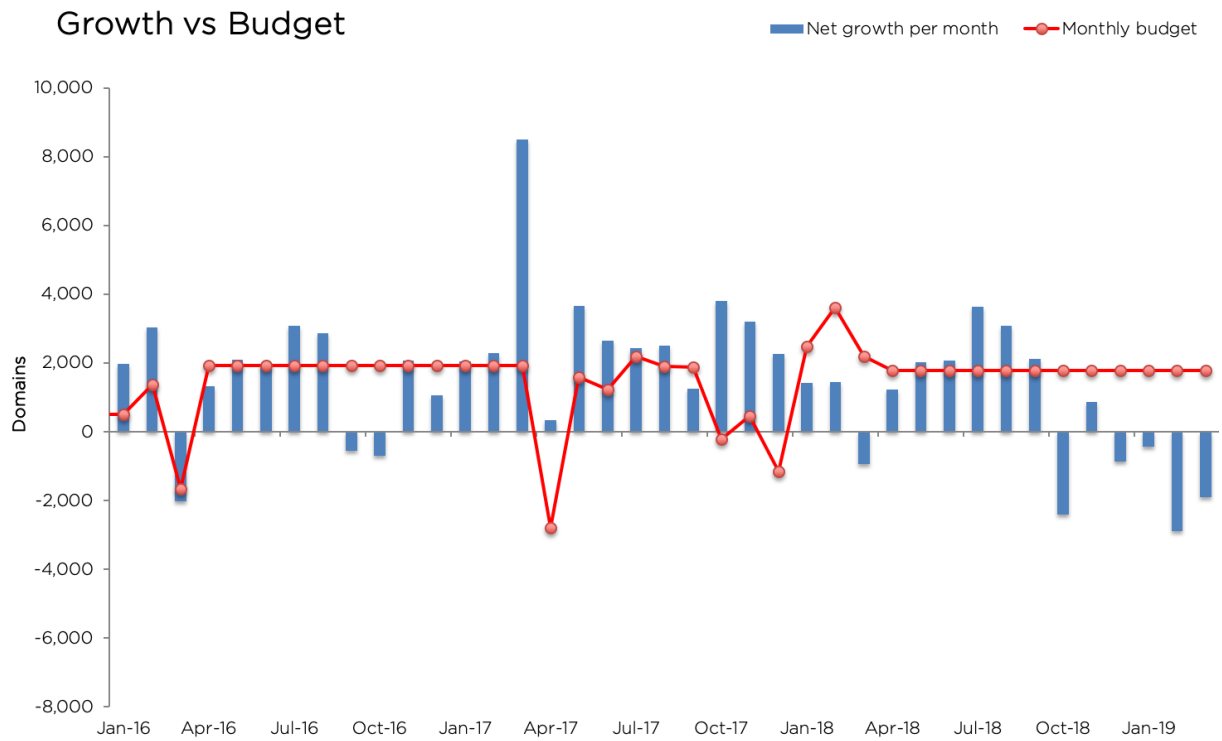
## Register Size

The size of the register against InternetNZ budgeted growth is shown in the chart below:



## Growth vs Budget

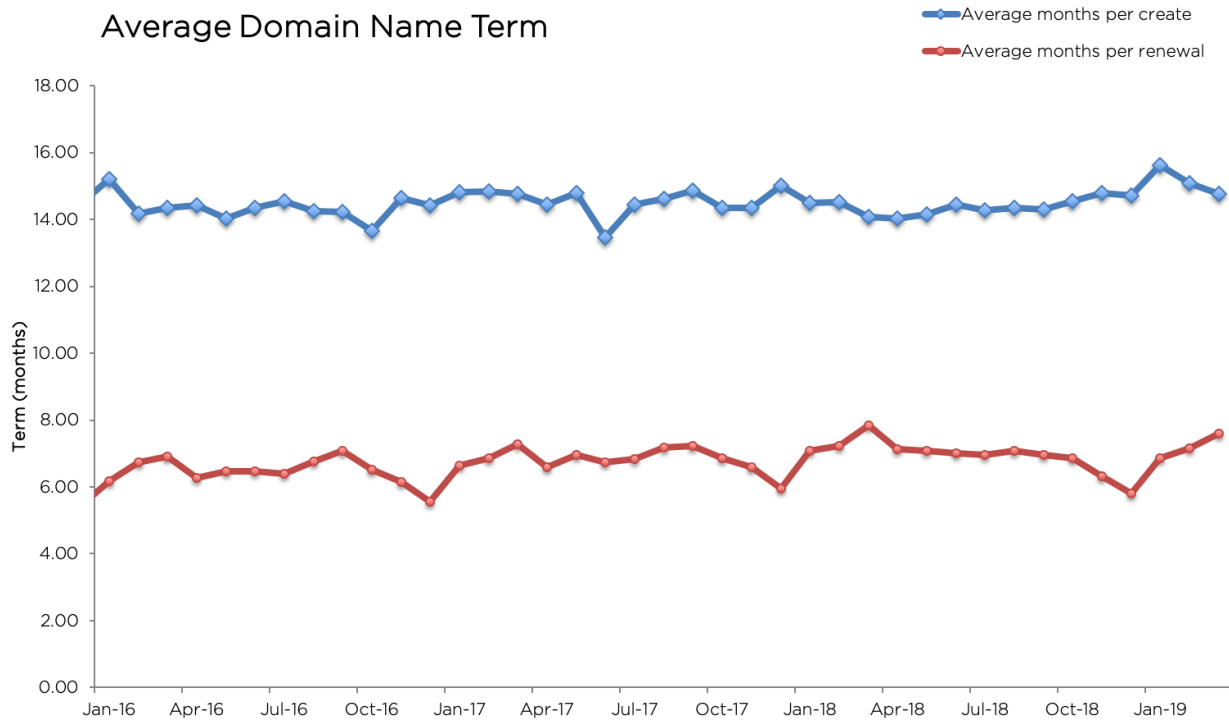
The actual growth against InternetNZ budgeted growth is shown in the chart below:





## Average Domain Name Term

The average registration/renewal term is shown in the chart below:



## .nz data

The breakdown of domain name growth by second level is noted in the table below. The .co.nz and .nz second levels are growing and the remainder of the second levels are either static or in decline:

	Jan	Fwb	Mar
<b>.co.nz</b>	514,298	512,362	511,024
<b>.nz</b>	139,125	138,527	138,263
<b>.org.nz</b>	27,386	27,280	27,221

<b>.net.nz</b>	22,409	22,229	22,038
<b>Domain Total</b>	717,704	714,795	712,894

(Note: Only the second levels that have above 10,000 names are shown and the total number of domains)

A high-level comparison of .nz, ccTLD and gTLD figures is shown in the table below:

		TLDs	Domains(est)	Growth Median (1Y)
.nz	-	-	712,894	0.9%
ccTLDs	Africa	58	3.4M	6.1%
	Americas	53	14.0M	2.9%
	Asia	98	65.7M	1.9%
	Europe	57	71.7M	2.3%
gTLDs		1,234	193.3M	5.3%
.kiwi	-	-	14,830	-25.0%

**Notes:**

ccTLD and gTLD stats to Jan 2019 data and sourced from CENTR stats: <https://stats.centri.org/tldstats#market>  
.kiwi stats to Mar 2019 and sourced from APTLD stats  
.nz stats to Mar 2019

Report finalised: April 2019

# Joint .nz Strategy Transformations

## Primary Transformation

From	To
.nz operates as a successful ccTLD held in high regard domestically and internationally.	InternetNZ is widely recognised as a successful ccTLD manager and .nz is held in high regard domestically and Internationally.

## Underlying Transformations

Transformations		
	From	To
1.1	Global benchmarks or best practice regarding what a world-class ccTLD is are varied and partly documented.	There are agreed global benchmarks and best practice for what a world-class ccTLD is, and .nz excels in assessments against these standards.
1.2	.nz is the default choice for New Zealanders.	.nz remains the preferred choice for New Zealanders in a highly competitive market.
1.3	The market for .nz registration services (among registrars and resellers) is competitive.	The market for .nz registration services (among registrars and resellers) is sophisticated and competitive.
1.4	Roles and responsibilities in managing .nz are being clarified.	Roles and responsibilities in managing .nz are clear, well documented and transparent.
1.5	The .nz policy framework has evolved from its origins in 2002.	The .nz policy framework has been reviewed and updated for current needs, and is validated as meeting the needs of the New Zealand Internet community.
1.6	Inconsistency in the articulation of the role, purpose and mandate for the operation of .nz across the Group – resulting in a lack of clarity among stakeholders.	The whole Group is confident in consistently articulating our role and purpose, and the mandate for our operation of .nz – resulting in the wider Internet community being clear about and supportive of our role.
1.7	InternetNZ has limited knowledge of the purchasing behaviour of registrants.	InternetNZ has good knowledge of the full sales channel including resellers and influencers, and the purchasing behaviours of registrants.
1.8	.nz is not a widely known brand.	.nz is a well recognised brand.