Secondary Market, Pay Per Click, and Online Advertising

INTEROP Tokyo, June 2007





June, 2007



Oversee.net & DomainSponsor

Who is Oversee.net?

Founded: Early 2000 by Lawrence Ng and Fred Hsu

Business: Technology-driven online marketing solutions

Domain Services

Marketing Services

Proprietary Technology: Oversee is an established technological innovator

Corporate Headquarters: Los Angeles, CA

Employees: 160

Key Partners: Search engines (Google, Ask.com, MIVA, LookSmart),

advertisers and Internet domain name owners

Revenues: \$120m +

Cash flow: Positive

Investment: Privately funded to date. Recently established \$60m credit line

Recent News/Awards: INTERNET AND NEW MEDIA COMPANY OF THE YEAR

Best Parking company 2006



Company Overview (our people make the difference)

- ◆ Leader and Pioneer in domain monetization
- ◆ Thought leaders with deep knowledge of internet traffic patterns and performance
- Enabler to maximize earnings for non-revenue producing properties
- Top notch technology and service
- Proprietary optimization techniques, search algorithms, business rules, data mining with performance based objectives
- ◆ 3m+ domains under management, 400m+ Unique Visitors/Mo, 3B Page Views
- Promote Industry Best Practices, ICANN Workshops, Domainfest













ICANN Workshops

- Marrakech
- Sao Paulo
- Lisbon

- Los AngelesBarcelona
- Amsterdam
- Hollywood
- Seattle



Domain Sponsor

The Leader in Domain Monetization

- Proprietary Optimization Technology
- Semantic and Behavioral Analysis
- Dynamic Landing Pages
- Established Reputation
- Participant in Robust Japanese Market
- Reliable Payouts
- Comprehensive Account Management
- Excellent Partner Support
- Superb Customer Service



Domain Industry Perspective

Total Global Domain Name Registrations

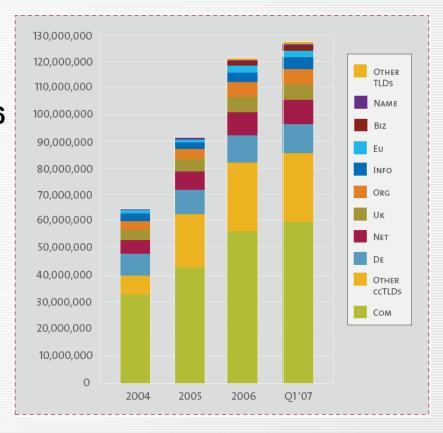
As of April 2007:

128 Million Domain Names Globally31% comprehensive increase over April 2006

45.7 Million in ccTLD

33% increase in ccTLD over April 2006

Overall, 10.7 Million Domain Names were registered in first quarter 2007!

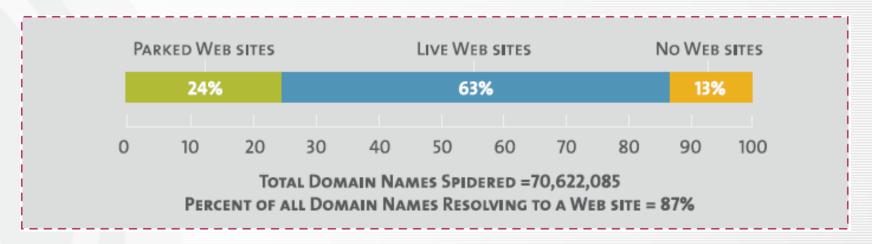


Source: VeriSign, Zooknic.com



So, What are web sites doing?

.COM, .NET Web Sites



- ◆ The study reveals that 87 percent resolve to a Web site, meaning that an end-user going to that domain name would find a Web site.
- ◆ These sites can be further broken down
 - Live sites (63 percent)
 - Live Web sites are multi-page sites being used by an organization or an individual (Blogs, SMB, eCommerce, Corporate Sites, etc.)
 - Parked sites (24 percent)
 - Parked Web sites are defined as one-page Web sites (Under Construction or other)
 - No web Sites (13 percent)

Source: VeriSign April 2007; Zooknic.com



Domain Industry Continues to Grow!

- ♦ First time registrations remain strong in .COM, .NET
- ◆ Renewals remain strong (75%+)
- **◆ Despite Strength, Margins very low**
- **♦ Registrars Diversifying their business models**



The Business Model for Registrars, 1999

Traditional Registrar / Hosting Company

- Registrar with Hosting / ISP Scenario
 - > Reseller or Wholesale
 - > Direct End User
- Domain Name Consumer
 - > for Website, Blogs, Email, FTP
 - > Individual Domain Holder
 - > One, maybe two domains per consumer
 - > Typically sold paired with hosting service at a discount.



Customer Acquisition Costs: Expensive Loss Situation

For a hosting company, Customer Acquisition Trial/Loss can be expensive prior to breakeven point

- Provisioning Costs
 Domain Registration Fees
 Platform Licensing Fees
- Colocation or Rack Costs
 Bandwidth Costs
 Power, Servers, etc.
- Financial Costs
 Chargebacks
 Merchant Fees



Domain Provisioning Costs

Domains, once registered past first 5 days are registered for a 1 year term

- It's paid for until the anniversary date
- Typically a unique domain name to individual customer
- Often has no re-use purpose

Cost / Benefit

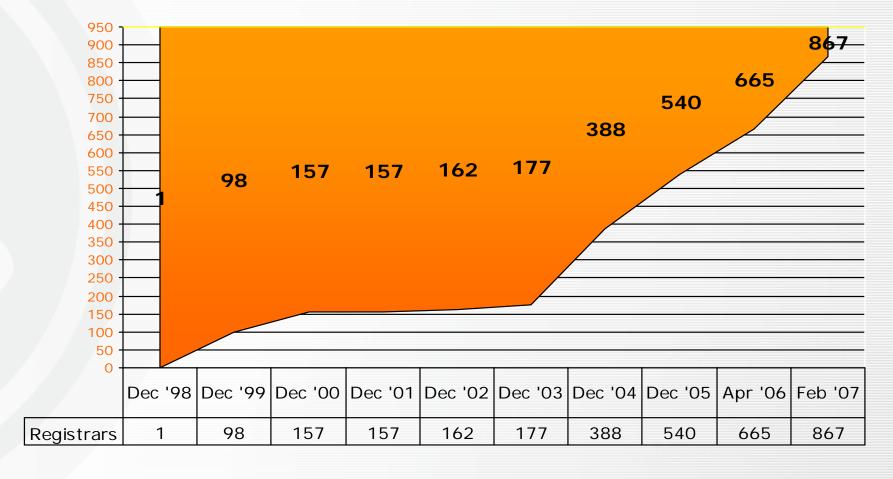
- 76% Average Renewal
- Great method of customer acquisition
- Expanding customer base



Growth in number of registrars

ICANN-Accredited Registrars: 1998-2007

Unit: ICANN-Accredited Registrars



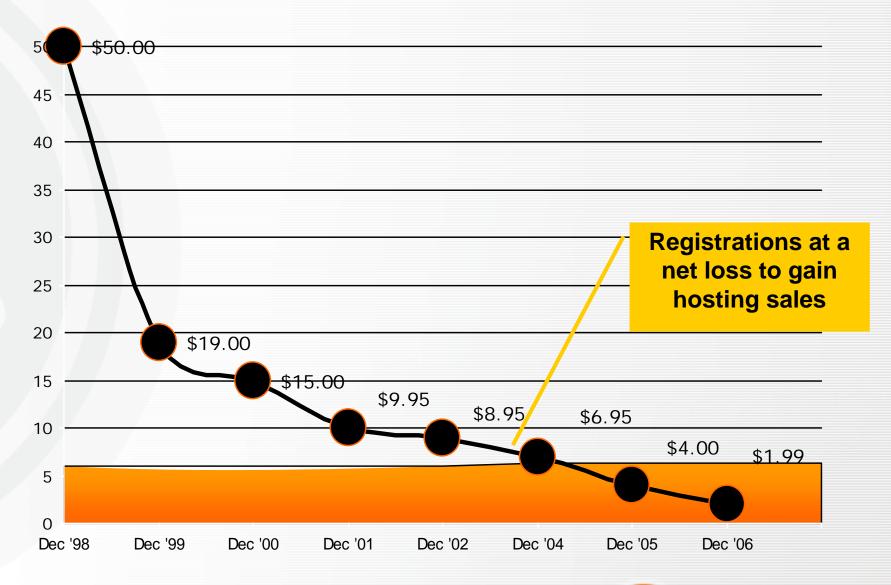


The Business Model for Registrars, 2006

- **◆** Competition for customers creates price wars
- ◆ Price competition creates smaller margins
- ◆Margin decreases mean profitability issues
- **◆** Cost Continuity must be at least met by profit continuity
- **♦** Registrars get creative to revive profitability



Downward trend in registration costs





Competition for Profit results in Registrar Creativity

- ♦ New Models of Business at Registrar
 - Domain Suggestion Technology
 - > Domain Taken? Try these suggestions...
 - > Reduced Cart Abandonment, more customers
 - Back Order and Registrar Drop Catching
 - > Names that are available again once expired and deleted
 - > First come, first served, and contractually stipulated equal access to every registrar entity
 - Registrar Parked Pages
 - > Domains unused by customers are monetized by registrar:
 - "Under Construction"
 - "On-Hold"
 - DNS not set up
 - Secondary Marketplace Offering
 - > Auctions
 - > Appraisals
 - > Anonymous Offers
 - Proxied or Private Whois



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More Changes Happening

- ♦ Big Company Consolidations, Registrar + Advertising, Content
 - Oversee.net = Domain Sponsor + Snapnames + Revenue.net + LiveDigital.com + low.com
 - Others:
 - > Marchex
 - > **Demand Media** = eNom + Bulk Register + eHow
 - Name Media = BuyDomains + YesDirect + Active Audience + GoldKey
 SeeVast = Moniker + TrafficClub + Pulse360 + Kanoodle

 - > United = Sedo + 1&1 + InternetX

All consolidated groups have large secondary market solution provider.



Domains as "real estate"

- ◆ Real Estate reference
- ◆ Generic domain names are those most sought
- Industry associations and idea leadership driving resale practices with integrity
- ◆ Domain Aftermarket drives new registrations and a healthy registrar/registry environment
- ◆ DomainSponsor is a thought leader
- ♦ Working hard to drive the integrity and best practices of the industry
- ◆ Added SnapNames to Oversee.net family of companies



Definitions

- "Secondary Marketplace"
 - The active marketplace for Domain Names that are re-sold by the registrant during their active registration term.
- ◆ "Valuation or Appraisal"
 - A quantitative or qualitative approach to assigning a value beyond the registrars initial registration or renewal price. Can be based upon TLD, length of string, number of words, category of domain, multiples of revenue, etc.
- "Aftermarket Service Provider"
 - Can be a forum, or private broker, auctioneer, or service provider, like Afternic, BuyDomains, Dotster, eNom, Fabulouos, NicIT, Sedo, SnapNames.



Secondary Market has become Primary Market

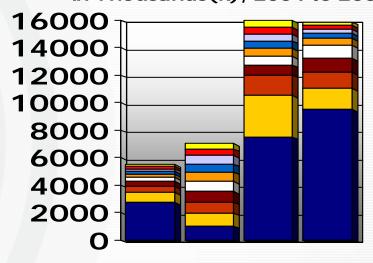
There are 68,103,472 .com domains as of 6/10/2007.

- ◆ Finding a good, unregistered .com domain becomes more challenging Yet there are great domains available in the secondary market.
- ◆ Secondary Market Providers SnapNames, Sedo, Afternic, Moniker, Nicit, more
- ◆ Different Auction Types
 - Unsolicited, anonymous or proxy offers
 Firm contacts current owners of the domains for you to purchase at reasonable price
 - Standard "Highest Bid Wins" Auction Models
 - Make Offer listings of domains for sale



Secondary Market on Domains

DNJournal.com Reported Domain Sales in Thousands(k), 2004 to 2007



	2004	2005	2006	2007(q2)
1 0	150	400	500	250
9	180	470	500	295
□ 8	186	600	500	300
7	201	600	550	350
6	225	700	550	520
5	300	707	635	940
4	350	750	717	1000
3	460	800	1500	1180
2	700	965	3000	1500
1	2750	1020	7500	9500

Using the top ten reported domain sales at popular reporting center DNJournal.com:

Noteworthy Sales:

Porn.com 9.5M USD (2007) Vodka.com 3.0M USD (2006) Tandberg.com 1.5M USD (2007) Cameras.com 1.5M USD (2006) Scores.com 1.2M USD (2007)



PPC: Registrars' slice of the Ad Marketplace

PPC is an attractive solution that lets registrars remain profitable while offering their core traditional services.

Choosing the correct solution helps you grow the opportunity appropriately:

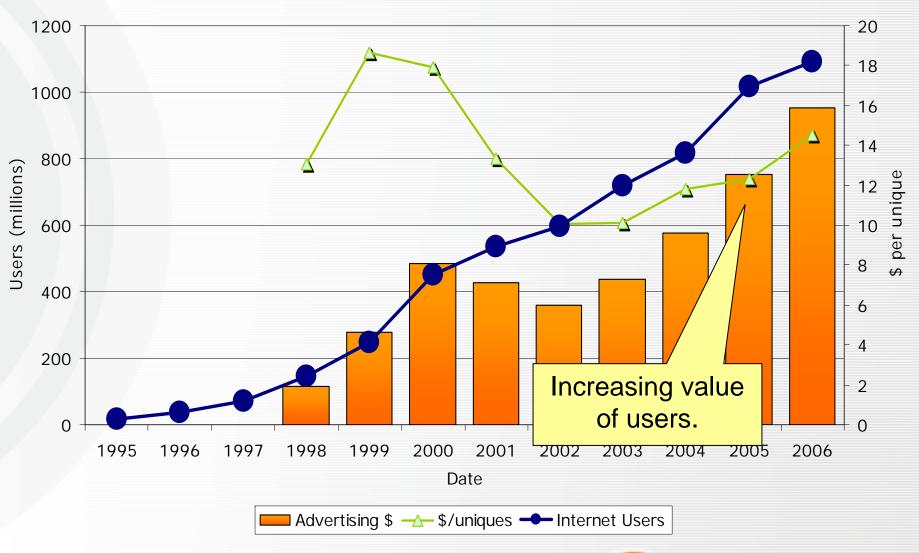
- ◆ Direct or Partnering?
 - Partnering tends to be most attractive option for registrars and hosting companies
 - > Better Rates
 - The right PPC provider may benefit you more than establishing a contract directly with Yahoo or Google due to the high volume of traffic that they negotiate
 - > Optimization Benefits
 - An established provider knows the best ways to tune financial performance on PPC as opposed to starting a new program
 - Established partners also help mitigate fraud and other bad actors



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Internet Users and Advertising Dollars

Internet Uses and Advertising Dollars

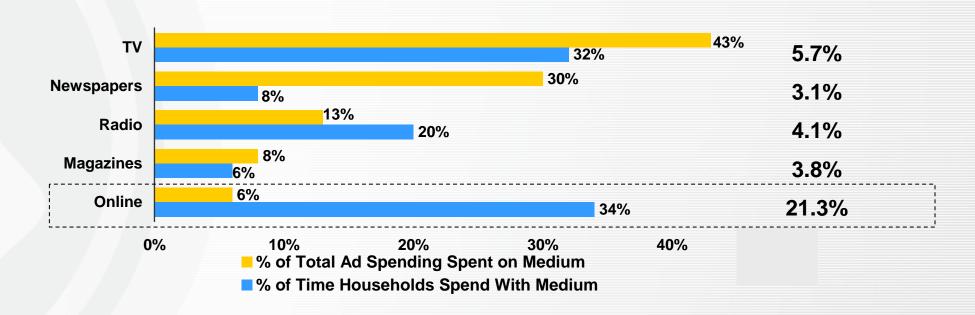




Significant Lag Between Consumer Time Spent And Online Advertising Spend, with Ample Room For Growth

AD SPENDING VS. MEDIA TIME BY MEDIUM





Source: Figures regarding ad spending and time spent by medium from Forrester Research (May 2005); market growth rates from ZenithOptimedia (December 2006).



Big Growth in Online Advertising

Domains = Advertising

- Direct Navigation
 - > Users type request into location bar
 - > Domains resolve and present semantically relevant material
 - > Huge piece of online advertising
- Sponsored Links and Online Advertising
 - > Big Industry, immense growth
 - > Many new companies started to service this
- Keyword Ad Expenditure
 - > Keyword ad expenditure growing
 - > Keyword related domain registration

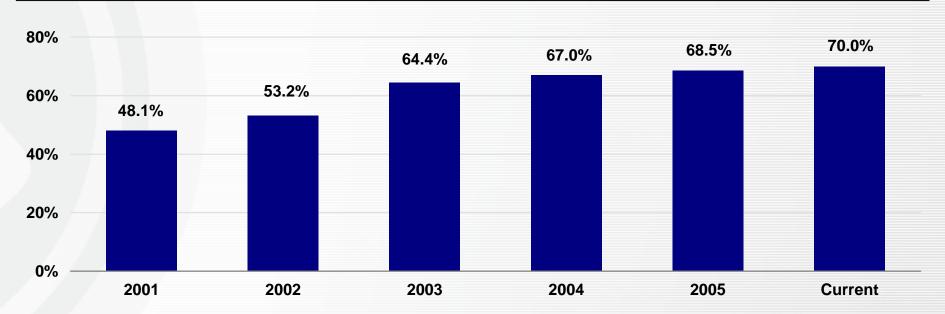


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Growth in Direct Navigation

- ◆ As users gain more experience using the Internet, they rely less upon portals and search engines and are interacting directly with the address bar
- ◆ 54% of domains sold are currently being used for traffic monetization purposes

% OF INTERNET USERS ARRIVING AT WEBSITES BY DIRECT NAVIGATION



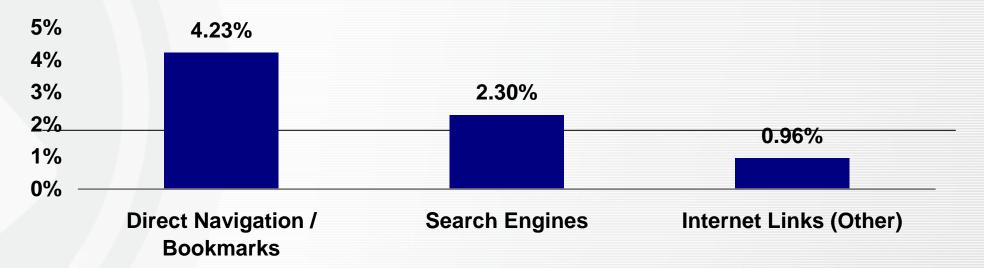
Source: WebSideStory.



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The Power of Direct Navigation (typed in traffic)

Conversion rates for direct navigation are almost twice that of search engines

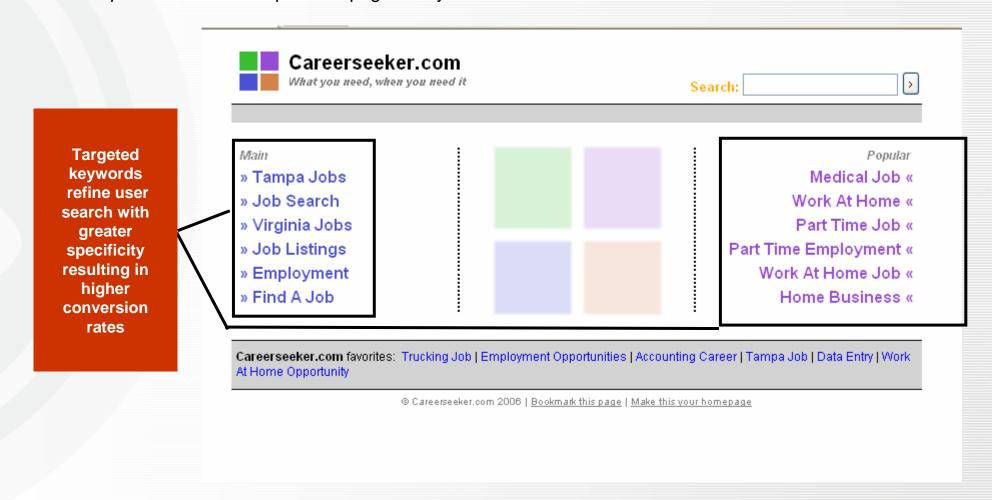


Source: WebSideStory.



Example of Direct Navigation

- ◆ User types in "careerseeker.com" in address bar searching for relevant information
- ◆ *DomainSponsor* creates an optimized page of keywords relevant to the user's search

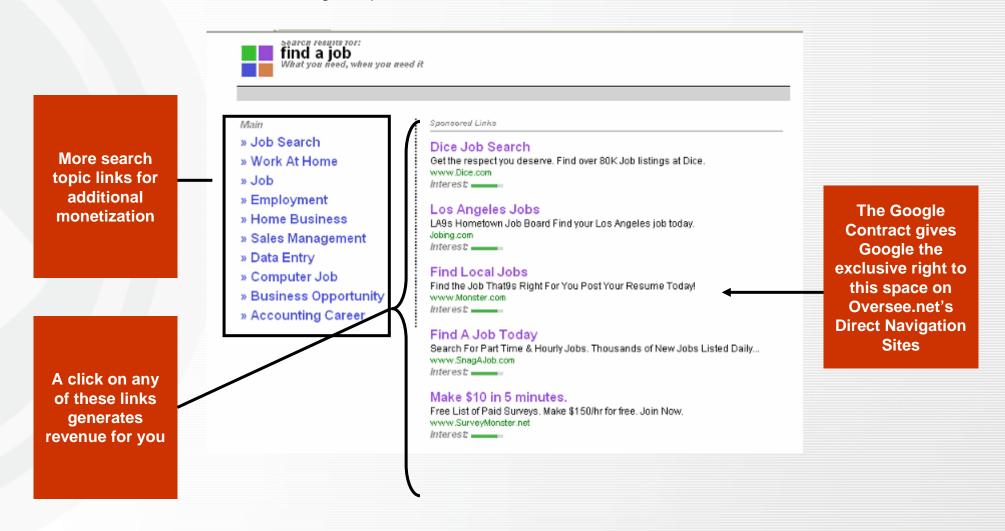




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Example of Direct Navigation (continued)

◆ User clicks on "Find a Job" and gets sponsored results





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Opportunity - Develop new lines of revenue

Non Revenue Properties Unlock the value in parked page inventory

- House Domains
- ◆ 404/500 Errors
- Under Construction
- Page not found/ dead links
- Coming soon

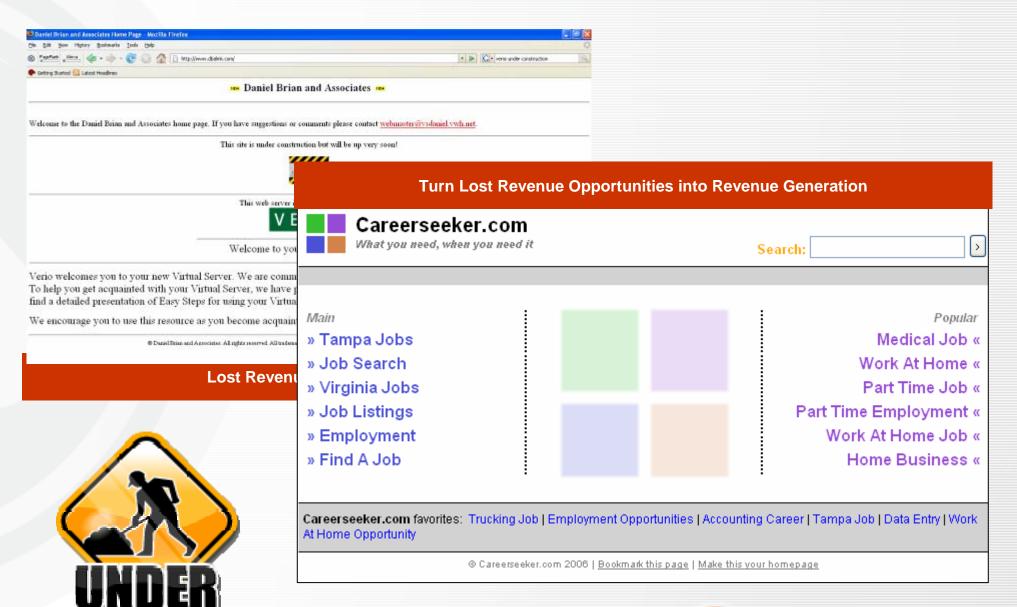
- ♦ Financial Hold
 - Non Renewal/Payment
 - Suspends/Charge Backs
- ◆ Failed DNS requests

A Powerful Revenue Machine Focused on Performance



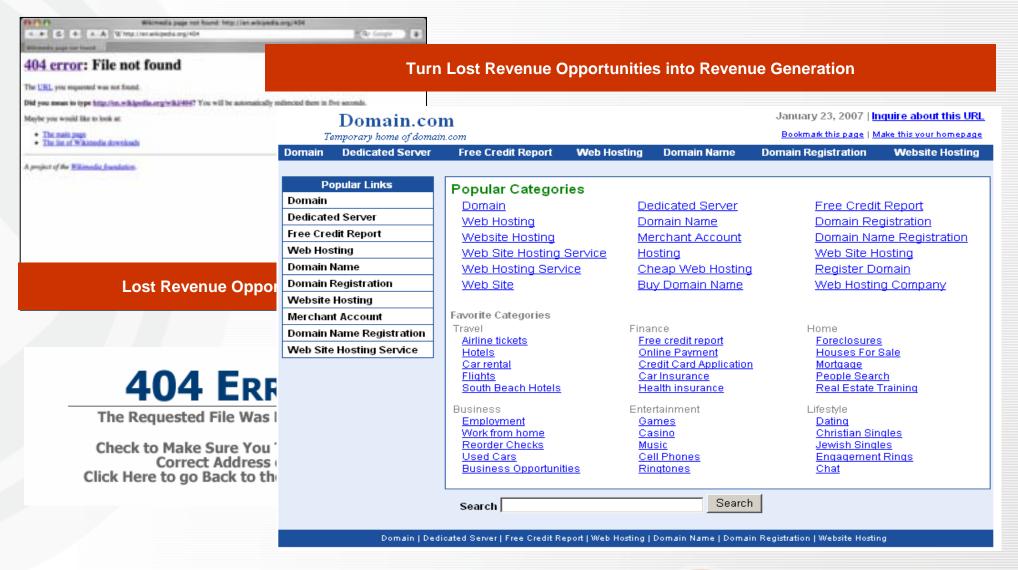


Turn Under Construction into Revenue



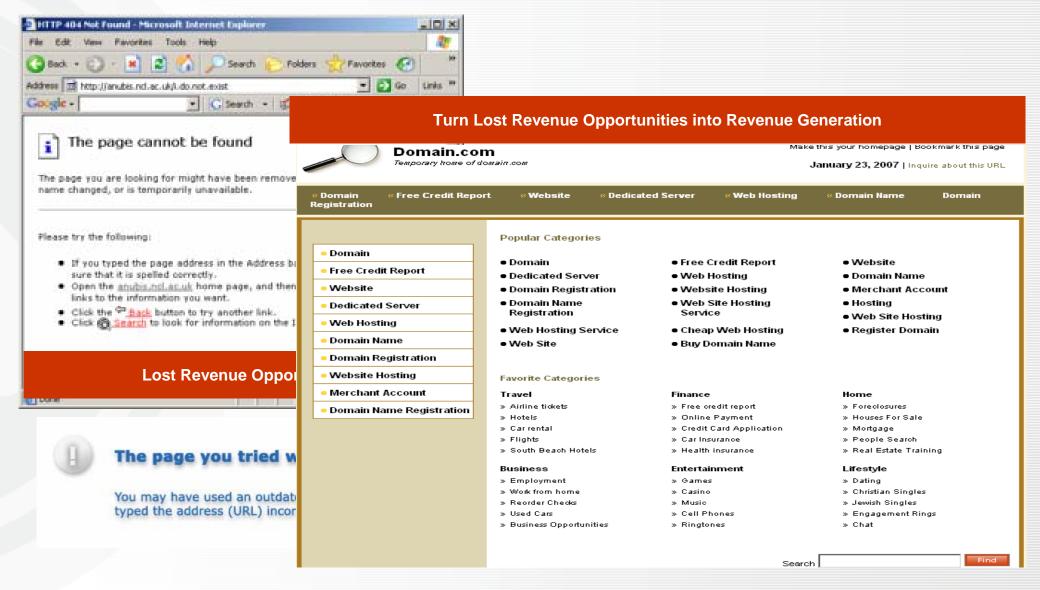


Turn 404 Errors into Revenue



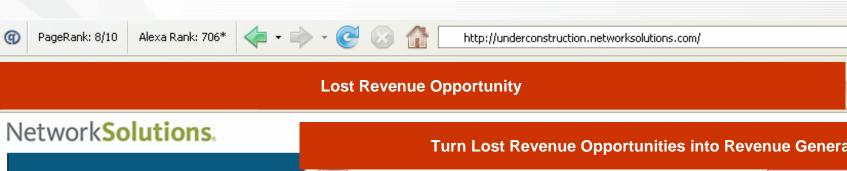


Turn Page Not Found into Revenue





Turn Under Construction into Revenue





Computer software, Free Software, Software Download, Messenger, Email, Free screen saver Personal Computer Laptop, Desktop Computer, Wireless Network, Buddy Icons, Drivers, Computer Store Computer Security Network Security, Virus Scan Online, Remote Access, Spyware, Spyware Removal, Technical Support

Credit Card Application Car Insurance Health insurance

Entertainment

Flights

Hotels

Business

South Beach

Employment

Used Cars

Opportunities

Business

Work from home

Reorder Checks

Games Casino Music Cell Phones Ringtones

Mortgage People Search Real Estate Training

Lifestyle

Dating Christian Singles Jewish Singles Engagement Rings Chat



Benefits of Domain Parking – Unlocking the value

- ◆ Domain parking however does not only benefit consumers. Resellers can make use of domain parking for marketing and sales purposes.
- ◆ Domain parking is an excellent marketing tool because it allows Web hosting companies and resellers to propagate their brand identity.
- domain parking serves as another method to advertise your business but instead of paying for advertising you make money
- ◆ Breadth If thousands of consumers elect to park their domains with your reseller operation, then you are creating thousands of separate, individual advertisements
- **♦** Revenue can be considerable, thirst for PPC Inventory
- ◆ Domain parking is thus the first step towards establishing an Internet presence.
- ◆ For this reason, domain parking should be integral component of any large scale hosting reseller operation.
- ◆ Looking for ways to increase your bottom line profits without investments in technology or additional employees?
- **♦** Generate significant new revenue while enhancing their end-users' experience.
- ◆ answer Failed DNS requests with the IP of a search engine page with advertisements on it



Challenges and Solutions

Need for more revenue margin pressure



Powerful New Revenue Solutions

(SAC) Escalating subscriber acquisition costs



Turn Non-Performing Properties into Revenue Producing

Lack of in-house technical and marketing expertise



Outsourced ASP Solution

(Point, change or refer pages, no technical expertise needed)

Lengthy Implementation/ Integration



Rapid set-up and deployment

Days not weeks to get going



Proposition

What is Domain Monetization?

Domain Monetization - Revenue Flow

Direct Navigation - User types in domain name. click on a book mark or favorite

User Friendly Navigation: Clicks on a Keyword or Performs a Search

Optimized Advertising: User Clicks on Ad

Multi-Source Ad Rev - Search, Ads, PPC



<u>Direct Navigation</u> – Users type in domain name and is redirected to a custom DomainSponsor landing page populated with ads and content relevant to what he's looking for.

<u>User Friendly Navigation</u> – When arriving at the landing page, a user views relvant links and can click on an ad or a keyword, or perform a search.

<u>Optimized Advertising</u> – Ad clicks take users to the advertiser's site, generating revenue. We share the revenue generated from these clicks, advertisements and searches with you.

Multi-Source Ad Revenue - Search, Ads, PPC are all areas of maximizing revenue on a landing page



PPC: Hosting's slice of the Ad Marketplace

PPC is an attractive solution that lets hosting companies remain profitable while offering their core traditional services.

Choosing the correct solution helps you grow the opportunity appropriately:

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Domain Sponsor

The Leader in Domain Monetization

- Proprietary Optimization Technology
- Semantic and Behavioral Analysis
- Dynamic Landing Pages
- Established Reputation
- Reliable Payouts
- Comprehensive Account Management
- Excellent Partner Support
- Superb Customer Service



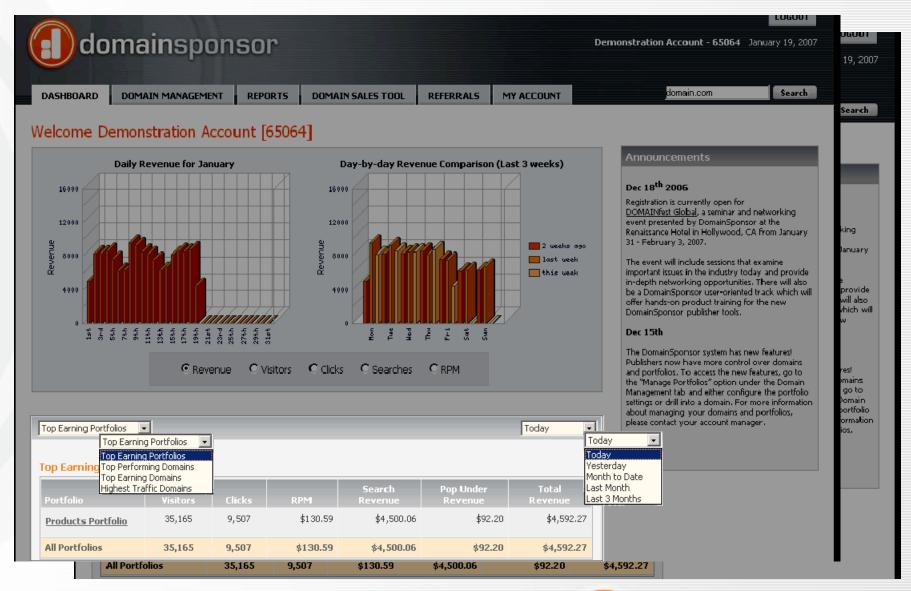
Why Partner with us?

- Constant Change means you need a partner with deeply pocket resources who has extensive relationships with major partners
 - The Tier 1 Search Companies (Y!, Google, MSN) have had 6 major platform launches in the past 18 months. The evolution and pace of change is dramatic.
 - The Tier 2 Search Companies (AskJeeves / CitySearch, InfoSpace / Switchboard, etc.,)
 have had at least a dozen major merger and platform changes in the past 12 Months
 - Oversee.net is a Preferred Marketing Partner for each of these companies, tightly integrated with their product, marketing, and sales teams to assure product compatibility and leverage.
 - Technology Leadership Our Technology Delivers Higher <u>Domain Lifecycle Revenue</u> (DLR)
 - Performance Leadership From Top to Bottom Oversee.net is focused on performance



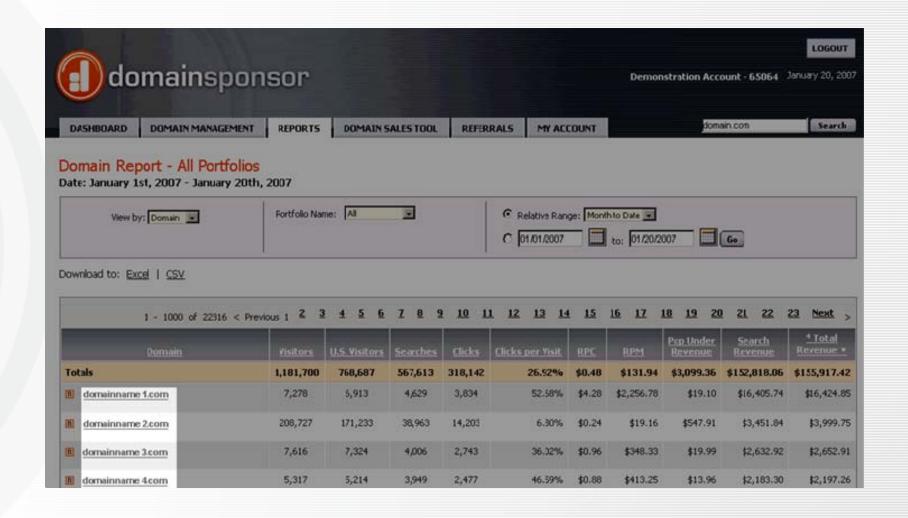
Statistics and Reporting on financials

Backend Log In for Reporting/Wanagement—Partner Support





Detailed/Summary/Oustom Performance Reports





Why Partner with us?

- We are the largest and most financially sound
- ♦ We paved the way for companies to monetize internet properties
- ◆ Our Technology Delivers Higher <u>Domain Lifecycle Revenue</u> (DLR)
- ◆ Knowledgeable, experienced team
 - Thought Leadership
 - Built by Domainers for Domainers.
 - Technology Leadership
 - > We provide the only complete optimization package built on simultaneous execution of semantic, behavioral and landing page optimization to maximize revenue performance.
 - Partnership Leadership
 - > Unsurpassed Support with "One-Stop-Shop": a single point of contact & accountability



Dependable ASP Environment

- ♦ High-speed access
 - Multiple networks
- ♦ Network Operations Center 24 x 7 x 365
 - Onsite network operations and support
- ◆ Security
 - Firewalls, authentication, SSL, secure perimeter
- ◆ Data Integrity
 - Daily backups, offsite storage
- Onsite / Offsite data centers
 - Carrier grade facility, certified by Top Search Providers
 - Onsite application service level management & IT Staff
- ◆ Monitoring Tools & Features
 - Software package designed to detect and report warning conditions
 - Regular & automated checks on: network services, major server components, and system resources
- Escalation Procedures



Positioned to Deliver Performance



Customer Ready

Clean Presentation Simple Design Relevant Information Optimized Navigation

Partner Ready

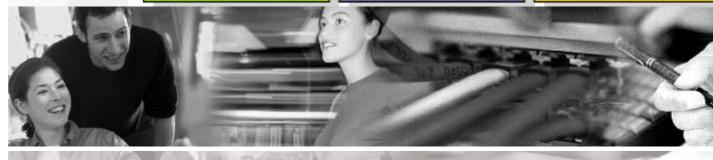
Branding/Reporting Acct Mgmt Support Best Practices Financially Strong Easy Management

Technology Ready

Propietary Optimization Comprehensive Scalable Adv. Customization Leadership

Channel Ready

Wholesale Retail ISP ASP Hosting/Registrar







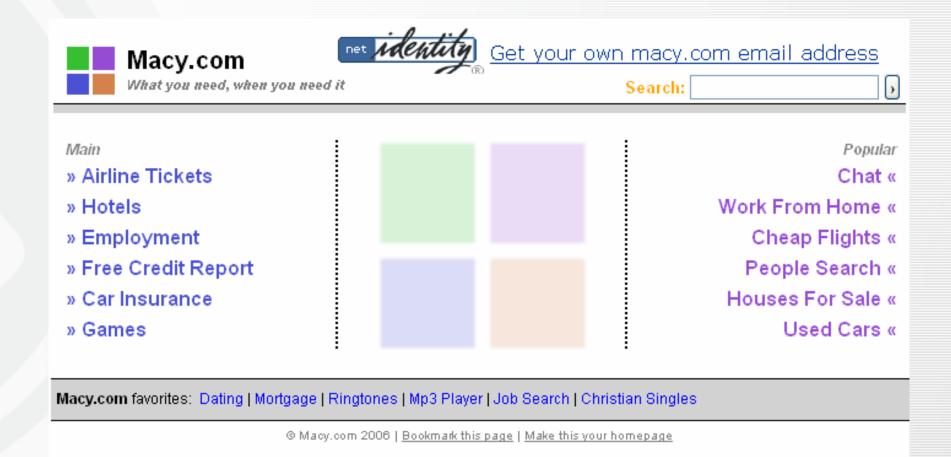
Put your Domains to Work for you...

How Does Domain Monetization Work?

October 19th, 2004 checkorderexpress.com Bookmark this page Little this your homeous What you seed, when you need it. Recorder Checks - Order Checks - Personal Checks - Check Designs - Checkbook Covers - Personal Check - Designer Checks User clicks on an ad-Pupular Links Top Sites Figoridat Checks Term Life Insurance with Select Quote Lower rates, better choice At SelectDucte, real licensed agents will find you the term life insurance coverage. Order Checks gou seed. Personal Checks Mile Dahma pelechapota com-Check Designs Toy Currency Trading Risk fore 30 Days Checkbook Covers 24-hour commission fee trading, 100-to-1 leverage of your capital, and Deabook Fx 2- our free advanced. trading software. Sign up for our free 30-day trial and receive one-on-one training. Present Check http://www.ptflores.pom-**Cesigner Checks** Charles IRS Tax Help - We Salve IRS Problems Our expect team of ex-RIS scents, tax attorneys and accountants necessate with the RIS to reduce your back Wilder User clicks on a keyword taxes. Settle debt for pennies on the dollar. Out help now! Online Checking Mile Sweek Abadis com TimingOuter Up 900's Since 2000 - It Trades a Year Join Trousands of Trend Timers who have taken control of their financial future. Byou are a long-term investor, TimingCube can help you achieve your goals and dreams. Try it risk-free for 30 days... http://www.fmingpube.com Mortgage Rates Dogs to 6-Month Low \$150,000 mortgage for only \$550 month. Lower your mortgage - free quotes. Apply now - bad credit GK. http://www.loverminitis.com Search Search User performs a search Beautic Charle | Code: Charle | Beautid Charle | Charle Codes | Charles a Cours | Beautid Charle | Deducer Charle | Sample of DomainSponsor Landing Page



Example Partner Pages





Customer Partner Landers



Make this your homepage | Bookmark this page

This Domain is Available! Register Your .CN Domain!

Main

- » Shanghai Travel
- » Health Insurance Quote
- » Holiday Insurance
- » Health Insurance Broker
- » Travel
- » Health Insurance Company



- Co-branded Elements: - Logo
- Tagline
- "For sale" link with HTML and domain

china

Popular

Busir ess Travel Insurance «

ance Uk «

surance «

red Health

surance «

surance «

Insurance Quote «

Shanghaitravel.com favorites: Cheap Travel Insurance | Annual Travel Insurance | Uk Travel Insurance | Personal Finance | Discount Travel

Shanghaitravel.com 2006 | Bookmark this page | Make this your homepage



Customer Partner Landers



Make this your homepage | Bookmark this page

September 26, 2006 | This Domain is Available! Register Your .PH Domain!

» Chase Credit Card » Credit Card Processing » Online Credit Card » Credit Reports » Online Credit Report » Apply For A Eredit Card » Credit Card Merchant Account

- Chase Credit Card
- Credit Card Processing
- Online Credit Card
- Credit Reports
- Online Credit Report
- Apply For A Credit Card
- Credit Card Merchant Account
- Low Rate Credit Card
- Business Credit Card
- Home Equity Line Of Credit

Popular Categories

- Chase Credit Card
- Online Credit Report
- Low Rate Credit Card
- Credit Score
- Equity Line Credit Balance

- Credit Card Processing
- Apply For A Credit Card
- Business Credit Card
- Student Credit Card
- Car Financing
- Pay Day Loan

- Online Credit Card
- Credit Reports
- Credit Card Merchant Account
- Home Equity Line Of Credit
- Student Loan Consolidation
- Credit Check
- Auto Loan

Favorite Categories

Travel

- » Airline tickets
- » Hotels
- » Car rental
- » Flights
- » South Beach Hotels

Business

» Employment

Finance

- » Free credit report
- » Online Payment
- » Credit Card Application
- » Car Insurance
- » Health insurance

Entertainment

» Games

Home

- » Foreclosures
- » Houses For Sale
- » Mortgage
- » People Search
- » Real Estate Training

Lifestyle

» Datino



Example Partner Pages

Blacknight.ie



Hosting provided by Blacknight Internet Solutions Ltd. Ireland's leading provider of quality webhosting and domain registration.

This site has been reserved by a Blacknight client. Contact us on +353(0)59 9183072 or Locall 1850 927280

February 27, 2007

Next.ie

What you need, when you need it

Bookmark this page | Make this your homepage

Online Credit Report Wom	ans Clothing Next Fashions Stores	Clothes Shopping Baby Cl	othes Work At Home Work At Home Job
Popular Links	Popular Categories		
Online Credit Report	Online Credit Report	Womans Clothing	Next Fashions Stores
Womans Clothing	Clothes Shopping	Baby Clothes	Work At Home
Next Fashions Stores	Work At Home Job	Next Shop	Airline Tickets
Clothes Shopping	Houses For Sale	Work From Home	Online Shopping
Baby Clothes	Employment	Womens Shoes	Evening Dress
Work At Home	Wholesale Clothing	Clothing	Discount Shopping
Work At Home Job	1	<u> </u>	<u> </u>
Next Shop	Favorite Categories		
Airline Tickets	Travel	Finance	Home
Houses For Sale	Airline tickets	Free credit report	Foreclosures
	<u>Hotels</u> Car rental	Online Payment Credit Card Application	Houses For Sale Mortgage
	Flights	Car Insurance	People Search
	South Beach Hotels	Health insurance	Real Estate Training
	Business	Entertainment	Lifestyle
	Employment	<u>Games</u>	<u>Dating</u>
	Work from home Reorder Checks	<u>Casino</u> Music	Christian Singles Jewish Singles
	Used Cars	Cell Phones	Engagement Rings
	Business Opportunities	Ringtones	Chat
	Search	Search	

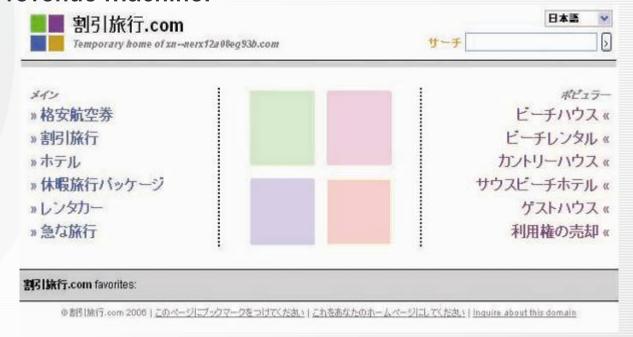
Online Credit Report | Womans Clothing | Next Fashions Stores | Clothes Shopping | Baby Clothes | Work At Home | Work At Home Job



International Landing Pages

Take flight with international landing pages.

DomainSponsor now offers international landers with localized content! If you have domains that would benefit from Japanese, Spanish, French, German, or English language support, you now have access to a multi-lingual revenue machine!



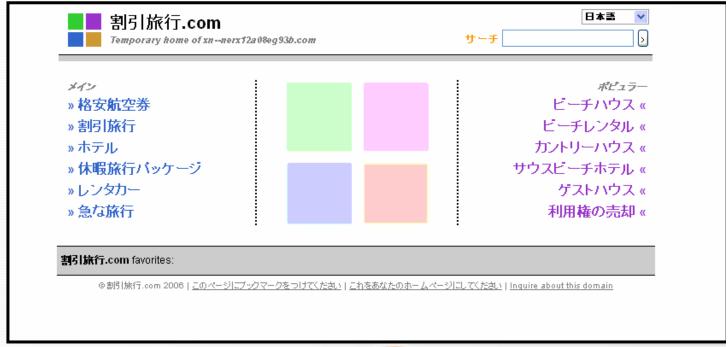


International Landing Pages

DomainSponsor's optimization strength remains the same

DomainSponsor's optimization is now even stronger, with multi-lingual optimization to maximize the revenue

potential for each language independently.





Japanese Language Pages Montetize Best

- Strengths
 - Localized
 Customizations
 - Language Detection
 - Smart Suggestions
 - Keyword and Ad
 - Better paying





International Landing Pages

DomainSponsor lets you work smarter, not harder, to maintain and grow your international traffic.

- Support for all TLDs, and multi-byte characters, including Japanese characters.
- Your visitors can easily switch between languages.
- Pairing local advertising partners with the right display language provides highly targeted content for your visitors, promoting repeat visits and higher conversion rates.



