Sentan
Registry Services

April 4, 2005

Mr. Paul Twomey
ICANN
4676 Admiralty Way
Suite 330
Marina del Ray, CA 90212

Dear Paul,

We are pleased that Sentan was ranked by the .NET Evaluators as one of two clear leaders from the group of five applicants, and that the difference in the rating of VeriSign and Sentan was assessed by the Evaluators to be "not statistically significant given the methodology used to rate the RFP responses." We also note the Evaluators determined "the risk to the operation of .NET is minimal if either organization is awarded the contract."

However, we have identified several fundamental problems in the evaluation report that materially and unfairly advantage the Incumbent to the detriment of Sentan. These problems fall into two categories: (1) oversights or omissions by the Evaluators that resulted in scoring errors, and (2) inadequate understanding of non-technical and non-financial criteria that resulted in scoring errors. We have identified flaws in the following sections and have provided additional details on each in the attached document:

- Provision for Registry Failure (Section 2.6.1)
- Registry Operations (Section 2.3.a)
- Policy Compliance (Section 2.7)
- Promotion of Competition (Section 2.7.i)

The methodology used by the Evaluators produced a color-coded ranking of applicants which placed VeriSign and Sentan in a statistical tie in the top tier. However, the difference between the two is not, by the Evaluators' own admission, "statistically significant" for the purposes of making a selection. As the color-coding results were the sole basis for identifying the leading candidate, the above issues are highly significant and material to the conclusion reached by the report. A correction of one or more of these errors would result in a statistically significant scoring change and a different selection. A thorough and immediate review must be made to ensure the equal treatment of all parties and a fair, open and transparent evaluation process before negotiations commence.

We look forward to your immediate review of these material concerns.

Sincerely,

Richard Tindal
Chief Executive Officer
Sentan Registry Services, Inc.

Cc: Vint Cerf, Kurt Pritz, John Jeffrey
(Enclosure)

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ICANN's Request for Arbitration makes the following statements:

- *"The Wildcard service is not the first time VeriSign has chosen to ignore its contractual obligations to seek to gain some inappropriate financial advantage from its stewardship of the .com and .net registries." Page 2.*

- *"VeriSign refuses to recognize its contractual commitments under the .net agreement." Para 32.*

- *"VeriSign's position and actions taken in furtherance of that position are inconsistent with material provisions of the .net agreement and collectively demonstrate that VeriSign is willing to exploit its role as the monopoly Registry Operator of the .net registry to the detriment of the Internet community, including consumers of name registration services." Para 33.*

Moreover, the incumbent' past performance in .NET served as the catalyst for the issuance of a Public Advisory dated October 3, 2003 titled, "Advisory Concerning Demand to Remove VeriSign's Wildcard." This Advisory stated:

- *As set forth in today's letter to VeriSign, ICANN's preliminary conclusion is that the changes to .com and .net implemented by VeriSign on 15 September have had a substantial adverse effect on the core operation of the DNS, on the stability of the Internet and the .com and .net top-level domains, and may have additional adverse effects in the future. Further, VeriSign's actions are not consistent with its contractual obligations under the .com and .net registry agreements. The contractual inconsistencies include, violation of the Code of Conduct and equal access obligations agreed to by VeriSign, failure to comply with the obligation to act as a neutral registry service provider, failure to comply with the Registry-Registrar Protocol, failure to comply with domain registration limitations, and provision of an unauthorized Registry Service;*

- *"VeriSign's change appears to have considerably weakened the stability of the Internet, introduced ambiguous and inaccurate responses in the DNS, and has caused an escalating chain reaction of measures and countermeasures that contribute to further instability."*

Based on the above, it is inconceivable to us that VeriSign would receive the same score as Sentan for this criterion. Based on an informed and objective analysis, a fair rating would score the incumbent "RED" or 'YELLOW," dramatically altering the results of the Evaluation.

We are concerned that the Evaluators may not have been provided the necessary information or background by the ICANN Staff to make an informed determination on this criterion. We were surprised that the Evaluators were ultimately responsible for evaluating criteria without the vital information required to make an informed recommendation. We sincerely believe that the scoring in this section is flawed and requires immediate review.

Failure to Evaluate Competition at the Registry Level (Section 2.7.i)

The Evaluators' report did not adequately address the requirement for "Enhanced Competition" in the domain space as required by the .net RFP, the current NET contract and ICANN's mandate. Specifically, the Evaluators limited their analysis of competition to the registrar market alone and ignored competition at the registry level and the domain market as a whole. ICANN's bylaws (Article 1) require the promotion of competition and do not restrict that definition to the registrar market alone. In fact, the Evaluators missed a core value of ICANN that, "where feasible and appropriate, depending on market mechanisms to promote and sustain a competitive environment." Such competition and consumer choice should drive the technical management of the Internet to promote

Sentan Registry Services

Introduction

Sentan has identified several problems in the Evaluation report that materially and unfairly advantage the Incumbent to the detriment of Sentan. These problems fall into two categories: (1) oversights or omissions by the Evaluators that resulted in scoring errors, and (2) inadequate understanding of non-technical and non-financial criteria that resulted in scoring errors. Specifically, we have identified the following fundamental flaws in the following sections:

Erroneous Ranking for Provision for Registry Failure (Section 2.6.1)

There is an oversight in the Evaluators report regarding the risk associated with the proximity of the applicants' primary and secondary data centers. The report gives negative marks to Sentan due to the relative proximity of its primary and secondary data centers at 400 miles apart. Sentan subsequently received a "GREEN" on this factor (as did DENIC at 275 miles -- for apparently similar reasons). However, according to section 5.b.i and 5.b.xv of its proposal, VeriSign's two data centers are located in Dulles, VA, and Ashburn, VA, approximately 10 miles apart. Despite this discrepancy, VeriSign received a perfect "BLUE" score in this section and Sentan received a "GREEN." All other comments associated with VeriSign and Sentan in this section are equal, so it seems clear that Sentan was penalized for data centers that are 400 miles apart and VeriSign was rewarded for data centers just 10 miles apart. Given the considerable focus and concern placed on this item by the evaluators during their on site evaluation, in their questions to us, and in the final report, we believe a fair scoring on this factor would place Sentan in a higher color category than the incumbent.

Failure to Consider Past Behavior – Policy Compliance (Section 2.7)

We note that the Evaluators appropriately applied an analysis of each applicant's past performance and 'track record' as a measure of their likely future performance in many technical areas of the RFP. However, we are surprised that the Evaluators did not use this same methodology in evaluating any of the policy or non-technical elements of the RFP despite the fact that evidence of past performance is the best indicator and measure of future behavior. While ICANN may not disadvantage VeriSign according to the .net agreement for being the incumbent, it is not only able to, but must consider actions that ICANN itself had deemed VeriSign had taken to threaten the stability of the DNS in its past operation of .COM and .NET.

In the areas of ICANN Policy Implementation, as described in numerous ICANN and other public documents, the incumbent has a track record of failing to implement all ICANN policies and contractual obligations. In fact, it was this track record that led ICANN to the extraordinary measure of suing its own vendor to prevent further policy anomalies in .NET. We believe these track records should have been reviewed and considered by the Evaluators.

According to ICANN's November 10, 2004 Request for Arbitration, ICANN has made specific allegations that VeriSign has not adhered to various ICANN policies and procedures and certain obligations under existing contracts. These areas relate to policy compliance such as fees charged for services, IDNs, the registering of all unregistered domains (hoarding), equal access, Consolidate, Wait List Service, and Registrar accreditation procedures. The fact that the arbitration is still active indicates that ICANN must still believe that VeriSign breached policy requirements of the existing .NET agreement.

innovation, preserve diversity, and enhance user choice and satisfaction. Further, the pressure of competition is likely to be the most effective means of discouraging registries from acting monopolistically.

The combination of the two largest gTLDs constituting 85% of the market under a single service provider gives that entity excessive power to control the marketplace or to prevent innovation. This is particularly true in that both .COM and .NET will now have a "presumptive renewal clause" that in effect locks up the two largest TLDs with the same operator for life. In contrast, having more diversity at the registry level will discourage rogue behavior and encourage good industry citizenship and standards development.

The Evaluators did not adequately assess the impact of registry competition, or lack thereof, on the domain market as a whole. We believe the Evaluators were not provided, or did not apply, the appropriate definition of competition. If they had been provided with the appropriate definition of competition, there is no reasonable way that all applicants would have received the same "GREEN" scores. We believe it is critical that these results are investigated and amended to reflect the requirements of the RFP as well as the reality of our marketplace.

Erroneous Ranking for Registry Operations (Section 2.3.a)

For any new services proposed, the RFP required each applicant to provide an "assessment of the benefits and burdens to registrants and registrars" to enable the Evaluators to work with a consistent set of facts. According to the report, only Sentan provided an assessment of both benefit and burden as specifically required by the RFP. None of the other applicants, including VeriSign, included the "burdens" for any new services they proposed to offer. Despite this omission, the incumbent received a "BLUE" score and Sentan a "GREEN" score. It seems unreasonable for the incumbent to have received a score higher than Sentan despite being not in compliance with a specific requirement of the RFP. Such an omission might have resulted in a "RED" or "YELLOW" score for non-compliance with the RFP criteria, but under no circumstance should a non-compliant response receive a "BLUE." Even if VeriSign had received a generous "GREEN" score, the Evaluators report would have resulted in a clear numerical draw. If VeriSign had received a "RED" or "YELLOW" score for non-compliance, Sentan would be the clear leader.

Conclusion

As described above, we have identified several fundamental flaws, each resulting in a material impact upon the final ranking. The correction of just one of these flaws would result in either (a) a draw in the evaluation (if the incumbent's rating were adjusted to a 'GREEN'; or (b) an overall win to Sentan (should the incumbents rating move to a 'YELLOW'. The correction of any two of these of these flaws would result in an overall win to Sentan.