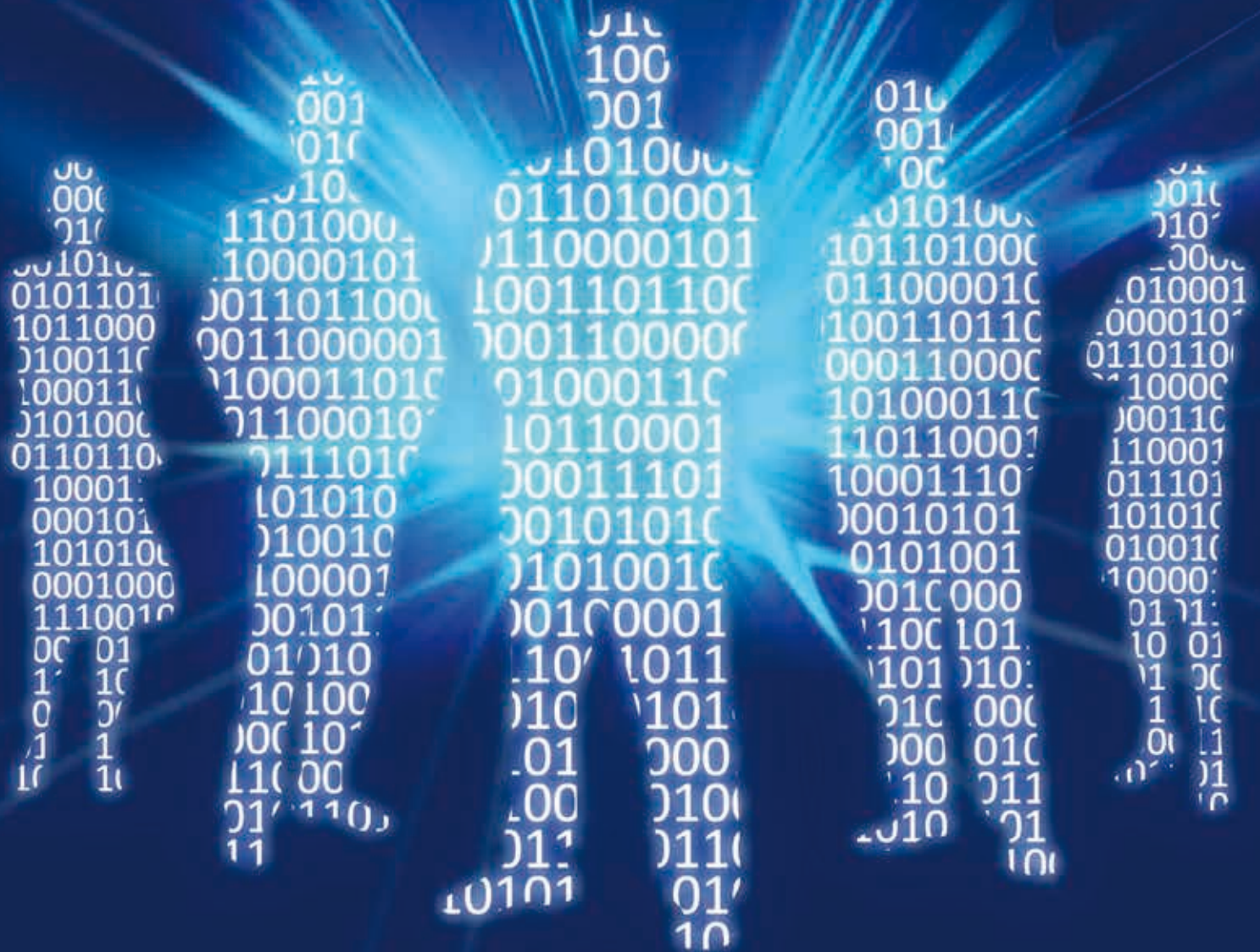




IRELAND'S  
DOMAIN  
REGISTRY

ANNUAL REPORT & REVIEW **2012**



**Know who you are dealing  
with online...**



# **Confidence through traceability**

**dot.ie website owners must authenticate  
their claim to the name  
upon registration**

**This ensures transparency  
on who is behind the website**



# Key Figures for 2012

Database of .ie domain names **182,284**

New .ie registrations **33,484**

Renewal rate of **86%**

Market share of **45.8%**

Members' Funds **€3.6m**

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# Performance Highlights 2012

Extract from the audited Financial Statements

## Profit and Loss

	Year to 31 Dec 2012 €	Year to 31 Dec 2011 €
<b>Registration Revenue</b>	<b>2,603,799</b>	2,661,821
Administration Expenses	<b>(1,243,677)</b>	(1,037,485)
Employment Costs	<b>(1,199,101)</b>	(1,199,603)
Depreciation	<b>(89,683)</b>	(66,766)
Regulatory Costs	<b>0</b>	0
<b>Operating profit</b>	<b>71,338</b>	357,967
Financial investment impairment	<b>142,984</b>	(33,933)
Interest income	<b>106,384</b>	96,793
Interest payable	<b>0</b>	0
Taxation	<b>(38,000)</b>	(71,824)
<b>Profit after taxation</b>	<b>282,706</b>	349,003

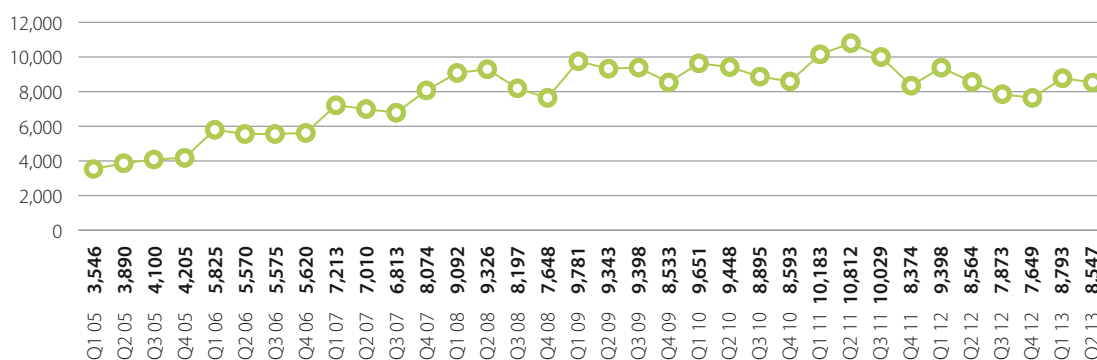
## Balance Sheet

	At 31 Dec 2012 €	At 31 Dec 2011 €
Fixed Assets	<b>148,043</b>	93,490
Investments	<b>1,795,585</b>	1,652,601
Current Assets	<b>3,689,614</b>	3,389,020
Creditors <1 year, excluding Deferred Income	<b>(629,491)</b>	(395,559)
Deferred Income	<b>(1,392,622)</b>	(1,411,129)
<b>Members' Funds</b>	<b>3,611,129</b>	3,328,423

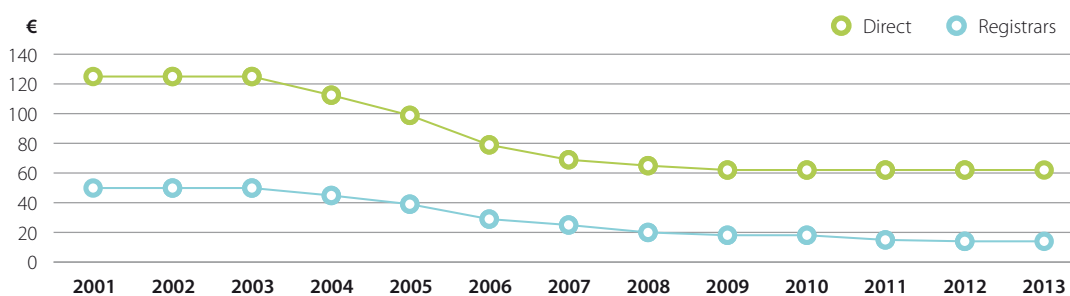
## Cash Flow

	Year to 31 Dec 2012 €	Year to 31 Dec 2011 €
Net cash inflow from operating activities	<b>341,845</b>	521,657
<b>Increase in cash in the year</b>	<b>293,466</b>	399,634

## New .ie domain registrations - quarterly growth



## Price of a .ie domain on 1 January each year



# Chairman's Statement



I am glad to be in a position to report that, despite the difficult economic and business environment, IE Domain Registry made good progress in 2012. Although the rate of growth slowed, the .ie database totaled 182,284 domains at year end, an increase of 5% as compared with

year end 2011. The financial outturn was also satisfactory. On registration revenue of €2.6 million, we recorded a net profit after taxation of €282,706 and a corresponding increase in Members' Funds to €3.6 million at end of 2012. As a Company limited by guarantee, the IEDR does not have a share capital and the accumulated Members' Funds represent the Company's capital. We will continue to manage IEDR's finances in a prudent manner in the interests of our stakeholders.

Competition in the domain market is fierce. We are in direct competition with the international domain names, .com, .info, .eu, etc, which have the advantage of substantial economies of scale. It is, therefore, particularly pleasing to report that .ie has more than maintained its position as market leader in Ireland with upwards of 46% of the market. Over the next few years, the scale and breadth of competition is set to increase significantly because ICANN, the organisation responsible for technical management of the Internet, is proposing to authorise a large number of new generic domains. While this development will increase the competitive challenge, I am satisfied that IEDR, as Ireland's national domain name registry, is well placed operationally and technically to meet the challenge.

We believe that .ie provides a premium service. Our offering of a "managed" domain where, unlike other domain names, entitlement to the name is established and cybersquatting is almost eliminated, is unique in the current market and has real benefits in our view. We remain in the top five placings in McAfee's Report on the international ranking of most secure domains, last issued in 2010.

Service continuity is critical to the Internet. Unfortunately, the network is increasingly under attack internationally by hackers and other intruders. You will see in this Report that IEDR was the subject of such a security incident in October 2012.

While the incident itself had little public impact and was well contained, it emphasised to us the need for unceasing vigilance and up-to-date technical development and expertise in ensuring the security of our network. As a priority, we will continue to invest in network security as required.

Central themes of this year's Report are governance and confidence through traceability. Governance is a core value of the IEDR and essential to our key objective of balancing the rights, responsibilities, and obligations of our stakeholders. I am glad to say that our traditionally excellent relationships with our stakeholders were well maintained in 2012. Indeed, the growth and development of .ie could not have been achieved without the vital contributions of a number of industry stakeholders. I acknowledge in particular the role of our accredited Registrars in the marketing and promotion of .ie, which has been critical to our achieving a market leading position. I also acknowledge the continued support of the industry associations, which work closely with us particularly in the areas of service improvements and technical developments. I would like to thank the industry regulator, ComReg, and the Department of Communications, Energy and Natural Resources for their assistance during the year.

I would like to express my appreciation of the contribution of my Board colleagues and of the Chief Executive, David Curtin, and his team to the IEDR's continued success. It greatly facilitates my task of shaping the policies and direction of the Company and overseeing its operations to have the assistance of such dedicated people. It remains our overriding objective to serve the requirements of the Irish Internet community to the best of our ability.

IEDR has a long and consistent record of reliable performance, both operationally and financially, and this was continued in 2012. While the economic and business environment remains difficult, we will maintain the emphases on service integrity, financial prudence and technical development required to ensure that the IEDR continues to progress. I am confident that the Company is well placed to do so.

**Professor J.O. Scanlan**

*Chairman of the Board*

31 May 2013

**To achieve annual new growth rates greater than our competitors (dot.com/new TLDs) with dot.ie retention rates comparable to similar ccTLDs**

**To maintain profitability and balance sheet integrity to ensure the company's ability to enhance dot.ie stability, safety and resilience through re-investment**

**To focus on the needs and requirements of customers in continuously improving existing services and infrastructure**



# **Strategic Priorities**

**To deliver on our customer service, technical, statutory and other obligations as the active Registry Operator for the dot.ie namespace in Ireland**

**To contribute to the development of Internet usage and uptake through active involvement and engagement with the community**



# Mission

**Our mission is to provide unique  
identifiably Irish domain names,  
and registry and related services, to the  
local and international Internet community**

# Vision

**Our vision is that the dot.ie domain name  
will continue to be recognised globally  
as representing Ireland's presence on the  
Internet with high levels of stability,  
safety and resilience**

# Values

**Fairness, Equity and Transparency  
(in our dealings with registrars and stakeholders)**

**Integrity, Corporate Governance  
and Ethical Values**

**Enthusiasm, Dedication and Pride  
(in serving the local Internet community)**

# Report from the Chief Executive



At a time of increased levels of cyber attacks across the globe we are cautious but confident about the changes in the international competitive landscape, with the imminent arrival of up to one thousand new TLDs. In response, we recognise the need to inform and build awareness in SMEs about the benefits of .ie and its unique selling points.

Guided by our vision for the .ie domain namespace, the management team continues to focus on the Company's strategic priorities of; volume growth; reinvestment of financial resources; continuous improvement in customer services; delivering on obligations as the active registry operator; and contributing to the development of Internet usage and uptake in Ireland.

From an operational perspective, 2012 was a difficult year with lower new registrations and higher non-renewals. In response, the Company launched Co-Funded Marketing initiatives with Registrars, invested further in process redesign and automation and supported SMEs by expanding the OPTIMISE Fund. Registry operations were again profitable and cash-generative and IEDR ended the year in a very strong financial position, with €3.6m in Members' Funds and €5.3m in liquid funds and investments.

## Operational review

New registrations of 33,484 in 2012 decreased by 15% when compared to the same period in 2011 (39,398), a satisfactory outcome given the depth of the ongoing recession. This was offset by 24,345 non-renewals or deletions which were 23.8% higher than 2011 (19,672), giving a net increase of 9,139 (5.3%) in the database by the end of 2012. This growth, generated almost totally by the continuous efforts of IEDR's accredited Registrar community, reflects external factors such as a maturing Internet ecosystem, new online businesses, products or services and increased broadband take-up. Internal factors such as IEDR's service enhancements, price reductions and further process automation also played an important part.

The growth curve on the Performance Highlights on page 2 illustrates that growth in each quarter is well below the 10,000 per-quarter highs of 2011. From a 2012 high of 9,398 in quarter one, new registrations continued to decrease each quarter in 2012 to only 7,649 in quarter four.

Reflecting the poor economic conditions in 2012 impacting SMEs and new businesses, the level of non-renewals/deletions increased to rates similar to 2009 and 2010, at 14.1% from 12.8% last year. On a positive note, this level of non-renewals is very low by international standards where non-renewal rates can be over 30%.

The Company intensified its outreach activities during 2012, in line with the multi-stakeholder model and consistent with best practice among ccTLDs by working to promote excellence in website functionality, design and e-commerce through sponsorships and direct funding.

During 2012 the Company continued to implement the agreed reporting framework with the submission of quarterly reports to ComReg. There was no progress in 2012 on the Company's application to ICANN for the redelegation of the .ie ccTLD to the IEDR, which was submitted in February 2011, accompanied by letters of support from stakeholders in the local Internet community. In order to complete the redelegation request ICANN will need a letter of support from the Irish government. The Department of Communications, Energy and Natural Resources is considering the matter.



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## Financial review

Turnover decreased by 2.2% due to the combined impact of price reductions of 6.7% effective from November 2011 and new registration price promotions, offset by positive volume growth. The Company reduced the price of new registrations by 67%, in support of an industry-led promotional campaign in 2011, designed to incentivise micro-enterprises to establish a presence on the Internet. This impacted the deferred revenue released in 2012.

Volume growth in domains was again strong in 2012 increasing by 19.3% on the opening database at 1 January. When non-renewals are considered, the net growth in the .ie namespace was 5.3%, which is satisfactory, considering the severe recession which continued to affect small and medium-sized companies in 2012. The .ie domain represents an approximate national market share of 46%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses increased by 9.9% from €2.3 million to €2.5 million. Employment costs including pensions remained the same as 2011 at €1.2 million. Average employee numbers decreased from 18 to 17, impacted by high staff turnover and some difficulties in recruiting qualified replacements. Once-off costs associated with the October 2012 security incident are included in administration expenses. Promotion, sponsorship, and advertising costs increased by 36% in 2012 as the

Company continued its sponsorship of industry events, expanded its joint promotion with Registrars of the .ie namespace and expanded the OPTIMISE Fund which assists SMEs and micro-enterprises to develop and e-commerce enable their .ie websites.

The Company's financial investments increased marginally in 2012 to €1,745,485, continuing the gradual recovery since the 2008 global stock markets collapse. Accordingly, the investment impairment provision decreased by €142,984 in 2012 (2011 – increased by €33,933) to €254,515 at 31 December 2012.

The financial position of the Company at 31 December 2012 is solid. Members' Funds increased by 8.5% from €3.3 million at December 2011 to €3.6 million at the end of December 2012. Cash and cash equivalents amounted to €5.3 million including €1.74 million invested with multiple investment managers. Deferred revenue, which represents the unearned portion of invoiced registration fee income, amounted to €1.4 million at year end.

The quality of the Company's financial transparency and reporting has been independently acknowledged as IEDR was shortlisted, on four occasions over the last six years, as a finalist in the Chartered Accountants Ireland Leinster Society, Published Accounts Awards. The Company was also proud to receive the Award for Best Design in 2009.

## Report from the Chief Executive (continued)

### Continuous improvements review

As part of the continuous improvement process the Company embarked on an ambitious project during 2012 to redesign its longstanding business processes. With a One-Touch philosophy, this BPR project will reduce the domain renewal cycle, streamline the payment and invoicing process for new registrations/transfers and provide deterministic deletion dates for non-renewed domains.

The redesigned web-based console and automated interfaces will continue to provide full transparency of all transactions with IEDR. As heretofore, Registrars have accountability and responsibility for registrations, renewals and suspensions and have the ability to audit the completeness and accuracy of their .ie portfolios within IEDR's database.

The Technical Services Team responded well to handle the impact of a security incident in October 2012. The Company is grateful to its partners in the security sector and the local Internet community for their expertise, advice and support during the service outage resulting from the incident. The steps the IEDR has taken in response will enhance the safety, security and resilience of the .ie domain.

The data escrow function continued to operate, whereby relevant extracts of the .ie database are extracted, encrypted and transmitted to a third party, to be held in safekeeping and only released to the appropriate authorities in the unlikely event of a catastrophic event occurring at the registry. This is an added layer of security and protection for registrants of .ie domain names.

The Company continues to improve and extend its generic joint promotional activities with its Registrar community and has developed new promotional programmes to incentivise Registrars to promote and market the .ie namespace to small businesses. In 2012 this resulted in the first Co-Funded TV campaign by a Registrar. Recent research indicates the need to encourage small Irish businesses to come online for the first time. It is not clear why such a large cohort of small businesses in Ireland remain effectively offline. Anecdotal evidence suggests: a perceived complexity or cost, the level of time commitment required, a reluctance to engage with multiple software vendors and an absence of obvious business benefits. It is clear that further research is needed to guide policymakers on how to improve Internet usage and uptake in the small business community.

### Outlook for 2013

On the international front, the Company continues to monitor developments impacting ccTLD registries, in particular the imminent expansion of the global namespace by up to one thousand new gTLDs within twelve months. While these proposals will result in accelerated growth in the global domain name market, the potential for cybersquatters represents a challenge for trademark and patent holders, brand managers and the owners of intellectual property rights.

Nationally, although new registration growth of 8,793 domains in quarter one 2013 increased by 14.9% on quarter four 2012, it was down 6.4% compared to quarter one 2012 (9,398). The rate of non-renewed domains continues at 14%. These trends are mirrored across Europe with a general slowdown in domain growth being reported by ccTLDs. We will continue to assist the .ie Registrar community by engaging in generic promotional activities to support the Registrars' sales and marketing activities, in addition to providing lower prices and one-off price promotions.

In technical terms, the Company remains ready to implement technologies and products such as IDN and DNSSEC when there is a positive indication of national market interest. We will maintain our ongoing investment in the resilience and safety of our infrastructure and nameservers and continue to control operating costs in other areas of the business.

I would like to express my gratitude to the Chairman, the Board of Directors, our dedicated staff and in particular to our Company Secretary for their support and their outstanding contribution to the continued growth and development of a highly regarded Domain Name System for Ireland.

**David Curtin**  
*Chief Executive*

31 May 2013



# Clearly... not for cybersquatters

**dot.ie operates as a Managed Registry Model**

**This deters cybersquatters\* and reserves the dot.ie namespace as an Irish national resource**

\* We ask dot.ie website owners for a “claim to the name” as part of the application process.



# Board of Directors and Management



## Professor J.O. Scanlan

Sean Scanlan is Emeritus Professor of Electronic Engineering UCD and Head of the UCD Department of Electronic and Electrical Engineering (1973-2005). He is a Life Fellow of the IEEE (Institute of Electronics and Electrical Engineering, USA) and a Fellow of the Institute of Mathematics and its Applications. He was President, Royal Irish Academy (1993-1996). Professor Scanlan has been Editor of the International Journal of Circuit Theory and Applications. He is a member of the Editorial Advisory Board, Transactions on Fundamentals of Electronics, Communications and Computer Sciences (Japan). He is President (Honoris Causa) and Founding President, European Circuits Society. He was Board Member (1979-1996), Deputy Chairman (1992-1996) and Acting Chairman (1992) of Telecom Éireann. He was awarded the Golden Jubilee Medal from the IEEE Circuits and Systems Society in 2000. He was awarded the Gold Medal from the Royal Irish Academy in 2011 in recognition of his outstanding contributions to the Engineering Sciences.



## Dr. Pat Frain

Pat Frain is an Adjunct Professor at the UCD Michael Smurfit Graduate School of Business. He was the Director of NovaUCD, the innovation and technology transfer centre at University College Dublin (UCD), until he retired in 2011. He was responsible for the planning and development of the Centre, which was established in 2003 with the support of a public-private partnership. Pat is also involved in a range of national and international organisations and initiatives aimed at promoting innovation and technology transfer. He is a founding member and co-ordinator of the European Knowledge Transfer Society. Until recently he was a Member of the Board of ProTon Europe, which he chaired in 2008 and 2011. He is a Fellow and Board member of the Institute for Knowledge Transfer. He is also a member of the International Advisory Board for Industry and Higher Education and the Editorial Advisory Boards of Technology Transfer Tactics and Intellectual Property Marketing Advisor. He is a physicist by qualification and an alumnus of the EU-Japan Centre for Industrial Cooperation.



## Dr. Canice Lambe

Dr. Canice Lambe is currently Chief Technology Officer with The TAS Group, an Irish software company that helps sales professionals sell smarter and manage better using DealMaker intelligent software and proven sales methodology. He was a founder and CTO of Cunav Technologies (later New World Commerce) which merged with US CRM company IQ to become New World IQ. Canice has also been Chief Product Officer at Rockall Technologies and Chief Technology Officer at PixAlert. Canice has also consulted to early-stage technology companies in the area of product development and positioning. Canice received his degree and PhD in Computer Science from Trinity College Dublin.



## Frances Buggy

Frances Buggy is an experienced program manager of software and systems development projects, R&D management, and strategic ICT initiatives for the European Commission, regional government, academia and international Public/Private consortia. Her private sector experience is drawn mainly from the internationally traded services sectors. She has significant start-up experience both with SMEs and large scale technology start-ups. Frances is a Prince2 certified practitioner of project management – with graduate degrees in both Marketing Management and Technology/Innovation Management and postgraduate qualifications including the International MBA. Frances also has an ongoing professional involvement in the practice of intellectual property management, NPD/Technology Transfer, and STEM policy development. She has served on several professional boards, one directorial audit committee and is a founding member and former Chairperson of the Irish Internet Association.

- ▲ Audit committee member.
- Banking committee member.

**Kevin McCarthy** ▲

Kevin McCarthy retired from IDA Ireland in December 2009 as Area Director for the Border, Midlands and West regions. Kevin served in IDA since 1970 and was the longest serving staff member on retirement. During his time in IDA Kevin was seconded to the post of Chief Executive to the Tallaght Task Force and also as Enterprise Advisor to the Polish Agency for Regional Development. Kevin is currently partner/director of HanMac Consulting Partners Limited, a niche consultancy business offering project management expertise mainly to the foreign direct investment sector.

**Mark Dobbyn** ▲●

Mark Dobbyn is a former partner in the accountancy and advisory firm, KPMG, where he had client responsibility for assurance services and a number of management roles. Prior to this he was a director in the management consultancy division of the precursor firm to KPMG, specialising in performing short-term financial management assignments. He is a director of a number of commercial and not-for-profit organisations. Mark is a business and history graduate of Trinity College Dublin, and a Fellow of the Institute of Chartered Accountants in Ireland.

**Fergal O'Byrne**

Fergal O'Byrne is currently Director of Sonru.com, an online video interviewing company. He is an experienced Internet industry entrepreneur who founded Interactive Return in 1998. His most recent role was as CEO of the Irish Internet Association. He has published four books including: '10 Online Marketing and Search Engine Essentials' and '10 Technologies Every Executive Should Know'. Fergal holds an Honours Degree in Electronic Engineering from DIT, Kevin Street, Dublin. He has been a member of the Board of Directors of IGOpeople.com, WINC, and CCD Limited. He is currently Chair of the Project Advisory Group for Fáilte Ireland's eBusiness Support Initiative.

**Chief Executive Officer****David Curtin**

David Curtin joined the company in November 2002, and was appointed interim Chief Executive in October 2003 and Chief Executive in January 2004. David worked for eight years in Dublin and Paris with the Jefferson Smurfit Group plc. He was Chief Executive of Smurfit Software Services, project manager for the Smurfit Group's Hyperion systems implementation, and internal auditor of Smurfit Ireland. Prior to this he worked for KPMG in Dublin and Philadelphia, USA. David is a graduate of UCD, a Fellow of the Institute of Chartered Accountants and holds a first class honours MBA from The Michael Smurfit Graduate School of Business.

**Company Secretary****Jim Joyce** ●

Jim Joyce was appointed Secretary of the company in 2004. He is Chairman of the Health Insurance Authority and a former Company Secretary to the National Digital Research Centre (NDRC). Jim has been an actuarial consultant to the Department of Enterprise, Trade, and Employment and the Irish Financial Services Regulatory Authority (1992 to 2005). He was previously Executive Director of Telecom Éireann (1984 to 1992). Jim is a Fellow of the Society of Actuaries in Ireland and served as President of the Society for 1999/2000.

# Corporate Governance

Corporate governance is important to the Board of Directors and Management at IEDR as it directs the philosophy, practices, culture and overall success of the Company.

IE Domain Registry Limited (IEDR) is an independent, not-for-profit organisation, limited by guarantee and is therefore not required to comply with the provisions of Corporate Governance Codes. However, the IEDR Board of Directors is committed to ensuring that best practice Corporate Governance operates throughout the Company and, accordingly, the Board has adopted and applied provisions of the codes beyond what would normally be regarded as practical, relevant and appropriate for a Company of IEDR's size and nature.

The Company's unitary Board of Directors is comprised of seven independent Non-Executive Directors, supported by two sub-committees; the Audit Committee and the Banking Committee. Directors are appointed initially to the Board for a three year term; thereafter directors can seek re-election for a further three year term. At the end of a continuous term of six years Directors are required to retire and re-election can only be sought after a break in service of three years.

The Board of Directors meets six times per annum to consider a range of Company matters, including reviewing the management accounts, monitoring registration and non-renewal rates, discussing strategy and agreeing on the future direction of the Company. The Board also receives regular updates, including between meetings if necessary, on a range of matters including business, financial, legal, regulatory and corporate affairs.

The IEDR Chairman ensures that the Non-Executive Directors are appointed to the Board from a range of different professional backgrounds. This ensures Board diversity which in turn means that the Board can reach out more effectively to the broader stakeholder groups. Diversity of the Board ensures a better understanding of the different requirements of each stakeholder.

The IEDR Chairman is responsible for ensuring that all Non-Executive Directors have the necessary knowledge and experience required to discharge their responsibilities. Appraisal of the Board's performance is an important control, aimed at improving Board effectiveness, maximising strengths and tackling weaknesses.

ComReg commissioned an independent third-party due diligence review of the Company's Corporate Governance, as an input into the process of developing a Regulatory Framework for .ie. The conclusions, published in early 2009, were very complimentary of the high standards of Corporate Governance at IEDR.

## Directors' responsibilities

The Board of Directors at IEDR is the custodian of the Company's values and its long term vision; the Board also provides strategic direction and guidance for the Company.

The Directors of the Company carry out their fiduciary responsibilities in accordance with the best practice Corporate Governance codes and principles. All of the Directors are independent and non-executive. In accordance with the Memorandum and Articles of Association of the Company, the Directors do not have a beneficial interest in the Members' Funds, reserves or the annual profits of the Company.

The Directors are responsible for ensuring that the financial statements comply with the Companies Acts, 1963 to 2012. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. Other material financial decisions reserved for Board approval include investments, capital projects and any bank borrowing facilities.

The Directors are also responsible for other tasks including, monitoring the Chief Executive Officer, overseeing strategy, monitoring risks, control systems and governance, monitoring the human capital aspect of the Company, specifically, succession planning, training and remuneration, managing potential conflicts of interest and ensuring that there is effective communication throughout the Company.



# Statement from the Audit Committee

The Audit Committee is responsible to the Board of Directors for the co-ordination and oversight of the financial reporting process, the external audit function, the system of internal financial controls, regulatory compliance and all matters in relation to the legal integrity of the Company.

The Company's Audit Committee operates under written terms of reference agreed by the Board which are reviewed on a regular basis. The Audit Committee is appointed by the Board from among the Non-Executive Directors of the Company and consists of not less than three members, at least one of whom has the "relevant financial experience". The Chairman of the Committee is Mr Mark Dobbyn who is a Fellow of the Association of Chartered Accountants in Ireland.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee has the authority to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.



## Introduction from the Committee Chairman

IEDR operates in a challenging environment, particularly with regard to economic, reputational, technical and regulatory factors. These challenges

are set to increase with the imminent arrival of up to one thousand new domain extensions over the next twelve months.

The role of the Audit Committee is important in reviewing the effectiveness of the Company's internal controls to provide assurance on the Company's financial reporting process and compliance with all legal and regulatory requirements. The Committee will continue to keep the risk management and internal control framework under review to ensure the integrity of the financial reporting process in the changing environment.

The duties and key responsibilities of the Committee are:

- to consider the appointment of the external auditors, to make recommendations to the Board about the audit fee and any questions of resignation or dismissal.
- to discuss with the external auditors before the audit commences the nature and scope of the audit and to review the audit plan.
- to review the annual financial statements before submission to the Board and focus on:
  - critical accounting policies and decisions requiring a significant element of judgement and any changes in accounting policies and practices
  - compliance with accounting standards, legal requirements and regulations
  - major judgmental areas and major or unusual transactions and how they are disclosed
  - Company policy and practice with regard to insurance and investment risk mitigation and controls
  - significant adjustments to the financial statements as a result of the external audit
  - any problems and reservations arising from the audit and any matters the auditor may wish to discuss (in the absence of management where appropriate)
  - review in advance of the Board the external auditor's management letter and management's response
- to review the Company's procedures for detecting fraud, including arrangements for staff raising matters in confidence.
- to keep under review the effectiveness of internal control systems.
- to report to the Board of Directors on how it has discharged its responsibilities.

It is the Committee's view that during the year it has discharged its duties and key responsibilities.

## Mark Dobbyn

*Chairman of the Audit Committee*

31 May 2013

# Internet Governance

No one person, company, organisation or government runs the Internet.

"Internet governance is conducted by a decentralized and international multi-stakeholder network of interconnected autonomous groups drawing from civil society, the private sector, governments, the academic and research communities, and national and international organizations. They work cooperatively from their respective roles to create shared policies and standards that maintain the Internet's global interoperability for the public good." Source: Internet Corporation for Assigned Names and Numbers (ICANN).

The infographic below attempts to illustrate this complexity by way of an Internet Governance map. Two organisations have a prominent role and are worthy of note: ICANN and the IGF.

## Internet Governance Forum (IGF)

The Internet Governance Forum (IGF) was established by the United Nations with a mandate which revolves around: **1. Critical Internet resources, 2. Access, 3. Diversity, 4. Openness and 5. Security.** It functions as an open, multi-stakeholder consultative body with an interactive and participatory structure. The main theme for the 7th annual IGF meeting in 2012 was: 'Internet Governance for sustainable human, economic and social development'.

## Internet Corporation for Assigned Names and Numbers (ICANN)

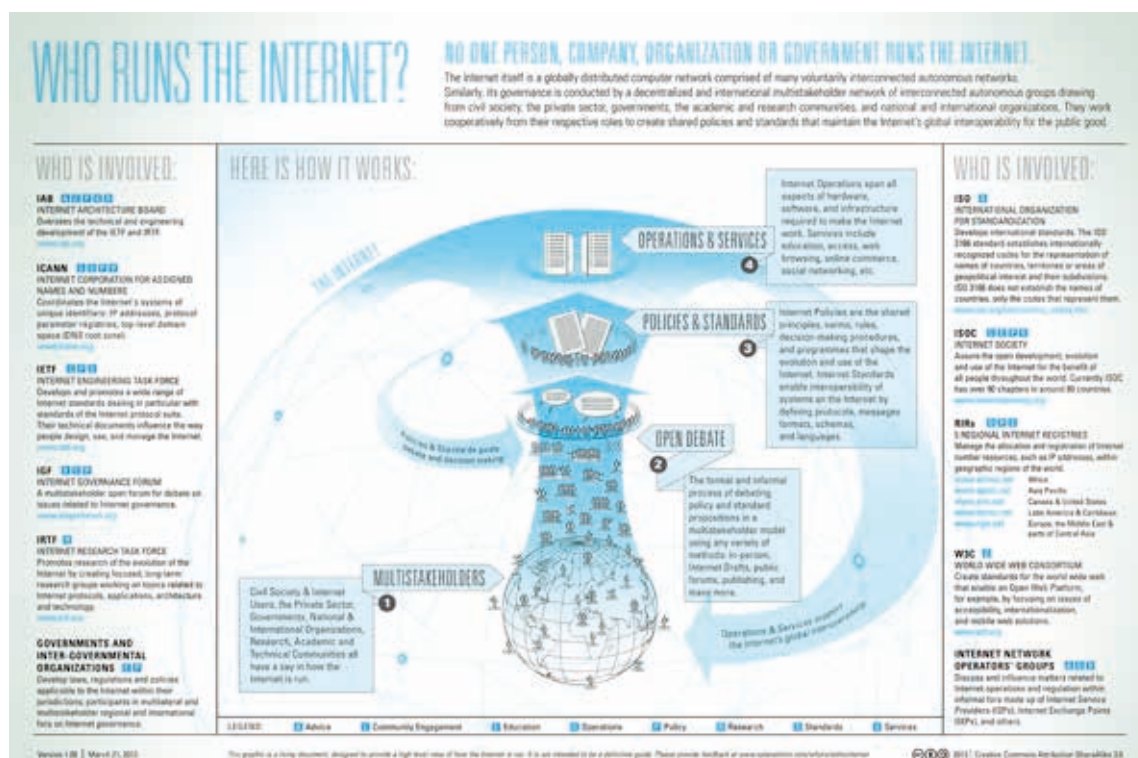
ICANN is responsible for the technical interoperability of the Internet, in particular for managing and coordinating the Domain Name System (DNS) to ensure that every address is unique and that all users of the Internet can find all valid addresses.

ICANN was created in 1998 and took a major step forward in 2009 in securing its independence from the US Department of Commerce when it signed the Affirmation of Commitments.

It commits ICANN to remaining a private not-for-profit organisation. It declares ICANN is independent and is not controlled by any one entity. It commits ICANN to reviews performed by the community – a further recognition that the multi-stakeholder model is robust enough to review itself. The Affirmation is of long standing and is not limited to the three years for which previous agreements operated.

Governments across the globe can participate via the Government Advisory Committee (GAC). The GAC role in ICANN was clarified in the Affirmation of Commitments in 2009. In Ireland, Internet Governance is not yet formalised to reflect the international structures. Irish officials do not participate in the IGF or in the ICANN GAC.

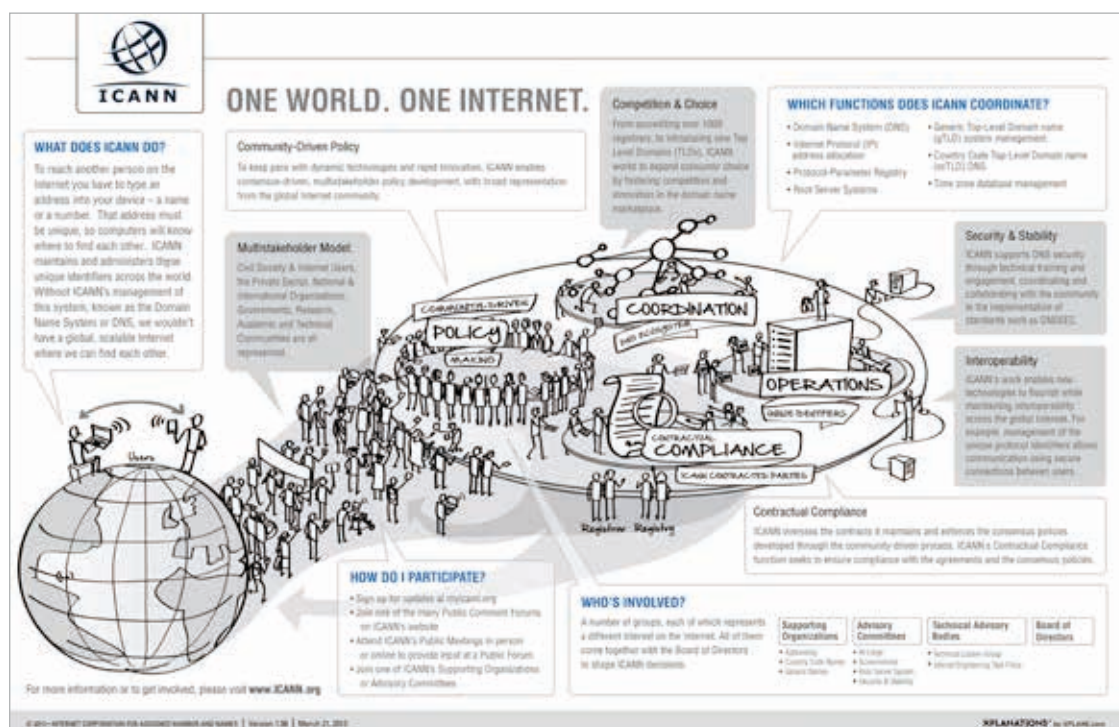
## Internet Governance map



In addition to the GAC, there are a range of other committees representing the global Internet stakeholders, and who provide advice and recommendations to the ICANN Board of Directors. From IEDR's perspective an important committee is the Council of the country code Names Supporting Organisation (ccNSO). The IEDR can attend the ccNSO meetings and events, but cannot vote as the required mandates are not yet in place. Since its inception in 2003, the ccNSO has provided country code

Top-Level Domain name (ccTLD) managers with a unique, global platform to share information and experiences with other ccTLD managers and the broader ICANN community, and to develop global policy recommendations regarding country code Top-Level Domains. It is also a forum to nurture consensus, technical cooperation and skill building among ccTLDs and facilitates the development of voluntary best practices for ccTLD managers.

## ICANN ecosystem map



To enlarge see source: <http://www.icann.org/>

IEDR mirrors the international multi-stakeholder philosophy and principles within its structures and has adopted a bottom-up, consensus driven, consultative approach to matters of policy impacting on the .ie namespace. The 10-step Policy Development Process (PDP) was formalised in 2011 and provides for the active participation and involvement of a Policy Advisory Committee (PAC) – see [www.iedr.ie/pdp](http://www.iedr.ie/pdp). The terms of reference of the PAC have been drafted and agreed and the committee will shortly commence its activities. Its mandate is to advise the Board of IEDR on matters of policy and its implementation.

The legislative framework in Ireland is well developed. The Communications Regulation (Amendment) Act, 2007 came into force in 2007. This Act essentially transfers the powers previously available to the Minister for Communications under the Electronic Commerce Act, 2000 (but never exercised by him) to ComReg, with some limited but

important amendments and additions. As an input into the process of developing a regulatory framework for .ie ComReg launched a public consultation process on the .ie namespace and published its formal Response to the Consultation Paper 08/48 on 12 January 2009. ComReg's 2009 press release stated inter alia, that:

- ComReg will, by way of regulation, appoint IEDR as the authority authorised to register .ie domain names in accordance with Section 32(4)(a) of the Act of 2007
- IEDR will set up and maintain a Policy Advisory Committee (PAC) representative of all stakeholders with a focus on more transparent policy development
- IEDR will continue to adopt the “managed approach” to .ie registrations to ensure continued protection for .ie domain name holders and consumers.

In this context, IEDR looks forward to a continuing effective working relationship with ComReg.



# Corporate Social Responsibility (CSR)

One of the core mandates of the IEDR is to serve the needs of the local Internet community. The Directors and Management of the IEDR strive to be transparent and accountable and to balance the rights and responsibilities of all stakeholders.

IEDR recognises the importance of engagement through active communication and feedback from the Company's internal and external stakeholders. One core value of the Company is fairness, equity and transparency in all our dealings with our stakeholders, including our customers (Registrars), domain holders (Registrants), employees of the Company and the local Internet community.

## Registrars, registrants and the local internet community

Through its membership and sponsorship of industry awards and industry events, the Company provides a modest level of financial support to the local Internet community. In 2012 the Company sponsored the eGovernment Awards, Digital Media Awards, Retail Excellence Awards, IIA Congress and was again this year the headline sponsor of the Irish Internet Association (IIA) dot.ie Net Visionary Awards. The Company was delighted to acknowledge the excellent work undertaken by students and was a sponsor of the BT Young Scientist and Technology Exhibition for the second year.

In 2011 the Company established the IEDR e-Commerce Website Development Fund (OPTIMISE), aimed at micro, small and medium indigenous enterprises. The financial support to these stakeholders was offered again in 2012 to a further fifteen .ie website owners who benefited from practical consultation and subsequent implementation of e-commerce enabled facilities to their websites.

In 2012 the Company established a Co-Funded Marketing initiative aimed at providing financial assistance to our customers (Registrars) in their efforts to promote the .ie namespace. The fund provides financial assistance from the IEDR of up to 50% of the marketing costs incurred by the Registrars in this respect. As part of the Co-Funded Marketing initiative a pilot scheme was also established in relation to using TV as an additional advertising channel for Registrars.

In relation to Irish Charities, the IEDR has provided free .ie domain name registrations to 4,352 registered charities, in co-operation with a number of our accredited Registrars (see: <https://www.iedr.ie/charity-policy>). Domain names are provided free of charge to those organisations which are registered as charities holding a valid CHY number with the Revenue Commissioners.

## Employees

The Company endeavours to be a good employer in all respects. The Company's Staff Handbook sets out the HR policies and procedures, with each employee being provided with a copy as part of their induction when they join the Company. The Staff Handbook also includes whistle-blower provisions providing direct lines of communication to Board members. The Company operates a pension scheme for the benefit of all full-time employees. The Company also has a Safety Statement in accordance with the relevant legislation.

## Environmental awareness

IEDR strives to reduce its carbon footprint by adopting some of the principles of Green IT. This is apparent from the high availability initiatives in our data centre whereby we have invested in energy efficient hardware and software (VMware), which has reduced our energy consumption through rationalisation of our services and servers.

Furthermore, our back-office recycling programme ensures that all technical hardware is recycled in an environmentally responsible manner. In addition, as part of the IEDR's continuous acknowledgment of the need to sustain natural resources, employees implement the Company's recycling policy in the appropriate manner.



# **Clarity... it really is a charity**

**On a dot.ie charity website,  
you know who you are dealing with...**

**we check it out\* so that you can  
safely donate online by credit card**

\* We verify that charity applications have a valid Irish Revenue CHY registered number.

# Internal Operations Team



**Left to right front:** Sarah Anne Keegan, Paul Shortt, Mario Kral, Marcelo Altmann, Veronica Ruddy, Angela Butler, David Curtin, Roisin King, Donal O'Nuallain.  
**Left to right back:** John Quinn, Billy Glynn, Robin Spiteri, Brian Taite, Paul Duffy, Ciara Conlon, Mick Begley.  
*Not pictured: Emmanuelle Balme.*

## Internal Operations

IEDR has a total of seventeen staff members including the CEO and a Board of seven independent Non-Executive Directors supported by the Company Secretary. Day-to-day operations are carried out by four teams, Registration Services Team, Accounting and Finance Team, Outreach and Promotion Team and the Technical Services Team.

### Registration Services Team

There are four staff members in our Registration Services Team who are responsible for ensuring that all dot.ie applications from potential registrants are authenticated and have a real and substantive connection with the island of Ireland.

### Accounting and Finance Team

There are four staff members including the Finance & Operations Manager in the Accounting and Finance Team who are involved in managing the invoicing and receipting for all new and existing dot.ie domain names.

### Outreach and Promotion Team

There is one staff member working with the Finance & Operations Manager and together they are responsible for the Company's outreach initiatives and working with our accredited Registrars to promote the dot.ie namespace.

### Technical Services Team

There are seven staff members including the Technical Services Manager who are responsible for maintaining the efficiency and security of the Company's infrastructure. They provide the mission critical services that are required to keep Ireland's dot.ie domain holders online through network operations and application support and development. One member of the Technical Services Team works as our Principal Researcher to create a comprehensive knowledge base of technical developments for the Company.



# Registration Services Review

The Registration Services Team is responsible for authenticating new registrations, processing requests for transfers and non-renewals and ensuring the efficiency of the automated self-service systems which enable customers to manage their domain portfolios. The team handled over 33,000 new registration requests during 2012.

IEDR operates a managed registry model whereby new registrants are required to authenticate a claim to the domain name required by them. Authentication of claims ensures that only those who have a claim to a particular dot.ie domain name have the right to register it. It also ensures that the registry knows the particulars of who is behind each website address registered on the dot.ie database. This contrasts somewhat with other gTLD registry models like dot.com or dot.eu which do not have the same restrictions or verification checks which underpin the managed registry model.

As a direct consequence of the verification checks carried out at the point of registration, the dot.ie namespace has fewer intellectual property disputes, less cybercrime or cybersquatting and minimal incidences of credit card fraud. There is also little evidence of illegal, explicit or immoral content appearing on dot.ie websites. IEDR co-operates fully with law enforcement agencies, regulatory bodies and the relevant authorities in this matter, in the public interest. The managed registry model operated in Ireland ensures that such interventions are minimal.

At the end of 2012 the total number of domains in the dot.ie database was 182,284. Newly registered domain names in the year were 33,484. The continued additions of newly registered domains means that more Irish people now have a dot.ie web address. The estimated domain name market in Ireland indicates that the dot.ie namespace represents 46% of the Irish market and is a strong indicator of Ireland's growing online population.

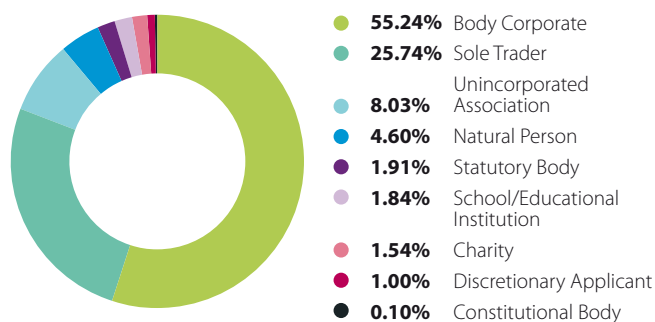
## Class and category of domains registered in the dot.ie database

The dot.ie database records information on the different domain names being registered; this is represented by nine different classes of registrant and eleven different categories of domain name registered. Chart 1 represents the class of registrant and the category of domain name being

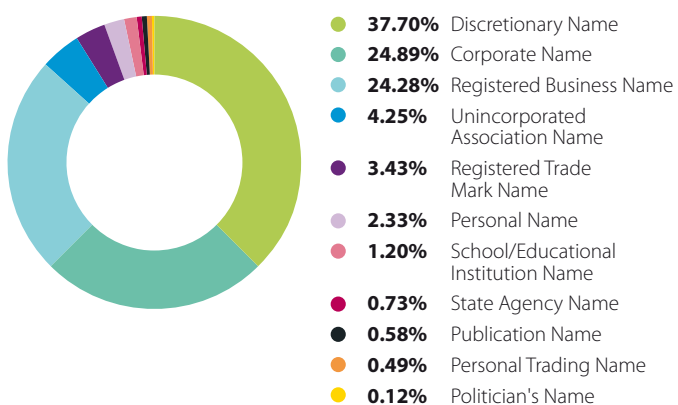
registered. Table 1 brings both sets of data together into a matrix format and affirms that the business sector continues to be the largest class of registrant with body corporates at 55.24% (2011- 55.8%) and sole traders at 25.74% (2011- 26%). Corporate and business names account for just under half of all categories of domains names registered.

### Chart 1: Total dot.ie domains registered at 31 December 2012

#### By class of registrant



#### By category of dot.ie domain name registered



## Registration Services Review (continued)

**Table 1: All dot.ie domain names registered at 31 December 2012  
Analysed by class of registrant and category of dot.ie domain name registered**

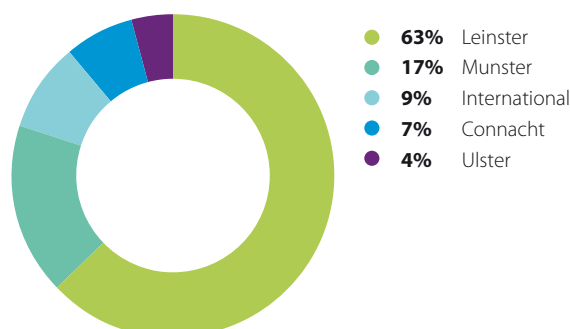
	Class of Registrant									Grand Total	As % of Total
	Body Corporate (LTD, PLC, Company)	Sole Trader	Unincorporated Association	Natural Person	Statutory Body	School/Educational Institution	Charity	Discretionary Applicant	Constitutional Body		
<b>Discretionary Name</b>	39,042	15,457	3,494	3,838	2,067	1,143	1,776	1,823	73	<b>68,713</b>	37.70%
<b>Corporate Name</b>	45,187			1			191			<b>45,379</b>	24.89%
<b>Registered Business Name</b>	10,004	30,196	4,048					14		<b>44,262</b>	24.28%
<b>Unincorporated Association Name</b>			6,957					789		<b>7,746</b>	4.25%
<b>Registered Trade Mark Name</b>	5,852	201	79	73	18	14	2		4	<b>6,243</b>	3.43%
<b>Personal Name</b>				4,248						<b>4,248</b>	2.33%
<b>School/Educational Institution Name</b>						2,165	26			<b>2,191</b>	1.20%
<b>State Agency Name</b>					1,300		3		35	<b>1,338</b>	0.73%
<b>Publication Name</b>	615	164	59		97	28	5		81	<b>1,049</b>	0.58%
<b>Personal Trading Name</b>		899								<b>899</b>	0.49%
<b>Politician's Name</b>				216						<b>216</b>	0.12%
<b>Grand Total</b>	100,700	46,917	14,637	8,376	3,482	3,350	2,806	1,823	193	<b>182,284</b>	100.00%
As % of Total	55.24%	25.74%	8.03%	4.60%	1.91%	1.84%	1.54%	1.00%	0.10%	100.00%	

### Geographical analysis of the dot.ie database

The following series of charts (2, 3 and 4) represent the geographical breakdown by province, by county and by registration density per county of the dot.ie database at 31 December 2012. The analysis is based on registrants' postal addresses. Chart 2 represents the provincial analysis which shows that the highest concentration of domains registered at 63% is in Leinster, followed by Munster at 17%. It is interesting to note that International registrants are 9% of the total. Ulster at only 4% could be a consequence of the .co.uk extension being the dominant extension in this province.

Although market share percentages are different it is interesting to note that Munster, Connacht and Ulster have approximately the same number of domains on a per 1,000 of population basis.

**Chart 2: Provincial profile of registrants**



**Chart 3: By county profile of registrants**

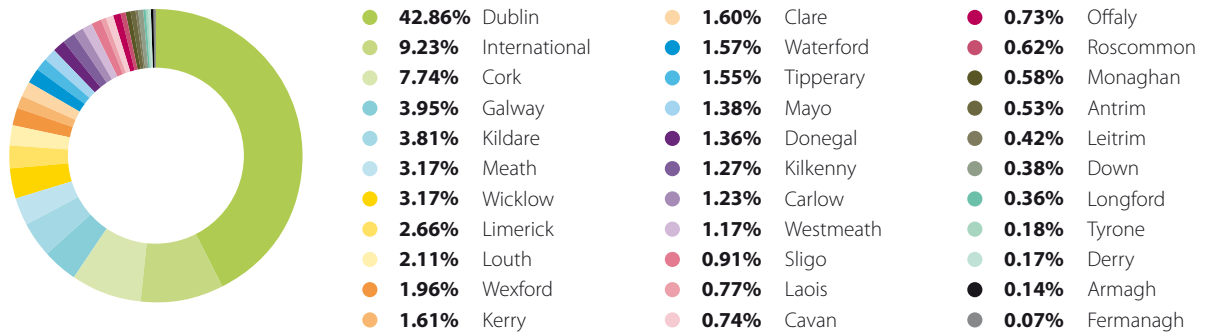
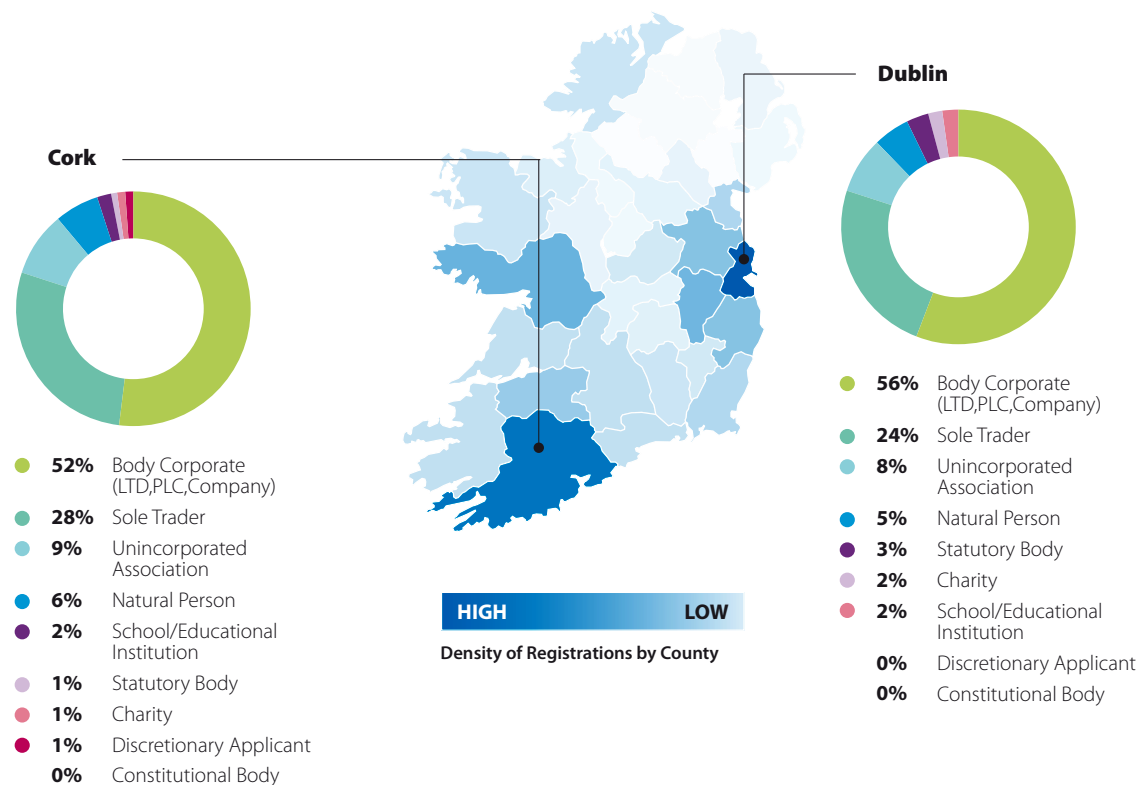


Chart 3 above analyses the dot.ie database on a county by county basis. The county with the largest number of domain names registered is Dublin at 78,123 followed by Cork at 14,101, representing 42.86% and 7.74% respectively of total domains in the dot.ie database. Galway, Kildare, Meath

and Wicklow complete the top five counties. Fermanagh has the lowest recorded number of registered domains at 138 or 0.07% of the database. In terms of population density and the level of corporate activity the breakdown of the market share is not too surprising.

**Chart 4: Density of registrations by county**

**Profile of registrants by county for Dublin and Cork**





## Registration Services Review (continued)

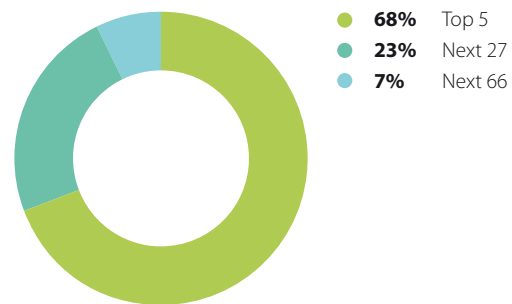
### Dot.ie accredited registrar community

An accredited Registrar is a Company authorised to act as agent for registrants (customers) who require a dot.ie web address. They are usually hosting providers who operate across a number of different business sectors, offering a wide range of services to their targeted niche markets. Some provide a highly automated service and systems while others prefer to work with their customers in a more personal manner. Most accredited Registrars will offer dot.ie domains as part of a bundle of services (hosting, email, storage etc.) usually for an ongoing monthly fee. Links to all dot.ie accredited Registrars' websites can be found on the IEDR website at [www.why.ie/registrars](http://www.why.ie/registrars).

At the end of 2012, IEDR had 98 accredited Registrars, who account for 98% of all domain names registered in the database. The top 5 accredited Registrars (i.e. those with more than 5,000 domains) and the top 32 (i.e. those with more than 500 domains) account for 68% and 91% respectively of the entire dot.ie database. Direct registrants (i.e. those customers who do not register via an accredited Registrar) account for only 2% of the database.

The total new registrations for 2012 was 33,484. The Registrar community generated over 99% of these registrations with the top 5 accounting for 26,828 (80%).

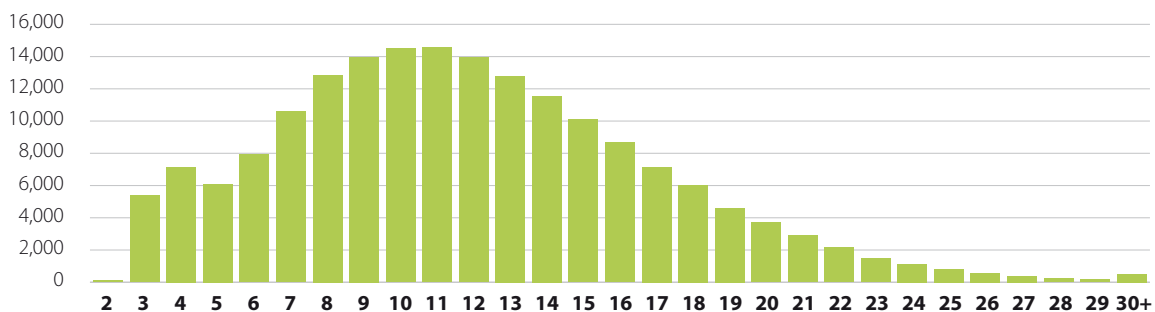
**Chart 5: accredited registrars – concentration of market share December 2012**



### Interesting dot.ie domain name fact

An analysis of dot.ie domain names by the length of their name shows that the majority of dot.ie domains are between 9 and 12 characters in length. Chart 6 below shows the distribution of dot.ie domain names by the number of characters at 31 December 2012. There were 120 domains which were two characters long and 14,705 domains with 10 characters. The longest registered dot.ie domain name, with 58 characters, is [www.spectacstainlesssteelpressureandatmospheric tanksandvessels.ie](http://www.spectacstainlesssteelpressureandatmospheric tanksandvessels.ie).

**Chart 6: Analysis of dot.ie domain names at 31 December 2012 by number of characters**



# Accredited Registrars

*Accredited Registrars are a key part of the service delivery process*

**Table A<sup>1</sup>**

Always Amber  
 Ascio Technologies Inc  
 Blacknight.ie  
 BT Ireland  
 CSC Domains Inc  
 Deep Blue  
 Digiweb  
 Eircom  
 Elive  
 eMarkmonitor Inc  
 EuroDNS  
 Eurokom  
 Host Ireland  
 Hosting Ireland  
 ICCM Hosting  
 IE Internet  
 Instra Corporation Pty Ltd  
 Irish Domains  
 iSeek  
 Letshost.ie  
 LGCSB  
 Lucidity Technologies  
 Magnet Business  
 Melbourne IT Limited  
 Myhost.ie  
 Names Co Ireland/Register 365  
 Safenames  
 Silk Web Design  
 Spiral Hosting  
 Switchmedia  
 UTV Internet  
 Web World  
 Webhost.ie  
 Webtrade

**Table B<sup>2</sup>**

4 Unlimited Hosting  
 Abu  
 Active Online  
 Advanced Internet Marketing  
 Anu Internet Services  
 Baker Consultants  
 BB Online  
 Beecher Networks  
 Biznet Solutions  
 Connect.ie  
 Com Laude  
 DB Alliance  
 DomainNameShop  
 Domain Services Rotterdam  
 Dragnet Systems  
 Electriclinks  
 Equinix eBusiness Solutions  
 eTailor  
 FBI  
 Fusio  
 HEAnet  
 IEG Design  
 Insight Internet  
 Interfusion Networks Limited  
 Internet Ireland  
 InterNetX GmbH  
 Interpoint Technology  
 iPLANIT  
 Jenerate Ltd  
 Kerna Communications  
 Kildare Web Services  
 Mister.ie  
 Modata  
 Nuasoft Web Design  
 OVH  
 PeWeb.NL  
 Progress Systems  
 Red Rhino Web Design  
 Register.it  
 Reid Networks  
 Rivertower  
 SitesToGo  
 Stormweb  
 Strencom  
 Techstore  
 TecSupport Hosting  
 The Net  
 Tibus  
 TSG  
 VC Computers  
 Web Direct  
 Web solutions ApS  
 Webfactory  
 Weblink  
 Webworks.ie  
 WebZone  
 Worldsites

1. Registrars on Table A have a dot.ie portfolio exceeding 500 domains each.

2. Registrars on Table B have a dot.ie portfolio of less than 500 domains each.



# Technical Services Review

The Technical Services Team increased its participation and involvement in national and international fora to ensure that IEDR adopts and applies the latest international technical, security and DNS best practices.

## High availability systems and services

The Technical Services Team manages and maintains the Company's high availability systems and infrastructure, spread across two data centres, a business recovery centre and the Company's offices in Dublin. The Business Continuity/ Disaster Recovery plans (BCP) are updated regularly and have been independently evaluated by third party specialists. As a consequence of the continual review of its procedures and ongoing live tests, the Company maintains a high state of readiness for any possible outages or unforeseen events. In 2012, IEDR continued to operate the data escrow agreement to the benefit of the Internet community, whereby registry data is encrypted on a monthly basis, transmitted to, and then verified by, a third party escrow agent.

## Registry services

IEDR continues to develop and enhance the Core Registry System, the Java-based centralised and extensible registry system launched in 2009. The system leverages the inherent capabilities of a Service Oriented Architecture, or SOA methodology. The Technical Services Team aspires to develop and deploy new and enhanced services for customers and early in 2012 commissioned its existing outsourced application developers to implement the technical and systems aspects of the Company's business process redesign (BPR) project. While the Technical Services Team experienced significant staff turnover during the year the team is now back to full strength following an extended recruitment process.

## Security

There was an unauthorised intrusion into the Company's systems, which was discovered on 9 October 2012, following repeated attempts at unauthorised access from external sources over a 25 day period. A criminal investigation by the Irish Garda Bureau of Fraud Investigation is continuing. The access gained by the intruder permitted unauthorised modifications to an account with the Domain Name Server (DNS) details which resolve to particular domain names.

IEDR's investigations have concluded that, whilst the result of the attack has been severe in terms of allowing access to change name server records, no evidence was identified to suggest that the attack spread beyond one public web server, and no evidence was uncovered that indicated personal information was accessed during the attack.

The Company communicated regularly with stakeholders throughout and kept them informed of findings. A public statement was placed on the Company website. The IEDR assures consumers and registrants that the security of the dot.ie nameserver network and the services infrastructure is of paramount importance.

The IEDR technical team was assisted in its investigation and analysis of this incident by several external firms, namely Cernam, BCC Risk Advisory and the Digital Forensics Team from one of the 'Big Four' accounting firms. The IEDR has implemented all of the recommendations of the external security advisers and is refining its Security Plan for 2013 which will include a Domain Lock service for customers' valuable dot.ie domains. The steps the IEDR has taken will enhance the safety, security and resilience of the dot.ie domain.

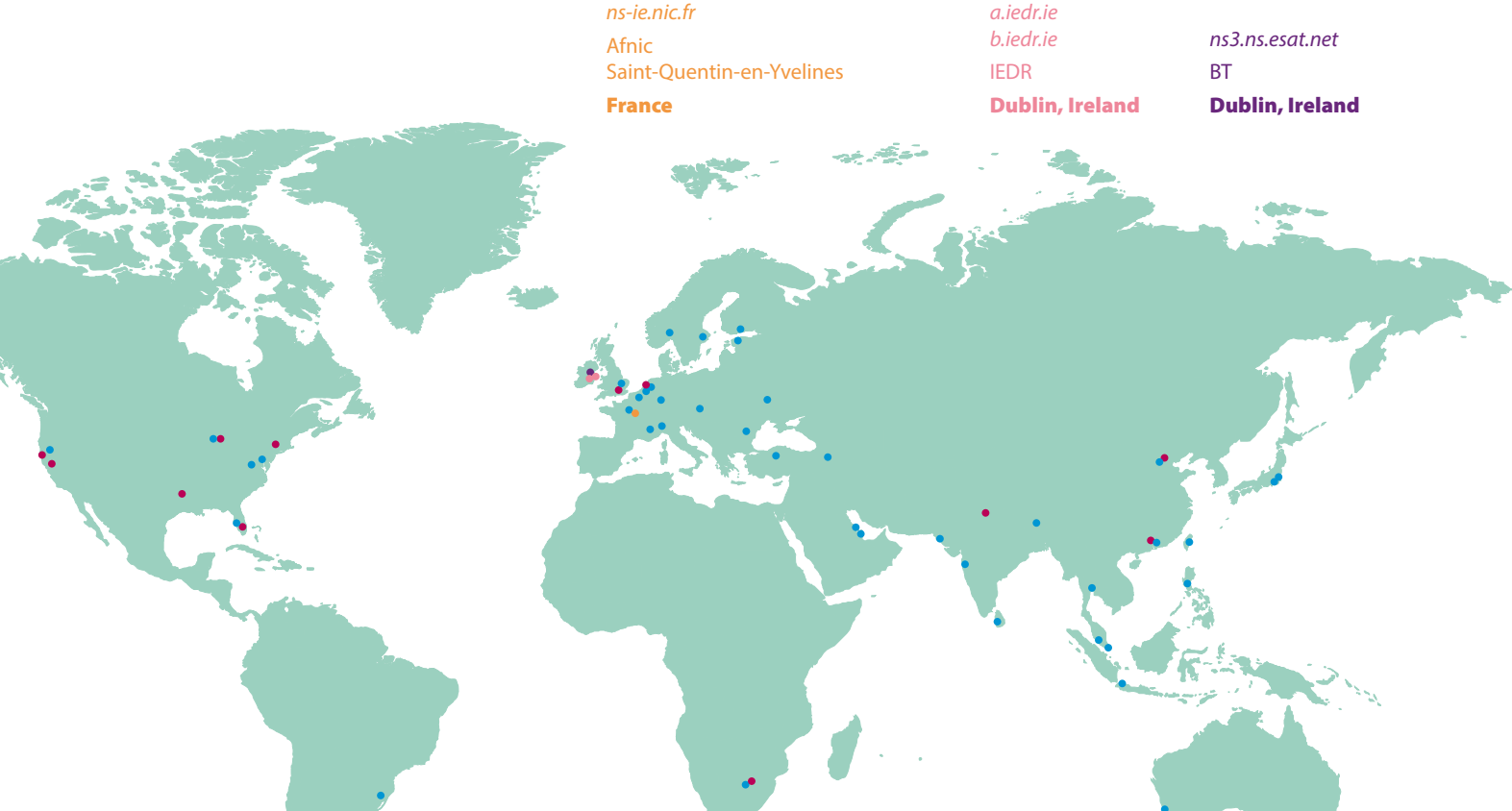
## DNS infrastructure

The IEDR Domain Name System (DNS) infrastructure consists of a network of 59 nameserver locations around the globe, illustrated in Diagram 1 opposite. The lookup or resolution service for dot.ie domain queries is performed at all 59 nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to IEDR by the NetNod and Neustar networks. This 'Anycast' facility (illustrated in red/blue text, in Diagram 1) protects against a Denial of Service attack (DoS attack) by allowing the geographical distribution of dot.ie domain lookup requests to any available DNS resolver for redundancy – to effectively distribute requests to a given location locally. For the dot.ie namespace, this means increased system efficiency, faster response times, reduced potential for outages, and increased resilience against deliberate or malicious attacks.

It is important to note that even if the IEDR's physical locations, staff and primary nameserver were wiped out (an unlikely scenario) and no action was taken to invoke emergency plans (an even more unlikely scenario), then service to dot.ie domains would continue for a minimum of 30 days without any intervention. Obviously, new registrations, modifications and deletions would not take place but, crucially, existing domain holders' websites and email would continue to function normally during this time, using the secondary nameserver locations around the world.



**Diagram 1: Security and stability** Nameserver network



*ns-ie.nic.fr*  
 Afnic  
 Saint-Quentin-en-Yvelines  
**France**

*a.iedr.ie*  
*b.iedr.ie*  
 IEDR  
**Dublin, Ireland**

*ns3.ns.esat.net*  
 BT  
**Dublin, Ireland**

**Neustar’s Network**  
*gns1.domainregistry.ie*  
*gns2.domainregistry.ie*

- Anycast nodes:
- America**  
 Palo Alto, CA  
 San Jose, CA  
 Ashburn, VA  
 Chicago, IL  
 New York, NY  
 Dallas, TX  
 Miami, FL
  - Europe**  
 London, UK  
 Amsterdam
  - Africa**  
 Johannesburg, South Africa
  - Middle East/Asia**  
 Noida, India  
 Hong Kong, China  
 Beijing, China
  - Australia**  
 Sydney, Australia

**NetNod’s Network**  
*c.iedr.ie*  
*d.iedr.ie*

- Anycast nodes:
- America**  
 Porto Alegre, Brazil  
 Chicago, IL  
 Miami, FL  
 Palo Alto, CA  
 Washington, DC
  - Europe**  
 Amsterdam (2), The Netherlands  
 Brussels, Belgium  
 Bucharest, Romania  
 Frankfurt, Germany  
 Geneva, Switzerland  
 Helsinki, Finland  
 Oslo, Norway  
 Kiev, Ukraine  
 London, UK  
 Milan, Italy  
 Paris, France  
 Stockholm, Sweden  
 Tallin, Estonia  
 Vienna, Austria

- Africa**  
 Johannesburg, South Africa
- Middle East/Asia**  
 Ankara, Turkey  
 Bangkok, Thailand  
 Beijing, China  
 Colombo, Sri Lanka  
 Doha, Qatar  
 Hong Kong, China  
 Jakarta, Indonesia  
 Karachi, Pakistan  
 Kuala Lumpur, Malaysia  
 Manila, Philippines  
 Mumbai, India  
 Manama, Bahrain  
 Singapore, Singapore  
 Thimphu, Bhutan  
 Taipei, Taiwan  
 Tokyo (2), Japan  
 Yerevan, Armenia
- Oceania**  
 Perth, Australia  
 Wellington, New Zealand

# Partners in Keeping Ireland Online

*The IEDR works closely with key stakeholders and partners in keeping Ireland online*



## HEAnet

HEAnet is Ireland's National Education and Research Network, providing high quality Internet Services to Irish Universities, Institutes of Technology and the research and educational community. HEAnet provides a high-speed national network with direct connectivity for its community to other networks in Ireland, Europe, the USA and the rest of the world. Established in 1984 to promote the interchange of information electronically within third level education, HEAnet plays a critical role in establishing Ireland as a global centre of excellence in Internet activity.

## INEX

INEX is a neutral, industry-owned Association, founded in 1996, that provides IP peering facilities for its members. INEX's objective is to provide high-speed, reliable and resilient IP traffic exchange facilities for both Irish and international organisations, allowing them to route IP traffic efficiently thereby providing faster, more reliable and lower-latency Internet access for their customers. The INEX switching centres are located in two secure data centres in Dublin. The switches are connected by dedicated resilient fibre links.

## IIA

The Irish Internet Association is the professional body for those conducting business via the Internet from Ireland. It has been and remains one of the driving forces behind the adoption of the medium. Established in 1997, the IIA provides leadership to enterprises and society conducting business in Ireland. The IIA is a strong voice for its 550 plus company members which includes those using the medium for communication, marketing and commerce. The aim of the Association is "to Connect, Inform and Promote".

## ISPai

The Internet Service Providers Association of Ireland (ISPai) has agreed with the Irish government that a self-regulatory approach to the industry has greater opportunities for success and effectiveness. As part of this, the ISPai established the [www.hotline.ie](http://www.hotline.ie) service to combat illegal content, especially child pornography, being hosted and distributed on the Internet. The Hotline has been in operation since November 1999 and receives part-funding of its operations from the EC's Safer Internet Programme. ISPs agree to adhere to a common Code of Practice when they become members of the ISPai.

## ComReg

ComReg is the statutory body responsible for the regulation of the electronic communications sector and the postal sector. It is the national regulatory authority for these sectors in accordance with EU law which is subsequently transposed into Irish legislation. ComReg is responsible for promoting competition, for protecting consumers and for encouraging innovation. It was given the regulatory responsibility for the dot.ie namespace in 2007 when the Oireachtas transferred powers which the Minister for Communications had previously obtained under the E-Commerce Act in 2000.



# Safety... through traceability

dot.ie ranks in the top 5 safest\* worldwide

IEDR co-operates with law enforcement and regulatory bodies to deal with problematic websites in the public interest



\* dot.ie has consistently been ranked as one of the world's top 5 safest domains by the McAfee 'Mapping the Mal Web' report.



# Outreach and Promotion Review

IEDR continued its outreach and promotion programme throughout 2012 by supporting its stakeholders and the Internet community in Ireland through a range of initiatives and sponsorships designed to promote the dot.ie namespace and encourage Internet usage.

## IEDR's e-Commerce Website Development Fund (OPTIMISE)



OPTIMISE, IEDR's e-Commerce Website Development Fund, was set up in 2011 to provide Irish Small and Medium Enterprises (SMEs) and

Micro Enterprises with a range of e-commerce support (including technical, marketing, consultancy and training), to encourage and enable them to make greater use of existing web technologies and upgrade to an e-commerce enabled website. This initiative is designed to help drive Irish businesses' efforts online and, in 2012, it was awarded to 15 Irish SMEs and Micro Enterprises, a total of 25 since

its inception. The 15 successful recipients of this year's fund were provided with one-on-one consultations to plan, develop and implement significant e-commerce capability on their current website. Some of the key issues facing the businesses taking part in the programme, which contributed to their motivation to apply for the OPTIMISE Fund, were lack of resources and lack of knowledge about the use of online methods to help grow their business. IEDR works closely with its selected partners (Elucidate, a leading online strategy development and implementation company and Software Design, a Company dedicated to the provision of professional software design and development services) who deliver the service requirements of the OPTIMISE Fund on IEDR's behalf. (For more information on the OPTIMISE Fund please visit: <https://why.ie/optimize>).

## OPTIMISE 2012 closing ceremony



Minister for Communications, Energy & Natural Resources, Pat Rabbitte T.D. addresses OPTIMISE winners and industry stakeholders gathered at the closing ceremony for OPTIMISE 2012.



Communications Minister Pat Rabbitte T.D., presents OPTIMISE winner Mairéad O'Sullivan ([www.gagababy.ie](http://www.gagababy.ie)) with her certificate, together with Angela Butler, Finance & Operations Manager, IEDR.



Communications Minister Pat Rabbitte, T.D., congratulates OPTIMISE winner Brendan Donaghy ([www.DBSL.ie](http://www.DBSL.ie)) together with Ria Brennan (Letshost) and Angela Butler, Finance & Operations Manager, IEDR.



Left to right: Professor J.O. Scanlan, Chairman IEDR and David Curtin, CEO IEDR, welcome Communications Minister Pat Rabbitte, T.D. as guest of honour.

## Co-funded marketing programme



IEDR launched its dot.ie Co-Funded Marketing Programme in 2012 as a way to partner with our accredited Registrars in a combined effort to raise public awareness of the dot.ie namespace. The programme

is designed to subsidise marketing costs of accredited Registrars. The initiative strongly supports one of IEDR's key strategic objectives in that it will help to raise public awareness of the local dot.ie brand. It will give those accredited Registrars financial reward for generating new registrations and securing renewals. Other Registrars may benefit from this market exposure, leading to additional growth and retention rates in the dot.ie namespace.

This fund is designed to be flexible in that it allows accredited Registrars to apply for funding based on their individual niche marketing requirements. The fund allows those Registrars that actively participate in the development of the dot.ie namespace to share the costs of promoting their level of marketing activity.

The programme will run for a twelve month period during which funds will be accumulated based on the levels of participating Registrars' new registrations and renewals of dot.ie domains. Each new dot.ie registration and renewal during this period will have financial "earning power" and will be deposited into a marketing fund for participating Registrars. The funds will then be made available to reimburse up to 50% of the eligible costs of approved marketing programmes.

This type of marketing initiative has been provided by other European registries with positive results. The programme was welcomed by the Registrar community and a number of Registrars have signed up to avail of the benefits offered to them.

## Co-funded TV advertising campaign



Recognising the cost-prohibitive nature of TV advertising for the Company and Registrars, IEDR offered a cost sharing arrangement to Registrars in an effort to introduce TV campaigns as a means of reaching SMEs and Micro

Enterprises who still do not have a web presence. One of the key objectives of the TV advertising is to raise awareness that building basic websites is now easier than ever with the availability of new software applications.

New SME customers require hosting, email, storage and a basic website. Historically, most Registrars have offered dot.ie domains as part of a bundle of services. As a result, Registrars are better placed to advertise to SMEs via TV.

The campaign was launched as a pilot scheme as TV campaigns of this nature are relatively uncharted territory for both Registrars and the Company. The registry provided a total capped fund to be distributed to participating Registrars, whereby the registry will reimburse up to 50% of the cost of pre-approved TV campaigns.

The first-ever TV campaign was successfully launched by one of our Registrars in late 2012. This campaign was based around an easy-to-use website builder and provided a free dot.ie domain as part of the offering when the customer signed up. A second campaign is due to be launched by another Registrar in 2013, and will be based around SMEs turning away potential customers if SMEs do not have a dot.ie website.

## Outreach and Promotion Review (continued)

### Supporting the Internet Community in Ireland

Throughout 2012 IEDR continued to support the Internet Community in Ireland, through a range of initiatives and sponsorships designed to promote and increase uptake of the dot.ie domain name and to encourage Internet usage.

IEDR was headline sponsor for the 2012 dot.ie Net Visionary Awards run by the Irish Internet Association (IIA). IEDR also contributed to other industry events at the BT Young Scientist and Technology Exhibition, the eGovernment Awards, Digital Media Awards and the Retail Excellence Awards

### BT Young Scientist and Technology Exhibition



David Curtin, CEO IEDR with Lisa Maher and Alison Garry from St. John Bosco Community College, Co. Clare who won the IEDR Special Award for their project "The dark side of social media and privacy" at the BT Young Scientist and Technology Exhibition 2012.

### Digital Media Awards



Colm Douglas and Paul Foley of Corkscrew Wine Merchants winning Best SME Using Digital or Integrated Media, with David Curtin, CEO IEDR, at the Digital Media Awards 2012.

### Dot.ie Net Visionary Awards



Eamon Leonard (VP of Engineering at Engine Yard) Overall Net Visionary Winner for 2012 with David Curtin (CEO IEDR) at the Annual dot.ie Net Visionary Awards which took place in the National Gallery of Ireland.

### eGovernment Awards



Central eGovernment Award 2012 Winners – "Get Ireland Active", HSE. From left to right Minister for Public Expenditure - Brendan Howlin TD, Nazih Eldin, Head of Health Promotion, HSE, with David Curtin, CEO IEDR.

To support the Irish Internet Community in terms of knowledge-sharing and adoption of best international practices, the IEDR team attended and participated in many industry events throughout the year. IEDR remains a member of the Council of European National Top Level Domain Registrars (CENTR) and regularly attends General Assembly meetings as well as administrative, legal, marketing and technical workshops, where staff share experiences and benchmark services with other ccTLDs. IEDR's Chief Executive also attended meetings of the Internet Corporation for Assigned Names and Numbers (ICANN), to keep abreast of Internet developments, in particular the competitive impact on the Irish Internet community from the launch of a series of new gTLD extensions.

# International Market Review

## Irish market

The domain market in Ireland consisted of an estimated 398,000 domains at 31 December 2012. While relatively small, it is also very competitive and dot.ie performed well in 2012 compared to our lower priced competitors such as dot.com and dot.eu, which benefit from huge economies of scale with over 106 million and 3.6 million domains respectively.

The size of the domain market is influenced by many factors; however research shows that a key driver is the demand for websites. A healthy Internet ecosystem operates as a “virtuous circle” whereby great websites (such as myhome.ie, carzone.ie or daft.ie) bring users online. In turn, this encourages other SMEs to register a domain and set up a website. Such businesses often take advantage of consumers’ faster broadband to offer online shops and product catalogues, which generates online spending, encourages consumers to upgrade their PCs or buy new hardware and pay for faster broadband – which in turn leads to even better websites and more Internet users and online spending. This virtuous circle can be represented graphically as follows.

## Virtuous Circle potential



Our research shows that dot.ie domains accounted for approximately 46% of the Irish domain market at the end of December 2012 (compared to 42.8% 12 months ago) an increase of 3%. The overall market size declined by 1.6% in 2012. The main movement in market share when compared to December 2011 shows that .eu has

decreased by 5.8%. This is attributed to a large overseas EURid Registrar (which operates via resellers) who did not renew thousands of its domains registered to dot.eu domain holders in Ireland. Within the gTLDs, dot.com increased its market share by 2.7%. Maintaining market share greater than our cobi and dot.eu competitors is one of IEDR’s strategic objectives.

**Table 2: Domain market analysis in Ireland**

	December 2012	
	Registered Domains	Market Share %
.ie	182,284	45.8%
.com*	131,512	33.2%
.net*	12,525	3.1%
.org*	22,609	5.7%
.info*	18,812	4.7%
.biz*	2,264	0.6%
cobi gTLD	187,722	47.3%
.eu^	27,614	6.9%
<b>Total ccTLD and gTLD</b>	<b>397,620</b>	<b>100.0%</b>

\* Data taken from Statistics produced by Directi ([www.webhosting.info](http://www.webhosting.info)). The country of origin of the hosting company is used to determine the country of origin of the registrant.

^ The .eu data is taken from the Eurid registry website

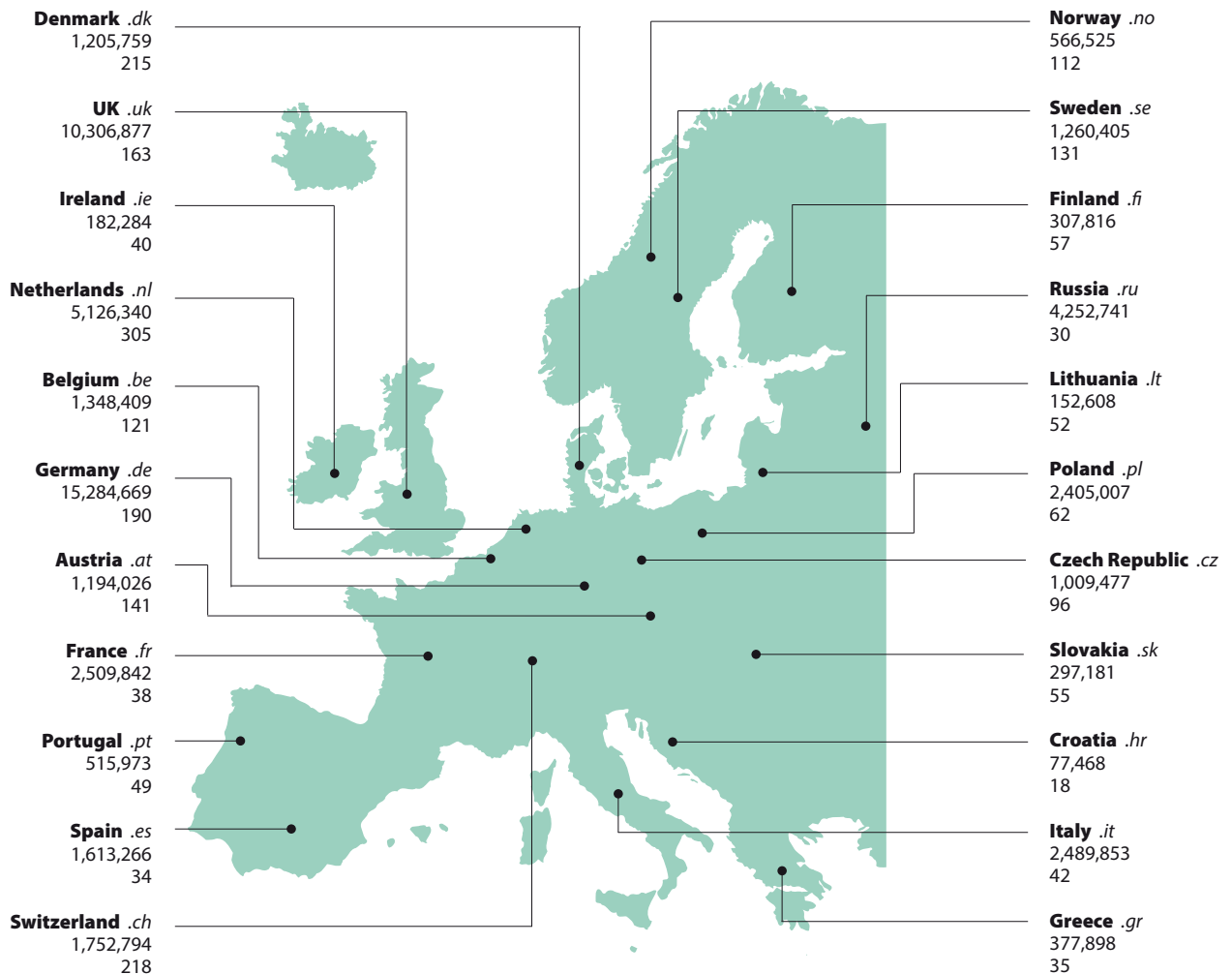
## European market

Comparisons of Ireland with European ccTLDs reveal a low volume of domain registration in absolute terms, particularly when compared with Scandinavian countries. Diagram 2 shows the number of local domains and the per capita figures at the end 2012, excluding dot.com and dot.eu etc. It shows on a per capita basis, at 40 local domains per 1,000 of population, that Ireland’s ranking continues to improve towards a mid-table position. This ranking is partly explained by the structure and development of Ireland’s Internet ecosystem.



## International Market Review (continued)

**Diagram 2: ccTLD registrations by country and domains per 1,000 of population**

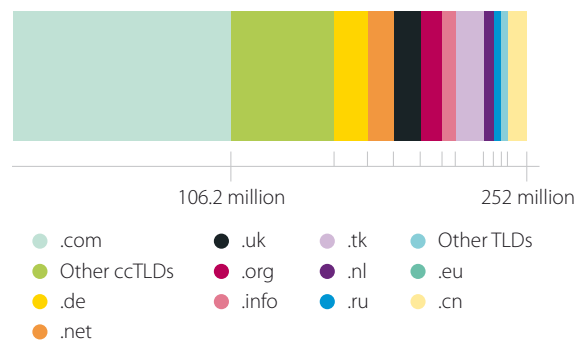


Source: CENTR and ccTLD websites.

### International market

VeriSign reported in its Domain Name Industry Brief that at the end of 2012, there were 252 million TLD domain names registered globally. TLD registrations have grown by 26.6 million or 11.8% year on year. Of the TLDs the Country Code Top Level Domains (ccTLDs) accounted for 110 million names a 26.6% increase over 2011. The dot.com and dot.net TLDs experienced aggregate growth reaching a combined total of approximately 121 million names. As of 31 December 2012, the base of registered names in dot.com was 106.2 million names, while dot.net was 14.9 million. The order of the top TLDs in terms of zone size changed slightly late in 2012 as dot.cn (China) moved up the ranking to seventh largest TLD. All other TLDs in the top 10 broadly maintained their rankings.

**Chart 7: Top TLDs by zone size at end 2012**



Source: Verisign Domain Name Industry Brief, December 2012.



# Identifiably... Irish

**With a dot.ie web address you are  
guaranteed an Irish connection\***

**It tells the global community  
you are Irish**

**It tells the Irish community  
you are local**



\* We ask dot.ie website owners to provide a "real and substantive" connection to the island of Ireland.

# Five Year Summary

Extract from the audited Financial Statements

<b>Profit and Loss</b>	<b>Year to 31 Dec 2012 €</b>	<b>Year to 31 Dec 2011 €</b>	<b>Year to 31 Dec 2010 €</b>	<b>Year to 31 Dec 2009 €</b>	<b>Year to 31 Dec 2008 €</b>
<b>Registration revenue</b>	<b>2,603,799</b>	2,661,821	2,564,755	2,336,937	2,516,880
Administration expenses	<b>(1,243,677)</b>	(1,037,485)	(913,837)	(835,702)	(1,054,642)
Employment costs	<b>(1,199,101)</b>	(1,199,603)	(1,126,099)	(922,012)	(871,581)
Depreciation	<b>(89,683)</b>	(66,766)	(127,980)	(151,563)	(156,717)
Regulatory costs	–	–	185,800	(40,800)	(60,000)
<b>Operating profit</b>	<b>71,338</b>	357,967	582,639	386,860	373,940
Financial investment uplift/impairment	<b>142,984</b>	(33,933)	133,688	87,453	(584,707)
Interest income	<b>106,384</b>	96,793	63,018	45,034	59,907
Interest payable	–	–	–	–	–
Taxation	<b>(38,000)</b>	(71,824)	(87,973)	(70,155)	(71,633)
<b>Profit/(Loss) after taxation</b>	<b>282,706</b>	349,003	691,372	449,192	(222,493)

<b>Balance Sheet</b>	<b>At 31 Dec 2012 €</b>	<b>At 31 Dec 2011 €</b>	<b>At 31 Dec 2010 €</b>	<b>At 31 Dec 2009 €</b>	<b>At 31 Dec 2008 €</b>
Fixed Assets	<b>148,043</b>	93,490	49,395	150,589	215,196
Investments	<b>1,795,585</b>	1,652,601	1,686,504	1,552,816	1,465,363
Current Assets	<b>3,689,614</b>	3,389,020	2,983,379	2,322,975	1,912,340
Creditors <1 year, excluding Deferred Income	<b>(629,491)</b>	(395,559)	(245,320)	(406,571)	(578,513)
Deferred Income	<b>(1,392,622)</b>	(1,411,129)	(1,494,538)	(1,331,761)	(1,175,530)
<b>Members' Funds</b>	<b>3,611,129</b>	3,328,423	2,979,420	2,288,048	1,838,856

<b>Registration growth Number of domains</b>	<b>Year to 31 Dec 2012</b>	<b>Year to 31 Dec 2011</b>	<b>Year to 31 Dec 2010</b>	<b>Year to 31 Dec 2009</b>	<b>Year to 31 Dec 2008</b>
<b>At 1 January</b>	<b>173,145</b>	153,419	135,903	115,836	91,352
New Registrations	<b>33,484</b>	39,398	36,587	37,055	34,263
Less: Deletions/Non-renewals	<b>(24,345)</b>	(19,672)	(19,071)	(16,988)	(9,779)
<b>Net Additions</b>	<b>9,139</b>	19,726	17,516	20,067	24,484
<b>At 31 December</b>	<b>182,284</b>	173,145	153,419	135,903	115,836
Net growth in year	<b>5.3%</b>	12.9%	12.9%	17.3%	26.8%
New registrations growth	<b>19.3%</b>	25.7%	26.9%	32.0%	37.5%
Non-renewal rate	<b>(14.1%)</b>	(12.8%)	(14.0%)	(14.7%)	(10.7%)

# Financial Statements

*for the year ended 31 December 2012*

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# Company Information

## Directors

Professor J.O. Scanlan (Chairman)  
Ms. Frances M. Buggy  
Mr. Mark Dobbyn  
Dr. Patrick Frain  
Dr. Canice Lambe  
Mr. Kevin McCarthy  
Mr. Fergal O'Byrne

## Secretary

Mr. Jim Joyce

## Company Number

315315

## Registered Office

4<sup>th</sup> Floor  
Harbour Square  
Dun Laoghaire  
Co. Dublin

## Auditors

### BDO

Beaux Lane House  
Mercer Street Lower  
Dublin 2

## Bankers

### Bank of Ireland

Montrose  
Dublin 4

## Solicitors

### Arthur Cox

Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

### McKeever Rowan

5 Harbourmaster Place  
IFSC  
Dublin 1

# Directors' Report

*for the year ended 31 December 2012*

The directors present their report and the financial statements for the year ended 31 December 2012.

## Principal Activity

The company was incorporated on 16th November 1999 and commenced to trade on 1 July 2000. The principal activity of the company is the registry for .ie Internet domain names.

## Results and Dividends

The profit for the year, after providing for depreciation, taxation and the financial investment impairment amounted to €282,706 (2011 €349,003).

## Fair Review

From an operational perspective, 2012 was a satisfactory year of development and growth for the company. The company continued with the OPTIMISE Fund, which provided marketing and technical assistance to Irish SMEs and micro-businesses. This program was established in response to the findings of the company's inaugural Domain Name Industry Report in 2010, which identified a comparatively low level of e-commerce activity on SMEs' websites.

Turnover decreased by 2.2% due the combined impact of price reductions of 6.7% effective from November 2011 and new registration price promotions, offset by positive volume growth. In 2011, the company reduced the prices of new registrations by 67%, in support of an industry-led promotional campaign designed to incentivise micro-businesses to establish a presence on the Internet. This impacted the deferred revenue released in 2012. Volume growth in domains was again strong in 2012, at 19.3%. When non-renewals are considered, the net growth in the .ie namespace was 5.3%, which is satisfactory, considering the severe recession which continued to affect small and medium-sized companies in 2012. The volume growth is generated by the registrar sales channel, which accounts for over 99% of all new registrations. The .ie domain represents an approximate national market share of 46%, similar to the combined ccTLD share of the global domain name market.

Administrative expenses increased by 9.9% from €2.3 million to €2.53 million. Employment costs remained the same as 2011 at €1.2 million. Promotion, sponsorship, and advertising costs increased by 36% in 2012 as the company continued its sponsorship of industry events, expanded its joint promotion with registrars of the .ie namespace and expanded the OPTIMISE Fund which assists SMEs and micro-businesses to develop and e-commerce enable their .ie websites.

The financial position of the company at 31 December 2012 is solid with adequate net cash funds of €3.4 million and Members' Funds of €3.6 million.

The company's financial investments were adversely affected by the decline in stock markets worldwide during 2008. Although the reduction is unrealized in accounting terms, the directors considered it prudent to make an impairment provision in light of the prevailing economic conditions. Accordingly a provision amounting to €584,707 was recorded in 2008, notwithstanding that the investments are for the long term, are in conservative managed funds and are diversified across three Irish investment managers. The provision decreased by €142,984 in 2012 (2011 – increased by €33,933) to €254,515 at 31 December 2012. The financial investments recovery in the subsequent four-year period to 31 December 2012 is reflected in the market value of €1,745,485 at year-end.

## Principal Risks and Uncertainties

In common with other small and medium-sized enterprises, the company's performance is impacted by the current weakness in the macro-economic environment in Ireland. There is some exposure to these macro-economic risks posed by the recession, and in particular the risk of non-payment by customers. These risks continue to be managed prudently by the company. In line with internet industry norms, the company faces a number of risks in relation to reliance on key computer systems and key staff. The company's business continuity plans and disaster recovery procedures address the risks associated with reliance on key computer systems. Staff training, cross-skilling and key process documentation mitigate the potential exposure arising from the loss of key staff members.

## Future Developments

The company continues to monitor international developments impacting ccTLD registries, in particular the international proposals to significantly expand the number of top-level domains. While these proposals will result in accelerated growth in the global domain name market, they represent a challenge for trademark and patents holders, brand managers and the owners of intellectual property rights.

In technical terms, the company remains ready to implement technologies and products such as IDN when there is a positive indication of national market interest, and has taken a leadership role in providing secure DNS, with the formation of the DNSSEC task force and the provision of a DNSSEC test infrastructure for interested stakeholders.

## Directors

At an EGM in 2012, the Board of Directors approved an amendment to the company's Articles of Association in respect of directors terms of service. Directors may serve a maximum of two Terms, whereby a Term is a three-year period. Accordingly, no directors are required to retire in accordance with the Articles of Association.

## Post Balance Sheet Events

There are no material post balance sheet events.

## Directors and their Interests

In accordance with the Articles of Association, the directors have no financial interest in the Members' Funds of the company.

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while remaining a member, or within one year afterwards, for payment of debts and liabilities of the company contracted before ceasing to be a member, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding €1.27 cash.

## Directors' Report (continued)

### Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2012 and all Regulations to be construed as one with those Acts. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Books of Account

The measures taken by the directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account are maintained at Harbour Square, Dun Laoghaire, Co. Dublin.

### Auditors

BDO have expressed their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

### On behalf of the Board

*Director*

**Professor J. O. Scanlan**

*Director*

**Mr. Mark Dobbyn**

*Date:*

26 April 2013

# Independent Auditors' Report

*to the Members of IE Domain Registry Limited*

We have audited the financial statements of IE Domain Registry Limited for the year ended 31 December 2012 on pages 41 to 53, which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the Accounting Standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 38. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the Irish Statute comprising the Companies Acts, 1963 to 2012. We also report to you whether in our opinion: proper books of account have been kept by the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



## Independent Auditors' Report (continued)

### Opinion

In our opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2012 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2012.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The company's financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 36 to 38 is consistent with the financial statements.

### **Teresa Morahan**

*For and on behalf of BDO*

*Dublin*

*Registered Auditors*

*A1223876*

*Date:*

26 April 2013

# Profit and Loss Account

for the year ended 31 December 2012

		Continuing Operations	
		2012	2011
		€	€
	Notes		
<b>Turnover</b>		<b>2,603,799</b>	2,661,821
Administrative expenses		<b>(2,532,461)</b>	(2,303,854)
<b>Operating profit</b>	2	<b>71,338</b>	357,967
Decrease in provision for financial investment impairment	8	<b>142,984</b>	(33,933)
Interest income		<b>106,384</b>	96,793
Interest payable and similar charges	3	<b>–</b>	–
<b>Profit on ordinary activities before taxation</b>		<b>320,706</b>	420,827
Tax on profit on Ordinary activities	6	<b>(38,000)</b>	(71,824)
<b>Profit retained for the year</b>		<b>282,706</b>	349,003
<b>Profit and loss account at beginning of year</b>			
Accumulated profit brought forward		<b>3,328,423</b>	2,979,420
Accumulated profit carried forward		<b>3,611,129</b>	3,328,423
<b>Statement of total recognised gains and losses</b>			
Total recognised gains/(losses) relating to the year		<b>282,706</b>	349,003
<b>Total recognised gains/(losses) since last annual report</b>		<b>282,706</b>	349,003

The financial statements were approved by the Board on 26 April 2013 and signed on its behalf by:

Director

**Professor J. O. Scanlan**

Director

**Mr. Mark Dobbyn**

# Balance Sheet

as at 31 December 2012

	Notes	2012 €	2011 €
<b>Fixed Assets</b>			
Tangible assets	7	<b>148,043</b>	93,490
Financial assets	8	<b>1,795,585</b>	1,652,601
<b>Current Assets</b>			
Debtors	9	<b>240,662</b>	233,534
Cash at bank and in hand		<b>3,448,952</b>	3,155,486
		<b>3,689,614</b>	3,389,020
<b>Creditors: amounts falling due within one year</b>	10	<b>(2,022,113)</b>	(1,806,688)
<b>Net Current Assets</b>		<b>1,667,501</b>	1,582,332
<b>Total Assets less Current Liabilities</b>		<b>3,611,129</b>	3,328,423
<b>Capital and Reserves</b>			
Profit and loss account	11	<b>3,611,129</b>	3,328,423
<b>Members' Funds</b>	12	<b>3,611,129</b>	3,328,423

The financial statements were approved by the Board on 26 April 2013 and signed on its behalf by:

Director

**Professor J. O. Scanlan**

Director

**Mr. Mark Dobbyn**

# Cash Flow Statement

for the year ended 31 December 2012

	Notes	2012 €	2011 €
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		<b>71,338</b>	357,967
Depreciation		<b>89,683</b>	66,766
(Increase)/Decrease in debtors		<b>(30,259)</b>	50,840
Increase/(Decrease) in creditors		<b>211,083</b>	46,084
<b>Net cash inflow from operating activities</b>		<b>341,845</b>	521,657
<b>Cash Flow Statement</b>			
Net cash inflow from operating activities		<b>341,845</b>	521,657
Returns on investments and servicing of finance	15	<b>106,384</b>	96,793
Taxation		<b>(10,527)</b>	(107,955)
Capital expenditure	15	<b>(144,236)</b>	(110,861)
		<b>293,466</b>	399,634
Financing	15	<b>–</b>	–
Increase in cash in the year		<b>293,466</b>	399,634
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the year	16	<b>293,466</b>	399,634
Net funds at 1 January		<b>3,155,486</b>	2,755,852
Net funds at 31 December		<b>3,448,952</b>	3,155,486



# Notes to the Financial Statements

for the year ended 31 December 2012

## 1. Accounting Policies

### 1.1. Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with accounting standards generally accepted in Ireland and Irish statutes comprising the Companies Acts, 1963 to 2012. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Financial Reporting Council.

### 1.2 Consolidation

The company and its subsidiaries combined meet the exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 7 of the European Communities (Companies: Group Accounts) Regulations, 1992. Consequently, these financial statements deal with the results of the company as a single entity.

### 1.3. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales for the year ended 31 December 2012. The company's policy of deferring revenue results in income being recorded in the period to which the fee invoice relates, rather than the period in which the fee invoice was raised. This policy has been maintained during the year ended 31 December 2012.

All turnovers derive from activities in the Republic of Ireland.

### 1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life from date of acquisition as follows:

Leasehold Improvements	–	over the life of the underlying lease
Fixtures and Fittings	–	25% Straight Line
Computer Equipment	–	33% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

### 1.5. Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to a defined contribution pension scheme for the benefit of all eligible employees.

### 1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

## 1. Accounting Policies (continued)

### 1.7. Taxation

The charge for taxation is based on the profit for the year.

Full provision for deferred tax is provided at current tax rates on differences that arise between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

### 1.8. Financial assets

#### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are shown at cost less provisions for impairments in value.

#### *Other financial investments*

Other financial investments are shown at cost less provisions for impairments in value. Income from other financial fixed asset investments, together with any related withholding tax, is recognised in the profit and loss account in the year in which it is receivable.

## 2. Operating profit

	2012 €	2011 €
The operating profit is arrived at after charging:		
Depreciation and write-off of tangible assets	<b>89,683</b>	66,766
Auditors' remuneration – Audit	<b>12,770</b>	12,770
– Tax advisory services	<b>2,010</b>	2,010
Directors' remuneration	<b>75,000</b>	75,000
Secretarial fees	<b>39,000</b>	39,000

## 3. Interest payable and similar charges

	2012 €	2011 €
On bank loans, overdrafts and other loans wholly repayable within five years	–	–
	–	–

## Notes to the Financial Statements (continued)

for the year ended 31 December 2012

### 4. Employees

#### Number of employees

The average monthly numbers of employees during the year were:

	2012 Number	2011 Number
Administration	17	18

#### Employment costs

	2012 €	2011 €
Wages and salaries	1,061,866	1,063,668
Social security costs	103,556	100,573
Other pension costs	33,679	35,362
	<b>1,199,101</b>	1,199,603

### 5. Pension costs

The company operates a defined contribution pension scheme for the benefit of all eligible employees. The assets of the scheme are vested in independent trustees for the sole benefit of those eligible employees. The pension costs charge represents contributions payable by the company to the fund and amounted to €33,679 (2011 – €35,362).

### 6. Taxation

#### (a) Current year taxation

	2012 €	2011 €
<b>Current year taxation</b>		
Corporation tax on the profit for the year on Ordinary activities	35,011	70,000
Adjustment in respect of previous period	2,989	1,824
	<b>38,000</b>	71,824

## 6. Taxation (continued)

### (b) Factors affecting tax charge for year

	2012 €	2011 €
Profit on ordinary activities before tax	<b>320,706</b>	420,827
Profit on ordinary activities multiplied by Standard rate of Corporation Tax in Ireland of 12.5%	<b>40,088</b>	52,603
Effects of:		
Expenses not allowable for tax purposes	<b>150</b>	154
Capital allowances for period greater than Depreciation	<b>(1,840)</b>	(2,978)
Deposit interest at higher rates of taxation	<b>14,132</b>	13,710
General provisions not allowed for tax purposes	<b>354</b>	2,269
Provision for financial investment impairment unrealised, so not allowable for tax purposes	<b>(17,873)</b>	4,242
Current tax charge for year (Note 6(a))	<b>35,011</b>	70,000

## 7. Tangible assets

	Leasehold Improvements €	Computer Equipment €	Fixtures and Fittings €	Total €
<b>Cost:</b>				
At 1 January 2012	53,354	645,982	17,865	717,201
Additions	–	144,236	–	144,236
Write-out of retired assets	–	–	–	–
Disposals	–	–	–	–
At 31 December 2012	53,354	790,218	17,865	861,437
<b>Depreciation:</b>				
At 1 January 2012	10,671	607,574	5,466	623,711
Charge for the year	10,671	75,517	3,495	89,683
Write-out of retired assets	–	–	–	–
Disposals	–	–	–	–
At 31 December 2012	21,342	683,091	8,961	713,394
<b>Net book values</b>				
At 31 December 2012	32,012	107,127	8,904	148,043
At 31 December 2011	42,683	38,408	12,399	93,490

The accounting policy for the depreciation of tangible assets is outlined in Note 1.4. There are no assets held under finance leases or hire purchase contracts at 31 December 2012 (2011: Nil).



## Notes to the Financial Statements (continued)

for the year ended 31 December 2012

### 8. Financial assets

	Note	2012 €	2011 €
Other financial investments	(a)	1,745,485	1,602,501
Shares in subsidiary undertakings	(b)	50,100	50,100
		<b>1,795,585</b>	1,652,601

#### (a) Other financial investments

	Unlisted €	Total €
<b>Cost:</b>		
At 1 January 2012 and 31 December 2012	2,000,000	2,000,000
<b>Amounts provided:</b>		
At 1 January 2012	(397,499)	(397,499)
Arising during year	142,984	142,984
At 31 December 2012	(254,515)	(254,515)
<b>Net Book Value:</b>		
At 31 December 2012	1,745,485	1,745,485
At 31 December 2011	1,602,501	1,602,501

Other financial investments at cost represent the investment for the long term in conservative managed funds, diversified across three Irish investment managers. The market value of the financial investments at 31 December 2012 was €1,745,485 (2011 €1,602,501). In accordance with the accounting policy for other financial investments outlined in Note 1.8, a provision for impairment amounting to €254,515 has been recorded at 31 December 2012, being a decrease of €142,984 from 2011. Although the provision is unrealised in accounting terms, the directors consider it prudent to make the impairment provision in the light of the current economic conditions.

## 8. Financial assets (continued)

### (b) Shares in subsidiary undertakings

The company holds 100% of the share capital of the following companies:

<b>Name of subsidiary</b>	<b>Country of registration or incorporation</b>	<b>Shares held class</b>	<b>Principal Activity</b>
IENUM Limited	Ireland	Ordinary and Preference	ENUM Registry
.IE Registry Limited	Ireland	Ordinary	Not trading
Domain Registry IE Limited	Ireland	Ordinary	Not trading
IEDR Limited	Ireland	Ordinary	Not trading
The Irish National Domain Registry Limited	Ireland	Ordinary	Not trading

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 December 2012 were as follows:

	<b>Capital and Reserves</b>	<b>Profit for the year</b>
	<b>€</b>	<b>€</b>
.IE Registry Limited	127	Nil
Domain Registry IE Limited	127	Nil
IEDR Limited	127	Nil
The Irish National Domain Registry Limited	127	Nil
IENUM Limited	50,100	Nil

In the opinion of the directors, the shares in the company's subsidiaries have no value and have been written down to €nil in the Balance Sheet as at 31 December 2012, except for IENUM Limited which is stated at cost.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2012

### 9. Debtors: amounts falling due within one year

	Note	2012 €	2011 €
Trade debtors		–	110,057
Corporation tax recoverable		–	23,131
Prepayments and accrued income		<b>240,662</b>	100,346
		<b>240,662</b>	233,534

### 10. Creditors: amounts falling due within one year

	Note	2012 €	2011 €
Trade creditors		<b>170,146</b>	98,319
Other creditors		<b>171,783</b>	168,871
Corporation tax payable		<b>4,342</b>	–
Other taxes and social security costs		<b>20,682</b>	44,700
Accruals		<b>262,538</b>	83,669
Deferred income	(a)	<b>1,392,622</b>	1,411,129
		<b>2,022,113</b>	1,806,688

Other taxes and social security costs include:

	€	€
PAYE & PRSI	–	–
VAT	<b>20,682</b>	44,700
	<b>20,682</b>	44,700

(a) The accounting policy for deferred income is outlined in Note 1.3.

## 11. Reserves

	<b>Profit and loss account €</b>	<b>Total €</b>
<b>At 31 December 2011</b>	3,328,423	3,328,423
Profit for the year	282,706	282,706
<b>At 31 December 2012</b>	<b>3,611,129</b>	<b>3,611,129</b>

## 12. Reconciliation of movements in Members' Funds

	<b>2012 €</b>	<b>2011 €</b>
Profit for the year	<b>282,706</b>	349,003
At 1 January	<b>3,328,423</b>	2,979,420
At 31 December	<b>3,611,129</b>	3,328,423

## 13. Guarantee

### Parent Company Guarantee

On 18 December 2006 the company's subsidiary IENUM Limited signed an agreement with ComReg to provide the national ENUM registry service for Ireland. On the same date the company signed a Shareholder Agreement with Internet Privatstiftung Austria (IPA) which provided inter alia the terms and conditions of the joint venture between the company and IPA, and their respective responsibilities.

On 18 December 2006 the company and IPA co-signed a Guarantee in favour of ComReg to guarantee, on a joint and severable basis, the performance obligations of IENUM Limited under the ComReg Agreement. In this regard, net operating costs of €16,132 incurred during the year ended 31 December 2012 (2011 €16,325) have been charged in the company's profit and loss account.

At the end of the initial five-year term of the Agreement, the shareholders of IENUM Limited agreed that IPA would discontinue its involvement in the joint-venture and accordingly, by agreement between the parties and the company, the 2006 Shareholder Agreement was terminated from the effective date, 30 December 2011. Internet Privatstiftung Austria (IPA) was released from its Guarantee in favour of ComReg. At 31 December 2012, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited, with effect from 30 December 2011.



## Notes to the Financial Statements (continued)

for the year ended 31 December 2012

### 14. Commitments

#### Operating lease commitments

Annual commitments exist under non-cancellable operating leases as follows:

	Premises 2012 €	Premises 2011 €
Expiring:		
Within one year	–	–
Between two and five years	292,758	160,320
More than five years	–	–
	<b>292,758</b>	160,320

#### Capital commitments

The company has no capital commitments at 31 December 2012 (2011 – €nil).

### 15. Gross cash flows

	2012 €	2011 €
<b>Returns on investments and servicing of finance</b>		
Interest received	106,384	96,793
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	144,236	110,861
Payments to acquire shares in subsidiary undertakings	–	–
	<b>144,236</b>	110,861
<b>Financing</b>	–	–

## 16. Analysis of changes in net funds

	Opening balance €	Cash flow €	Closing balance €
Cash at bank and in hand	26,580	100,620	127,200
Deposit accounts	3,128,906	192,846	3,321,752
Net funds	3,155,486	293,466	3,448,952

## 17. Post balance sheet events

There are no material post balance sheet events.

## 18. Contingent liabilities

There are no contingent liabilities at 31 December 2012.

## 19. Company structure

The company is limited by guarantee and does not have a share capital.

## 20. Controlling parties

The company is controlled by its members. At 31 December 2012 the seven directors and the Company Secretary are the members.

## 21. Comparative figures

Certain comparative figures have been restated for consistent presentation with current year figures.

## 22. Approval of financial statements

The financial statements were approved by the Board on 26 April 2013 and signed on its behalf by:

*Director*

**Professor J. O. Scanlan**

*Director*

**Mr. Mark Dobbyn**

*Date:*

26 April 2013

# Glossary of Terms

## **.ie accredited Registrar**

An .ie accredited Registrar is a Company authorised, by the IEDR to act as agent for registrants who require a .ie web address. .ie accredited Registrars include HSPs, ISPs and web development companies. The full list of .ie accredited Registrars can be found at [www.iedr.ie/registrars](http://www.iedr.ie/registrars)

## **Anycast**

Anycast is a methodology for addressing multiple servers with the same IP address. Data is transmitted to the closest or best receiver in line with predetermined criteria. One benefit is that a denial of service attack can be “localised” and therefore contained.

## **BCP/DR**

IEDR’s Business Continuity process and plans for disaster recovery.

## **BPR**

Business Process Redesign (BPR). Proposed changes to IEDR’s automation of current billing policies, procedures and processes.

## **ccNSO**

The Country Code Names Supporting Organisation (ccNSO) is a body within the ICANN structure created for and by ccTLD managers. Since its inception in 2003, the ccNSO has provided country code top-level domain name (ccTLD) managers a unique, global platform to share information and experiences with other ccTLD managers and the broader ICANN community, and to develop global policy recommendations regarding country code top-level domains. <http://ccnso.icann.org>.

## **ccTLD**

National top-level domains, country code top-level domains (ccTLD), are based on the International Organisation for Standardisation’s country codes and used by countries. National top-level domains comprise two letters, for example .ie for Ireland or .de for Germany.

## **CENTR**

CENTR (Council of European National Top-Level Registries). CENTR is a not-for-profit organisation dedicated to supporting the interests of country code TLD managers. The objectives of CENTR are to promote and participate in the development of high standards and best practices among ccTLD Registries. [www.centri.org](http://www.centri.org)

## **Class and category**

The .ie database records information on the class of registrant and the different categories of domain names being registered. This is represented by nine difference classes of registrant and eleven different categories of domain name being registered.

## **ComReg**

The Commission for Communications Regulation (ComReg) (Irish: An Coimisiún um Rialáil Cumarsáide) is the general communications regulator for Ireland, with responsibility for mobile, fixed line and postal services.

## **DNS**

The Domain Name System (DNS) is an international hierarchical distributed database used to translate domain names, such as [iedr.ie](http://iedr.ie) to IP addresses (193.1.32.40) to locate information about resources on the Internet.

## **DNSSEC**

DNSSEC (DNS Security Extension) is a supplementary service to domain names that makes it possible to check that the DNS information stems from the correct sender and has not been altered during its transmission. When DNSSEC is in use, the computer submitting a query (e.g. an Internet browser) is able to determine whether the reply provided for an Internet address in the DNS actually comes from the server that is registered with IEDR as being the authoritative server.

## **Domain name**

A domain name is a unique name, which is often linked to a website or e-mail. The domain name is translated in the DNS to an IP address before any Internet communication can occur. A registered domain name is a domain name held by a specific registrant following an application process.

## **GAC**

ICANN receives input from governments through the Governmental Advisory Committee (GAC). The GAC's key role is to provide advice to ICANN on issues of public policy and especially where there may be an interaction between ICANN's activities or policies and national laws or international agreements.

## **gTLD**

Generic top-level domains (gTLDs), such as .com, .net and .org are top-level domains that are not tied to a country or geographic territory.

## **ICANN**

ICANN (Internet Corporation for Assigned Names and Numbers). An international not-for-profit, private sector organisation created to co-ordinate four key functions of the Internet: managing the domain names system, allocating IP addresses, assigning protocol parameters and managing the root server system.

## **IDN**

Internationalised Domain Names (IDN). Until recently, the Root Zone was limited to a set of characters conforming to US-ASCII (American Standard Code for Information Interchange) or "Latin" alphabets. This changed with the introduction of Internationalized Domain Names (IDNs), which introduced top-level domains (TLDs) in different scripts and enabled Internet users to access domain names in their own language.

## **IGF**

The Internet Governance Forum (IGF) was established in 2006 by the United Nations to create a forum for Internet governance policy issues. Stakeholders represent countries, commerce and society in general.

## **Name server**

Name servers are computers with software that stores and/or distributes domains (zones) and which accept and answer domain name questions. When a user, for example wishes to surf to [www.iedr.ie](http://www.iedr.ie) the user's computer sends a question to a name sever on which information regarding iedr.ie is located.

## **PDP**

The IEDR's 10 Step Policy Development Process (PDP) for the .ie namespace. A formal process, which is consensus driven, transparent and allows for bottom-up proposals from the wider Internet community.

## **Registrant**

The individual or legal entity registered with the right to use the .ie domain name.

## **Registry**

A registry is the Company or organisation responsible for the administration and operation of a top-level domain. The IEDR is the active registry operator responsible for administration and technical operation of the .ie domain and ensures that the .ie zone is accessible, that is, that all .ie domains are accessible via the Internet.

## **VMware**

VMware is a provider of virtualization software. It is a US based Company which is majority owned by EMC. VMware software provides a completely virtualized set of hardware. One large server can replace dozens of smaller specific-purpose servers.

## **Whois**

The name of the search function to locate domain name information is Whois. The Whois for .ie domain names is located on the IEDR website [www.iedr.ie/whois](http://www.iedr.ie/whois)

## **Zone and zone file**

A zone is the delimitation of the administrative responsibility for a domain tree. A zone file is a data file comprising the necessary zone information to enable the use of DNS addressing. The zone files are stored on authoritative servers that are distributed throughout the Internet.



[www.iedr.ie](http://www.iedr.ie)

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**IE Domain Registry Limited**

4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin, Ireland

**Tel** 00 353 (0)1 236 5400

**Fax** 00 353 (0)1 230 0365

**Email** [accounts@iedr.ie](mailto:accounts@iedr.ie)

[www.iedr.ie](http://www.iedr.ie)



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