**.ie**

**Identifiably Irish**

Ireland's Domain Registry

# IEDR

## ANNUAL REPORT & REVIEW **2014**

# IEDR 2014
# Key Figures

**195,999**
Database of .ie domain names

**31,072**
New .ie registrations

## Contents

**88.1%**
Renewal
rates

**49.5%**
Market
share

**€4.1m**
Members'
Funds

# IEDR
## ANNUAL REPORT
## & REVIEW **2014**

**IEDR** is an integral part of the national Internet technical infrastructure. In cooperation with our accredited Registrars, technical partners and the regulator, ComReg, we help to ensure .ie's presence on the Internet.

# Performance Highlights 2014

*Extract from the audited Financial Statements (financial figures only)*

## Profit and Loss

| | Year to 31 Dec 2014 € | Year to 31 Dec 2013 € |
|---|---|---|
| **Registration Revenue** | **2,723,983** | 2,587,526 |
| Administration Expenses | **(1,204,141)** | (991,860) |
| Employment Costs | **(1,334,870)** | (1,274,261) |
| Depreciation | **(175,108)** | (190,406) |
| **Operating profit** | **9,864** | 130,999 |
| Financial investment impairment provision | **80,499** | 144,504 |
| Profit on sale of financial investment | **132,358** | 0 |
| Interest income | **30,741** | 59,674 |
| Interest payable | **0** | 0 |
| Taxation | **(60,000)** | (36,000) |
| **Profit after taxation** | **193,462** | 299,177 |

## Balance Sheet

| | At 31 Dec 2014 € | At 31 Dec 2013 € |
|---|---|---|
| Fixed Assets | **181,141** | 199,451 |
| Investments | **3,076,295** | 1,940,089 |
| Current Assets | **3,272,788** | 4,077,512 |
| Creditors < 1 year, excluding Deferred Income | **(592,383)** | (645,586) |
| Deferred Income | **(1,834,073)** | (1,661,160) |
| **Members' Funds** | **4,103,768** | 3,910,306 |

## Cash Flow

| | Year to 31 Dec 2014 € | Year to 31 Dec 2013 € |
|---|---|---|
| Net cash inflow from operating activities | **243,502** | 710,716 |
| **(Decrease)/Increase in cash in the year** | **(822,122)** | 447,266 |

## .ie domains – installed base and quarterly growth
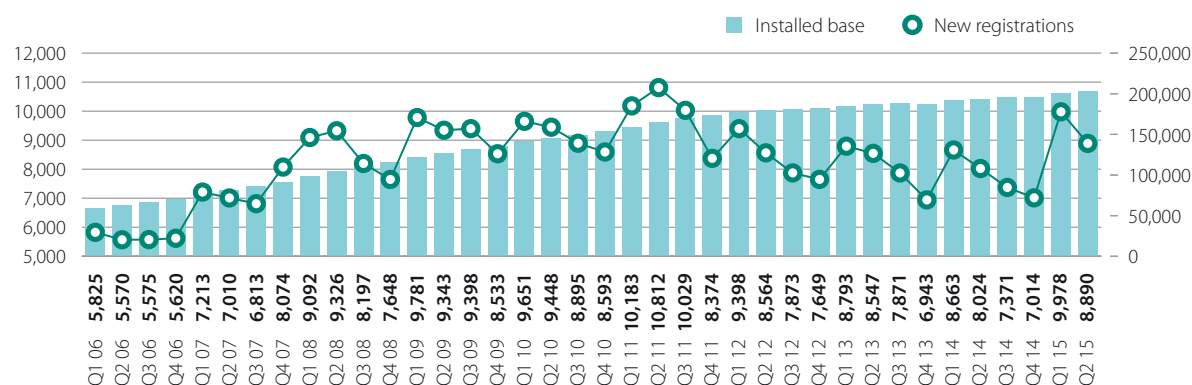


## Price of a .ie domain on 1 January each year
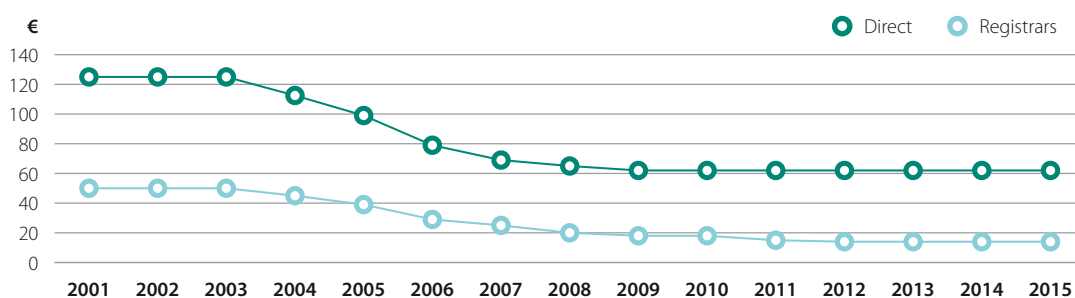
# Chairman's Statement

I am glad to report that there was an improvement in the business and economic environment in 2014 and IE Domain Registry (IEDR) continued to grow. There were almost 200,000 .ie domains registered at year end, a net growth over the year of 4.7%. Particularly pleasing was that .ie's estimated market share of domain registrations increased by 1.6% points to 49.5% in the face of intensive competition in the marketplace. An increased emphasis on customer service during the year, including a fundamental review of our Customer Service Plan, would, I hope, have been a contributory factor in this.

We implemented significant improvements in IEDR's technical infrastructure in 2014 by advancing a major project of upgrading and integration of our systems. Given the international experience of continuing illegal interference with data networks, it is pleasing to report that IEDR had no major unplanned outages in 2014. Security of our systems remains an ever present concern however, and we commissioned an independent network security review during the year across all our sites.

While providing a comprehensive and efficient public service is IEDR's paramount objective, we have always operated on a fully commercial basis and aimed to maintain an adequate capital base in line with the growth of the business. Financial performance in 2014 met these objectives – we recorded a small operating profit of €10K and maintained the level of Member's Funds at €4.1 million at year end.

I have referred in recent years to the programme by ICANN, the international organisation responsible for technical co-ordination of the Internet, to authorise large numbers of new generic domain extensions. This programme accelerated in 2014, to the extent that as many as 472 new domain extensions were authorised by the end of the year and many had commenced operations. IEDR will be in competition with these as well as with the long-established international domain names, .com, .eu, etc. We remain convinced that the attractions of our "managed registry" domain offering will enable us to maintain our leading position in the market and I can assure our friends in the Irish Internet Community that we will be competing strongly to do so. The "managed" system, under which we establish the entitlement of applicants for .ie domain names, has many benefits for the customer, including the virtual elimination of cybersquatting – it does involve some extra steps in the processing of applications but we are continuously working to streamline processing where possible, while still living up to our tagline of "Identifiably Irish".

I have emphasised on many occasions that, in our management of the .ie national resource, we regard as a key responsibility the balancing of the rights, responsibilities, and obligations of our stakeholders. I mentioned last year that, in order to strengthen our traditionally excellent relationships with our stakeholders, we had invited stakeholders to nominate representatives to participate in a new Policy Advisory Committee to assist the Board by advising on policy developments in the industry. I am delighted to say that we received an excellent response. The Committee has been duly established, held its first meeting early in 2015, and is already proving its value. I would like to record the Board's sincere thanks to everyone involved for their participation. We are well aware of our reliance on our stakeholders for the well-being of .ie. In this connection, I note in particular our partnership with our accredited Registrars in the marketing and promotion of .ie and in our growth initiatives. Our relationships with the industry associations, especially in relation to service improvements and technical developments, have also been particularly close and I am happy to recognise their continuing support of .ie.

The world is now effectively online, social interaction online grows apace, and more and more business is done online. It is of critical importance that Irish business shares in the growth of online business and it has to be said that the present position in this respect is less than satisfactory. IEDR has always seen itself as having a general responsibility for promoting the use of the Internet in Ireland, particularly in the business sphere, over and above its role as operational manager of the .ie domain. We have already achieved much in this area – witness the highly successful "OPTIMISE" Fund, which will be in its fifth year in 2015, and which has provided practical assistance to many firms in the SME sector in exploiting the Internet to e-commerce enable their businesses. However, as part of the outcome of a strategy review in 2014, we concluded that IEDR should take advantage of its strong financial position by establishing a special Strategic Development Fund to be expended in 2015 on a range of projects designed to deepen Internet awareness and use in Ireland. The Fund will result in our moving into temporary financial deficit in 2015 and in a reduction in financial reserves. Needless to say, we believe that the benefits will far outweigh the costs and will not conflict with our primary financial objective of managing the Company's finances in a prudent manner.

I am grateful to my colleagues on the Board of Directors for their work during the year, which contributed significantly to the effective operational oversight of the Company and to sound policy development as well as making my own job of ensuring good governance much easier. Also, I would like on behalf of the Board to compliment David Curtin, our Chief Executive, and his team for their work during the year in serving the requirements of the Irish Internet Community. I also thank the industry regulator, ComReg, and the Department of Communications, Energy and Natural Resources for their assistance during the year.

In short, IE Domain Registry had another successful year in 2014. I am confident that we can maintain and strengthen our position in the market and that we have the plans in place to achieve this.

**Professor J. O. Scanlan**
*Chairman of the Board*

29 May 2015

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

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

# Strategic Priorities

To achieve annual new growth rates greater than our competitors (.com/new TLDs) with .ie retention rates comparable to similar ccTLDs.
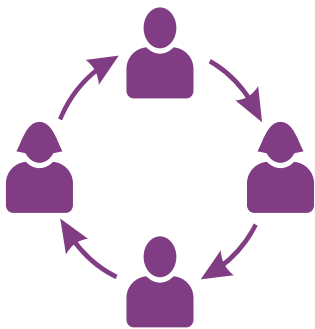
To contribute to the development of Internet usage and uptake through active involvement and engagement with the community.

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

# Chief Executive's Report

The registry for the dot ie namespace performed exceptionally well in 2014 despite the massive increase in competitive intensity and choice in the marketplace arising from the arrival of 472 alternative domain extensions. Loyalty to the 'Identifiably Irish' dot ie brand contributed to improved renewal rates for existing customers, while dot ie continued to be the domain of choice for new customers registering domains for new websites or promotional campaigns.

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

With a renewed emphasis in 2014 on strategic execution, the Company launched a volume rebate system to reward Registrars for increased net growth, upgraded the website for a cleaner user journey and continued to support SMEs with the OPTIMISE Fund. Recent process improvements facilitated improved economies of scale through increased automation for Registrars, while improved technical software development processes facilitated faster delivery of new and improved services for customers. These efforts were reflected in the financial performance where registry operations were again profitable and cash-generative and IEDR ended the year in a very strong financial position, with €4.1m in Members' Funds and €6.15m in liquid funds and investments.

## Operational review

New registrations of 31,072 in 2014 decreased by 3.4% when compared to the same period in 2013 (32,154). This growth was offset by 22,342 non-renewals or deletions which were 17.8% lower than 2013 (27,169 domains), giving a net increase of 8,730 which was 75.1% better than the net increase in 2013 (4,985 domains). This growth, generated almost totally by the continuous efforts of IEDR's accredited Registrar

community, reflects external factors such as a maturing Internet ecosystem with websites for new online businesses, products or services, offset by increased use of mobile and social media for small businesses' promotions. The Company continued its work in 2014 to promote excellence in website functionality, design and e-commerce through sponsorships and direct funding.

The growth curve on page 2 illustrates the changes in recent years, when new quarterly growth peaked at almost 11,000 in quarter two 2011. The reduction since then reflects the digital divide and the poor economic conditions impacting SMEs and their new businesses, but mirrors reduced activity levels in the sector across Europe. The 11.9% level of non-renewals/deletions is a significant improvement over 2013 (14.9%) and this level of .ie non-renewals is very low by international standards where non-renewal rates can be over 30% – reflecting the shorter domain life-cycles, as domains are increasingly used for the promotion of one-off events and campaigns.

During 2014, the Company continued to implement the agreed reporting framework with the submission of quarterly reports to ComReg. There was no progress in 2014 on the Company's application to ICANN for the transfer from UCD of 'active registry operator' status to IEDR, which was submitted to ICANN in February 2011, accompanied by letters of support from stakeholders in the local Internet community. In order to complete the transfer request ICANN will need a letter of support from the Irish government. The Department of Communications, Energy and Natural Resources is still considering the matter.

## Financial review

Turnover, representing the deferred income released in 2014, increased by 5.3% to €2.72 million (2013 – €2.59 million). While the invoiced value of registration fees increased by 1.3% to €2.9 million, reflecting new growth in 2014, an increasing proportion is accounted for by multiyear registrations and renewals. Accordingly, the deferred revenue on the balance sheet increased by 10.4% in 2014, to €1.83 million (2013 – €1.66 million).

Reflecting the Company's ongoing commitment to the .ie namespace, Administrative expenses increased by 10.5% from €2.46 million to €2.71 million. The ongoing focus on cost control continued in 2014 with tenders for services such as public relations, insurance and a major promotion campaign. Employment costs increased by 4.8% in 2014 to €1.33 million reflecting staff recruitment in technical quality assurance and business development, with average employee numbers increasing from 18 to 20 in the year. Depreciation decreased to €0.18 million reflecting the Company's cycle of investment in mission critical applications and services for customers. Promotion, sponsorship, and advertising costs decreased by 4% in 2014 even as the Company continued its sponsorship of industry events, continued its joint promotion with Registrars of the .ie namespace and continued the OPTIMISE Fund which assists SMEs and micro-businesses to develop and e-commerce enable their .ie websites.

Investments in financial assets increased to €3.1 million from €1.9 million in 2013 following a portfolio realignment involving the investment of additional surplus liquid funds and a review of the profile of the current portfolio, in the light of prevailing investment market conditions, and following an external expert review process. The Company recorded a profit on the sale of financial investments of €132,358 in 2014 (2013 – €nil) and a gain of €80,499 following a further reduction in financial asset impairment provisions (2013 – €144,504). Interest income reduced to €30,741 reflecting lower deposit interest rates in 2014.

The financial position of the Company at 31 December 2014 is solid. Members' Funds increased by 4.9% from €3.9 million at December 2013 to €4.1 million at the end of December 2014. Cash and cash equivalents amounted to €6.15 million including €3 million invested with multiple investment managers.

## Continuous improvements review

As part of the continuous improvement process, the Company continued to focus on reducing collective costs. Having redesigned its longstanding business processes, the benefits became visible throughout the extended supply channel in 2014, with the shorter domain renewal cycle, streamlined payment and invoicing process for new registrations/transfers and deterministic deletion dates for non-renewed domains. The web-based console and automated interfaces continue to provide full transparency of all transactions with IEDR. Registrars continue to 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 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 Technical Services Team launched a more secure DNS service (DNSSEC) in late 2014 and introduced a secure, automated AuthCode mechanism for customers to transfer between Registrars. The high availability infrastructure within the two datacentres was updated in line with the Company's regular upgrade investment cycle. The team remains vigilant in protecting the infrastructure against ongoing and new external threats, thereby ensuring the safety, security and resilience of the .ie domain.

## Market development & SME Internet usage and uptake

Irish SMEs continue to confound the critics by remaining off-line, when their customers are online in their millions and buying online from abroad. CSO statistics indicate that three quarters of online spending goes abroad – at a time when UPC research indicates that Irish consumers would buy Irish, if a local website was available.

# Report from the Chief Executive (continued)

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.

In response, IEDR recognises the need to inform and build awareness amongst SMEs about the benefits of having a .ie address and being identifiably Irish online. Accordingly, the Company has financially supported its Registrars in promoting their website builder services, recognising that businesses only indirectly need .ie domain names (surveys confirm that the main reason is for website and email purposes).

## Outlook for 2015

On the international front, the Company continues to respond to developments impacting ccTLD registries, in particular the expansion of the global namespace by up to one thousand new gTLDs, offering consumers a multiplicity of choice in domain extensions. While these proposals will undoubtedly result in innovation and accelerated growth in the global domain name market, the potential for cybersquatters represents a challenge for brand managers, trademark and patent holders and the owners of intellectual property rights.

Nationally, new registration growth in quarter one 2015 accelerated dramatically compared to quarter one 2014, as the Company ran a major integrated media campaign promoting the dot ie domain as 'Identifiably Irish' and as the website address of choice for Irish business and the Irish people. While growth moderated in Q2, the net increase of the first half of 2015 is very encouraging at 7,600 domains, up 26.1% compared to the same period in 2014 (6,025 domains).

We are excited that the work of the Policy Advisory Committee will yield very positive results shortly. We expect to launch new services in the second half of 2015 which will make two letter domains available for the first time. A separate policy change, if passed, will unlock the intrinsic value of a registrant's .ie domain name, by permitting an aftermarket to allow domain holders to sell the right to use their .ie domain.

We are pleased to have Board approval to increase our investments in 2015 in a range of projects designed to deepen Internet awareness and uptake in Ireland. We will of course, 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 our Company Secretary for his ongoing support and counsel, to the Chairman, the Board of Directors, and to our dedicated staff for their outstanding contribution to the continued growth and development of a highly regarded Domain Name System for Ireland.

**David Curtin**
*Chief Executive*

29 May 2015

## Focus on customers needs

**We** continue to focus on the needs and requirements of customers in continuously improving our services in order to ensure that .ie remains a domain that our customers value, appreciate and utilise.

# 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 was 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 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's educational qualifications include a Diploma in Business Strategy from the IMI and an MA in International Relations from DCU.

## 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 financial management assignments. He is a director of a number of commercial 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.

## Chief Executive

## 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 a key focus of 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 certain 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, 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 its formal Response to the Consultation Paper 08/48 on 12 January 2009, were very complimentary of the high standards of Corporate Governance at IEDR.

## Directors' responsibilities

The Board of Directors 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 2013. 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.

# The Audit Committee

The Company's 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 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 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 Institute of Chartered Accountants in Ireland.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It may also 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.

## Statement from the Audit Committee Chairman

IEDR operates in a challenging environment, particularly with regard to economic, reputational, technical and regulatory factors. With the arrival of up to one thousand new global domain extensions into the Irish marketplace, the competitive pressures on the Company are set to increase significantly.

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)
- to review the external auditor's management letter and management's response.
- 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*

29 May 2015

# 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 opposite attempts to illustrate this complexity by way of an Internet governance map.

## ICANN

ICANN was formed in 1998. It is a not-for-profit partnership of people from all over the world dedicated to keeping the Internet secure, stable and interoperable. It promotes competition and develops policy on the Internet's unique identifiers. ICANN does not control content on the Internet. It cannot stop spam and it doesn't deal with access to the Internet. But through its coordination role of the Internet's naming system, it does have an important impact on the expansion and evolution of the Internet. ICANN's role is to oversee the huge and complex interconnected network of unique identifiers that allow computers on the Internet to find one another.

ICANN has external as well as internal accountabilities. Externally, ICANN is an organisation incorporated under the law of the State of California in the United States, so it can be sued in Court. ICANN is also a non-profit public benefit corporation and its directors are legally responsible for upholding their duties under corporation law. Internally, ICANN is accountable to the community through its bylaws, and the representative composition of the ICANN Board from across the globe.

Governments across the globe can participate via the Government Advisory Committee (GAC). At the ICANN 52 meeting in Singapore in February 2015, the GAC welcomed Ireland, Kazakhstan, and Mauritania as new GAC Members. The GAC currently has 150 members and 32 observers. Membership of this influential committee is a major milestone for Ireland Inc, given Ireland's importance as an e-commerce hub for Europe.

As the US government continues to step back from its role in relation to the global Internet, the National Telecommunications and Information Administration (NTIA) requested that ICANN "convene a multi-stakeholder process to develop a plan to transition the U.S. government stewardship role" with regard to the IANA Functions and related root zone management. As the NTIA disengages from its stewardship role, a **Cross Community Working Group on Enhancing ICANN Accountability** (CCWG-Accountability) was formed in 2014 to deliver proposals that would enhance ICANN's accountability towards all stakeholders. The CCWG-Accountability will investigate accountability mechanisms regarding all of the functions provided by ICANN.

## Internet stakeholders and policy development for .ie

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). The mandate of the PAC is to advise the board of the IEDR on matters of policy and its implementation, as set out in the PAC formal Terms of Reference document. In 2014, the PAC was tasked with addressing three policy change matters: permitting the introduction of two letter domain names, permitting fadas on the vowels of domain names (IDNs), and permitting the resale of the right to use a .ie domain name.

## The legislative framework in Ireland

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.

# Internet Governance map

## WHO RUNS THE INTERNET?

### NO ONE PERSON, COMPANY, ORGANIZATION OR GOVERNMENT RUNS THE INTERNET.

The Internet itself is a globally distributed computer network comprised of many voluntarily interconnected autonomous networks. Similarly, its governance is conducted by a decentralized and international multistakeholder 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.

### WHO IS INVOLVED:

**IAB** A C P S R
INTERNET ARCHITECTURE BOARD
Oversees the technical and engineering development of the IETF and IRTF.
www.iab.org

**ICANN** C O P V
INTERNET CORPORATION FOR ASSIGNED NAMES AND NUMBERS
Coordinates the Internet's systems of unique identifiers: IP addresses, protocol parameter registries, top-level domain space (DNS root zone).
www.icann.org

**IETF** C P S
INTERNET ENGINEERING TASK FORCE
Develops and promotes a wide range of Internet standards dealing in particular with standards of the Internet protocol suite. Their technical documents influence the way people design, use, and manage the Internet.
www.ietf.org

**IGF** A C P
INTERNET GOVERNANCE FORUM
A multistakeholder open forum for debate on issues related to Internet governance.
www.intgovforum.org

**IRTF** R
INTERNET RESEARCH TASK FORCE
Promotes research of the evolution of the Internet by creating focused, long-term research groups working on topics related to Internet protocols, applications, architecture and technology.
www.irtf.org

**GOVERNMENTS AND INTER-GOVERNMENTAL ORGANIZATIONS** C P
Develop laws, regulations and policies applicable to the Internet within their jurisdictions; participants in multilateral and multistakeholder regional and international fora on Internet governance.

### HERE IS HOW IT WORKS:

THE INTERNET

**OPERATIONS & SERVICES** 4
Internet Operations span all aspects of hardware, software, and infrastructure required to make the Internet work. Services include education, access, web browsing, online commerce, social networking, etc.

**POLICIES & STANDARDS** 3
Internet Policies are the shared principles, norms, rules, decision-making procedures, and programmes that shape the evolution and use of the Internet. Internet Standards enable interoperability of systems on the Internet by defining protocols, messages formats, schemas, and languages.

**OPEN DEBATE** 2
The formal and informal process of debating policy and standard propositions in a multistakeholder model using any variety of methods: in-person, Internet Drafts, public forums, publishing, and many more.

Policies & Standards guide debate and decision making.

**MULTISTAKEHOLDERS** 1
Civil Society & Internet Users, the Private Sector, Governments, National & International Organizations, Research, Academic and Technical Communities all have a say in how the Internet is run.

Operations & Services support the Internet's global interoperability.

### WHO IS INVOLVED:

**ISO** S
INTERNATIONAL ORGANIZATION FOR STANDARDIZATION
Develops international standards. The ISO 3166 standard establishes internationally recognized codes for the representation of names of countries, territories or areas of geopolitical interest and their subdivisions. ISO 3166 does not establish the names of countries, only the codes that represent them.
www.iso.org/iso/country_codes.htm

**ISOC** C E P V
INTERNET SOCIETY
Assure the open development, evolution and use of the Internet for the benefit of all people throughout the world. Currently ISOC has over 90 chapters in around 80 countries.
www.internetsociety.org

**RIRs** O P V
5 REGIONAL INTERNET REGISTRIES
Manage the allocation and registration of Internet number resources, such as IP addresses, within geographic regions of the world.
www.afrinic.net — Africa
www.apnic.net — Asia Pacific
www.arin.net — Canada & United States
www.lacnic.net — Latin America & Caribbean
www.ripe.net — Europe, the Middle East & parts of Central Asia

**W3C** S
WORLD WIDE WEB CONSORTIUM
Create standards for the world wide web that enable an Open Web Platform, for example, by focusing on issues of accessibility, internationalization, and mobile web solutions.
www.w3.org

**INTERNET NETWORK OPERATORS' GROUPS** A O V
Discuss and influence matters related to Internet operations and regulation within informal fora made up of Internet Service Providers (ISPs), Internet Exchange Points (IXPs), and others.

LEGEND: A Advice | C Community Engagement | E Education | O Operations | P Policy | R Research | S Standards | V Services

Version 1.08 | March 21, 2013

This graphic is a living document, designed to provide a high level view of how the Internet is run. It is not intended to be a definitive guide. Please provide feedback at www.xplanations.com/whorunstheinternet

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Source: *www.icann.org*

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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 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.

## 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 of the 9th annual IGF meeting in Istanbul in 2014 was: 'Connecting continents for enhanced multi-stakeholder Internet governance'.

**We** are fair, equitable and transparent in our dealings with Registrars and Stakeholders within the local Internet community. We are committed to implementing, and exceeding where possible, best practices and principles of corporate governance and corporate social responsibility.

**Fair, equitable and transparent**

# 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 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 2014 the Company sponsored the Digital Media Awards (DMA), the Small Firms Association (SFA) Awards, the DANI Awards 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 fourth year.

In 2011, the Company established OPTIMISE, IEDR e-Commerce Website Development Fund, aimed at micro, small and medium indigenous enterprises. Financial support to these stakeholders was offered again in 2014 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 IEDR of up to 50% of the marketing costs incurred by Registrars in this respect.

In relation to Irish Charities, IEDR has provided free .ie domain name registrations to 5,135 registered charities, in co-operation with a number of our accredited Registrars (see: *https://www.iedr.ie/?s=Charity*). 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 IEDR's continuous acknowledgment of the need to sustain natural resources, employees implement the Company's recycling policy in the appropriate manner.

# Internal Operations Team

**Back row, l to r:** Robin Spiteri, Billy Glynn, Indresh Yadav, Mario Kral, Brian Taite, Mick Geraghty, Paul Duffy, Andrew Connolly, Alan Finneran, Donal O Nuallain. **Front Row, l to r:** Angela Butler, Paul Shortt, Elena Koustova, Emmanuelle Balme, Mick Begley, David Curtin, Ellen Brickley, Roisin King, Sandra Santo. Not pictured: Veronica Ruddy.

## Internal Operations

Based in Dun Laoghaire, County Dublin, IEDR has a total of 19 employees. This includes the CEO, David Curtin, who is supported by a management team of two: Business Operations Manager Angela Butler and Technical Services Manager Mick Begley.

### Customer Service Delivery Teams

While we are organised for functional excellence, IEDR operates a matrix organisation structure to ensure that all teams within IEDR are focussed in the direction of the customer. IEDR believes that this approach can deliver significant benefits to the Registry and its customers, including improved customer experience, consistent engagement with customers over time, and increased customer loyalty.

### Accounting and Finance

Three staff members make up the Finance Team (Brian Taite – Customer Service Administrator, Emmanuelle Balme – Accounts Assistant and Veronica Ruddy – Assistant Accountant). The Finance Team provides accounting services and financial support to the company and its customers.

### Registration Services

The Registrations team has four staff members (Paul Shortt – RS Supervisor, Ellen Brickley, Sandra Santo & Sarah Keegan – RS Administrators). The RS Team is responsible for ensuring that all .ie applications from potential registrants are authenticated and have a real and substantive connection with the island of Ireland.

### Outreach and Promotion

Donal O Nuallain looks after the Company's outreach initiatives and works with our accredited Registrars to promote the .ie namespace.

### Business Development

Andrew Connolly works with our existing accredited Registrars on business development and growth opportunities. Alan Finneran looks after future business development working on outreach and expanding the Registrar base.

### Technical Services

#### Application, Support and Development (ASD)

ASD has two staff members (Robin Spiteri and Mario Kral). ASD is responsible for the ongoing customer support (internal/external) of applications and tools and developing and implementing new or upgraded solutions for customers.

#### Network Operations Centre (NOC)

The NOC Team has three staff members (Paul Duffy, Roisin King and Mick Geraghty). NOC manages, controls and monitors IEDR's networks and infrastructure. The overall function is to maintain optimal network operations across a variety of platforms, mediums and communications channels.

#### Principal Research

Billy Glynn works as the Company's Principal Researcher to create a comprehensive knowledge base of technical developments.

# Registration Services Review

The Registration Services Team is responsible for authenticating the claim to the name and connection with the island of Ireland for all new .ie domain registrations. They assist customers in managing their .ie domain portfolios by authorising domain modifications and ensuring the efficiency of IEDR's automated self-service systems. The team handled over 31,000 new registration requests during 2014.

IEDR operates a managed registry model which means that all new registrants must authenticate a claim to their desired domain name. This process ensures that only those who have a claim to a particular .ie domain name have the right to register it. It also means that the Registry knows the details of who is behind each .ie domain registration. This provides the .ie namespace with its integrity, and when combined with the requirement for every registrant to have a connection with Ireland makes .ie an identifiably Irish domain name. These policies contrast with other gTLD registry models like .com or .eu where no claim to the domain name is required or verified during registration.

These verification checks at the point of registration mean that the .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 .ie websites. IEDR co-operates fully with law enforcement agencies, regulatory bodies and the relevant authorities in these matters, in the public interest, however the Company's managed registry model ensures that such interventions are minimal.
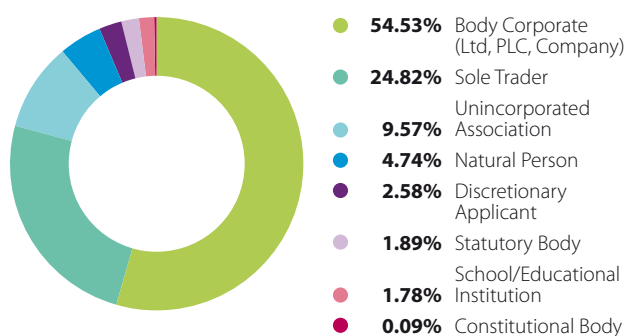
At the end of 2014 there were 198,191 .ie domains registered in total. The database is 195,999 when suspended domains are excluded. 31,072 .ie domains were newly registered during 2014. Estimates of the domain name market in Ireland show that the .ie namespace represents 49.5% of the Irish market. The continued addition of newly registered domains means that more Irish people now have a .ie web address than ever before. This is also a strong indicator of Ireland's growing online population and the demand for a national namespace which provides an Irish identity in a global online environment.

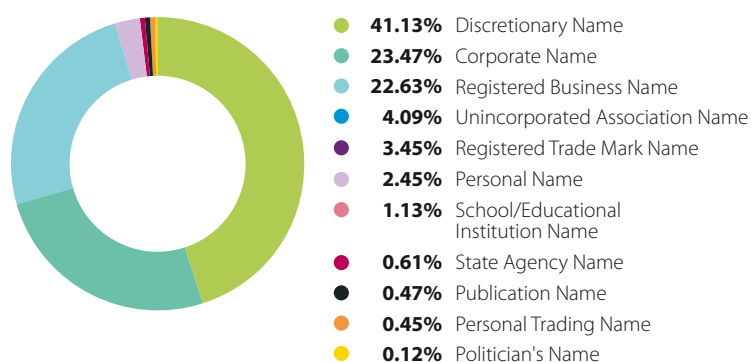## Class and category of domains registered in the .ie database

The .ie database records information on the different domain names being registered. All registrations are broken down into nine different classes and eleven different categories of domain names. 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 54.53% (2013 – 54.67%) and sole traders at 24.82% (2013 – 25.43%). Corporate and business names account for just under half of all categories of domains names registered.

## Chart 1: Total .ie domains registered at 31 December 2014

### By class of registrant



- **54.53%** Body Corporate (Ltd, PLC, Company)
- **24.82%** Sole Trader
- **9.57%** Unincorporated Association
- **4.74%** Natural Person
- **2.58%** Discretionary Applicant
- **1.89%** Statutory Body
- **1.78%** School/Educational Institution
- **0.09%** Constitutional Body

### By category of .ie domain name registered



- **41.13%** Discretionary Name
- **23.47%** Corporate Name
- **22.63%** Registered Business Name
- **4.09%** Unincorporated Association Name
- **3.45%** Registered Trade Mark Name
- **2.45%** Personal Name
- **1.13%** School/Educational Institution Name
- **0.61%** State Agency Name
- **0.47%** Publication Name
- **0.45%** Personal Trading Name
- **0.12%** Politician's Name

# Registration Services Review (continued)

**Table 1: All .ie domain names registered at 31 December 2014
analysed by class of registrant and category of .ie domain name registered**

| Category of .ie domain name | Class of registrant | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | Body Corporate (Ltd,PLC,Company) | Constitutional Body | Discretionary Applicant | Natural Person | School/Educational Institution | Sole Trader | Statutory Body | Unincorporated Association | Grand Total | As % of Total |
| **Discretionary Name** | 44,698 | 69 | 5,122 | 4,202 | 1,252 | 17,319 | 2,482 | 6,379 | **81,523** | 41.13% |
| **Corporate Name** | 46,282 | | | 1 | | | | 227 | **46,510** | 23.47% |
| **Registered Business Name** | 10,130 | | | | | 30,638 | | 4,088 | **44,856** | 22.63% |
| **Unincorporated Association Name** | | | | | | | | 8,101 | **8,101** | 4.09% |
| **Registered Trade Mark Name** | 6,412 | 4 | | 84 | 14 | 226 | 16 | 74 | **6,830** | 3.45% |
| **Personal Name** | | | | 4,857 | | | | | **4,857** | 2.45% |
| **School/Educational Institution Name** | | | | | 2,214 | | | 27 | **2,241** | 1.13% |
| **State Agency Name** | | 35 | | | | | 1,176 | 4 | **1,215** | 0.61% |
| **Publication Name** | 561 | 78 | | | 26 | 119 | 81 | 59 | **924** | 0.47% |
| **Personal Trading Name** | | | | | | 891 | | | **891** | 0.45% |
| **Politician's Name** | | | | 243 | | | | | **243** | 0.12% |
| **Grand Total** | 108,083 | 186 | 5,122 | 9,387 | 3,506 | 49,193 | 3,755 | 18,959 | **198,191** | 100.00% |
| As % of Total | 54.53% | 0.09% | 2.58% | 4.74% | 1.77% | 24.82% | 1.89% | 9.57% | 100.00% | |

## Geographical analysis of the .ie database

The following series of charts (2, 3 and 4) display
the .ie database at 31 December 2014, broken down
province, by county and registration density per county.
The analysis is based on registrants' postal addresses.
Chart 2 shows that the highest concentration of domains
registered, 63%, is in Leinster, followed by Munster
at 17%. It is interesting to note that International
registrants are 9% of the total database. The fact that
Ulster represents only 4% of the .ie database could be
attributable to the fact that the .co.uk extension is the
dominant extension in this province.
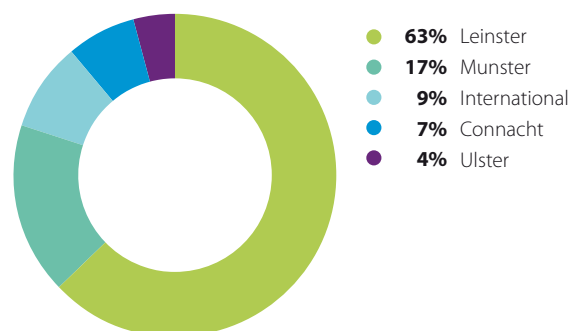
## Chart 2: Provincial profile of registrants



- **63%** Leinster
- **17%** Munster
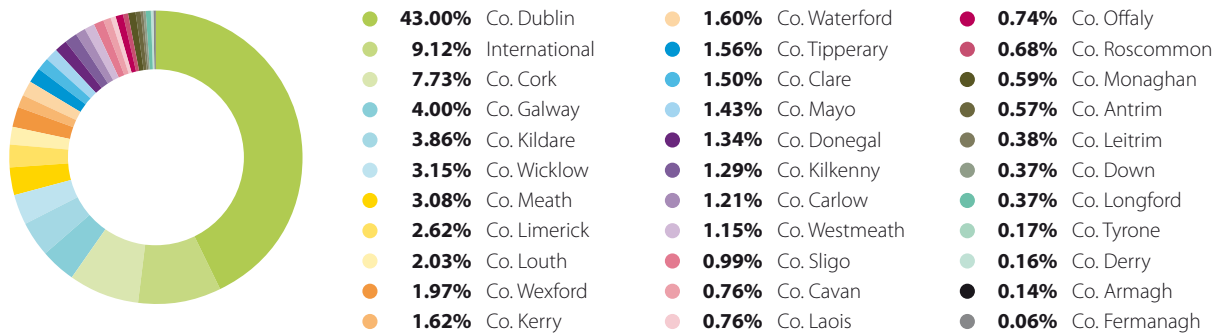- **9%** International
- **7%** Connacht
- **4%** Ulster

## Chart 3: County profile of registrants



| | | | | | | |
|---|---|---|---|---|---|
| **43.00%** Co. Dublin | **1.60%** Co. Waterford | **0.74%** Co. Offaly |
| **9.12%** International | **1.56%** Co. Tipperary | **0.68%** Co. Roscommon |
| **7.73%** Co. Cork | **1.50%** Co. Clare | **0.59%** Co. Monaghan |
| **4.00%** Co. Galway | **1.43%** Co. Mayo | **0.57%** Co. Antrim |
| **3.86%** Co. Kildare | **1.34%** Co. Donegal | **0.38%** Co. Leitrim |
| **3.15%** Co. Wicklow | **1.29%** Co. Kilkenny | **0.37%** Co. Down |
| **3.08%** Co. Meath | **1.21%** Co. Carlow | **0.37%** Co. Longford |
| **2.62%** Co. Limerick | **1.15%** Co. Westmeath | **0.17%** Co. Tyrone |
| **2.03%** Co. Louth | **0.99%** Co. Sligo | **0.16%** Co. Derry |
| **1.97%** Co. Wexford | **0.76%** Co. Cavan | **0.14%** Co. Armagh |
| **1.62%** Co. Kerry | **0.76%** Co. Laois | **0.06%** Co. Fermanagh |

Chart 3 above analyses the .ie database on a county by county basis. The county with the largest number of domain names registered is Dublin at 85,234 followed by Cork at 15,311, representing 43% and 7.73% respectively of total domains in the .ie database. Galway, Kildare and Wicklow complete the top five counties which collectively account for 62% of all .ie domains registered. .ie domains have a low penetration rate in Ulster, where the 9 counties combined account for only 4.16% of the total .ie database. Co. Fermanagh has the lowest uptake rate of any county in the country at only 0.06%.

As part of IEDR's continued outreach and promotion programme, we intend to raise awareness of the .ie brand, and its benefits to Irish businesses countrywide.

## Chart 4: Density of registrations by county

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



**Cork**

| | |
|---|---|
| **50.37%** | Body Corporate (Ltd, PLC, Company) |
| **27.15%** | Sole Trader |
| **10.82%** | Unincorporated Association |
| **5.16%** | Natural Person |
| **2.85%** | Discretionary Applicant |
| **2.34%** | School/Educational Institution |
| **1.31%** | Statutory Body |

**Dublin**

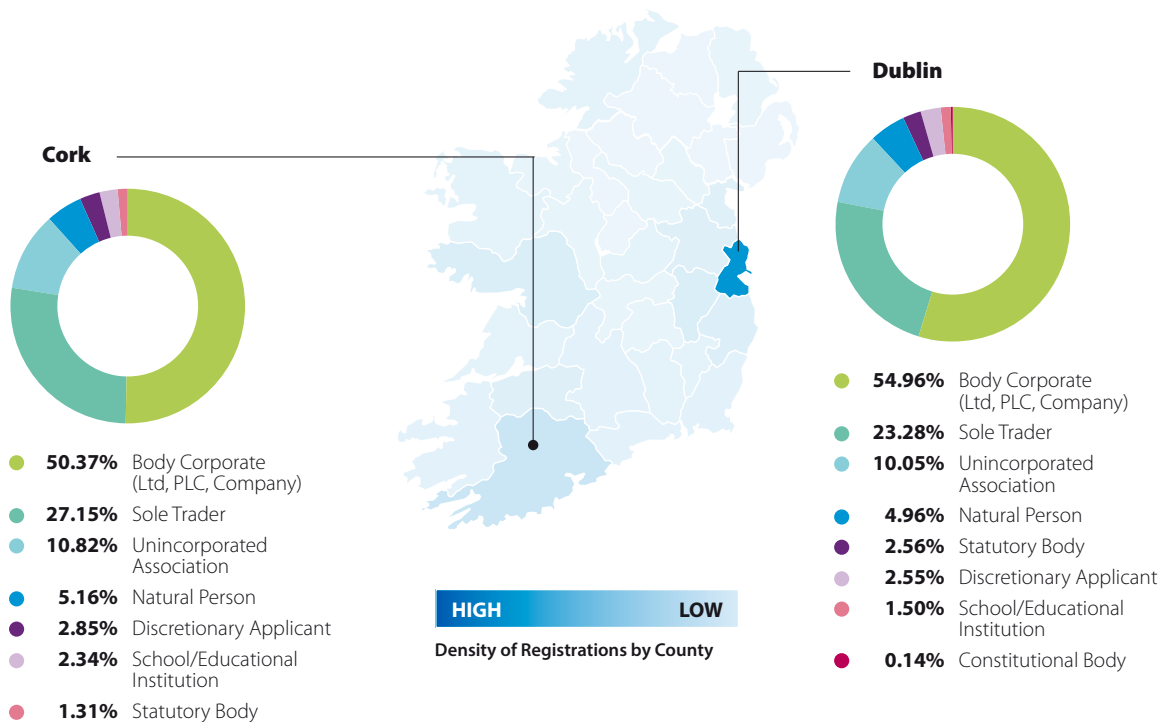| | |
|---|---|
| **54.96%** | Body Corporate (Ltd, PLC, Company) |
| **23.28%** | Sole Trader |
| **10.05%** | Unincorporated Association |
| **4.96%** | Natural Person |
| **2.56%** | Statutory Body |
| **2.55%** | Discretionary Applicant |
| **1.50%** | School/Educational Institution |
| **0.14%** | Constitutional Body |

HIGH    LOW

**Density of Registrations by County**

Chart 4 above represents the class of registrants for both Dublin and Cork. It shows that the majority of registrants in both counties are primarily Body Corporates and Sole Traders.

# Registration Services Review (continued)

## .ie accredited Registrar community

An accredited .ie Registrar is a company authorised by IEDR to act as an agent for registrants (customers) who require a .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 markets. Most accredited Registrars will offer .ie domains as part of a bundle of services (hosting, email, storage etc.) usually for an ongoing monthly fee. Links to all accredited .ie Registrars' websites can be found on the IEDR website at *www.iedr.ie/registrars*.

At the end of 2014, IEDR had 102 accredited Registrars, who account for 98% of all domain names registered in the database (Chart 5). The top 6 accredited Registrars (i.e. those with more than 5,000 domains) and the top 31 (i.e. those with more than 500 domains) account for 73% and 92% respectively of the entire .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 2014 was 31,072. The Registrar community generated over 99% of these registrations with the top 5 accounting for 25,582 (82%).

## Chart 5: accredited Registrars – concentration of market share December 2014



- **73%** Top 6
- **19%** Next 25
- **6%** Next 71
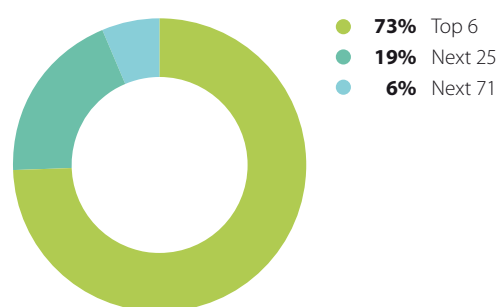
## Interesting .ie domain name fact

An analysis of .ie domain names by the length of their name shows that the majority of .ie domains are between 9 and 12 characters in length. Chart 6 below shows the distribution of .ie domain names by the number of characters at 31 December 2014. There were 121 domains which were two characters long and 15,793 domains with 10 characters. The longest registered .ie domain name, with 54 characters, is *www.lithuanian-and-russian-translation-and-language-school.ie*.

## Chart 6: Analysis of .ie domain names at 31 December 2014 by number of characters
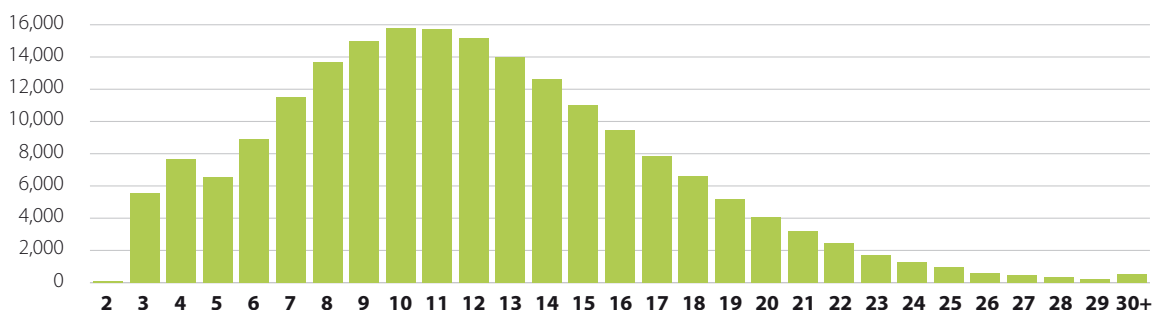
# Accredited Registrars

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

## Table A[1]

Always Amber
Ascio Technologies Inc
Blacknight.ie
BT Ireland
CSC Domains Inc
Deep Blue
Eircom
Elive
eMarkmonitor Inc
EuroDNS
Eurokom
Host Ireland
Hosting Ireland
ICCM Hosting
IE Internet
Instra Corporation Pty Ltd
Iomart Group Plc
InterNetX GmbH
Irish Domains
iSeek
Letshost.ie
LGMA (fka LGCSB)
Magnet Business
Melbourne IT Limited
Myhost.ie
Names Co Ireland/Register 365
Safenames
Spiral Hosting
Viatel (fka Digiweb)
Web World
Webhost.ie
Webtrade

## Table B[2]

| | |
|---|---|
| 1 API | Kildare Web Services |
| 4 Unlimited Hosting | Lucidity Technologies |
| Abu | Macaria |
| Active Online | Mister.ie |
| Advanced Internet Marketing | Modata |
| Anu Internet Services | Namesheild |
| Baker Consultants | Netim |
| BB Online | Nuasoft Web Design |
| Beecher Networks | OVH |
| Biznet Solutions | PeWeb.NL |
| Connect.ie | Priority Computer Services Ltd |
| Com Laude | Progress Systems |
| DB Alliance | Red Rhino Web Design |
| Department of Public Expenditure & Refiorm | Register.it |
| Diacom BNC | Reid Networks |
| DMAC Media Limited | Rivertower |
| DomainNameShop | Silk Web Design |
| Domain Services Rotterdam | Stormweb |
| Electriclinks | Strencom |
| Equinox eBusiness Solutions | Techstore |
| eTailor | TecSupport Hosting |
| FBI | The Design Pool |
| Fusio | The Net |
| HEAnet | Tibus |
| IEG Design | TSG |
| Insight Internet | VC Computers |
| Interfusion Networks Limited | Web Cloud ICT |
| Interpoint Technology | Web solutions ApS |
| iPLANIT | Webfactory |
| Irish Broadband | Weblink |
| Jenerate Ltd | Webworks.ie |
| Just Perfect IT | WebZone |
| Kerna Communications | Worldsites |
| Key-Systems GmbH | |

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

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

# Technical Services Review

The main focus for the Technical Services Team in 2014 was to update and replace the high availability infrastructure within our Datacentres. The Core Registry System (CRS), which is the backbone of our service, runs on industry-standard hardware and software that is continuously reviewed to meet industry best practices as new services are provided to customers.

## High Availability Systems and Services

The Technical Services Team manages and maintains the Company's high availability systems and infrastructure, spread across four sites; two data centres (Interxion and Telecity Group), a business continuity recovery site and the Company's headquarters in Dublin. Part of the work following the Business Process Redesign in late 2013, was to review and upgrade the Company's Business Continuity and Disaster Recovery (BCP/DR) plans. This team completed this work during the year.

During the normal upgrade cycle, we significantly improved our resilience and high availability systems by upgrading our infrastructure backbone, which included replacing the full hardware stack and upgrading our systems and applications to the latest software.

## Security and Stability

There was an increase in DNS poisoning and an escalation in reported hacking incidents worldwide during 2014. The threat for a registrar or a registry is that hackers may attempt to use them as a conduit to repoint the DNS of an established brand's website at a hacked site, to cause malicious, financial or reputational damage to the brand.

IEDR works tirelessly with fellow ccTLDs and security professionals in our network to ensure that we are maintaining best practice tools to protect our network of .ie websites from such attacks. We also conduct security surveys with our customers and our providers to ensure our hardware, network and software are optimised to ensure the stability and security of our systems. We regularly commission independent reviews by external industry experts to benchmark these systems with international best practices. In October 2014, IEDR hosted a CENTR security conference, whereby we invited CENTR members from all over Europe and worked with our security advisors, BCC Risk Advisory, to present some security initiatives that we ourselves had implemented.

We operate a two factor authentication system (2FA) controlling access to our web-based console which better protects our customers. A two-factor system requires a PIN as well as a password, similar to that used by many online banking systems. Of course not all of our customers chose to use this, believing that the inconvenience does not outweigh the security benefits. In common with many registries across the globe, we are also implementing a new product called Registry Lock. Registry Lock is a process which will prevent changes of DNS and other details should a customer's account be compromised. This process will ensure that a domain cannot have its DNS or account details updated, or be transferred by someone unless manually unlocked by IEDR. Following a consultation process with customers, we expect to implement this new service in 2015.

DNSSEC is a more secure solution to DNS, which IEDR launched for the .ie namespace in late 2014. This allows our customers to introduce an extra layer of security to their DNS. Inter alia, this technology prevents "man in the middle" attacks. DNSSEC does require a full chain of trust however and we have experienced low demand for this service. It is somewhat surprising that banks and other financial institutions globally have not expressed an interest in DNSSEC to enhance their security systems.
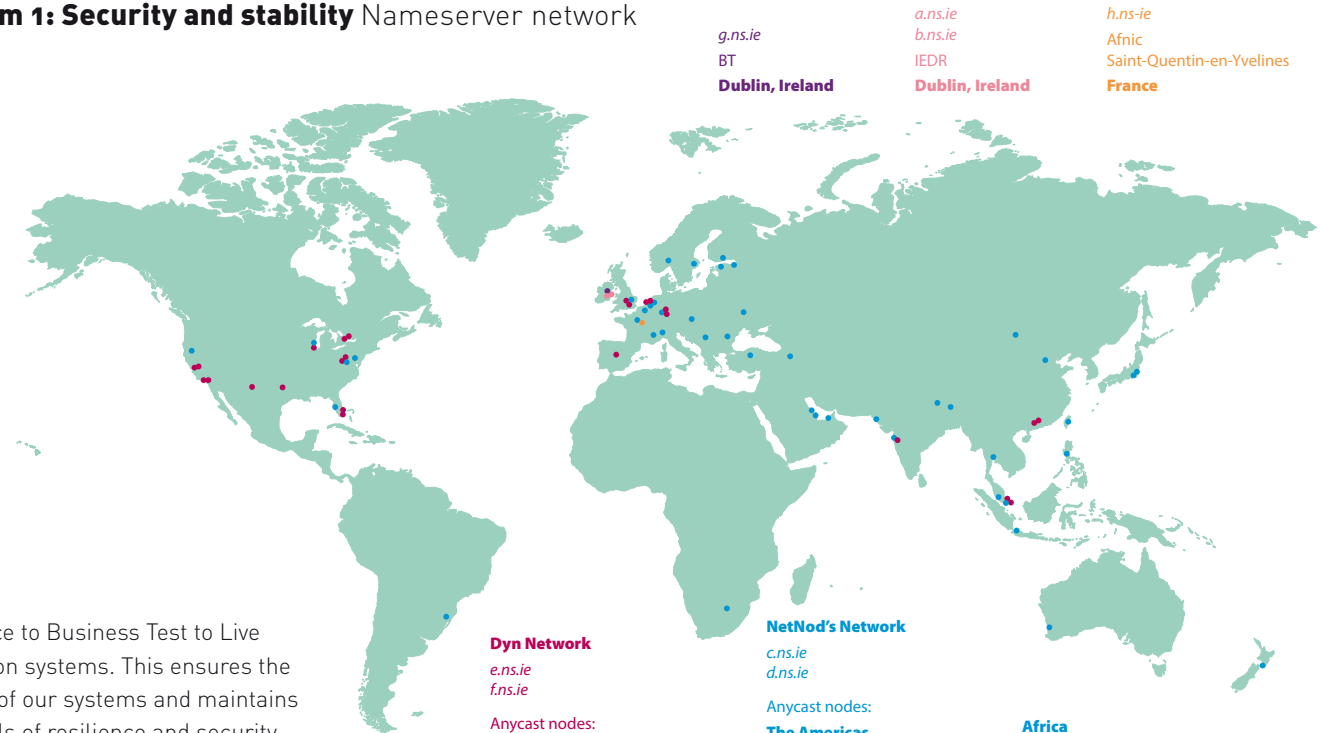
## Continuous Improvements

In 2014, we began a large project to overhaul our Software Development Lifecycle (SDLC), implementing the lessons learned during the major redesign of the company's business processes and Core Registry System (CRS), launched for customers in November 2013. This new SDLC system uses more automation and ensures the integrity of our software applications releases as they move through the development cycle from Build to Test to Go Live.

One of the key objectives for the Company's Technical Service Team is to align our systems, controls and procedures with that of the ISO27001 standard; this will ensure the Company adopts best practice methodologies and provides an effective management system that will enhance stakeholder confidence when assessing the Company's ability to adequately protect its information assets. During the year, the team completed a full review of the post Business Process Redesign position and updated the ISMS policies and procedures documentation.

Improvements were made to the Company's Software Patch Management Process by integrating a new tool and process to ensure software patching has a structured flow from Quality

## Diagram 1: Security and stability Nameserver network

| g.ns.ie | a.ns.ie | h.ns-ie |
| --- | --- | --- |
| BT | b.ns.ie | Afnic |
| **Dublin, Ireland** | IEDR | Saint-Quentin-en-Yvelines |
| | **Dublin, Ireland** | **France** |



**Dyn Network**

*e.ns.ie*
*f.ns.ie*

Anycast nodes:

**The Americas**
Ashburn (2), VA
Chicago, IL
Dallas, TX
El Paso, TX
Los Angeles (2), CA
Miami (2), FL
Sunnyvale (2), CA
Toronto (2), ON

**Europe**
Amsterdam (2), The Netherlands
Frankfurt (2), Germany
London (2), UK
Madrid, Spain

**Middle East/Asia**
Hong Kong (2), China
Mumbai, India
Singapore (2), Singapore

**NetNod's Network**

*c.ns.ie*
*d.ns.ie*

Anycast nodes:

**The Americas**
Ashburn, VA
Porto Alegre, Brazil
Chicago, IL
Miami, FL
Palo Alto, CA
Washington, DC

**Europe**
Amsterdam (2), The Netherlands
Belgrade, Serbia
Brussels, Belgium
Bucharest, Romania
Frankfurt, Germany
Geneva, Switzerland
Helsinki, Finland
Oslo, Norway
Kiev, Ukraine
London, UK
Milan, Italy
Paris, France
Stockholm, Sweden
St. Petersburg, Russia
Tallin, Estonia
Vienna, Austria

**Africa**
Johannesburg, South Africa

**Middle East/Asia**
Ankara, Turkey
Bangkok, Thailand
Doha, Quatar
Dubai, UAE
Hong Kong, China
Jakarta, Indonesia
Karachi, Pakistan
Kathmandu, Nepal
Kuala Lumpur, Malaysia
Manila, Philippines
Manama, Bahrain
Mumbai, India
Singapore, Singapore
Thimphu, Bhutan
Taipei, Taiwan
Tokyo (2), Japan
Ulaanbaatar, Mongolia
Yerevan, Armenia

**Oceania**
Perth, Australia
Wellington, New Zealand

Assurance to Business Test to Live Production systems. This ensures the integrity of our systems and maintains high levels of resilience and security.

As part of our continuous improvement process and working with our Registration Services Team, the team implemented an automated transfer process using authorisation codes. This is an industry standard model that ensures secure and fast transfer of billing management roles. During the year the Technical Services Team also updated the Core Registry System to allow for the inclusion of IPv6 addresses for name servers, and we extended support for gTLDs for name servers and email addresses of our customers.

## DNS infrastructure

The IEDR Domain Name System (DNS) infrastructure consists of a network of 59 nameserver locations around the globe, illustrated in Diagram 1 above. The lookup or resolution service for .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 secondary nameserver service providers. 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 .ie domain lookup requests to any available DNS resolver for redundancy – to effectively distribute requests to a given location locally. For the .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 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 .ie domains would continue for a minimum of 30 days without any intervention. Obviously, new registrations, changes 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.

During 2014, we worked with a new DNS partner, Dyn Incorporated. Dyn is able to provide us with faster distribution of our zone which is updated on the Internet 12 times per day, and was able to provide the essential high standards of reliability and systems support.

IEDR also continued its collaboration efforts with various Internet stakeholders through the membership of organisations such as the DNS-OARC (DNS Operations, Analysis and Research Center) group. This group brings together members from the major Internet DNS operators, including ICANN and Verisign, implementers and researchers in order to coordinate responses to attacks, share critical information and engage in discussion and analysis. Staff are also actively engaged with the Irish Reporting and Information Security Service (IRISS), the Irish Neutral Internet Exchange (INEX), RIPE, CENTR and others.

# Partners in Keeping Ireland Online

*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

Founded in 1996, INEX is a neutral, industry-owned Association 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".

## DNS-OARC

The DNS Operations, Analysis, and Research Center (DNS-OARC) brings together key operators, implementers, and researchers on a trusted platform so they can coordinate responses to attacks and other concerns, share information and learn together.

DNS-OARC has five key functions: information sharing, operational characterisation, holding workshops, analysis, and providing tools and DNS services.

DNS-OARC members include TLD operators, implementers such as ISC (BIND), NL NetLabs, researchers and security organisations.

## 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 regulatory responsibility for the .ie namespace in 2007 when the Oireachtas transferred powers which the Minister for Communications had previously obtained under the E-Commerce Act in 2000.

# .ie

## The domain name of choice

**Our vision** is that the .ie domain name will continue to be recognised globally as representing Ireland's presence on the Internet and continue to be the domain name of choice in the Irish marketplace for Micro-Businesses and SMEs.

# Outreach and Promotion Review

IEDR's Outreach and Promotions programme in 2014 continued to support its stakeholders and the Internet community in Ireland through a range of initiatives and sponsorships specifically designed to promote the benefits of the .ie namespace and encourage Internet usage more widely.

## OPTIMISE – the IEDR e-Commerce Website Development Fund



Research undertaken by IEDR into Irish Small and Medium Enterprises (SMEs) and Micro-Enterprises online presence and e-commerce capabilities found that the vast majority of companies are not fully utilising the Internet or online sales opportunities to drive growth in their businesses. Some of the key issues facing Irish SMEs and Micro Enterprises are a lack of resources and a deficiency of knowledge about utilising online methods to help grow their business.

### OPTIMISE 2014 Closing Ceremony



Guest of honour, Minister for Communications, Energy and Natural Resources, Alex White, T.D., addresses OPTIMISE winners and industry stakeholders gathered at the awards ceremony held in the Shelbourne Hotel.



Fair City star Lorna Quinn gets the action started, pictured with David Curtin, IEDR CEO, Janice Butler (Backstage Theatre Longford, OPTIMISE winner) and Minister for Communications, Alex White, T.D.

In response, IEDR in 2011 set up "The IEDR e-Commerce Website Development Fund" (OPTIMISE) to provide assistance to Irish SMEs and Micro Enterprises with professional consultation, practical training and e-commerce development in an effort to encourage and enable businesses to make greater use of existing web technologies and upgrade to e-commerce enabled websites to help grow their existing business via the Internet.

In 2014, the Fund was awarded to 15 successful Irish SMEs and Micro Enterprises, bringing to 60 the number of Irish businesses to benefit since its inception in 2011. The 15 recipients of the 2014 Fund each received an individualised programme of technical and marketing consultancy, training and web development services providing them with the e-tools and know-how to 'optimise' their online presence, hence positioning them for future growth via online sales.

IEDR worked 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 and development services) who administer and implement the service requirements of the OPTIMISE Fund on behalf of IEDR. (For more information on the OPTIMISE Fund please visit (*www.iedr.ie/why-choose-ie/optimise/*).



IEDR Business Operations Manager, Angela Butler, presents OPTIMISE winner Tara Dalrymple (MissionPossible.ie) with her certificate, together with Will Harrison (.ie accredited Registrar, Hosting Ireland).

## IEDR Co-Funded Marketing Programme

IEDR set up the IEDR co-Funded Marketing Programme in 2012 as a way to promote awareness, stimulate registration growth and encourage renewal of .ie domain names through partnering with our .ie accredited Registrars. The Co-Funded Marketing Programme strongly supports one of IEDR's strategic objectives which is to raise awareness of the .ie namespace through the creation of shared localised marketing campaigns.

The Programme is designed to be flexible and is therefore based on individual .ie accredited Registrars marketing requirements. Registrars that actively participated in raising awareness of the .ie brand through their own marketing and advertising campaigns were supported by IEDR, who provided financial support for those campaigns.

IEDR continued the Co-Funded Marketing Programme throughout 2014 and supported a wide range of Registrar marketing initiatives including radio commercials, printed advertisements, direct mail campaigns, Google AdWords and Social Media campaigns and industry events. Non-participating Registrars also received some benefit from this increased .ie exposure, leading to additional growth and retention rates.

Registrars who participated in the 2014 programme reported positive results with increased traffic directed to their websites and an increase in their .ie registrations and renewal rates.

## IEDR Co-Funded TV Advertising Campaign

Recognising the cost-prohibitive nature of using TV as an advertising medium individually for both IEDR and Registrars in addition to and in support of the Co-Funded Marketing Programme, IEDR implemented a Co-Funded TV Advertising Campaign in 2012 in an effort to share the costs with those Registrars who intended to use TV as part of their marketing programmes in an effort to reach Irish SMEs and Micro Enterprises who still remain offline.

The Co-Funded TV Advertising Campaign was offered again in 2014 with the key objective of raising awareness among Irish businesses of the importance of having an online presence and also that building basic websites is now easier than ever due to the availability of new software applications.

The Registry provided a total capped fund to be distributed to participating Registrars, whereby IEDR reimbursed up to a maximum of 50% of the cost of pre-approved TV campaigns. A total of three successful campaigns have been run by Registrars.

The first campaign was based around an easy-to-use website builder and provided a free .ie domain as part of the Registrar's product offering. The second campaign focussed on the idea that SMEs are turning away potential customers if they do not have an online presence. The third campaign was based around "change your story" – take your ideas online and open a whole new world of opportunities.

## .ie Awareness Integrated Media Campaign

One of IEDR's strategic objectives is to raise awareness of .ie domain names amongst Irish SMEs and Micro Businesses. In this context IEDR ran an extensive integrated media campaign to raise awareness of the .ie brand. This integrated media campaign set out to achieve three goals:

- To create awareness of the .ie brand amongst SMEs and Micro Businesses as the domain of choice for Irish business and consumers
- To market the value of .ie domains to influencers in the domain decision process
- To articulate the measurable value of .ie domains to resellers and Registrars of .ie domains.

Registrars were given the opportunity by IEDR to participate in the programme. Those participating Registrars received a listing on our dedicated campaign landing page at *www.iedr.ie*. Online media click throughs and visits by potential registrants to the IEDR website were directed to register a .ie domain with one of these supporting Registrars, as opposed to being directed to the generic Registrar tables.

The campaign was very successful with Registrars delighted with the traffic driven to their websites by the campaign.

# Outreach and Promotion Review (continued)

## Supporting the Internet community in Ireland

Throughout 2014, IEDR continued to support the Internet Community in Ireland through a range of initiatives and sponsorships designed to promote the .ie domain name and to encourage Internet usage.

IEDR was headline sponsor for the 2014 Dot ie Net Visionary Awards run by the Irish Internet Association (IIA) and contributed to other industry events including, BT Young Scientist and Technology Exhibition, Digital Media Awards (DMA), Small Firms Association (SFA) Awards, Web Awards and the Digital Advertising Northern Ireland (DANI) Awards.



Pictured in the photo are David Curtin, CEO, IEDR , with BT Young Scientist 'special award' winners Lisa Ballantye and Rachel Somers with their project "Are teenagers too trusting of the Internet?"



Mark Little (founder of Storyful) overall Net Visionary winner for 2014. Pictured with David Kerr, Bonkers, David Curtin, CEO, IEDR and Joan Mulvihill, IIA.



David Curtin, CEO, IEDR presenting the DMA award Best Website to Cathal Gillian, David Conor and Alexis Boychaert (eightytwenty).



Pictured at the Web Awards, David Curtin, IEDR CEO, presents Brona Donlon and Zanya Dahl (cuckoo.ie) with Best SME Micro Website.



AJ Noonan, Chairman, SFA, Richard Bruton TD, Minister for Jobs, Enterprise and Innovation, Emerging New Business Winner Stephen Dowling from Dunmasc, with David Curtin, CEO, IEDR, sponsor of the Emerging New Business category.

# International Market Review

The international market is dominated by the long-time behemoth, dot com, with over 115 million registered domain names. In this intensely competitive environment, Ireland's unique selling point is its 'Managed Registry model' which pre-authenticates applicants, enabling IEDR to market the dot ie domain as the only namespace in the world which is reserved for identifiably Irish businesses and individuals.

## Table 2: Domain Market Analysis in Ireland

|  | December 2014 | |
| --- | --- | --- |
|  | Registered Domains | Market Share |
| .ie | 195,999 | 49.5% |
| .com* | 108,706 | 27.4% |
| .net* | 10,277 | 2.6% |
| .org* | 22,125 | 5.6% |
| .info* | 18,242 | 4.6% |
| .biz* | 1,541 | 0.4% |
| .eu^ | 32,542 | 8.2% |
| .eu and cnobi gTLD | 193,433 | 48.8% |
| New gTLDs# | 6,714 | 1.7% |
| **Total ccTLD and gTLD** | **396,146** | **100.0%** |

* Data taken from Statistics produced by Directi (*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.

# the new gTLD data is taken from the nTLD stats website (*http://ntldstats.com/tld*)

## Irish Market

The domain market in Ireland consisted of an estimated 396,146 domains at 31 December 2014. While relatively small, it is also very competitive and .ie performed well in 2014 compared to our lower priced competitors such as .com and .eu, which benefit from huge economies of scale with over 115.6 million and 3.7 million domains respectively.

Our research shows that .ie domains accounted for approximately 49.5% of the Irish domain market at the end of December 2014 (compared to 47.9% 12 months previously) an increase of 1.6% points. This increase is in the context of the overall market size, which increased by 1.3% in 2014, partly due to the release of the new gTLD extensions to the Irish marketplace. Other movements in market share when compared to December 2013 include decreases in .com (3.1%), .net (0.4%), .org (0.2), .info (0.1%) and .biz (0.1%) with a 0.5% increase in .eu. Maintaining market share relative to our competitors is one of IEDR's strategic objectives.

## 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 2014, excluding .com and .eu etc. It shows on a per capita basis, at 42 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

VeriSign reported in its Domain Name Industry Brief that at the end of 2014 there were 288 million TLD domain names registered globally. TLD registrations have grown by 16.9 million or 6.2% year on year. At the end of 2014, 40% of the world's population was connected to the Internet. In 1995 it was less than 1%.

The Country Code Top Level Domains (ccTLDs) accounted for 134 million names, an 8.7% increase over 2013. The .com and .net TLDs experienced aggregate growth reaching a combined total of approximately 130.6 million names; this represents a 2.7% increase over 2013. At 31 December 2014, there were 285 global ccTLD extensions delegated in the root (including Internationalised Domain Names, IDN).

The largest TLDs in order of zone size were .com, .tk (Tokelau), .de (Germany), .net, .cn (China), .uk (United Kingdom), .org, .ru (Russian Federation), .nl (Netherlands) and .info.
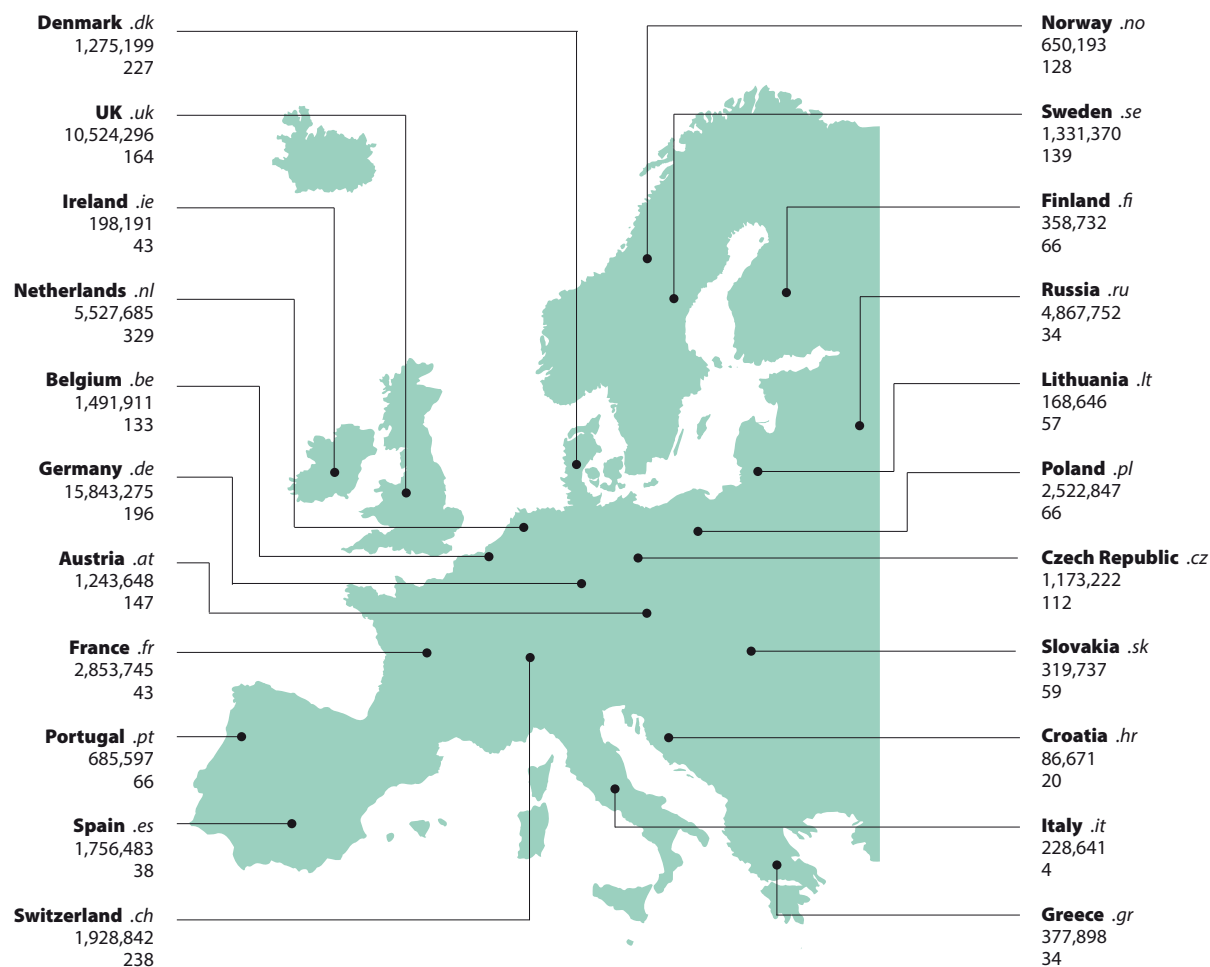
**Target SMEs to OPTIMISE their .ie website**

**Our** goal is to contribute to the development of Internet usage and uptake and promote the advantages of e-commerce to SMEs through initiatives such as our OPTIMISE Fund.
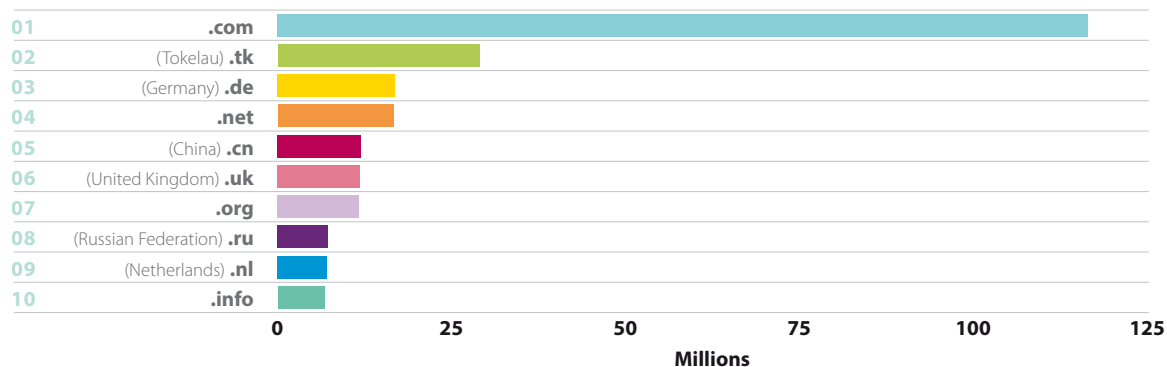
# International Market Review (continued)

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

**Denmark** .dk
1,275,199
227

**UK** .uk
10,524,296
164

**Ireland** .ie
198,191
43

**Netherlands** .nl
5,527,685
329

**Belgium** .be
1,491,911
133

**Germany** .de
15,843,275
196

**Austria** .at
1,243,648
147

**France** .fr
2,853,745
43

**Portugal** .pt
685,597
66

**Spain** .es
1,756,483
38

**Switzerland** .ch
1,928,842
238

**Norway** .no
650,193
128

**Sweden** .se
1,331,370
139

**Finland** .fi
358,732
66

**Russia** .ru
4,867,752
34

**Lithuania** .lt
168,646
57

**Poland** .pl
2,522,847
66

**Czech Republic** .cz
1,173,222
112

**Slovakia** .sk
319,737
59

**Croatia** .hr
86,671
20

**Italy** .it
228,641
4

**Greece** .gr
377,898
34

Source: CENTR and ccTLD websites.

## Chart 7: Top TLDs by Zone Size at end 2014

| 01 | **.com** |
| 02 | (Tokelau) **.tk** |
| 03 | (Germany) **.de** |
| 04 | **.net** |
| 05 | (China) **.cn** |
| 06 | (United Kingdom) **.uk** |
| 07 | **.org** |
| 08 | (Russian Federation) **.ru** |
| 09 | (Netherlands) **.nl** |
| 10 | **.info** |

0    25    50    75    100    125
**Millions**

Source: Zooknic, Q4 2014; Verisign, Q4 2014; Centralized Zone Data Service, Q4 2014.

# Five Year Summary

*Extract from the audited Financial Statements (financial figures only)*

| Profit and Loss | Year to 31 Dec 2014 € | Year to 31 Dec 2013 € | Year to 31 Dec 2012 € | Year to 31 Dec 2011 € | Year to 31 Dec 2010 € |
|---|---|---|---|---|---|
| Registration Revenue | 2,723,983 | 2,587,526 | 2,603,799 | 2,661,821 | 2,564,755 |
| Administration Expenses | (1,204,141) | (991,860) | (1,243,677) | (1,037,485) | (913,837) |
| Employment Costs | (1,334,870) | (1,274,261) | (1,199,101) | (1,199,603) | (1,126,099) |
| Depreciation | (175,108) | (190,406) | (89,683) | (66,766) | (127,980) |
| Regulatory Costs | 0 | 0 | 0 | 0 | 185,800 |
| Operating profit | 9,864 | 130,999 | 71,338 | 357,967 | 582,639 |
| Financial investment uplift/(impairment) | 80,499 | 144,504 | 142,984 | (33,933) | 133,688 |
| Profit on sale of financial investment | 132,358 | 0 | 0 | 0 | 0 |
| Interest income | 30,741 | 59,674 | 106,384 | 96,793 | 63,018 |
| Interest payable | 0 | 0 | 0 | 0 | 0 |
| Taxation | (60,000) | (36,000) | (38,000) | (71,824) | (87,973) |
| Profit after taxation | 193,462 | 299,177 | 282,706 | 349,003 | 691,372 |

| Balance Sheet | At 31 Dec 2014 € | At 31 Dec 2013 € | At 31 Dec 2012 € | At 31 Dec 2011 € | At 31 Dec 2010 € |
|---|---|---|---|---|---|
| Fixed Assets | 181,141 | 199,451 | 148,043 | 93,490 | 49,395 |
| Investments | 3,076,295 | 1,940,089 | 1,795,585 | 1,652,601 | 1,686,504 |
| Current Assets | 3,272,788 | 4,077,512 | 3,689,614 | 3,355,304 | 2,983,379 |
| Creditors < 1 year, excluding Deferred Income | (592,383) | (645,586) | (629,491) | (361,843) | (245,320) |
| Deferred Income | (1,834,073) | (1,661,160) | (1,392,622) | (1,411,129) | (1,494,538) |
| Members' Funds | 4,103,768 | 3,910,306 | 3,611,129 | 3,328,423 | 2,979,420 |

| Registration Growth | Year to 31 Dec 2014 | Year to 31 Dec 2013 | Year to 31 Dec 2012 | Year to 31 Dec 2011 | Year to 31 Dec 2010 |
|---|---|---|---|---|---|
| At 1 January | 187,269 | 182,284 | 173,145 | 153,419 | 135,903 |
| New Registrations | 31,072 | 32,154 | 33,484 | 39,398 | 36,587 |
| Less :- Deletions / Non-renewals | (22,342) | (27,169) | (24,345) | (19,672) | (19,071) |
| Net Additions | 8,730 | 4,985 | 9,139 | 19,726 | 17,516 |
| At 31 December* | 195,999 | 187,269 | 182,284 | 173,145 | 153,419 |
| Net Growth in year | 4.7% | 2.7% | 5.3% | 12.9% | 12.9% |
| New Reg Growth | 16.6% | 17.6% | 19.3% | 25.7% | 26.9% |
| Deletion rate | (11.9%) | (14.9%) | (14.1%) | (12.8%) | (14.0%) |

* Excludes domains in the suspension process.

# Financial Statements

*for the year ended 31 December 2014*

# 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

4th Floor
Harbour Square
Dun Laoghaire
Co. Dublin

## Auditors

**BDO**
Beaux Lane House
Mercer Street Lower
Dublin 2

## Bankers

**Bank of Ireland**
Montrose
Dublin 4

**KBC Bank**
Sandwith Street
Dublin 2

## 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 2014*

The directors present their report and the financial statements for the year ended 31 December 2014.

## 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 €193,462 (2013 – €299,177).

## Fair Review

From an operational perspective, 2014 was a satisfactory year of development and growth for the company. The company continued with the OPTIMISE Fund, which provides 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, which identified a comparatively low level of e-commerce activity on SMEs' websites.

Turnover, representing the deferred income release in 2014, increased by 5% to €2.72 million (2013 – €2.59 million). While the invoiced value of registration fees increased, reflecting new growth in 2014, an increasing proportion is accounted for by multiyear registrations and renewals. Accordingly, the deferred revenue on the balance sheet increased by 10.4% in 2014, to €1.83 million (2013 – €1.66 million). Volume growth in domains was again strong in 2014, at 16.6%. When non-renewals are considered, the net growth in the .ie namespace was 4.7%, which is satisfactory, considering the ongoing recession which continued to affect small and medium-sized companies in 2014. 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 49%, similar to the combined ccTLD share of the global domain name market.

Reflecting the company's ongoing commitment to the .ie namespace, Administrative expenses increased by 11.6% from €2.46 million to €2.71 million. Employment costs increased in 4.8% in 2014 to €1.33 million reflecting staff turnover and maternity cover. Promotion, sponsorship, and advertising costs decreased by 4% in 2014 as the company continued its sponsorship of industry events, continued its joint promotion with registrars of the .ie namespace and continued 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 2014 is solid with adequate net cash funds of €3.1 million and Members' Funds of €4.1 million.

The market value of other financial investments is €3,028,774 although the carrying value in the financial statements is shown as €3,026,195 at year-end in accordance with the company's accounting policy. The financial investment impairment provision decreased by €80,499 in 2014 (2013 – €144,504) to €29,512 at 31 December 2014. The company recorded a profit on the sale of other financial investments of €132,358 in 2014 (2013 – €nil).

## Principal Risks and Uncertainties

In common with other small and medium-sized enterprises, the company's performance is impacted by the on-going weakness in the macro-economic environment in Ireland. There is potential exposure to these macro-economic risks 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 launch of DNSSEC in 2014 and the provision of a DNSSEC test infrastructure for interested stakeholders to test new customer services.

## Directors

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.

# Directors' Report (continued)

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' 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 2013 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:*
8 May 2015

# 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 2014 on pages 40-52, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 38 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

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 the company's affairs as at 31 December 2014 and of its profit for the year then ended; and

- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013.

## Matters on which we are required to report by the Companies Acts, 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit

- In our opinion proper books of account have been kept by the company.

- The financial statements are in agreement with the books of account.

- In our opinion the information given in the directors' report is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

**Teresa Morahan**

*For and on behalf of BDO*
*Dublin*
*Registered Auditors*
*AI223876*

*Date:*
*8 May 2015*

# Profit and Loss Account

*for the year ended 31 December 2014*

|  | Notes | Continuing Operations | |
| --- | :---: | ---: | ---: |
|  |  | **2014**<br>**€** | 2013<br>€ |
| **Turnover** |  | **2,723,983** | 2,587,526 |
| Administrative expenses |  | **(2,714,119)** | (2,456,527) |
| **Operating profit** | 2 | **9,864** | 130,999 |
| Decrease in provision for financial investment impairment | 8 | **80,499** | 144,504 |
| Profit on sale of financial investment |  | **132,358** | – |
| Interest income |  | **30,741** | 59,674 |
| Interest payable and similar charges | 3 | **–** | – |
| **Profit on ordinary activities before taxation** |  | **253,462** | 335,177 |
| Tax on profit on Ordinary activities | 6 | **(60,000)** | (36,000) |
| **Profit retained for the year** |  | **193,462** | 299,177 |
| **Profit and loss account at beginning of year** |  |  |  |
| Accumulated profit brought forward |  | **3,910,306** | 3,611,129 |
| Accumulated profit carried forward |  | **4,103,768** | 3,910,306 |
| **Statement of total recognised gains and losses** |  |  |  |
| Total recognised gains relating to the year |  | **193,462** | 299,177 |
| **Total recognised gains since last annual report** |  | **193,462** | 299,177 |

The financial statements were approved by the Board on 8 May 2015 and signed on its behalf by:-

*Director*
**Professor J. O. Scanlan**

*Director*
**Mr. Mark Dobbyn**

# Balance Sheet

*as at 31 December 2014*

| | Notes | 2014 € | 2013 € |
|---|---|---|---|
| **Fixed Assets** | | | |
| Tangible assets | 7 | **181,141** | 199,451 |
| Financial assets | 8 | **3,076,295** | 1,940,089 |
| **Current Assets** | | | |
| Debtors | 9 | **198,692** | 181,294 |
| Cash at bank and in hand | | **3,074,096** | 3,896,218 |
| | | **3,272,788** | 4,077,512 |
| **Creditors: amounts falling due within one year** | 10 | **(2,426,456)** | (2,306,746) |
| **Net Current Assets** | | **846,332** | 1,770,766 |
| **Total Assets less Current Liabilities** | | **4,103,768** | 3,910,306 |
| | | | |
| **Capital and Reserves** | | | |
| Profit and loss account | 11 | **4,103,768** | 3,910,306 |
| **Members' Funds** | 12 | **4,103,768** | 3,910,306 |

The financial statements were approved by the Board on 8 May 2015 and signed on its behalf by:-

*Director*
**Professor J. O. Scanlan**

*Director*
**Mr. Mark Dobbyn**

# Cash Flow Statement

*for the year ended 31 December 2014*

| | Notes | 2014 € | 2013 € |
|---|---|---|---|
| **Reconciliation of operating profit to net cash inflow from operating activities** | | | |
| Operating profit | | **9,864** | 130,999 |
| Depreciation | | **175,108** | 190,406 |
| (Increase) / Decrease in debtors | | **(52,626)** | 100,336 |
| Increase / (Decrease) in creditors | | **111,156** | 288,975 |
| **Net cash inflow from operating activities** | | **243,502** | 710,716 |
| | | | |
| **Cash Flow Statement** | | | |
| Net cash inflow from operating activities | | **243,502** | 710,716 |
| Returns on investments and servicing of finance | 15 | **1,790,242** | 26,791 |
| Taxation | | **(43,361)** | (48,427) |
| Capital expenditure and other financial investment | 15 | **(2,812,505)** | (241,814) |
| | | **(822,122)** | 447,266 |
| Financing | 15 | **–** | – |
| (Decrease) / Increase in cash in the year | | **(822,122)** | 447,266 |
| | | | |
| **Reconciliation of net cash flow to movement in net funds** | 16 | | |
| (Decrease) / Increase in cash in the year | | **(822,122)** | 447,266 |
| Net funds at 1 January | | **3,896,218** | 3,448,952 |
| Net funds at 31 December | | **3,074,096** | 3,896,218 |

# Notes to the Financial Statements

*for the year ended 31 December 2014*

## 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 2013. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in 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 2014. 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 2014.

All turnover derives 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.

# Notes to the Financial Statements (continued)

*for the year ended 31 December 2014*

## 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 recognized in the profit and loss account in the year in which it is receivable.

## 2. Operating profit

|  | 2014 € | 2013 € |
|---|---|---|
| The operating profit is arrived at after charging: |  |  |
| Depreciation and write-off of tangible assets | 175,108 | 190,406 |
| Auditors' remuneration  – Audit | 14,175 | 12,770 |
| – Tax advisory services | 4,342 | 2,010 |
| Directors' remuneration | 75,000 | 75,000 |
| Secretarial fees | 39,000 | 39,000 |

## 3. Interest payable and similar charges

|  | 2014 € | 2013 € |
|---|---|---|
| On bank loans, overdrafts and other loans wholly repayable within five years | – | – |
|  | – | – |

## 4. Employees

### Number of employees

The average monthly numbers of employees during the year were:

|  | 2014 Number | 2013 Number |
|---|---|---|
| Administration | 20 | 18 |

### Employment costs

|  | 2014 € | 2013 € |
|---|---|---|
| Wages and salaries | 1,180,980 | 1,134,001 |
| Social security costs | 112,862 | 109,500 |
| Other pension costs | 41,028 | 30,760 |
|  | 1,334,870 | 1,274,261 |

## 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 €41,028 (2013 – €30,760).

## 6. Taxation

### (a) Current year taxation

|  | 2014 € | 2013 € |
|---|---|---|
| **Current year taxation** |  |  |
| Corporation tax on the profit for the year on Ordinary activities | 60,779 | 31,772 |
| Adjustment in respect of previous period | (779) | 4,228 |
|  | 60,000 | 36,000 |

# Notes to the Financial Statements (continued)

*for the year ended 31 December 2014*

## 6. Taxation (continued)

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

| | 2014 € | 2013 € |
|---|---|---|
| Profit on ordinary activities before tax | 253,462 | 335,177 |
| Profit on ordinary activities multiplied by Standard rate of Corporation Tax in Ireland of 12.5% | 31,683 | 41,897 |
| Effects of: | | |
| Expenses not allowable for tax purposes | 125 | 479 |
| Capital allowances for period (greater than) / less than depreciation | 4,824 | 8,703 |
| Deposit interest at higher rates of taxation | 12,161 | (762) |
| Profit on sale of investments at higher rates of taxation | 21,890 | – |
| General provisions not allowed for tax purposes | 158 | (482) |
| Provision for financial investment impairment unrealised, so not chargeable for tax purposes | (10,062) | (18,063) |
| Current tax charge for year (Note 6(a)) | 60,779 | 31,772 |

## 7. Tangible assets

| | Leasehold Improvements € | Computer Equipment € | Fixtures and Fittings € | Total € |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 1 January 2014 | 53,354 | 966,069 | 18,688 | 1,038,111 |
| Additions | – | 156,798 | – | 156,798 |
| Write-out of retired assets | – | (32,195) | (359) | (32,554) |
| At 31 December 2014 | 53,354 | 1,090,672 | 18,329 | 1,162,355 |
| **Depreciation:** | | | | |
| At 1 January 2014 | 32,013 | 793,985 | 12,662 | 838,660 |
| Charge for the year | 10,671 | 160,873 | 3,564 | 175,108 |
| Write-out of retired assets | – | (32,195) | (359) | (32,554) |
| At 31 December 2014 | 42,684 | 922,663 | 15,867 | 981,214 |
| **Net book values:** | | | | |
| At 31 December 2014 | 10,670 | 168,009 | 2,462 | 181,141 |
| At 31 December 2013 | 21,341 | 172,084 | 6,026 | 199,451 |

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 2014 (2013: Nil).

## 8. Financial assets

| | Note | 2014 € | 2013 € |
|---|---|---|---|
| Other financial investments | (a) | **3,026,195** | 1,889,989 |
| Shares in subsidiary undertakings | (b) | **50,100** | 50,100 |
| | | **3,076,295** | 1,940,089 |

### (a) Other financial investments

| | Unlisted € | Total € |
|---|---|---|
| **Cost:** | | |
| At 1 January 2014 | 2,000,000 | 2,000,000 |
| Disposals in year | (1,600,000) | (1,600,000) |
| Investments in year | 2,655,707 | 2,655,707 |
| At 31 December 2014 | 3,055,707 | 3,055,707 |
| **Amounts provided:** | | |
| At 1 January 2014 | (110,011) | (110,011) |
| Arising during year | 80,499 | 80,499 |
| At 31 December 2014 | (29,512) | (29,512) |
| **Net Book Value:** | | |
| At 31 December 2014 | 3,026,195 | 3,026,195 |
| At 31 December 2013 | 1,889,989 | 1,889,989 |

Other financial investments at cost represent the investment for the long term in conservative managed funds, diversified across three Irish investment managers. In accordance with the accounting policy for other financial investments outlined in Note 1.8, a provision for impairment amounting to €29,512 has been recorded at 31 December 2014, being a decrease of €80,499 from 2013. 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.

The market value of the financial investments at 31 December 2014 was €3,028,774 (2013 – €2,033,881). However, in accordance with the accounting policy for other financial investments outlined in Note 1.8 the value of other financial investments is shown at cost less provisions for impairment in value – €3,026,195 (2013 €1,889,989).

# Notes to the Financial Statements (continued)

*for the year ended 31 December 2014*

## 8. Financial assets (continued)

### (b) Shares in subsidiary undertakings

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

| Name of subsidiary | Country of registration or incorporation | Shares held class | Principal Activity |
|---|---|---|---|
| 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 2014 were as follows:

| | Capital and Reserves € | Profit for the year € |
|---|---|---|
| .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 2014, except for IENUM Limited which is stated at cost.

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

| | Note | 2014 € | 2013 € |
|---|---|---|---|
| Trade debtors | | – | – |
| Corporation tax recoverable | | – | 8,085 |
| Prepayments and accrued income | | 198,692 | 173,209 |
| | | **198,692** | 181,294 |

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

| | Note | 2014 € | 2013 € |
|---|---|---|---|
| Trade creditors | | 83,528 | 133,166 |
| Other creditors | | 246,049 | 193,312 |
| Corporation tax payable | | 8,554 | – |
| Other taxes and social security costs | | 37,510 | 14,337 |
| Accruals | | 216,742 | 304,771 |
| Deferred income | (a) | 1,834,073 | 1,661,160 |
| | | **2,426,456** | 2,306,746 |

| | | € | € |
|---|---|---|---|
| Other taxes and social security costs include: | | | |
| PAYE & PRSI | | – | – |
| VAT | | 37,510 | 14,337 |
| | | **37,510** | 14,337 |

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

## 11. Reserves

|  | Profit and loss account € | Total € |
|---|---|---|
| **At 31 December 2013** | 3,910,306 | 3,910,306 |
| Profit for the year | 193,462 | 193,462 |
| **At 31 December 2014** | **4,103,768** | **4,103,768** |

## 12. Reconciliation of movements in Members' Funds

|  | 2014 € | 2013 € |
|---|---|---|
| Profit for the year | **193,462** | 299,177 |
| At 1 January | **3,910,306** | 3,611,129 |
| At 31 December | **4,103,768** | 3,910,306 |

## 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 €16,118 incurred during the year ended 31 December 2014 (2013 €17,399) 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 2014, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited, with effect from 30 December 2011.

## 14. Commitments

### Operating lease commitments

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

| | Premises 2014 € | Premises 2013 € |
|---|---|---|
| Expiring: | | |
| Within one year | – | – |
| Between two and five years | 83,645 | 83,645 |
| More than five years | – | – |
| | 83,645 | 83,645 |

### Capital commitments

The company has no capital commitments at 31 December 2014 (2013 – €nil).

## 15. Gross cash flows

| | 2014 € | 2013 € |
|---|---|---|
| **Returns on investments and servicing of finance** | | |
| Interest received | 57,884 | 26,791 |
| Receipts from sale of investments | 1,732,358 | – |
| | 1,790,242 | 26,791 |
| **Capital expenditure and financial investment** | | |
| Payments to acquire tangible assets | 156,798 | 241,814 |
| Payment to acquire other financial investments | 2,655,707 | – |
| | 2,812,505 | 241,814 |
| **Financing** | – | – |

### 16. Analysis of changes in net funds

| | Opening balance € | Cash flow € | Closing balance € |
|---|---|---|---|
| Cash at bank and in hand | 71,597 | 572,738 | 644,335 |
| Deposit accounts | 3,824,621 | (1,394,860) | 2,429,761 |
| Net funds | 3,896,218 | (822,122) | 3,074,096 |

### 17. Post balance sheet events

There are no material post balance sheet events.

### 18. Contingent liabilities

There are no contingent liabilities at 31 December 2014.

### 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 2014 the seven directors and the Company Secretary are the members.

### 21. Comparative figures

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

### 22. Approval of financial statements

The financial statements were approved by the Board on 8 May 2015 and signed on its behalf by:-


*Director*
**Professor J. O. Scanlan**

*Director*
**Mr. Mark Dobbyn**

# 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 *https://www.iedr.ie/register-a-domain/accredited-registrar-list/*.

### 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 its 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.centr.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.

### CRS

IEDR's automated Core Registry System, which deals with all registrations, transfers, modifications', billing and non-renewal of .ie domain names.

### DNS

The Domain Name System (DNS) is an international hierarchical distributed database used to translate domain names, such as 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.

# Glossary of Terms (continued)

### 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.

### IANA

IANA (Internet Assigned Numbers Authority) is responsible for the global coordination of the DNS Root, IP addressing, and other Internet protocol resources.

### 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.

### ISMS

Information Security Management System: - is a set of policies concerned with information security management or IT related risks. The governing principle behind ISMS is that organisations should design, implement and maintain a coherent set of policies, processes and systems to manage risks to its information assets, thus ensuring acceptable levels of information security risk.

### ISO27001

ISO 27001 Information Security Management Systems is the international best practice standard for information security. ISO 27001:2013, the current version of the standard, provides a set of standardised requirements for an information security management system (ISMS).

### IPv4

Internet Protocol version 4 (IPv4) is the fourth version in the development of the Internet Protocol (IP) Internet, and routes most traffic on the Internet. However, a successor protocol, IPv6, has been defined and is in various stages of production deployment.

### IPv6

Internet Protocol version 6 (IPv6) is the latest version of the Internet Protocol (IP), the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet.

### 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* the user's computer sends a question to a name sever on which information regarding iedr.ie is located.

## PAC

The Board of the IEDR established a Policy Advisory Committee (PAC) in 2014 to consider and provide advice on policy issues concerning Ireland's Internet top-level domain, .ie. The Policy Advisory Committee operates in line with the Policy Development Process (PDP). *www.iedr.ie/p30/policy-development/*

## PDP

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. 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 *https://www.iedr.ie/register-a-domain/how-to-register-a-ie-domain/*.

## 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.

A .ie domain name makes you or your company instantly recognisable as Irish.

Identifiably Irish...

It tells the global
community you are Irish
and tells the Irish community
you are local.

**.ie**

## Identifiably Irish
Ireland's Domain Registry

| | |
|---|---|
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