

# CZ.NIC Association Development Plan in 2008 – 2011

Vision: CZ.NIC, z.s.p.o. is an open non-profit association with the main mission of operating a reliable internet register in the Czech Republic while respecting the principles of the international situation, and developing generally beneficial services for the local internet community. CZ Top-Level Domain is part of the national wealth of the Czech Republic and a critical element from the perspective of the Czech economy. The main priority regarding the CZ domain administration is organizational and operational priority.

The CZ.NIC Association Development Plan in 2008 – 2011 is based on the history of the CZ domain administration, continues with the description of the Association's current situation and outlines future conceptual aspects of the Association's development and the CZ domain administration. This plan is tied to the previous plan, which focused primarily on the transformation to a new registration system. The need to set up a new development plan in the coming years ensues from the fact that this main effort has been fulfilled

## A. History

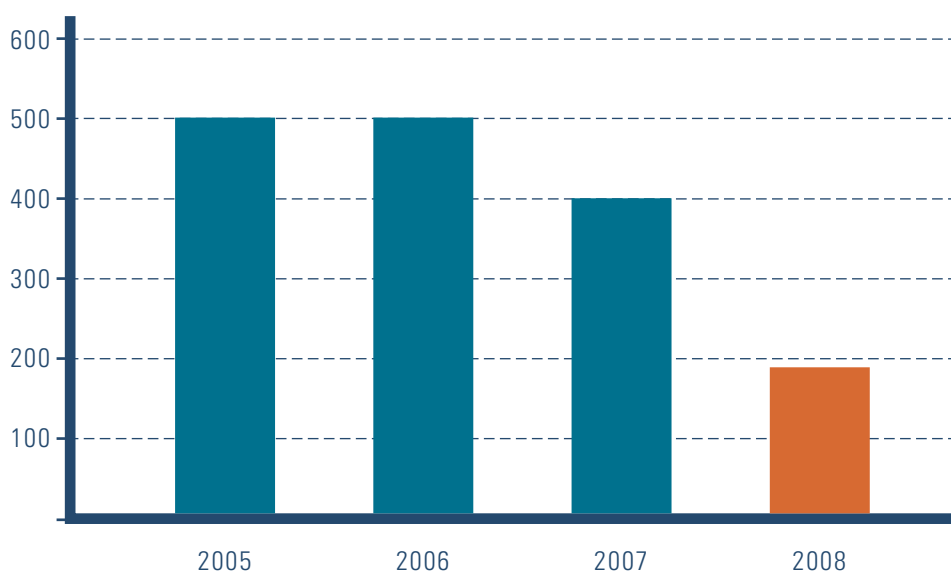
The CZ top level domain (ccTLD CZ) was established in early 1993 as the successor to the CS domain given to the former Czech and Slovak Federal Republic. CONET s.r.o. was the first domain administrator and was later renamed to Internet CZ s.r.o. and subsequently to EUnet Czechia s.r.o.

The cost of the registration system, registration and the use of the second level domain names were very low at the beginning. However, with the increasing importance of the Internet, the number of applications for the registration of new domain names increased, and it was necessary to have the registration process institutionalized. Therefore, in 1998 the largest providers of internet services in the Czech Republic decided to establish CZ.NIC, a special-interest association of legal entities. The Association took over the administration of the CZ domain, set up rules for the registration of the second-level domain names, selected the operator of the registration system through public bidding procedures (EUnet Czechia s.r.o., later renamed to KPNQwest Czechia s.r.o.) and officially launched CZ national domain administration as of 1 September 1999. At the same time, fees started to be charged for the registration of second level domain names.

The CZ.NIC Association took over the roles of both the register and the registrar. In accordance with international trends, a decision was subsequently made to transform the organization into a decentralized domain administration system allowing for the involvement of other entities (in the position of registrars) in the process of the domain name registration. The primary objective was to separate the department securing the technical aspects of the registration system operation from the operation of the domain name end holders, and the introduction of a competitive environment providing better-quality services to domain name end holders. The winning bid for the new system enabling the involvement of registrars was presented by PRAGONET, a.s. (currently T-Systems Czech Republic a.s.). The decentralized system for the CZ domain administration was launched in September 2003; on 15 September 2003 a special LRR registrar (Last Resort Registrar) was established, acting primarily as a security network and on 13 October 2003 the first commercial registrars began cooperating.

In 2005, some new members were elected in the Association's Board of Directors. Subsequently a decision was adopted to develop the Association's own registration system and to subsequently operate it by the Association staff while fully respecting technical developments worldwide. The first phase of this system was concluded in September 2006 when the system was deployed for the registration of ENUM domains under 0.2.4.e164.arpa. For the .cz domain, the new system was successfully launched in October 2007, after the termination of an agreement signed with an outsourcing partner. Thanks to the radical reduction of costs on system operation using its own staff, as compared with outsourcing, the Association managed to achieve significant cost savings and was able to decrease the domain wholesale price.

Domain Holding Wholesale Rates – Annual



In addition to technological development, the Association also focused on formalizing relationships with the most important institutions from the perspective of the top level domain delegation. Therefore, the Association entered into a Memorandum with the state, represented by the Czech Ministry of Informatics, and with ICANN, a root zone administrator. Pursuant to a decision adopted by the General Assembly, the internal organizational structure was modified by the introduction of a new body – Collegium, and by dividing the membership into three chambers: registrars, ISP and domain name holders, with each of the chambers nominating six representatives in the Collegium. In addition, each of the following state authorities – the Ministry of Informatics, the Czech Technical University and the Economic Chamber of the Czech Republic – occupies one seat in the Collegium.

## B. Current Situation

### 1. Economics

The current operation of the Association is stable and duly secured from the perspective of financial resources. The Association has a team of experienced experts taking care of the Association's operations and development activities.

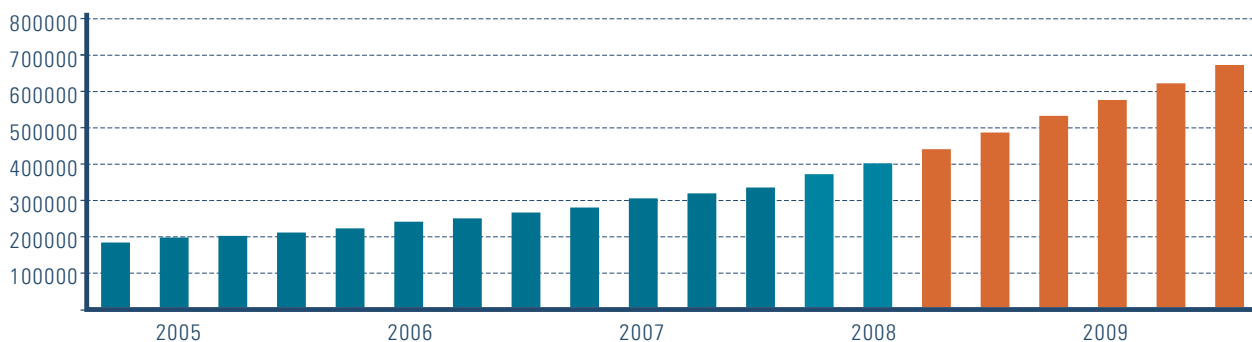
The following table represents an approximate benchmarking of domain name registration in European countries based on the data valid in January 2008.

#### Domain Registration Wholesale Rates

Member	Domain	Country	Price [EURO/Year] without VAT
ISNIC	.is		129.00
Island Networks	.gg	Guernsey	39.00
RNC	.ro	Romania	28.30
IEDR	.ie	Ireland	20.00
LITNET NOC	.lt	Lithuania	17.08
JPRS	.jp	Japan	16.00
.SE	.se	Sweden	15.90
STA	.ad	Andora	15.00
SK-NIC	.sk	Slovakia	14.42
FICORA	.fi	Finland	14.30
ARNES	.si	Slovenia	12.00
RESTENA DNS-LU	.lu	Luxemburg	12.00
ISOC.AM	.am	Armenia	11.50
NIC.AT	.at	Austria	10.80
InternetNZ	.nz	New Zealand	9.00
ISOC-IL	.il	Israel	8.00
Nominet UK	.gb	Great Britain	7.84
<b>CZNIC</b>	<b>.cz</b>	<b>Czech Republic</b>	<b>7.60</b>
AFNIC	.fr	France	6.74
UNINETT Norid	.no	Norway	6.00
SWITCH	.ch	Switzerland	6.00
CIRA	.ca	Canada	5.67
IT-NIC	.it	Italy	4.91
RED.ES	.es	Spain	4.50
EURid	.eu	EU	4.00
SIDN	.nl	Holand	3.68
DNS BE	.be	Belgium	3.63
IPM/IRNIC	.ir	Iran	3.00
NASK	.pl	Poland	3.00
TLD RU	.ru	Russia	2.30

The financing of the CZ.NIC Association is mainly based on the fees for registered domain names, representing the Association's main income, as well as from registrations under the 0.2.4.e164.arpa domain on a minority part (ENUM, annual fees from registrars) and from one-off membership fees collected from the newly acceding Association members.

Numbers of Domains



An important aspect regarding the economic behaviour of the CZ.NIC Association is that profits are not distributed among members. Profits can be used for financing certain aspects of the internet infrastructure that are important for its overall functioning but which are not attractive enough for commercial investments.

## 2. Organization of CZ.NIC Association

The General Assembly is the supreme body of the CZ.NIC Association, followed by the Collegium, the Board of Directors and Management. The Supervisory Board is the surveillance authority of the Association.

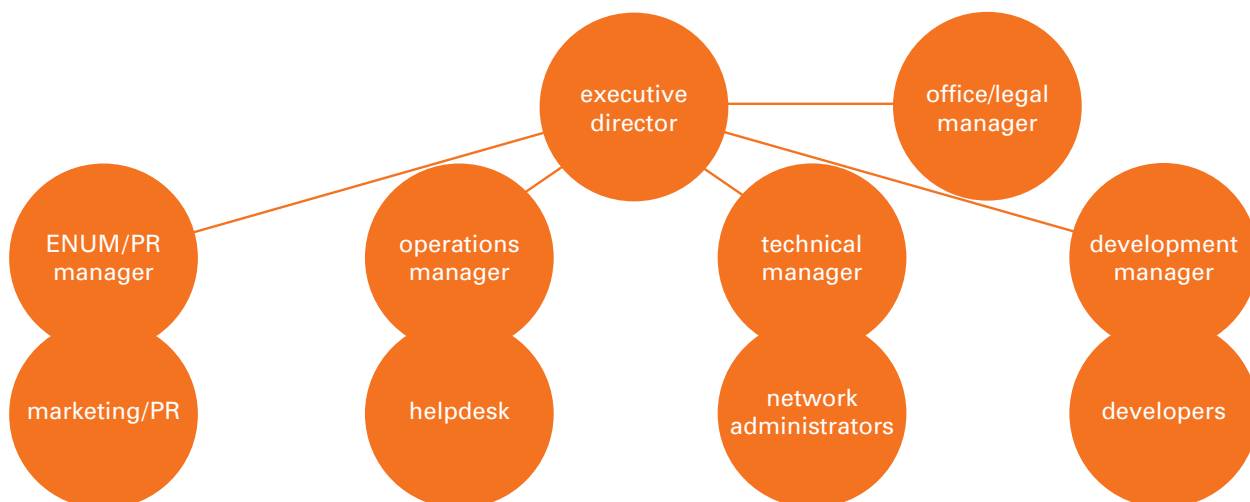
The Association communicates with large players involved in the national infrastructure of the Internet and internet community, and with state authorities (especially the Ministry of Industry and Trade of the Czech Republic, Czech Telecommunication Office, Office for the Protection of Economic Competition, Office for Personal Data Protection, Economic Chamber of the Czech Republic), or is a member of such organizations (NIX.CZ Association, Association of the Public Telecommunications Network Operators, Tuesday Business Network).

In addition, the Association cooperates with or is a member of multinational organizations involved in the area of the Internet - ICANN (Internet Corporation for Assigned Names and Numbers), CENTR (Council of European National TLD Registries), RIPE (Réseaux IP Européens), IETF (Internet Engineering Task Force) and EURid (European Registry of Internet Domain Names), EURO-ISPA.

### 3. Management

Most of the Association's operations today are performed directly by its own employees, who also take care of the technical administration of the register, development, as well as the technical and administrative support for registrars and domain end holders. Furthermore, Association members perform internal organizational operations, marketing and PR activities. Only some of the activities outside the Association's area of expertise are currently outsourced, such as accounting services.

CZ.NIC, z.s.p.o. – Organizational Structure:



### 4. Settlement of Disputes

An important step for the resolution of disputes in the area of domain names was the introduction of an alternative dispute resolution involving domain names (ADR – Alternative Domain Name Dispute Resolution) in cooperation with the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic, with effect as of 1 August 2004.

### 5. Projects

One of the lines of business pursued by the CZ.NIC Association includes support for generally beneficial projects relating to the Association's activities. The CZ.NIC Association has so far provided support for generally beneficial projects in 2002/2003 only; the contributions granted did not prove to have a significantly positive benefit.

## C. Future, Prospects in 2008–2011

The CZ.NIC Association continues to administer the CZ and 0.2.4.e164.arpa domains. The Association is ready to enter into discussions and cooperation with anyone interested in meaningful and conceptual cooperation regarding the administration of the CZ domain.

### 1. Economics

In the past few years the Association has developed a sufficient financial reserve to be able to safeguard its own operation, even in combination with unexpected circumstances. Thus, the Association also fulfilled one of the items rendered in the Memorandum signed with the Ministry of Informatics. The Association's income is currently generated solely from domain registration and CZ.NIC does not plan any further sources of income in the future. The Association will operate under a balanced budget in the future. The financial reserve mentioned above will be safely invested in a manner that will prevent any loss on the investment.

The prices for domain registration should be a guarantee of the Association's balanced budget; there are no plans to increase the price and the price is even expected to be gradually reduced. The price for domains under the 0.2.4.e164.arpa domain (ENUM) should remain at the minimum possible level, until the ENUM technology becomes widespread and until it is no longer necessary to continue in its support.

### 2. Organization of CZ.NIC Association

The current organizational structure has proved to be satisfactory. Some new permanent chambers may be added under the General Assembly, if this is found to be adequate for the association. CZ.NIC will try to have as many representatives of the local internet community involved in its operations as possible, also by accepting new members.

As in the past, CZ.NIC will continue close active cooperation with important international internet institutions to which it belongs. This primarily concerns EURid, RIPE, ICANN (ccNSO), CENTR, ITU, BIND Forum, OARC, IETF and similar organizations. In specific cases CZ.NIC may also cooperate with other TLD operators.

### 3. Management

With respect to the development and extension of its operations, CZ.NIC will gradually hire new staff (engineers, trainers, etc.).

### 4. Settlement of Disputes

CZ.NIC will continue to closely cooperate with the Arbitration Court, the general courts and the Czech Police.

## 5. Projects

### a) Development of the Domain Administration System

Domain administration has developed to a state-of-the-art level. However, it will be necessary in the future to continue in the development of the system, especially to reflect worldwide trends and emphasise the interests and needs of the local internet community. The support for the implementation of the DNSSEC technology is an example of the expansion planned in near future. The implementation of IDN (Internationalized Domain Names) technology for the .cz domain is not currently under consideration in the Czech Republic owing to a lack of interest. CZ.NIC will conduct another opinion poll within the internet community to identify whether the deployment of this technology in the Czech Republic is desired.

### b) Support of Internet Infrastructure

The Association will continue in its support for projects and services during the following years, contributing to higher comfort for Internet users and/or to increased effectiveness or stability of the Internet in the Czech Republic. CZ.NIC will continue to support the installation and operation of anycast copies of important services, such as root DNS servers. Another example is the operation of a time (NTP) server, as well as the support for the development of network software open-source projects.

### c) Support for Internet Safety and Stability

CZ.NIC will support projects to enhance the safety and stability of the Internet such as, for example, the development of a national antispam centre or the Computer Emergency Response Team (CERT). In order to achieve these objectives, the Association will consider the form of its cooperation with other entities involved in this sector.

### d) Support for New Technologies

Most new technologies currently available on the Internet require a critical quantity of connected users in order to be beneficial and useful. CZ.NIC will keep a close eye on the development of new technologies or become actively involved in this process, and will subsequently seek possibilities for deploying such technologies in the Czech Republic. Examples of current new technologies requiring such a support include ENUM, DNSSEC, IPv6, and multicasting.

### e) Training Projects and Support for Education

In accordance with the previous point, the Association will pro-actively continue in its training and educational projects for the local internet community. This especially includes the organization of conferences and workshops, training courses, the publication of articles, as well as the support of article and book publication or translations from quality international sources associated with the Association's mission and the support of new technologies. Another form of training and educational support includes our cooperation with universities and other schools in the Czech Republic, involving their students in projects solved by the Association, including, for example, in the form of diploma theses.