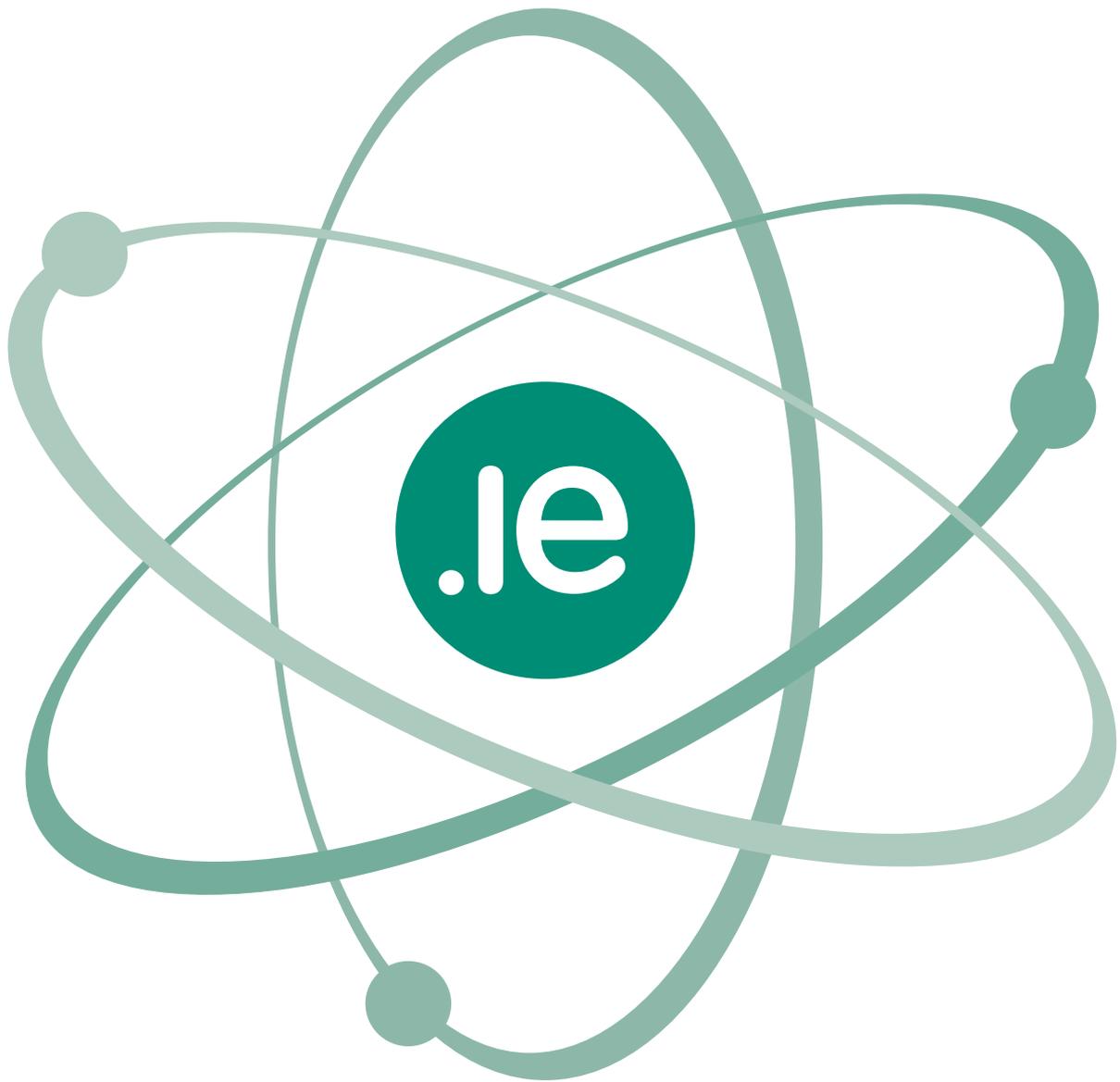




**IE Domain Registry**  
Annual Report & Review 2018



**.ie – Ireland's national internet domain**

# Mission

Our mission is to provide registry and related services to the Irish local and international internet communities. In cooperation with our Registrars, technical partners and stakeholders we help shape the development of the internet landscape and ecosystem. We are an integral part of the national internet technical infrastructure.

# Vision

Our vision is that IE Domain Registry will be nationally and internationally recognised as an innovative, independent, trusted provider of secure internet services, advocating increased e-commerce adoption and stimulating the growth of Ireland's online communities.

## Contents

- 1 Our Strategic Priorities
- 2 Performance Highlights
- 4 Chairman's Statement
- 6 Chief Executive's Report

### Corporate Governance

- 10 Board of Directors and Management
- 13 Corporate Governance
- 14 The Audit Committee
- 16 Corporate Social Responsibility (CSR)
- 19 Policy Development
- 22 Internet Governance

### Business and Market Review

- 24 Internal Operations
- 26 Frontline Customer Services
- 31 Partners in Keeping Ireland Online
- 32 Technical Services Review
- 36 Marketing and Communications Review
- 40 Five Year Summary

### Financial Statements

- 42 Company Information
- 43 Directors' Report
- 46 Independent Auditors' Report
- 49 Statement of Income and Retained Earnings
- 50 Balance Sheet
- 51 Statement of Cash Flows
- 52 Notes to the Financial Statements

- 64 Glossary of Terms

# 2018 Key Figures

Members' funds:

**€3.9m**

Renewal rate:

**88.8%**

Database of .ie domains:

**262,140**

New .ie registrations:

**51,040**

## Strategic Priorities

- ▶ To advocate for e-commerce enabled website usage and to become a digital advocate for the SME community through active involvement and engagement with stakeholders.
- ▶ To continue our ongoing customer experience (CX) innovation and improvement programmes and to develop new customers.
- ▶ To achieve company-wide growth by developing the .ie brand in order to achieve annual new growth rates greater than our competitors (.com/new TLDs) with retention rates comparable to similar ccTLDs.
- ▶ To deliver on our customer service, technical and other obligations as the active Registry Operator for the .ie namespace in Ireland.
- ▶ To help shape the development of the internet landscape and ecosystem.

# Performance Highlights

Extract from the audited Financial Statements

## Profit and Loss

	Year to 31 Dec 2018	Year to 31 Dec 2017
	€	€
<b>Registration Revenue</b>	3,317,336	3,062,232
Administration expenses	(1,608,796)	(1,331,566)
Employment costs	(1,449,246)	(1,404,097)
Depreciation	(111,736)	(140,363)
<b>Operating profit</b>	147,558	186,206
Unrealised (losses) / gains on financial investment	(122,033)	83,793
Profit on sale of financial investment	9,411	0
Interest income	9,307	7,229
Taxation	24,158	(21,976)
<b>Profit after taxation</b>	68,401	255,252

## Balance Sheet

	At 31 Dec 2018	At 31 Dec 2017
	€	€
Fixed Assets	101,008	102,641
Investments	4,184,715	3,328,882
Current Assets	2,910,556	3,474,662
Creditors <1 year, excluding Deferred Income	(866,391)	(836,023)
Deferred Income	(2,390,458)	(2,169,542)
Creditors >1 year	(25,260)	(54,851)
<b>Members' Funds</b>	3,914,170	3,845,769

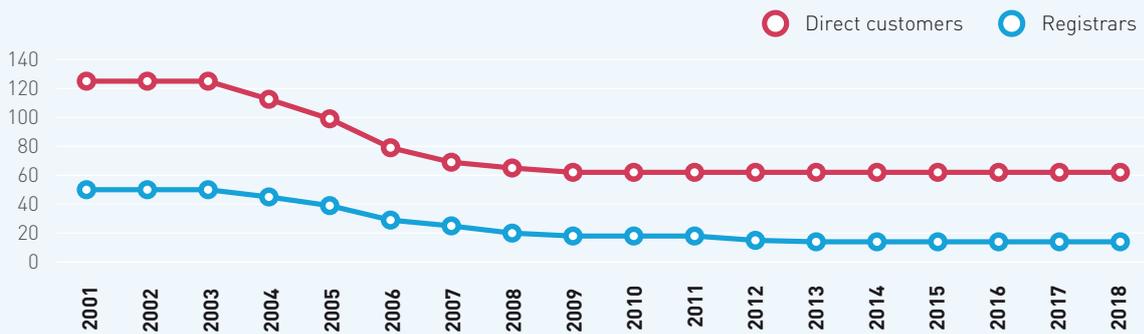
## Cash Flow

	Year to 31 Dec 2018	Year to 31 Dec 2017
	€	€
Net cash inflow from operating activities	534,145	318,784
(Decrease)/Increase in cash in the year	(533,040)	239,921

## Number of new .ie registrations – quarterly growth



## Prices of a .ie domain (€)



# Chairman's Statement



The economic environment remained positive in 2018 and, while the business environment was as competitive as ever, the growth in IE Domain Registry's (IEDR) installed base of .ie domains continued apace.

We maintained our focus on customer service and we continued to invest in our technical infrastructure. I am pleased to record that the National Registry more than maintained its market position in 2018 and IEDR again had no material unplanned outages throughout the year.

I said in my Statement last year that we had devoted considerable resources to researching ways of making it easier for new .ie customers to register a domain. This "liberalisation" process was implemented in 2018 and proved highly successful. We recorded a net growth of 24,615 new .ie domains, an increase of 60% on the previous years' net growth. Our total customer base at end 2018 was 259,815, an increase of 10.5% over the year. Although many National Registries have reached or are reaching market saturation, we continue to view .ie domain growth as a strategic priority and remain confident that we can continue to grow our customer base over the next few years.

A number of important policy matters were implemented or advanced in 2018. The EU's General Data Protection Regulation (GDPR) was implemented by IEDR. Arrangements to implement the EU's Cyber Security regulation were advanced — IEDR has recently been nominated as an Operator of Essential Services (OES) under the EU's Security of Network and Information Systems Directive (NIS) and, as such, is classified as part of Ireland's critical infrastructure. As an OES, IEDR will have wide-ranging responsibilities in regard to documenting and managing the risks associated with its network and information systems. We also developed in 2018 a new Dispute Resolution Process, to be introduced in 2019, designed to provide a quicker and less costly means of dealing with disputes regarding .ie domains. In all these matters, our Policy Advisory Committee (PAC) played a central role. The PAC was established in 2015 to advise the Board on policy matters, is representative of a broad range of stakeholders, and is continuing to assist the IEDR in keeping its policies abreast of the changing internet environment while also balancing the rights, responsibilities and obligations of stakeholders. On behalf of the Board, I wish to record a special thanks to the members of the PAC for their continued commitment and for their contribution to the IEDR in 2018.

As the Board has always stressed, the IEDR, a company limited by guarantee, must rely on its own financial reserves as its only source of capital. The essential financial requirement, therefore, is that we maintain at all times a capital base sufficient to meet current and prospective business requirements. I am pleased to confirm that we fully met this requirement and maintained our financial strength in 2018. Cash and cash equivalents totalled €6.9 million at year end, an increase of €323k on end 2017. The Company's overall financial position, therefore, remains fully in line with our financial objective and I can again assure our stakeholders of our continued commitment to this objective into the future. Reference has been made over the years to the essential contribution to IEDR's success made by our industry stakeholders. Our accredited Registrars, who are our essential partners in promoting and marketing .ie, deserve particular recognition in this respect. I referred above to a number of particular areas in which we worked closely with industry stakeholders to great effect in 2018 but, more generally, this close relationship applies in all areas of service and technical developments and I wish to thank our partners for their unflinching cooperation.

A number of programmes, which have run for some years, were successfully continued in 2018. It was the eighth year of the "Optimise" programme, which assists firms in the SME sector to become e-commerce-enabled and thus to encourage the sector to use the internet to develop and diversify their businesses and to compete more effectively with their overseas competitors. The programme was revamped in 2017 in a form focusing on business sectors — this approach was continued successfully in 2018. We also continued in 2018 with the periodic issue of our Domain Profile Reports and Digital Health Index and again organised a National Internet Day. The Internet Day focused on a Digital Town initiative to celebrate and highlight the town's digital achievements. IEDR planned and implemented a range of digital activities aimed at further developing digital skills for local business, citizens, and community groups in Gorey, Co. Wexford. This event was very successful and we will be continuing with the Digital Town programme in 2019. With these various programmes, we aim to facilitate ongoing consideration and discussion on Ireland's changing place in the internet space and to inform and influence public policy in the area.

I would like, on behalf of the Board, to thank David Curtin, our Chief Executive, and all our staff for their services to IEDR during 2018 - their commitment to customer service is particularly appreciated. The Board recognises also the assistance during the year of the Minister for Communications, Climate Action and Environment and the staff of his Department, and also of the industry regulator, ComReg.

The restructuring of the IEDR Board to which I referred last year was completed in 2018. Two long serving colleagues, Dr. Canice Lambe and Mr. Fergal O' Byrne ended their terms, while Ms. Louise English, Ms. Anne-Marie Löwinder, and Mr. Owen O'Connor joined the Board. I would like to thank the outgoing Board members for their contribution to IEDR over the years and to welcome the new directors, who bring significant experience and qualifications to the Board.

As in the past, the only certainty about the future of digital communications is that new and challenging developments, involving both opportunities and risks, will occur. The continuing implementation of the EU-wide digital strategy initiatives in data protection and cyber security are current examples. The task for the IE Domain Registry will be to keep up to date with ongoing developments, to be alive to the future risks, opportunities, and challenges involved, and to plan for the capacity and preparedness to meet them. This will be our primary objective, which we face with confidence.

**Jim Joyce**

*Chairman of the Board*

**1 July 2019**

# Chief Executive's Report



The registry for the .ie namespace had an outstanding year in 2018, with a 60% increase in year-on-year net growth of .ie domains, and we ended the year in a very strong financial position with €3.9m in Members' Funds.

In 2018, we continued to advocate for the digitalisation of SMEs' business processes to leverage their untapped e-commerce potential. We provided practical guidance and recommendations to stakeholders and policy makers, backed up by our research insights, empirical data, ebook guides, the experience of SME participants in our OPTIMISE programme, and insights from the Digital Town initiative.

With ongoing emphasis in 2018 on strategic execution, the management team was particularly successful in achieving expansion of .ie in terms of net growth: continuous improvement in customer services; and expanding its role as a digital advocate for Ireland's micro-businesses and SME's.

The operating profit during the year ended 31 December 2018 incorporates expenditure of €208,000 under the internal heading of its Strategic Development Fund, to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace.

We are proud to have successfully completed the liberalisation of the registration rules, which facilitated the expansion of the .ie namespace for citizens, residents and business owners. We achieved multistakeholder consensus for the changes through our work with the Policy Advisory Committee (PAC). The PAC met on five occasions during 2018 and, applying the long-standing 10-step Policy Development Process (which uses a bottom-up approach to policy changes and consensus building), dealt successfully with a range of policy changes.

## Operational review

New registrations of 51,040 in 2018 increased by 29.1% when compared to the same period in 2017 (39,523). These registrations were offset by 26,425 non-renewals or deletions which were up 9.3% over 2017 (24,181 domains), giving a net increase of 24,615 which was 60.4% up on the net increase in 2017 (15,342 domains). This exceptional growth was generated almost totally by the marketing and promotion activities of our accredited Registrar community, particularly around the time of the liberalisation of the registration rules. This performance was in the context of a domestic economy where indigenous micro and small businesses continued to experience competitive pressures from international e-commerce providers. Buoyant consumer confidence led to increased use of websites for new online businesses, products or services. However, website growth is offset somewhat by the use of mobile apps and the use of social media for small businesses' promotions. The Company continued its work in 2018 to promote excellence in SME's website functionality, design and e-commerce through sponsorships and direct funding.

The graph on page three illustrates the extent of the improvement in net growth in 2018 which is exceptional, even in the context of the global recovery of legacy TLD's such as .com. The 11.2% level of .ie non-renewals/deletions is in line with 2017 (11%) which 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.

There was no progress in 2018 on the Company's application to ICANN for the transfer from UCD of 'ccTLD Manager' status to IE Domain Registry, 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, Climate Action and Environment is still considering the matter.

## Financial review

Registration revenue increased by 8.3% to €3.32 million (2017 – €3.06 million). The deferred income on the balance sheet increased by 10.2% in 2018, to €2.39 million (2017 – €2.17million). This is because the invoiced value of registration fees increased by 12.4%, reflecting renewals and new growth in 2018.

Administrative expenses increased by 10.2% from €2.88 million to €3.17 million. Promotion, sponsorship, and advertising costs remained high as the company continued its Strategic Development Fund and 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. Employment costs increased by 3.2% in 2018 to €1.45 million reflecting additional staff recruited in 2018 and cost of living salary increases.

The Company records the financial investments on a Mark to Market basis of valuation. The financial investments market value at 31 December 2018 was €4.1m (2017 – €3.28m). Accordingly, the movement in the capital markets by year end yielded net unrealised losses of €122,033 (2017 – unrealised gains of €83,793). The deferred tax liability on the balance sheet was reduced accordingly.

The financial position of the Company at 31 December 2018 is solid. Members' Funds increased by 1.8% from €3.8 million at December 2017 to €3.9 million by the end of December 2018. Cash and cash equivalents increased to €6.9 million (2017 – €6.6 million) including €4.2 million invested with multiple investment managers.

## Continuous improvements review

The entire team at IE Domain Registry strives for excellence in all aspects of the operation. Every team member is part of the continuous improvement process.

The Company continued to focus on controlling costs for the channel and for our business operations. The recent policy changes will help to decrease the channel's customer service costs and improve the user experience for their customers.

The data escrow function continued to operate, whereby relevant data sets within 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 added layer of resilience, reliability and protection provides business continuity and peace of mind for registrants of .ie domain names.

The Technical Services team remains vigilant in protecting the national DNS infrastructure against ongoing and new external cyber security threats, in particular in the face of the continuing global increase in ransomware, malware and DDoS attacks, thereby contributing to the safety, security and resilience of the .ie domain.

## Market development and digitalisation by SMEs

The slow digitalisation of Irish SMEs' sales channels continues to surprise the industry (and their customers). A significant majority of SMEs (almost 70%) do not offer e-commerce facilities, at a time when their Irish customers are online and spending billions - buying online from abroad. E-commerce is transforming industry sectors and disrupting business models. It is an integral part of the Irish economy worth at least €12.3 billion, or 6% of GDP, and is growing exponentially (Wolfgang Digital 2018 Irish online economy report). Unfortunately, a high proportion of consumer spending is going to online retailers offshore, according to research published by Consumer Market Monitor.

It is not clear why so many small businesses in Ireland remain effectively offline. Many SMEs, who are online in a personal capacity, have decided to run their business without any digital assets whatsoever. SMEs with websites and other digital assets such as a Facebook presence, still cannot, or will not, sell online or take sales orders online. We commissioned Core Research to conduct independent research into this issue. It is becoming clearer that the problem is not one of awareness. SMEs respond that they appreciate the importance of a website, in

generating awareness of the business and in generating sales, yet the majority of SMEs surveyed have not digitised the sales process on their websites. Our research shows that SMEs' fear, uncertainty and doubt are major factors. Business owners say that the barriers keeping them offline include confusion about the range of digital tools and options available, or inadequate skillsets. Perhaps there is also a fear of trying to compete head-on with the online marketplace giants, such as Amazon. It is clear that further research is needed to guide policymakers on how to improve internet usage and uptake by the small business community.

In response, we continued to be a digital advocate for SMEs in 2018, providing research and ebooks to policymakers and stakeholders. We believe that there is a need to provide supports and shoulder-to-shoulder assistance to SMEs to enable them to digitise to leverage the benefits of having a .ie address and being identifiably Irish online. Using the OPTIMISE Fund, the Company engaged with sector bodies to help them digitise their members' sales channels. In 2018, the Company continued to support its Registrars in promoting their website builder services, recognising that businesses only indirectly need .ie domain names. The main reasons for having a domain name are for website and email purposes.

## Outlook for 2019

On the international front, the Company continues to respond to developments impacting ccTLD registries, in particular EU regulations on the Digital Single Market and the recent expansion of the global namespace, by 1,212 new gTLDs (with 27 million domains under management) by the end of 2018. While these new competitors offer global consumers and businesses a multiplicity of choice in domain extensions, they appear to be struggling to gain market traction and achieve the expected levels of innovation. An estimated 39% of the total gTLD domains are registered to addresses in China (Source: <https://ntldstats.com/country>). The potential interest from cybersquatters is waning, but still represents a challenge for brand managers, trademark and patent holders and the owners of intellectual property rights.

Nationally, new registration growth in 2019 remains strong, reflecting the ongoing effect of liberalisation of the registration rules. In the context of domain market saturation in Europe, the outcome in the first half of 2019 is very encouraging at 26,452 new .ie domains, a decrease of 6% compared to the same period in 2018 (28,126 .ie domains).

The work of the Policy Advisory Committee will continue in 2019. The alternative dispute resolution policy will provide an easier and cheaper online ADR service for citizens and small business owners. This will provide 'Fair Play and a Fair Hearing' for those involved in .ie domain disputes. Other policy initiatives will be undertaken, with the objective of expanding the .ie namespace and developing this digital national resource.

We are pleased to have Board approval to continue our investments in 2019 in a range of projects designed to assist SMEs in their digital journey and to significantly improve internet uptake in Ireland. We will 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. I would like to acknowledge the many years of service of our dedicated and committed directors who retired during 2018 – Canice Lambe and Fergal O'Byrne. I look forward to working with our Board of Directors and thank the members for their support. Our dedicated staff deserve all of the credit for their outstanding contribution to the continued growth of the .ie namespace and the development of our policies and services. Together, we will ensure that .ie remains 'Identifiably Irish' in a competitive and ever-expanding global internet ecosystem.

**David Curtin**  
*Chief Executive*

**1 July 2019**



# **Evolution of the .ie namespace – Ireland’s national internet domain**

Consultation with stakeholders and a bottom-up, consensus-driven approach has led to a dozen new policy initiatives to develop the .ie namespace.

# Board of Directors and Management



**Jim Joyce** ●■

Jim Joyce was appointed Secretary of the Company in 2004. He succeeded Professor Seán Scanlan in the role of Chairman of the Company in 2016. He was Chairman of the Health Insurance Authority from 2005 to 2015 and is 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.



**Dan Flinter** ●

Dan Flinter is Chairman of the Board of The Irish Times, the PM Group and of VCIM, a venture capital company. He is a member of the Board of Dairygold Co-Op, and of Arysza AG. He is also a member of the Council of the Institute of Directors in Ireland. Dan is a former CEO of Enterprise Ireland and Executive Director of IDA Ireland. He holds an MA in Economics from UCD and is an Eisenhower Fellow.



**Eamonn Ceannt** ▲

Eamonn Ceannt works as a project consultant, primarily in the cultural and education sectors, and as a sculptor. He is the founding Chair of the Museum of Literature Ireland (MoLI) and a trustee of the Alfred Beit Foundation and the Chester Beatty Library. He was a Vice-President and Bursar at University College Dublin with responsibility for the capital development, regulatory and financial affairs of the university. He previously worked with Coillte – The Irish Forestry Board, KPMG and for the World Bank. He has served on the audit committees of the Royal Irish Academy and Dublin City Council, was Chair of Young Scientist & Technology Exhibition Ltd and a board member of Concern Worldwide and Sustainable Projects Ireland EcoVillage. Eamonn is a graduate of UCD where he studied Psychology and Computer Science and obtained an MSc in Computer Science from Trinity College Dublin. He qualified as a Chartered Accountant in 1979.



**Gareth Dunlop** ●

Following 15 years helping businesses integrate strategic digital communications, Gareth established dedicated UX agency Fathom in 2011. Previously he was the MD of Ionology, a leading digital strategy consultancy, headquartered in Belfast and with major clients in 15 countries. Prior to that, he was the MD of Tibus, one of the largest and most successful web development agencies in Ireland, from 2002 to 2009 when it was sold to UTV plc. Gareth is a Board Member of Christian Aid Ireland, former Board Member of IIA, and Chairman of WeddingsOnline.ie. He writes and lectures extensively on Internet related matters, with regular columns in Silicon Republic, SyncNI and Business Eye. Gareth is a former judge of the Eir Spider Awards, the DANI Awards and the Dot IE Net Visionary Awards.

▲ Audit committee member

● Banking committee member

■ Nomination committee member (also Mark Dobbyn during part of 2018)



### Anne-Marie Eklund Löwinder

Anne-Marie Eklund Löwinder is the Chief Information Security Officer at IIS, The Internet Foundation in Sweden. She is one of Sweden's leading experts on IT security. In 2013 Anne-Marie was the first Swede to be inducted into the Internet Hall of Fame.

She is a member of the Royal Swedish Academy of Engineering Sciences (IVA), Section XII, Information Technology. She is also a board member of the Swedish Law and Informatics Research Institute (IRI) and a member of the information security council of the Swedish Civil Contingencies Agency (MSB).

Anne-Marie was appointed Trusted Community Representative by ICANN, in the role as Crypto Officer, where she participates in DNSSEC key generation for the internet root zone. She is also a member of The Registry Services Technical Evaluation Panel (RSTEP), a technical team under the GNSO (Generic Name Supporting Organization).

Anne-Marie has a degree in Computer Science from the University of Stockholm.



### Louise English ▲

Louise English is a non-executive director of Repak and Chair of its Audit Committee. She previously served as a non-executive director on the boards of St Vincent's Healthcare Group, An Post, Sherry Fitzgerald and Bord na Móna. She was also Chair of, or a member of their Audit Committees. Louise was an executive director of IBI Corporate Finance, one of Ireland's leading providers of independent corporate financial advice. A Chartered Accountant, she trained and qualified with PWC.

Louise holds a BComm from University College Dublin.



### David Curtin – Chief Executive ■

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.



### Owen O'Connor ▲

Owen O'Connor is an experienced technology and security leader, with over 20 years' experience spanning technology, biotech, financial services, and consulting. He currently serves as director of information security for a leading cloud service provider.

His career has focussed on digital evidence, including investigating technology misuse and responding to security incidents. He was the founder of Cernam, a cloud-focused digital evidence firm which was acquired in 2014. He has been a regular speaker at many of the largest digital evidence conferences and has provided specialist training for police and government agencies.

Owen holds an MSc in Forensic Computing from Cranfield University (Royal Military College of Science).

# .ie is the domain of choice

Irish citizens and businesses are choosing .ie over .com for their online digital identity (websites and email)



The market share of Ireland's hosted .ie domains grew by 9% while .com reduced by 4% during 2018.

*Source - [www.hosterstats.com](http://www.hosterstats.com)*

# Corporate Governance

Corporate governance is a key focus of the Board of Directors and Management at IE Domain Registry as it directs the philosophy, practices, culture and overall success of the Company.

IE Domain Registry CLG is an independent company limited by guarantee, defined as a small company, and is therefore not required to comply with the provisions of Corporate Governance Codes. However, the IE Domain Registry Board of Directors is committed to ensuring that best practice Corporate Governance operates throughout the Company. 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 IE Domain Registry's size and nature.

The Company's unitary Board of Directors is comprised of eight independent Non-Executive Directors, supported by three sub-committees: the Audit Committee, the Nominations Committee and the Banking Committee. Directors are appointed to the Board for an initial term of four years: thereafter directors can seek re-election for a subsequent term of three years. At the end of a continuous term of seven years, directors are required to retire and re-election can only be sought after a gap period 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 domain 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, .ie policy, and financial, legal, regulatory or corporate affairs.

The IE Domain Registry Chairman ensures that the Non-Executive Directors are appointed to the Board from a range of different professional backgrounds. This ensures diversity of the Board which in turn means that members can effectively reach out to a broad range of stakeholder groups. Diversity of the Board also ensures a better understanding of the different requirements of various stakeholders.

The 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 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 potential Regulatory Framework for .ie (Consultation Paper 08/48). The conclusions, published in its formal Response to Consultation 09/01, were very complimentary of the high standards of Corporate Governance at the Company.

## 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 have been prepared in accordance with the Companies Act 2014 and Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", known as the "relevant financial reporting framework". The directors 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 (including Brexit-related 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 related 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 Chair of the Committee is Ms Louise English, 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 Chair of the Audit Committee

The financial reporting framework that has been applied in the preparation of the financial statements is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The role of the Audit Committee is important as it reviews 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 a changing environment.

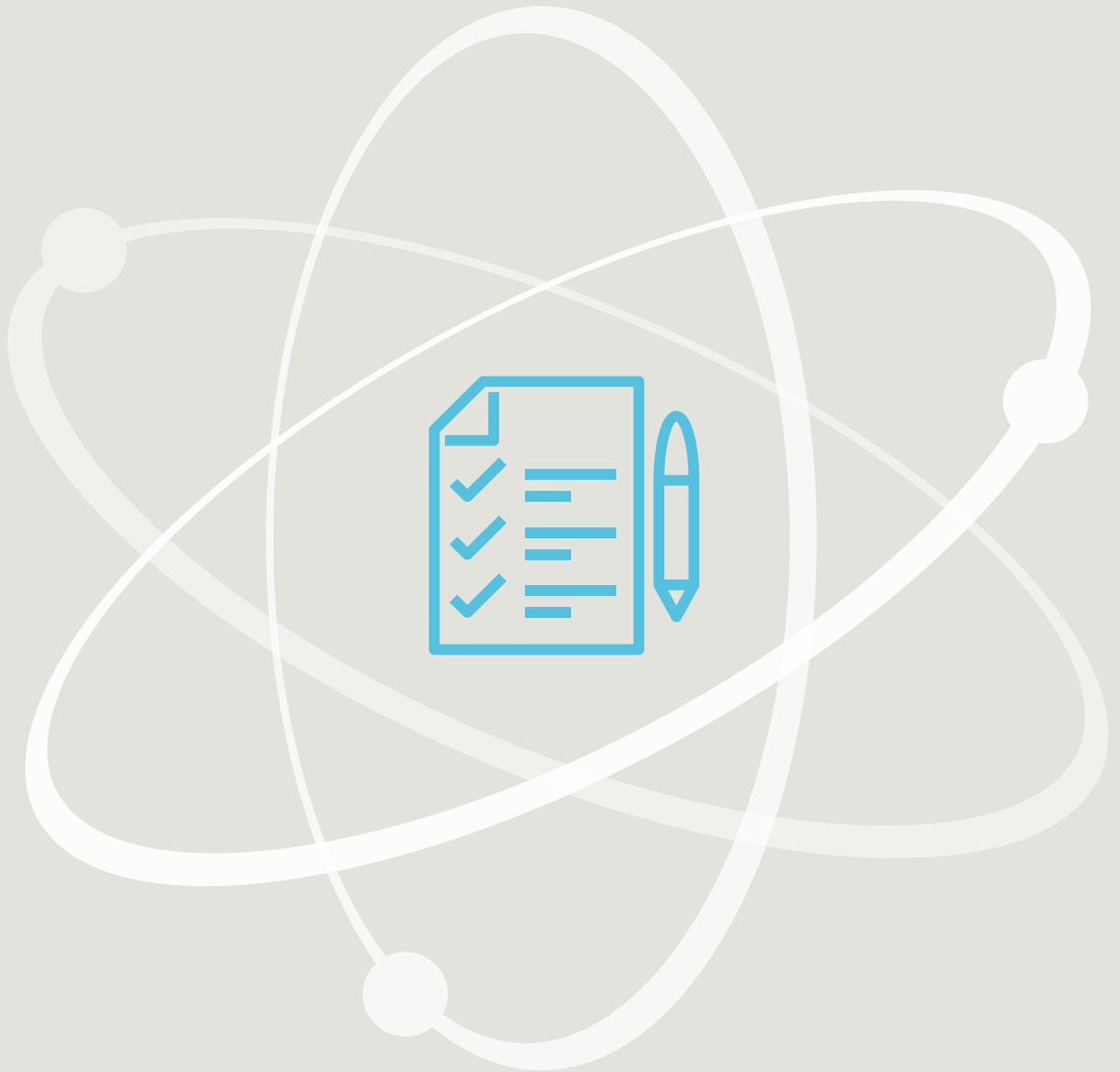
The duties and key responsibilities of the Committee are:

- ▶ 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 statutory 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 areas of judgement 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 and of procedures for staff raising matters in confidence
- ▶ 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.

**Louise English**  
*Chair of the Audit Committee*

26 April 2019



## **.ie policy change**

The registration process for new domains became easier and faster in 2018 following liberalisation. The connection to Ireland prerequisite was retained, which reassures consumers.

# Corporate Social Responsibility (CSR)

One of the core mandates of IE Domain Registry is to support and serve the needs of the local internet community. The directors and management of the Company strive to be transparent, accountable and to balance the rights and responsibilities of all stakeholders. IE Domain Registry understands the importance of active communication and engagement with our internal and external stakeholders.

The Company prioritises the values of fairness, equity and transparency in all dealings with our key stakeholders, including customers (Registrars), domain holders (registrants), employees of the Company and the local internet community.

## The local internet community

Through its memberships and sponsorship of industry awards and industry events, the Company provides a modest level of financial support to the local internet community. In 2018 the Company sponsored the BT Young Scientist and Technology Exhibition, the Small Firms Association (SFA) Awards, the Women in Tech Awards, the Start-up Awards and a range of other events.



BT Young Scientist Special Award - David Curtin, Chief Executive Officer, IE Domain Registry presents the IE Domain Registry Special Award 2019 to Niall Meade, Ardscoil Ris, Limerick for his project 'TagBuddy - A Safe & Secure NFC authenticated messaging service for teenagers'.

The Company has provided free .ie domain name registrations to 6,392 registered charities, in co-operation with a number of our accredited Registrars. Domain names are provided free of charge to those organisations which are registered as charities and have a valid CHY number issued by the Revenue Commissioners.

The Company was also involved in the training of 1,500 "non-liners" in 2018 as part of the Getting Citizens Online Scheme, an initiative of the Department of Communications, Climate Action & Environment. In 2018, 16,630 citizens received training under this scheme, which provides digital skills training for citizens who have never used the internet, with a view to removing a key barrier to digital adoption.

## Employees

The Company aims to be a good employer in all respects. The Company's Staff Handbook sets out the HR policies and procedures, and is provided to all new employees as part of their induction. The Staff Handbook also includes whistleblower provisions and procedures for staff raising matters in confidence, including providing direct lines of communication to Board members. IE Domain Registry operates a pension scheme for the benefit of all participating full-time employees. The Company also has a Safety Statement in accordance with the relevant legislation.

## Environmental awareness

IE Domain Registry continuously works to reduce its carbon footprint by adopting some of the principles of Green IT. This is apparent from the high availability initiatives in the Company's data centre where there has been investment in energy efficient hardware and software, including VMware, which has reduced energy consumption through rationalisation of services and servers.

Furthermore, a back-office recycling programme ensures that all technical hardware is recycled in an environmentally responsible manner. As part of IE Domain Registry's awareness of the need to sustain natural resources, employees implement the Company's recycling policy in the appropriate manner.



## **Recognised globally as identifiably Irish**

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

It tells the global community  
you are Irish,

And tells the Irish community  
you are local.



## Protecting data privacy

By default, we do not publish the personally identifiable information of individual domain holders on the public lookup service (whois) for .ie domains.

# Policy Development

Policy development for the .ie namespace follows a bottom-up, consensus-driven and consultative approach, set out in IE Domain Registry's published 10-step Policy Development Process (PDP).

The Company established a Policy Advisory Committee (PAC) in July 2014, to provide a forum to consider and provide advice to the IE Domain Registry Board of Directors on policy change requests. The PAC operates under specific Terms of Reference and follows the PDP. The PAC considers all policy change requests submitted for review, and where consensus exists, advises on the implementation of such policy change requests.

The members of the PAC are stakeholders with an interest in the .ie namespace and its policies. The membership includes representatives from eligible organisations, including the .ie accredited Registrars, the Department of Communications, Enterprise Ireland, the Small Firms Association, the Law Society, the Internet Service Providers Association of Ireland, the Department of Business, the Irish Computer Society and the Association of Patent and Trademark Attorneys.

## PAC - operation and modus operandi

The PAC has maintained its cohesive working nature and strong levels of engagement since its inaugural meeting in 2015. The Committee met on five occasions in 2018. In the interim periods between meetings each working

group continued its engagement online via mailing lists and conference calls, to ensure that the reviews of the proposed policy changes maintained their momentum.

Meeting attendance and online engagement remains strong. This has been vital to the progression of the various policy change discussions, as has the diverse expertise, experience and knowledge of the Committee members. The commitment of the PAC in adhering to the bottom-up, consensus-driven, multi-stakeholder-led PDP has been invaluable in the progression of the policy changes. Entering its fifth year of operation, the PAC expects to continue to build on the achievements and milestones of previous years.

## Policy Changes - 2018 milestones

Two very significant policy changes were implemented and completed in 2018 - liberalisation of the registration rules and new arrangements for document and data retention, required under the General Data Protection Directive (GDPR). In addition, a significant milestone was achieved when the IEDR Board of Directors accepted the recommendation of the PAC in relation to proposals for a new alternative dispute resolution policy.

## Milestones in 2018

- ▶ Liberalisation implemented in March 2018
- ▶ GDPR-related policy changes implemented ahead of 25 May 2018
- ▶ ADRP recommended, Board approved
- ▶ DNS technical check changes implemented

## What's coming in 2019

- ▶ ADR implementation and TLD release (3 domains)
- ▶ PAC membership term extension to a 4 year term
- ▶ Accredited .ie Registrar PAC representatives – elections in Q1 2019

## Liberalisation of the registration rules - removing the “claim to the name” registration requirement

IE Domain Registry submitted a policy change request to the PAC, to remove the need to show a “claim to the name” when applying for a .ie domain, but to retain the important “connection to Ireland” requirement.

The new policy was formally launched on 21 March 2018. Due to the extensive preparations by stakeholders, the Registrar channel and the registry, the launch went smoothly. In the immediate aftermath, there was a considerable increase in new registrations.

The PAC had previously undertaken an extensive review of the policy change proposal and consensus-in-principle was found to exist. A Working Group was established to review the potential implementation of the proposal in accordance with the PDP framework. During its deliberations, the Working Group acknowledged the need to ensure that the new registration process for .ie domains was easier and faster, whilst maintaining the managed registry approach. It was also considered important to retain the unique selling point that .ie is the only namespace on the internet which is reserved for Irish citizens, residents and businesses with a connection to Ireland.

Following a post-implementation review of the policy, the PAC Chairman signed a Conclusion Template at PAC #16, in accordance with the 10 step PDP.

## Fair play and a fair hearing - introducing an Alternative Dispute Resolution Policy (ADRP)

The new alternative dispute resolution process was designed, developed and refined during a PDP by stakeholders within IEDR’s Policy Advisory Committee. The ADRP will give individuals and organisations, particularly SMEs, an easier, faster and more affordable way to dispute the registration or the use of a .ie domain.

The process will accommodate a wide variety of dispute types, including online impersonation, domain disputes between competing businesses, website content-scraping, defamation, rights-based complaints, and others.

Those who wish to use the ADRP will be initially encouraged to use the new optional mediation service. If mediation fails to resolve the matter, a qualified specialist will give their opinion on the dispute and either uphold or dismiss the complaint.

If the complaint is upheld, the complainant can then request that the disputed domain is either transferred or deleted.

Because .ie registrants will have already met the criteria for a .ie domain (namely, a provable connection to Ireland and agreement to the terms of service), the burden of proof will be on the complainant. The complainant, like the registrant, must also have a provable connection to Ireland.

The new process will be operated by Net Neutrals EU, an accredited dispute resolution body under the European Union (Alternative Dispute Resolution for Consumer Disputes) Regulations 2015. Net Neutrals EU was selected by the IE

Domain Registry’s Policy Advisory Committee following a competitive evaluation process.

The ADRP has been built on several core principles: fair play and a fair hearing, the use of industry best practice, an appeal process, and an independent, neutral service provider.

It is important that Irish citizens, businesses and organisations have access to a dispute resolution process that is transparent, affordable and straightforward. Ultimately, however, it is expected that the number of complaints will be low, as registrants will have already met the criteria for .ie domain registration. The burden of proof will be on the complainant, and this will help to reduce the number of spurious or malicious claims.

Brand owners and holders of intellectual property rights will also be able to continue using the existing, formal dispute resolution process, which is independently operated by the World Intellectual Property Organisation (WIPO).

## Data privacy for individuals - considering policy change proposals related to GDPR

The Committee considered one new policy change request in 2018. This policy change request related to the impact of the EU General Data Protection Regulation (GDPR) on several .ie policies. The Regulation came into effect on 25 May 2018. It gives data subjects greater control over their Personal Data, whilst also requiring those handling Personal Data to do so responsibly and securely.

The Data Protection Acts 1988 and 2003 (as amended) (the DPA) transposed the Regulation into national legislation. Together they impose obligations on the Company, as a Data Controller, to process personal data in a fair manner and to notify data subjects of the purposes of data processing and to retain the data for no longer than is necessary to achieve those purposes.

For compliance with the Regulation, modifications were made to the .ie WHOIS Policy and .ie Privacy Policy. A new policy relating to the registry’s Personal Data Retention periods was also introduced. Accordingly, IEDR submitted a set of policy change requests at the PAC #15 meeting on 17 April 2018, detailing the various GDPR-related policy changes.

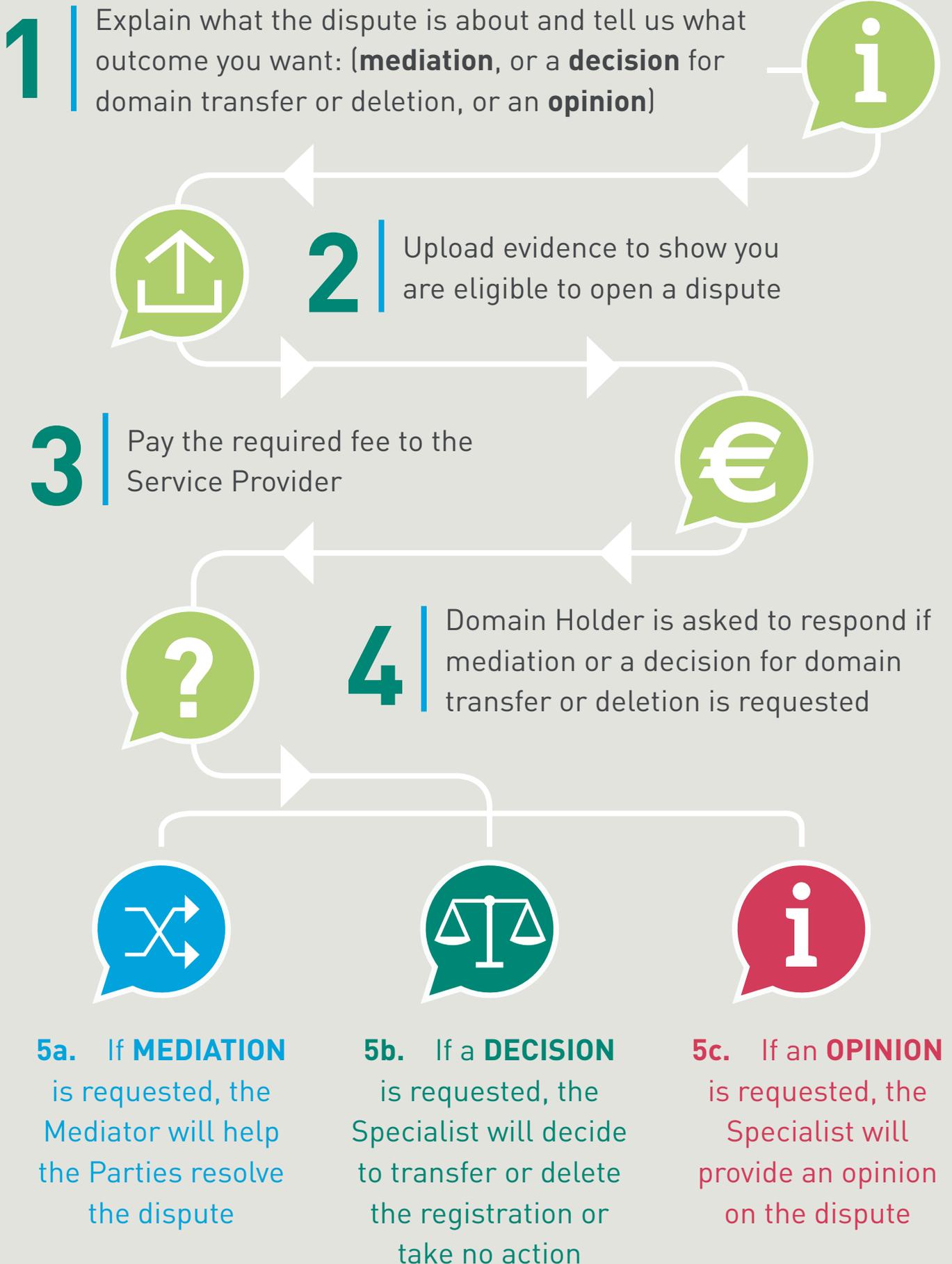
The rationales for the new Data and Document Retention policies are set out on the Company’s website at <https://www.iedr.ie/data-and-document-retention-policy/>.

The Whois Policy change was significant because the name of the domain holder is now only published where the domain holder is a “legal person”, as defined. The names of contact personnel are no longer published at all. The rights of data subjects under GDPR superseded the prior industry practice of transparency around the identity of domain holders with the legal right to use domain names.

The fact that the policy changes were concluded prior to the publication of the Data Protection Act, and before the international best practice within the wider domain industry had emerged, is testament to the quality of the research and consultations by the PAC Secretariat, and to PAC members’ expertise and experience.

# Fair play and a fair hearing

Alternative Dispute Resolution Process - designed and developed in 2018



# Internet Governance

Internet governance refers to the rules, policies, standards and practices that coordinate and shape global cyberspace.

While internet connectivity generated innovative new services, capabilities and unprecedented forms of sharing and cooperation, it also created new forms of crime, abuse, surveillance and social conflict. Internet governance is the process whereby cyberspace participants resolve conflicts over these problems and develop a workable order. <https://www.internetgovernance.org/what-is-internet-governance/>

The internet's governance reflects the internet itself: open, distributed, interconnected and trans-national. Just as the internet is interoperable, so are its governing parts. The illustration opposite, represents these relationships.

## Who runs the internet?

No one person, company, organisation or government runs the internet. The internet is a globally distributed computer network comprised of many voluntarily interconnected autonomous networks. As such, internet governance involves many different stakeholders.

"Internet governance is conducted by a decentralised 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 organisations. They work cooperatively from their respective roles to create shared policies and standards that maintain the internet's global interoperability for the public good."

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

## Global coordination

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 was formed in 1998. Headquartered in Los Angeles, California, 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 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 corporate law. Internally, ICANN is accountable to the community through its Bylaws, and its representative composition of the ICANN Board from across the globe. On 6 January 2017, an extremely important change in the governance of the DNS took place, with the completion of the transition of the IANA stewardship to ICANN.

Governments 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. Membership of this influential committee was a major milestone for Ireland Inc in 2015, as it gives Ireland a voice on trans-national internet policy matters.

## Ireland's internet stakeholders and policy development for .ie

IE Domain Registry mirrors the international multi-stakeholder philosophy and principles within its structures and has adopted a bottom-up, consensus-driven, and consultative approach to all .ie namespace policy matters. The 10-step Policy Development Process (PDP) was published in May 2012 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 IE Domain Registry on matters of policy and its implementation, as set out in the PAC Terms of Reference. (See [www.iedr.ie](http://www.iedr.ie)).

## 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.

As an input into the process of developing a potential regulatory framework for .ie, ComReg launched a public consultation process on the .ie namespace and published its formal Response to Consultation, Document 09/01.

ComReg’s related press release stated that:

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

In this context, IE Domain Registry looks forward to a continuing effective working relationship with ComReg.

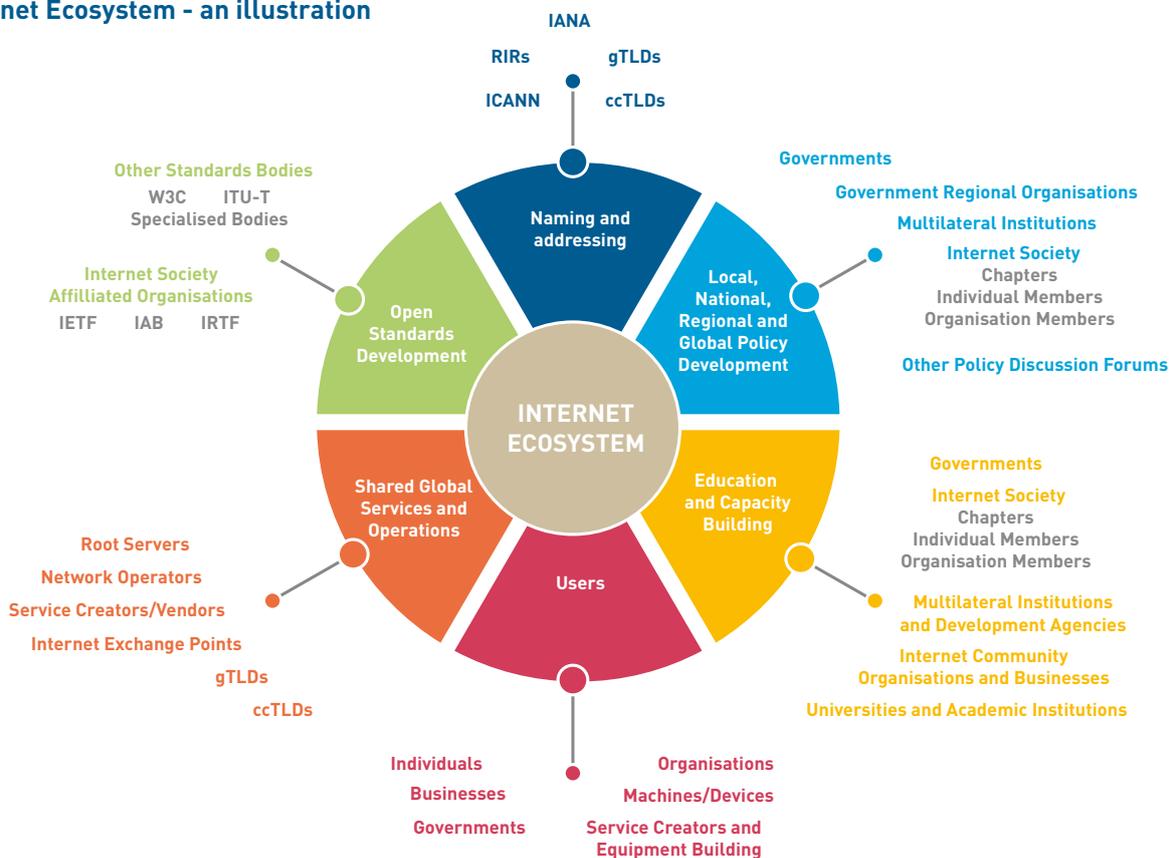
## Internet Governance Forum (IGF)

The Internet Governance Forum (IGF) was established by the United Nations following the World Summit on the Information Society (WSIS) in 2006. The UN’s ten-year review concluded successfully with the adoption of the WSIS+10 Resolution on 16 December 2015. It reaffirmed three core elements of the ‘Tunis compromise’:

First, it extended the IGF mandate for a further 10 years and reaffirmed its underlying architecture, meaning that internet governance is addressed under the UN umbrella, but in a multi-stakeholder manner. Second, it retained the roles and responsibilities of the stakeholders as outlined in the Tunis Agenda. Third, it maintained the element of ambiguity around an enhanced cooperation arrangement, which allows for different interpretations. While there is no negotiated outcome, the IGF informs and inspires those with policy-making power in both the public and private sectors.

At the annual IGF meeting, delegates discuss, exchange information and share good practices with each other. The IGF facilitates a common understanding of how to maximise internet opportunities and address risks and challenges that arise. The main theme of the 13th annual IGF meeting in Paris, France in November 2018 was: ‘Internet of Trust’. (See [www.IntForum.org](http://www.IntForum.org)).

## Internet Ecosystem - an illustration



Source: <https://www.internetsociety.org/wp-content/uploads/2016/04/ecosys.jpg>

# Internal Operations

While it is organised for functional excellence, IE Domain Registry operates a matrix organisation structure to ensure that all teams are focussed on delivering ongoing customer experience (CX) innovation and improvement.



David Curtin



Oonagh McCutcheon



Mick Begley



Patrick Bates

Based in Dun Laoghaire, Co. Dublin, IE Domain Registry has a total of twenty two employees. This includes the CEO, David Curtin, who is supported by a management team of three: Customer Operations Manager, Oonagh McCutcheon; Technical Services Manager, Mick Begley; and Financial Controller, Patrick Bates.

## Finance and Administration

Two staff members make up the Finance team – Registrar Services Administrator and Office Manager & Head of HR. This team provides accounting services and financial support to the Company and its customers. Recruitment and employer brand awareness has been a particular focus for 2018 with IE Domain Registry continuing its partnership with Dublin City University and National College of Ireland's internship programme and graduate recruitment initiatives respectively.

## Registration Services (RS)

The Registration Services team has four staff members – one RS Supervisor and three RS Administrators. The RS team is responsible for ensuring that all .ie applications from potential registrants are authenticated – with evidence of a real and substantive connection to the island of Ireland and confirmation of personal/corporate identity.

## Marketing

The Marketing Specialist manages the Company's marketing initiatives and supports our accredited Registrars on marketing and promotion of the .ie namespace.

## Business Development

There are two Business Development Executives in this team. Their roles are split into: account management – working with our existing accredited Registrars on growth opportunities/customer success management, and; future business development – building stakeholder relationships and expanding the Registrar base.

## Application Support and Development (ASD)

ASD has three staff members. This team is responsible for the ongoing customer support of applications and software tools, and developing, implementing and quality control of new or upgraded solutions for internal and external customers.

## Network Operations Centre (NOC)

The NOC team has three staff members. NOC manages, controls and monitors IE Domain Registry's networks, information security management systems (ISMS) and infrastructure. The overall function is to maintain optimal, high availability mission-critical services and network operations across a variety of platforms and communications channels.

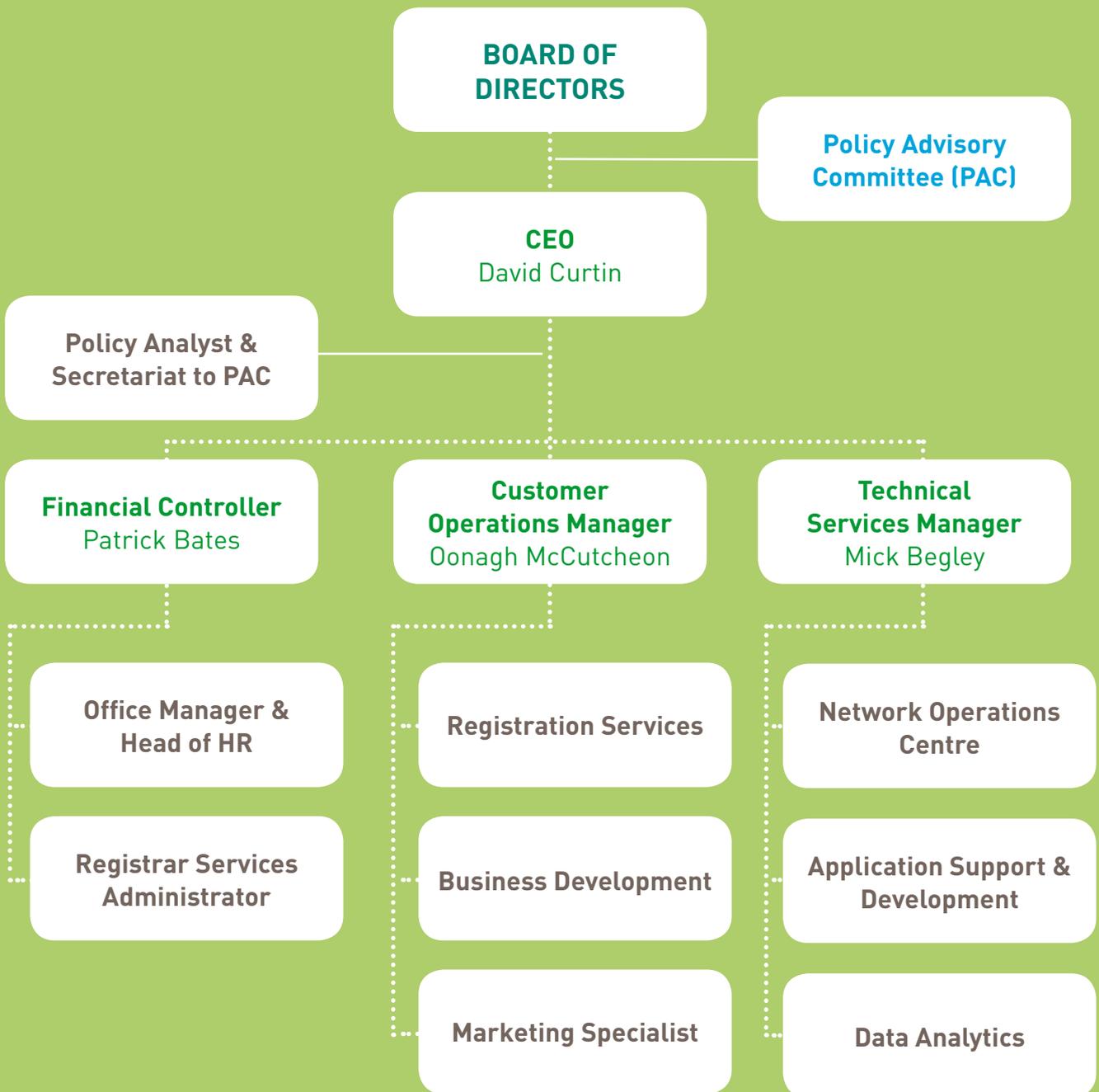
### Data Analytics

The two Data Analysts are responsible for the preparation of business intelligence dashboards, KPI visualisation and supporting big data initiatives with the channel. The role applies new data analytics tools and algorithms to provide insights into the database of .ie domains and to complement third party research into the SME market.

### Policy Development

The Policy Analyst is responsible for the registry’s policy formation, research and mobilising internal resources for implementation of policy changes. The PAC Secretariat role supports the PAC by driving policy change requests, managing public consultations and adhering to the formal 10-step policy development process.

## Organisational structure



# Frontline Customer Services

The Registration Services team is responsible for authenticating the personal or corporate identity of applicants and their connection with the island of Ireland for all new .ie domain registrations. It also assists customers in managing their .ie domain portfolios using IE Domain Registry's automated self-service systems. The team handled over 51,000 new registration requests during 2018.

IE Domain Registry operates a managed registry model whereby all new registrants must prove their connection to Ireland. This model means that the Registry knows the details of who is behind each .ie domain registration and, by extension, each .ie website. 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. IE Domain Registry co-operates fully with law enforcement agencies, regulatory bodies and the relevant authorities in these matters, in the public interest. The Company's managed registry model ensures that such interventions are minimal.

2018 was a record-breaking year: 51,040 new domains were registered – an average of almost 140 every day. This is more than any other single year and a 29% increase on 2017.

## Policy liberalisation

In 2018, a new policy to remove the 'claim to the name' requirement from our Registration and Naming Policy was implemented. This policy proposal was intended to drive expansion of the .ie namespace for all and also enhance the end-user customer experience. The policy change has resulted in an 'easier and faster' process for registering new domain names. The change has contributed to a 29% increase in new domain registrations in 2018.

## Who is registering .ie domains?

IE Domain Registry identifies the type of all .ie registrants at the time of registration, which provides valuable information on who is registering .ie domains. All registrations are broken down into eight different registrant types. This analysis shows that 69% of new .ie domains in 2018 were registered by companies and sole traders, which reflects the growth of our economy. Clearly, .ie remains the domain-of-choice for Irish business owners.

The .ie database records information on the different domain names being registered. Chart 1 represents the domain holder (registrant) type and indicates that the business sector continues to be the largest type of registrant with companies at 52.9% (2017 – 53.75%) and sole traders at 28.3% (2017 – 22.77%).

**Chart 1: Total .ie domains registered at 31 December 2018 by domain holder type**

**Companies**

**52.9%**

**Individuals**

**11.4%**

**Schools or educational institutions**

**1.6%**

**Self-employed**

**28.3%**

**Government bodies**

**1.7%**

**Other**

**4.2%**

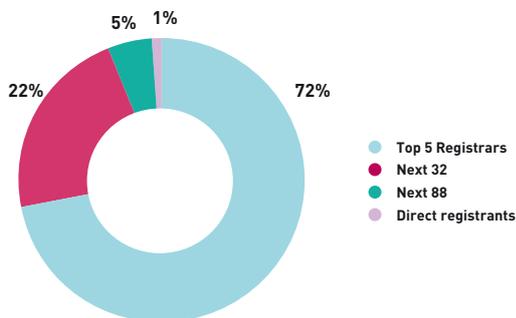
## .ie accredited Registrar community

An accredited Registrar is a company authorised by IE Domain Registry to act as an agent on behalf of registrants (customers) who need .ie websites and/or .ie email addresses. They are usually hosting providers who operate across a number of different business sectors, offering a wide range of services to their target markets. Most accredited Registrars will offer .ie domains as part of a bundle of services (hosting, email, storage, website builder, security products etc.) usually for an ongoing monthly fee. Links to many of our accredited Registrars' websites can be found on the IE Domain Registry website at [www.iedr.ie/accredited-registrar-list](http://www.iedr.ie/accredited-registrar-list).

At the end of 2018, the channel comprised of 125 accredited Registrars, who managed 99% of all domain names registered in the database (Chart 2). The top 5 accredited Registrars (those with a portfolio of more than 10,000 domains) and the top 37 (those with more than 500 domains) account for 72% and 94% respectively of the entire .ie database.

Direct registrants (those customers who do not register via an accredited Registrar) account for just 1% of the database.

**Chart 2: Accredited Registrars – concentration of channel market share December 2018**



## Geographical analysis of the .ie database

91.2% of .ie domains are registered to addresses on the island of Ireland. Of these, 89.7% are to addresses in the Republic of Ireland, with 1.5% registered to addresses in Northern Ireland. This is despite the fact that Northern Ireland accounts for over 28% of the island's population and could be attributed to the fact that the .co.uk extension is the dominant website extension used in that jurisdiction.

Chart 3 analyses the .ie database on a county by county basis showing the percentage split of the total .ie database and the number of registrations per capita in each county. The Domain Profile Report published by IE Domain Registry in January 2019 provides additional analysis.

Dublin has the highest number of .ie domain registrations with 45.8% of the .ie database, despite only accounting for 28% of the population of the island of Ireland. Cork is the second highest with 8.6%, followed by Galway with 4.5%. These percentages are very similar to 2017 figures.

In terms of percentage growth in new registrations in 2018, Leitrim leads the way with 65.5% growth, followed by Wexford with 45.3% and Carlow with 44.6%.

## International Market Review

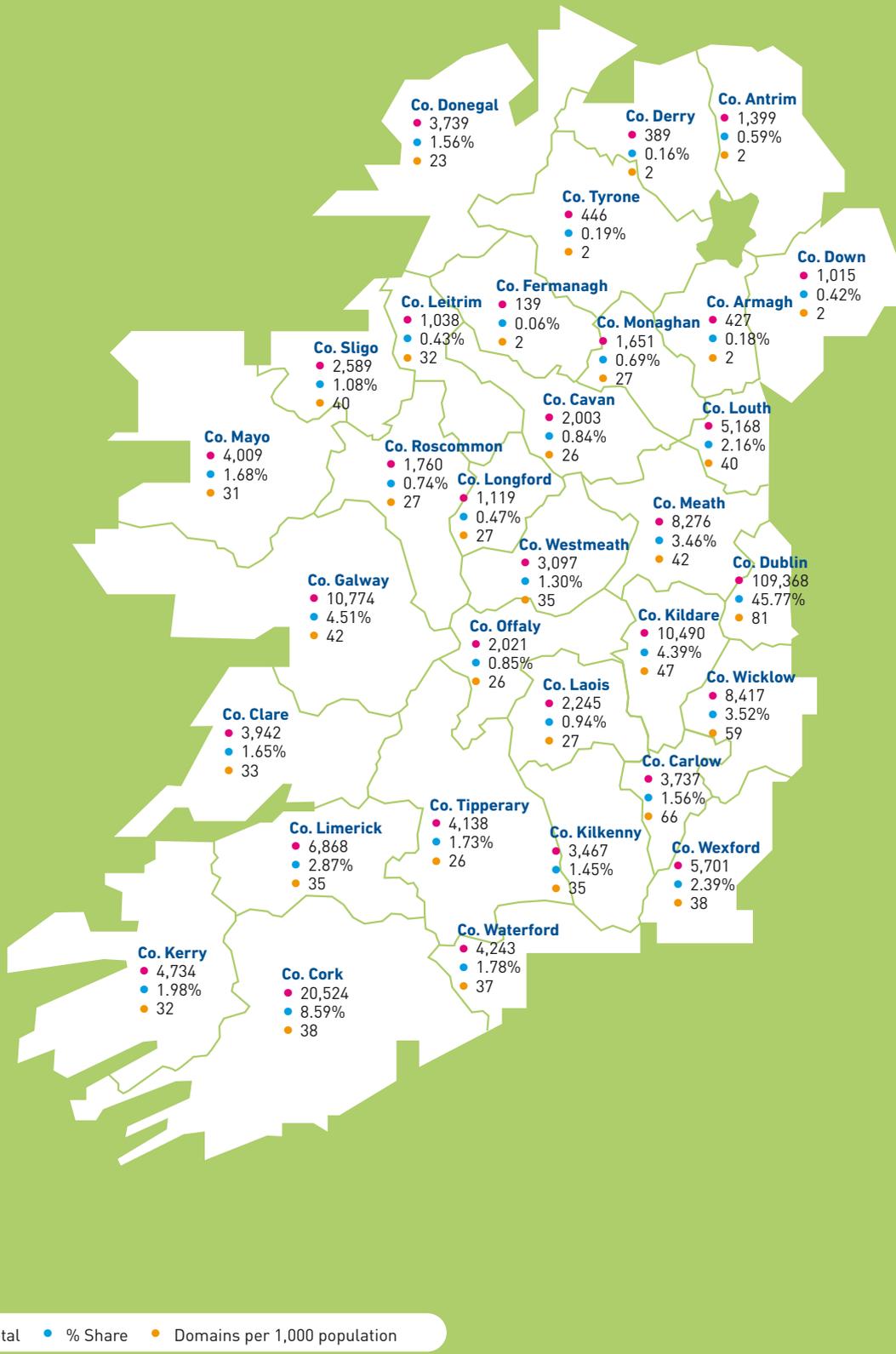
There are more than 240 country code top-level domain extensions (ccTLDs) worldwide, including .ie. Compared to twenty two other European countries, Ireland ranks 17th, with 55 country code domains per 1,000 of population (Chart 4).

Using this metric, Ireland ranks ahead of, or is comparable to, European countries with larger populations, including France (46 .fr domains per 1,000), Spain (40 .es domains per 1,000), Russia (38 .ru domains per 1,000).

However, Ireland also ranks behind several European countries with smaller or similar populations, including Denmark (234 .dk domains) and Norway (141 .no domains). Our nearest neighbours in the UK have 164 .uk domains per 1,000 of population.

### Chart 3: County profile of .ie registrations

Source: IE Domain Registry Domain Profile Report 2018, published January 2019



**Chart 4: International ccTLD – domain registrations by country and domains per 1,000**

Source = CENTR (domain registrations)



• **Country** • Number of country code domains • Domains per 1,000 population

# Accredited Registrars

Accredited Registrars are a key part of the .ie domain service delivery process.



Irish consumer and businesses can choose from over one hundred accredited Registrars, many of whom are listed on [www.iedr.ie](http://www.iedr.ie)

# Partners in Keeping Ireland Online

IE Domain Registry works closely with key stakeholders and partners in keeping Ireland online.



DNS-OARC



## 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 109 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 six secure data centres in Dublin and Cork. The switches are connected by dedicated resilient fibre links.

## DNS-OARC

The DNS Operations, Analysis, and Research Center (DNS-OARC) brings together key operators, implementors, 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, implementors 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, protecting consumers and 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.

## RIPE Network Coordination Centre

RIPE is an independent, not-for-profit membership organisation which supports the infrastructure of the Internet through technical coordination. It is one of five RIRs that collectively serve the global Internet community. All RIRs are allocated blocks of Internet resources by the Internet Corporation for Assigned Names and Numbers (ICANN). These blocks are broken down into smaller blocks and allocated to members.

It's most prominent activity is to act as the Regional Internet Registry (RIR) providing global Internet resources and related services (IPv4, IPv6 and AS Number resources) to members in its service region. It maintains a registry of all allocated Internet number resources in its service region, the details of which can be found in the RIPE Database. This helps to maintain a well-organised and efficient internet, and also helps safeguard the number resources in use.

## CENTR (Council of European National Top-Level Domain Registries)

CENTR is the association for exchange, dialogue and innovation of country code domain registries in Europe. The objectives of CENTR are to promote and participate in the development of high standards for Country Code Top-Level Domain Registries (ccTLDs) for the benefit of its members and the internet. The organisation has a European focus.

Together with similar organisations which focus on other regions of the world, CENTR achieves its objectives through consensus building, coordination and collaboration; respecting cultural and historical variations amongst the ccTLDs and their Local Internet Communities.

# Technical Services Review

The Technical Services team manages and maintains the Company's high availability systems, mission-critical services and infrastructure in accordance with international best practices. IE Domain Registry has been identified as an Operator of Essential services (OES) under the NIS Directive and is looking forward to working closely with the DCCA (Department of Communications, Climate Action and Environment) to ensure compliance.

## 2018 – The year of Data Protection and data analytics

A key objective for the Technical Services team during 2018 was to review and upgrade systems to ensure compliance with the General Data Protection Regulation. Internally, several policies were reviewed and updated in conjunction with the Policy Advisory Committee. The Technical Services team's role was to ensure these policies were built into technical applications. The team worked as part of a large project group to assist and build controls into technical applications to ensure compliance.

As well as introducing new GDPR batch processes to anonymise or remove data as per the new policies, new privacy popups and new Whois opt-in/opt-out features were introduced. These ensure that customers can be confident that their data is being protected and handled securely.

The Technical Services team also focused on improving the Customer Experience (CX) of our Registrars and registrants. The Data Analytics team measured the end-to-end sales cycle for registrations. Monitoring tools were implemented to capture where registrations were slowing down. CX is a company priority and process improvements will continue on an ongoing basis.

The Policy Advisory Committee requested a review of the technical check operation to streamline the registration and transfer processes. This allows a Registrar to modify the DNS post registration or transfer rather than pre registration. The technical check still runs pre registration, however the process won't be paused if it finds an issue, and notifications ensure that DNS updates are handled later.

Several new enhancements to improve the customer experience for registrants and Registrars were introduced. The Fastpass process allows returning registrants to provide an existing domain name as validation, meaning no other evidence or documentation is required. There was a focus on clarifying the guidelines to highlight how one item of evidence e.g VAT number, can meet all the registration requirements.

Liberalisation, together with the changes, reduced registration time and increased speed to go-live, meeting the goal of making registrations faster and easier.

## Future challenges for the international internet technical community

Online Identity was a hot topic internationally within the ccTLD community during 2018. IE Domain Registry is a managed registry, which means that the identity of users is checked and validated during the registration process. Some international registries do not have identity checks, and instead go "straight to the database" which means that they can be more susceptible to criminal elements abusing the registration system. Many ccTLDs are working to build tools to monitor activity post registration. These tools take advantage of machine learning to isolate registrants at the point of application and ensure additional checks are carried out.

Several companies in the EU are now working on online identity products. For example – ID4me, the itsme app and One-Identity are products that allow users to validate who they are and provides the ability for users to authenticate themselves with online services such as banks. If consumers use an application where they are asked to log in with a Gmail or Facebook account in the future, they could instead choose one of these pre-validated identity products.

There are several benefits to using secure solutions such as a Single Sign-on, including avoiding the necessity of managing multiple passwords. They are privacy-friendly as they allow users to share selected information with a site and avoid over-sharing data with social media companies. A move to these types of solutions should help with Know your Customer (KYC) initiatives and help to address the challenges posed by identity theft in the future.

2018 saw a significant increase in data breaches in terms of the number of records and number of companies breached. Cisco's 2018 Annual Cybersecurity Report<sup>1</sup> claims 53% of mid-market companies have experienced a breach.

There were large scale breaches in 2018, such as the Marriott Hotel breach (500 million customers, data stolen), Under Armour (150 million records stolen), Facebook (50 million users affected). In this environment, it is prudent to use online identity management systems to keep personal identify information safe and accessible.

## DNSSEC root KSK rollover

A major international technical event took place on 11 October 2018. The Root Zone DNSSEC Key Signing Key is the top cryptographic key in the DNSSEC hierarchy. The KSK should be changed periodically (like a password). The rollover happened successfully. The process had been delayed due to concerns that not every DNS resolver was set up to automatically update when the key rolled over. A large-scale project was initiated to reach out to as many network providers and ISPs as possible to ensure their systems were updated to facilitate automatic rollover.

Despite all the international planning and preparations one large Irish ISP was unprepared. At several international conventions after the rollover, it was embarrassing to hear this Irish ISP mentioned repeatedly by internet experts.

## High availability .ie systems and services

The Technical Services team manages and maintains the Company's high availability systems, mission critical services and infrastructure, spread across four sites; two data centres (Interxion and Equinix), a business continuity recovery site and the Company's headquarters in Dublin. The network is optimised across several datacentres to ensure resilience.

System optimisation continued during 2018. System upgrades and application development took place prior to GDPR, which resulted in system speed and efficiency improvements. A new software development partner was selected and on-boarded, which ensured a solid process through the system upgrade.

A large project to upgrade the hardware and network equipment in the Backup Datacentre was completed. This introduced better resiliency for mission critical systems for example, email, active directory and ticketing systems.

## International memberships and collaborations

Team members continued with collaboration efforts with various internet stakeholders through membership of organisations such as the DNS-OARC (DNS Operations, Analysis and Research Centre) 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. The team actively participated in international industry events such as CENTR meetings (Technical, Security and R&D), RIPE and ICANN during the year.

## The .ie DNS infrastructure

The IEDR Domain Name System (DNS) infrastructure consists of a network of nameserver locations around the globe, illustrated in Chart 5 overleaf. The lookup or resolution service for .ie domain queries is performed at all nameserver locations. A critical component of this nameserver infrastructure is the use of 'Anycast' load balancing technology provided to IE Domain Registry by the secondary nameserver service providers. This 'Anycast' facility (illustrated in red/blue text, in Chart 5) protects against a Denial of Service attack (DDoS attack) by allowing the geographical distribution of .ie domain lookup requests to any available DNS resolver for redundancy. This effectively localises the potential adverse effects of the DDoS attack, by preventing it spreading across the entire network. 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 IE Domain Registry'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.

<sup>1</sup> 2018 Annual Cybersecurity Report: the evolution of malware and rise of artificial intelligence.



## Chart 5: Security and stability Nameserver network

DUBLIN, IRELAND  
a.ns.ie  
b.ns.ie  
IE Domain Registry

DUBLIN, IRELAND  
g.ns.ie  
BT

FRANCE  
h.ns.ie  
Afnic  
Saint-Quentin- en-Yvelines

### NETNOD'S NETWORK

c.ns.ie  
d.ns.ie

#### South America

Porto Alegre: Brazil  
Mexico City: Mexico  
Sao Paulo: Brazil  
Montevideo: Uruguay  
Asunción: Paraguay

#### United States

Ashburn: VA  
Chicago: IL  
Miami: FL  
San Francisco: CA  
Washington DC: VA

#### Europe

Amsterdam: Netherlands [2]  
Ankara: Turkey  
Belgrade: Serbia  
Bratislava: Slovakia  
Brussels: Belgium  
Bucharest: Romania  
Frankfurt: Germany  
Helsinki: Finland  
Geneva: Switzerland  
Gothenburg: Sweden  
Kiev: Ukraine  
Ljubljana: Slovenia  
London: United Kingdom

Luleå: Sweden  
Luxembourg: Luxembourg  
Malmo: Sweden  
Milan: Italy  
Oslo: Norway  
Paris: France  
Reykjavik: Iceland  
Riga: Latvia  
St Petersburg: Russia  
Stockholm: Sweden [3]  
Sundsvall: Sweden  
Tallinn: Estonia  
Vienna: Austria

#### Middle East/Asia

Bangkok: Thailand  
Colombo: Sri Lanka  
Dubai: United Arab Emirates  
Jakarta: Indonesia  
Kathmandu: Nepal  
Kuala Lumpur: Malaysia  
Manama: Bahrain  
Singapore: Singapore  
Taipei: Taiwan  
Thimphu: Bhutan  
Tokyo: Japan  
Ulaanbaatar: Mongolia  
Hong Kong: China

#### Africa

Johannesburg: South Africa

#### Oceania

Perth: Australia  
Wellington: New Zealand



**DYN'S NETWORK**

*e.ns.ie*

*f.ns.ie*

**United States**

- Dallas, USA
- Ashburn, USA
- El Paso, USA
- Virginia, USA
- Los Angeles, USA
- Miami, USA
- North Bergen, USA
- Sunnyvale, USA
- Chicago, USA

- Seattle, USA
- Nogales, USA

**Europe**

- Frankfurt, Germany
- London, England
- Dublin, Ireland
- Amsterdam, Netherlands

**Middle East/Asia**

- Hong Kong: China
- Singapore: Singapore

**Oceania**

- Sydney: Australia

# Marketing and Communications Review

IE Domain Registry's Marketing and Communications programme continued to engage with stakeholders and the internet community in Ireland throughout 2018. A range of research, publications, events and sponsorships were undertaken to highlight the benefits and possibilities of the internet for businesses and citizens.

## Co-Funded Marketing Programme

IE Domain Registry operates a Co-Funded Marketing Programme (CFMP) for our .ie accredited Registrars. The purpose of the programme is to promote awareness, stimulate registration growth and encourage renewals of .ie domain names. The CFMP, in partnership with our Registrars, supports one of the Company's key objectives of raising SMEs' awareness about the importance of having an identifiably Irish online presence.

IE Domain Registry continued to offer the CFMP throughout 2018. The programme supported a wide range of Registrar marketing initiatives including radio commercials, printed advertisements, social media advertising and industry events. It resulted in increased sales growth, promotion of domain activation with email or a website and selling products such as web builder and security products. Registrars who participated in the 2018 programme reported positive results with increased traffic to their websites and an increase in their .ie registrations and renewal rates.

## Supporting the internet community in Ireland

Throughout 2018, IE Domain Registry continued to support the internet community in Ireland with a range of initiatives and sponsorships. Our objective is to help them celebrate excellence in digital processes, e-commerce and digital marketing. Indirectly, this helps to promote the .ie domain name and to encourage internet usage.

IE Domain Registry was a sponsor the Small Firms Association (SFA) Awards. These awards celebrate the achievements of small business in Ireland and recognise the vital contribution of the small business community to the Irish economy.



**Pictured at the Awards are (L-R)** Sue O'Neill, Chair, Small Firms Association; Heather Humphreys, TD, Minister for Enterprise, Business and Innovation; Thomas McGuinness, Duffy Chartered Engineers Ireland, winner of the Emerging New Business category; and David Curtin, CEO, IE Domain Registry.

Other industry events the company supported include the BT Young Scientist and Technology Exhibition, Web Awards, Women in Tech Awards, SME Awards, Start-up Awards, Digital DNA and the Retail Excellence Awards, which celebrate the best in retail, both online and in store, a truly omni-channel approach.

Additionally, IE Domain Registry continued to build and strengthen relationships with key SME and micro-enterprise representative bodies such as the Local Enterprise Offices, the Design & Crafts Council of Ireland and the Hardware Association. By working with these groups, IE Domain Registry can engage with their networks to promote the benefits of e-commerce. This applies especially on a website with a .ie address, which "tells the global community that you are Irish and tells the Irish community that you are local".

## Internet Day 2018

To mark Internet Day 2018, the Company launched the 'Digital Town' initiative which highlighted the benefits and possibilities of the internet and celebrated the digital achievements of a local town. Gorey, Co Wexford was chosen as the 2018 Digital Town and its digital achievements were celebrated. The event highlighted the importance and impact of the internet on society, on businesses and on communities, while demonstrating the benefits and potential of digital towns.

Gorey was chosen for its achievements in cultivating a truly digital environment in the town, and for its ongoing successes in fully embracing digital for its residents and for local business. Through showcasing its efforts, Gorey can inspire Irish towns to begin their journey to becoming fully digital.



Presentations at the Digital Dome, Gorey, 2018

### Digital events

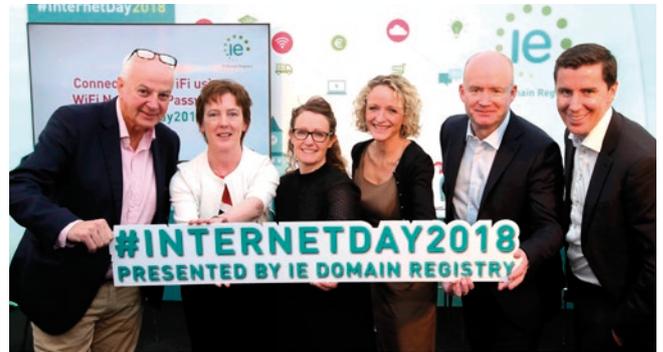
Over the month of October, working with Wexford County Council, The Hatch Lab and Gorey Chamber of Commerce, a number of digital engagements took place, aimed at showcasing Gorey and developing additional digital skills and know-how for people and organisations in Gorey.

This work culminated in the official launch and celebration on 25 October at the Gorey town centre – Civic Square.

### Official launch:

The official launch was hosted in the IE Domain Registry Digital Dome on Internet Day, where entrepreneur and broadcaster Bobby Kerr acted as Master of Ceremonies. IE Domain Registry CEO David Curtin, delivered a short address and revealed the results of a national consumer survey on the Digital Trends in Ireland 2018. Following this, there was a discussion on 'The Digital Town' with a panel of local and national business experts:

- ▶ Tony Hanway, Group CEO, Virgin Media Ireland
- ▶ Jim Hughes, CEO, Innovate, and President, Gorey Chamber of Commerce
- ▶ Louise O'Connor, Chief Digital Officer, Abodoo
- ▶ Annette Soraine, Board member, Fastrack to IT
- ▶ Oonagh McCutcheon, Customer Operations Manager, IE Domain Registry



Above: Pictured at the Digital Town event in Gorey were Bobby Kerr, MC; Oonagh McCutcheon, IE Domain Registry; Annette Soraine, Fastrack to IT; Louise O'Connor, Abodoo; Tony Hanway, Virgin Media; Jim Hughes, Innovate.

### Practical workshops

At the IE Domain Registry Digital Dome there was a team of leading digital experts providing free advice and digital demonstrations to business owners, community groups and citizens on all matters digital including skills, e-commerce, website development and mobile video.

A short workshop on 'Digital Animation & Mobile Video Made Easy' which showed businesses how to shoot professional quality video and animations using their mobile devices.

'How to build a website in 20 minutes' demonstrated how to build a website from scratch in 20 minutes with a newly registered domain and no coding required.

There was also the opportunity to try out a mixed reality experience, which immersed people in a 3D painting canvas called Tilt Brush.

## OPTIMISE – the e-Commerce Website Development Fund

Research undertaken by IE Domain Registry 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. Some of the key issues facing Irish SMEs and micro enterprises are a lack of resources and a lack of knowledge about using digital tools to help grow their business.

In response, IE Domain Registry set up OPTIMISE – the e-commerce Website Development Fund in 2011. The Fund was created to provide Irish SMEs and micro enterprises with professional consultation, practical training and e-commerce tools and development services. To date, OPTIMISE has worked shoulder-to-shoulder with 170 companies to enable them to make greater use of existing web technologies and e-commerce enabled websites to grow their existing business via the internet.

In 2018, IE Domain Registry continued the very successful partnership approach with sectoral organisations, including Retail Excellence, the Hardware Association and Design & Crafts Council of Ireland (DCCoI). This enabled selected member companies to improve their online presence, hone their digital capabilities and grow their global e-commerce sales. Each participating business received a comprehensive digital health check by an expert digital marketing agency with company-specific recommendations, before taking part in a series of mentoring days and masterclasses. A review meeting with each participant monitored changes implemented as well as their progress moving forward. Engaging sectoral organisations has proved highly effective, as these bodies have a deep understanding of the needs of their members. For more information on OPTIMISE please visit [www.iedr.ie/optimise](http://www.iedr.ie/optimise).

## Fact-based analysis and research: The Digital Health Index

It is imperative that policy makers have access to accurate data upon which to base their decisions. 2018 saw the publication of two key reports by IE Domain Registry – the Digital Health Index and the Domain Profile Report. The Domain Profile Report analyses the key trends and statistics in .ie domain registrations over time. It examines the entire database of .ie domains while also measuring the growth in registrations at regional and county levels over time.

The Digital Health Index (DHI) is based on empirical research, commissioned by the Company, on 1,000 SMEs and micro businesses.

A key component of the report is the newly developed Digital Skills Assessment framework. This is a new approach to measuring and analysing SMEs' digital skills. There is an overall grade for SMEs' ability to communicate with their customers online, facilitate transactions, and enhance or 'boost' their online presence. The results are intriguing. While more SMEs have digital assets than ever before, e-commerce adoption remains low. The majority of SMEs are relatively good communicators online. However, only a third achieve an A or B grade in transacting online and less than 2 in 10 SMEs are boosting their online presence. These grades demonstrate that SMEs need assistance in getting digitally upskilled in order to compete in the global marketplace. SMEs need to respond urgently, otherwise Irish consumers will continue to shop with rival businesses or foreign retailers to find the goods they want.

The Digital Health Index provides a unique perspective, and is particularly important given that the EU's Digital Economy and Society Index (DESI) excludes SMEs with fewer than 10 employees.

### COMMUNICATING



# 70%

of Irish SMEs achieved an A or B grade for communicating

- ▶ Larger SMEs tend to be better communicators: 60% with more than 16 employees have an A grade
- ▶ Travel & Tourism has the highest proportion of A-grade communicators, followed by Pharma and Food & Drink

### TRANSACTIONING



# 32%

of Irish SMEs achieved an A or B grade for transacting

- ▶ Top-scoring Irish SMEs in the transacting category are more confident in their business than their lower scoring peers
- ▶ The smallest companies have the highest percentage of A and B grades for transacting

### BOOSTING



# 18%

of SMEs achieved a B grade for boosting

- ▶ These SMEs are using productivity software and analytics to improve their business operations
- ▶ SMEs who score well in this category believe their website is important in bringing in new sales or business

## Fact-based analysis and research: Digital Trends amongst consumers

The Digital Trends in Ireland 2018 research reveals Ireland's attitudes to and use of internet technology, our online shopping habits, and the digital behavioural divides between Dublin and Ireland's regional towns. Our national consumer survey conducted amongst 1,000 people, revealed:

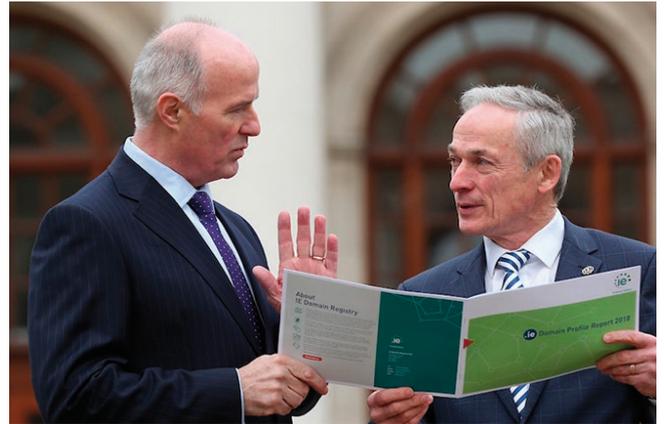
- ▶ There are four internet-enabled devices in every Irish household
- ▶ 6 in 10 people have used an emerging digital technology, like mobile payments, augmented reality, a digital assistant, a smart appliance, or a virtual address service (like Parcel Motel)
- ▶ 1 in 10 have purchased cryptocurrency, like Bitcoin, at least once
- ▶ Almost 2 in 10 people work remotely from home at least once per month and over 4 in 10 say that they can't, because their presence is required in the office.

The graphic below illustrates consumers' views on the range and quality of digital services locally. The survey indicated that their local SMEs need to improve their e-commerce services in order to meet customer's needs.

The full report is available at <https://www.iedr.ie/digital-trends-in-ireland/>

## 'Digital Skills for Citizens' programme

The Company is pleased to be a grantee and service provider under the 'Digital Skills for Citizens' programme managed by the Department of Communications, Climate Action and Environment. The programme focusses on supporting and empowering citizens to participate fully in Ireland's digital economy and society. The scheme provides digital skills for citizens who are new to the internet with the objective of removing a key barrier to digital adoption. 1,500 citizens were trained by the Company in 2018.



Pictured at the launch of the IE Domain Registry Domain Profile Report 2018, were Richard Bruton, TD, Minister for Communications, Climate Action & Environment and David Curtin, CEO, IE Domain Registry, on 25 January 2019.

## COMMERCE



**65%**

claim they would buy more locally if local shops had a click and collect service

**68%**

believe their local main street is not equipped for the digital age



**51%**

of people outside Dublin can't book appointments online for local services vs

**33%**  
in Dublin



Outside of Dublin,

**19%**

said their local town's internet quality was too poor to facilitate e-commerce

Almost

**2 in 10**

people work remotely from home at least once per month, but

**4 in 10**

say they can't as their presence is required in the office



# Five Year Summary

Extract from the audited Financial Statements (financial figures only)

## Profit and Loss

	Year to 31 Dec 2018	Year to 31 Dec 2017	Year to 31 Dec 2016	Year to 31 Dec 2015	Year to 31 Dec 2014
	€	€	€	€	€
<b>Registration Revenue</b>	<b>3,317,336</b>	3,062,232	2,989,751	2,811,334	2,681,631
Administration Expenses	<b>(1,608,796)</b>	(1,331,566)	(1,687,344)	(1,658,535)	(1,161,789)
Employment Costs	<b>(1,449,246)</b>	(1,404,097)	(1,344,439)	(1,462,973)	(1,334,870)
Depreciation	<b>(111,736)</b>	(140,363)	(157,282)	(206,908)	(175,108)
<b>Operating profit/(loss)</b>	<b>147,558</b>	186,206	(199,314)	(517,082)	9,864
Unrealised (losses)/gains on financial investment	<b>(122,033)</b>	83,793	85,274	80,941	83,078
Profit on sale of financial investment	<b>9,411</b>	0	0	0	132,358
Interest income	<b>9,307</b>	7,229	10,709	21,444	30,741
Taxation	<b>24,158</b>	(21,976)	(23,188)	25,386	(60,000)
<b>Profit/(loss) after taxation</b>	<b>68,401</b>	255,252	(126,519)	(389,311)	196,041

## Balance Sheet

	At 31 Dec 2018	At 31 Dec 2017	At 31 Dec 2016	At 31 Dec 2015	At 31 Dec 2014
	€	€	€	€	€
Fixed Assets	<b>101,008</b>	102,641	164,039	163,762	181,141
Investments	<b>4,184,715</b>	3,328,882	3,245,089	3,159,815	3,078,874
Current Assets	<b>2,910,556</b>	3,474,662	3,139,923	2,801,697	3,272,788
Creditors <1 year, excluding Deferred Income	<b>(866,391)</b>	(836,023)	(874,362)	(437,514)	(592,383)
Deferred Income	<b>(2,390,458)</b>	(2,169,542)	(2,049,351)	(1,970,724)	(1,834,073)
Creditors >1 year	<b>(25,260)</b>	(54,851)	(34,821)	0	0
<b>Members' Funds</b>	<b>3,914,170</b>	3,845,769	3,590,517	3,717,036	4,106,347

## 5 Year Summary – Registration Growth

	YoY % change	Year to 31 Dec 2018	Year to 31 Dec 2017	Year to 31 Dec 2016	Year to 31 Dec 2015	Year to 31 Dec 2014
<b>At 1 January*</b>		<b>235,200</b>	219,858	208,928	195,999	187,269
New Registrations	29.1%	<b>51,040</b>	39,523	34,615	35,225	31,072
Less : Deletions/Non-renewals	9.3%	<b>(26,425)</b>	(24,181)	(23,685)	(22,296)	(22,342)
<b>Net Additions</b>	60.4%	<b>24,615</b>	15,342	10,930	12,929	8,730
<b>At 31 December*</b>		<b>259,815</b>	235,200	219,858	208,928	195,999
Net – growth in year		<b>10.5%</b>	7.0%	5.2%	6.6%	4.7%
New Reg – growth in year		<b>21.7%</b>	18.0%	16.5%	18.0%	16.6%
Deletion rate		<b>(11.2%)</b>	(11.0%)	(11.3%)	(11.4%)	(11.9%)

\* Zone File data – excludes suspended domains

# Financial Statements

**for the financial year ended 31 December 2018**

Company Information	42
Directors' Report	43
Independent Auditors' Report	46
Statement of Income and Retained Earnings	49
Balance Sheet	50
Statement of Cash Flows	51
Notes to the Financial Statements	52

# Company Information

## Directors

Mr. Jim Joyce (Chairman)  
Mr. Eamonn Ceannt  
Mr. Gareth Dunlop  
Ms. Anne-Marie Eklund Löwinder (appointed 9 February 2018)  
Ms. Louise English (appointed 9 February 2018)  
Mr. Dan Flinter  
Dr. Canice Lambe (retired 9 February 2018)  
Mr. Fergal O'Byrne (retired 27 April 2018)  
Mr. Owen O'Connor (appointed 19 October 2018)

## Solicitors

Arthur Cox  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
  
Eversheds Sutherland  
One Earlsfort Centre  
Earlsfort Terrace  
Dublin 2

## Secretary

Mr. Jim Joyce

## Registered Office

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

## Company Number

315315

## Auditors

Grant Thornton  
13-18 City Quay  
Dublin 2

## Bankers

Bank of Ireland  
Montrose  
Dublin 4

KBC Bank  
Sandwith Street  
Dublin 2

RaboDirect  
2 George's Dock  
Dublin 1

# Directors' Report

## for the financial year ended 31 December 2018

The directors present their report and the financial statements for the financial year ended 31 December 2018.

### Principal Activity

The company was incorporated on 16 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 financial year, after providing for depreciation, taxation and the unrealised gains on financial investment amounted to €68,401 (2017 profit – €255,252). No dividends are payable as the company is limited by guarantee and does not have a share capital.

### Business Review

From an operational perspective, 2018 was an excellent year of development and growth. In 2018, the company extended its Strategic Development Fund. This Fund was initially established in 2015 to finance a set of promotion, marketing and customer service initiatives to meet the strategic objectives and priorities of expansion and protection of the .ie namespace. In 2018, the fund financed the successful e-commerce website OPTIMISE program for SMEs, financed publications backed by robust independent research, and financed the celebration of Ireland's Digital Town, Gorey, Co. Wexford, for Ireland's Internet Day. Since its inception, the fund has also facilitated the design, development and rollout of new services for customers, including secondary market, Internationalised Domain Names (IDN's), domain locking and rules liberalisation.

Turnover increased by 8.3% to €3.32 million (2017 – €3.06 million). Volume growth in domains was again strong in 2018, as year-on-year new registration growth increased by 29.1%. The .ie volume growth is generated by the registrar sales channel, which accounts for over 99% of all new registrations. When non-renewals are considered, the net increase in the .ie namespace was 60.4%, which is exceptional. This is attributed to the liberalisation rules change in March 2018, which made it easier and faster for citizens, residents and businesses with connections to Ireland to register their .ie names for websites and email addresses. This .ie growth was achieved in the global context of modest increases for legacy TLDs such as .com, but sharp declines in volumes at new TLDs, which continued to struggle.

The deferred revenue on the balance sheet increased by 10.2% in 2018, to €2.39 million (2017 – €2.17 million). This is because the invoiced value of registration fees increased by 12.4%, reflecting renewals and new growth in 2018.

Administrative expenses increased by 10.2% from €2.88 million to €3.17 million. Employment costs increased by 3.2% in 2018 to €1.45 million reflecting additional staff recruited in 2018 and cost of living salary increases. Promotion, sponsorship, and advertising costs were again high as the company continued its activities to generate demand from SMEs and continued its joint promotion with registrars of the .ie namespace.

The financial position of the company at 31 December 2018 is solid with Members' Funds of €3.9 million. The market value of financial investments at 31 December 2018 is €4,134,615 (2017 – €3,278,782), up by €855,833 in 2018.

### Principal Risks and Uncertainties

The company is exposed to risk and uncertainty arising from market fluctuations in its financial investments. These risks are managed by a combination of appropriate investment principles, advice from independent investment advisors and oversight by a Board sub committee. The company's financial investments are for the long-term in conservative managed funds diversified across multiple investment managers.

In common with other small and medium-sized enterprises, the company's performance is impacted by macro-economic risks posed by weak SME balance sheets, and the ongoing uncertainty arising from the Brexit referendum in the UK – the largest market for Irish SME exporters. These risks continue to be managed prudently by the company. The impact of new regulations remains uncertain, as the EU continues its initiatives to; complete the Digital Single Market; address cybersecurity threats; and implement ePrivacy initiatives.

In common with internet service providers, the company faces risks in relation to digital disruption and innovations from internet global giants, which offer new apps and free services, financed by advertising revenues. The company faces risks in relation to the ever-increasing range and sophistication of cyber attacks on internet infrastructure and on businesses. The company also faces risks in relation to reliance on key computer systems and key staff. The company's cyber security controls, business continuity plans and disaster recovery procedures address the risks associated with cyber threats and 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.

## Directors' Report (continued)

### Future Developments

The company continues to monitor international developments impacting ccTLD registries, in particular new EC regulations and the proposals for ongoing international expansion in, and the number of, top-level domains. These developments will result in some disruption in the global domain name market, and will represent a challenge for data protection managers, trademark and patents holders, brand managers and the owners of intellectual property rights.

The company's operational plans and budgets incorporate a continuation of the 2015 Strategic Development Fund to finance the strategic objectives and priorities for 2019.

In technical terms, the company's infrastructure and services portfolio is up-to-date, matching the top ccTLD's in the EU. Heretofore, the company has taken a national leadership role in providing registry lock, secure DNS, secondary market, IDN's, rule relaxation for geographic and place names, and the liberalisation of rules for new .ie domains.

### Directors

In accordance with the Articles of Association directors may serve a maximum of two Terms, whereby a Term is a three-year period.

On 9 February 2018, Dr Canice Lambe retired and both Ms Louise English and Ms Anne-Marie Eklund Löwinder were appointed as directors. On 27 April 2018 Mr Fergal O'Byrne retired as a director. On 19 October 2018 Mr Owen O'Connor was appointed as a director.

Mr Jim Joyce, Mr Eamonn Ceannt, Mr Gareth Dunlop and Mr Dan Flinter continued as directors in 2018.

### Post Balance Sheet Events

There are no material post balance sheet events.

### Directors and their Interests

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

The company is limited by guarantee and does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up. Members are liable for payment of debts and liabilities of the company contracted before ceasing to be a member, and for the costs, charges and expenses of winding up, such amount as may be required not exceeding €1.27 cash.

### Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgments and accounting estimates that are reasonable and prudent;
- ▶ state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014, with regard to the keeping of proper accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 4<sup>th</sup> Floor, Harbour Square, Dun Laoghaire, Co. Dublin.

## Statement on relevant audit information

In the case of each of the persons who are directors at the time this report is approved in accordance with Section 332 of Companies Act 2014:

- a) So far as each director is aware, there is no relevant audit information of which the company's statutory auditors are unaware, and
- b) Each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

## Auditors

BDO retired as auditors during the financial year. Following a tender process Grant Thornton were appointed as auditors in 2018. In accordance with Section 383(2) of the Companies Act 2014, the auditors, Grant Thornton, will continue in office.

On behalf of the Board

### **Mr. Jim Joyce**

*Director*

### **Mr. Eamonn Ceannt**

*Director*

### **Date**

**26 April 2019**

# Independent Auditor's Report to the Members of IE Domain Registry CLG

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of IE Domain Registry CLG, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of changes in equity and Statement of cashflows for the financial year ended 31 December 2018, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 101 'Reduced Disclosure Framework'. (Generally Accepted Accounting Practice in Ireland).

In our opinion, IE Domain Registry CLG's financial statements:

- ▶ give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the company as at 31 December 2018 and of its financial performance for the financial year then ended; and
- ▶ have been properly prepared in accordance with the requirements of the Companies Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Matters on which we are required to report by the Companies Act 2014

- ▶ We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- ▶ In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- ▶ The financial statements are in agreement with the accounting records.
- ▶ In our opinion the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

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

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

Under the Companies Act 2014, we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

## Respective responsibilities

### Responsibilities of the management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS101, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

### Responsibilities of the auditor for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## *Independent Auditor's Report (continued)*

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The Auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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 Auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Dan Holland**

for and on behalf of  
Grant Thornton  
Chartered Accountants, Statutory Audit Firm  
Dublin 2

**2 May 2019**

# Statement of Income and Retained Earnings

## for the financial year ended 31 December 2018

	Notes	Continuing Operations	
		2018	2017
		€	€
<b>Turnover</b>	<b>3</b>	3,317,336	3,062,232
Administrative expenses		(3,169,778)	(2,876,026)
<b>Operating profit/(loss)</b>	<b>4</b>	147,558	186,206
Realised gain/(loss) on financial investment		9,411	–
Unrealised (loss)/gain on financial investment		(122,033)	83,793
Interest income		9,307	7,229
<b>Profit/(loss) on ordinary activities before taxation</b>		44,243	277,228
Tax on profit/(loss) on ordinary activities	<b>7</b>	24,158	(21,976)
<b>Profit/(loss) retained for the year</b>		68,401	255,252
<b>Statement of income and retained earnings</b>			
Accumulated profit brought forward		3,845,769	3,590,517
Total recognised profits/(losses) relating to the year		68,401	255,252
<b>Accumulated profit carried forward</b>		3,914,170	3,845,769

# Balance Sheet

as at 31 December 2018

	Notes	2018 €	2017 €
<b>Fixed Assets</b>			
Tangible assets	8	101,008	102,641
Financial assets	9	4,184,715	3,328,882
		4,285,723	3,431,523
<b>Current Assets</b>			
Debtors	10	177,054	208,120
Cash at bank and in hand		2,733,502	3,266,542
		2,910,556	3,474,662
<b>Creditors: amounts falling due within one year</b>	11	(3,256,849)	(3,005,565)
<b>Net Current Assets</b>		(346,293)	469,097
<b>Creditors: amounts falling due after more than one year</b>	12	(25,260)	(54,851)
<b>Total Assets less Current Liabilities</b>		3,914,170	3,845,769
<b>Capital and Reserves</b>			
Profit and loss account		3,914,170	3,845,769
<b>Members' Funds</b>		3,914,170	3,845,769

The financial statements were approved by the Board on 26 April 2019 and signed on its behalf by:

**Mr. Jim Joyce**  
Director

**Mr. Eamonn Ceannt**  
Director

# Statement of Cash Flows

for the financial year ended 31 December 2018

	Notes	2018 €	2017 €
<b>Cash flows from operating activities</b>			
Profit/(loss) for the financial year		68,401	255,252
Adjustments for:			
Depreciation		111,736	140,363
Realised gain/(loss) on financial investment		(9,411)	-
Unrealised gain/(loss) on financial investment		122,033	(83,793)
Interest income		(9,307)	(7,229)
Tax on operating activities		(24,158)	21,976
Decrease/(Increase) in debtors		29,000	(97,756)
(Decrease)/Increase in creditors		247,833	90,938
Corporation tax received/(paid)		(1,982)	(967)
<b>Net cash inflow from operating activities</b>		<b>534,145</b>	<b>318,784</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	8	(110,103)	(78,965)
Purchase (net) of financial assets	9 (a)	(968,455)	-
<b>Net cash used in investing activities</b>		<b>(1,078,558)</b>	<b>(78,965)</b>
<b>Cash flows from financing activities</b>			
Interest income received		11,373	102
<b>Net cash from financing activities</b>		<b>11,373</b>	<b>102</b>
<b>Net increase in cash and cash equivalents</b>	15	<b>(533,040)</b>	<b>239,921</b>
<b>Cash at beginning of year</b>		<b>3,266,542</b>	<b>3,026,621</b>
<b>Cash at end of year</b>		<b>2,733,502</b>	<b>3,266,542</b>
<b>Cash at bank</b>	15	<b>2,733,502</b>	<b>3,266,542</b>

# Notes to the Financial Statements

## for the financial year ended 31 December 2018

### 1. General Information

These financial statements comprising the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 22 constitute the individual financial statements of IE Domain Registry CLG for the financial year ended 31 December 2018.

IE Domain Registry CLG is a company limited by guarantee and does not have a share capital (registered under Part 2 of Companies Act 2014), incorporated in the Republic of Ireland. The Registered Office is 4th Floor, Harbour Square, Dun Laoghaire, Co. Dublin, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Director's Report on pages 43 to 45.

#### 1.1 Statement of Compliance

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

#### 1.2 Currency

The financial statements have been presented in Euro (€) which is also the functional currency of the company.

### 2. Accounting Policies

#### 2.1 Accounting convention

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention modified to include certain items at fair value. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

#### 2.2 Consolidation

The company and its subsidiary 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 Section 297 of the Companies Act 2014. Consequently, these financial statements deal with the results of the company as a single entity.

#### 2.3 Turnover

Turnover represents the total invoice value, excluding value added tax and rebates, of sales for the financial year ended 31 December 2018. 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 2018.

#### 2.4 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.

## 2.5 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.

## 2.6 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 Statement of Income and Retained Earnings so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

## 2.7 Taxation

The charge for taxation is based on the profit or loss 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.

## 2.8 Financial Instruments

### *Unlisted Investments*

The company's directly held investments in the shares of its unlisted subsidiary undertakings are stated at the lower of cost and net realisable value. The company may indirectly hold unlisted investments through its financial investments in managed funds. It is considered by the directors that the fair value of these shares can be measured reliably. The accounting policy is to record investments at mark to market.

### *Cash and cash equivalents*

Cash consists of cash on hand and demand deposits. Cash equivalents consist of short term highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value.

### *Other financial assets*

Other financial assets are recorded at mark to market prices. Other financial assets include trade debtors for services sold to customers on short-term credit, which are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

### *Other financial liabilities*

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### *Impairment of financial assets*

At the end of each reporting period, the company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including unlisted investments, loans, trade debtors and cash. If there is objective evidence of impairment, impairment losses are recognised in the Statement of Income and Retained Earnings in that financial year.

## Notes to the Financial Statements (continued)

### 2.9 Judgments and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting estimates and judgements:

#### *Going Concern*

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of the approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

#### *Useful Lives of Tangible and Intangible Fixed Assets*

Long-lived assets comprising primarily of property, plant and machinery and intangible assets do not represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of tangible Fixed Assets subject to depreciation at the financial year end date was €101,008 (2017 – €102,641).

## 3. Turnover

	2018	2017
	€	€
Turnover	3,317,336	3,062,232
Analysis of turnover by country of destination:		
Republic of Ireland	2,887,059	2,659,261
Europe	197,733	183,350
North America	109,524	102,120
United Kingdom	108,205	103,189
Rest of the World	14,815	14,312
	3,317,336	3,062,232

## 4. Operating profit/(loss)

	2018	2017
	€	€
The operating profit/(loss) is arrived at after charging:		
Depreciation and write-off of tangible assets	111,736	140,363
Auditors' remuneration		
<i>Audit</i>	11,500	13,335
<i>Tax Advisory Services</i>	2,750	2,478
Directors' remuneration	50,771	79,800
Pension costs	46,783	42,214
Secretarial fees	39,000	39,000

In 2015 a Strategic Development Fund was established to finance a set of promotion, marketing and customer service initiatives to meet the strategic priorities of expansion and protection of the .ie namespace. In 2018, the Fund financed the successful OPTIMISE program, publications backed by robust independent research, new services for customers and the Digital Town 2019 event as part of Ireland's Internet Day. The operating profit reflects expenditure of €208,000 on these initiatives during the year ended 31 December 2018.

## 5. Remuneration

### 5(a) Directors' and key management remuneration

Included in employment costs are the following in respect of directors and key management personnel of the company:

	2018	2017
	€	€
Emoluments in respect of qualifying services	502,646	525,398
Company contributions in respect of qualifying services to Pension Scheme Fund, a defined contribution benefit retirement scheme	32,386	32,208
	535,032	557,606

The number of management to whom retirement benefits are accruing under Pension Scheme Fund in respect of qualifying services is 3 (2017 – 3).

Other than as shown above any further required disclosures in sections 305 and 306 of the Companies Act 2014 are €Nil for both financial years.

### 5(b) Transactions with directors and officers

#### *Loans to directors*

There were no loans made to directors during the financial year.

## Notes to the Financial Statements (continued)

### 5. Remuneration (continued)

#### 5(c) Material interests of directors in contracts with the company

In 2018, related party transactions included company secretarial services supplied by a Director of IE Domain Registry CLG to the company to the value of €39,000 (2017 – €39,000). The maximum amount outstanding at any time during the financial year was €7,995 (creditor balance) (2017: €7,995 creditor balance). Nothing was outstanding at the financial year end date or the previous financial year end date.

All transactions were made at arms-length and on this company's normal commercial terms, which include a requirement to settle debts within 30 days.

#### 5(d) Total remuneration costs (including directors and key management)

Total remuneration costs	2018	2017
	€	€
Wages and salaries	1,257,754	1,242,891
Social security costs	144,709	118,992
Other pension costs	46,783	42,214
	1,449,246	1,404,097

#### 5(e) Employees

*Number of employees (excluding directors)*

	2018	2017
	Number	Number
The average monthly numbers of employees during the year were:		
Administration	22	20

### 6. 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 other pension costs charge represents contributions payable by the company to the fund and amounted to €46,783 (2017 – €42,214).

## 7. Taxation

### 7(a) Current year taxation

	2018 Number	2017 Number
<b>Current year taxation</b>		
Corporation tax on the profit/(loss) for the year on Ordinary activities	5,433	1,946
<b>Deferred taxation</b>		
Origination/(reversal) of timing differences	(29,591)	20,030
	(24,158)	21,976

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

	2018 €	2017 €
Profit/(loss) on ordinary activities before tax	44,243	277,228
Profit/(loss) on ordinary activities multiplied by standard rate of Corporation Tax in Ireland of 12.5%	5,530	34,654
Effects of:		
<i>Capital allowances for period (greater than)/ less than depreciation</i>	(3,280)	421
<i>Income at higher rates of taxation</i>	3,121	244
<i>Expenses not allowable for tax purposes and other timing differences</i>	4,198	1,748
<i>Movement in financial investment valuation unrealised – so not chargeable for tax purposes</i>	15,254	(10,474)
<i>Losses used against current year and preceding year profits/losses available for future use</i>	(19,390)	(24,647)
Deferred taxation	(29,591)	20,030
Current tax charge for year (Note 7(a))	(24,158)	21,976

## Notes to the Financial Statements (continued)

## 8. Tangible assets

Current Financial Year	Leasehold Improvements	Computer Equipment	Fixtures and Fittings	Total
	€	€	€	€
<b>Cost:</b>				
At 1 January 2018	53,354	1,477,081	22,799	1,553,234
Additions	–	107,714	2,389	110,103
Write-out of retired assets	–	(165,132)	–	(165,132)
Disposals	–	(1,701)	–	(1,701)
At 31 December 2018	53,354	1,417,962	25,188	1,496,504
<b>Depreciation:</b>				
At 1 January 2018	53,354	1,376,645	20,594	1,450,593
Charge for the year	–	110,021	1,715	111,736
Write-out of retired assets	–	(165,132)	–	(165,132)
Depreciation on Disposals	–	(1,701)	–	(1,701)
At 31 December 2018	53,354	1,319,833	22,309	1,395,496
<b>Net book values</b>				
At 31 December 2018	0	98,129	2,879	101,008
At 1 January 2018	0	100,436	2,205	102,641

The accounting policy for the depreciation of tangible assets is outlined in Note 2.4. There are no assets held under finance leases or hire purchase contracts at 31 December 2018 (2017 – €Nil).

## 9. Financial assets

### Financial assets

		2018	2017
	Note	€	€
Financial Investments at fair value through profit or loss	(a)	4,134,615	3,278,782
Shares in subsidiary undertakings	(b)	50,100	50,100
		4,184,715	3,328,882

### 9(a) Financial investments

	Unlisted 2018 €
At 1 January 2018	
Fair value	3,278,782
Additions in 2018	1,687,270
Disposals in 2018	(718,815)
Realised gains arising in 2018	9,411
Unrealised losses arising in 2018	(122,033)
At 31 December 2018	4,134,615
<b>Mark to Market Value:</b>	
At 31 December 2018	4,134,615
At 31 December 2017	3,278,782
	Unlisted 2017 €
At 1 January 2017	
Fair value	3,194,989
Unrealised gains arising in 2017	83,793
At 31 December 2017	3,278,782
<b>Mark to Market Value:</b>	
At 31 December 2017	3,278,782
At 31 December 2016	3,194,989

## Notes to the Financial Statements (continued)

### 9. Financial assets (continued)

Other financial investments represent the investment for the long term in conservative managed funds, diversified across multiple Irish investment managers.

The market value of the financial investments at 31 December 2018 was €4,134,615 (2017 – €3,278,782). In accordance with the accounting policy for other financial investments outlined in Note 2.8 the value of other financial investments is recorded at the market value.

#### 9(b) Shares in subsidiary undertakings

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

Name of subsidiary	Country of Registration or incorporation	Shares held class	Principal Activity
IENUM Limited	Ireland	Ordinary and Preference	ENUM Registry

IENUM Limited is an Irish registered company with a registered office at 4<sup>th</sup> Floor, Harbour Square, Dun Laoghaire, Co. Dublin.

The aggregate amount of capital and reserves and the results of this undertaking for the year ended 31 December 2018 were as follows:

	Capital and Reserves	Profit for the year
	€	€
IENUM Limited	50,100	Nil

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

	2018	2017
	€	€
Prepayments and accrued income	177,054	208,120
	177,054	208,120

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

		2018	2017
	Note	€	€
Trade creditors	(a)	96,113	98,857
Customer deposit accounts		278,519	297,541
Other creditors		180,729	151,400
Corporation tax payable		4,477	1,026
Other taxes and social security costs		48,090	26,707
Accruals	(b)	258,463	260,492
Deferred income	(c)	2,390,458	2,169,542
		3,256,849	3,005,565
Other taxes and social security costs include:		€	€
VAT		48,090	26,707
Employment Taxes		-	-
		48,090	26,707

- 11(a)** The payment terms of trade creditors vary between on demand and ninety days. No interest is payable on trade creditors. Tax and social insurance are subject to the terms of the relevant legislation. Interest accrues on late payment at the rate of 0.0274% for each day or part of a day for which payment is overdue. No interest was due at the financial year end date.
- 11(b)** The terms of the accruals are based on the underlying contracts. Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.
- 11(c)** The accounting policy for deferred income is outlined in Note 2.3.

## 12. Creditors: amounts falling due after more than one year

	2018	2017
	€	€
Deferred taxation	25,260	54,851
	25,260	54,851

## Notes to the Financial Statements (continued)

### 13. Guarantee

#### Parent Company Guarantee

On 18 December 2006, the company's subsidiary IENUM Limited signed an agreement with the Commission for Communications Regulation (ComReg) to provide the national ENUM registry service for Ireland. At 31 December 2018, the company is the sole Guarantor of the obligations of its subsidiary IENUM Limited.

### 14. Commitments

#### Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are calculated at €182,551 (2017 – €328,592).

	<b>Premises 2018</b>	<b>Premises 2017</b>
	<b>€</b>	<b>€</b>
Within one year	146,041	146,041
Between two and five years	36,510	182,551
More than five years	–	–
	182,551	328,592

#### Capital commitments

The company has no capital commitments at 31 December 2018 (2017 – €Nil).

### 15. Analysis of changes in cash at bank

	<b>Opening balance</b>	<b>Cash flow</b>	<b>Closing balance</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Current accounts	46,290	(42,787)	3,503
Deposit accounts	3,220,252	(490,253)	2,729,999
Cash at bank	3,266,542	(533,040)	2,733,502

## 16. Post balance sheet events

There are no material post balance sheet events.

## 17. Contingent liabilities

There are no contingent liabilities at 31 December 2018.

## 18. Company structure

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

## 19. Controlling parties

The company is controlled by its members. At 31 December 2018 the seven directors are the members.

## 20. Comparative figures

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

## 21. Financial instruments

The analysis of the carrying amounts of the financial instruments of the company required under Section 11 of FRS 102 is as follows:

	2018	2017
	€	€
<b>Financial assets at fair value through profit or loss</b>		
Financial investments	4,184,715	3,328,882
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Cash at bank	2,733,502	3,266,542
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	96,113	98,857

## 22. Approval of financial statements

The financial statements were approved by the Board on 26 April 2019 and signed on its behalf by:

**Mr. Jim Joyce**  
Director

**Mr. Eamonn Ceannt**  
Director

# Glossary of Terms

## **.ie accredited Registrar**

An .ie accredited Registrar is a company that has signed an agreement with IEDR, authorising it to act as agent for registrants who require a .ie web address. Accredited Registrars include HSPs, ISPs and web development companies. The list of .ie accredited Registrars can be found at [www.iedr.ie/accredited-registrar-list](http://www.iedr.ie/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.

## **ccTLD**

Country code top-level domains (ccTLD), are national top-level domains based on the International Organisation for Standardisation’s (ISO) country codes. 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. See [www.centr.org](http://www.centr.org).

## **ComReg**

The Commission for Communications Regulation (ComReg) is the general communications regulator for Ireland, with responsibility for mobile, fixed line and postal services.

## **CRS Console**

IEDR’s automated Core Registry System (CRS): the Console is a web-based interface which allows registrants and Registrars access to CRS to manage their 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 alphanumeric domain names, as understood by humans, into IP address, which computers use to find other computers on the internet e.g. [www.iedr.ie](http://www.iedr.ie) is translated to IP address 77.72.74.137.

## **DNSSEC**

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

## **Domain name**

A domain name is a unique alphanumeric 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 and advice 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.

## **GDPR**

The General Data Protection Regulation (GDPR) (EU) 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. GDPR acts as a set of rules, backed by national legislation, designed to give EU citizens more control over their personal data. Under the terms of GDPR, organisations have to ensure that personal data is gathered legally and under strict conditions, and also ensure that those who collect and manage it will be obliged to protect it from misuse and exploitation, as well as to respect the rights of data owners - or face penalties for not doing so.

## gTLD

Generic top-level domains (gTLDs), such as .com, .net and .org are top-level domains.

## 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 "Latin" alphabets - US-ASCII (American Standard Code for Information Interchange). This changed with the introduction of IDNs, which introduced top-level domains (TLDs) in different languages and scripts and enabled internet users to access domain names or use email addresses in their own native language.

## IGF

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

## IPv4 and IPv6

Internet Protocol version 4 (IPv4) is the fourth version of the communications protocol that provides an identification and location system for computers on networks and routes traffic across the Internet. (IE Domain Registry's IPv4 address is 77.72.74.137).

In response to a global shortage of addresses, a successor protocol, IPv6, became an Internet Standard on 14 July 2017. IPv6 uses a 128-bit address, theoretically allowing 2<sup>128</sup> addresses – enough for every internet-connected fridge and toaster on the planet – for now at least. (IE Domain Registry's IPv6 address is 2a01:4b0:0:6::29).

## Nameserver

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

## NIS Directive

The Directive on security of network and information systems (NIS Directive) is the first piece of EU-wide legislation which provides legal measures to boost the overall level of cybersecurity in the European Union. Specifically, it requires that Member States ensure they each implement certain national cybersecurity capabilities, facilitate cross-border engagement, and supervise the cybersecurity of critical market operators in their country (including energy, communications, transport, health and finance). Member States were required to have transposed the Directive into their national laws by 9 May 2018 and identify operators of essential services (OES) by 9 November 2018.

## 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 10-step Policy Development Process (PDP).

## PDP

IE Domain Registry's Policy Development Process (PDP) for the .ie namespace is a 10-step process used to formulate, evaluate, and generate consensus on proposed policy changes and its implementation. The formal process is consensus-driven, transparent and allows for bottom-up proposals from the wider multi-stakeholder internet community. See <https://www.iedr.ie/policy-development-process/>.

## Registrant

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

## Registry

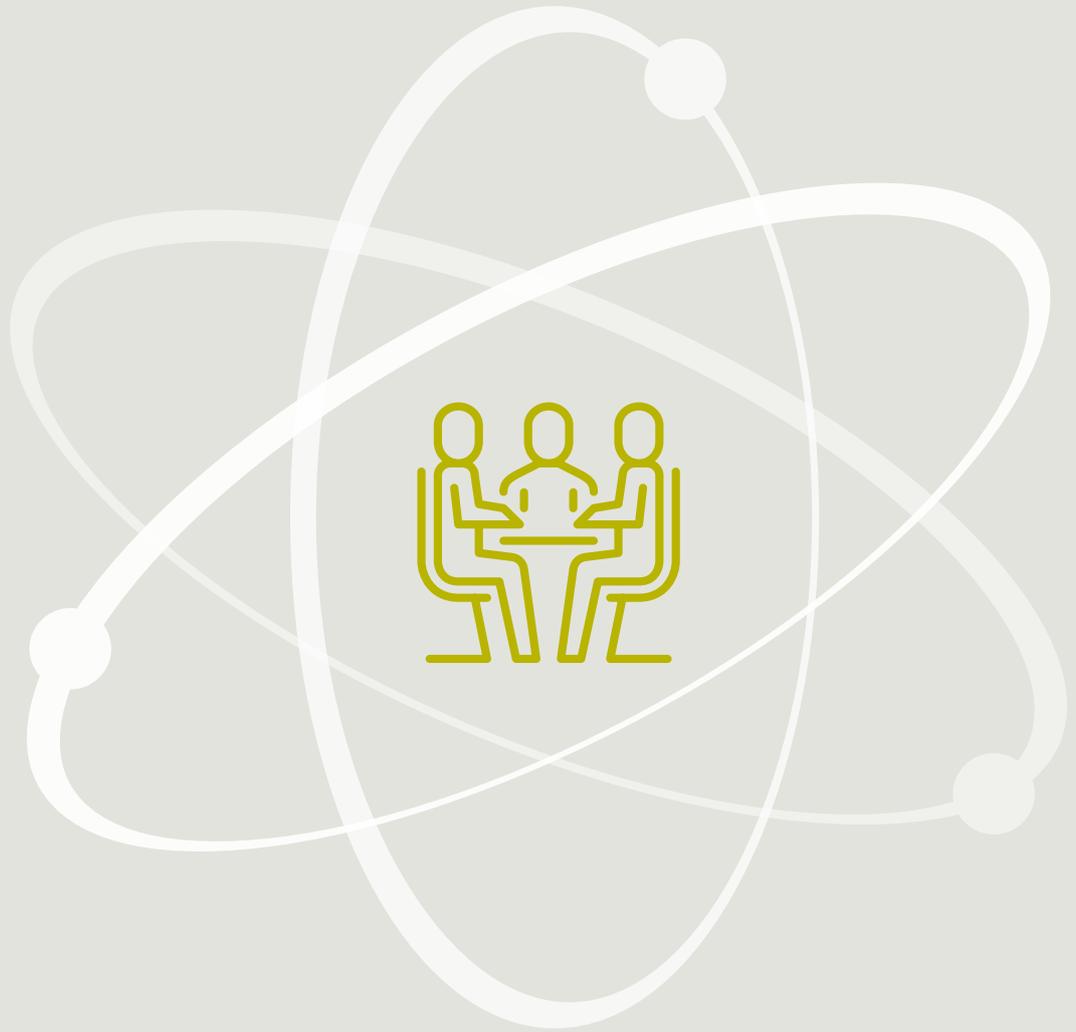
A registry is a company or organisation responsible for the administration and operation of a top-level domain. IEDR is the active registry operator responsible for administration, management and technical operation of the .ie domain and ensures that all registered .ie domains are included in the zone file and accessible via the internet.

## VMware

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

## 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 nameservers that are distributed throughout the internet.



## Supporting the business community

We support the digital development of SMEs. Our Digital Health Index research is used to inform policy makers and industry organisations.





**IE Domain Registry**

**IE Domain Registry CLG**  
4th Floor, Harbour Square  
Dun Laoghaire  
Co. Dublin, A96 D6R0

**Tel** + 353 (0)1 236 5400  
**Email** [marketing@iedr.ie](mailto:marketing@iedr.ie)  
**Twitter** @IEDR\_dot\_ie  
**Web** [www.iedr.ie](http://www.iedr.ie)