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U.S. Department of Commerce considers soliciting bids for registry service. NSOL faces $2 registry fee bid.

Network Solutions, Inc. (NASDAQ: NSOL) (Price: $115.50) is attempting to obtain authorization from the U.S. Department of Commerce ("DOC") to charge ICANN's accredited registrars a $16 fee for each one-year domain name registration for operating a Shared Registry Service ("SRS"). The DOC has thus far rejected NSOL's cost arguments and $16 proposal. In fact, the DOC has solicited and obtained information concerning operating cost and capital requirements for the maintenance of an Internet domain named Shared Registry Service ("SRS"). This information provides the government with access to alternatives to NSOL's proposed $16 annual per name fee to operate an SRS. The DOC has received several proposals, including at least one $2 proposal. The $2 proposal showed actual direct cost of less than $1 per name per year. These costs are exclusive of any savings from use of existing underutilized capacity or cost subsidies from other product lines.

The SRS can be highly automated. It will only service ICANN accredited registrars. The proposed substitute SRS would allow instant access to name availability and instant registration if the name is available. The superior quality and far lower cost of these proposals make NSOL's $16 SRS fee unquestionably excessive and unacceptable.

A fair SRS price must be established before the test bed can commence. Therefore, the DOC may be willing to accept a temporary compromise to facilitate the planned, timely termination of NSOL's contract. This compromise would merely last until NSOL's contract is terminated. Thereafter, ICANN may elect to operate the SRS as a cooperative.

NSOL has failed to provide the ICANN accredited registrars with a DOC approved SRS price. The DOC's actions may indicate that the U.S. government is considering an earlier than expected termination of NSOL's contract in the event NSOL is unwilling to deliver the required SRS on time and at a fair price. Termination of NSOL's contract would be a highly favorable development for the Internet. NSOL's monolithic domain name registration service has been referred to as the single, leading cause preventing real-time modification of domain registration data. NSOL's closed-system also inhibits the growth in domain name registrations, and the development of more useful searches using an advanced domain name registry.

NSOL has no legal or technical leverage it can possibly use against the entire Internet community or U.S. government. Its contract already contains strict termination clauses and the InterNIC database can be readily transferred to another maintenance organization. Therefore, there is no reasonable basis to believe the DOC will accept any compromise price remotely close to $16. On the contrary, inappropriate use of SAIC's possible political influence, along with NSOL's baseless, exorbitant demands, may lead to an earlier than planned termination of its entire domain name contract.

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