

Keeping the IPv4 Internet Growing

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Why is there an IPv4 Marketplace?

- The supply of unallocated IPv4 numbers is nearing “exhaustion” globally
 - Already has occurred in the Asia region (effectively speaking)
 - Imminent within the European region
- Demand for IPv4 numbers is growing
 - New Internet market entrants
 - Emerging regional Internet participants
 - Incumbent Internet business expansion
 - Internet enabled device proliferation
- No near-term viable technical alternative
 - IPv6 is not an extension of IPv4, it’s an alternative
 - Significant issues remain unresolved in the IPv6 “solution”
 - Major corporations are investing in addressing the technical issues



What do service providers need?

A complete solution to the challenges of acquiring IPv4 number blocks to fuel continued Internet service growth.

An effective marketplace must provide Buyers:

- A fair, and unbiased, competitive process
- A trusted and secure environment
- Expert guidance and advice on asset rights and protection
- Access to an extensive inventory of IPv4 number block assets
- Tools to assist in establishing the value of the asset(s) offered
- Complete transaction support from beginning to end



What do effective Brokers do?

Good brokerage services include:

- Confidential asset analysis
- Ownership/rights research and documentation
- Sales strategy advice
- Asset preparation, packaging and promotion
- Standardized Asset Sale Agreements (ASAs)
- Maximizing the competition participants
- Complete transaction support from beginning to end

What are the major steps?

- Execute a Brokerage Agreement
 - Ownership/rights certification conducted (2 – 3 weeks)
- Asset must be packaged for sale (2 – 3 weeks)
 - Asset packaging
 - Asset Sales Agreement drawn up
 - Freed of all encumbrances (if necessary)
- Asset sale is marketed (8 – 12 weeks)
 - Asset description, competition type, start date and time, duration
- Competition is conducted (2 weeks)
- Sales contract is executed with selected buyer (1 week)
- Payments are rendered



Number Block Categories

- Two broad categories of number blocks
 - Service Contracts: Allocated by RIRs and encumbered with “service” contract constraints
 - Assets: Allocated without any service contract
- Shared attributes of both categories
 - They are vast
 - Minor fractions are actually used
 - Each has the capacity to fuel continued growth of the Internet

Service contract category challenges

- Service contracts are “fluid” and tough to explain
 - Rights of use vs. rights of ownership
 - Unilaterally dictated by the RIRs in their service contracts
 - 5 RIR’s enacting self interest policies
 - Policies and processes are structurally similar but the differences make all the difference
 - Service contracts can be sold but the value is dramatically lower
 - Can be transferred only with approval of the RIR that issued the contract
 - Complicates the transactions with 3rd parties in the process
 - Inter-RIR transfers are possible BUT there are two moving policy compliance targets to hit
 - Introduces two 3rd parties to the sales process
 - Seemingly designed to strangle traditional business practices
 - Ownership rights, and associated value to the Buyer, are shredded
 - “Needs assessment” harms the value to the Seller

Asset category challenges

- Asset ownership can be tough to determine
 - Fraudulent allocations
 - Some material misrepresentations have been found
 - Control does not equal ownership
 - Breathtaking over-reaching has occurred
 - Use does not equal control or ownership
 - Misappropriation sadly not that uncommon
 - “Grey” status
 - 30 years of “neglect” can create a provenance hairball too nasty to touch
 - “WHOIS” records are not reliable or authoritative

Nortel Networks-Microsoft Transaction

- 2 “hidden” truths
 - Nortel sold the exclusive rights to 38 number blocks
 - None of the blocks were listed in the ARIN Whois database as belonging to Nortel Networks Inc.
 - It took over 2,600 pages of documentation to prove that Nortel owned the blocks and had the legal right to sell the assets
 - The asset owner has the exclusive right to sell
 - The court approved “THE SALE OF INTERNET NUMBERS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS”
 - There is no legal requirement to enter into an agreement with any 3rd party prior to a sale
 - No 3rd party approval of a sale is required

What are IPv4 number blocks worth?

- Market forces decide
 - Competition is the key
- Block size matters
 - Bigger is usually better
 - Small blocks may have higher value per number
- Validation/determination of the legal status matters
 - Essential to the buyer
 - Hugely complicated and expensive exercise
- Competition matters
 - Regionally constrained competition lowers the value to all parties
 - Global competition between highly motivated, financially strong, entities maximizes the value of the asset

Thank You

To learn more, please come and talk to
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