

Money-making on the Internet:

the Sex.com story

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Sex sells

- Adult industry worth \$70 billion
- At least \$12 billion made in United States
- Internet expanding the market to more people at lower cost – est. \$5-7 billion in 2007 (National Research Council)

The connection to domain names?

- There was a time when Google didn't exist
- Biggest domain... Sex.com
- Registered for free on 9 May 2004
- Not used – the Internet “wasn't ready”
- Stolen in September 2005 – the Net was ready

Money, money, money

- Sex.com: No more than a billboard
- Long list of banner ads for \$45,000 a month
- Long list of text ads for \$10,000 a month
- Almost no content
- \$100 million over five years
- Where there are eyeballs...

Electric Classifieds

- Hailed as one of new Net companies
- Started by Gary Kremen – owner of Sex.com
- No idea what Net used for – so act as classified ad space
- Also started Match.com –where the domain name brand still matters
- Sex.com only thing left...

How was Sex.com stolen?

- Stephen Cohen persuasion
- Intellectual Property argument – Cohen called up pretending to be from NSI
- Sued others from infringement of “sex.com”
- Authorisation letter a clear forgery
- NSI behaviour led to domain being declared property by Ninth Circuit (conversion)

Sex.com's second life

- Used as billboard originally
- Porn sites hit by availability of free content
- Niche markets edge of legality
- Kremen turned into... sex search engine
- Money made on click-throughs

Sold!

- Jan 2006 – sold for \$12/14 million – largest ever sale (at that time)
- Business.com -- \$350m (2007)
- Sex.com -- \$14m (2006)
- Porn.com -- \$9.5m (2007)
- Business.com -- \$7.5m (1999)
- Diamond.com -- \$7.5m (2007)
- New surge in domain market

The real fight for Sex.com

- 10-year court battle
- Money used to manipulate US legal system
- Web of subsidiaries and offshore accounts
- Mansion in Rancho Santa Fe
- “Gunfight” in Tijuana
- Anti-climax court win

Sex.com now

- No longer leading way (“**Sex.com** is the premier adult services portal. Looking for adult sites? Need a date? **Sex.com** can find all of your adult needs.”)
- Google top spot for “sex”... Wikipedia -
without filter
- The days of the big dotcoms are dead...?

Domain money making

- Domain tasting
- Click-through ad sales
- Front running
- Phishing / pharming sites (fast flux - uses DNS against shutdown attempts)
- Denial of service attacks

The future?

- Back to the Sex.com billboard?
- New gTLDs and IDNs mean billions of users on Net for the first time
- Google uses domain names for its rankings
- Money to be made in registries?

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