



Long Live the Neodomainers: *The Domain Game*, Good or Bad

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David Kesmodel's to be released book [The Domain Game](#), irrespective of how it is received, will undoubtedly catapult the industry into a new era: that of the neodomainers, the super crunchers.¹

To analyze the impact of the book on the industry, let's look at stylized exchange scenarios featuring a domainer as intermediary:²

Seller	Buyer	Domainer
Informed	Informed	Speculator ³
Informed	Uninformed	No Exchange
Uninformed	Informed	Investor ⁴
Uninformed	Uninformed	No Exchange

In the above table, an exchange takes place only if the buyer has a good general understanding of the value of domain names. The seller may or may not have such an understanding. But there is no exchange if the buyer does not.

The book will surely convert some of the uninformed buyers and thus increase the number of transactions. And my mother will finally understand what I do. Olé ! Time to uncork the champagne.

But no. Not so fast.

If readers see the book as evidence that there's money to be made playing the existing game—then, yes, we should all celebrate. But the book can be interpreted quite differently, indeed as the end of the current game. Because why would anybody (besides Ed Thorp⁵) reveal the secrets of a legal money-printing machine?

Under either interpretation, there is plenty of value to be captured by domain name investments. However, the value will depend on quality, not quantity. Hence, neodomainers, ushering in a new era, will provide the only venue for informed investors to gain an edge.

Thanks, David!

¹ Ian Ayres, *Super Crunchers: Why Thinking-by-Numbers Is the New Way to Be Smart*, Bantam, 2007.

² An intermediary in that he or she acquires from the seller and then hopes to resell to the buyer.

³ A speculator because the person buying the name on resale is expected to also be informed. Thus, the domainer must believe in either the ease of finding a party who could make better use of a given name or the ability of selling it while prices are on an upward trend.

⁴ The domainer is an investor who is better informed than the seller; thus, the exchange is not speculative. Obviously the domainer is taking some risk, but that simply means the exchange isn't arbitrage.

⁵ Ed Thorp's 1962 classic, *Beat the Dealer*, changed black jack casino rules forever. Since, he has been one of the most successful financial quants.