



2021 Guide to the IPv4 Market

Colleges and Universities Edition

September 2021

Educational institutions are doing all they can to control costs and find alternative sources for non-tuition-based revenue growth. But many are unaware that their IT organizations are holding onto lucrative sellable assets.

IPv4 address space flowing into the transfer market often originates from organizations that obtained “legacy” IPv4 numbers back in the 1980s and 90s, but no longer need all of their assigned address space. Over 500 institutions of higher education received legacy IPv4 blocks. By selling unused portions of their legacy space, astute colleges and universities can generate funds (sometimes significant amounts) to support their missions while also helping the Internet community bridge the gap between IPv4 free pool depletion and full IPv6 migration.

Rising demand and relatively inelastic supply have produced considerable upward pressures on IPv4 unit prices. In the first three quarters of 2021, prices have reached all-time highs. It is unclear how long this trend will continue. But the current seller-favorable environment makes it easier than ever for colleges and universities to justify investing in renumbering projects to clean up their IPv4 address space usage, and sell their excess numbers in the market. Assessing the opportunities and executing IPv4 sale strategies takes some planning. Below is a map to getting it done.

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Figure out what you have. Getting a good handle on your college or university’s IPv4 inventory is the first and crucial step in understanding the value of the potential opportunity. The ARIN whois registry is an excellent place to start.

Determine what you can sell. If a block is registered accurately with ARIN in the institution’s name, and none of the numbers are used internally or externally, then the block is a good candidate for immediate sale. But legacy address space often requires some pre-work, such as updating registration records to reflect the seller’s current legal name or renumbering networks to use the retained IPv4 address space more efficiently. The good news is that the returns on a sale typically dwarf the costs incurred.



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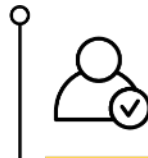
Define the desired outcome early. In addition to the financial and timing objectives underlying any sales strategy, colleges and universities often place substantial weight on the potential reputational impact of their market activities. Some stakeholders may even be dissuaded from entering the market altogether due to erroneous concerns (e.g., inaccurate assumptions about the illegality or impropriety of selling IP resources as discussed further below). Avenue4 helps its clients address these concerns by educating stakeholders on the current market, establishing upfront success criteria, and structuring sales strategies and deal documents that mitigate the risks. Benefiting from our disciplined and market-tested approach, Avenue4's clients keep their sales initiatives on track to deliver the expected outcomes.

Avoid excessive tax exposure. As nonprofits, colleges and universities must consider unique tax issues when planning their IPv4 market participation. A poorly executed sales strategy could trigger significant unrelated business income tax (UBIT) exposure.



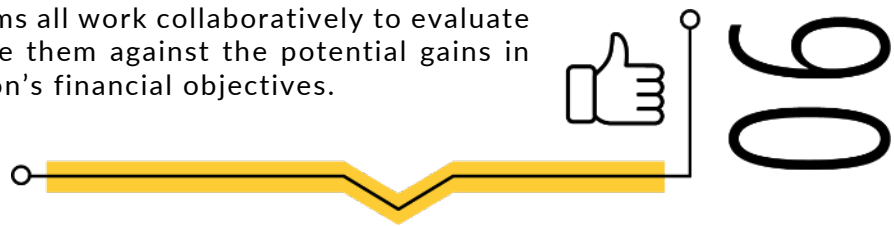
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Bring your legal counsel on board. Ten years after the market's public emergence with the Microsoft-Nortel sale, some still question the legality of buying and selling IPv4 numbers and regard the market with suspicion. Their concerns are unfounded. Internet governance institutions fully recognize and openly promote the marketplace as the only meaningful mechanism for their members to obtain IPv4 resources. Many well-regarded organizations have bought and sold address space in the market. And federal courts, typically in bankruptcy proceedings, have approved the conveyance of IPv4 numbers as alienable assets.

Get the technical team aligned. Network and IT staff may be reluctant to unload now valuable Internet number resources in anticipation of future (potential) IPv4 use cases—even if the address space has been underutilized for years. There is, however, often a more pragmatic reason for their reluctance. With a full plate of pending projects and limited internal IT personnel available, IT managers and network administrators may resist diverting resources required to conduct an address space usage assessment and execute a renumbering plan. But success in the endeavor depends on their support. In our experience, the necessary level of IT/network department engagement follows when finance, legal, IT and network teams all work collaboratively to evaluate the real risks and balance them against the potential gains in pursuit of the organization’s financial objectives.



Avenue4’s professional advisors are available to help guide organizations through the process from beginning to end. By engaging Avenue4, institutions with excess IPv4 addresses can be well-informed and well-positioned to execute a plan that extracts maximum value from their unused IPv4 numbers while also avoiding undue risk. Our clients have found that the reward is worth the effort. IPv4 sales offer institutions considerable new funding sources to help cover programmatic needs, scholarships, facilities upgrades and the cost to transition their networks to IPv6.

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THE DESTINATION MATTER



Avenue4 LLC is a Certified
Minority Business Enterprise



Avenue4 was founded in September 2014 by Marc Lindsey and Janine Goodman. Together, Janine and Marc have consulted some of the most demanding market participants and closed many of the largest deals in the market to date. Avenue4 helps its clients strategize and execute IPv4 transactions in an opaque and rapidly evolving market. We provide advice on managing, preserving and monetizing IPv4 numbers as an asset.

We dedicate our reputation, knowledge, experience and resources to minimize risk and deliver value for our clients.

In 2017, Avenue4 brought this same knowledge, experience and expertise to the small and mid-size block markets with the launch of ACCEL8R/8, a transformational IPv4 trading solution.

Our custom services include:

- Conducting due diligence
- Developing go-to-market strategies
- Matching buyers with sellers
- Identifying value enhancing opportunities
- Structuring, negotiating and closing transactions
- Facilitating registration transfers
- Maintaining IPv4 registry records and preserving entitlements

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