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Overstock.com Becomes First Profitable Internet Retailer; Achieves Break-Even Using Only \$27 Million in Capital

Business Editors/High-Tech Writers

SALT LAKE CITY--(BUSINESS WIRE)--Dec. 6, 2000

Overstock.com, the Internet leader for name-brands at clearance prices, Wednesday announced that it is the first pure-play e-tailer to become profitable.

"We reached this milestone by focusing on building values rather than hype. We have established the fundamentals of a long-term and sustainable business, understanding the return on every dollar we spend and the importance of servicing the hell out of our customers," said Patrick Byrne, chief executive officer of Overstock.com.

"We're proud to say that we used up only \$27 million in capital before we became profitable, while other top e-tailers have burned through hundreds of millions and even billions of dollars in capital, and have not yet figured out a way to make a profit."

Overstock.com's success is rooted in an extremely simple business strategy -- buy excess inventories at closeout prices and sell it to consumers through the Internet at or below wholesale cost.

In the past two months alone, Overstock.com has purchased e-tailer inventories worth more than \$44 million at retail value, including: Adornis.com, BabyStripes.com, eHats.com, jewelry.com, Miadora.com and ToyTime.com. In addition, the company acquired Gear.com, the No. 1 closeout sporting goods e-tailer, in an all-stock transaction.

Through such deals, Overstock.com maintains strong gross margins and delivers unparalleled discounts to consumers online. As a result, Overstock.com has increased its sales fifteen-fold in the past year and is primed to continue experiencing exponential growth in 2001.

"We have refined our business model to the point where in the future we should need only \$4 million in sales per month to stay profitable," said Byrne. "In the last month, our sales have leapt from \$4 million to \$9 million, and given that our customers' satisfaction is among the highest on the Web, we anticipate continued growth.

"We should have no problem funding that growth out of operations," added Byrne.

About Overstock.com

Overstock.com is the Internet leader for name-brands at clearance prices. The company acquires excess inventory and liquidates it through the Internet, passing tremendous savings along to its customers.

Capitalized and managed by a team with a successful track record in value investing and managing offline and online companies, Overstock.com is a private company located in Salt Lake City. It can be found online at www.overstock.com.

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