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Threesome Strike Online Gold

By Nadia Ahmad
Contributing Writer

A trio of former UC Berkeley students have sealed a deal that will effectively make them 20-year-olds with very fat pocketbooks, just nine months after they put aside their studies to try their hand at entrepreneurship

Last Wednesday, Take Two interactive software company bought the former students' nine-month-old start-up company, which sells DVDs online, for 50,000 shares of common stock, which will eventually translate into more than \$1 million in direct capital.

Former UC Berkeley student Sam Osborn quit his studies as a sophomore to pursue the business venture, DVD Wave, a site located at www.dvdwave.com, which is now a leading online retailer of DVD movies.

Osborn, who is the company president, had gotten the idea to form his own company while working as a broker at a major firm. He said he was inspired by other pairs of young entrepreneurs who were successful with online retail sales sites.

"We were looking for niches not filled in the Internet retail industry, and DVD's were new technology nine months ago," Osborn said.

Osborn was later joined by friends and fellow UC Berkeley students Dave Wallerich, Wei Zhing and William Bennett. Jeff Tyler, another of Osborn's friends from another university, also became a partner.

With \$10,000 start-up capital from their own pockets, the students, all less than 20 years old at the time, said they were willing to take the risk to become entrepreneurs. Now, with Take Two's resources, the students are expecting \$3 to 4 million in sales this year alone.

DVD Wave offers a selection of 2,800 DVD movies at 25 to 40 percent off the retail price, Osborn said. The

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company's affordability and service attracted more than one million hits in January.

Yet Osborn said what gives DVD Wave an edge over its competitors, including such online retail juggernauts as Amazon.com, is its guaranteed personal response within one hour. Osborn said the competition responds to customer inquiries within two to three days.

DVD Wave's quick rise caught the attention of Take Two Interactive Software, a leading publisher and distributor of video games, including "Duke Nukem" and "Grand Theft Auto." Take Two, a company worth \$300 million, bought DVD Wave for approximately \$1 million, or 50,000 shares of Take Two common stock.

A Take Two spokesperson said the software company also provided DVD Wave's management the opportunity to acquire more shares of Take Two stock, subject to certain performance goals.

"We wanted to enter e-commerce -- DVD was a good conduit, because it started small," said spokesperson Nicholas Alexander, who is also chief executive of Jack of All Games. "We can use our resources to expand DVD and offer them more titles, and a broader strategy with third parties through more exposure."

Osborn said his company and Take Two are compatible because they help each other, in terms of one being a reliable online service and the other a large online company.

Zhing, a former senior, is the company's lead programmer, Bennett was a junior and is now DVD Wave's coordinator of the affiliate program, and Tyler is the company's finance coordinator.

The students' parents were initially hesitant about their children sacrificing school for the company, but they eventually changed their minds.

For nine months, Osborn said he and his partners were working hard out of their homes for 100 hours a week without a salary, but now they are all reaping the rewards

of their efforts.

"I like working for myself on an interesting project," said Wallerich, who -- like Osborn -- added that he is not sure whether he will return to school. "I have a desire to make a good product succeed and make it well-known."

Osborn said he hopes the success of his company would encourage other UC Berkeley students to become young entrepreneurs.

"The biggest misconception is that students don't have the skills," Osborn said. "We have skills people older than us don't have."

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