

# Velocity Micro Acquires Overdrive PC

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In a surprising move, Velocity Micro will be acquiring boutique PC builder Overdrive PC in a private stock deal.

Anyone following the gaming and high-end PC market is familiar with the system builders Velocity Micro and Overdrive PC. In a surprising move, Randy Copeland, president and CEO of Velocity Micro and Mario Cifaldi, CTO and founder of Overdrive PC, announced that Velocity Micro will be acquiring Overdrive PC in a private stock deal that will keep both entities distinct, while improving both by combining technology and service efforts.

This deal validates Velocity Micro's arrival as a "big player," since the other recent high-profile acquisitions - Dell snatching Alienware and HP grabbing Voodoo PC - were instances of big players acquiring small, specialized system builders with gaming cred. The high-end computing industry continues to evolve with new smaller builders coming out of the woodwork to replace the little guys as they grow.

Velocity Micro has clawed its way up from being a smallish boutique system builder to a Intel Premier Partner with access to the latest technologies (like AMD's CableCARD reader in the CineMagix Grand Theater ). Overdrive has made a name for itself by building "hyperclocked" desktop systems that are on the hairy edge of performance. The companies have a reputation for building high-end systems with a better "bang for the buck" - or simply more "bang" - than systems from the big manufactures like Dell, Gateway, and HP.

"This partnership enables Velocity Micro to infuse Overdrive methods into Velocity PCs, giving us another performance advantage and improving our brand position even further," said Randy Copeland, Velocity Micro president and chief executive, in a statement.

"It will increase Velocity Micro's market share in the high-end PC enthusiast segment, while giving us a stronger offering in our traditional upper mainstream channels," Copeland added. "We want to be the single source for any performance enthusiast, and this acquisition strengthens our entire offering more than ever."

What makes this an interesting move is that both Overdrive and Velocity have built up a bunch of credibility with their fans and converts. It remains to be seen if other boutique system builders will consolidate to both expand and protect themselves from the big dogs in the industry. While I can see these mergers happening, the smaller PC shops tend to be personally run by their founders based on the strengths of their expertise and technological credibility, so there is a point where the benefits diminish as politics and personalities affect operations. On the other hand, a merging of smaller US-based builders will provide a unified front against new overseas competition from players like the recently resurrected Commodore .

When asked about the merger, Voodoo PC's founder and CTO Rahul Sood commented, "I think this is an interesting move by both companies. I wish them the best of luck. I think later this year things are going to become really competitive. It's probably the most exciting year in PC gaming yet."

Velocity will be gaining technical expertise and overclocking technology from Overdrive PC, while Overdrive will be "moving to the next level" with Velocity's component manufacturer connections and established service and support. It's a win-win deal for both companies. The

combined outfit will share Velocity Micro's recently expanded facilities in Richmond, VA.

Still, since both Velocity and Overdrive are run by their founders, and more importantly both have small corporate back offices, I see more of a marriage of similar entities, rather than the "lesser noble marrying into established royalty" vibe I got off of the Voodoo/HP and Alienware/Dell deals. Both Cifaldi and Copeland still have the entrepreneurial spirit and technical drive that helped them lead their companies to decent market positions, along with heaps of the aforementioned gaming cred.

Both companies will continue to keep their branding, corporate IDs, and niches in their respective circles: Velocity will continue to produce high-performance systems with the latest technology with a good bang-for-the-buck factor, and Overdrive will continue to eke every ounce of performance out of their shipping systems while charging their customers for build time and expertise.

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