

Overstock.com sees new market in Bitcoins

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Salt Lake City-based Overstock.com says it's the first major retailer to accept digital Bitcoins as payment for goods.

The \$1 billion company is tapping into a new market of buyers who use the online currency, and other major retailers will lose [market share](#) if they don't follow suit and accept Bitcoins, Overstock CEO Patrick Byrne said.

"I've been hearing from people all over the world—cult followers of Bitcoin—who say they are going to shift all of their shopping to Overstock.com," Byrne told CBS affiliate KUTV in Salt Lake City.

Bitcoin users buy digital money and load it onto a virtual wallet. They can buy things online without having to enter their credit-card information.

Unlike government-issued money, the value of Bitcoin fluctuates rapidly. To protect itself, Overstock uses a Bitcoin broker that immediately transfers the digital coin into dollars.

Overstock started accepting the [virtual currency](#) Jan. 9, and Byrne said the company almost immediately grossed \$100,000 in Bitcoin orders.

"You'll see Amazon jump on board. You'll see other large companies—they have to because they cannot concede this whole section of the market to us," Byrne said.

The cyber currency has existed for years as a kind of Internet oddity, counting supporters among tech-savvy libertarians, currency geeks and online speculators. Yet increasing acceptance is bringing it into mainstream use. Bitcoins are created, distributed, and authenticated independently of any bank or government.

The [currency](#)'s cryptographic features make it virtually immune from counterfeiting, and its relative anonymity holds out the promise of being able to spend money across the Internet without fear of governments.

The linchpin of the system is a network of "miners"—high-end computer users who supply the Bitcoin network with the processing power needed to maintain a transparent, running tally of all transactions. The tally is one of the most important ways in which the system prevents fraud, and the miners are rewarded for supporting the system with an occasional helping of brand-new [bitcoins](#).

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