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Something Ventured

Serial entrepreneur Steven Rothschild moves on from Worcester's Bulbs.com with new online retail venture

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Photo/Matthew L. Brown

Steven Rothschild and son Josh at Applied Interactive's office at 40 Jackson St. in Worcester.

Folks in Worcester wouldn't expect Steve Rothschild, the founder of Worcester-based Bulbs.com, to rest on his laurels after stepping down as CEO of the company, which he did early this year.

But to hear the serial entrepreneur tell it, he isn't just onto the next project, he and his son, Josh, are out to take the e-commerce model he worked out with Bulbs.com and multiply it 100 times on the way to developing a \$100 million company.

Through their new company, Applied Interactive, the father-and-son Rothschilds have acquired hundreds of unique URLs with obvious retail applications. For example, Applied owns the URLs ABCLanyards.com and FlashyUSBDrives.com.

Their intention is to match up their catalog of URLs with business operations around the world, essentially flattening out the globe and connecting makers with buyers anywhere there's an available Internet connection.

For example, with ABCLanyards.com, Applied works with a company in China that manufactures lanyards. Through the Rothschilds' Internet expertise, they're able to provide a web site where people can easily customize lanyards for businesses and events.

Applied doesn't own the lanyard manufacturer, but works out a deal to provide the e-commerce. It's through those deals that the Rothschilds hope to make it to the \$100 million mark.

Rothschild said he hesitates to call the Applied process "cookie cutter," but its main function is assembling retail web sites. And it is pretty simple for Applied.

"With ABCLanyards, we can literally just redirect where the orders go," the elder Rothschild explained. "Using the web as a marketing channel is really accepted now, it's a changed world. It's not the battle that it used to be."

Online Pioneer

Rothschild is an e-commerce pioneer. He founded Bulbs.com when the Internet was relatively new, and the early days were hard. But the company, which sells all manner of lightbulbs, as the name implies, got lucky.

"We were working our butts off, but we needed financing and by sheer luck, we met the man who would become the lead investor," Rothschild explained. Bulbs.com went on to be a growth champion, appearing as a regular on the Worcester Business Journal's Top Growth list, which identifies the fastest-growing private companies in the region.

At Applied Interactive, Rothschild wants to "engineer luck into the system" by throwing as many e-commerce businesses at the public as possible and pursuing the ones that make money. It's like running multiple Bulbs.com web sites.

The idea “is from before Bulbs.com and it’s what Bulbs.com could have been,” Rothschild said. “But we were not encouraged by our backers to pursue that.”

This time, “we will not cede control,” he added. “That doesn’t mean there won’t be a board seat for an investor, but this is me and it’s going to go the right way in every way,” he said.

Jackson Street, Not Easy Street

Applied’s strategy is to “take a lot of shots and see what works.” As the younger Rothschild explained, they know full well that some of their e-commerce portals are going to fail.

A case in point was a furniture supplier with a surplus of inventory normally sold to catalog companies. Applied developed a web site to sell the furniture as closeout and liquidation merchandise, but the furniture supplier “decided not to do the deal and we killed it,” Steve Rothschild said. “So, we have a fully developed site to show you that doesn’t do anything.”

But Applied intends to rely on luck. Rothschild got lucky with Bulbs.com and despite all that is quantifiable about entrepreneurship, the CEOs he admires argue that they too would be sunk without a little luck.

“Most entrepreneurs aren’t going to tell you, ‘I started this company and I got rich!’” Steve Rothschild said. “Most have a couple of ideas that failed,” he said.

And don’t think Josh Rothschild is on board because he wanted in on the family business.

It appears as if he’s got the same entrepreneurial fuel that drives his father. His father wouldn’t have it any other way.

“I would not bring any of my kids ever into an existing business,” the elder Rothschild said. “I would consider funding their ideas or helping them build their own business.”

Josh Rothschild took that path despite a head start on a career in the hedge fund industry after a stint at Cornell University and graduation from the Massachusetts Academy of Math and Science at Worcester Polytechnic Institute.

“If he had not been very successful in his own right, he would not be my partner here,” Steve Rothschild said. “He got six-figure offers and chose to do a start-up, and when you do that you live off savings and it takes money to make money.”

They’re taking that chance in a place that’s been lucky for them in the past.

Applied Interactive is tucked into a small office on the first floor of the building Rothschild owns at 40 Jackson St. The same building was home to Bulbs.com until earlier this year when it moved to Stafford Street and Rothschild said Applied might take over the old Bulbs space soon.