

DISCOPYLABS

# Perfect Original Quarterly

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## THE SHAKEOUT Will Your Duplicator Survive?

When I started DisCopyLabs in June 1982 there were two other software duplication firms in Silicon Valley, Dysan and Verbatim. By summer 1984 the number of software duplication companies had mushroomed to over 10.

Over the past year and a half, consolidation in the industry has left five software duplicators in the Valley. Dysan merged with Xidex. Verbatim sold its assets to Polaroid and moved its operations to Los Angeles. Other independent duplicators have closed their doors or filed for bankruptcy. I anticipate further consolidation before the smoke clears.

Two years ago, the often asked question was "What is your price?". Now, potential customers are more careful about selecting a duplicator, asking: "How long have you been in the business?", "Who do you do work for?", "What other services do you offer besides duplication?", and "What are your future plans?".

DisCopyLabs emerged from the indus-

## LOCKGUARD™ FAMILY OF COPY PROTECTION PRODUCTS CREATES FULL SERVICE ORGANIZATION

DisCopyLabs created the LockGuard™ family of copy protection products because President Norman Tu believes in providing total production services for duplication customers. He felt a need to develop an in-house capability and expertise in copy protection

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INSTALL version 3.00
LockGuard HD for the IBM-PC/XT/AT
and Compatibles by DisCopyLabs
Installation of software to Hard Disk or
Restoring back to the original floppy.
Enter 'I' to Install or 'R' to Restore ? I
Enter Source Drive followed by colon (e.g. A:) ? A:
Enter Destination Drive and directory (e.g. ) ? D:\testlock
Number of distribution copies allowed = 4.
Number available = 4.
Number of installations available after install = 3.
Installing .....
Install Complete. 9 files installed.
```

try shakeout even stronger than ever. We continue to add products and value-added services. Our goal from inception has been to be the best software duplication service in the Western states. Our goal is to be a one-stop service facility for individuals and organizations seeking duplication and related services.

We will continue to provide: duplication of a variety of computer formats, downloading and text translation, and the LockGuard™ family of copy protection products.

To better service our growing customer base, we recently moved into a 16,000 square foot facility where we do duplication and quality control as well as package assembly, fulfillment, and warehousing. We are making major capital investments to increase capacity and production.

Future duplication services may include duplication of cassettes and CD-ROMs. Our goal is to be the leader in the business and to add services as the market demands.

for the 400-plus duplication clients. LockGuard is an easy, cost effective copy protection scheme.

The LockGuard family of products currently includes protection for software on floppy and hard disks on the IBM PC and compatibles and for the Macintosh. Soon to be released will be LockGuard for the Amiga and Atari and LockGuard HD 3.0.

New LockGuard products have been introduced regularly:

LockGuard™ PC	November 1984
LockGuard™ HD	January 1985
LockGuard™ Mac	August 1985
LockGuard™ HD 3.0	May 1986
LockGuard™ Amiga	May 1986
LockGuard™ Atari	June 1986
LockGuard™ Apple	To be announced.

LockGuard is available only to DisCopyLabs' customers, increasing the value of this protection product because of its limited distribution. For customers who may have a need to use other copy protection schemes, DisCopyLabs has the training and capability to produce SuperLok products from SoftGuard™

### Industry Trends

Although the trend in the software industry is away from copy protection, DisCopyLabs' customers with vertical market products or expensive products use copy protection extensively.

The microcomputer industry continues to debate the use of copy protection and to create various methods of protecting software. Loss of revenue for vendors and publishers is the main issue in favor of using copy protection. However, convenience for the user is the reason given for not implementing copy protection.

The Association of Data Processing  
(continued on back page)



Norman Tu, President

Norman Tu, President

## Production Update

### NEW LOCATION DOUBLES PRODUCTION CAPACITY

We have been in operation in our new facility since mid-December and have expanded our services to you. We have 16,000 square feet of office and production space, with the option to expand.

With the facility layout planned by the DisCopyLabs staff, we continue to run an efficient production line. All of our services can be found under one roof, from duplication and product assembly to research and development, fulfillment, and warehousing.

#### Packaging

We doubled our capacity to do package assembly and shrink-wrapping through automation and more space. Our packaging services include a newly-developed inventory control system for customers, where raw materials can be inventoried daily or weekly. We continue to offer storage area for customer packaging materials.

We continue to offer fulfillment services, sending your products directly to your distributors, thereby saving you time and money. Many of the fulfillment orders are placed by phone.

#### 3.5" Duplication

We increased our capacity to duplicate 3.5" programs. A 3.5" certifier will check media before production begins. We still encourage customers to do a source inspection of their order at our facility.

We plan to double our 3.5" duplication capacity in the next 90 days and to increase our 5.25" duplication capacity by 50%.

#### Staff Development

An exciting series of seminars is underway every Thursday afternoon for the next three months. Customers share information about their products and company plans with DisCopyLabs' staff. All employees, from production technicians to assemblers, have the opportunity to hear customers describe how a product fits into the marketplace and how valuable the product is to the company. Interest and attendance at the seminars by employees has been high, and the staff enjoys meeting software developers, technical and sales staff.

*Antonia Tu, Vice President*

## Marketing Overview

### THE LIGHTER SIDE OF SOFTWARE DUPLICATION

Eight months ago I was lucky (?) enough to be hired as Director of Marketing for DisCopyLabs. Having worked for nine years in high-pressure sales and marketing environments at several computer companies, I thought this position would be a "piece of cake" Well, I was wrong!!

I knew I was in trouble when a fellow employee asked "What's a lead time?" Lead time is a standard term relative to sales and marketing ... so I thought!!!

Soon after I was hired by DisCopyLabs, I realized that the phrase "The customer's always right", always applies in this business, but in a very unique way. Time and time again software writers called me to inform me of the date and time they would deliver their masters, and what time (the same day, naturally) they would like their order delivered.

Assuming that "the customer is always right", I would then alert production so we could start immediately. Inevitably the master would not show up for weeks. Now the Production Manager ducks under his desk when he hears me coming. Do you think he could be avoiding me?

Six months and 40 customers later, I had a customer surprise me by bringing in a master on time (one out of 40 is not bad). Of course, one hour before the dup-

licated disks were to be delivered, I received a frantic phone call from this customer saying, "I hope you haven't started duplicating because we found a bug". Well, we pulled the disks out of final QC, and the customer was kind enough to give us another eight hours to redo the entire order with a new master.

Another fun part of this business is the packaging assembly service we offer. The printing company drop-ships the materials to us - usually much later than promised - and we assemble and shrink-wrap the packages. With the deadline quickly approaching, we call in the forces, namely the management, to help with the assembly, praying the entire time that we can deliver the finished product before the software company comes up with another revision.

Somehow we get the job done, almost always perfect and on-time. Seriously though, this is a rewarding and challenging business. It is wonderful to deal first-hand with the very creative people who write software programs. It is especially exciting to work closely with start-up companies and see them grow. Our customers always show their appreciation of our efforts at the end of the line.

*Janessa Dabler, Director of Marketing*

## CUSTOMER COMMENTS

Customer comments reflect DisCopyLabs' reputation of providing quality service which the staff continuously strives to perfect.

As Borland wrote, "The speed and quality of your work is valued here at Borland. The various projects that have been done by you have been very professionally completed."

The staff views each customer as special and endeavors to perform at peak level. MBP Software commented in a letter that "DisCopyLabs has always performed well above our expectations despite having as difficult assignment as a six-disk, colored floppy, sequentially serialized 'green monster'

(as I understand you call it!)"

In the past few weeks various customers have held seminars for the staff at our facility to demonstrate how their software works. We hope these seminars will enhance the staff capabilities to produce at peak level by acquiring basic knowledge of how the customers' software works and their perspective of the product.

In April DisCopyLabs will be exhibiting at the West Coast Computer Faire at Moscone Center in San Francisco, booth 849. Our LockGuard copy protection scheme for the hard disk and Macintosh will be featured at the Faire. As Don Sal of Project Control Management recently commented, "It is the first honest copy protection scheme" he has encountered in the business.

We hope to see you at the Faire, and we want to hear from you!

**"We want  
to hear  
from you!"**

## PACKAGING MANAGER COORDINATES DYNAMIC DEPARTMENT

**M**ary Kung, Packaging Manager, this past year was awarded DisCopyLabs' first employee of the year award. She was elected by her co-workers for outstanding work performance beyond the call of service.



Mary Kung

She manages a permanent package assembly crew, plus a large on-call staff. Mary finds it challenging to coordinate and manage her department with all the

constant changes, yet retain an element of caring for her crew.

Born in Hong Kong. Mary received a baccalaureate degree in business administration from The Baptist College in Hong Kong.

Mary moved to New York with her family in 1977 where she worked several jobs, one of which was as office manager for a doctor.

In February 1985 Mary moved to California for better job opportunities and a change in environment. She has been with DisCopyLabs since arriving in California.

In her free time away from DisCopyLabs Mary enjoys knitting sweaters, paper cutting and reading.

## BUSINESS CONSULTANT ON BOARD OF DIRECTORS

**D**isCopyLabs' co-founder David Tu was instrumental in the company's start-up operations and continues to be active in the company by serving on general management issues, operations, long-range planning.

Having served as a small business consultant, David wrote and helped implement a business plan that included guidelines for operations, marketing and finance. His involvement with



David Tu

DisCopyLabs during the early months focused on planning production operations and establishing accounting and marketing systems. David created the company motto ("each a perfect original") and designed the first company brochure that featured Mona Lisa holding a diskette.

David is a Vice President at Milton Meyer & Co., a San Francisco real estate development firm that controls \$2 billion of real estate. As operations manager, David is in charge of day-to-day management of property, construction of high rises, and improvement of tenant work in existing buildings.

He has graduate degrees in engineering and business. David is married and is the father of two young children.

## STAFF PROMOTIONS & NEW STAFF

**S**andra Woodrow has added Office Manager responsibilities to her purchasing duties. Former Office Manager Nancy Smith is DisCopyLabs' Accountant in charge of the computerized accounting system.

Tony Chanbandith, Production Supervisor, coordinates orders and staff in the duplication and quality control areas. From Laos, Tony came to California in 1980 where he studied computer operations and transportation management. He joined DisCopyLabs a year ago and has worked as our shipping clerk and labeling technician.

Peter Lee, Packaging Supervisor, implements the new inventory control system and supervises the packaging operations. Peter received his MBA degree from the University of Santa Clara last year.

Raman Marwha is involved with R&D and programming projects.

Kirk Smith, formerly in charge of fulfill-

ment orders, has been named Labeling Technician.

Dan Thompson, previously our shipping clerk, is now Warehouse Supervisor. Kevin Tarpey has joined DisCopyLabs as driver/shipping clerk. Kevin hails from Liverpool, England.

Clay Johnson has returned to DisCopyLabs and is the lead production technician on the swing shift. DisCopyLabs also has new employees in the production and packaging departments.

## PROTECTION CONTROVERSY CONTINUES

**N**ew software protection techniques are summarized in "The Futility of Copy Protection" (*PC Tech Journal*, December 1985). New techniques must prevent sector copying programs from working. The declining demand for copy protection may be due to the drop in price for software and the increased use of computers in corporations.

"Support Fading for 'Hardware-Key' Standard" in *PC Week* (October 15, 1985) reported a decline in support for the copy protection standard proposed by the Association of Data Processing Service Organizations (ADAPSO).

A Bill of Rights for Software Users was proposed as an alternative to copy protection in "User's Rights: And the Evils of Copy Protection" (*PC Tech Journal*, September 1985).

*Popular Computing* (October 1985) cites the more subtle issues of software piracy in "To Copy-Protect or Not to Copy-Protect". Louisiana's bill that sets a process for which software vendors can sue users who illegally copy products is described in "State Laws: Who Speaks for DP?" (*Computer Decisions*, September 24, 1985).

A comprehensive description of copy protection schemes and technical considerations is described in "Internal Security: The Growing Mass of Stored PC Data Makes Protecting It a Modern Necessity" (*PC Week*, May 7, 1985).

In response to one protection method that potentially damages a user's disk is the legal implications, outlined in "The Tort of Copy Protection" (*PC Tech Journal*, March 1985).



2610B North First Street  
San Jose, CA 95134  
(408) 435-5444

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Service Organizations (ADAPSO) proposed a software copy protection standard based on a hardware key. Support for this standard declined by the end of 1985 because user groups reacted negatively, major vendors removed copy protection, use of site and corporate licensing increased, and more corporations recognized piracy problems.

### Easy Installation

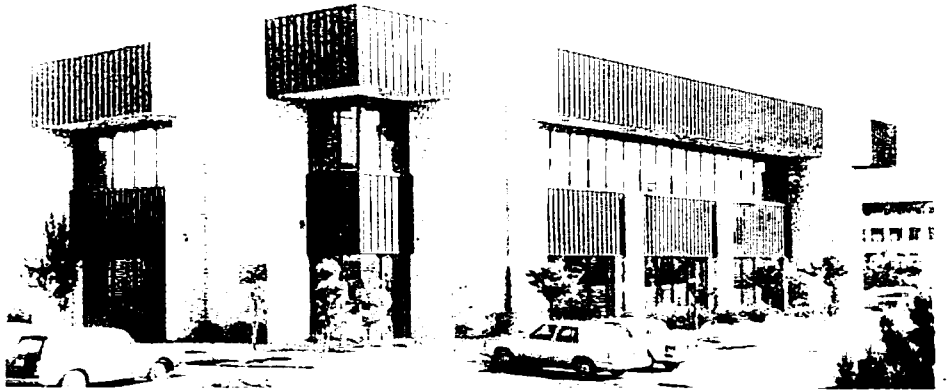
Norman was instrumental in the design of LockGuard, giving his in-house engineers the objectives that LockGuard: 1) be user friendly; 2) be easy to install and to implement; 3) require no user modification to the program code; 4) have minimum in overhead.

LockGuard customers find this turnkey system user friendly, transparent to their end-users, and easy to install. With LockGuard HD for hard disk install, no key disk is required, adding more simplification.

### Low Overhead

Technically, LockGuard features unique characteristics from other copy protection products. LockGuard HD for hard disks requires only 10K of disk space and is installed with only three commands. LockGuard Mac requires only 1K disk

## NEW LOCATION



Stop by and see our new building at 2610B North First Street, San Jose, CA 95134, at the corner of Trimble Road.

space and 600 bytes for each program protected.

All the usual copy protection controls are part of LockGuard, including encryption, passwords, debug timeout, unique fingerprints. These controls minimize piracy and prevent commercial copy buster programs from breaking the software protection.

### Popular

Since its introduction in the fall of 1984, LockGuard PC has sold over 75,000 copies

and LockGuard HD has sold over 100,000 copies. LockGuard HD 3.0 will feature a better fingerprint and improved encryption techniques. Norman believes that 3.0 and LockGuard Mac and Atari will continue to be attractive to duplication customers.

Although there are no plans to distribute LockGuard products to non-duplication customers in the U.S., DisCopyLabs plans to make LockGuard products available in Europe and Australia.



2610B North First Street  
San Jose, CA 95134

### SERVICE DIRECTORY

For information call (408) 435-5444:

■ Quotation for duplication, assembly/packaging, copy protection	Janessa Dabler
■ Order placement	John Tan
■ Downloading and text translation	Ann Hsiao
■ Copy protection and master evaluation	Raman Marwha Robert Polic
■ Shipping and delivery status	Tony Chanbandith

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Editorial Staff:  
Kristl Lee, Sandra Woodrow  
2610B North First Street  
San Jose, CA 95134