

Perfect Original Quarterly

SUMMER 1988, VOLUME 4, NUMBER 1

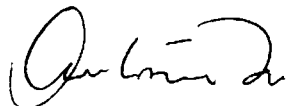
Our Seventh Year Team Approach Serves Customers And Staff

In reflecting back on the last six years of business, I see many characteristic ways that we do business at DisCopyLabs. Because DisCopyLabs' growth and success depends on our ability to deliver services consistently and accurately, we feel that it is important to work with our customers as an integral part of their organization.

In serving as the production department for many companies, DisCopyLabs believes that timing is critical, especially in delivering products on time, coordinating receipt of customer materials and shipping out completed packages. We listen to what our customers need and offer new products and services.

It is important for us to know customers' products as well as the customers themselves. With years of experience, we have had the opportunity to see trends and changes in the software business. Our goal is to help software companies prevent costly production problems and package designs. We are available to consult with customers on what works best in software duplication and packaging to help eliminate excess expenses.

Because quality control is of utmost importance at DisCopyLabs, every employee checks and double checks the product they are working on. Our employees work as one unit, not as individual workers. They are cross-trained and know other functions in their department. Our motto, "each a perfect original" still describes our goal to deliver products exactly as specified by the customer.



Antonia Tu
Vice President



CUSTOMER SERVICE

MOVES QUICKLY

When an order is placed at DisCopyLabs, one of DisCopyLab's customer service representatives coordinates order processing. Tony Bandith, Mary Hand, Cindy Leon Guerrero and Mildred Low take production orders, monitor the order during production to final delivery and handle customer inquiries about orders. Each customer has its own contact person at DisCopyLabs, but all customer

service representatives can assist callers. Randy Powell, Production Manager, reports that the goal of

the customer support staff is to be sure that orders are filled exactly as specified and delivered on-time. The customer service reps not only take orders by phone but also work with DisCopyLabs' production and quality control shipping staffs, packaging and shipping areas.



Customer Service Representatives, from left to right: Cindy Leon Guerrero, Mildred Low, Mary Hand, and Tony Bandith.

Order Processing

What happens after the order is placed? The customer service representatives take time writing up the order. This means specifying exactly what the customer wants, by pulling the master program and identifying the type of service desired.

A duplication order, for example, requires the type of media and label

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Duplication Begins For DEC MicroVAX Tapes

DisCopyLabs announces production services for Digital Equipment Corporation MicroVAX software developers beginning October 1, 1988. In response to customer requests, DisCopyLabs will initiate duplication of TK50 (half-inch tape cartridge) tapes that support the DEC MicroVAX machines.

DisCopyLabs duplication services include media, printing and application of labels and write protection for each cartridge replicated.

DisCopyLabs also reproduces software on quarter-inch data cartridges, half-inch magnetic tapes and

all sizes of floppy disks. Users and manufacturers of IBM and Apple personal computers are increasingly using high-capacity cartridge tapes for programs with several mega bytes of code, often found in graphics and CAD/CAM programs.

For an evaluation copy of a master program at no charge, simply send a copy of your master and a blank tape, and DisCopyLabs will return the copy for your review.

For pricing and availability, call DisCopyLabs' sales staff, Patty Doherty or Sandra Woodrow.

Growing Home Computer Market Defined

Increased demands for 3.5" media are emerging from a new home computer market, reports Fuji Photo Film U.S.A. in their recent report, *Fuji Redefines the Home Computer Market Survey*.

After surveying personal computer users in a variety of industries, Fuji found an increasing number of people using computers at home for work-related purposes. The home computer market had previously been identified as consisting of recreational and educational users.

The use of 3.5" disks is expected to

grow in the home-office market with 61% of home-office users surveyed intending to buy computers with the 3.5" format when they acquire a new personal computer.

Floppy disks continue to be the preferred method for transferring information between business and home office computers and for storing and backing up data.

Home computer users buy computer supplies from retail outlets, including computer speciality stores and mass merchants.

Industry Update

3.5-Inch Disk Prices Increase

As a result of increases in the cost of raw materials and the decrease in the value of the dollar overseas, several foreign and domestic media manufacturers have announced price increases for 3.5" media.

Effective September 1, 1988, media manufacturers announced price increases of 10% to 15%. DisCopyLabs is doing everything possible to absorb price increases and to minimize the impact on its customers.

Tariff Issue

In addition, Verbatim, an American media manufacturer, has filed a claim against all Japanese manufacturers of 3.5" floppy diskettes for selling diskettes below fair market value in the U.S.

Although it is possible that Verbatim will withdraw its claim, the Department of Commerce is scheduled to report its findings in the fall, with the International Trade Commission (ITC) deciding later if Verbatim has incurred injuries.

If the preliminary determination in September is for a tariff to be calculated, companies normally protect themselves by passing on anticipated costs. This means that 3.5" diskette products may increase in price again.

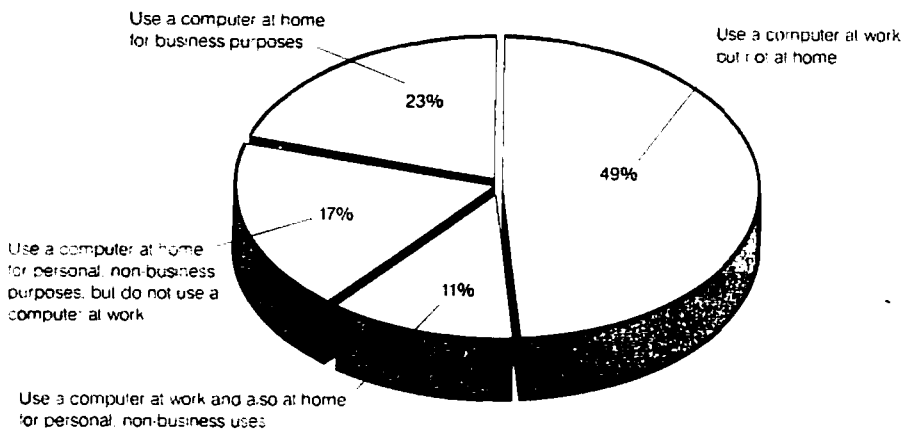
Representatives from some media manufacturers report monitoring the situation and will respond when appropriate. DisCopyLabs will also keep updated on new developments.

The Redefinition of the Home Computer Market

The home computer market is a multi-billion dollar business that serves the members of approximately 17 million U.S. households that use a personal computer.

Of the 10,000 personal computer users surveyed, 51% use a computer at home.

The personal computer user



The 23% of the personal computer market comprised of people who work at home using a computer - the home-office worker - makes up the fastest growing segment in the industry today. For the purposes of this survey, the remaining home computer users are referred to as the home-personal market; that is, people who use computers at home for personal, non-business uses.

Percentage growth of each segment in 1987

Use a computer at home for business purposes

+28%

Use a computer at work, but not at home

+17%

Use a computer at home for personal, non-business purposes, but do not use a computer at work

+13%

Use a computer at work and also at home for personal, non-business uses

+11%



HARDWARE MAINTENANCE CREW installed DisCopyLabs' newest equipment addition, an automated envelope inserter.

Customer Service Moves Quickly

needed. A full package requires duplicated media to be collated with a manual and other instructions into a finished package. Full package orders are also coordinated with DisCopyLabs' packaging division.

Order Specifications

For new product orders, it is helpful for customers to know what they want and provide an exact sample: quantity, type and size of disk, colors of disks if applicable, type of labels and sleeves, information about package assembly. For data cartridge orders, customers need to know the amount of information to be duplicated. Labels and sleeves can be provided by DisCopyLabs or the customer.

Label samples clearly illustrate what the label should say, where the wording is placed and how it will look on the product boxes.

For package assembly, diskettes can be placed in vinyl pages, collated as a set or inserted into full packages. Is assembly needed? What about write protection? Finally, shipping information is essential, and DisCopyLabs needs a contact person for shipping as well as technical problems.

Delivery

Depending on the order requirements, normal delivery is three to five work days for duplication, plus two to three days for full package assembly. Rush orders may be requested for a 24 to 48 hour turnaround.

Customer service reports that a common difficulty in meeting delivery schedules is shortage of customer materials, such as labels. When an order is placed, the customer's inventory is checked for adequate supply of materials to fill the order. Delays occur when DisCopyLabs needs to wait for customer supplies to arrive.

Order Changes

Another common delay in order deliveries results from customers changing their order or master program. Frequently the customer discovers a bug in the master program or changes the program. The customer service staff makes sure the order is put on hold, but the customer pays for work already completed.

Customer service reps suggest that

customers can expedite orders by planning ahead, rather than needing rush orders before the end of the month.

Quick Service

Cindy reports, "We provide quick customer service by immediately calling back customers." Many of the calls are requests to check on the status of orders and tracking orders through the system.

Mary says that no order or call is standard because "each customer is treated as an individual". Mildred says she gets satisfaction from getting a special order delivered and making customers happy with on-time deliveries. Tony enjoys his job because he coordinates orders from start to finish, from taking the order to shipping out products.

A typical day can mean juggling 10 to 20 orders, each in a different production phase. This may include writing up five to six orders, checking the status of several orders, preparing orders for the following week, calling a customer about shortage of materials or a bad master.

Experienced

DisCopyLab's customer service representatives each bring previous customer service experience to DisCopyLabs.

With DisCopyLabs for over three years, Tony is thoroughly familiar with DisCopyLabs production systems, having worked in all aspects of production. Tony was most recently DisCopyLabs shipping coordinator and production supervision.

From Indiana, Mary worked in customer support for national moving and car rental companies. A graduate of Purdue University, Mary studied industrial management with a minor in computer science.

Cindy is a recent graduate of San Jose State University, receiving her degree in business management and a minor in advertising. She worked in sales support for a manufacturer of tape back-up systems.

Mildred graduated from San Francisco State University with a business administration degree in marketing. She has years of experience assisting customers in retail store sales.

PRODUCTION UPDATE

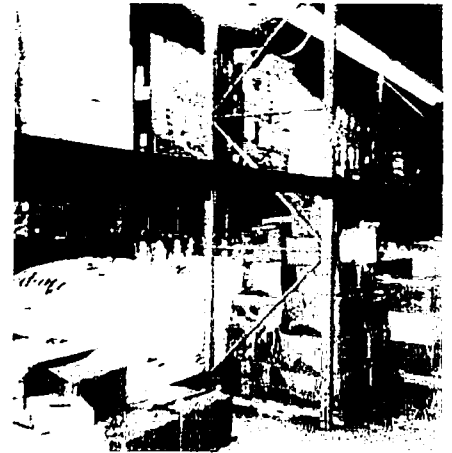
Production Changes Improve Services

Increased Capacity

Vice President Antonia Tu reports that DisCopyLabs has added another assembly line in the packaging division, doubling the capacity for package assembly.

As of July 1, 1988, envelope insertion is a fully automated process.

DisCopyLabs' warehouse has expanded another 10,000 square feet, allowing the warehouse staff to better organize customers' packaging materials.



Around the Clock Production

To provide continued quality and service, DisCopyLabs is now in production 24 hours a day, with three shifts providing duplication and quality control services. Trained production workers, additional equipment and a hardware maintenance staff work together to keep production running.

Tape And Cartridges Available

For data cartridge duplication customers, blank media is now available from DisCopyLabs in DC600A, DC615A, DC300XL/P and SDC450 types.

Blank half-inch 9-track tapes are also available in 600-, 1200- and 2400-foot reels.

For pricing, call Patty Doherty or Sandra Woodrow in sales. To place your order, call Tony Bandith in customer service.

New Fax Number

DisCopyLabs' new FAX number for the fulfillment division and administrative staff is: (408) 433-0726.

For information to the production and packaging divisions, use FAX number (408) 943-1209.

Order Status Database Developed

DisCopyLabs' customers service representatives will soon have order status on-line. This means that customers will be able to telephone their customer service contact and immediately find out the status of their order to the minute. Randy Powell, Production Manager, reports that DisCopyLabs' customized work-in-progress order management database system is expected to be fully implemented by October 1, 1988.

In development for three months, this interactive, network system will fully computerize the order processing procedure, increasing DisCopyLabs' efficiency and control of the production order process while decreasing errors.

The computerized system will later be tied to DisCopyLabs' inventory management program to provide customers with information about material shortages and availability.

Bar coding is planned for ease of recording progress through the different production phases. Other customer information, such as master version, packaging disk combinations and customer order history will be just key strokes away for the customer service representatives.

Scholarship Award Recognizes Employees

DisCopyLabs' first annual Joseph & Sieu Mei Tu scholarships for the 1988-1989 school year have been awarded to four children of DisCopyLabs employees.

DisCopyLabs President Norman Tu and Antonia Tu initiated the scholarship program to recognize the educational efforts of DisCopyLabs employees and their children. Norman reports that his parents, Joseph & Sieu Mei Tu, were instrumental in getting him to and through college, and he remembers working part-time to help with college expenses.

Scholarship recipients are children of DisCopyLabs employees, have a 3.0 or better average, are active in school and the community and are studying for an associate or bachelors degree.

An entering freshman at U.C. Berkeley, Stephanie Chai is the daughter of Jeannie and Phillip Chai. Jeannie works in quality control in the packaging division. Bernard Lee, a junior at Princeton University, is the son of Ching Yuen (Susana) Wong and Walter Lee who work in the packaging division.

Jimmy Vuong attends De Anza College while working part-time at DisCopyLabs. His parents are Hien Vinh (Henry) Vuong in the warehouse and Phuong Ngoc Tran, packaging lead. Another entering freshman, Connie Wong will attend U.C. Davis and is the daughter of Tsui-Ling (Winnie) Au in packaging and Yun Kuen (Kenny) Wong.



Scholarship Winners-DisCopyLabs scholarship recipients Jimmy Vuong, left, and Stephanie Chai, right, stand with Sieu Mei and Joseph Tu. Not pictured are scholarship winners Connie Wong and Bernard Lee.

DISCOPYLABS

The Complete Software Production Company

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San Jose, CA 95134-2014

Service Directory

For information call: (408) 433-0990

FAX: (408) 943-1209 Production & Packaging
(408) 433-0726 Fulfillment & Administration

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|--|---|
| • Quotation for services and new orders | Patty Doherty
Sandra Woodrow |
| • Orders- Diskettes | Mildred Low
Cindy Leon Guerrero
Mary Hand
Tony Bandith |
| • Order placement:-
Tape & Data Cartridge | Laune Butler |
| • Packaging specifications | Vincent Wan |
| • Conversions/
downloading | Raman Marwha |
| • Copy protection and
master evaluation | Diane Lopez
Edwin Morga |
| • Shipping and
delivery status | |

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