



Perfect Original Quarterly

JANUARY 1991

SPECIAL EDITION

NOW ONE OF THE LARGEST SOFTWARE MANUFACTURERS IN U.S.

DisCopyLabs Acquires Hoffman Computer Products

DisCopyLabs, a full service software manufacturer headquartered in Fremont, California, has entered into an agreement to acquire the software manufacturing facilities and customer base of Hoffman Computer Products of Duarte, California.

According to Norman Tu, President of DisCopyLabs, with the addition of the Hoffman Computer Products Division, the 33,000 square foot software manufacturing group of Hoffman, DisCopyLabs will become one the



Norman Tu, President

largest software production companies in the United States.

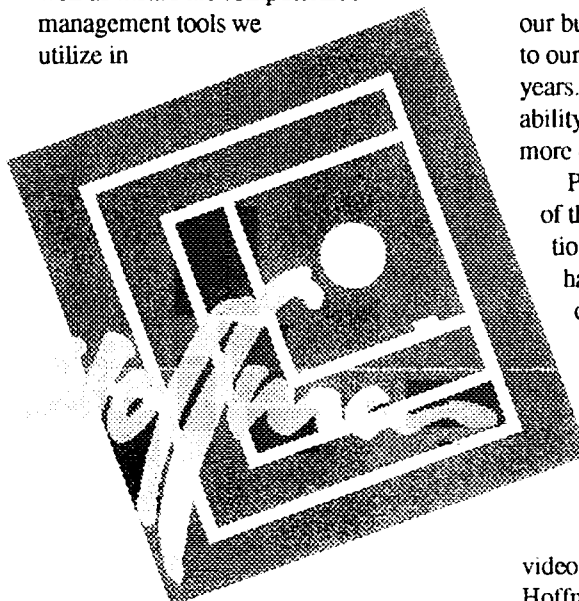
The combined company will have more than 110,000 square feet of manufacturing space, with a 50% increase in production capacity to more than 3 million disks and 300,000 product packages per month.

The acquisition is scheduled to be completed by February 1.

"The acquisition gives DisCopyLabs significant reserve capacity, so we will be even more responsive to greatly increased customer demands that typically occur at the end of each month and quarter. A definite benefit to DisCopyLabs' existing customers is that the Hoffman facility is a back-up plant in case of shut downs due to natural disasters or inadvertent utility failures. The acquisition also is a strong expression of DisCopyLabs' commitment to, and preparation for, the long-term growth of software manufacturing in the next decade, and beyond," Tu said.

"We will offer all DisCopyLabs

products from our new Duarte facility, as well as install the computerized management tools we utilize in



Fremont, such as advanced Work in Process systems. These controls, our custom-designed production, distribution, quality control processes, electronic transfer of production masters and an extensive communications network will result in a high level of customer support," said Tu.

Randel Powell, who is Division Manager for DisCopyLabs and a five-year veteran of the company, will be General Manager of the acquired division. Randy is experienced in virtually every phase of software manufacturing, and before becoming division manager at DisCopyLabs, headed up critical production and customer support functions, including order fulfillment. He was very instrumental in the implementation of automated

procedures and processes.

"Randy is a thorough professional in our business and has contributed importantly to our dramatic growth over the past five years. He is a key figure in DisCopyLabs' ability to attract, satisfy and keep, larger and more demanding customers," said Tu.

Previously, Randy had been a customer of the company in his position as Production Manager of Lifetree Software, so he has a first hand appreciation of software company operations and needs.

The decision to sell the Computer Products Division to DisCopyLabs was made to enable Hoffman to concentrate its resources on its principal business of educational publishing, including such products as interactive video reading programs, according to Hoffman President, Roger Sullivan.

"We can assure Hoffman customers that DisCopyLabs is well-known for quality turnkey software production services and customer support," said Sullivan. "Its consistent, rapid growth reflects the outstanding values it provides to a large and growing software publishing industry."

DisCopyLabs, with 130 employees, was founded by Tu in 1982 and today operates from its new, 85,000 square foot headquarters in Fremont.



Randel Powell

Among its product offerings are duplication of computer disks, tapes, and cartridges; package design and assembly; component purchase and inventory; and order fulfillment to customers' end-users and to their distributors. Customers range from the world's largest software publishers to small start-up organizations.



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