

Perfect Original Quarterly

SPRING 1991

Building a Better DisCopyLabs for Our Customers and the Future

When DisCopyLabs acquired Hoffman Computer Products in February, our first priority was to make our new Southern California facility second to none in its ability to support



Norman Tu, President

customers with the most responsive, highest quality software manufacturing services available.

We wanted to make the Hoffman facility in Duarte the equal of our

main Fremont operations, capable of providing the broad spectrum of high-value services that are the basis of DisCopyLabs' impressive growth and positive reputation.

To this end, we undertook a 90-day program to expand and upgrade the Hoffman facility, to "duplicate" it into a DisCopyLabs organization. In every way we have successfully achieved this goal.

Already we have made substantial investments. So far we have invested more than a half million dollars in new production equipment and plant modernization, in adding staff, in training and in installing the systems and procedures which have enabled us to provide outstanding customer services over the years.

Dollar investments in modern equipment and more staff is important. Equally as important is the customer-oriented philosophy of business that we have emphasized at our new facility.

The Customer is King

This philosophy holds that DisCopyLabs exists to give customers better products and

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New Subsidiary Offers Disk Copying & Data Conversion Services Through Retail Outlets

DisCopyLabs has started a new business venture – the copying, scanning and conversion of floppy disks through retail outlets around the country.

On-Line Copy Corporation, a DisCopyLabs' subsidiary, is offering these services based on DisCopyLabs' capabilities, according to Larry Muzinich, President of On-Line Copy.

On-Line is beginning with three basic services:

- Duplication of floppy diskettes in 3.5 inch, 5.25 inch, or 8 inch formats.

- Scanning text-based documents to input data directly on diskettes. This avoids the time and trouble of re-keying hard-copy data into a computer.

- Conversion of floppy files created by older computer systems or software so they'll function with new systems or software

These services will be offered initially through quick-print shops, copy centers, computer retailers, and similar stores that offer business products and services.

On-Line's service

works in this way: A disk conversion job, for example, is brought to a retailer who quotes pricing, writes the order, and sends the material to On-Line in Fremont. Here, the floppies are quickly converted and shipped back to the retailer. Most jobs will be completed and returned to the customers within two or three days.

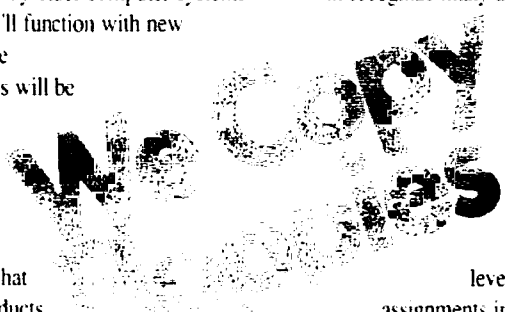
"On-Line's attraction to retailers is that there is no up-front investment in equipment, inventory, personnel or space," said Larry. "Our On-Line services are additional services that can be offered to existing customers, or can be used to draw new retail customers, with literally no risk."

"We believe that as this capability becomes known, businesses of all sizes, as well as individuals,

will recognize many applications for it, especially since it is affordable and conveniently available," he stated.

Before starting the On-Line subsidiary, Larry held several senior

level sales and marketing assignments in the diskette and duplication equipment industries.



Building a Better DisCopyLabs

support, better total value, than the competition does. Without this attitude that the customer is king, deserving of all we can do to solve his or her problems and help make his or her business more successful, we become just another average company.

Strengthening our Hoffman subsidiary has strengthened the entire DisCopyLabs organization. Consequently, we are able to offer several improved benefits that are very important to customers.

For example, we now have the sufficient reserve capacity to accommodate the highest demand order peak from our biggest customers. These quickly-developed needs for such services as duplication and packaging typically hit at the close of a month, a quarter or the year.

Peaks for large volumes of product in a short period of time are common in the software business, and usually are essential to the success of that period for the customer. Even so, only a few of the larger, more established software manufacturers offer the resources and the flexibility to handle peaks satisfactorily.

DisCopyLabs Among the Largest

The normal duplication capacity of our two facilities is 6.5 million disk units and a half-

“ We now have the sufficient reserve capacity to accommodate the highest demand order peak from our biggest customers. ”

million total assembled packages per month. But we have built-in excess capacity to handle considerably more volume to meet customers' peak demands. We believe that we are now among the top three or four largest software manufacturers in the country.

Moreover, with the excellent transportation grid in California, we can ship materials or finished products between our headquarters facility in Fremont and our Duarte operations overnight, or even within a few hours. Consequently, the large production, packaging and inventory capabilities of our Northern California plant are conveniently accessible to our Southern California customers.

TECHNICAL TIPS

Making the Production Master Disk

by Raman Marwaha, Technical Support Manager

WHAT IS A PRODUCTION MASTER DISK? (DOS format only)

Production master disks copies are called "Gold" and "Silver" masters.

These are copies of a customer's original software program that are used to produce production copies at DisCopyLabs. In addition, the Gold and Silver masters are used to do all of the quality checks during production including duplication, duplication quality control and final QC.

CREATING A GOLD MASTER

1. Be sure that all of the files on your master disk are the final program version. Check the date, time and revision number on each file.

2. Prepare a new or properly degaussed disk. Make sure the floppy disk and the floppy drive are in good condition.

3. Format the disk to allocate space for system files, use the /S option. Volume label can also be inserted during formatting by using the /V option.

4. Copy over the files from your master disk, one by one in the respective order in which you wish the directory to show. This creates your Gold copy.

CREATING A SILVER MASTER

1. Prepare and format a new or properly degaussed disk.

2. But the Gold master floppy disk drive. Use the DISKCOPY command to copy the files from the Gold to the Silver master. Do NOT use the COPY command.

3. Always use the Gold master disk copies to DISKCOPY to floppy disks for production.

4. If you follow these steps, it will help assure that the master copies are suitable for production needs. Programs you copy will be identical.

5. All assigned production orders throughout the DisCopyLabs production equipment.



Additionally, with customers' approval, we can transmit programs from master disks over our communications systems from one facility to the other. This allows us to utilize both production plants or to off-load a job to the less crowded facility.

The redundancy in capabilities that our back-up facilities provide would enable DisCopyLabs to continue production if one of the plants--or a customer's plant-- is affected by some natural disaster or other major interruption.

Service Becoming More Important

There are two major trends that will increasingly affect the software business over the next several years. One is that customer

needs are becoming more complex as competition gets tougher and technology advances faster. The second is that software companies will demand more service from their vendors, expecting more support of all kinds such as packaging, warehousing, inventory control, fulfillment, 800 number service and turnkey project management.

With the modernization and integration of the Hoffman division into DisCopyLabs, the continuing enhancement of our Fremont operations and our plans to remain on the leading edge of software manufacturing we are well positioned to meet the growing and more difficult needs of the software industry throughout the 1990s.

The initial upgrading and integration of the Hoffman facility into the day-to-day operations of DisCopyLabs was completed more smoothly, quickly and effectively than anticipated.

That so much has been accomplished in a fast-moving 90-day period is a tribute to the great ability and enthusiastic attitude of Hoffman staff. They have demonstrated a can-do spirit and skill level that matches the outlook and performance of DisCopyLabs employees.

In addition, the contributions of our staff in Fremont were very helpful. A warm and effective working relationship between the two locations has been clearly established. Already there is a strong sense of one organization, one team, one set of objectives.

One of the results of this good rapport is that much has been accomplished at the Duarte plant in this short transition time. For instance, we have installed new duplication systems which increased capacity on certain formats by 300 percent.

A local area network (LAN) was put in place to service order processing, accounting, and inventory control functions, allowing for integrated computerized systems control for these key activities.

A work in process (WIP) system developed and utilized in Fremont was extended here so that we can instantly track and report on

Hoffman Update

Good People, Good Progress, Good Business

By Randy Powell,
General Manager, Hoffman Division



the status of customer projects.

An electronic mail (E-Mail) capability was installed, enabling much improved communications at the Duarte Plant and with Southern California customers, as well as with staff at DisCopyLabs in Fremont.

The layouts of the packaging and warehouse departments have been rearranged to improve the processing flow. We have completed the upgrade of approximately 4,500 square feet of additional space. We will be able to again increase capacity in the areas of duplication, quality assurance, and package processing.

All of these have been accomplished without delaying any customer projects and

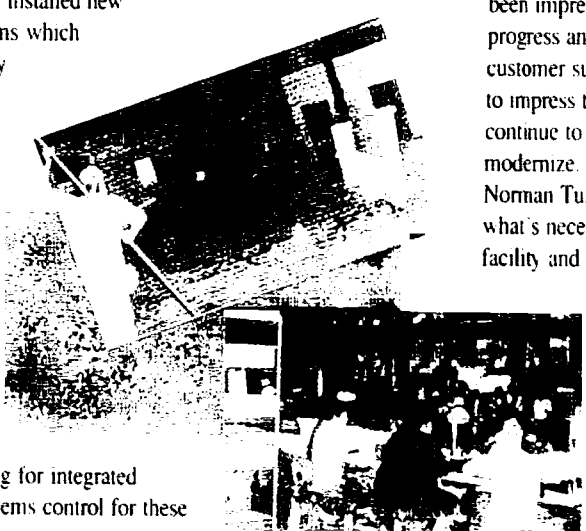
without affecting the high quality standards of work that we insist on. During this time, we also hired more people and conducted training for the entire staff.

To date, customers have been impressed with our progress and our focus on customer support. We intend to impress them further as we continue to expand and modernize. Our President, Norman Tu, charged us to do what's necessary so that our facility and performance is

second to none in the software industry. All of us are very serious about that goal.

We have made excellent progress toward it in a

short time and we will soon be there.



Profile: Peter Chak, Production Manager

The Satisfaction of Keeping Busy

Peter Chak is a good example of a self-motivated person who learns by doing and who leads by example.

Peter was recently promoted to Production Manager responsible for directing production operations during the swing shift. He came to DisCopyLabs in August, 1986, and admits that when he started with the company as a labeler in packaging, he knew virtually nothing about the software business.

His lack of knowledge was only temporary because through his curiosity and excellent work habits, he soon learned about software, various aspects of software manufacturing, and how to supervise people effectively.

Before long, he was made supervisor of labeling and became known as one of the most knowledgeable people in the production area.

His ability to pick up new subjects fast made him a successful entrepreneur at an early age. In 1982, he left his native Hong Kong to live and attend school in Hamburg, Germany, where one of his brothers had migrated.

He saw a need for a Chinese restaurant in



New Equipment and Programs Installed to Increase Throughput and Quality

The company has installed new processing equipment which is increasing product throughput and manufacturing efficiency, according to Antonia Tu, Vice President.

The most important of these is a new form-sealer, a system with high speed sealing capability, sealing products at a rate of 40 units per minute.

The sealer seals packages more neatly than older systems, making the package more attractive for display.

"The greater throughput of this new sealer has enabled us to increase our capacity without additional manpower," Antonia said.

Another system, an electronic scale, performs an important on-line quality control function by weighing all finished products. If the weight varies from what it should be, the product is rejected on-line.

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Profile: Peter Chak

that city, and without previous professional experience, opened and operated a successful one in that industrial city while he attended school.

By 1986, most of his family had left Hong Kong for the United States and he wanted to join them. He had finished school, was getting tired of the restaurant business, and didn't like the weather in that part of Germany--certainly in contrast to what he heard about sunny California. So he applied for entrance into the U. S., arriving in the Bay Area in the summer and connecting with DisCopyLabs in August.

Since then good things have been happening to Peter in California, personally as well as professionally. He met the young woman who would become his wife in 1987. They now have a young infant son. He has taken up skiing and water sports, which he says he doesn't have enough time to pursue as he would like.

"What's the best part of my work? Well, I enjoy setting priorities, getting projects

organized, making sure we have the supplies and people and everything else needed to produce large, complicated packages, and then working with my staff to get the task completed right and shipped out on time. I get a big reward from managing a job that's handled exactly as it should be," Peter said.

Above all, Peter enjoys keeping busy, being in the middle of a dozen activities that have to be kept moving. DisCopyLabs has been providing plenty of opportunity for him to get his wish.

The *Perfect Originally Quarterly* is published quarterly by DisCopyLabs. Copies are available free to customers upon request. If you would like to receive the *Perfect Original Quarterly* on a regular basis, please send your name, company name and address to: Editor, *Perfect Original Quarterly*, DisCopyLabs, 48641 Milmont Drive, Fremont, CA 94538-7354.

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