

Perfect Original Quarterly

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FANCY DISKETTES AND FAST TURNAROUND

On-Line Copy Corp., An Affiliate Of DisCopyLabs, Acquires Creative Disc, Inc.

On-Line Copy Corporation, an affiliate of DisCopyLabs, has acquired Creative Discs Inc., a Campbell, Calif., firm which specializes in the manufacturing of custom silk-screened and four color lithographic diskette products.

The acquisition will result in new capabilities to serve customers of both On-Line and DisCopyLabs by enabling both organizations to be more responsive to the dynamic needs of clients.

On-Line Copy focuses on providing duplication services to end users, such as corporations, government organizations, and schools. DisCopyLabs provides duplication services to major software and hardware companies, providing a full range of products and complete turnkey services.

Through the merger with Creative Discs Inc. (CDI), On-Line Copy can now offer to its customers a full range of software manufacturing and promotional services, according to Larr Muzinich, President of On-Line Copy.

Silk screening is the process used to imprint messages and graphics on the jackets of 5-1/4 inch floppies and on the shell or shutter of 3.5 inch diskettes.

Many software publishers are interested in the visual enhancements silk-screening or printing bring to diskette products, and appreciate how it distinguishes their products from the "others."

According to Muzinich, a typical application for customized media would be for a software company, or a user corporation, to utilize a silk-screened disc with software "demo" or new product release information as a trade show give-away or

as a promotional mailer. The enhanced diskette will be very distinctive and stand out from others.

"Another application would be to color-code diskettes according to function, say, green diskettes with dollar signs for financial data, blue diskettes with envelopes for letters, and so on," he said.

Many On-Line customers are Fortune 1000 companies. Large companies normally obtain "site licenses" from major software houses to

make and use multiple copies—sometimes numbering in the thousands. The licensee is responsible for producing the copies, a job On-Line performs for them.

"We can silk screen the media to personalize it or to make it proprietary for that organization, then duplicate it, customize and assemble the package, and ship it anywhere, anyway they want," said Muzinich.

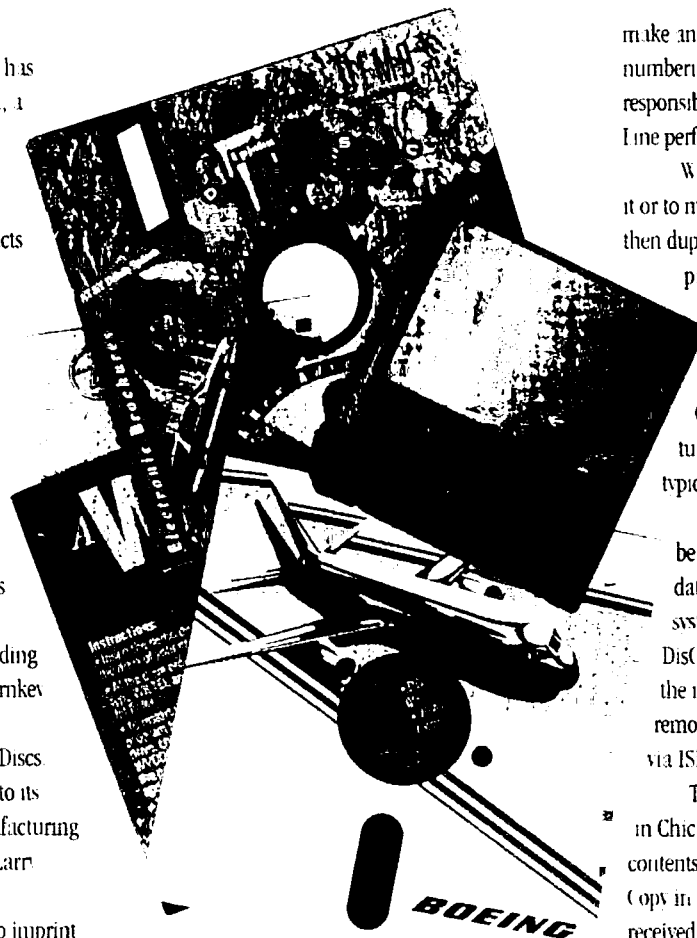
In addition to providing diskette duplication and customization services, On-Line is planning to offer 24-hour turnaround for small volume orders—typically under 1500 units per master.

This exceptionally fast turnaround will be achieved through the use of a high speed data transmission network to clients. The system utilizes custom software developed by DisCopyLabs' engineering staff, which ensures the integrity of data being transmitted by remote customers. The data will be transferred via ISDN network lines at 128 KBPS.

The service will work like this: A customer in Chicago, for example, will transmit the contents of a fully loaded 3.5 inch disk to On-Line Copy in the morning. It will be completely received and "data verified" in approximately 100 seconds.

Within minutes the diskette is in duplication where hundreds, and up to several thousand copies, can be made for shipment the same day. The completed order is air freighted and the customer receives the product by 10:30 the next morning, virtually anywhere in the continental U.S.

This speed of service will greatly improve the operations of users who want the ability to very quickly originate or revise computer media, and distribute it.



Possible Production Economies May Ease Pricing Pressures For Our Customers

By Norman Tu, *President*

For the past two years there has been a downward trend to software prices. Many products that retailed, for example, at \$295 in 1992, are now being offered at \$100, or less.

Much of this pricing pressure results from the steadily declining cost of hardware. Consumers,



realistically or not, expect that software prices should be in lock-step with falling equipment prices.

So it's not surprising that margins are slimmer for most software companies

than they were a few years ago. To counteract falling prices, software companies are looking for ways to cut expenses.

DisCopyLabs is aware of the industry's need to make changes and we're ready to help our customers adjust to, as well as to take advantage of, the new realities.

Customers, some on their own, some with our assistance, are responding by redesigning their packages to more economical formats. One recommendation we make is to use off-the-shelf, flat fold boxes, for example, instead of customized boxes, and black and white printing, or one or two color rather than four-color processes.

Other cost-cutting measures include reducing the number of printed pieces in a package, working with non-glossy paper, and putting the Help Command on disc, rather than in a print format.

From a software manufacturer's perspective, DisCopyLabs can make important contributions to your cost-containment efforts while preserving your product's quality.

For example, here are a few of the capabilities and ideas we bring to customers that can lead to lower manufacturing expenses:

- Generic Labels - we can print labels on demand for customers through our laser printing systems. This reduces cost and inventory of pre-printed labels.
- By operating around-the-clock, seven days a week, we achieve efficiencies which are shared with customers by passing cost-savings to them with reduced duplication or assembly prices.

- Media selection - must the highest quality media be used all the time? Some applications with one or two discs can take less costly media with minimum risks to quality.
- Use fewer stickers of all kinds on boxes and cut back on printing, inventory and labor at the same time.
- Print the registration card as part of the manual, not as a separate document.
- Put manuals on CD-ROMs; it's less expensive than hard copies and software users have the option to print them out if they want.
- Look into data compression technologies to reduce the number of discs per package. An

example, typical compression techniques can squeeze an eight disc product down to five discs.

Working with smaller, simpler packages could mean many more packages can be assembled - and ready for shipment - with the same labor and in the same time, compared to larger packages.

These are but a few suggestions that can lead to savings. Working closely with you, we can devise other cost-cutting measures specific to your situation.

Whatever the need, we will continue providing our customers with the most cost-effective, high quality software manufacturing and support services available in the industry, while developing additional approaches that can achieve significant production economies for our clients.

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On-Line Copy Acquires Creative Disc

DisCopyLabs, which mainly serves the manufacturing and fulfillment needs of software and hardware companies, will utilize the new capabilities it has developed, and will expand the use of the "On-Line" concept of 24 hour service to its own customer base, according to Norman Tu, President of DisCopyLabs.

"We will focus the combined capabilities of our affiliated companies to give customers the effective support they want and must have to remain successful in these highly competitive times," said Tu.

"We will continue to build on our separate and combined resources to develop new services that will continue to add to our value to publishers and consumers of software.

"And we are eager and gratified to offer custom silk-screened and four color lithographic diskette products to our own customer base," he stated.

CDI has been operating since 1989, when it acquired the technology and operations of a prior company which had streamlined its own silk-screen process. CDI's specialized equipment and staff are being integrated into On-Line Copy and substantial investments have been made in acquiring additional, more advanced production equipment.

For more information, please contact Sandra Woodrow or Greg Holsen by telephone, 510-651-5100, or by fax 510-651-2261.

HELPING CUSTOMERS CUT COSTS

On-Demand Printing for Product Stickers and Registration Cards Now Available

DisCopyLabs' customers no longer have to maintain large inventories of registration cards and product identity stickers, thanks to the company's new laser printer bar code system.

The system can produce these materials, which are unique to specific products, on-demand. For software companies, this capability eliminates the cost, time and effort associated with printing large volumes of stickers and cards in advance.

It also eliminates having to allocate space for the physical inventory and then managing the supply, and keeping the data base current.

A great deal of pre-printed inventory becomes obsolete and must be trashed when a product revision or other changes occur.

This is one of the biggest hidden costs in software overhead. It's not very noticeable as the per unit costs are low, and people tend to overlook the accumulating costs of dumping stickers and cards, and the expense and waiting time involved in replacing them with new material.

The laser system can produce the standard UPC and SKU bar codes at 300 DPI.

DisCopyLabs is now printing approximately 3 million stickers and cards on demand for its customers each month.

News from DisCopyLabs-South

Roland Leong was promoted to General Manager of DisCopyLabs' Duarte facility in Southern California.

A 10-year veteran of the software industry, he has worked in the areas of technical engineering, and sales and marketing. He began with the company as an Accounts Manager in 1993.

Roland earned his MBA at the University of California-Irvine.

Other developments in the Southland include:

- The promotion of Barbara Nelson as Manager of Administration. Barbara came to DisCopyLabs with the acquisition of Hoffman Labs in 1991, which she had joined in 1988.

She has done an outstanding job supervising accounting and personnel activities for the company, and assumed the additional responsibility of supervising the turnkey purchasing operation toward the end of last year.

- To handle a growing number of customers



interested in our turnkey services, Isabel Delgado has joined the company in the newly created position of turnkey specialist. Isabel is responsible for procuring and expediting software

packaging and related materials for turnkey customers. She has extensive purchasing experience for high-tech electronics companies.

- Another new team member is Jacqueline Kalustian, a Customer Support Rep. Jacqueline has accumulated considerable experience in this capacity with both manufacturing companies and banks before coming to DisCopyLabs.



- The Duarte facility has kept up with the trend toward 3.5-inch media by increasing capacity for this format by another 25 percent and adding 50 percent more label application and laser printing capability.



Barbara Nelson and Roland Leong

- A final note by Roland Leong. He says he's happy to report that the Duarte facility came through the recent earthquake without a scratch. But in the event it didn't, the Fremont headquarters operations was prepared to fulfill our Southern California customer requirements.

Mary Kung Named Manufacturing Director

Mary Kung has been promoted to the key position of Director of Manufacturing, responsible for all DisCopyLab's production and assembly operations. A nine-year veteran of the company, Mary was previously Manager of Assembly.

In her new position, she will direct the activities of the approximately 250 employees who manufacture and package software.

"Mary's long and outstanding performance with us, her total commitment to quality work and customer service, and her extensive knowledge of all aspects of software duplication and packaging, makes her well qualified for this important position," said David Tu, Vice President of Operations.

Mary was the fourteenth employee of DisCopyLabs when she joined the company as a production supervisor. Since that time she has held a number of increasingly responsible manufacturing jobs.

New ONE-OFF CD Duplication Service Provides Lower Cost, Faster Turnaround For Low Volume Needs.

DisCopyLabs will be offering a highly cost effective, 24-hour turnaround ONE-OFF CD duplication service for orders of 250 or fewer units in the second quarter of 1994.

This new service is ideal for Beta site testing needs and other short term applications requiring limited numbers of CDs.

Until now, companies which required a low volume of CDs had to bear the expense of engineering and set-up fees, and rush turnaround charges from CD manufacturers.

Consequently, the per copy cost to software houses, especially for 100 copies or smaller runs, was very high. Currently, software publishers have no choice but to bear the expense and inconvenience of long turnaround times.

"DisCopyLabs will make it possible to avoid this expense by taking the customer's ONE-OFF CD master and duplicating the necessary number of ONE-OFFs for their initial Beta run. The ONE-OFF optical media has the same performance and equivalent quality as CD media," said Norman Tu, President.

"Of great importance to customers is that we can ship up to 250 copies quickly, within 48 hours, while copies that are pressed usually take from three to 10 days," adds Tu.

"And just as important, we anticipate the cost of ONE-OFF duplication to be extremely price-competitive, somewhere between \$25 and \$50 per disc, depending on volume," he said.

For more information, please call Sandra Woodrow or Greg Holsen at 510-651-5100.

Customized MIS Provides Excellent View of Operations; Enables DCL People to Make More Effective Decisions

A custom written Work-in-Progress system, called SHOP II, DisCopyLabs' second-generation factory automation program, now gives company managers the timely information they need to stay on top of customer projects to assure they are completed and delivered on schedule.

According to David Tu, Vice President of Operations, DisCopyLabs designed a proprietary factory automation program to generate the exact information the company wanted to assure service excellence to clients.

The system was conceived and developed five years ago to provide timely information to our factory staff and to our customers. It has evolved through many revisions and improvements, and two major enhancements, according to David.

The enhanced program provides a great deal of critical data, such as:

- real-time tracking of the status of shipments and inventory
- information to accurately plan customer demand versus production capacity
- tracking the performance of media lots during duplication processes to measure media yield and quality of media suppliers.

"In addition to this vital data, the systems enables us to track productivity for cost and throughput, and to measure downtime and labor needs, among other key factors.

"SHOP II gives us an excellent picture of operations so we're not caught short by any developments," said David.

"We can measure quality of production on-

line in duplication and final inspection. Any deviations from our manufacturing benchmarks are quickly spotted and reacted to."

All in all, DisCopyLabs' SHOP II enables the company to give customers much more accurate estimates of all kinds, much more complete and timely information about their raw materials and finished products, and detailed and current status reports which they might need for internal planning.

"In effect, because it accesses practically every aspect of our operations and produces a great deal of useful, up-to-date information, we can support 'Just-in-Time' requirements of many of our clients," according to David.

"The system empowers our people to make more informed decisions that result in superior customer service," he stated.



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