



DISCOPYLABS

The Complete Software Manufacturing Solution

Perfect Original Quarterly

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Doing What It Takes to Improve Inventory Management

By Norman Tu, President

As we further implement our transition into a turnkey services provider, we are undertaking a major program to improve how we manage inventory. The capabilities, policies and standards that served us when we were just a duplication company have been outgrown by the more demanding needs of turnkey operations and a much more

competitive software industry.

We are well along the process of revamping our management of raw materials, finished goods' inventory and fulfillment. Our goal is clear –

to achieve significant improvements in both accuracy and accountability of inventory operations. Some customers have already reported many positive changes in how we handle their inventory.

We have divided our improvement program into four broad areas of attention and investment: inventory organization, staff training, systems, and procedures.

Where there used to be one group with overall inventory, warehouse and fulfillment responsibilities, we have reorganized the function into two groups for better focus and supervision. The material/warehouse group is headed by Frank Krause, who is new to DisCopyLabs and brings 18 years of inventory management and MRP experience to the position.

The fulfillment/traffic group is lead by Bill Young, Traffic Manager. Bill has been with us

for several years and is a veteran of our rapid expansion from a local software duplicator to a major turnkey company.

This new structure provides for closer direction of these separate but complementary functions, and especially for better accountability of material movement right through to the customer.

To support reorganization of the inventory function we have retrained our staff with special emphasis on improving accuracy, timeliness, and quality of process. A consultant was brought in to retrain our staff on the proper usage of the inventory/MRP system, including how to take advantage of the new system features and how to spot potential

issues and problems. The training impressed on them that any discrepancies not caught and corrected, tend to magnify themselves. Consequently, what may seem at first to be a small inventory discrepancy can result in bigger problems and confusion later on when they try to reconcile.

Moreover, unresolved problems don't affect inventory groups. They are felt in our other operations, and all the way back to the customer. The training demonstrated that no mistake is trivial and we are committed to doing what it takes to eliminate them through significant investments in equipment, systems and people.

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The following article was reprinted with permission from the Autumn 1994 issue of Inside Track magazine.

CD-R or CD-ROM? Which Solution is Best For You?

By Don Hollerich

The CD-R (recordable or write once CD-ROM) format offers an exciting means of storing transferring, and retrieving large amounts of data. It is not, however, the only game in town and in some cases, is not the best game in town. An alternative method of producing CD-ROMs is to have them stamped or pressed at a CD-ROM processing plant.

The purpose of this article is to evaluate the cost of each method and to determine the break even point between CD-R and CD-ROM.

There are many factors going into determining whether a CD should be recorded or pressed: turnaround time, security, serialization, as well as pure economics.

First let's look at the difference between the processes. Whether a CD is recorded or pressed, it must first be prepared. The preparation phase includes creation of the data (authoring), converting it into CD-ROM format (ISO 9660), and ensuring that the CD with its programs and data is usable (testing). Once the CD content is accurate, it can be

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Improving Inventory Management

For example, previously we ran two inventory systems. One tracked the material and the other its location. These systems were not always in sync with each other. They did not always give us the up-to-the-minute, perfect snapshot of inventory that we wanted.

So we phased out one system, expanded and upgraded the second system, and added a module to track material location. All data is now in one system now, enabling us to locate materials quickly and accurately, and eliminating the need to reconcile because of uncertainty.

At the same time, we streamlined procedures and moved to a total bar code system. We use the system extensively, for example, to record the date materials are received from vendors, to code individual parts with their own numbers, and to follow them throughout our operations until the final product is shipped.

By closely coordinating with our customers, their vendors, and our vendors, part numbers are assigned before materials reach us. In this way, our inventory people can accurately follow parts at all times and by strictly following procedures, eliminate any problem-causing deviations.

Customer cooperation will assist us to serve them better. For example, we encourage our fulfillment services users to take advantage of our computerized order entry system, which can be a great convenience to them, as well as a means to assure complete information transmission accuracy. Utilizing electronic data transfer avoids the possibility of error, however low, that is more likely to arise in fax or manual transmissions.

Our investment in improving customer satisfaction has already produced important positive results. Over a recent several week period that we monitored, we saw overall inventory accuracy and timeliness at 98 percent. Nevertheless, we're fine tuning, training and measuring continually in our goal to improve results.

No amount of error is acceptable. When we were just a duplicating company, occasional instances of inventory inaccuracy or tardiness – especially in very large volume jobs – might

New System Improves Fulfillment Operation; Enables Better Control, Faster Response

DisCopyLabs new turnkey product tracking and manifesting system is another new tool to enhance the customer benefits of DisCopyLabs' inventory and fulfillment operations.

According to Josh Clark, MIS Supervisor, the EVCOR system greatly simplifies and speeds up the various steps in our fulfillment functions.

The system, called Clipper Ship, offers package verification capabilities that enable our people to very quickly and accurately validate that the right product is being shipped to the right customer at the right time. It utilizes bar code scanning to get and process accurate data about materials and finished products.

Previously, this procedure was mainly a manual procedure that took time and effort to accomplish, and was subject to error.

Another improvement made possible by the new system is that employees can get consolidated shipping information from any fulfillment station. For example, as a package for shipment comes through a station, Clipper Ship permits the employee to obtain information about all carriers we use in a single report on a single station.

The information available also includes comparative rates and shipping schedules. The employee can make shipping arrangements on the same station while reviewing the data, making the best selection to meet customer needs.

Josh also said that Clipper Ship provides real-time snapshots of finished goods inventory

have been tolerated

Now that DisCopyLabs has evolved into a logistics and distribution organization offering turnkey services, we are seriously striving to reach errorless inventory operations. We always want to be the best at what we do – it's the surest way to win and hold business.

With the help of our customers, we can reach that high level of quality performance that will help make them more competitive, and make DisCopyLabs a more valuable partner in their success.

and the shipping status of orders.

He stated that the new system will give DisCopyLabs fulfillment employees much more accessibility to information in a much shorter time frame that was previously possible. Both DisCopyLabs and our customers will have greater control and confidence that inventory and order shipments are exactly what they are suppose to be.

Frank Krause, New Materials Manager, Brings Years of Experience to Post

Frank Krause has been named Materials Manager at DisCopyLabs, he is responsible for the inventory of materials used by the company in manufacturing customer's software.

Frank brings to the organization more than 18 years experience in the electronic manufacturing industry, with extensive background in Mil-Spec and Hi-Rel manufacturing and materials.



Among his goals is the implementation of a fully automated just-in-time system for the ordering and receiving of materials used in building products.

Another objective is to sustain inventory accuracy at levels near 100 percent that are required to maximize the effectiveness of MRP.

After establishing the appropriate systems and procedures and properly training and motivating people, Frank believes that good inventory management involves important contributions from customers and vendors.

"The timely, fairly accurate forecasting by customers and the cooperation of vendors are the essential components of accurate, timely inventory operations, which is a win-win situation for all," he said.

The Spirit Of DisCopyLabs

Mission Statement Defines Who We Are and What We Seek to Accomplish

The recent process of developing DisCopyLab's Mission Statement was a thoughtful experience that resulted in the company determining and publicizing its values and the kind of organization it wants to be.

According to Business Consultant, Bill Jacobson, who led the undertaking, the process achieved a number of beneficial results.

"The Mission Statement is like a beacon providing a guiding light. It focuses everyone on the underlying principles and values of the company by summarizing its standards and goals," he said. "Going through the exercise forces you to answer the questions: Who are we? What's important to us and our customers? How should we conduct business?"

Jacobson explained that the Mission Statement serves several important purposes, including:

- Sharpening and focusing the company in a strategic direction.
- Communicating the company's purpose and objectives in a clear, concise way to employees, suppliers, and customers.
- Promoting a similar vision and expectations among different groups within the company.

"For example, the mission statement formalizes, in a definite way, that speed of service is important and expected from all of us. No one can be unaware of its priority in the organization

because it is clearly stated, as is our intention to be open and honest in all our dealings." Jacobson said.

Who We Are and the Way We Do Things

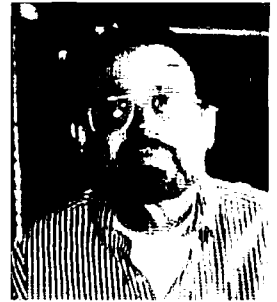
Our Mission:

We earn long-term partnerships with our customers by providing quality, turnkey software manufacturing services, that are competitively priced and delivered on-time.

- **Be an Industry Leader**
Maintain and enhance our commitment to quality. Provide value-added services. Seek business that is profitable and on-going. Be a tough competitor.
- **Be Innovative and Forward-Thinking**
Actively listen to our customers. Understand their changing needs. Recognize that they depend on us for success. Be easy to do business with. Communicate with customers often and clearly. Earn partnership through consistent performance.
- **Act with a Sense of Urgency and Completion**
Adopt a "do it now" and "get it done" attitude. Speed is a competitive advantage. Own the issue. Be decisive. Pay attention to details. Follow through to ensure closure.
- **Act with Honesty and Integrity**
Be open and honest in all our dealings. Make clear commitments among ourselves and with our customers. Meet those commitments.
- **Value the Individual**
Recognize employees as our most important asset. Value, trust and respect the individual. Empower employees. Let people know what is expected of them. Hold them accountable for their performance. Reward results. Invest in their improvement and development. Encourage open communication and creativity.

Employee News at DisCopyLabs Duarte

Frank Brown has joined DisCopyLabs as Manager of Distribution. Frank, who has many years experience in software production, began with Hoffman in 1973.



Frank Brown

Isabel Delgado, Customer Support Representative (CSR), has been promoted to Project Leader for Symantec. Isabel will be responsible for all Symantec support activities, including



Doreen Guaglione

inventory, CSR, production and reporting.

Doreen Guaglione has joined DisCopyLabs as Turnkey Account Manager in charge of sales in Southern California.

Doreen previously held marketing and sales positions at Micro D and Memory Media Products.

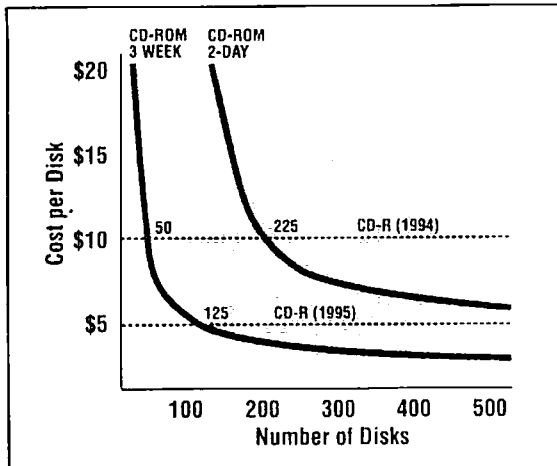
Her interests include theater and dancing to country music and she states, "My mission at DisCopyLabs is to acquire new customers for the Duarte location and serve them so well they will never have to look anyplace else."

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CD-R or CD-ROM?

produced.

If it is to be copied into a CD-R, the data is recorded using a CD-R recorder such as the CD-Engine 2x1, 4x1, or 2x8. This process will take between 2 to 37 minutes depending on the file size and the recording speed.



CD-R vs CD-ROM Break Even Point

If it is to be pressed at a stamping house, the data must be prepared further. First a glass master must be created from the ISO 9660 data. This process requires that a glass photographic plate be burned and processed under very sterile clean-room conditions. This process is often called Mastering. The resultant glass master is used to produce a nickel stamp which is the exact bit by bit image of the CD-ROM

it will produce. Once the plate is mounted on a plastic injection mold machine, CD-ROMs can be produced at a rate of 4 to 15 per minute.

After each CD-ROM is produced, it is individually optically scanned with a laser to check for flaws. The scanner can detect flaws as small as 5 microns (1/12 the width of a hair). The CD-ROMs are also randomly checked electronically to ensure that the image stamped is correct.

Applesoft Contract Won

DisCopyLabs has been qualified as a turn-key supplier by AppleSoft and has received its first contract from the organization.

"This award is especially significant for us as AppleSoft asked that we manufacture a very critical product for them, software for Apple's 7.5 systems," said Sandra Woodrow, Sales Manager.

Based on the customer's forecasts, DisCopyLabs will produce CDs and disk packages.

Sandra said that AppleSoft has been particularly impressed with the coverage of Jim Trimble, one of our Project Managers.

Jim, who oversees the day-to-day production and support for Applesoft, has been frequently complimented by the customer for his consistent performance.

"Applesoft people view him as their very own Account Manager or as one of their own staff," Sandra said.



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