



# The Perfect Original

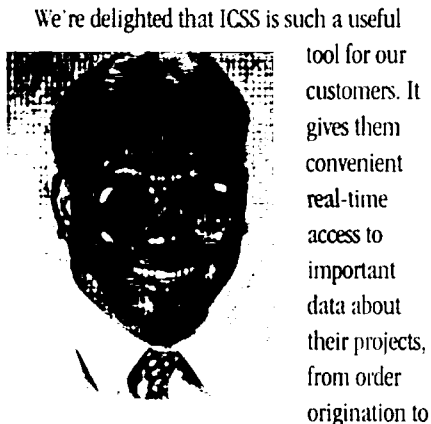
A COMPANY NEWSLETTER WINTER 1999

Another DisCopyLabs Advantage

## DCL Prepared to Utilize Growing Power of the Internet

By Norman Tu, Chairman & CEO, DisCopyLabs

For the past two years, our Internet Customer Support System (ICSS) has provided on-demand account information directly to our customers' desktops. We have improved and expanded its functionality by listening to and responding to customers needs.



We're delighted that ICSS is such a useful tool for our customers. It gives them convenient real-time access to important data about their projects, from order origination to

order shipment and deliveries. ICSS provides a dynamic view of the status of our manufacturing and distribution operations for customers, enabling better informed and more timely decisions about their business. Some customers have told us that ICSS has lead to significant reduction in materials, manufacturing, and fulfillment expenses.

ICSS is the most recent example of DCL's philosophy in action and lays the groundwork for our expansion into follow-up web-based services.

Accordingly, we are changing the name of ICSS to *efactory*. This new name more accurately describes DCL Internet services, existing and in development, that will meet both current and future customer demands. It also symbolizes the new opportunities for us to serve the software



industry in the rapidly expanding electronic commerce area.

The name *efactory* identifies that DCL can deliver various web commerce capabilities to customers. For example, *efactory* allows customers to enter sales orders on-line with real time acknowledgment. Customers receive confirmation of daily order shipments and get reports on production, open- and back-orders status. In addition, *efactory* keeps clients up-to-date with the latest system developments, and provides a virtual Rolodex of *efactory* contacts and an interactive Answerdesk for many of the frequently asked questions about the capabilities.

With the ability to track fulfillment costs on a weekly and monthly basis, as well as convenient access to 17 reports on-line, many of our clients are integrating their processes into *efactory*. These processes include operations, accounting, planning, inventory, traffic and project management. Many customers report that *efactory*'s capabilities have resulted in big increases in productivity and greater visibility into their projects — without any investment on their part.

Because of its highly competitive nature, the

software industry has been characterized by rapid changes in its products and the way it operates. Back in 1992, we saw that the industry would need services beyond duplication and kitting from software manufacturers. So we made the commitment to transform ourselves into a supply chain management service company, able to manage all aspects of software manufacturing.

It took a major investment in people and MRP system operations to become a true turnkey company. Our transition was successful and our business expanded significantly from 1995 on, while many competitors who did not respond to industry developments had to drop out.

Knowing that to stay still in this industry is to fall behind, we later recognized that software organizations were moving steadily toward Internet commerce. Determined to maintain leadership and to meet the industry's changing needs, we had to have a new vision for the Internet age and e-commerce operations: DCL would become more of a logistics and distribution company.

The continuing growth of e-commerce, that is, the expanding use of the Internet as a marketing and sales channel, requires new kinds of Internet-based distribution services. We are also seeing the rise of virtual companies selling on the web, that is, companies that may not make or inventory or ship products themselves. Their specialty is web marketing and they must out-source functions such as manufacturing, order handling and distribution to keep lean and focused.

These developments are creating a need for

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## Growing Power of the Internet

logistics and distribution organizations, specialists in the resource-intensive back-office services that must be managed cost-effectively in the electronic market environment. This is the direction we are quickly moving toward.

DCL has accumulated 17-years of steady growth in software manufacturing based on customized, quality service. We have built on this foundation a state-of-the-art information/telecommunications system that connects our customers and our four facilities with the world, and have added experts in e-commerce technologies and stand-alone distribution.

DCL is positioning to be the preferred back-end processor for e-mail operations. As the demand for back-end processing is getting stronger, we will continue to make the investments necessary to meet our customers' shifting requirements.

For example, in this past December, our revenue from stand alone distribution was 8 times that of December 1997. One year ago, we ran this piece of our business out of 5000 square feet of factory space. Today, with four times as many distribution customers, we require 35,000 square feet. Who knows what those figures will be a year from now, except that they will be much larger.

We're ready to grow with the industry into an exciting future as more companies discover the benefits of electronic commerce.

## Serving the Different Demands of Customers

DCL's ability to keep up with the changing needs of software developers is demonstrated by the company's ability to adapt to the varying requirements of customers, who range in size from huge global players to smaller developing organizations, observes Sandra Woodrow, National Sales Manager.

For example, Sandra points out there is a small but growing trend of including hardware components in software products.

"We are manufacturing a networking product for a customer which includes, along with the software, a modem, power supply unit and tele-

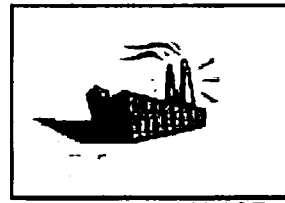
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## eFactory Features

**Real  
Time**

**Increased  
Productivity**

**Higher  
Visibility**



- **Enter sales orders on-line**
- **Batch sales orders**
- **Process sales orders with real-time acknowledgement on-line**
- **Retrieve confirm shipped order file daily**
- **Access 17 material, production, material shortage and fulfillment reports on-line**
- **View detailed material transaction report for FGI reconciliation**
- **Real-time access of order status**
- **"Hot Button" on tracking number - immediate lookup 24 hours a day**
- **Drill down feature for order number**
- **Back order status report linked directly to manufacturing order report**
- **Daily, weekly and monthly freight report**
- **Product summary report by date range**
- **Reports that show all receiving and shipping transactions in and out of DCL**
- **Multi level password capability**
- **Automatic E-mail confirmation of shipped orders**
- **Links to e-commerce store front**

## Y2K— An Opportunity



DCL decided as long ago as 1997 to treat the Y2K compliant requirement as a good opportunity to enhance its capabilities to deliver quality customer service.

"DCL could have done an upgrade to our existing ERP and resolved the Y2K issue relatively easily and inexpensively," said Shahid Masood, Vice President of Systems and Distribution. "Instead, management viewed Y2K as the right opportunity to review what the company could do to increase its ability to respond to industry needs."

It was an ideal time to examine the fast changing business and technological environment, and to anticipate customer needs and project the company's own operational requirements. In addition to resolving the issue, Y2K presented the opportunity to firmly place DCL in an industry leadership role into the future.

"We decided on an ERP solution to handle these opportunities and selected J D Edwards OneWorld after a thorough evaluation," said Shahid. "A main goal of this total solution was to make it possible for our customers, suppliers and ourselves to work from the same data in a real-time environment. OneWorld makes that possible through the web browsers interface."

Through that interface, DCL customers will log-on and access the same data DCL staff works with. Moreover, customers will be able to select, sort and view the information in the format most suitable to their needs.

Shahid explained that the system is very flexible and can be modified to meet the changing needs of customers and the company. It also allows for a range of new web services to customers, such as registration, key activation, sales literature distribution, electronic software distribution, enduser web order receipts and processing. These and other functions will be available through the system's many tools.

Also being upgraded is the company's Fulfillment and Shipping Transaction System (FAST), accessible through *efactory*, DCL's Internet Customer Support System.

FAST, available to customers at all DCL locations, is a unique development of DCLs which enables customers to verify that their products are being shipped or have been delivered. This information will

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### Serving Demands

phone cables. A few years ago, such combinations were very rare," she noted.

"We can meet this requirement, and others which are non-standard, because of our extensive manufacturing capabilities, an ability to customize, a strong customer orientation, and long experience in turnkey operations and in the design and production of complex packaging," said Sandra.

"We purchase and inventory many different kinds of materials on behalf of customers, and have demonstrated excellent inventory management capability, which is important to controlling manufacturing costs for them.

"Our web support system does real-time tracking of inventory, a critical feature for jobs with big ticket items. And our ability to do serial

number scanning for in-line packaging productions, in which each unit is given a unique serial number, is a necessity for many customers as is the distribution service we provide them," she said

Another relatively new customer offers an accounting package, with many different SKUs. His products come in many variations and DCL does distribution and fulfillment for them to both end-users and distributors.

"Both of these customers represent some of the requirements we are seeing more frequently lately, such as more hardware components, more short-runs, more SKUs, more fulfillment, and more serial numbers, especially for hardware company products," Sandra said.

"Whatever the variety of custom requirements, we'll work creatively with customers to deliver exactly what they ask for."

## Symantec Domestic Distribution Operations Now Handled by DCL, Outsourcing Allows More Time to Focus on Core Business Needs

Symantec, a leading software utility developer has turned over all U.S. product distribution requirements to DCL.

According to David Tu, DCL Executive Vice President, Symantec, which has been a DCL customer since 1984, "will rely on us for the whole range of important distribution services, including stocking, manufacturing, billing and shipping of more than eight million products annually".

Symantec's decision to outsource this critical function was based on their evaluation of the quality of services and substantial cost savings DCL has provided over the years, David said.

Among the many distribution functions DCL will handle for Symantec are returns, authorization and undeliverables, and international documentation. Also, DCL will pick and ship both domestic and international express shipments. "Because we have specialists, resources, and experience in software distribution, we were able to streamline the entire distribution process for Symantec," said Mary Kung, DCL's Director of Manufacturing, who headed the transition effort.

DCL designed the unique software which run the various distribution applications and included some new capabilities to increase system efficiency and capability. The Symantec distribution system is based on DCL's powerful e-commerce system and can allocate build-to order sales to whichever DCL manufacturing facility can best service the order's requirements.

"By outsourcing the important distribution function, Symantec not only achieves economies, but receives, in effect, the benefits of just in time operations," said David.

"Our role in handling distribution for this valued customer, frees up the company's time and resources for their real business—developing quality software—and strengthens their ability to deliver superior service to their customers," he stated.

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## Y2K - An Opportunity

also be available in real-time mode.

FAST can verify orders against the parts specified by the customer by electronically picking and scanning components, matching them against the build order to assure they meet product specifications.

"Through the improved FAST capabilities, customers will have a more current and accurate view of their inventory, allowing for better balance. This will be an important value for many customers whose products consist of dozens of components that are ordered and stocked by the thousands," said Shahid.

"The implementation of OneWorld is well underway and we expect it to be operational in the third quarter of this year," said Shahid. "When it's cutover, we will be able to provide our customers with an unprecedented amount of useful information, real-time, on their desktops along with a range of new web-based services," he stated.

## On Line Copy, an Affiliate of DCL, Acquires Memory Chips, Inc.

On Line Copy, a DCL affiliate, has acquired Memory Chips, Inc., a Northern California software manufacturer specializing in short-run, fast-turn orders.

"We have successfully integrated the former Memory Chips' customer base and operations into On Line Copy's and we are providing the same high level support to our new customers without interruption or inconvenience," said Larry Muzinich, President of On Line Copy.

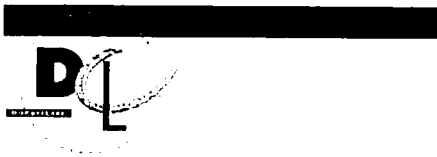
Similar to On Line Copy, Memory Chips mainly served smaller run accounts and tended to focus on project oriented business. DCL services large accounts with substantial needs such as multiple inventory parts, MRP support, and forecasting and planning activities.

"With the acquisition of Memory Chips, On Line Copy has doubled its size, expanded its overall offering, and positioned itself for future growth," said Norman Tu, CEO of DCL. "On Line Copy will also be better able to leverage in order to buy more economically".

Memory Chips' customers will benefit from the wider service offerings of On Line Copy and the capabilities of *efactory*, DCL's web support system (see Norman Tu's column). Another benefit, if needed, is the much larger in-house storage and production capabilities of DCL's four facilities.

On Line Copy offers a complete line of media duplication services to include: diskette duplication, QIC cartridge duplication, full service CD-R (writable CD's) duplication to include silk-screened labels, CD-ROM duplication, Zip and Jaz duplication and a full complement of printing, copying, assembly and fulfillment services.

On Line Copy has been in business for eight years and is located in DCL's newest facility at 48815 Kato Road, Fremont. Memory Chips, Inc., was located in Novato and had been in operation for 13 years.



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