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URGENT/NEED IMMEDIATE REPLY - HAND DELIVER, PLEASE
 INFORMATION - TREAT AS DAILY MAIL

RECEIVED
6/27/88

DICK WILLIAMS CADOGON HOTEL ROOM 412 44 1 245 0994
TO CC FRANK IVESON COMPANY not FAX # 002 1 408 646 6248
STAN MC KEE mail stop
FROM RICHARD DIXON DATE JUNE 27, 1988 TIME 8:15 pm

Subject/Reference ASIAN BUSINESS REPORT

Number of pages (including this one) 16

0098046

MESSAGE: DICK, FRANK, STAN:

ATTACHED IS THE BUSINESS REPORT FOR ASIAN OPERATIONS AS I DISCUSSED.
FRANK PLEASE HELP ME WITH THE OPEN ISSUES...
TODAY WAS ONE OF THOSE DAYS ... SEVEN OEM CALLS - 2 STAFF MEETINGS.
BUT NO SIGNIFICANT ORDERS... STILL HAVE A CHANCE AT KEYSTONE -
DELTA GND AND PAN ASIA. ARC WON'T MEET UNTIL TUES.
UNITRON HAS BEEN INTERCEPTED BY CHAI YOUNG 2001 - WOULD NOT
SIGN WITH ME TODAY IS MEETING CHAI TOMORROW.
BESTLINK IS DOING NOTHING! KINGTECH IS MAD THEY HAVE
BEEN INVOICED BUT DON'T HAVE CONTRACT BACK, OEM KIT, DOC
OR POLICY TO SHIP YET. C&D SAME STORY ACCORDING TO
DAVID HUI. SUPERTRAC HAS COMPLETED AT \$500.0K - 70%
DOWN - 70% BALANCE IN 6 = MO. PAYMENTS --- THINK ABOUT IT.
ILLUORANT IS CONCERNED ABOUT BUGS IN DR DOS - F DISK
FORMAT PROBLEMS WITH 44MB DISK WON'T SIGN UNTIL
THIS IS FIXED. CMP HAS PUT OF DECISION UNTIL LATE
JULY. HYDOS HAS NOT BEEN ABLE TO DECIDE EVALUATION
UNITS YET. HIGHZELL, HYDOS, MICROSOFT, ARE SAYING DR
DOS IS FULL OF BUGS AND MANY REMAINS FEATHERING
AROUND TO THE ISSUE. I NEED LATEST PRODUCT SHIP
TO ME ASAP ON DR DOS WITH QUALITY DOCUMENTATION
& PROGRAMMING GUIDE. 2001... I TALKED WITH CHAI LAST NIGHT
THE ARE MEETING TUES AT 3:00 PM. I HAVE CHANGED MY
FLIGHT TO WED, BACK TO STATES. NEED TECH. SUPPORT
HERE ASAP... HOW ABOUT GARY SILVER FOR 10 DAYS!
Dick

EXHIBIT
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DIGITAL RESEARCH INC.
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ASIAN BUSINESS REPORT

TOPICS

- REVENUE ANALYSIS
- PROSPECTS BY COUNTRY
- EVALUATION UNITS LOG
- ACTIVITY ANALYSIS
- OPEN ISSUES
- REQUIRED RESOURCES
- EXECUTIVE SUMMARY

JUNE 30, 1988
RICHARD D. DIXON

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BUSINESS SUMMARY

FORECAST

May	765.0
June (May date)	145.0
June	145.0
July	840.0
Aug	820.0
	<hr/>
	2,715.0

Contract in house*	1,765.0
May potential	1,115.0
June-July potential	2,581.25
Aug potential	4,505.0
	<hr/>
Total Potential	9,966.25
-----	-----

- * 1.0 Million at Highzeal de-book w/potential transfer
 - . Supertrade
 - . Jerry Liao
 - . Arrosa Group

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BUSINESS CONTRACTS

<u>ACCOUNT</u>	<u>PRODUCT</u>	<u>Q'TY</u>	<u>S</u>	<u>COMMENT</u>
<u>TAIWAN</u>				
HIGHZEAL	O/S-C DOS	POOL	1,000.0	De-book
KINGTECH	DR DOS	10K	145.0	Ok
C & D TECH	DR DOS-GEM PAINT	20K	210.0	?

SINGAPORE

ESSEX	DR DOS-GEM PAINT	10K	170.0	Ok
KOMPAC	O/S	POOL	240.0	Ok

HONG KONG

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PROSPECTS

<u>ACCOUNT</u>	<u>PRODUCT</u>	<u>Q'TY</u>	<u>\$</u>	<u>COMMENT</u>
<u>TAIWAN</u>				
UNITRON	DR DOS	100K	820.0	
ARC	DR DOS	100K	820.0	
AG	DR DOS	5K	111.25	
FAN ASIAN	DR DOS	10K	145.0	
TWIN HEAD				
VOLLEMON	DR DOS	8.5-10K	145.0	
TRIDENT	C DOS XM 386 DR DOS	POOL	600	
KEY STATE	DR DOS	50K	550	
SUPERTRADE	O/S C DOS	POOL	1,000.0	
ARRORA GROUP	O/S C DOS	POOL	1,000.0	
CMP	DR DOS	10K	145.0	
SUPERCOM	DR DOS	10K	145.0	
 <u>BESTLINK ACCOUNTS</u>				
C & D TECH	DR DOS-GEM PAINT	20K	210.0	
PRO SYSTEMS ADI	DR DOS	50K	550.0	
MODERN	DR DOS-GEM PAINT	10K	170.0	
P & C SHITAN	PAINT DR DOS	10K	170.0	
DATA WORLD	PAINT DR DOS	10K	170.0	
FLYING TRIMPH	PAINT DR DOS	10K	170.0	
LYI-CHENG	PAINT DR DOS	10K	170.0	
CHIN TECH	PAINT DR DOS	250K	1,250.0	
ELITE	PAINT DR DOS	250K	1,250.0	

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<u>ACCOUNT</u>	<u>PRODUCT</u>	<u>Q'TY</u>	<u>£</u>	<u>COMMENT</u>
<u>SINGAPORE</u>				
ESSEX	GEM PAINT	50K	150.0	TWO WKS
GOH	DR DOS	10K	145.0	?
WEARNS	DR DOS	10-25K	170-313	?
CHARTER	DR DOS	10K	170.0	

HONG KONG
.....

BONDWELL	DR DOS	100K	820.0	?
BARGATE	DR DOS	10K	170.0	

PRC
.....

GREAT WALL

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EVALUATION UNITS

TAIWAN (75)
.....

SUPERCOM
KEY_STATE
CMP
UNI TRON
ARC 2 + (60 Distributors)
SUPERTRADE
AG
PANASIA
VOLLEMON
TRIDENT (13 Distributors)
ARRORA GROUP
KENGTECH
AQUARIUS
C & D (1 Distributors)
PRO SYSTEMS
ARC (IRAN)
BILL CROWE AUSTRALIA
MODERN
PRO TECH
P & C
DATA WORLD
DATEX
FLYING TRIUMPH
LYI-CHENG
CHIN-TECH

SINGAPORE
.....
ESSEX (12 Distributors)
GOH (13 Distributors)

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EVALUATION UNITS

HONG KONG
.....

BONDWELL (25 Distributors)

BARGATE

INFORMATION TECH

QUANTUM DESIGN

PRC

GREATWELL COMPUTER

RICHARD LEE

SUMMARY
.....

OEM-36

DIST-124

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ACTIVITY ANALYSIS

- Established office-close 765K
- Trade show (1) 5 days leads 50-1,200 visitors
(2) 8 days leads 200-8,000 visitors.
- Seminar (2)- 70 people
- Press meeting-(5) articles
 - ADS Taiwan News, show guide & Ad daily economical times, Singapore
- New product brief
- New fact sheets
- Stickers (tow tie MS DOS)
- Customer calls -122
- Evaluation units out-41-104
- Proposals out-40
- Contracts out-24
- Open house Singapore - 150
 - 30 press
 - 7 press

- Initial visit to PRC-Great wall computer
- MAS mail-110
- Radio show-Weekly
- Work week, 7 day/week • 6:30A.M.-1:00 A.M.
- Funded operation from business expense reimbursements

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OPEN ISSUES

1. MAIL MUST BE ADDRESS TO DRI C/O DAVID STANDRIDGE, IRRANA HUANG,
MEMO OUT TO ALL LOCATIONS OF ADDRESS & FAX NO.
2. COMPUTERS PURCHASED FOR OPERATIONS (2)
3. HIGHZEAL INT'L MUST BE CLEAN UP & RESOLVED WITH LEGAL ACTION ASAP.
4. DECISION MADE ON DRI OFFICE & ASIAN OPERATIONS PROCEDURES.
5. GEM COPY RIGHT ISSUES CLEARED UP.
6. EVALUATION UNITS SHIPPED TO OFFICE
 - 100 DR DOS (WITH TIME OUT EVALUATION)
 - 20 C DOS XM
 - 20 C DOS 386
 - 5 DR NET
 - 5 PC TERMINAL
 - 10 GEM SCAN
 - 20 GEM PRESENTATION TEAM
 - 20 GEM PUBLISHER
 - 20 GEM 1ST WORD PLUS
 - 50 GEM PAINT
 - 50 GEM DESKTOP
7. MARKETING MATERIALS
 - VERITEST (OFFICAL RELEASE)
 - PRESS ARTICLES
 - PRESS RELEASE (CLEAN)
 - DR DOS CRC (FOR PRINTER)
 - BUG ANALYSIS REPORT
 - FUTURE COMPUTING REPORT

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PUBLISHABLE COMMITTED OEMS'S
ROLLING DEMO ON DR DOS FEATUREST
DR DOS PRESENTATION

8. ENGINEERING SUPPOUT REQUIRED
1 DAY TURN AROUND ON FAX PROBLEMS
HOT LINE TO ENG RESPONSE DAILY. AUTHORIZATION FOR LOCAL ENGR.
HAVE TRAINING FOR TAIWAN (2) SINGAPORE (2).
9. FUNDING OF OFFICE EXPENSES PLAN (AMERICAN EXPRESS AT LIMIT)
10. BESTLINK RESOLVE & COMPENSATION
11. EUROPEAN & NORTH AMERICAN SUPPORT & COMPENSATION.
12. ICRT BILLS TO BE PAID.

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RESOURCES REQUIRED
(ASIAN OPERATIONS)
DRI BRANCH & MANUFACTURING OFFICE

BRANCH

1 TAIWAN BRANCH MGR.
1 TAIWAN OFFICE MGR.
1 TAIWAN TECHNICAL SUPPORT

MANUFACTURING

1 DISKETTES DUPLICATOR
1 LABLER
1 SUPERVISOR (+2 MOS)

EQUIPMENT

286 SYSTEM
386 SYSTEM

FACILITES 2ND OFFICE SET UP

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DRI - ASIA

ESTABLISH A BUSINESS OFFICE & MFG FACILITY H.O. TAIPEI, TAIWAN
(20% WITHHOLD TAX FOR ALL BUS.)

WORKING CAPITAL REQUIRED IN BRANCH	\$	<u>MO/OPERATIONS</u>
BUS. LIC. LEGAL COMPANY	52,650	
CAPITALIZATION		
CAPITAL EQUIPMENT	50,000	
STAFF & SALERIES	2,300/MO	
RENT	1,750/MO	
SUPPLIES	1,000/MO	

DETAILS OF ABOVE

<u>CAPITAL EQUIPMENT TOTAL</u>	<u>50,000</u>	
DISKETT DUPLICATOR	30,000	
SHRINK WRAP	10,000	
FURNITURE	10,000	
<u>STAFF-TOTAL</u>	<u>2,300/MO</u>	
SUPERVISOR	1,000	
LABLER	650	
DUPLICATOR	650	

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BUSINESS PLAN

UNITRON 100 K UNITS \$6.75 (GROSS REVENUE 675,000)

COST

BOOKS	2.00	(20 K PURCHASE)
DISKS	.50	(Q'TY BUY)
PRODUCTION	.08	(SEE BELOW)
CAPITAL EQUIPT	.13	(SEE BELOW)

TOTAL COST 2.71

PRODUCTION ANALYSIS

500 DISKETTS PER HOUR
10 HOUR/DAY (1 SHIFT) 7:30 A.M.-6.00 P.M. (30 MIN LUNCH)
6 DAYS/WEEK
6 MOS ANALYSIS (26 WEEKS)

PRODUCTION 780,000 DISKETTS = 190,000 SETS
PRODUCTION COSTS 30,300
COST PER SET = 0.0777/PER SET
CAPITAL COST SIX MONTH AMORIATION = 50,000 * 390K =.13

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EXECUTIVE SUMMARY

In the pasted six months with limited resources we have developed our Asian operations. The potential has been analyzed and capitalized on when possible. We have learned a tremendous amount about being successful at business in Asia.

It is now time to capitalize on the knowledge and opportunity... I recommend the following executive decisions be made and immediate action taken.

1. Establish branch office in Taiwan.
2. Hire one sales and one tech support + current temporary.
Staff (Standridge & Huang)
3. Set up Mfg. operations for DR DOS.
4. Terminate Highzeal Int'l (Assume business)
5. Terminate Bestlink (Compensated assume)
6. Finish copy right of Gem products Asia
7. Establish a compensation program for Europe and US operations for Asian business.
8. Have Asian operations established as a business unit
9. Organizations to include
 - Taiwan R.O.C.
 - Hong Kong
 - Singapore
 - Indonesia
 - Malaysia
 - Thailand
 - Sri Lanka
 - Korea
 - Australia
 - New Zealand
 - Philippines
 - Japan to be added 9/1/88.

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10. Additional resources & capital equipment be allocated as required to maximize revenue.

We will meet our business plan for Fy 88' and finish at 225% of our established goal.

A realistic plan for Fy 89' would be \$6.5 million with the current product line . excluding Japan business & splits for US & Europe.

Mfg. business operations could yield 500,000 sets of DR DOS for Fy 89' generating \$5.0 million (\$10 ave selling price) in gross revenue and 3.64 million in gross profit at 2.71 per copy.

we have built this into DR's most profitable operation and can make it a very significant profit contribution to DR's bottom line. for Fy 87'.



Richard D. Dixon
Director

{ 098606 }

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