



THE PERFECT ORIGINAL

Summer 2007

Going Green

DCL has taken a leadership position in “Going Green” in the Silicon Valley. DCL started working with REgrid Power on the design of the system last November. Installation began in April of a 76 kilowatt (kW) solar power electric system on its 80,000 square foot headquarters building on Milmont Drive in Fremont and was completed in June. As a testament to DCL’s environmental stewardship, the system will avert over 75 tons of carbon dioxide (CO2), a harmful greenhouse gas, from being emitted into the atmosphere every year.



The pilot project is projected to initially offset over 36% of the building’s annual electricity usage, with future expansion anticipated to virtually eliminate on-site electrical consumption. As part of the project, a computer that monitors the energy output of the solar panels and other statistics will be available to view in the lobby, providing in depth information on the technology and its benefits.



L to R - Fremont Council member Steve Cho, Economic Development Coordinator Angela Tsui, DCL CEO Norman Tu, President David Tu

“By implementing solar power energy, DCL will see a significant decrease in our energy costs over the next few years, but more importantly we feel that it is important to act as a model for environmental conservation, especially in the highly industrial supply chain and manufacturing industries,” states Norman Tu, Chairman and CEO of DCL.

DCL’s vision is to prove the viability of solar technology as a cost-effective way to reduce operating costs, implement forward thinking energy strategies, and ultimately better serve the environment. Over time, DCL is committed to becoming a “Green Business” and integrating solar electric systems into their other current and future planned facilities. DCL hopes to promote the trend by setting an example for the community.

Norman Tu envisions that green initiatives will have a greater impact on the manufacturing industries than many believe. “We look forward to seeing how “green initiatives” affect our future business results. Since variable costs are such a large proportion of our business, we must be prudent in exploring alternatives for reducing costs,” Norman says.

In a dedication ceremony held at the facility on June 19th, DCL was recognized by the City of Fremont for their environmental stewardship. Council member, Steve Cho and Economic Development Coordinator, Angela Tsui, attended the ceremony and awarded DCL a certificate of honor.

DCL will sell any excess electricity that is generated during the

DCL and Digital River Enter into Strategic Partnership To Provide End-to-End Supply Chain Solution

Earlier this year, DCL and Digital River joined forces to offer existing and prospective clients extended supply chain solutions and the opportunity to take advantage of the expertise each entity brings in their respective areas: DCL in warehousing and fulfillment and Digital River in eCommerce and eMarketing. By signing a multi-year agreement, DCL and Digital River formalized their partnership and validated their belief in the importance of providing customers with value throughout the entire supply chain. The combination of two independently strong financial partners eliminates the risk of loss in service or lack of resources to scale business that may be necessary

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DCL and Digital River

with growing companies in the industry.

DCL and Digital River provide comprehensive business solutions to companies of all sizes, combining state-of-the-art fulfillment with best-of-class eCommerce. From online stores and call centers, to product fulfillment and reverse logistics, the DCL/Digital River team can now provide an integrated solution tailored to meet the unique requirements of growing businesses. More than just providing these services, Digital River can now help companies grow their top line by increasing traffic to their online store and DCL can continue to provide cost saving recommendations on the back-end of their supply chain.

DCL and Digital River have been working diligently for the last six months to plan and integrate the information technology requirements that are vital for seamless communication. Both parties have already invested a considerable amount of time and money on IT resources since January 2007. With the integration complete, the partnership went "Live" on July 17th with a major customer, the world's largest provider of security software, as their first shared customer. Digital River and other Fortune 250 clients will be rolled out shortly afterwards.

"The integration between DR and DCL provides these customers the "Best of Breed" supply chain solution for their eCommerce channel," said David Tu, President and co-founder of DCL.



Ask Norman



1. What were your motivations behind the solar energy project?

There has been a lot more focus on the environment in the past couple of years. For example, a recent article in the San Jose Mercury highlighted solar embracement in California. Also, during my travels to Asia, I've become more environmentally conscientious.

In Hong Kong you can't eat fish because of mercury pollution and the noise, water and air pollution are serious concerns. We take food and fresh air for granted in the US. Environmental health is important for next generations. I want to set an example - a sound barrier for others - I believe that mankind's usage of fuels and resources has had a negative impact on the environment and that we should all begin to make an effort towards making the world a little better.

2. How did you discover REgrid and develop this solar energy project?

I started looking into solar power last November. From what I'd read it made sense since California has so many days of sunshine. During the past six months, we've collected data and interviewed several competing companies. The analysis confirmed my belief that solar was the right thing to do. I visited several project sites, including similar installations in Los Altos Hills and De Anza College. In the end, we selected REgrid Power in Campbell. They are a quality company that was able to meet our requirements and I was comfortable in being able to deal directly with the owner.

3. How successful was the Solar Energy Project and are you planning any future solar installations?

It's too early to tell, but all expectations with regard to budget, delivery and installation have been met. I am very optimistic that the system will meet and exceed our expectations. I want six months to verify the expectations, but my goal is to become 100% solar powered in all of our facilities and my home.

4. What are your future plans for DCL in regards to energy conservation?

The cost of energy is very expensive and continues to go up. We have installed skylights and efficient lamps in all of our facilities. We are more aware of turning things off and have sensors to do so for certain areas. These are all small efforts but they slowly add up in terms of energy costs. We make every effort to recycle and work closely with our vendors to use recycled materials. For example, we recently installed carpet manufactured with 25% recycled content and the industry's first non-PVC tile backing system which contains 40% recycled content. The new generation is becoming very aware of energy and management of resources, there is now a new vocabulary and several professions related to energy conservation. I predict that there will be dramatic environmental changes in the next ten to fifteen years. I am proud that DCL can be part of that.

As companies have increasingly looked to DCL as a total end-to-end solution for supply chain solutions, reverse logistics - that is the handling of product returns for our customers, has increased in importance.

In order to fulfill this critical need for our customers, DCL has established a separate department focused specifically on handling product returns for our customers. This dedicated product returns area is located in our 80,000 SF Fremont Milmont facility, which is also the corporate headquarters of DCL. We are currently handling product returns for some of the top consumer electronics companies.

While many third party fulfillment companies offer similar product return services, what sets DCL apart is the company's focus on integrating informational technology with the operational process.

This tight integration is most critical in returns management, where companies must maintain customer satisfaction while tightly controlling the cost of unplanned returns. With DCL's tracking system, eFactory, powered by an Oracle database, customers are provided with a highly accurate and robust engine in which to track their product throughout the entire back-end of their supply chain from the end consumer to DCL or to the manufacturer of origin.

DCL works with each customer to define the business rules and processes based on their unique product return requirements. Defined processes can include some or all

Reverse Logistics Takes the Spotlight

of the following RMA activities:

1. RMA issuance
2. Receive and sort of returned product
3. Functional and visual inspection
4. Credit authorization, reconciliation and processing
5. Inventory management
6. Shipment of replacement units to customers
7. Hold discrepant returned material for client-specified disposition
8. Online status reporting
9. Contact center services: customer service, tech support
10. Serial number tracking
11. Warranty validation/management
12. Replacement of expired products
13. Database tracking of product expiration/obsolescence
14. Recall services and Trade-in services/ trade-in program management
15. Extended warranty support
16. Asset recovery

Disposition of customer's returned product can also take several options including: return to client (vendor/OEM), return to

stock, scrap, rework/repair, refurbish, part salvage/spare parts management, re-kit/repackage, recycle, liquidate / remarket.

Reverse Logistics Case Study

XM Satellite Radio provides an excellent example of DCL's return process and benefits in action. The customer's challenge was to provide timely and accurate returns solution for end consumers. Pre-alerts for approved RMAs are sent to DCL from XM's contact center. Returns from XM's end users are then received and validated either as an RMA or as an undeliverable and entered into DCL's inventory system indicating disposition. DCL sends a replacement unit out to the customer and also issues credit to the customer's account. Invalid returns are sent back to the end user.

All returns are visually inspected and processed for disposition. Resalable products are returned to stock and incomplete and damaged packages are returned to the manufacturer.

Returns are processed within 48 hours and the program has resulted in:

- Improved inventory management and timely issue of customer credit
- Improved communication and customer experience

Outsourcing your returns management to DCL lets you focus on your core business - getting new products to your customers and provides increased profits, through reduced waste and recovery of the value of undamaged goods.

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Going Green

weekends to PG&E. The total investment for the system was \$500,000 and a full return on investment is expected within five years. Norman expressed his optimism about the usage of solar energy, stating, "California is an ideal place to have recyclable solar energy due to the large number of sunny days each year."

For further details about:

DCL visit <http://www.dclcorp.com>

REgrid Power visit <http://www.regrid.com>

DCL's 76 kW Solar Electric System Benefits:

- Generates approximately 106,293 kilowatt-hours (kWh) of electricity per year
- Meets about 36% of our annual electric bill expense
- Reduces greenhouse gas emissions by 75 tons every year
- Yields the same environmental benefit as planting 53.8 trees every year

Summer Interns

Every summer DCL employs bright, young students as interns to assist in the human resources, marketing and business developments departments. Providing an insight into the working world offers the experience of learning how to work in a professional business environment. DCL is adding to these students education by exposing them to the realities of the business world and an office environment. "Working here has given me a better idea of what I would and would not want out of a job when I finish school," said Cecilia Doan, a 4th year attendee at UC Santa Barbara. Cecilia is double majoring in business economics and global studies. This year four interns have joined the DCL team. In addition to Cecilia; Benjamin Fang is attending San Francisco University for his second year majoring in Business Administration/Marketing; Andrew Desiniotis is entering UC Davis as a freshman majoring in Computer engineering; Lastly Kristine Daub is interning for her second summer at DCL and is a freshman at CSU Chico, majoring in Interior Design.



Summer Interns (L to R) – Kristine Daub, Cecilia Doan, Benjamin Fang, Andrew Desiniotis

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DCL, www.dclcorp.com, is a leading provider of outsourced production and fulfillment services for technology industries. Its customers include electronics, software and healthcare companies. DCL's business-to-business services include order processing, project management, packaging and assembly, fulfillment and distribution, inventory management and warehousing and returns management. DCL is ISO 9001-2000 certified, EDI, RFID and MRP/ERP enabled for on-line, 24/7 visibility to production, inventory and shipping information.

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