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BOOK SYSTEM OVERVIEW

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I. INTRODUCTION

The Book System from Data Processing Services, Inc. provides the wholesaler with the means to make book distribution a more profitable part of his business.

Through the order regulation of books by title category, the wholesaler realizes the same distribution efficiencies that the order regulation of magazines now provides. Because dealer draws are based on the past sales performance of like titles, the system will put copies of new titles in the right dealers and in the right quantities to maximize net sales.

While titles are grouped by category for order regulation purposes, the system also maintains detailed bulk records for each individual title. This extends to control over the agency's inventory status so the wholesaler always knows what is on order, what is in stock, and where it is located in the warehouse.

The complete sales and distribution analysis provided by the system not only tells the wholesaler how his book business is doing, but it will also help him forecast sales of new titles and plan his book orders accordingly.

Book returns are handled on a truly single entry basis. They may be scanned by UPC or keyed by ISBN. Once the return is captured at the point of entry, the system automatically posts copies to the title's bulk records and to its order regulation category records. At the same time, dollar credits are posted to dealer accounts receivable, and the returned copies are held on file for the Statement of Bulk Returns sent to national distributors. In addition to printing the Statement, the system will also generate a detailed audit trail for use in supporting affidavit returns, if and when national distributors decide to grant these privileges.

In summary, the Book System reduces the effort and guesswork involved in wholesaling books. The end result is increased sales (and percents of sale), faster inventory turnover, and therefore, bigger profits.

What follows is a more complete discussion of what information is maintained in the system and how the system works. Examples of the various sales and distribution analyses, file listings, and other management reports can be found in the **Book System Catalog of Reports**, available separately.

II. DATA FILES

- A. The **Book Master File** contains one record for each title handled by the agency. These records show:

- Title name, ISBN, and UPC code
- National distributor (publisher) and line
- Author
- CPDA/IPDA category
- Order regulation type
- Dealer discount type
- Agency cost and retail price
- Copy disposition
- Call in status
- Quantity ordered and date
- Quantity received and date
- Quantity distributed and date
- Quantity returned (with separate records for dealer returns, publisher returns, returns to stock, and stock returns to publisher)
- Quantity on hand and warehouse locations

- B. The **Dealer File** contains identifying information, such as name, address, route, and delivery sequence, for all your dealers. The dealer records also contain each dealers book discounts. The Book System provides for four book discount types. Each dealer is assigned a percentage discount off retail for each type (i.e., dealer XYZ may receive 18% off type A books and 20% off type B books). Different dealers can have different discount percents for the same book type.

Finally, the dealer record contains his book delivery type. Dealers may be assigned to one of 32 types, and the agency is left in control of what criteria to use in assigning types to dealers (i.e., frequency of delivery, volume of sales, type of business, number of titles carried, etc.). When a title is invoiced, the system will ask which delivery types it should go to and will give copies only to dealers of the types designated, even though dealers of other types have distribution in the order regulation file for the title in question. This feature allows the agency to target distribution of a title to just the dealer types it wants the title to go to with minimal effort. Of course, the agency retains the option to distribute a title to all dealers with O/R distribution for it if it chooses, regardless of delivery type.

- C. The **Publisher File** identifies each book line handled by the agency, as well as the agency's percentage discount off retail.

- D. The **Order Regulation File** maintains draw, pickup/reorder, and returns records by title category for each dealer. Instead of order regulation by title and issue as with magazines, the order regulation of books is handled by title category and time period.

For example, a dealer's sales of Harlequin Romances in each month might be one O/R record, while his sales of Adult Mysteries in each quarter might be another. The agency determines what title categories and time periods to use (the CPDA/IPDA book category system is recommended). Say a new Adult Mystery title is being distributed. The system will base its calculation of dealer draws on the sales performance of other Adult Mystery titles in previous quarters (in this example, each quarter is an "issue" of the "title", Adult Mystery). While a single O/R title category record may group the sales performance of several individual (though similar) titles together, the system also maintains distinct bulk records for each of them (see Book Master File above).

- E. The **On Order File** contains records of all titles which have not yet been received. For each title, the file holds its ISBN, name, O/R number, category, line, date ordered, quantity ordered, due date, and agency purchase order number.
- F. The **Back Order File** contains records of all titles for which dealers have placed orders, but which have not been filled. It stores what titles have been back ordered, what dealers ordered them, the date ordered, the quantity ordered, and the dealer's purchase order number. Upon receipt of any title that is on the back order file, the system automatically indicates this, and will allow you to print invoices for these unfilled orders.
- G. The **Returns Audit File** contains a detailed accounting of all returns. For each publisher and title, it stores what dealers had returns, quantity returned, and date of each dealer's return. This information will be used to support affidavit privileges, if and when they are granted in the future.
- H. The **Index Files** provide a cross reference that allows access to title information in the data files by either ISBN, title name, author, UPC code, or title category.

III. OPERATION SUMMARY

A. **Ordering:** At the time a title is ordered, the following information is entered into the system:

- ISBN
- Publisher number (publisher name and agency discount percent will display)
- Order date (not necessary if order date same as current date)
- Quantity
- Retail price (agency's cost will display)
- Line
- Title name
- Author
- Due Date
- Title category

Once this information is entered, the appropriate records in the Book Master and On Order files are automatically updated.

B. **Receiving:** When a title is received, its ISBN number is entered into the system. The order information entered previously will then display. The system will ask you to enter the retail rate and will display "retail change" if it is different than what was entered when the title was ordered. The retail can be re-entered if in error. At this point, the system will indicate if any back orders exist for this title so you may fill them after the receiving procedure is completed. The following information will then be entered:

- UPC publisher and title number
- Warehouse locations (up to three)
- O/R title category
- Copy disposition
- Date received (if different than current date)
- Quantity received
- Allowed return date

If the quantity received is less than ordered, the system will ask if you want to hold the difference on order. If so, the quantity still to be received will stay in the On Order file. All received copies are automatically added to the title's stock on hand record in the Book Master file. At the end of the receiving procedure, a printed record of everything received will be generated.

C. **Distribution and Invoicing:** There are three ways that books can be billed: initial distribution, reorders from stock, and back orders.

1. When initially distributing a title, you will enter its ISBN, and the system will display the appropriate title information, including quantity on hand. You will then tell the system the "issue", bin sequence, total quantity to distribute, off sale date, and what dealer categories it will be distributed to.

The system will then calculate dealer draws from the Order Regulation file, update the dealers draw records in that file, and deduct the total quantity distributed from the stock amount of the title's Book Master record. The invoices will print in bin order with a summary by retail price at the bottom.

2. To produce reorder invoices, you would enter the following:
 - Starting reference number (optional)
 - Dealer number (dealer name, store number, and route number will then display)
 - Date
 - Dealer purchase order number
 - ISBN publisher and title
 - Quantity ordered

The system will print an invoice after each dealer's reorder has been entered, or they will print after all reorders are completed, at your option. If you key a reorder and there are not enough copies in stock, or no copies in stock, to fill it, the system will ask if you want to put it on back order. If you answer yes, the number of copies ordered in excess of what is on hand will be placed in the back order file. This will cause the system to automatically alert you when you receive copies of a title for which back orders exist. If you answer no, the system will print an invoice for the copies on hand, if any, but it will cancel the order for the remaining copies. Reordered copies are subtracted from stock and added to amount distributed in the Book Master file, and are also posted as reorders in the O/R file.

3. To fill back orders, you basically just key in the ISBN numbers of the titles in question, and the system will automatically generate dealer invoices for them. This procedure is typically performed following receiving. As mentioned

previously, if you enter receiving information for titles that have existing back orders, the system will notify you of this.

In addition to updating the Book Master and Order Regulation files, all invoicing procedures will automatically generate the appropriate dealer accounts receivable charge transactions.

- D. **Single Entry Returns Processing:** Book returns may be either scanned by UPC or keyed by ISBN. All returns are automatically posted as such to the appropriate records in the Book Master and Order Regulation files, and dealer' accounts receivable credits are automatically generated. From the copy disposition code that was entered into the titles' master records, the system tells the return room operator whether a title should be destroyed, stripped, or returned to stock. Your in- stock position is automatically kept current because the system will add stock returns to inventory.

If you attempt to enter or scan a book return for a dealer designated as one who does not receive books, the system will not accept the return. You also have the option of entering the number of copies and dollar amount that appears on the dealer's credit ticket.

When the returns transaction log is printed, these figures will be compared against the copies and dollar amount that was actually keyed or scanned at the agency, and any difference will appear on the report. If there is a variance, the actual credit the dealer will receive is determined by how the agency told the system to treat variances for this dealer. You can tell the system to give credit only for the returns counted at the agency or to give the amount on the ticket. Alternatively, you can set the dealer up to receive the credit on the ticket as long as it does not exceed an agency-specified percentage of what was actually counted.

The system will even provide statistics to help management control employee productivity in the return room. For each operator, it will show total copies processed, the dollar amount, total keystrokes, and the number of errors. At your request, the system will automatically generate a Statement of Bulk Returns for mailing to any or all of your national distributors (publishers). The statement will show title name, ISBN, quantity returned, and retail price. The agency's copy of the statement also shows its cost per copy and extended credit due. In addition, the system will generate a Returns Audit Report which shows, by publisher and title, each dealer who had returns, quantity returned, and the date of the return. This report will balance to the statement and can be used to support affidavit returns, if and when national distributors decide to grant these privileges.

- E. **Inventory:** Assuming adequate controls against pilferage in the warehouse, the system provides accurate perpetual inventory. The stock on hand for every title is automatically adjusted as a by-product of receiving, invoicing, and returns to/from stock.

When it is time to make a physical inventory count, you can print a Stock-On-Hand Report. This report shows, among other things, the ISBN, name, cost, retail, warehouse location, quantity on hand, and extended value at cost of every title in stock. The report can be printed in warehouse location sequence for ease in counting. Compare the quantity on the report with the physical count and note any differences. After the differences are entered into the system, you can print the Stock-On-Hand Report again, and it will give you a complete and accurate picture of your inventory position.

- F. **Management Information and Reporting:** All the information contained in your data files can be printed and/or displayed on your terminal for review. In addition, the system provides a complete array of sales and distribution analyses to help you better manage your book business. One report (the Book Allotment Report), will even suggest what you should order, by publisher and/or by book category, based on past sales performance of the publishers and categories in question. Please refer to our publication, the **Book System Catalog of Reports**, for samples of the various reports available on the system.

G. **Book System Benefits**

1. Increase inventory turns to make the distribution of books a more profitable part of the business.
2. Provide efficient ordering procedures that allow you to have titles that you want when you need them.
3. Establish sales history by period for line and category so that order regulation can be calculated. A period is defined by the wholesaler (month, quarter, etc.).
4. Allocate proper distribution for mass market and best seller titles to maximize sales.
5. Distribute books by title and maintain Bulk records by title.
6. Control the inventory status by title so that you know what has been ordered and not received, what has been received, how many copies are in stock, and where it is located in the warehouse.

7. Allow titles to be identified by either ISBN number, bipad number, or UPC code; and to be able to use those numbers for both distribution and keying or scanning returns.
8. Compile returns as true single entry by posting copies to the Bulk file by title, and to the O/R file by line and category, while posting dollar credits to the dealer in Accounts Receivable and storing copies for the Statement of Bulk Returns.
9. Print, as an automatic by-product, a Statement of Bulk Returns by title to request credit.
10. Maintain a complete audit trail showing what titles come from what dealers that balance to your request for credit so that you can establish an affidavit relationship.
11. Pass charges for received copies and credits for returned copies through to Accounts Payable for reconciliation.
12. Analyze book sales by category comparison, dealer category sales and agency profitability.