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14 March 2006

Mr Scott Gregson
General Manager - Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

Partner

RICHARD OTTLEY

Contact Details

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File Reference

RBO:221687

FILE NO:
DOC
MARS/PRISM:

Dear Mr Gregson

Your Ref: C2002/609

Your Contact Officer: Tim Scott

Hallas Franchising Co. Pty Limited – Submission to the ACCC in relation to an Exclusive Dealing Notification made by Hallas Franchising Co. Pty Limited with respect to: Skin Care, Sun Care, Body Care and associated products and services; and Shortcuts Salon & Spa Point of Sale Information Management Systems

We refer to your letter of 2 February 2006. We now write on behalf of Hallas Franchising Co. Pty Limited in connection with its above mentioned exclusive dealing Notification.

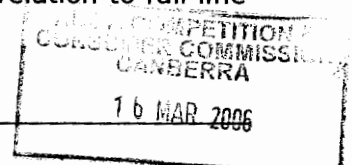
We **attach** in support of the Notification the following information:

- (i) Copy of letter from Swaab Attorneys to the ACCC of 16 December 2005;
- (ii) Copy of the attachments to the said letter of 16 December 2005;
- (iii) Copy of the letter from the ACCC to Swaab Attorneys of 2 February 2006;
- (iv) Shortcuts Salon (Brochure).

1. ISSUES RELEVANT TO THE NOTIFICATION WITH RESPECT TO SKIN CARE, SUN CARE, BODY CARE AND ASSOCIATES PRODUCTS & SERVICES

1.1 Background

1.1.1 In 2001/02 Hallas Trading Co. Pty Limited ("*Hallas Trading*") and Hallas Franchising Co. Pty Limited ("*Hallas Franchising*") filed various Notifications in relation to full line



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and third line forcing issues concerning a proposed distribution agreement to be entered into between Hallas Trading and Ella Baché salons and proposed franchise agreement to be entered into between Hallas Franchising and Ella Baché salons. In December 2005 we wrote on behalf of Hallas Franchising and Hallas Trading , seeking variations in relation to material the subject of earlier Notifications.

- 1.1.2 We set out below for convenience, an extract from our letter to the ACCC of 16 December 2005 summarising the conduct sought to be engaged in, in 2001/02 by both Hallas Trading and Hallas Franchising, and the proposed changes in suppliers and product range sought by Hallas Trading and Hallas Franchising in 2005:

"In summary, such conduct in the proposed Distribution Agreement required Ella Baché salons:

- (a) to only supply or use at the salon, the current range of Ella Baché products with respect to skincare and suncare products and treatments, as detailed in Schedule B;*
- (b) to, in respect of treatments specified in Schedule C, supply or use at the salon those products which were (also) specified in Schedule C or such treatment products requested by the salon and approved by Ella Baché, such consent not to be unreasonably withheld.*

The Notifications in relation to Hallas Franchising involved full line and third line forcing issues concerning a proposed Franchise Agreement between Hallas Franchising and Ella Baché salons (who were to take a franchise).

In summary, such conduct in the proposed Franchise Agreement required franchisees:

- (a) to only supply or use at the salon, the current range of Ella Baché products with respect to skincare and suncare products and treatments, as detailed in Appendix 3;*
- (b) to, in respect of treatments specified in Appendix 4, supply or use at the salon those products which were (also) specified in Appendix 4 or such treatment products requested by the salon and approved by Ella Baché, such consent not to be unreasonably withheld.*

When our clients were discussing the Notifications with the ACCC in 2001/2002, they stated to the ACCC that at some point in time it was possible that they would wish to change the names of certain of the distributors who were nominated as being approved distributors for the purpose of the sale of certain approved products (in addition to Ella Baché retail or professional products). The advice received from the ACCC at the time was that in the event it was proposed to change any nominated distributors, notice should be provided to the ACCC, formally notifying of the change.

We are instructed that Hallas Trading and Hallas Franchising now wish to change some of the nominated distributors. Accordingly, we have been instructed to write this letter informing the ACCC of the proposed changes and to seek the ACCC's approval to these changes. This issue relates to

third line forcing and concerns Schedule C to the Distribution Agreement and Appendix 4 to the Franchise Agreement.

We are also instructed that Hallas Trading and Hallas Franchising wish to increase the range of Ella Baché products, both professional and retail, which salons will be required to use in future. This relates to full line forcing and concerns Schedule B to the Distribution Agreement and Appendix 3 to the Franchise Agreement. Once again the ACCC's approval is sought to these changes.

With respect to the Distribution Agreement, we have attached Schedules B & C as notified to the ACCC in 2001/2002, together with the proposed Schedules B & C. We would make the following comments in relation to the proposed changes:"

- 1.1.3 The ACCC, in its letter to Swaab Attorneys of 22 February 2006, indicated its view that it was appropriate to file further exclusive dealing Notifications with respect to amendments to Appendix 4 to the Franchise Agreement (and Schedule C to the Distribution Agreement) which dealt with specified products from nominated manufacturers which salon owners were permitted to use in their salons.

1.2 Proposed modifications to Appendix 4 to the Franchise Agreement

- 1.2.1 We refer to the attachments to our letter to the ACCC of 16 December 2005 and in particular to the existing Appendix 4 to the Franchise Agreement and the proposed new Appendix 4.
- 1.2.2 Mud, body wrap and Ayurvedic healing clays distributed by Heritage Healers are proposed new inclusions in the treatment section. Heritage Healers is an existing distributor of approved products. The range of products to be distributed by Heritage Healers has been increased, as Hallas Franchising considers that the quality of its products would benefit salons.
- 1.2.3 Hallas Franchising wishes to amend its list of approved distributors by adding Diamond Aesthetics as a distributor of dermabrasion (facial) equipment. Hallas Franchising considers that Diamond Aesthetics provides high quality equipment and would be a suitable distributor for these products. It is proposed to remove the name of the distributor Body Basics, as the myoderm machine initially intended for distribution to Ella Baché salons did not proceed.

1.3 Arguments relevant to approval of third line forcing conduct

- 1.3.1 The proposed amendments to Hallas Franchising's third line forcing conduct should be seen in the light of various Notifications and submissions made by Hallas Franchising & Hallas Trading to the ACCC.
- 1.3.2 With respect to whether there is public detriment or benefit from allowing third line forcing with respect to the products of other manufacturers, we set out below an extract from the Submission which accompanied Hallas Franchising's Notification in April 2002 (paragraph 7):

5.1 *"The particular third line forcing conduct sought to be engaged in by Hallas Franchising (under the above heading), concerns the same provisions in the Franchise Agreement which were the subject of the Notification by Hallas Trading to the ACCC in September 2001. The*

operative provisions of the Franchise Agreement to which the third line forcing in question relates, have not altered. However, whilst third line forcing is sought in respect of five nominated suppliers (like in the earlier Notification), the identity of two of those suppliers has altered following ongoing review and research.

- 5.2 *Attention is directed to the Second Submission made to the ACCC by Hallas Trading (in November 2001) (Appendix E – paragraphs 2 and 3). These paragraphs canvass in detail the Ella Baché skin care philosophy and those considerations which are relevant to whether another manufacturer’s product could complement Ella Baché Branded Products in areas where Ella Baché skin treatment might be enhanced by the product of another manufacturer. It is helpful to highlight key issues below.*
- 5.3 *The Ella Baché philosophy is to provide professional advice and ongoing treatment and service to customers with skin complaints, rather than to simply supply cosmetic products. Such a service requires that the integrity of the product and service be maintained by using a dedicated form of treatment involving Ella Baché products. Hallas therefore wishes to ensure a uniform approach by salons with respect to skin care treatment, by imposing various limitations on products from other manufacturers.*
- 5.4 *Ella Baché treatments involve the application of Ella Baché products which act upon the skin in a particular way depending upon the formula appropriate for the skin condition in question. Products of other manufacturers do not necessarily work in the same way and may be counter productive to the Ella Baché treatment plan for a particular skin condition. They therefore have the potential to adversely impact on the treatment and to detract from the Ella Baché experience which the Ella Baché customer has gone to the Ella Baché salon to receive. This incidentally could lead to customers claiming that they had been misled into thinking they would receive the full Ella Baché experience when this was not the case. It is therefore submitted that apart from protecting the reputation and the brand of Ella Baché, the third line forcing sought with respect to the products of suppliers listed in the Agreement is to the public benefit as it provides customers with a discrete and consistent approach by all Ella Baché salons to skin care problems.*
- 5.5 *There is a clause in the Franchise Agreement which provides that with respect to products other than Ella Baché Branded Products and the products of specified manufacturers, salons may stock such other products as they consider desirable (including aromatherapy oils, nail and spa products) after obtaining the Franchisor’s consent, such consent not to be unreasonably withheld. This clause is identical to the clause covered by the earlier Notification Application. One of its main purposes is to prevent stocking of products which would be inconsistent with the image being presented in dedicated Ella Baché salons.*
- 5.6 *It is submitted that except for the substitution of two suppliers of products, there is no material change to the relevant provisions in the Franchise Agreement the subject of the earlier Exclusive Dealing*

Notification. It is submitted for the reasons which appear in this Submission and the First and the Second Submission, that the public benefit associated with the proposed conduct outweighs any perceived detriment.

- 1.3.3 We submit that the proposed amendments to Appendix 4 to the Franchise Agreement are not significant but if approved, would further enhance the quality of skin care services provided at those Ella Baché salons which are franchisees.

2. ISSUES RELEVANT TO THE NOTIFICATION WITH RESPECT TO SHORTCUTS SALON & SPA POINT OF SALE & INFORMATION MANAGEMENT SYSTEM

2.1 Background

- 2.1.1 The second aspect to the exclusive dealing Notification concerns Hallas Franchising's proposal to introduce a future requirement that franchisees use the Shortcuts Salon & Spa Point of Sale & Information Management System in their salons, to the exclusion of other similar products. A copy of the Shortcuts Salon Brochure is attached for your information.

- 2.1.2 At the present time, there are a number of products in the marketplace which are available for salons to use for their point of sale. In Hallas Franchising's view, the Shortcuts system has provided an excellent interface between Ella Baché salons and Head Office. It allows seamless communication between two salons and enables updates to be sent automatically to Head Office. Particular Shortcuts Spa benefits include:

- Enabling resource allocation and selling services as series;
- Providing complete integration of appointments, clients, service, product and employee point of sale information thereby increasing business efficiency;
- Enabling salons to generate more business from their client base through marketing and loyalty clubs;
- Possessing a powerful reporting engine with numerous reporting options empowering decision making;
- Easy on the eye yet powerful makes for happy staff and optimum results;
- Flexible configuration suitable for many different sizes and styles of salon operations;
- The ability to confirm appointments via sms, reducing "no shows" and enabling salons to impress their clients with their service

- 2.1.3 From Hallas Franchising's perspective, having the one form of point of sale and information management system for its salons would be a significant advantage resulting in uniformity in the way in which information is provided which will lead to improvements and efficiencies across the network.

2.2 Arguments relevant to approval of Third Line Forcing conduct

- 2.2.1 At the present time there are some 45 Ella Baché salons which are franchises. As at 2002, research received by Hallas Franchising indicated that there were some 3,700

non Ella Baché salons in Australia. It is likely that, at the date of this submission, there are more non Ella Baché salons in Australia. In the circumstances it is submitted that manufacturers of similar products to Shortcuts would not be significantly disadvantaged by Hallas Franchising seeking to impose a requirement requiring its salons to only purchase or lease Shortcuts.

2.2.2 It should be observed that a Notification in similar terms is being made by Hallas Trading with respect to distributors which presently number some 143. Even combined, the total number of Ella Baché salons is 188 which, when viewed conservatively against some 3,700 non Ella Baché salons, represents only 5% of salons in Australia.

3. ISSUES RELEVANT TO THE NOTIFICATION WITH RESPECT TO INCREASE IN RANGE OF ELLA BACHÉ PRODUCTS FOR USE BY FRANCHISEES

3.1 Background

3.1.1 We refer to paragraph 1.1 of this submission. Hallas Franchising requires its franchisees to, in respect of certain skin care and sun care products and treatments, only use Ella Baché products (which are manufactured and/or distributed by Hallas Trading).

3.1.2 Hallas Franchising's wish to amend the range of Ella Baché products in Appendix 3 to its Franchise Agreement which it requires its franchisees to stock, gives rise to an alteration in the Third Line Forcing conduct, the subject of an earlier Notification. It therefore requires a further Notification.

3.2 Proposed Modification to Appendix 3 to the Franchise Agreement

3.2.1 We refer to the attachments to our letter to the ACCC of 16 December 2005 and in particular to the existing Appendix 3 to the Franchise Agreement and the proposed new Appendix 3.

3.2.2 It is proposed to amend Appendix 3 to incorporate products relating to the following:

- (a) Serums and boosters;
- (b) Sponges and related applicators;
- (c) Treatment gels (Sonocare gels for massage and infusion);
- (d) Self Tanners;
- (e) After Sun Care;
- (f) EB Vanilla Strip & Hot Wax;
- (g) Vanilla Pre-Wax Wipes;
- (h) Body care – hand, arm, leg, body and foot care.

3.2.3 The expression "*sun, sun bloc and sun base*" in the existing Appendix 3 is to be replaced by the expression "*sunscreens*".

3.3 Arguments relevant to approval of Third Line Forcing conduct

- 3.3.1 The proposed amendments to Hallas Franchising's Third Line Forcing conduct should be seen in the light of various Notifications and submissions made by Hallas Franchising and Hallas Trading to the ACCC.
- 3.3.2 With respect to whether there is public detriment or benefit from allowing Third Line Forcing with respect to Ella Baché products, we set out below an extract from the submission which accompanied Hallas Franchising's Notification in April 2002 (extract of paragraphs 4.2 and 5.1 to 5.6):

4.2 *The reason for wishing to engage in Third Line Forcing in this respect is to protect the integrity of the brand Ella Baché and to protect the Ella Baché philosophy with respect to skin and sun care treatment. Such philosophy involves accepting that no two skins are alike and finding the appropriate Ella Baché treatment to address the skin problem in question. Allowing other brands in Ella Baché salons with respect to certain product lines would have the effect of interfering with the Ella Baché treatment and philosophy and damaging the integrity of the Ella Baché brand. Hallas Trading and Hallas Franchising recognise that there are certain products and treatments available where there is not an Ella Baché equivalent and where it would be desirable for other products and treatments to be available in Ella Baché salons. This issue is dealt with below under the heading 'Third Line Forcing – Other Products'.*

Purpose of proposed conduct

5.1 *In considering the above third line forcing issue it is helpful to first consider the purpose of the proposed conduct in question. In the context of developing Ella Baché in Australia, Hallas Trading wishes to utilise a separate company, namely Hallas Franchising, to operate the Franchising arm of its activities. Hallas Trading would be supplying Ella Baché Branded Products to salons who had Franchise Agreements with Hallas Franchising. As the proposed Franchise Agreement provides for only Ella Baché Branded Products to be supplied or used in respect of sun and skin care treatments and services (with the exceptions referred to in paragraph 4.4 above), the proposed arrangement creates a third line forcing situation.*

Is the proposed conduct to the detriment of consumers?

- 5.2 *It is submitted that the third line forcing under consideration does not operate to significantly restrict consumer choice between skin care products because of the wide range of suppliers of skin care products and the large number of beauty salons that supply such products other than Ella Baché. Hallas Franchising respectfully adopts the ACCC's conclusions in this regard contained in its letter of 13 December 2001.*
- 5.3 *It is submitted that the third line forcing under consideration does not and would not impact upon consumers' access to Ella Baché Branded Products or the pricing of such products.*
- 5.4 *It is submitted that the actual product itself which the consumer would receive at the Ella Baché salon remains unaffected by the proposed third line forcing arrangements.*

Is the proposed conduct to the detriment of beauty salon owners generally?

5.5 *It is submitted that such proposed conduct does not materially affect a salon's ability to run its business as there are a number of other skin care products which compete with Ella Baché and such salon owners could choose to stock those other products instead of being an Ella Baché salon. In this context Hallas Franchising respectfully adopts the conclusions reached by the ACCC in its letter of 13 December 2001.*

Is the proposed conduct to the detriment of Ella Baché salon owners?

5.6 *It is submitted that the third line forcing in question does not materially affect the position of Ella Baché salon owners who choose to become a Franchisee. The salon owner would be receiving the same product that they would have been receiving (and paying the same for the product) had the Franchise Agreement been with Hallas Trading as opposed to with Hallas Franchising. In addition to any warranties which may arise on the part of Hallas Trading, Hallas Franchising expressly makes itself liable to the Franchisee for the quality of the Ella Baché stock provided to the Franchisee.*

3.3.3 It is submitted that the changes sought to be made to Appendix 3 to the Franchise Agreement would broaden the range of Ella Baché products available to franchisees. In this regard it is submitted that this would enhance the Ella Baché experience that members of the public would receive. It is submitted that the changes sought to be made in this regard would not be to the detriment of consumers or salon owners but would be to their benefit. As to other manufacturers, the proposed changes would not make any significant impact in relation to the available market for their products.

4. CONCLUSION

To conclude, the ACCC's favourable response is sought to the exclusive dealing Notification which accompanies this Submission.

Please do not hesitate to contact the writer, Richard Ottley, should you require any further information.

Yours faithfully

SWAAB ATTORNEYS



**Richard Ottley
Partner**

Enc.

N92457 (other)
N92458 (Ella Baché)

Form G

Commonwealth of Australia
Trade Practices Act 1974 --- Sub-section 93(1)
**EXCLUSIVE DEALING
NOTIFICATION**

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47 (8) (a), (b) or (c) or (9) (a), (b), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

(PLEASE READ DIRECTIONS AND NOTICES ON BACK OF FORM)

1. (a) Name of person giving notice Hallas Franchising Co. Pty Limited
.....
.....
(See Direction 2 on the back of this form)

(b) Short description of business carried on by that person
Supplier of Franchise Services
.....

(c) Address in Australia for service of documents on that person
C/- Swaab Attorneys, Level 21 Angel Place, 123 Pitt Street, Sydney NSW 2000
GPO Box 35 Sydney 2001 / DX 522 SYDNEY
.....

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates
Skin Care, Sun Care, Body Care and associated products and services
Shortcuts Salon & Spa Point of Sale & Information Management Systems
.....

(b) Description of the conduct or proposed conduct
Third Line Forcing - other manufacturers products (Please see submission attached) **N92457**
Third Line Forcing - Ella Baché products (Please see submission attached) **N92458**
.....
(See Direction 4 on the back of this Form)

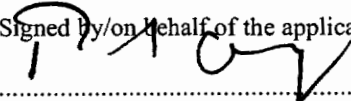
3. (a) Class or classes of persons to which the conduct relates
Persons carrying on business as a franchise owner of an Ella Baché salon
.....

(b) Number of those persons--
(i) At present time 45 franchisees
(ii) Estimated within the next year 50 franchisees
.....

(c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses
Please see Annexure A to this Form
.....
.....

4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice. Richard Otley C/- Swaab Attorneys, Level 21 Angel Place, 123 Pitt Street, Sydney NSW 2000
Tel: (02) 9233 5544 Fax: (02) 9233 5400 Email: rbo@swaab.com.au
.....

Dated 14 March, 19 2006

Signed by/on behalf of the applicant giving notice

.....
(Signature)

RICHARD BRUCE MAURICE OTLEY
.....
(Full Name)

SOLICITOR FOR HALLAS FRANCHISING
.....
(Description)

DIRECTIONS

1. If there is insufficient space on this form for the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the person giving the notice
2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1(a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. In item 1(b), describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in sub-section 47(2), (3), (4), (5), (6), (7), (8) or (9) of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. In item 3 (a), describe the nature of the business carried on by the persons referred to in that item.
6. In item 3(b) (ii), state an estimate of the highest number of persons with whom the person giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

NOTICE

If this notification is in respect of conduct of a kind referred to in sub-section 47(6) or (7) or paragraph 47(8)(c) or (9) (d) of the *Trade Practices Act 1974* ("the Act"), it comes into force at the end of the period prescribed for the purposes of subsection 93(7a) of the Act ("the prescribed period") unless the Commission gives a notice under sub-section 93A(2) of the Act within the prescribed period, or this notification is withdrawn.

The prescribed period is 21 days (if this notification is given on or before 30 June 1996) or 14 days (if this notification is given after 30 June 1996), starting on the day when this notification is given.

If the Commission gives a notice under sub-section 93A(2) of the Act within the prescribed period, this notification will not come into force unless the Commission, after completing the procedures in section 93A of the Act, decides not to give a notice under subsection 93(3A) of the Act. The notification comes into force when that decision is made.

If this notification is in respect of conduct of a kind referred to in subsection 47(2), (3), (4) or (5), or paragraph 47(8)(a) or (b) or (9)(a), (b) or (c), of the Act, it comes into force when it is given.

**EXCLUDED FROM
PUBLIC REGISTER**

ANNEXURE A

**EXCLUDED FROM
PUBLIC REGISTER**

SWAAB ATTORNEYS

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COPY

16 December 2005

Mr Scott Gregson
General Manager - Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

Partner

RICHARD OTTLEY

Contact Details

(02) 9777 8380
rbo@swaab.com.au

File Reference

RBO:221687

Dear Mr Gregson

Hallas Trading (Ella Baché) – Notification N90899, N90991 & N90992
Hallas Franchising – Notification N90989 & N90990

We act for Hallas Trading Co. Pty Limited ("*Hallas Trading*") and Hallas Franchising Co. Pty Limited ("*Hallas Franchising*"). Hallas Trading manufactures, imports and distributes Ella Baché products in Australia and New Zealand under Licence from Ella Baché in Paris.

We **attach** for your information:

1. Extract from the Register of the ACCC containing summary of Notifications filed with the ACCC on behalf of Hallas Trading and Hallas Franchising
2. Extract of Schedules B & C of the Distribution Agreement - 2002
3. Extract of Proposed Schedules B & C of the Distribution Agreement - 2005
4. Extract of Appendices 3 & 4 of the Franchise Agreement - 2002
5. Extract of Proposed Appendices 3 & 4 of the Franchise Agreement - 2005

On behalf of our clients, we filed various Notifications with the ACCC in 2001/2002 which are referred to above. We advise that the Notifications in relation to Hallas Trading involved full line and third line forcing issues concerning a proposed Distribution Agreement between Hallas Trading and Ella Baché salons.

In summary, such conduct in the proposed Distribution Agreement required Ella Baché salons:

- (a) to only supply or use at the salon, the current range of Ella Baché products with respect to skincare and suncare products and treatments, as detailed in Schedule B;
- (b) to, in respect of treatments specified in Schedule C, supply or use at the salon those products which were (also) specified in Schedule C or such treatment products requested by the salon and approved by Ella Baché, such consent not to be unreasonably withheld.

Please send all mail to: GPO Box 35, Sydney NSW 2001

The Notifications in relation to Hallas Franchising involved full line and third line forcing issues concerning a proposed Franchise Agreement between Hallas Franchising and Ella Baché salons (who were to take a franchise).

In summary, such conduct in the proposed Franchise Agreement required franchisees:

- (a) to only supply or use at the salon, the current range of Ella Baché products with respect to skincare and suncare products and treatments, as detailed in Appendix 3;
- (b) to, in respect of treatments specified in Appendix 4, supply or use at the salon those products which were (also) specified in Appendix 4 or such treatment products requested by the salon and approved by Ella Baché, such consent not to be unreasonably withheld.

When our clients were discussing the Notifications with the ACCC in 2001/2002, they stated to the ACCC that at some point in time it was possible that they would wish to change the names of certain of the distributors who were nominated as being approved distributors for the purpose of the sale of certain approved products (in addition to Ella Baché retail or professional products). The advice received from the ACCC at the time was that in the event it was proposed to change any nominated distributors, notice should be provided to the ACCC, formally notifying of the change.

We are instructed that Hallas Trading and Hallas Franchising now wish to change some of the nominated distributors. Accordingly, we have been instructed to write this letter informing the ACCC of the proposed changes and to seek the ACCC's approval to these changes. This issue relates to third line forcing and concerns Schedule C to the Distribution Agreement and Appendix 4 to the Franchise Agreement.

We are also instructed that Hallas Trading and Hallas Franchising wish to increase the range of Ella Baché products, both professional and retail, which salons will be required to use in future. This relates to full line forcing and concerns Schedule B to the Distribution Agreement and Appendix 3 to the Franchise Agreement. Once again the ACCC's approval is sought to these changes.

With respect to the Distribution Agreement, we have attached Schedules B & C as notified to the ACCC in 2001/2002, together with the proposed Schedules B & C. We would make the following comments in relation to the proposed changes:

SCHEDULE B

- 1. You will note that the list of Ella Baché retail products or Ella Baché professional products which it is proposed salons must use, has been enlarged to incorporate products relating to the following:
 - (a) Serums & Boosters
 - (b) Sponges and related applicators
 - (c) Treatment Gels (Sonocare Gels for massage and infusion)
 - (d) Self Tanners
 - (e) After Sun Care
 - (f) EB Vanilla Strip & Hot Wax
 - (g) Vanilla Pre Wax Wipes

- (h) Body Care – hand, arm, leg, body and foot care
2. The expression "Sun, Sun Bloc and Sunbase" in the existing Schedule is to be replaced by the expression "Sunscreens".

SCHEDULE C

1. With respect to Schedule C you will note that the distributor "Body Basics" has been removed from the Schedule. A new distributor has been approved and added, "Diamond Aesthetics".
2. We are instructed that the reason for the proposed removal of "Body Basics" from Schedule C is that the machine initially intended for distribution to Ella Baché salons did not proceed. Salons now have other choices of equipment for use in the salons. We are instructed the reason for "Diamond Aesthetics" inclusion as an approved distributor is because of the quality of its equipment.
3. The range of specified products relating to "Heritage Healers" has been increased.

Turning to the Franchise Agreement, exactly the same changes are sought with respect to the corresponding provisions in the Franchise Agreement. In this case they are Appendix 3 and Appendix 4 respectively and copies of the existing and proposed Appendices are attached for your consideration.

Please do not hesitate to let us know if you require any further information in considering this request.

Yours faithfully
SWAAB ATTORNEYS

Richard Ottley
Partner

Enc.



Australian Competition and Consumer Commission

繁體中文

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- ▶ [Hallas Trading Pty Ltd \(Ella Bache\) - Notification - N90899](#)
... **Hallas** Trading Pty Ltd Ella Bache Notification N90899 Outcome Allowed to stand Summary of notification **Hallas** will require salon owners distributors or ...
[Public registers](#) → [Authorisations \(s. 89\) and notifications \(s. 95\) registers](#) → [Notifications register](#)
100% Date modified: 4 Mar 2005

[Mergers & authorising anti-competitive conduct](#)

- ▶ [Hallas Trading Co Pty Limited - Notification - N90991 & N90992](#)
... notification **Hallas** Trading lodged notifications in relation to the requirement of salon owners who are distributors to sell and use only Ella Bache products in ...
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69% Date modified: 11 Aug 2004
- ▶ [Hallas Franchising Co Pty Limited - Notification - N90989 & N90990](#)
... notification **Hallas** Franchising lodged notifications in relation to the requirement of salon owners who are franchisees to sell and use only Ella Bache products in ...
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Internet home page → Public registers → Authorisations (s. 89) and notifications (s. 95) registers → Notifications register → Hallas Franchising Co Pty Limited - Notification - N90989 & N90990

Hallas Franchising Co Pty Limited - Notification - N90989 & N90990

Outcome	Allowed to stand
Summary of notification	Hallas Franchising lodged notifications in relation to the requirement of salon owners who are franchisees to sell and use only Ella Bache products in respect of skin care and sun care products and treatments in their salons. Franchisees are required to purchase Ella Bache products from Hallas Trading and sell only specific nominated products and treatments which are not covered in the Ella Bache range.
Conduct	Third line forcing
Dates lodged	<ul style="list-style-type: none"> ▶ N90989, 15th April 2002 ▶ N90990, 15th April 2002
Applicant (s)	▶ Hallas Franchising Co Pty Ltd
Industry	Not elsewhere categorised
Documents	<ul style="list-style-type: none"> ▶ Letter allowing to stand Hallas Franchising immunity not revoked 17.06.02 D02+37071.pdf (109.0 KB) ▶ Notification lodged Hallas Franchising lodgement 15.04.02 D04+37602.pdf (854.2 KB) ▶ Submission Hallas Franchising Appendix A D04+37627.pdf (429.3 KB) ▶ Submission Hallas Franchising Appendix B D04+37626.pdf (1.9 KB)








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Hallas Franchising
Appendix B 1-7
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- ▶ Submission
Hallas Franchising
Appendix C
 D04+37622.pdf (2.0 MB)
- ▶ Submission
Hallas Franchising
Appendix C 1-6
 D04+37620.pdf (185.5 KB)
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Hallas Franchising
Appendix D
 D04+37618.pdf (131.3 KB)
- ▶ Submission
Hallas Franchising
Appendix E - Part 1
 D04+37617.pdf (1.1 MB)
- ▶ Submission
Hallas Franchising
Appendix E - Part 2
 D04+37605.pdf (1.4 MB)
- ▶ Submission
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Appendix F
 D04+37604.pdf (93.2 KB)

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Hallas Trading Co Pty Limited - Notification - N90991 & N90992

Outcome	Allowed to stand
Summary of notification	Hallas Trading lodged notifications in relation to the requirement of salon owners who are distributors to sell and use only Ella Bache products in respect of skin care and sun care products and treatments in their salons and sell only specific nominated products and treatments which are not in the Ella Bache range.
Conduct	Exclusive dealing (not third line forcing)
Dates lodged	<ul style="list-style-type: none"> ▶ N90991, 15th April 2002 ▶ N90992, 15th April 2002
Applicant (s)	▶ Hallas Trading Co Pty Ltd
Industry	Not elsewhere categorised
Documents	<ul style="list-style-type: none"> ▶ Letter allowing to stand Hallas Trading ACCC to Counsel immunity not revoked 17.06.02  D02+35490.pdf (110.0 KB) ▶ Notification lodged Hallas Trading lodgement 15.04.02  D04+37946.pdf (833.6 KB)

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Hallas Trading Pty Ltd (Ella Bache) - Notification - N90899

Outcome	Allowed to stand
Summary of notification	Hallas will require salon owners (distributors or franchisees) to only sell and use Ella Bache products in their salons. In addition, halls propose an arrangement in which salon owners may only stock Hallas approved products as specified in the draft franchise and trademark and distribution agreements in addition to any Ella Bache products.
Conduct	Exclusive dealing (not third line forcing)
Dates lodged	▶ N90899, 14 th September 2001
Applicant (s)	▶ Hallas Trading Co Pty Ltd
Industry	Retail
Documents	▶ Notification lodged Hallas Trading Co lodgement 14.09.01  D01+41695.pdf (3.1 MB)

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EXTRACT OF SCHEDULES B & C OF DISTRIBUTION AGREEMENT 2002

PART 5: SCHEDULE B [Clause 9.2(a) – Skin Care & Sun Care Products and treatments requiring Ella Baché Products only to be supplied]

- Cleansers
- Lotions
- Exfoliants and Deep Cleansers
- Moisture Protectives
- Treatment Creams
- Eye, Lip and Neck
- Treatment Oils
- Ampoule Treatments
- Masques
- Radical
- Soin Bio-Réparateur
- Skin Clearing Care
- Sun
- Sunbloc and Sunbase

Notes:

Please refer to the Ella Baché Order Form – July 2001 or its successor for further details of the products and treatments comprised under the above headings.

PART 6: SCHEDULE C [Clause 9.2(b) – Treatments in respect of which Ella Baché Products or other specified products are to be used]

Treatment	Manufacturer	Specified Product
Oxygen Gas Facial – ECH02	Heritage Healers	Oxygen treatment
Salon Exfoliation	Eckstein	Ferment peel
Professional Masques & Ampoules	Heritage Healers Arbre Beaubelle Beaubelle	Collagen mask Marine algae mask Spiruline mask and Demazulen complex Soothing and smoothing mask and plant extract complex
Equipment Facial	Body Basics	Myoderm

EXTRACT OF PROPOSED SCHEDULES B & C OF DISTRIBUTION AGREEMENT – DECEMBER 2005

PART 5: SCHEDULE B [Clause 9.2(a) – Skin Care & Sun Care Products and treatments requiring Ella Baché Products only to be supplied]

- Cleansers
- Lotions
- Exfoliants and Deep Cleansers
- Moisture Protectives
- Treatment Creams
- Eye, Lip and Neck Care
- Treatment Oils
- Ampoule Treatments
- Masks
- Serums and Boosters
- Sponges and related applicators
- Treatment Gels (sonocare gels for massage & infusion)
- Sunscreens
- Self Tanners
- After Sun Care
- EB Vanilla Strip & Hot Wax
- Vanilla Pre Wax Wipes
- Body Care – hand, arm, leg, body and foot care

Notes:

The above items refer to retail products and professional products.

Please refer to the Ella Baché Basic Stock Order Form – September 2005 or its successor for further details of the products and treatments comprised under the above headings.

PART 6: SCHEDULE C [Clause 9.2(b) – Treatments in respect of which Ella Baché Products or other specified products are to be used]

Treatment	Distributor	Specified Product
<ul style="list-style-type: none"> ▪ Echo2 oxygen facial ▪ Mud body wrap ▪ Ayurvedic Healing Clays 	Heritage Healers	<ul style="list-style-type: none"> ▪ Echo2 facial kit ▪ Dead sea mud ▪ Vata, Pitta & Kapha
<ul style="list-style-type: none"> ▪ Deep exfoliation 	Eckstein	<ul style="list-style-type: none"> ▪ Enzyme Ferment Peel
<ul style="list-style-type: none"> ▪ Masks + oil 	Arbré	<ul style="list-style-type: none"> ▪ Marine algae mask + treatment oil no.4
<ul style="list-style-type: none"> ▪ Masks + serums 	Beaubelle	<ul style="list-style-type: none"> ▪ Spiruline mask + demazulen complex ▪ Soothing & smoothing mask + plant extract complex
<ul style="list-style-type: none"> ▪ Dermabrasion (facial equipment) 	Diamond Aesthetics	<ul style="list-style-type: none"> ▪ Non medical dermabrasion machine. No specific product required or approved.

EXTRACT OF APPENDICES 3 & 4 OF FRANCHISE AGREEMENT 2002

APPENDIX 3

SKIN CARE AND SUN CARE PRODUCTS AND TREATMENTS REQUIRING ELLA BACHÉ PRODUCTS ONLY TO BE SUPPLIED [Clause 7.3(a)]

- Cleansers
- Lotions
- Exfoliants and Deep Cleansers
- Moisture Protectives
- Treatment Creams
- Eye, Lip and Neck
- Treatment Oils
- Ampoule Treatments
- Masques
- Radical
- Soin Bio-Réparateur
- Skin Clearing Care
- Sun
- Sunbloc and Sunbase

Notes:

1. Please refer to the Ella Baché Order Form – July 2001 or its successor for further details of the products and treatments comprised under the above headings.
2. For the purpose of Item 13 of the Schedule and clause 8.31 of this Agreement, the Franchisee is required to maintain the range of Ella Baché Branded Products set out in the Ella Baché Order Form – July 2001 or its successor which are listed in the order form under the above headings.

APPENDIX 4

TREATMENTS IN RESPECT OF WHICH ELLA BACHÉ BRANDED PRODUCTS OR OTHER SPECIFIED PRODUCTS ARE TO BE USED [Clause 7.3(b)]

Treatment	Manufacturer	Specified Product
Oxygen Gas Facial – ECH02	Heritage Healers	Oxy gen treatment
Salon Exfoliation	Eckstein	Ferment peel
Professional Masques & Ampoules	Heritage Healers	Collagen mask
	Arbre	Marine algae mask
	Beaubelle	Spiruline mask and Demazulen complex
	Beaubelle	Soothing and smoothing mask and plant extract complex
Equipment Facial	Body Basics	Myoderm

**EXTRACT OF PROPOSED APPENDICES 3 & 4 OF FRANCHISE
AGREEMENT – DECEMBER 2005**

APPENDIX 3

**SKIN CARE AND SUN CARE PRODUCTS AND TREATMENTS REQUIRING ELLA BACHÉ
PRODUCTS ONLY TO BE SUPPLIED [Clause 7.3(a)]**

- Cleansers
- Lotions
- Exfoliants and Deep Cleansers
- Moisture Protectives
- Treatment Creams
- Eye, Lip and Neck Care
- Treatment Oils
- Ampoule Treatments
- Masks
- Serums and Boosters
- Sponges and related applicators
- Treatment Gels (sonocare gels for massage & infusion)
- Sunscreens
- Self Tanners
- After Sun Care
- EB Vanilla Strip & Hot Wax
- Vanilla Pre Wax Wipes
- Body Care – hand, arm, leg, body and foot care

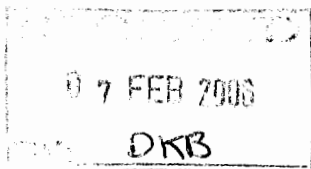
Notes:

1. The above items refer to retail products and professional products.
2. Please refer to the Ella Baché Basic Stock Order Form – September 2005 or its successor for further details of the products and treatments comprised under the above headings.
3. For the purpose of Item 13 of the Schedule and clause 8.34 of this Agreement, the Franchisee is required to maintain the range of Ella Baché Branded Products set out in the Ella Baché Basic Stock Order Form – September 2005 or its successor which are listed in the order form under the above headings.

APPENDIX 4

TREATMENTS IN RESPECT OF WHICH ELLA BACHÉ BRANDED PRODUCTS OR OTHER SPECIFIED PRODUCTS ARE TO BE USED [Clause 7.3(b)]

Treatment	Distributor	Specified Product
<ul style="list-style-type: none"> ▪ Echo2 oxygen facial ▪ Mud body wrap ▪ Ayurvedic Healing Clays 	Heritage Healers	<ul style="list-style-type: none"> ▪ Echo2 facial kit ▪ Dead sea mud ▪ Vata, Pitta & Kapha
<ul style="list-style-type: none"> ▪ Deep exfoliation 	Eckstein	<ul style="list-style-type: none"> ▪ Enzyme Ferment Peel
<ul style="list-style-type: none"> ▪ Masks + oil 	Arbré	<ul style="list-style-type: none"> ▪ Marine algae mask + treatment oil no.4
<ul style="list-style-type: none"> ▪ Masks + serums 	Beaubelle	<ul style="list-style-type: none"> ▪ Spiruline mask + demazulen complex ▪ Soothing & smoothing mask + plant extract complex
<ul style="list-style-type: none"> ▪ Dermabrasion (facial equipment) 	Diamond Aesthetics	<ul style="list-style-type: none"> ▪ Non medical dermabrasion machine. No specific product required or approved.



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Your Ref: RBO : 221687
Our Ref: C2002/609
Contact Officer: Tim Scott
Contact Phone: 02 6243 1221

2 February 2006

Mr Richard Ottley
Partner
Swaab Attorneys
Level 21 Angel Place
123 Pitt Street
Sydney NSW 2001

Dear Mr Ottley

**Hallas Trading Co Pty Limited (Ella Baché) – Notification N90899, N90991 & N90992
Hallas Franchising Co Pty Limited – Notification N90989 & N90990**

I refer to your letter of 16 December 2005 regarding proposed changes affecting the above notifications of full line forcing and third line forcing conduct by Hallas Trading Co Pty Limited (“Hallas Trading”) and Hallas Franchising Co Pty Limited (“Hallas Franchising”).

Hallas Trading and Hallas Franchising proposed to change the list of products that distributors and franchisees must acquire from Hallas Trading. In effect, eight products or categories of products were added to Schedule B of the Trademark and Distribution Agreement with distributors and Appendix 3 of the Franchise Agreement with franchisees. Some were substitutions for products previously listed in Schedule B and Appendix 3, while others were additions.

Hallas Trading and Hallas Franchising also proposed to remove the name of one supplier, which was the subject of third line forcing conduct, from Schedule C of the Distribution and Trademark Agreement and Appendix 4 of the Franchise Agreement, and substitute the name of another supplier. Distributors and franchisees would also be required to obtain additional products from another supplier already involved in the third line forcing conduct.

The relevant provisions of Part VII of the Trade Practices Act (the Act) do not provide for amendments to an existing notification.



Whether changes to a business' conduct can be accommodated by an existing notification therefore requires an assessment as to whether the description of the conduct in the notification continues to reflect the new conduct. This is ultimately a matter for each business to assess.

It is my opinion that the current Hallas Trading and Hallas Franchising third line forcing notifications do not accommodate alterations to the third party from whom distributors and franchisees must acquire products. With respect to the remainder of the exclusive dealing notifications in question, I consider they would accommodate the proposed alterations to the list of products that distributors and franchisees must acquire.

New notifications in respect of each instance of third line forcing conduct can be made by lodging a Form G with one of the ACCC's offices, and paying the prescribed fee. Such notifications would need to sufficiently identify the third party or parties to which the 'force' relates.

As you may be aware, protection for the third line forcing conduct takes effect 14 days after the lodgement of the notification, unless the ACCC advises the applicant that it has decided to give notice that the public detriments flowing from the conduct outweigh the public benefits.

It should also be noted that the ACCC may review notifications at any stage, such that changes in a businesses' practices, even where accommodated by a notification, may generate complaints or raise concerns and trigger a review.

A copy of this letter will be placed on the public register.

If you wish to discuss any aspect of this matter, please do not hesitate to contact Tim Scott on (02) 6243 1221.

Yours sincerely



Scott Gregson
General Manager
Adjudication Branch

THE SHORTCUTS SUITE



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As users of Shortcuts since September 2002 we have been incredibly pleased. The program has met our specific needs, assisting our salon to grow successfully.

The reporting feature itself has helped our business tremendously. It's so simple to send letters for e-mail blasts to our clients offering discounts and explaining promotions, finding our stylistic client retention. Our retaking percentage has increased, also as a direct result of Shortcuts, which simply asks the coordinator to rebook the client at check-out. It's the small things that make a difference. Behind the software is the company's anytime we need assistance we can rely in the knowledge it is only a phone call away. We've never been met with irritation — just eagerness and helpfulness.

Overall, your experience has been fantastic and with all the upgrades we receive on a regular basis it is only bound to improve.

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As the world standard in salon and spa management software with over 5000 clients throughout 25 countries, Shortcuts continues to research and cater to the needs of the worldwide salon and spa market. Shortcuts has a software solution to suit every business need.

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Salon - The professional solution for the appointment based salon or day spa.
Enterprise - A central management solution for your multi-site salon or day spa business.

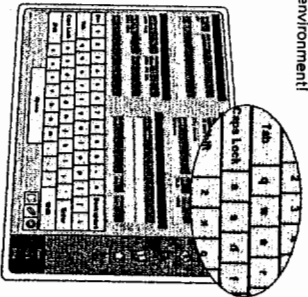
With features to manage your entire business Shortcuts can help you increase profits and create greater efficiency. Shortcuts' award winning solutions offer unprecedented ease-of-use, flexibility, power and dependability. Whether you run a small suburban hair salon, a fully networked multi-station day spa or a multiple-site chain or franchise, Shortcuts is the solution you've been looking for.



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TRUE TOUCH ENVIRONMENT

Throw away the keyboard as Shortcuts has incorporated a new on-screen keyboard creating a true touch screen environment!



online support

KNOWLEDGE BASE

Shortcuts website hosts a knowledge base of articles to assist with common difficulties and questions usually directed to the helpdesk. Such articles cover configuration, education, errors and problems, file transfer applications and marketing. The documents are easily downloadable and prove an efficient way of solving common questions at your leisure. The articles are updated frequently by the helpdesk manager to ensure issues are up to date and relevant to the current version on the market.

SUPPORT FORUM

This Support Forum is an avenue for current Shortcuts clients to share ideas, advice and gain valuable feedback related to the regular day to day running of Shortcuts. The forum is monitored by the Helpdesk team daily.

research & development

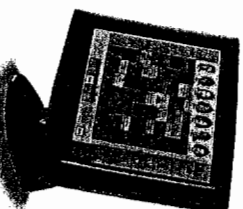
The Shortcuts R&D team is the largest of its kind in the salon and spa industry. Based in Brisbane, Australia the team consult with the international reseller and agent channel gaining valuable feedback from the market and clients in regards to trends in salon management technology to remain at the forefront of leading edge technologies.

sms technology*

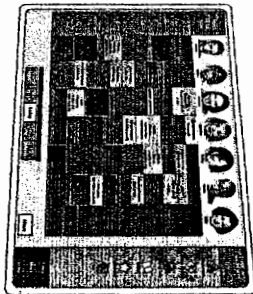


SMS is fast becoming an essential communications tool for businesses. Shortcuts enables fully automated confirmations from Shortcuts to clients' mobile phones, and back to the Appointment book as a 'confirm' or 'cancel'. The reduction in costs and increase in staff efficiency is truly amazing. And now Shortcuts can provide you with SMS marketing! Send birthday wishes and promotions via SMS for the ultimate cost-effective marketing campaign. Confirmation Manager and SMS Marketing uses a standard dial-up internet connection and is very economic.

* Please note access to two-way SMS may vary depending on the network carrier.



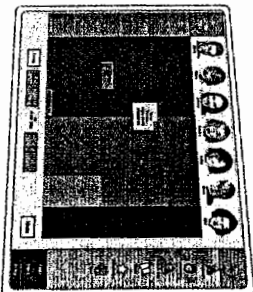
appointment book



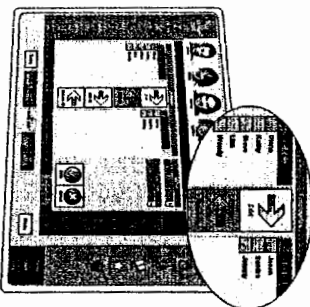
▣ CAPABILITIES - NEW

Making an appointment through Shortcuts is now made even easier with the Capabilities feature. Assign capabilities to employees and configure services to require any combination of capabilities.

Now the appointment maker doesn't need to know each employees' capabilities, avoiding slip ups like booking a stylist in to give a client a facial!



As the hub of your salon management system, the appointment book is faster, neater and easier - allowing better time management as service times are automatically allocated. Each appointment is linked to a client enabling their visit and sales history information to be easily accessed and viewed. What's more, through integration with the point of sale, the client's booked services wait in a line for a speedy check out, minimizing brain strain! Navigate through the calendar, as you would flick pages of a book and make future bookings a breeze. Use client tags to mark a client's status and recognize important staff messages and client warnings at a glance.



▣ CONFIRMATION MANAGER

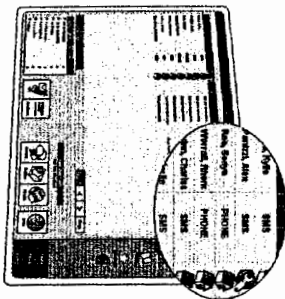
Shortcuts supports advanced appointment confirmation. Confirmation Manager will automatically create confirmation lists from the appointment book. You can then call the client directly from the confirmation list or send confirmation requests via SMS* to the client's mobile phone. The Confirmation Manager will help ensure your appointment book is always full, dramatically reducing no shows.

▣ AVAILABILITY ASSISTANT - NEW

Ideal for the hectic salon, the Availability Assistant is the most efficient way to search for the next available appointment slot.

Based on your search requirements i.e. time and employee, this feature will highlight the available times as you flick through the appointment book.

Make double booking appointments a thing of the past.



* Please note access to two-way SMS may vary depending on the network carrier.

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appointment book

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TRULY INTEGRATED APPROACH,
LINKING THE APPOINTMENT BOOK
WITH CLIENT INFORMATION AND THE
POINT OF SALE.

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6

point of sale

SHORTCUTS
A Division of

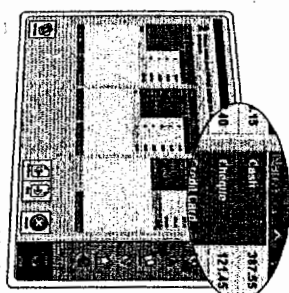
AS YOUR COMPLETE INTELLIGENT
CASH REGISTER, THE POINT OF SALE
IS DESIGNED TO PROCESS PRODUCT,
SERVICE AND GIFT CERTIFICATE
TRANSACTIONS.

point of sale

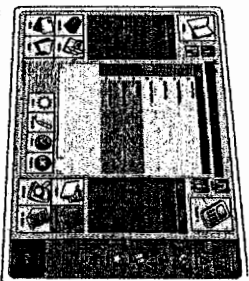
Produce end of day figures and record sales tax collected easily and efficiently with Shortcuts Point of Sale. Detailed client history records are created automatically as sales are linked to clients. With flexible and easy to use features like barcoding, gift certificate tracking, discounts, promotions and petty cash, Shortcuts offers you exceptional power and efficiency at the Point of Sale.

END OF DAY

The End of Day feature provides a built in calculator, a wide range of reports and a simple, easy to use Wizard. The Wizard takes employees step-by-step through the process of entering cash denominations and payment types to balance the registers, produce session totals, generate a range of new and existing reports and complete session floats. Sessions can be balanced at any time of the day and terminals can be balanced individually or as a group. Outstanding cash movements for sessions are highlighted, ensuring complete petty cash management.



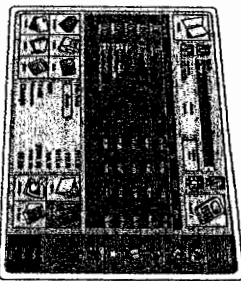
Session totals can also be hidden from the user until all takings have been entered, plus a full audit trail of balancing is available. Shortcuts End of Day feature offers unprecedented accuracy, security and efficiency for your business.



GROUPS

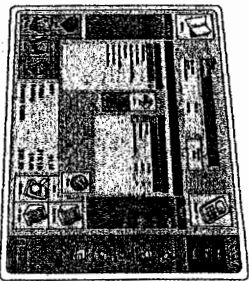
Ever had difficulty processing groups at the point of sale?

Shortcuts Groups feature identifies groups such as families and corporate clients, allowing them to be processed simply and quickly as a single transaction at the point of sale, while their history and visit information are recorded separately.



CASH MOVEMENTS - ENHANCED

Shortcuts Cash Movements have been greatly enhanced allowing you to view all current and outstanding cash movements. Petty cash taken from the cash register is recorded and balanced when cash and receipts are returned. Also, taking money for banking and adding money to the float has now been made easier, developing a complete audit trail. Shortcuts keeps an eye on the cash register as all these movements are recorded for balancing and linked to the End of Day feature.

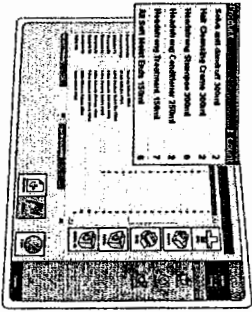


Inventory management



Shortcuts helps you manage your inventory accurately and efficiently with an informative and flexible Inventory control feature.

Track product sales and profitability performance, orders and delivery details, and always know the exact value of inventory on hand. Print, fax or email automatically generated orders and easily print barcode labels. Products can be grouped, sorted and selected by company, line, supplier, category or sub-category. Intuitive controls simplify setup, offer enhanced flexibility and allow for simple and fast data entry. View and edit order details within one simple screen. Produce a complete audit trail for each product giving you sales, order, inventory count, transaction histories, and much more.



INVENTORY COUNT

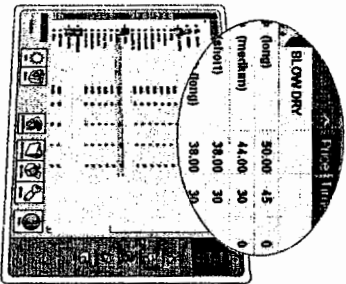
Shortcuts supports automated and ad hoc inventory counts for a higher level of simplicity and accuracy with minimal disruption to your business operations. Counts can be conducted for individual products, companies, suppliers and even categories/sub-categories of products. The responsible employee feature ensures staff conducting these counts are accountable for their accuracy as Shortcuts conceals current inventory levels. You determine who uses the feature according to their security setup.

3

Service management



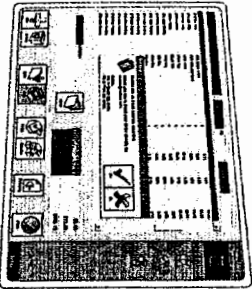
Service customization allows for set times, multiple blocks and tiered pricing, making appointment booking easier as Shortcuts automatically allocates the required service time.



EMAILING INVENTORY ORDERS - NEW

Shortcuts has made replenishing your inventory now even easier!

If you have an email address setup for a supplier in the Supplier Details window, you can automatically email your supplier whenever you place an order, saving you time and hassle as you keep your inventory levels up.



View and edit service details, including multiple block services, directly from the services screen, ensuring you can break down services to allocate employee commissions.

Clients' previous services are also displayed in the service selection screen for quick and easy selection.

Using the Capabilities feature, assign single or multiple capabilities for services to ensure the right employees are booked in for services.

SHORTCUTS

Inventory & Service management



9

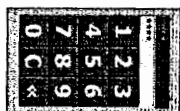
Security & reporting



SHORTCUTS SECURITY AND REPORTS FEATURE PROTECTS AND PROVIDES FEEDBACK ON THE BUSINESS SIDE OF YOUR SALON, ASSISTING YOU TO KEEP A FINGER ON THE PULSE OF THE DAY TO DAY OPERATIONS.

security

The information contained in your salon management system is the lifeblood of your business. Shortcuts ensures you maintain peace of mind knowing your information is protected from employee dishonesty, loss of client information, product shrinkage, and cash drawer misuse.

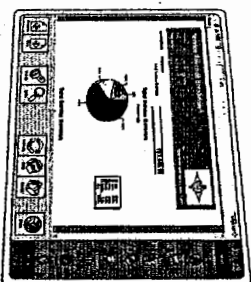


Shortcuts security can keep your information under safe lock and key, by personalizing your security settings for each staff member depending on their level.

By restricting access to areas, icons, screens and menus within Shortcuts, these user profiles allow employees to view a simplified version of the program.

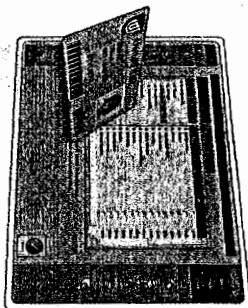
reporting

Shortcuts includes over 130 reports enabling vital aspects of your business to be reported on. The comprehensive and powerful reporting feature is designed to ensure you always have your finger on the pulse of your business.



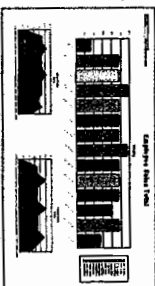
From detailed inventory reporting through to employee performance figures and business transaction records, Shortcuts provides you with the

The security levels are activated by the log on/off feature which times out when the computer is not in use, encouraging employees to log on and off. This ensures actions performed or areas accessed are completely traceable and responsibility for error or loss can be quickly identified. Shortcuts security is also compatible with swipe card verification technology, removing the need for remembering PIN codes altogether.




Relax in the knowledge your information and assets are safe.

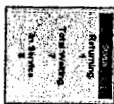
Information you need to take your business to the top and keep it there. The reports engine includes simple search capabilities and the ability to display your business logo in the report headers of print outs and emails. You can also define reports by employees/employee levels, company/line, supplier, category/sub-category, terminals or service category, giving you even more control over which areas of the business you want to examine. Shortcuts' report parameters are customizable, offering even more choices, including an



walkin manager

 Shortcuts Walkin Manager is a revolutionary feature for the salon and spa industry. Ideal for high volume walkin style outlets.


Integrating with the appointment book, this feature manages client wait times, staff availability, service times, existing appointments, business hours, break times and tasks to ensure all staff resources are utilized thoroughly.

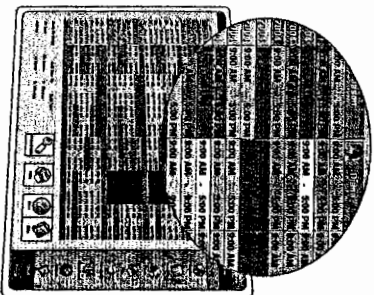


The Walkin Manager also provides accurate information on staff efficiency and displays the total number of clients waiting, returning and in service at a glance.

The Walkin Manager also supports groups, enabling a single transaction at the Point of Sale. The groups feature offers maximum flexibility, allowing visits to be created first and then assigned to a group, or vice versa.

employee schedule

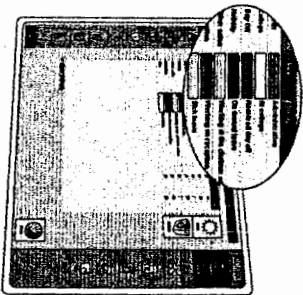
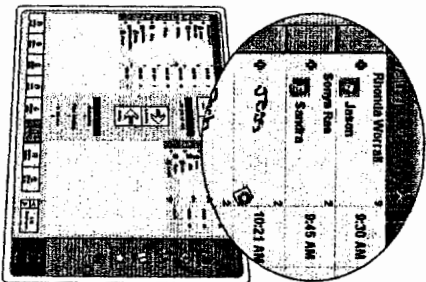
 Organize employee hours and track wages and commissions easily with Shortcuts Employee Schedule.



By integrating the appointment book, you will always be aware of staff availability when scheduling appointments.

Also, track log on/off times and view and edit employee attendance histories with ease, relieving the burden of scheduling.

View reports on employee sales vs labor as the employee schedule is linked to the appointment book, allowing you to keep up with your team and set overall and individual goals.



CONFIGURABLE SCHEDULE SHIFT TYPES

Specify your own schedule shift types to appear on the schedule, appointment book and reports, allowing you to better manage and control employee availability and work times for payroll.

walkin manager & employee schedule

client management & marketing

LOOK AFTER YOUR MOST PRECIOUS
ASSET AS SHORTCUTS' POWERFUL
DATABASE REPORTS ALL THERE
IS TO KNOW ABOUT YOUR CLIENTS.

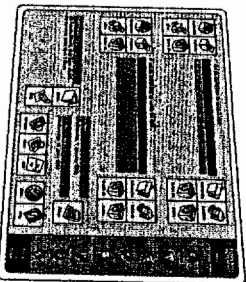
client management

Every client wants to be recognized, every client wants to feel special. Provide a more personalized service with Shortcuts.

Shortcuts' powerful client database provides comprehensive and detailed information, including contact details, demographics, and customizable fields. Enter and update client information, visit notes, purchasing and photo history directly into the database with speed. The fully integrated database allows you to readily access information from the appointment book, point of sale and many other areas within the system, ensuring workflow is never interrupted.

marketing

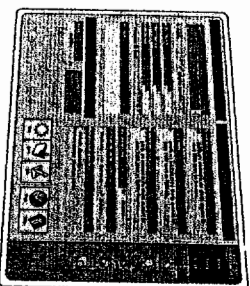
Shortcuts Marketing feature allows you to strategically identify and market to your clients. Increase service or product sales by targeting specific client groups. The only limit is your imagination!



Using the powerful database search engine you can source clients by their purchasing history (products or services), demographics, date ranges, new clients, client referrals, non-returning clients, birthdays and much more. Combine your search results with a powerful letter and you have a targeted audience for the perfect promotion.

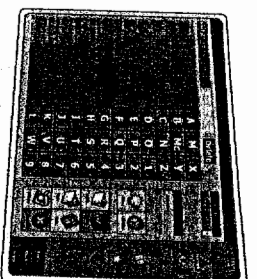
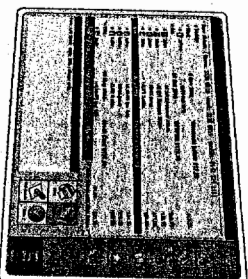
CLIENT LOYALTY CLUBS

Capitalize on your most valuable asset by introducing a client incentive program above and beyond the standard discount. Shortcuts support a points-based system whereby clients are rewarded based on the dollar amounts they spend, the more they spend - the more they earn. It's a win-win situation: your valued clients are rewarded and encouraged to return, resulting in increased client loyalty.



HISTORY VISIT NOTES & DETAILS - NEW

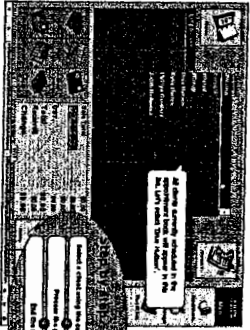
Now you can keep a closer eye on your professional inventory levels as the new History Notes and Visit Details feature allows you to record the quantity of each professional product used for services for each client. This is a more standardized way of entering client visit notes with results accessed and evaluated from reports.



education & training

Shortcuts Education Department consists of specialist education professionals responsible for the development and implementation of an educational framework delivered to both agents and clients worldwide. Through dedication to our clients we endeavor to assist in growing their businesses.

ONLINE ACADEMY



Having efficient, well trained staff is integral to the success of your business.

Shortcuts Online Academy is a first for the salon and spa industry, providing just-in-time online training for your staff in many aspects of Shortcuts including POS, client management, appointment book, inventory, end of day and marketing. The discrete online lessons are convenient and cost effective, so training can be delivered when your staff need it, and at a time that suits you and your business. Training can even be undertaken at home over the internet or from CD-ROM.



STREAMLINED TRAINING TOUR

Shortcuts Online Academy maximizes your investment in your technology, your people and your business.

their progress, identifying any areas of weakness. The lessons are highly interactive and use multimedia to present the content in an innovative and effective manner. The tasks your staff perform are covered in 'show me', 'guide me' and 'assess me' lessons, simulating the look and feel of Shortcuts in a safe training environment, and encouraging increased levels of staff performance.

Take your business to the next level with Shortcuts Streamlined Training Tour. In partnership with Nexus Revolution, leading salon consultants, the series provides a holistic approach to salon management.

Shortcuts Streamlined helps maximize your Shortcuts system with a focus on increasing clientele, increasing clients' rebooking rates, and increasing clients' average dollar spend, which in effect increases business turnover.

ACCREDITED TRAINERS

Our dedicated Shortcuts Accredited Trainers follow a structured training program to provide all your basic training needs, offering a wide range of options.

The devised training program is based on client and agent feedback to ease the transition of computerizing with Shortcuts. Training is divided into multiple stages depending on each client's individual needs.

Ensure you are trained according to Shortcuts standards by requesting a Shortcuts Accredited Trainer.

education & training

HAVING EFFICIENT, WELL TRAINED

STAFF IS VITAL TO THE SUCCESS

OF YOUR BUSINESS

support & maintenance

SHORTCUTS' WORLDWIDE NETWORK OF HELPDISK STAFF IS AVAILABLE EVERY BUSINESS DAY TO GUIDE YOU THROUGH ANY TECHNICAL QUESTIONS.

maintenance & support

Shortcut's complete maintenance & support package entitles you to free upgrades for the length of your subscription, so you can rest assured you're kept up to speed with our latest technological advancements.

Under the Shortcut's maintenance package you support us to continue developing new upgrades as we strive to move forward and keep up with the ever-changing demands of growing salons and spas. Not only do upgrades include major and exciting new features, but from feedback, small improvements and fixes can make the entire system more reliable, increasing business efficiency.

Your maintenance subscription also provides you with unlimited* helpdesk support including computer dial-ins and other exclusivities*.

Shortcut's worldwide network of helpdesk staff are available every business day to guide you through any technical questions. The included support feature in Shortcut's provides you with

all the information a helpdesk technician requires, making support calls fast and thorough. Plus, we are constantly updating our system to decrease wait times.

Your subscription entitles you to:

▶ All upgrades and new releases developed by Shortcut's within your subscription period.

▶ Free patches, updates, new additions and improvements to the functionality of Shortcut's.

▶ Unlimited* helpdesk phone support for enquiries regarding any of the Shortcut's solutions.

▶ Unlimited* dial-ins to fix errors remotely from the national helpdesk. This can be done using various remote access

tools, via an internet TCP/IP session. Don't be left out of the technology race, ensure your most vital business tool is updated to continue increasing your business efficiency.

For all your hardware and training needs Shortcut's is only a phone call away. They will install, train and configure your Shortcut's system to ensure a smooth and easy transition to Shortcut's with minimal disruption to your business.

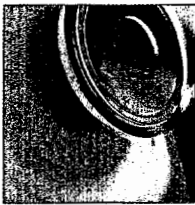
* Fair use policy applies * Vary each year

accredited agents

Shortcut's Software concentrates on developing world class software solutions for its clients and relies on a distribution network of dedicated IT professionals.

Your Shortcut's Agent is there from the first demonstration leading you up to the configuration, education and support phases.

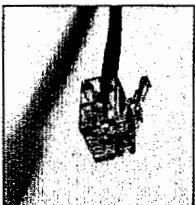
Although these Agents are not part of Shortcut's as a company they have agreed to provide the highest quality of assistance to Shortcut's Software clients.



FREE UPGRADES & PATCHES



UNLIMITED HELPDISK SUPPORT



UNLIMITED DIAL-INS