

CANNABIS

# TAKE YOUR CANNABIS BUSINESS TO THE NEXT LEVEL



# Overcome strict regulatory issues and grow your business with confidence.

GROWERS, PROCESSORS AND DISTRIBUTORS IN THE LEGAL CANNABIS INDUSTRY certainly don't need to be told how promising their future looks. Studies predict an annual growth rate of 27% through 2021, when the industry in North America is expected to reach nearly \$23 billion in revenue<sup>1</sup>. But it's still a fledgling industry, which means your business has a golden opportunity now to solidify your position within it.

The keyword in the preceding sentence is "business." No matter how good the quality of the product is or how high-performing your employees are, cannabis is a fiercely competitive for-profit business and needs to be run as one.

What some cannabis executives may not realize—particularly those still in start-up mode or just reaching maturation—is that successful companies need a flexible, scalable business management solution to manage the industry's complexities. Accounting software for small businesses, such as QuickBooks, simply can't handle the financial, operational and regulatory complexities that cannabis companies face.

This eBook will discuss some of the most prominent industry challenges and the ways that robust business management software can help you conquer them as you accelerate your success.

NexTec's food and agriculture experts specifically partnered with leading cannabis industry experts to develop a complete enterprise resource planning (ERP) system that tracks your operations from seed to sale with every compliance need handled along the way.





# You Need More Than Just an Accounting System

Accounting software is great for balancing the business ledger, but an intensely competitive and regulated industry such as medicinal and recreational cannabis requires a proportionally comprehensive technology solution to support it. In addition to maximizing limited resources and being able to react to constant demands from investors, the right ERP solution helps you to:

- » Increase operational efficiencies by leveraging automatic data collection technology
- » Manage business growth by giving visibility to key performance indicators and visibility to supply chain needs
- » Demonstrate consistent compliance with rigid regulatory and tax reporting requirements
- » Adhere to grower, production and supply chain traceability (standards seed-to-sale regulations) that mandate the real-time tracking of every single plant through each stage of its lifecycle

## Grow Much Faster with Efficient Business Processes

By eliminating manual data inputs and automating simple, repeatable business processes, you can devote more time, energy and resources to growing your business. End-to-end visibility throughout your supply chain across finance, sales, customer relationship management (CRM) and purchasing enables you to increase efficiencies and proactively control costs.

Better visibility and collaboration improves your ability to accurately forecast cash and material requirements improving your overall financial position while minimizing delays from material shortages or production delays.

## Comply with Tax Requirements

Simply put, you won't stay in business unless you demonstrate strict compliance with all pertinent tax laws. This is a major pain point in the cannabis industry, especially with regard to IRS Section 280E, a vestige of the United States' "War on Drugs" of the 1980s.

Section 280E mandates that legal cannabis businesses cannot deduct normal business expenses when calculating their federal income taxes. This has resulted in legal cannabis retailers paying as high as a 90% tax rate. Growers, for example, are allowed to deduct the costs of seeds, soil, space rentals, electricity and grower salaries when calculating their taxable income. The goal is to apply as much cost as possible to the growing process.

## Adhere to Traceability, Tracking and Reporting Mandates

"Seed-to-sale" tracking regulations enable government agencies to enforce legal cannabis laws, collect taxes and prevent illegal cannabis distribution by requiring the tracking of every activity of plants and products derived from the plants. These traceability and tracking rules record how much legal cannabis is grown and where it travels at every stage through delivery to the patient/consumer.

Tracking is achieved by attaching a barcode or radio frequency identification (RFID) tag— containing a unique 24-digit number generally assigned by the regulatory body—to every cannabis plant. This plant tag interfaces with the three major traceability portals: METRC, BioTrackTHC or MJ Freeway

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# CannaBusiness ERP: Built Specifically to Address Your Complex Cannabis Business Challenges

CannaBusiness ERP from NexTec is specifically designed for the legal cannabis industry, especially for growing businesses seeking to capitalize on significant market opportunities. Unlike smaller, non-scalable accounting systems such as QuickBooks (which many cannabis startups and smaller operations continue to use), our solution encompasses traditional manufacturing resource planning (MRP) activities. By knowing when to order materials and how much to order, you're in a better position to mitigate cash-flow issues by controlling extra inventory costs.

CannaBusiness ERP also provides flexibility in your financials, including the capturing of 280E reporting. And it integrates all of your growing and production processes from planting and cloning to harvesting and drying, processing and packaging, marketing and sales management. CannaBusiness ERP delivers a 360-degree view of your business, providing world-class traceability and system controls to strictly monitor and measure quality.

Built on the Sage X3 business management solution platform, CannaBusiness ERP:

## Streamlines Your Operations, Financing and Accounting Systems

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CannaBusiness ERP covers major growing and processing areas such as tracking strains, grow rooms and yield. It also helps your improve inventory management, reduce processing errors and achieve accurate forecasting. The ability to capture yield data increases efficiencies by measuring change in nutrients, watering schedules, lighting schedules and types of lighting.

Built-in dashboards and reports provide real-time operational insights so you don't have to wait until the end of the month to make decisions. It also becomes much easier to deliver accurate tax accounting. CannaBusiness ERP runs in the cloud, which means there's no need for complicated infrastructure, servers or an IT support team.

## Track Your Products From Seed to Sale

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CannaBusiness ERP has added barcoding and RFID technology to make it easy to track the journey of every plant. CannaBusiness ERP and NexTec's consulting team will help you implement and leverage good manufacturing practices to help ensure scalability along with safe, efficient product manufacturing and distribution. Product recall management and corrective and preventative action (CAPA) planning is also included to enable quick action when issues arise.

For example, if a supplier complains about an inferior lot they've received because of a low-quality nutrient, CannaBusiness ERP can quickly identify where that nutrient was used. Then, the entire supply can be quarantined even if it's still in the growing stage.

## Connects Directly to Government Regulatory Systems

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In such a highly regulated industry, compliance makes the difference between success and failure. CannaBusiness ERP synchronizes with regulatory bodies in each state to provide them with all the information they need without your intervention—thus eliminating time-consuming paperwork and clerical errors.

CannaBusiness ERP can also integrate into any point-of-sale system, such as Green Bits and MJ Freeway Business Solutions.

# Next Steps

See CannaBusiness ERP in Action:

SCHEDULE A DEMO



Contact us to learn more:  
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## About CannaBusiness ERP from NexTec Group

CannaBusiness ERP is a solution built on top of the Sage X3 platform and delivered by NexTec industry experts. Over the past 25 years our ERP and business process experts have helped organizations across North America streamline business operations and lower costs. Recently, our specialization in developing solutions for the cannabis cultivating and processing industry has resulted in some of the most respected cannabis companies around the world managing their day-to-day operations and delivering products off our platform. CannaBusiness ERP by NexTec is the go-to answer for cannabis cultivators and processors seeking a software platform built to help you grow.