

# Manage your cannabis venture to the next level

GET STARTED

# 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.*

<sup>1</sup>Arcview Market Research, June 2017

## You need more than just an accounting solution

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

# You'll 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.

*Legal cannabis businesses that use basic accounting software are manually inputting financial and tracking data into their systems as well as into the systems of regulatory agencies—leading to doubled or tripled effort and a high risk of human error.*



## 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



NexTec 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 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—including planting and cloning, horticultural activities, 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, NexTec CannaBusiness ERP:**

- Streamlines your operations, financing, and accounting systems
- Tracks your products from seed to sale
- Connects directly to government regulatory systems

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## Built specifically to address your complex cannabis business challenges



### Streamlines your operations, financing, and accounting systems

CannaBusiness ERP covers major growing and processing areas such as tracking strains, grow rooms, and yield. It also helps you 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.



### Tracks your products from seed to sale

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

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.

At-a-Glance

## CannaBusiness ERP from NexTec

CannaBusiness ERP offers these features for growers and processors:

- Growers' workbench
- Bar coding and RFID tracking
- Recall management
- Full traceability from seeds, clones, or mother plants through the entire growing and harvesting, processing and packing cycles
- The ability to easily and automatically capture yield data to increase efficiencies
- The ability to capture 280E costs for tax purposes
- Easy tracking of dry and wet weights

# Next Steps

Would you like to see CannaBusiness ERP from NexTec in action?

SCHEDULE A DEMO

## About NexTec Group

NexTec Group is a national consulting firm that specializes in implementing Sage X3 business management solutions for mid-sized businesses. Its areas of expertise include enterprise resource planning (ERP), customer relationship management (CRM), business intelligence (BI), and cloud and on-premises solutions.

CannaBusiness ERP from NexTec is a complete ERP business management solution that manages cannabis operations, finance, and accounting; connects directly to state regulatory systems; and tracks it all from seed to sale.



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