CANNABIS ERP
BUYER'S GUIDE

Your complete guide to selecting cannabis ERP

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Important cannabis ERP feature requirements

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CANNABIS ERP REQUIREMENTS

Cannabis continues to occupy an unusual position in the world. While cannabis is legal in some states, it remains illegal in others. In the USA, the federal government treats cannabis as a narcotic while individual states treat the product as completely legal for medical and recreational use. Many individuals continue to view cannabis and users of the product through a moral lens regardless of the legal status.

CANNABIS ERP SYSTEM REQUIREMENTS

Varying legalities make some interesting constraints on the business that cannabis-oriented ERP must manage. Financing can be difficult as banks that will loan money to another business avoid cannabis business because they see risks related to mingling drug-related money with money from other sources. Many police departments routinely seize drug money with little oversight. There are limits on the cost of sales too due to the legal status of the business depending on the particular taxing authority.

Cannabis is a product for human consumption and must comply with regulations from federal and local pharmaceutical and food product rules. These are critical compliance requirements for a business producing or selling cannabis products.

Many governments regulate the site of business operations such as distance from schools and parks. A cannabis business often gets additional reporting requirements at local levels that might not burden another similar-size business in another industry. Be certain to keep up to date with all compliance requirements and pay attention that your ERP, too, remains current.

Simply as a business, any cannabis ERP must provide tools for finance, accounting, production, distribution, manufacturing, retail and wholesale selling, customer and supplier management, and business intelligence as good as, or better than, an ERP intended for more general-purpose businesses.

The best cannabis ERP system is only related to which one best meets your unique requirements. Develop your own list of requirements and examine possible ERP products ensuring yourself that your selection is your best ERP.

CANNABUSINESS ERP FEATURES

As we've discussed, cannabis ERP has a large series of complex requirements from both operational and regulatory perspectives. As the market grows, with estimates expecting it to reach $21 billion by 2021 in the US alone, the need for niche systems grows with it.

More ERP vendors are paying attention to the cannabis sector and looking to adapt or enhance current system capabilities to handle the industry's robust needs and regulatory compliance. Below we've listed what we believe to be the four essential features for ERP systems that support a cannabusiness' requirements.

1. END TO END PRODUCT/TRANSACTION TRACEABILITY

Given various compliances associated with health-related operations, these ERP variants need to employ some kind of 'seed-to-sale' tracking system.

In turn, that capability is further enhanced by deep audit and traceability capabilities, to ensure that all transactions are legally executed whether it involves product information, inventory and vendor management, customer certification, ordering, and price management.

2. MULTI-HARDWARE COMPLIANT

Cannabusiness systems also typically ensure that all point of sale operations are compliant with a complete hardware constellation ranging from on-premise, hybrid, and full-cloud installations.

These elements are further supported by a host of affiliate systems such as simple cash drawers, receipt, automated label makers, barcode printers and scanners, to certified/licensed scales.

3. COMPLIANCE AND REPORTING

Given the currently uneven standards of cannabis production compliance from state-to-state, cannabusiness-based ERP systems must employ and certify an ability to apply individual state requirements oriented to the traceability of all cannabis transactions. This level of management is further supported by integrations that accept and employ various rule-based policy indexes.

4. GRANULAR INVENTORY MANAGEMENT

In the same vein as these systems' requirements associated with traceability and tracking, all inventory systems are tailored to the requirements of cannabis operations. In concert with compliance reporting, all inventory transactions offer a large degree of certitude throughout the sales process.

Along with these specific cannabis requirements, variously specialized management modules are typically included as well. Some of these elements include:
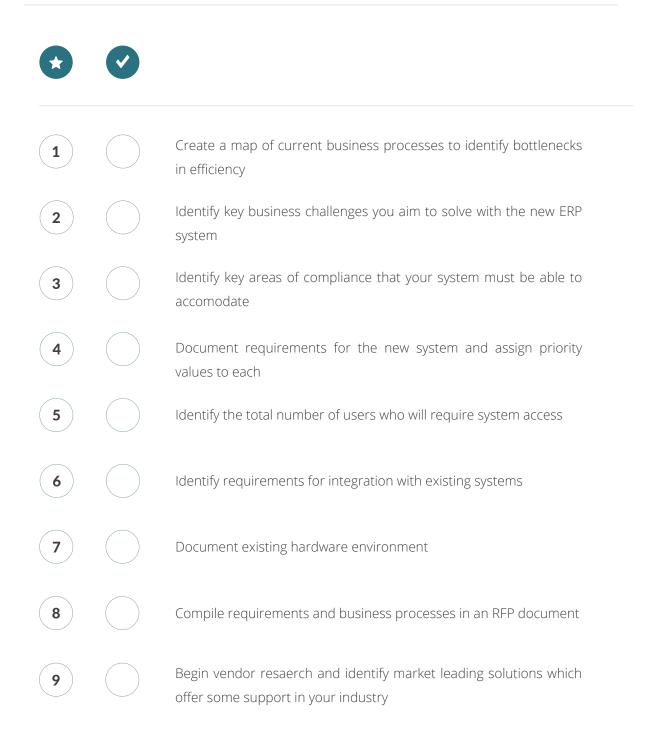
- Cultivation

- Processing

- Lab operations

- Distribution

- Delivery-based operations

While still a current niche business sector, cannabusiness has, and is continuing to, exhibit significant growth in the United States. This current level of interest suggests the promise of even more commercial opportunity downstream as more states accept and enact laws driven by the reported health advantages of cannabis.

Consequently, whether for point-of-sales operators, distributors, or systems developers, ERP precepts are beginning to be felt by cannabusiness operators. More sophisticated systems are rolling out each year, regardless of a limited number of states that have enacted legal cannabis sales laws to date.

CHECKLIST FOR SELECTING CANNABIS ERP

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1 ○ Create a map of current business processes to identify bottlenecks in efficiency

2 ○ Identify key business challenges you aim to solve with the new ERP system

3 ○ Identify key areas of compliance that your system must be able to accomodate

4 ○ Document requirements for the new system and assign priority values to each

5 ○ Identify the total number of users who will require system access

6 ○ Identify requirements for integration with existing systems

7 ○ Document existing hardware environment

8 ○ Compile requirements and business processes in an RFP document

9 ○ Begin vendor resaerch and identify market leading solutions which offer some support in your industry

BEST CANNABIS ERP SYSTEMS

Below are six cannabis ERP systems designed specifically to meet the needs of cannabusinesses from seed to sale. Make sure to analyze your own business' requirements and compare them against any system you consider; the best ERP for your business is the one that meets your needs.

1. STRIMO

Strimo is relatively new to the cannabis ERP scene. They began in 2017 and their slogan "Seed-to-Sale is just the start" is a good take-off from another popular ERP's slogan. Strimo is based in Portland, Maine. Their systems are available in the cloud and can be up and running helping your business quickly. Several common ERP components are included in Strimo. Production lets you take control over your entire process, cultivation, extraction, packaging, and track your batch manufacturing. Accounting meets GAAP, SSAE16, ISAE accounting and audit standards, and helps manage your organization's finances. Point of Sale gives you the power to segment and engage with customers naturally and with ease. You get total visibility into your sales and customers. Compliance is designed to exceed standards. This module ensures your organization is compliant with laws and regulations.

2. QUANTUMLEAF

Quantumleaf is another cannabis ERP I recently found. This one, more perhaps than others is optimized for agriculture. Quantumleaf is based on Acumatica, a popular general-purpose ERP used around the world. They are based in Coral Springs, Florida and were founded by growers. They look on compliance as the bare minimum requirement for a business in the cannabis industry. Poor compliance with the many regulations from every level of government is a key reason for the failure of a cannabis business. You can track and manage from seed to sale with Quantumleaf too. Knowing your true cost per plant is good business sense and reflects the agricultural background found in Quantumleaf.

3. ERP CANNABIS

ERP Cannabis is the third system I found recently. They use quote marks around "ERP" in their web site so there might be some question if theirs is fully an ERP. But under products they show

grow operations, processing and maintenance, logistics and transportation, retail, medical tracking, mobility, back-office operations, and reporting and security. These are components of a good ERP. Canna Software is the developer. Their focus is on the cannabis industry. They offer solutions for grow facilities, manufacturing, dispensaries, and other providers.

4. ROAR (GUARDIAN DATA SYSTEMS)

Guardian Data Systems is a US company based in Washington. They have been in business since 2008 and, at first, were primarily involved in financing cannabis businesses.

They had to diversify and acquired an ERP which they call ROAR. ROAR includes POS, point of sale, cultivation software, distribution, laboratory, delivery, processing, and ancillary sales - so has the bases covered no matter what part of the cannabis business you work in. ROAR is a cloud-based ERP, which helps keep up-front costs for customers low and can make the software quick to deploy.

5. CANNABUSINESS ERP (NEXTEC GROUP)

NexTec has 25 years experience in the ERP industry. They have worked with Sage since the inception of the software and they resell several other ERP systems with many successful clients.

They have developed CannaBusiness ERP with help from food and agricultural experts. This ERP is tailored for the cannabis industry, and as such can help to manage complex legal requirements, including IRS section 280E that strictly limits cannabis tax deductions to those that are cost of goods sold.

6. VIRIDIAN SCIENCES

Viridian Sciences is based in Vancouver, Washington, just across the river from Portland, Oregon. Viridian offers software to enable cannabusiness to run efficiently with automated inventory tracking, seed-to-sale reporting, financial accounting, growth management, quality control, and many other essential tools to help you succeed. Viridian is an SAP reseller so users can be sure that they are getting a proven and established software model.

There are, at least, these six ERPs designed to support cannabis businesses. The best cannabis ERP system is only related to which one best meets your unique requirements. Develop your own list of requirements and examine possible ERP products ensuring yourself that your selection is your best ERP.

This guide was written by Tom Miller and Rick Carlton, ERP Focus Columnists, with contributions from Megan Meade, ERP Focus Editor

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