

WHY CANNABIS EXECUTIVES PREFER **ENTERPRISE RESOURCE PLANNING (ERP) SOLUTIONS**

Experts agree that the top ways to maintain business agility in today's competitive landscape are to run a lean operation and to ensure accurate, real-time insight into every aspect of your business. Cannabis-industry Enterprise Resource Planning (ERP) software is optimized to handle the deep level of insight cannabis executives need at every stage from seed to sale – all from one unified, end-to-end platform.



Why Cannabis Executives Prefer **ENTERPRISE RESOURCE PLANNING (ERP) SOLUTIONS**

When you started your cannabis business, you may have been forced to rely on running your complex setup with a clunky combination of QuickBooks, spreadsheets, and a handful of targeted industry apps. As your company grew, you likely discovered that these siloed sources increasingly required a vast amount of effort from you to compile meaningful insights – yet insight is precisely what you need to compete in today's cutting-edge cannabis market.

As the industry expands, large-scale and aggressively growth-oriented cannabis executives are looking to cannabis ERP solutions that are engineered to make it significantly easier for you to confidently optimize your finances, customer relationships, operations, production, sales, and supply chain.



In this white paper, MaxQ Cannabis experts share how growth-oriented cannabis executives can take advantage of the current unprecedented opportunity to strategically expand established operations into emerging markets. All it takes is combining your wealth of industry experience with purpose-built software that increases your competitive advantage while freeing up your time by reducing your paperwork burden for taxation and compliance.

Learn how you can gain the competitive edge with comprehensive, end-to-end financial and operational insight, so you can rise to the top of one of the most innovative markets in the world.



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Section 1

Learn How to Streamline Production and Compliance with Cannabis-Specific Software



Growing legal cannabis at scale is still relatively new, which means it's up to you to figure out the best ways to maximize your yield for profitable products while minimizing costs. This requires standardization across your cultivation operations, production management and, of course, compliance paperwork.

Enterprise Resource Planning (ERP) solutions built for the cannabis industry can help you scale your business processes with greater ease because they meet your precise needs.

"Just click a button and it creates the inventory items, kits, BOMs, and bundles automatically. The setup that would take hours manually, we do in 30 seconds."

Brad Friedlander
CIO, Curio Wellness



Leading Solutions Will Help You

1. OPTIMIZE CULTIVATION PROCESSES

When managed solely using spreadsheets or disparate applications, it is far too easy to miss small warning signs of potential issues at some point during the carefully orchestrated cultivation process. Unfortunately, a single batch loss can result in tens of thousands of dollars lost, plus labor costs for rework, potential fees, and opportunity costs that can arise after damage to your brand and client relationships.

With an ERP built for the cannabis industry, growers can set up and enforce scalable standardized processes with ease, relying on internal controls that help ensure records are tracked at all times by lot number, grower, processor, ingredients, package size and type, and delivery data. To further boost profits, growers can closely watch costs and project future yields by effortlessly tracking results back to a specific mother. They can also keep an eye on every stage of their cultivation operations with customized dashboards, reports, and alerts.



2. STREAMLINE PRODUCTION MANAGEMENT

The keys to scalable success in the modern cannabis industry are predictable production timelines, cost control, and the ability to quickly pivot to new products based on emerging trends. Cannabis ERP solutions help you optimize your operations and automatic regulatory reporting, and analyze your business, all while keeping control of your entire business operations.

A good ERP solution for cannabis businesses should deliver planning flexibility that meets your production needs, instead of requiring you to meet rigid software requirements that can slow down your processes. Solutions that are optimized for both the cultivation and manufacturing process will be the most useful for agile cannabis businesses.

3. PLAN CANNABIS PRODUCTION

An effective system includes accurate estimates for how many grams each plant will yield and provides detailed timelines that tell you precisely when to start each stage in the process so you can meet your deadlines and understand your expected yield.

It should include a detailed timeline that tells you when each stage of your processing will begin and end, as well as expected yield at every stage, so you can plan labor and other contingencies accordingly.

TOP-DOWN PLANNING

Top-Down Planning provides the ability to schedule products based on the required date when the inventory item is needed. An advantage to this approach is that you can act on forecasted need efficiently.

BOTTOM-UP PLANNING

Bottom-Up Planning determines when your product will be ready based on when you began your first process, such as beginning cuttings. The advantage to this approach is that it helps you predict your yield and timelines by extrapolating data from your current processes.

The Top-Down and Bottom-Up Planning Paths can be used with a robust Material Requirements Planning (MRP) solution. MRP calculates backwards from independent demand and plans inventory requirements for components and raw materials. MRP also assures that materials and components will be available when needed, minimizes inventory levels, reduces customer lead times, optimizes inventory management, and improves overall customer satisfaction. It is the solution that clearly informs you what materials will be required at each stage of production, as well as plans production orders, transfer orders, or purchase orders for you.

A good cannabis ERP solution will seamlessly handle both Bill of Material (BOM) and Formula Management, as well as the full range of production methodologies: make-to-stock, make-to-order, and engineer-to-order. With all these options available, you'll know you have the freedom to address any customer needs and add new products quickly and easily.

Leading ERPs for cannabis allow for the standardization of product data management (PDM). PDM is a system for managing all product data in one central location. The ERP is used to organize product-related information, track revisions, collaborate, manage change orders, generate Bills of Materials (BOMs), and more. Product Data is automatically synchronized to connected systems that require product data. One product data source greatly reduces time and mistakes. For example, new strains – including all inventory items, BOMs, and kits – can be generated in just a few clicks.

PLAN CANNABIS PRODUCTION (CONTINUED)

ERP systems add powerful supply chain planning features that allow you to control inventory processes. With one click, create and plan multiple items such as packaging flower into different sizes, edibles, concentrates, topicals, or other products that use standardized templates that include SKUs, BOMs, kits, and bundles for each product. Easily plan all of your purchases, transfers, or manufactured orders with a few clicks.

Optimized cannabis features allow you to plan all of your products including cultivation. Start with cuttings (or seeds) and plan for finished flower (forward planning) or forecast flower and have the system backwards plan to tell you when you need to start the cutting process. All inventory requirements will be planned accordingly. No more missing plant tags, bottles, boxes, or labels.

It is important that you are also able to lot track all of your inventory in the case of recall or issues. An ERP system for cannabis will allow you to enter a lot number and see all of the transactions that were used to make that lot, as well as where it was used, including any customer shipments. RFID and bar code scanning allow you to audit your inventory against government reporting systems, giving you proof that you are compliant with regulatory requirements.

4. STANDARDIZED AND ENFORCE COMPLIANCE

In one of the most regulated markets in the world, compliance tracking can be a full-time job. A cannabis ERP will provide integration and data transmission to automatic government regulatory systems, like **Metrc** and **Health Canada**. Manual entry of these regulatory systems is costly, time consuming, and error prone. Usually, there are several individuals at a cannabis company spending large amounts of time maintaining the government system. With these functions automated, the system will eliminate the need for this time, providing a huge ROI for the ERP system.

In addition, since cannabis ERPs are meant to meet each business's tailored needs, your technology partner should be able to set up unique integrations that address your specific requirements – which will eliminate redundant data entry.

MaxQ Cannabis integrates with major regulatory systems like Metrc and Health Canada



Health
Canada



Section 2

Discover the Secrets to Increasing Revenues by Optimizing End-to-End Operational Efficiency



The cannabis industry faces tight timelines, a unique set of legal requirements, and a rapidly moving industry. This means that executives like you have zero time to waste. To quickly maximize revenues while minimizing costs, your modern cannabis business must efficiently integrate and optimize every business process, from cultivation and processing operations to distribution and sales.

“MaxQ Cannabis has been an unbelievably valuable tool for our company. The ability to repack tags with ease and send manifest templates to METRC has allowed us to accurately navigate METRC with a team half the size of our comparably sized competitors. I highly recommend MaxQ Cannabis to cannabis operators looking to improve their software platform.”

Jeremy Ouaknine
VP of Operations, Mammoth Distributions



An ERP Solution for The Cannabis Industry Will Help You in These Ways

1. BOOST BUSINESS EFFICIENCY

All cannabis business leaders can agree that, with so much to do, having control and visibility into each step allows you to maintain profitability while avoiding delays. This makes a big impact on business efficiency.

To help, cannabis ERPs focus on automating and streamlining every activity your company is responsible for, including planning, product data management, cultivation and harvesting, plus lab testing, curing, extraction, manufacturing, labeling, and packaging and distribution. This also includes streamlined and automated processes for inventory management, reporting, and cost tracking, as well as product tracking, tax accounting, compliance, and sales. A good cannabis ERP will simplify the workload for absolutely every employee in every area of the business, so your whole company can work smarter, not harder.

One of the leading ways that ERP for the cannabis industry saves time and boosts efficiency is by helping companies be proactive using real-time data from current processes and workflows. Cannabis executives are often surprised to discover that, when they eliminate the data siloes caused by their disparate spreadsheets, their ERP-enabled, end-to-end connected workflows help them prevent slowdowns by automatically and immediately sending alerts and dashboard warnings about impending or real-time interruptions.

Yet business efficiency isn't simply about software tasks – it's also about increasing flexibility for the people working on those tasks. A rare, but highly valuable feature in some cannabis ERPs is the ability to allow unlimited users to access your systems, with no additional per-user costs. This helps you boost efficiency while enforcing standardization across a wide variety of tasks.



2. SPEED UP DISTRIBUTION AND SALES MANAGEMENT

Strong distribution management is a requirement in industry business solutions for cannabis, as cannabis businesses face strict regulation and requirements for packaging, documentation, transportation, and sales. Cannabis ERPs provide for all cannabis business needs, including flexible sales order workflow, importing of orders from external applications, extensive analytics, and regulatory reporting.

From fully automated printing and emailing of Certificates of Acceptance (COAs), point of sale data importing, wholesale aggregation integration – like LeafLink and Leaf Trade – and fast and easy repackaging capabilities, a cannabis ERP solution will add efficiency and reduce errors that have frustrated cannabis executives for so long.

3. INCREASE REVENUES WITH ONLINE ORDERING AND SALES OPTIMIZATION

Flowhub's [State of the Cannabis Industry 2020 Report](#) found that stores with order-ahead capabilities enabled sold 22% more on average than stores without this capability. Flowhub also saw an 8% increase in transactions, as well as a 13% average increase in order amounts in these stores. eCommerce is critical in the modern cannabis industry, yet only a few cannabis software solutions support eCommerce capabilities with ease.

When you use an ERP solution built for the modern cannabis industry, you will finally have access to comprehensive online ordering capabilities powered by secure customer portals. A comprehensive solution seamlessly links all information back to the ERP and customer relationship management (CRM) systems, which support ongoing customer engagement through digital marketing, clear tracking for loyalty-building discount policies, and complex pricing arrangements that span across the differences between adult use and medical marijuana sales.

Like all businesses post-COVID, digital marketing and sales are critical for the successful growth of your cannabis business. Flexibility and convenience in your software will be key drivers of customer satisfaction.



Section 3

Start Reducing Stress When Meeting the Financial Complexity of the Cannabis Industry



Ask any business leader and they'll agree that growing one business is difficult enough. Cannabis businesses typically require multiple separate entities to handle tax and liability requirements, which increases the difficulty of growing your business. The secret to success with this process is to automate business transactions across each entity effortlessly and seamlessly so you can maintain your financial and operational data in record time.

"Most of our competitors are on QuickBooks so they don't have the ability to do what we do with Power BI. It's a big competitive advantage. We can view data in real time. It's allowed us to quickly see problem areas and address them immediately rather than at month's end."

Brad Friedlander
CIO, Curio Wellness



3 Ways An ERP Solution Handles Cannabis Industry Needs:

1. AUTO-CAPTURE “COST OF GOODS SOLD” DEDUCTIONS

The federal tax burden placed on business with THC products can feel nearly impossible to manage, yet the IRS has made it clear that strict compliance will be required at least until the [SAFE Banking Act](#) passes or the [STATES Act](#) is updated. In the meantime, the best way to handle [Tax Code Section 280E](#) is to precisely record all reasonable expenses for your “Cost of Goods Sold” deductions.

A cannabis ERP will support this process by auto-capturing financial data throughout every business process for transparent and audit-ready reporting to the IRS. Allowable deductions, including only direct Cost of Goods Sold and not selling, general, and administrative expenses (SG&A), mean that as much of the operating expenses should be allocated to Cost of Goods Sold to reduce taxes. The ERP should be optimized to maximize the capture all of the appropriate expenses, including indirect labor and expenses.

But financial tracking is not solely about taxes, it also needs to benefit you and your business. That is why leading cannabis ERPs also provide you with detailed, real-time estimates and actual costs at each stage that help you optimize your operations proactively. The best ERPs additionally allow you to produce your final financial statements a few days after the period closes while giving you meaningful financial data during the current period.

2. SIMPLIFY MULTI-ENTITY AND CONSOLIDATION NEEDS

Without an ERP solution, using tools like QuickBooks combined with industry point solutions and spreadsheets, can help you manage your business but can lead to data silos and redundant, error-prone data entry. As you may have experienced, separated applications may have grown over time, but they now complicate your operations’ management and impair your overall financial insight.

An ERP system holds all the data in a single application that allows you to utilize that data for strategic business analysis. Cannabis executives deserve accurate, timely financials with insights into their operations. A good cannabis ERP solution should include automatic multi-entity accounting

and strong financial consolidation support for this reason. For many cannabis executives who have struggled with financial management for too long, it can seem almost unimaginable to finally be able to combine multi-entity capabilities with automated financial reporting and management for complex processes – yet this is precisely what leading cannabis ERP solutions deliver.

When you have the freedom to drill into separate entities or manage everything at once, cannabis ERP’s additional multi-entity timesavers like intercompany eliminations, reconciliations, and multi-currency management, will add extra speed and efficiency across your entire business.

3. COURT VENTURE CAPITALISTS AND OTHER INVESTORS

A great deal of the focus on business financial management relies on tracking current financials and historical trends, but smart cannabis executives know that legislation developments are likely to transform the future of the industry over the next few years. Breaking into new markets quickly is a must for growth-oriented cannabis businesses yet securing the financial backing to expand your company's footprint can be extremely difficult with current federal regulations that block traditional bank loans.

Fortunately, venture capitalists and other independent investors are excited to capitalize on a market that Wall Street predicts will be worth \$100 billion by 2030 – but independent investors, like private equity, demand more than just a good product. They require the hard financial data proving that your business will be a good investment.

Cannabis ERP supports your financial business growth by providing the accurate, up-to-date financial reporting you need at all times to act quickly on M&A or venture capital opportunities. It also goes that critical step further: it gives you the insight to optimize your profitability for every aspect of your business, every day.

Modern business leaders know that detailed analytics are the #1 key to increasing profitability for their growing company's sales, marketing, and operations activities, and they know that customizable insight can help them identify new market opportunities and creative cost-cutting measures. Leading cannabis ERP solutions are engineered to provide analytical data at a glance, with custom dashboards that track any information, as well as Power BI integrations that slice-and-dice data into charts and key performance indicators (KPIs).



Section 4

Find Out How to Identify the Right Technology Partner to Support Your Growth

Rapid, constant changes across the modern cannabis industry require your company to rally a lightning-fast, agile response at any time, so you can boost your market share and capitalize on emerging opportunities. Technology is critical to this process, and the right technology partner is the force that helps you drive growth by implementing important integrations, customizations, and insights – immediately.

The tech partners who can respond the fastest are the ones that have a deep understanding of your industry, your software, and your daily challenges, which is why growth-focused cannabis executives choose to work with tech partners who speak their language and have established themselves as experts in the field.

With a clear understanding of cannabis production and product manufacturing, the [MaxQ Cannabis](#) team will help you optimize business processes by supporting all stages of your operation with a unified cannabis ERP that is fast to implement and designed to support your growth and diversification.

MaxQ is the technology partner you can trust to handle the tech details for you, so you can spend more time growing your business and less time running it.



“MaxQ Cannabis not only enables us to operate more efficiently, it gives us a huge advantage over our competitors.”

Brad Friedlander
CIO, Curio Wellness



LEARN MORE ABOUT MAXQ CANNABIS

*The Cannabis Executive's
Guide to Competitive Edge*

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