

Executive Summary

Today this is no way for a grower to brand and market their strain of weed. There is neither consistent labeling system nor database of strains for simplicity of reordering and brand affinity. This software/hardware solution will do both. This will allow growers and dispensaries to brand and market different consistent strains “flavors” of Cannabis, provide the dispensary a way to legally label each package affordably, consistently, and allow social marketing of strains as well as a unique way to brand each strain on the bottle visually.

The hardware: Epson ColorWorks c3500 color label printer (\$1800) along with an ipod touch or iPhone device with included APP software.

The software: The software will run on a iOS device, have a online website component, and be included in the initial cost of the hardware package. The software will have an annual fee associated with it (\$TBD). It will have a QR code and web component so the qr-code can be scanned and return the strain information online for people to put on their “wish list” or reorder.

[OPTIONAL]Hardware purchase is NOT required, dispensaries can purchase the software and have an approved desktop inkjet (available from best buy, etc) and purchase the 8.5 x 11 label stock from us. This allows them to get into the system with lower quality and lower cost for only the software license. This will allow for cost sensitive dispensaries to buy into the solution. Given the amount they make, I expect this to be the lesser of the purchases, many will opt for the full hardware package. [/OPTIONAL]

We will have a wealth of information based on the POS data. The software will report the amount of each label/ strain that is printed and provide brand and sales data on strains. This data can be used to help growers refine and find the high selling strains as well as make marketing claims about their product (ie “Worlds best selling indica”).

Growers and dispensaries can upload and include artwork as part of this label to further create brand affinity and mark their official product.

There will be an element of “authorization” for branded strains to be sure they are authentic. Growers and brand owners can authorized dispensaries who are legitimate purchases to print the approved labels using this system (*exclusively). This will assure growers that dispensaries are not promising the branded solution and selling them something other than that. As well, the brand owners will have access to an online portal showing printed labels by location to assure that dispensaries are not putting other product into a bottle and branding it with a brand owners brand. The brand creation and authorization will allow brand owners to build a brand and create brand affinity as well as charge a premium for their product.

Who are our Customers?

Growers:

They will pay an annual fee to be part of the system. This will allow them access to sales data and market their grow/ product to other dispensaries to sell. They will have access to market their branded product to these dispensaries as well. Growers may pay an annual fee to be part of this system. They will be the primary artwork and data uploaders. Grower support and interest is critical to assuring adoption by the dispensaries.

Dispensaries:

Primary customers. They will purchase the system and pay an annual fee for the software and access to the database. Adoption by dispensaries is critical to getting the growers on board as well as assuring we have the market share and win.

Government Agencies

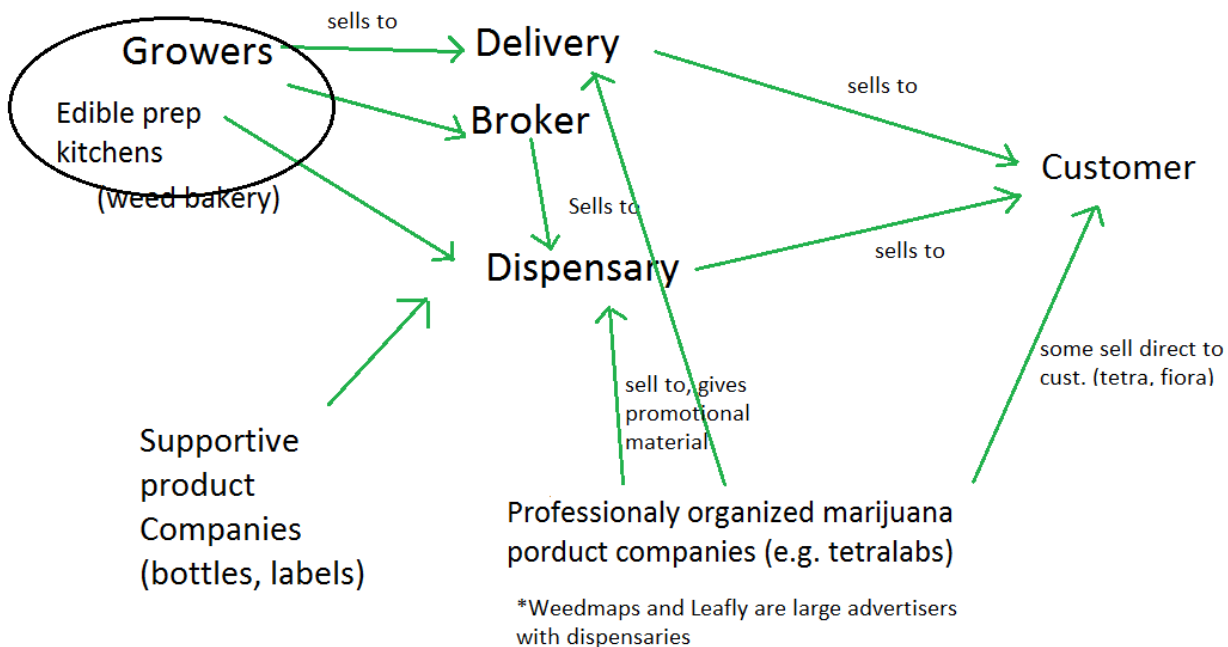
If we can work with the FDA or other agencies to set the standard for labeling we can provide the government sales data as well. They would, of course, need to pay for this or there would need to be something in it for us. (approved label system status, etc)

End Consumers (smokers)

They would be the ones to hold carry and store the labeled product. This is way down on the list, but if end users asked for higher quality labels it would help force the dispensaries to implement this solution.

Current Channel Structure:

1. Growers sell in bulk to either dispensaries, delivery services, to brokers, or directly to patient
 - a. Dispensaries then sell directly to patients in small amounts. Grams and ounces
 - b. Delivery services then sell directly to patients. Grams and ounces
 - c. Brokers either sell to the street or to dispensaries/delivery. By the pound
 - d. Directly to patients in smaller quantities. One ounce to a pound.
1. The environment of the dispensary is similar to the modern microbrew, minus the production and sole purpose being a luxury. The customer is able to view and sample products prior to purchase. Once they find a product they like, they are able to purchase the desired amount, which is then put into a small plastic container, labeled and sold. If inexperienced, they will be educated by knowledgeable staff to find the best product for ailment. Dispensaries are getting more professional and are focusing on the customer's "condition" in order to help determine the recommended product.



- a. Grow->plastic bags->dispensary->large storage jars-> weighed and put into small plastic bottles-> sometimes labeled-> bagged-> customer

The environment of the dispensary is similar to the modern microbrew, minus the production and sole purpose being a luxury. The customer is able to view and sample products prior to purchase. Once they find a product they like, they are able to purchase the desired amount, which is then put into a small plastic container, labeled and sold. If inexperienced, they will be educated by knowledgeable staff to find the best product for ailment. Dispensaries are getting more professional and are focusing on the customer's "condition" in order to help determine the recommended product.

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Dispensary picture:



Bottles in use today:



Most popular Dimensions: 1.18" Dia. x 2.99" Ht.
Recommended label dimensions: 1" x 2.5"

Pros/ Cons

Dispensary

PROS:

- High quality labels at low cost per label (estimated 5 cents/ label)
- Correct government labeling and required legal labeling
- Inexpensive system for printing high quality labels

CONS: Cost of system/ software, Training costs, integration cost (into their sales workflow), Supplies cost (ongoing ink and media as well as annual fee)

End Users/ Consumers:

PROS

- High quality collectable labels like a cigar ring, alcohol bottle, or a wine bottle to show all the types they have smoked.
- Art collection status/ Brand affinity
- QR code that links them to info about the product (similar to strainbrain.com)
- Brand allegiance and brand building (shirts, hats, posters, etc)
- Identification at the bottle level of what they purchased.

CONS: None:

Growers:

PROS

- Ability to promote their product at retail with a marketed brand
- Ability to track sales (within margin) by comparing reported sales to actual distribution/ sales to dispensary.
- Authorization program to provide their strain to only authorized purchasers.
- Sales data on their strains (if they also grow)
 - Ability to promote #1 selling, or other marketing claims
 - No marketing exists other than online and word of mouth
- Registration of strain to master database and naming
 - Eliminates the name proliferation and copying/ confusion
 - Enables brand owning
- Marketing list to market their strain or features (shop database/ Menu)

CONS

Cost of service, artwork design cost, Branding cost (though arguably, they want to do this)

Brand Owners (Snoop dogg/ Willie Nelson):

PROS

- Ability to create a brand around their product
- Sell branded product for a premium
- Get return business for a particular strain
- Track dispensaries labeling of the product they sell (to assure they are not branding non branded product and selling counterfeit)

Us

PROS

- Grower database
- Dispensary database
- Label Database (artwork library)
- Get sales data based on numbers of labels printed (pot type sales data will be big business)
- Promote artwork as secondary business to growers to build brand
 - Posters of “famous” pot labels
 - Galleries (press stories will be huge here)
 - Shirts, hats, etc (consumable stream to smokers)
- Provide government correct labeling and input to government on labels (warnings, layout etc)
- Maintain central database of brands and registrations.

CONS: Sales expense (marketing, etc), Startup cost- software, ongoing software maintenance and server costs. Hardware selling costs/ tech support.

Business model options:

Option 1:

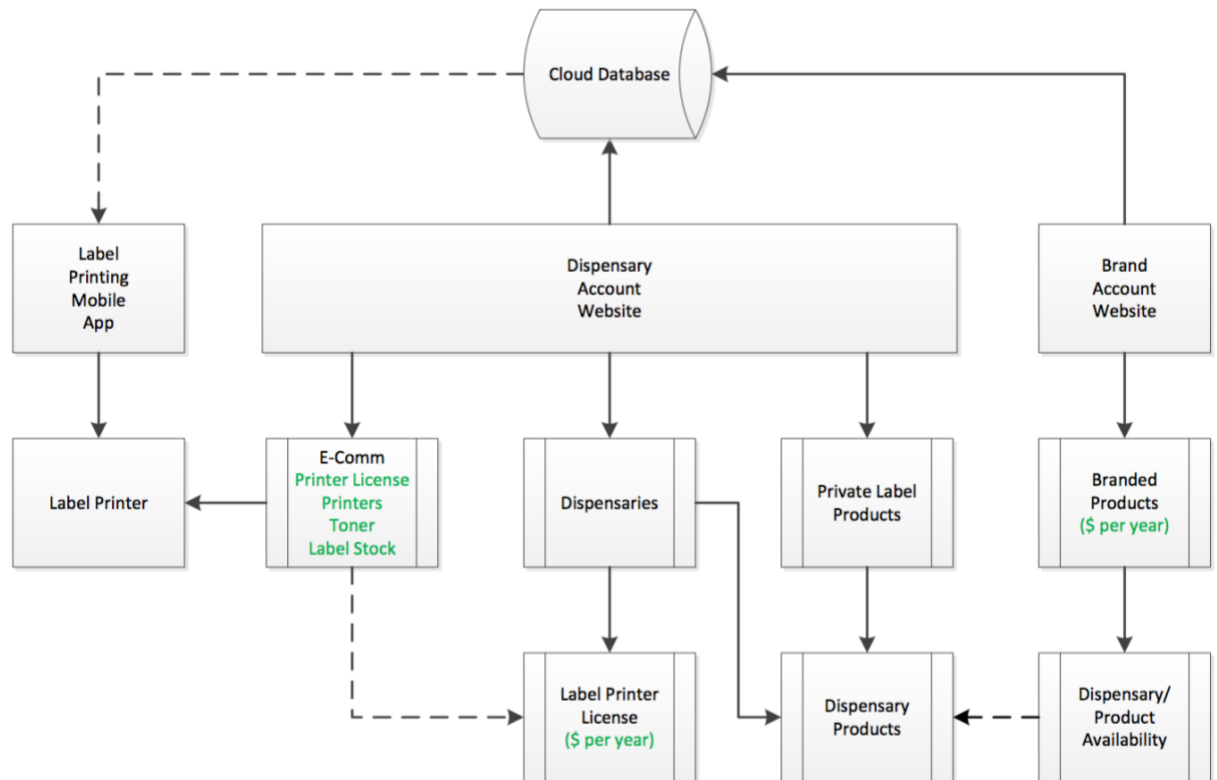
- They buy outright (app/ hardware) and pay annual fee for software (\$TBD setup fee for hardware include XX months of software)
- Annual Fee for software/ account
- We sell and supply ink and special labels (size, cut, peelable)- 30% margins

Option 2

- Per click charge.. They pay us XX cents per label printed
- Also pay \$XXX setup and \$XXX/ year annual fee (fee includes software and hardware)
- This model is essentially subsidized hardware. Will require substantial upfront costs for us to subsidize hardware.
- This is risky given the fact that many open and close quickly.

Information Architecture Details

Overall IA Map



Hardware Solution

Epson C3500 inkjet Label printer.



MSRP: \$1,850
Reseller cost: TBD

MSRP: \$199 (16 gb ipod touch)
Estimated Bid Price: \$165

Complete hardware solution MSRP would be \$2,050 assuming they already have internet and wired Ethernet to the counter/ bottling location.

Software would have additional cost. Eg \$3000 startup cost includes first year of software subscription.

System 1 (standard)

Printer and iOS app solution (assuming no computer needed to generate print data)

At this time a computer/ print server IS required to print these labels on demand

System 2 (small)

Software only iOS download and print using standard inkjet printer using precut label stock (purchased from us)

This provides very little and low value add since we don't get the hardware or the label print sale

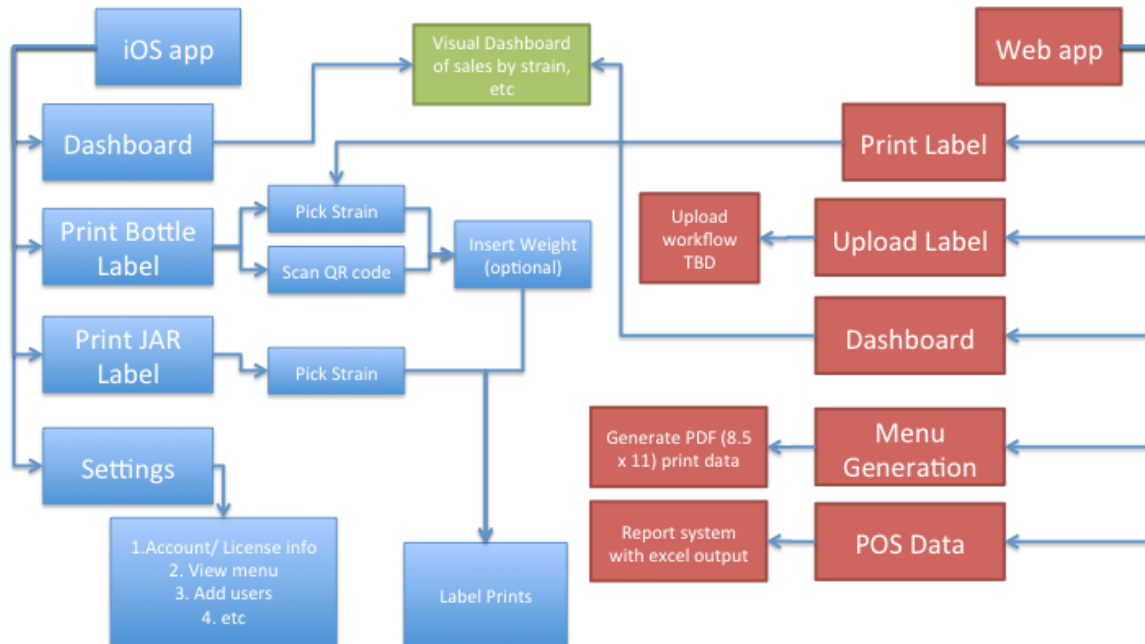
System 3 (small/ medium)

Reference system and/or software/ hardware solution to print on standard inkjet printers (think Epson)

Consumable stream (labels and systems)
Software subscription

Software Solution

As defined above by the Information architecture, the entire database and system lives in the cloud and is accessed by a web front end and a iOS application. Both require a login/ access before any content is visible. Here is an overview of the modules in each application and how they provide the labels, and features.



Label Examples:





Note: While colorful and memorable, these do not contain the necessary federal/dispensary labeling requirement... These are only examples pulled from weedlabels.com

Here is Snoop Doggs Branded kush:



Potential Names:

Strainlabel
Budlabel.com
strainbrand
Pot-label
MJLabel.com
Potlabel
Leafable.com *premium (3.495)
Potbrand * Premium (500)
Weedlabel.com * premium (5000)
Weedbrand.com (taken)
Cannabrand.com (premium- 5000)

Marketing:

DIRECT MARKETING

The main way to reach each dispensary is with a direct mail and direct selling technique. We can augment this by getting snoop dog/ willie nelson (high profile branded strain) to endorse this product as a grower to be sure that his brand is represented correctly and not “bait and switched” at the dispensary level.

PR

We can involve willie nelson. Snoop dog to help with the PR element. Major growers or brands requiring or promoting this solution will help sell it. Additionally we can explore the art element of the labels. Have a gallery exhibit for marijuana labels (at a canna con or other high profile cannabis event). Use PR to promote the brand labeling- use news coverage to promote our brand and solution.

TRADESHOWS

Have a booth at cannacon and other cannabis shows. Provide labeling explanations and compliance information for shops as a carrot to get them to our site.

COMPLIANCE

Utilize the government. Assuming we can achieve a FDA certification or compliance level we can use their websites or regulations to Market us as compliance label printing on demand. Find a way to achieve government certification or stamp of approval. “FDA approved labeling” or “state approved” labeling. States will like this as it creates a standard and a central place they can go to make updates and changes. Since this system is cloud based, we can update labels on demand anytime to meet new compliance requirements.

Competition:

Strainbrain.com

Pros- Already has database of strains

Good name

Cons-

database not clear- no registration of strains,

no user/grower account system, multiple strains,

no artwork (brand affinity)

no production solution (other than print by current printer
with stock Avery labels)

MarijuanaPackaging.com

No artwork, no customized labels, preprinted labels

Weedprinting.com

Preprinted labels, no customization, no visual branding

Weedlabels.com

They have the branding part down, but nothing beyond that. No QR code, no central DB, no warning/ compliance labels.. preprinted. Focused on the label design side and proofing. (partnership?)

Cannabislabels.com

Labels/ design packaging- no hardware no software to dispensaries.

THClabelsolutions.com

Have the hardware, no artwork

Color printing is 2x expensive than our solution

Not flushed out

No software