

January 28, 2017

# Pennsylvania Canna-Business Seminar



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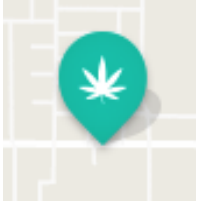


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# What is weedmaps®?

- Founded in 2008, Weedmaps is the oldest and largest cannabis technology company in the world and has been the leading innovator in developing software and platforms that drive the cannabis industry.
- Our core platform connects people with local dispensaries, delivery services, doctors, deals, brands, lab data and real-time menus. Weedmaps' full suite of business-to-business and business-to-consumer software includes lab data integration, point-of-sale and medical practice management and we are also developing a suite of SaaS tools for the industry.
- Beyond providing the software and advertising solutions that underpin the industry, Weedmaps has been advocating for measured growth and responsible policy to guide the modernization of the industry for nearly a decade.
- Weedmaps is working collaboratively with all levels of government and stakeholder organizations to encourage reforms to medical and recreational marijuana laws and to establish regulatory frameworks capable of ensuring safe and reliable patient access.

# Services **weedmaps®** Offers



## **Business Listings**

Connect patients to dispensaries, delivery services, doctors, deals, brands, lab data and real-time menus.



## **Point of Sale Software**

Free point of sale software – MMJ Menu – which helps track sales, account for inventory, and manage patient information.



## **Brands Platform**

Helps patients find their preferred medicine.

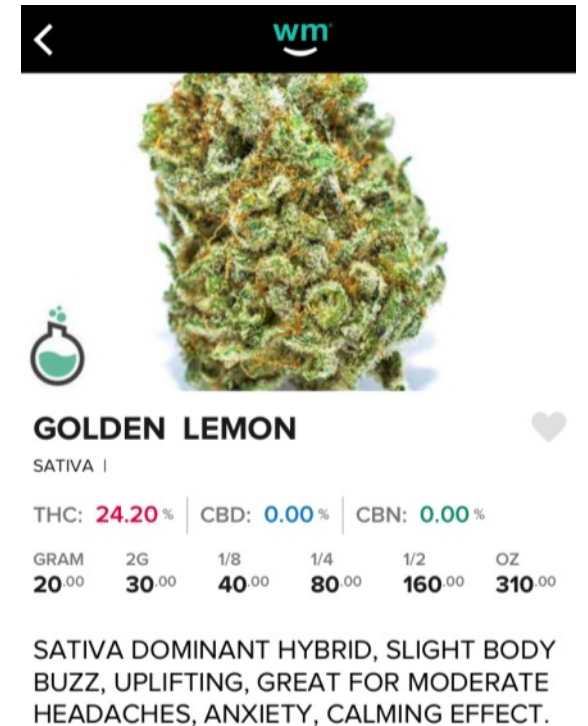
Raises awareness and profile of your brand, connecting products to points of sale.

## **Data Integration**

Enable all menu information – from inventory, price, weights, lab testing, etc. – to automatically update in real-time on Weedmaps apps and website.

Arm patients with the most trustworthy, reliable, up-to-date menu and pricing information available prior to arriving at your business.

Reduce the number of hours spent by business owners and staff updating menus.



# Industry Best Practices

## **Understand and comply with regulations**

Cannabis industry regulations can be restrictive and complicated.

It is important to stay informed, engaged, and compliant.

Individually and with industry partners, educate and act as a resource to lawmakers regarding all areas of the cannabis industry.

## **Establish an effective advertising strategy**

Review state advertising restrictions.

Target your message and refine your branding.

Regularly evaluate your strategy and adjust as needed.

Weedmaps can help.

## **Train and educate employees**

Builds professionalism and improve customer service.

Fosters regulatory compliance.

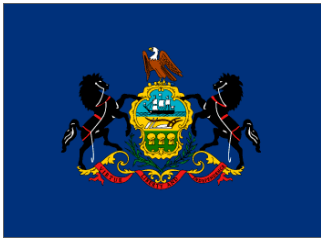
Brings in higher profits.

Improves your business operations and recognition.

## **Set high standards and protocols for quality**

Quality products matter.

Move towards a higher standard of service, where potency testing, standardized dosage, and quality assurance testing become the accepted and acknowledged industry standard.



# PA's Medical Cannabis Regulations

## Summary of Act 16

### Patient Access and Registry

- Patients with specifically defined medical conditions can qualify for medical cannabis if they obtain a certification from a registered physician and obtain a government issued identification card.

### Physician Registry

- Physicians must register with the state and complete a training course to issue medical cannabis certifications to patients.

### Permitting for Cannabis Businesses

- 25 combined Grower and Processor and 50 Dispensary permits will be issued. Each Dispensary permit holder can have three locations.
- Requirements for permit holders include electronic inventory tracking, detailed record keeping, surveillance, and additional security measures.

## Regulatory Authority

- The Department of Health is responsible for implementing the program, including developing rules, processing applications, and issuing patient ID cards and permits.
- The Department has issued temporary regulations which are available at [www.pabulletin.com](http://www.pabulletin.com).

## Key Dates

- January 17 – Applications became available online
- February 20 – Application acceptance opens
- March 20 – Application acceptance closes



# Hurdles for Cannabis Businesses

## Legal and Regulatory Barriers to Entry

- Laws and regulations are often complicated and costly.

## Banking and Access to Capital

- Banks are reluctant to serve cannabis businesses.
- What appears to be a relatively small business really requires millions of dollars in investment.
- Due to the perceived risk of marijuana businesses, financing at this point is fairly limited.

## Need for More Information and Collaboration

- Government officials often have little understanding of the cannabis industry, and cannabis businesses often have little understanding of government process and regulatory structures.

# Lessons Learned from Other States

- To create a legal marketplace state governments should first focus on eliminating the illegal market.
  - Primary drivers of illegal markets:
    - Policies which overly restrict the availability and ease of purchasing marijuana through legal channels (unnecessarily burdensome zoning restrictions, limited dispensaries, prohibition on deliveries),
    - High effective tax rates and compliance costs on legal marijuana, and
    - Insufficient quantity and quality of legal marijuana for sale in a market (failure to authorize sufficient cultivation operators to produce adequate supply).
  - Illegal markets for marijuana rob state/local governments of tax dollars while continuing to drive up policing and incarceration costs.
  - Solution: Impose lower compliance costs and increase legal points of sale.
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# Potential Issues with PA's Law

## High Cost of Entry

### Grower/Processor:

Application fee: \$10,000

Permit fee: \$200,000

Capital: \$2,000,000

### Dispensary:

Application fee: \$5,000

Permit fee: \$30,000

Capital: \$150,000

## Limitation on Products

Patients may not purchase or use cannabis flower. The only types of medical cannabis allowed initially are pills, oils, gels, creams, ointments, tinctures, liquid, and vaporizers.

## Low Number of Permits

- 25 combined Grower/Processor Permits
- 50 Dispensary Permits (up to 150 legal points of sale) – density of >1/7500 optimal

## Policy and Industry Implications

- Increases in cost of legal cannabis.
- Discourages minority inclusion.
- Hurts product quality.
- Limits patient options and access.
- Forces compliant, safe, and experienced businesses outside of the legal market.
- Limits tax and fee revenues.



# Policy Recommendations

1. Ensure sufficient patient access.
2. Tailor tax and fee models.
3. Provide for a safe and diverse supply.
4. Have flexible policies that can be reactively adjusted.
5. Collect good data.

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