

First IT4cannabis Virtual Panel Discusses Cannabis Milestones, Compliance, Branding, and Other Timely Topics

The cannabis industry is quickly becoming one of the hottest avenues for entrepreneurs to explore as more states legalize recreational use. While the product is stereotypically associated with a laid-back and carefree attitude, the business itself is no walk in the park. In effort to share its expertise with newcomers to the cannabusiness, New Jersey based IT and cybersecurity firm IT4cannabis is hosting a series of webinars to get the conversation going about the industry's current climate, what's coming next and what's on the horizon for regulations and protection.

IT4cannabis works with clients to build a sound technological infrastructure to protect businesses from cybersecurity threats and software issues. The company invited entrepreneurs to join its first webinar of the series titled "Insights and Opportunities for Cannabis Entrepreneurs" on Thursday, April 22 to meet its host and CEO, Karl Kispert along with three guest panelists.

Among the panelists were Kim Stuck, CEO and Founder of Allay Consulting in Portland, OR, Nishant Reddy, Co-founder of Satya Capital and CEO of A Golden State in Los Angeles, CA, and Patrick O'Reilly, Counsel at Chiesa Shahanian & Giantomasi PC in New Jersey.

The panel spoke for an hour highlighting the topics of compliance requirements, New Jersey's recent legalization, brand development, and unique cyber risks for cannabusinesses.

Significant Cannabis Milestones

The discussion began with an analysis of the most significant events for cannabis over the past 12 months. Although COVID-19 disrupted businesses across all industries, the panel agreed that cannabis gained some advantages over the last year.

One specific milestone addressed was the legalization of cannabis on the east coast. Whereas western states have been ahead of the curve for some time, 2021 saw a major win for cannabis in the east with New York and New Jersey's legalization of recreational adult use. O'Reilly- whose legal practice focuses on government affairs and regulatory matters- credited election day on November 3, 2020, as being an important date for his home state of New Jersey, which passed legislation with 67 percent of the vote.

"New Jersey has 565 municipalities. I think 563 municipalities-which is a majority of the voters- voted in favor of cannabis, which is very telling," said O'Reilly.

Stuck agreed legalization in New York and New Jersey was a huge milestone for the industry, as she hopes to see the normalization of owning a cannabis company come further along this year.

"Now that cannabis is coming over to the east coast- that was the day I've been waiting for," said Stuck, who has been working since 2017 on compliance regulation for cannabis businesses in Colorado, Oregon, and many other states. Now that big states like New York and New Jersey are on board for legalization, Stuck predicts more states will hop on the bandwagon next. "It's kind of like Pandora's box, you can't put it all back in, and it's going to force people think about [cannabis] a little more," she said.





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Reddy-whose privately held investment firm caters to the cannabis industry- agreed New York and New Jersey have set the trend on the east for states to legalize. "Now that we are seeing big east coast states considering it, it kind of throws the gasoline on the fire for other states that might be slower to be 'early adopters,'" he said. However, he recognized the pandemic as being the catalyst for legalization, as states that already had recreational laws in place maintained healthier economic positions than those that hadn't.

Compliance Protects Cannabis Brands

O'Reilly predicted New Jersey will begin seeing cannabis sales within eight to twelve months since passing legislation. With that in mind, the topic of compliance was introduced and Stuck weighed in on what new businesses should expect in order to prepare for FDA on-site visits.

"Do not build a facility and then retrofit it to meet FDA regulations," advised Stuck who said 90 percent of the companies she visits on a regular basis are not ready for FDA approval. Compliance protects brands and prevents them from being shut down, however there are a lot of rules and regulations that come along with it to keep businesses and consumers safe. Stuck recommended entrepreneurs think ahead and build facilities around FDA regulations, or else they will suffer expensive losses from restructuring their model.



In order to find "seed money" and get a new cannabis businesses up and running, Reddy acknowledged that compliance is an essential part of the investment. "Compliance is a big part of the game. If you can't handle that, then you're probably not going to last," he said.

Niche Focus Builds Competitive Advantage

Reddy also pointed out the entrepreneurial journey of the cannabis industry is not unique in comparison to other businesses. He advised that future business owners spend a lot of time focusing on their niche to establish a competitive advantage, but warned against viewing the industry through a narrow lens. He mentioned one of the biggest mistakes entrepreneurs can make is simplifying cannabis by just looking at the plant side of it. "We're not just an industry of stoners and people trying to get by easily," he said in regards to the stereotypical views that come along with cannabis users.

Though he warns against focusing on just the plant, Reddy is also an expert on that side of the business as well. In addition to Satya Capital, Reddy is the CEO of A Golden State - a high-end cannabis company that focuses on quality above all else. For him, he said the biggest concern for developing his strains is not price, but rather the ingredients that set his product apart.

"You can have as much branding and luxury quality as you want, but it's really hard at the end of the day to get a consumer to come back and continue purchasing the product if they don't get that experience they buy-in for," said Reddy who also acknowledged the edge recreational businesses must have over California's large black market and knowledgeable consumers. For him, the only way to get customers off the street is to produce a high-quality product that's worth paying for.





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Competitive Licensing Requirements

From a legal standpoint, O'Reilly too emphasized the competitiveness of the industry and suggested that entrepreneurs get started early on their applications for licensing. In New Jersey timeframes are tight, and applications must be submitted within 45 days. Among the important factors for standing out on an application are diversity and industry experience, he said.

"A lot of the applications call for a presentation of experience in a highly regulated industry, and that could really be anything such as healthcare," said O'Reilly in reference to the competitive licensing requirements. "Competition for these licenses is so great, you really need cannabis experience to make sure your application shines."

Cannabis and the Dark Web

With a competitive nature also comes the need for protection, especially in terms of cybersecurity. Kispert – whose company has been providing IT services for over 20 years – discussed hackers' motives for exploiting cannabis on the dark web.

"Because so many companies are rushing to this market, the underlying application has not always been produced in a secure environment without vulnerabilities. The hackers know that, and they're trying to exploit point-of-sales systems," he said.

Kispert also warned hackers will target scientific companies that work to develop strains, and steal their intellectual property since it's worth a lot of money on the dark web. The same goes for medical marijuana, where hackers will try to get their hands on patient health records, and put healthcare providers at risk for breaches that will endanger patient confidentiality.

"Aside from compliance, branding and legal as you build a business or continue to build a business you really want to think about the cybersecurity risks that you face," he said.

Positive Industry Shifts

Wrapping up the hour, the panelists projected where they think the industry is going and unanimously agreed a positive shift is happening, as stigma decreases and consumers become more educated. With more states legalizing use, cannabis businesses not only see more opportunity, but they also see safer practice as regulators are able to remove bad actors more easily.

"The higher the education, the more we'll be able to crack down on bad players in the industry, which is great because it will make cannabis safer for everyone," said Stuck, who feels the cannabis industry won't be going away any time soon.

O'Reilly piggybacked on that and said 25 percent of Americans are now consuming cannabis, and this number is only expected to rise.

"I think acceptance is a big part of how society and culture will change," concluded Kispert.

June 10 Webinar on Medical Cannabis

In order to keep the discussion alive and continue moving toward acceptance and education, IT4cannabis plans to hold a webinar every six to eight weeks for the series. The company invites all who are interested in cannabis to join them again on June 10, 2021 at 2:00 PM EST for its next topic, Medical Cannabis: Exploring the Myths and Facts of Cannabis Therapies for Children and Adults, featuring a panel of medical professionals that work with cannabis. To register for this webinar, follow this link: <http://bit.ly/it4cannabis2>



About the Author

Carly Russo is a versatile content writer experienced in authoring marketing pieces on various topics including music, lifestyle, and cybersecurity and IT solutions.