



CANNABIS START-UP CHALLENGE

PRESENTED BY INNOVATE@BU &
GREEN LION PARTNERS



TIMELINE

Monday, October 8: Application deadline

Tuesday, November 7: Presentation to panel

TO APPLY

bu.edu/innovate/cannabis

DELIVERABLES

Clear, concise one-page business summary

Pitch deck

Social component

Video pitch review

Supplemental financials (optional)

PRIZE

\$10,000 and advisement from Green Lion Partners

QUICK HITS

Why the cannabis industry?

Cannabis is one of the fastest growing industries in the US and is expanding all around the world. It's rare for an industry to have established customers even in markets that aren't yet developed. Beyond the incredible financial opportunity though, there are millions of patients that need better access to their medicine and many people in jail for growing plants who don't deserve to be there. For us, the bottom line is: people are consuming this herbal medicine everywhere, why not make it safe, regulated, and taxed. States like Colorado and Oregon are showing the tremendous benefits a sustainable market framework can provide.

What is an ancillary company?

Ancillary companies are those that support the cannabis industry but do not come directly in contact with the plant. They include things like software, services, accessories, agricultural products, etc.

Examples via GLP companies and our portfolio companies:

- Natural Order Supply (cultivation supply distribution)
- Dip Devices (vaporizer hardware)
- Flowhub (retail software)
- Gorilla Boost (grow medium)
- The Arcview Group (investor network)

Can the company already be active?

Yes! The more mature the company is, the better prepared you will be. The company does not need to be started specifically for this competition.

Does the business need to be state specific?

No. In fact, most ancillary companies are not state-specific. Some that are include those whose particular offerings cater to specific state regulations. This is an advantage for investors. There are also laws in many states that preclude out of state investors to participate in cannabis touching companies due to interstate and federal regulations.

What's going on in Massachusetts

The Massachusetts cannabis market continued to grow with adult-use sales of \$4.74 billion between Nov. 5, 2018, and July 2, 2023. In 2023, from Jan. 1 through July 2, adult-use and medical marijuana retailers in Massachusetts sold a combined \$879.1 million worth of cannabis. Data also shows that the average price of a gram of adult-use cannabis in Massachusetts fell to a new low of \$5.82 in June. By contrast, a gram sold for \$14.34 on average in June 2020, illustrating the rapid decline in cannabis prices as the Massachusetts market has matured. While there continue to be significant regulatory hurdles and difficulties in executing the social equity program, cannabis in MA is moving in the right direction.

-Sources: MJBiz Daily, MA Cannabis control commission

QUICK HITS (CONTINUED)

What we don't want to see (not prohibited but suggested against)

- Non-innovative vaporizers
- “Band-aids” for problems that will eventually go away with the normalization of cannabis (like banking solutions)
Combo products (“a water pipe with an attached grinder” for instance)
- Anything that touches the cannabis plant or could be construed as doing so
- Ideas that exist and are easily found with a little research—before choosing a route to take, make sure your concept
- doesn't exist, and if something similar does, be prepared to explain what significantly differentiates your offering.

Branding - what not to do

Stay away from over-use of green and cannabis leaves, as they're all over the industry (there are of course exceptions when done well). Additionally, it's important to help move this industry and its perception forward, so stay away from stereotypical imagery and “stoner” culture, and be sure to avoid sexism and sexualized branding.

WHAT MAKES A COMPANY INVESTABLE IN THIS INDUSTRY

Company Concept

- Unique position within the market
- Traction (existing and/or plan to acquire)
- Definition and size of potential user base
- Marketing & Advertising plan
- Overall branding and brand management strategy

Financial Opportunity for Investors

- Focus on assumptions made more than specific values
- Financial projections for operations (revenue, direct costs, overhead, net margins etc.)
- Valuation and calculation to derive it
- Funding required & specific use of funds
- Potential for exit / returns to investors

Non-Financial Investability

- Legal viability
- Team
- Advisors
- Intellectual property plan

Scalability

- Barrier to entry created
- Biggest advantage you have other than first mover
- Size of addressable market & ability to penetrate
- Education needed to create demand
- Additional funding needed / cash flow
- Competitors (existing & future)



TIMELINE

- Applications open
- Applications due
- Interviews with applicants
- Finalists announced & applicants notified
- One sheet is due
- Rough draft of deck
- Practice pitch presentation (by video)
- Pitch Day

DELIVERABLES

One Sheet Business Summary

- Does not need to be a fully-branded or designed document, this is intended to be an easily understood overview of your business for the judges, promotion of the competition, and event programs
- Delivered as a one-page PDF
- Business description (max of one paragraph)
- Company details (team members and advisors, contact information)
- Company traction (current state of the business even if it is just in the idea stage)
- Describe the problem your business is addressing
- Describe the industry/target market of your business
- Describe the company's revenue model
- How will social equity be integrated into the business

Pitch Deck

Branded presentation deck addressing some or all of the following:

- Company story
- Problem addressed
- Solution concept
- Team
- Advisors
- Current traction (if applicable)
- Competition
- Major milestones
- Goals, timeline
- Unique value proposition
- Social component
- Visuals

Video Pitch Review

Finalists will review pitch with Green Lion Partners via video conference. GLP will provide input and feedback with enough time for competitors to adjust prior to final presentation.

Supplemental Documents

Finalists may provide information not required by competition guidelines. This may include but is not limited to financial performance to date, financial projections, intellectual property, etc.

SOCIAL COMPONENT

Policy reform and social responsibility are an important aspect of the cannabis industry. It's imperative for new companies to have a plan for how they will integrate supporting the cause into their business models. All entries require a social component.

Be creative and have fun with this. It could be as simple as a portion of sales going to a specific organization all the way to directly helping specific individuals with certain sales. This component can go to education or non-profit organizations; additional ideas include enabling ease of access, proceeds going to criminal justice reform, etc.

Potential organizations to support:

- Students for Sensible Drug Policy (SSDP)
- Marijuana Policy Project (MPP)
- Drug Policy Alliance (DPA)
- Minority Cannabis Business Association (MCBA)
- National Cannabis Industry Association (NCIA)
- Weed for Warriors (WFW)
- Massachusetts Recreational Consumer Council (MRCC)
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WINNER GETS **\$10,000 AND ADVISEMENT**
FROM GREEN LION PARTNERS

GOOD LUCK!

Open to BU students and alumni who have an idea or new venture in this emerging industry

BUGLP.COM

SUBMIT BY MONDAY, OCTOBER 10 TO QUALIFY