

## CHECKLIST

# How to Know if an ERP Is Right for Your Cannabis Company



An enterprise resource planning (ERP) system allows you to streamline processes, capture all relevant data and create a cohesive view of your business. But an ERP solution you've used elsewhere may not work, because cannabis companies have some unique requirements that many out-of-the-box ERPs were not designed to support.

Use this checklist of 10 top features to determine whether the ERP solution you are evaluating can support your cannabis business. If your ERP provider can't check off most of these points, it is time to re-evaluate your system.

**1 The ERP integrates to your seed-to-sale solution and other systems.** Your ERP should have open APIs to integrate with your seed-to-sale software, as well as systems such as point-of-sale, procure-to-pay, warehouse management, and other solutions. This allows you to gather financial data in one central source, so you can invoice, create accurate reports, monitor inventory, etc., without having to waste time duplicating entries and uploading information.

**2 The ERP allows you to eliminate manual processes.** A strong ERP platform should be able to handle all core accounting processes. Combined with a seed-to-sale tool, it will enable you to eliminate manual tasks, such as reconciliations, that use up too much of your staff's valuable time.

**3 The system tracks cost of goods and services (COGS) for you.** The ERP should track COGS automatically, pulling info from your seed-to-sale tool. This enables your accounting/finance team to easily calculate COGS on a per gram or per ounce basis.

**4 The ERP has robust reporting capabilities.** Modern ERP solutions like Sage Intacct provide the data for reports on operations, financials and key metrics for investors and other stakeholders. Less sophisticated tools, like Odoo and QuickBooks, do not meet cannabis companies' complex reporting requirements.



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Octavio is a leader in our cloud development and integration group, primarily focused on integrating disparate systems into single platforms. A member of the firm’s Cannabis practice, he focuses on cannabis-specific solution architecture, building seamless systems that focus on functionality and simplicity.

**5 The ERP provides real-time analytics.** This allows you to see fresh, reliable data you can use to make better decisions. Accessible, easy-to-digest dashboards ensure that everyone who needs the data can get it with a few clicks.

**6 The system is cloud-based.** Cloud-based ERPs offer advantages in:  
*Security.* All data is tracked and encrypted within the system, providing a more secure platform than on-premise software.  
*Flexibility.* Users can log in anywhere, anytime via the internet.  
*Scalability.* The platform can grow with you without costly infrastructure upgrades.  
*Lower operating costs.* Software-as-a-service (SaaS) subscription costs include maintenance and updates and are more economical than on-premise solutions.  
*Support.* SaaS models include service support 24/7 without you having to purchase a support package.

**7 The ERP can consolidate multiple entities.** Your system should be able to process each entity independently, while rolling up to the bigger picture. This helps you effectively manage different state regulations.

**8 The system is audit ready.** Your ERP should track historical data and provide easy access to past financials. This helps you smooth out year-to-year changes and provide the consistency that’s critical to a pain-free audit.

**9 The ERP helps you tell your story to investors.** You need a system that provides clear real-time and historical data, to help you present an accurate story to current and potential investors.

**10 The vendor is committed to the cannabis industry.** If your ERP provider exits the cannabis market (as NetSuite did), it can put you in a costly predicament. You need an ERP vendor who demonstrates a commitment to supporting the industry and takes a partner approach with your business.

Need some assistance? Armanino’s cannabis experts can help you find the software and systems that best support your business goals. Reach out to us at [contactus@armanino.com](mailto:contactus@armanino.com)