



How Resellers Can Cash in on Cannabis Point of Sale



It's like a dream come true for point of sale (POS) VARs. There's a new consumer market with a product that people are clamoring for to the tune of \$10 billion per year and anticipated growth of 28% over the next three years: **Cannabis.**

If you haven't considered expanding into the Cannabis point of sale (POS) market, you could be missing out on one of the biggest opportunities your business will ever encounter.

A Snapshot of a Rising Industry

The legal cannabis industry is growing fast. Currently, cannabis is legal for recreational use in nine states and the District of Columbia, and medical marijuana is legal in 30 states. A report from cannabis industry analysts at Arcview Market Research and BDS Analytics estimated 2017 legal sales to reach \$9.7 billion, a whopping 33% increase over 2016. Moreover, their report estimates the market will reach \$24.5 billion by 2021.¹

The product line is more diverse than you may think. Dispensaries sell oil, hash, shatter, and rosin that can be smoked or vaped. They may also offer baked goods and candy, as well as the traditional flower. Medical dispensaries sell products including CBD (cannabidiol) usually in the form of oil or candy, which is used to treat epilepsy or pain.

There are 9,397 active licenses² for marijuana businesses in the U.S.—and all of them need a POS system to help manage their businesses.

¹ Cannabis Market Reports: <https://arcviewgroup.com/research/>

² <http://money.cnn.com/2018/01/31/news/marijuana-state-of-the-union/index.html>



What's Different About Cannabis POS?

There are some aspects of selling cannabis retail or through a dispensary that make it different from other business operations and that require different features than other retail POS systems. Here are five examples:

1. It's a cash business.

At least for now, cannabis businesses primarily deal in cash. There are still federal laws that define it as illegal, and banks, caught in the middle in states that have made it legal, are reluctant to open accounts for these businesses. Politics and legal battles aside, this presents unique challenges to cannabis businesses—which could really use trusted advisors well versed in retail and POS technology as well as strict cannabis regulations to help them solve business challenges such as this.



Recommended Product:
CD3-1616 Cash Drawer



Since all sales are cash, you'll have to equip your new customers with cash drawers that support error-free cash management and top-notch security to control shrinkage and loss.

While you are meeting the immediate needs of the industry, it's also a good idea to provide your customers with solutions that can adapt as the industry evolves into the future. Cannabis sales may not be "cash only" in a few years, so steer cannabis businesses toward systems that have the ability to accept other payment types without having to rip and replace the entire system.



2. Scales need to be sensitive.

You may have sold scales for deli, grocery, or bulk items. But cannabis scales have to be more accurate than a hundredth of a pound. The sensitivity of a cannabis sale must be accurate to a fraction of a gram – both to comply with regulations and to ensure maximum profits.



Recommended Products:
mC-Scales, Customer Line Display




A POS solution for the cannabis industry will include a highly sensitive scale that integrates with the POS and inventory management system for flawless measurement, seamless accounting and easy compliance reporting.

3. Labels are strictly regulated.

Cannabis customers are limited to a specific quantity they can purchase per day. That may seem straightforward, but considering a customer may be purchasing baked goods, candies or oil, the quantity of controlled substance won't be immediately obvious without a label. Some states also require labels to include information about testing that has been done on the products and traceability information back to the source of the cannabis flower.



Recommended Product:
TSP700II



As a cannabis POS solution provider, equip your customers with label printers capable of producing quality labels with the detail required to display information their customers need to make informed choices and compliant purchases.

4. Receipts are more than proof of purchase.

The information that needs to be included on a receipt provided by cannabis businesses are different depending on the regulations in each state. In Oregon, for example, receipts need to include store name and address, product category, something that identifies the products that are taxed, a breakdown of state and local tax, and a disclaimer that receipts are required for tax disputes. In California, for example, it's important to instruct your customers to save all copies of receipts from each day's sales for a minimum of three years in the event that the cannabis store is subject to an audit. Advise your customers to check on their individual state's regulations regarding cannabis receipts.



Recommended Products:
TSP100III, TSP650II, SM-L300



Your customers in the cannabis industry will need solutions that enable customizable receipts that include this information along with the price. Cannabis businesses may also want the ability to advertise a rewards program or other promotions in a practical, cost-effective way. Choose a flexible printer solution that will empower cannabis retailers to put promos right into their customers' hands by printing them onto receipts.

5. Stores need heightened security.

With an all-cash business, a desirable product, and tough regulatory scrutiny, cannabis stores and dispensaries will need a robust security solution. Today's state-of-the-art solutions enable business owners to track inventory with GPS, monitor facilities inside and out with high-resolution IP camera systems, guard blind spots in the store with hidden cameras, and protect their businesses with sensitive alarm systems that send alerts in the event of a break-in or fire. Integrating security with the POS system can provide information that helps business owners identify people responsible if theft occurs and give law enforcement the details it needs to act.

If you don't currently offer surveillance, security or access control solutions, consider expanding your business or partnering with a solution provider who does so you can provide cannabis businesses with a total solution.

Getting Schooled on Cannabis Regulations

To take the role as trusted advisor and to equip your customers with a POS solution that will keep them in compliance with the laws in their state, you will have to learn everything you can about regulations today and stay on top of changes that occur in the future. The following resources can help.

Links to regulations that govern cannabis sales in states where it is legal for recreational use:

Alaska	https://www.commerce.alaska.gov/web/amco/marijuanaregulations.aspx
California	http://bcc.ca.gov/
Colorado	https://www.colorado.gov/pacific/enforcement/marijuanaenforcement
District of Columbia	https://mpdc.dc.gov/page/marijuana-enforcement
Maine	https://legislature.maine.gov/9419
Massachusetts	http://norml.org/legal/item/massachusetts-legalization
Nevada	http://marijuana.nv.gov/
Oregon	http://www.oregon.gov/olcc/marijuana/Pages/default.aspx
Vermont	http://norml.org/legal/item/vermont-legalization
Washington	https://lcb.wa.gov/mj-education/know-the-law

National Cannabis Industry Association webpages that will help you stay informed on other states' cannabis policies and bills that have been introduced to the U.S. Congress:

State-by-State Marijuana <i>(Interactive Map)</i>	https://thecannabisindustry.org/state-marijuana-policies-map/
Priority Legislation— U.S. Senate	https://thecannabisindustry.org/priority-legislation-u-s-senate/
Priority Legislation— U.S. House of Representatives	https://thecannabisindustry.org/u-s-house-representatives-ncia-priority-legislation/

You will also need information by state to set up a POS system to help your cannabis POS customers handle tax collection and payment. It's estimated that cannabis businesses in the U.S. will owe \$2.8 billion in taxes this year³, and your customers need help accurately managing this part of their business.

Links to tax laws related to cannabis in states where it is legal for recreational use:

Alaska	http://tax.alaska.gov/programs/programs/index.aspx?60000
California	https://www.ftb.ca.gov/businesses/cannabis-law.shtml
Colorado	https://www.colorado.gov/pacific/tax/marijuana-taxes-legal-research
Maine	https://www.maine.gov/revenue/salesuse/Bull602016_08_01.pdf
Massachusetts	https://www.mass.gov/guides/massachusetts-law-about-marijuana-possession
Nevada	https://tax.nv.gov/FAQs/Retail_Marijuana/
Oregon	http://www.oregon.gov/dor/press/documents/marijuana_fact_sheet.pdf
Vermont	http://norml.org/action-center/item/vermont-legislation-to-tax-and-regulate-the-commercial-cannabis-market
Washington	https://dor.wa.gov/find-taxes-rates/taxes-due-marijuana

This information is provided for educational purposes only and is not legal advice or a substitute for legal counsel.

³ CNN Money, IRS collects billions in pot taxes, much of it in cash, January 18, 2018, <http://money.cnn.com/2018/01/18/smallbusiness/marijuana-industry-taxes-irs/index.html?iid=EL>



Partner with a Subject Matter Expert

The cannabis industry is in its earliest stages, so it will be important for you to establish partnerships that will help you develop this part of your business as you expand your VAR into a new market, stay on top of regulatory developments, and search the market for solutions that will provide your customers with the greatest value.

Expanding your business to include cannabis POS will take an investment of time and resources, but the right partner can give you a head start by helping you find the information you need and pointing you in the direction of the best solutions.

Star Micronics has POS experts on staff who are available to help you select solutions for your business' growth in the expanding cannabis POS market.

For more information, contact us at marketing@starmicronics.com

About Star Micronics

Star Micronics America, Inc. is a subsidiary of Star Micronics Company Ltd., one of the largest printer and POS manufacturers world-wide. Star Micronics also manufactures high precision machine tools and precision parts. Star Micronics Company Ltd. is ranked as one of the Top 50 "Most Stable" Japanese companies on the Japanese Nikkei. For more information, visit www.starmicronics.com or call 800-782-7636.