

Solving Oregon's Weed Glut Could Solve the Industry's National Supply Chain Problems



The black market had many drawbacks but it did a better job of balancing supply and demand nationally than the regulated market has so far.

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The Oregon cannabis industry is in a major “Green Glut.” Supply dwarfs demand, with over one million pounds of unsold cannabis flower (the equivalent to one billion joints) sitting in the state’s inventory tracking system.

The Oregon cannabis market crashed in November 2017 following the first major outdoor harvest in Oregon's recreational paradigm. Due to the low barrier to entry for licensure, so many businesses entered the legal market that the harvest flooding yielded more cannabis than the total population of Oregon could practically consume. Prices dropped dramatically to unsustainable lows.

Instead of folding, however, many producers have decided to wait out the market dip in hopes of stabilization. Unfortunately, almost a year after the crash, the market has still not regained its equilibrium.

Adam Smith, founder of Craft Cannabis Alliance, believes the lack of market stabilization is due largely to Oregon's history in black market export, stating "We [Oregon] are a world class producer state and we are a natural export state. Northern California and Oregon have exported cannabis for generations and have basically supplied most of the domestic needs in the country for years."

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Smith and his alliance see only one way to truly remedy the oversupply problem – open up state lines and allow for legal transfer to other markets with cannabis programs. This would allow beautifully cultivated Oregon cannabis to find a home in states not traditionally suited for cannabis production.

To achieve a legislative solution Smith and his team have created the One Fix campaign. One Fix would allow the Oregon governor to approve licensed, interstate cannabis transfers, which is the first step in a multi-faceted effort to allow the interstate sale of cannabis. Smith believes it is the only way to save Oregon's unique industry.

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A statement on the One Fix website asserts “Interstate export would immediately end Oregon’s oversupply problem and stabilize prices. It would save hundreds of local businesses and family farms that are currently at risk of collapse, preserving hundreds of millions of dollars in local capital, and thousands of jobs.”

While interstate transfer is very important to the success of the Oregon craft industry, it will inevitably take some time to come to fruition. During this waiting period is an opportunity for the industry to improve its archaic supply chain so allow companies can streamline their own internal operations and increase the likelihood of remaining in business until they can export.

I attended a panel discussion addressing our severe oversupply problem at the Collaborative Cannabis Conference here in Portland a few weeks ago. The common concern of producers was their inability to connect with intake managers at dispensaries. Producers send emails, Instagram DMs and drop off samples, but they have trouble engaging with buyers through these mediums. With buyers receiving a daily deluge of texts, DMs and emails, messages are lost or overlooked in the chaos of their work day. This is not how successful business operates in other industries and these platforms are definitely not designed for cannabis commerce.

Confident Cannabis is a software company tackling these supply chain problems by streamlining the connection between all cannabis producers and buyers, including consumers. They have built a wholesale platform for the industry as well as a groundbreaking tool titled Connect that allows users to select for varieties of cannabis based on cannabinoid and terpene profiles rather than the antiquated Indica/Sativa dichotomy.

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Connect is designed to allow industry buyers and consumers alike to shop smarter by engaging users with data visualization that allows them to examine similarities and differences among cannabis varieties based upon their chemical composition. Because the chemical composition of cannabis (aka chemotype) ultimately informs the overall experience the consumer will have, shopping based off of these attributes is the best way to assure consistency and reliability.

With Connect, industry buyers can browse for the type of cannabis they're looking for. Because it integrates into Confident Cannabis' wholesale platform, dispensary managers can click on a cannabis variety, find where to buy it and easily place an order from a producer.

The wholesale platform includes features that allow buyers to search for specific attributes (cannabinoid and terpene percentages, cultivation methods, grade of material, etc), and helps track all of the required paperwork, increasing efficiency and transparency for a compliant transaction.

Their streamlined approach employs science to facilitate more efficient connections and smarter purchasing decisions throughout the supply chain. Confident Cannabis is bringing transparency to the buying process with their wholesale platform (you can access lab results – a typical hang up in cannabis transactions – with the click of a button) and helping to improve buying strategy among dispensaries. It's an integrative model that is helping struggling producers sell their product in a frustrating market.

When working with businesses in burgeoning cannabis markets in Oregon and across the country, I see many operational challenges as we work our way towards a federal cannabis reform plan. One such challenge is the lack of a scalable wholesale model. When interstate transfer does open there is little to no infrastructure in place that could scale to meet the distribution needs of the cannabis marketplace. That need

is what makes Confident Cannabis' approach so exciting.

Ultimately, the Oregon cannabis industry needs the ability to export, but in the meantime, it needs smarter supply chain management first. And as a global cannabis community we need to continue to forge innovative paths through new problems whether they are focused on education, supply chain management or legislative hang-ups. The smart solutions emerging from talented individuals and companies make this industry all the more interesting.

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