

Thinking Outside the Bud

Episode 394 - Antonio Panella

<https://www.thinkingoutsidethebud.com/podcast/394-antonio-panella>

Antonio Panella, Cofounder & CEO, Bleaum

Antonio Panella is the Co-Founder & CEO of Bleaum, a software company that develops a unique and customizable online ordering engine for retailers, wholesalers and distribution operations with various features such as app ordering, web ordering, kiosk, CRM and others.

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You're listening to Thinking Outside the Bud where we speak with entrepreneurs, investors, thought leaders, researchers, advocates and policy makers who are finding new and exciting ways for cannabis to positively impact business, society and culture. And now, here's your host, business coach, Bruce Eckfeldt.

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1:06

Welcome everyone. This is thinking outside of the bud. I'm Bruce Eckfeldt. I'm your host, our guest today is Antonio Panella. He is co-founder and CEO of bloom. We're gonna talk about the world of cannabis. We're

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going to talk about software, we're going to talk about commerce. This is a fascinating area of cannabis as the industry has grown and scaled. And we're starting to bring in more kind of sophisticated solutions as the various parts of the chain want information want solutions that are, you know, insightful and scalable. This is a fascinating area like how do we collect data? How do we use data to make decisions? How do we have insights into what's actually happening within our companies within our relationships with customers is a fascinating area of this and lots of different solutions out there with different kinds of strategies. And Blum is kind of taking a unique approach to this, that has a unique history. So we're gonna find out more about that and sort of see where tech is going in cannabis, and where some of the potential solutions are. So with all that, Antonio, welcome to the program.

2:03

Bruce, thank you for having me.

2:04

So before we dive into everything that's going on with bloom today, would love to get a little bit of background on you. How do you get into software? How do you get in tech? How do you get into cannabis? What's the backstory?

2:15

Awesome, thank you, basically, you know, started off on the distribution side white labeling products in cannabis. One of my buddies was doing venture capital in California and this was around 2017. He's like, we see a big opportunity in the cannabis space, a lot is going on. And we had some some friends that were involved in the in the Colombian cannabis market in South America, and there was licensing and all this thing going on. So we went we got our licenses to grow, to export a variety of different licenses. And we also, were doing some white labeling and distribution in here in the States. And people were like, Oh, my grandma, like is using your CBD product. And you know, she's not cured, but it's helping her so much. And she's walking again. Yeah, like all these amazing things that were happening to these people. So that was like, we were growing as a business. But it was, it was a very interesting endeavor, because we were really solving like issues for people and helping people and it was really inspirational. And so we're growing in that way. And one day COVID came about and basically just put a pause on our entire business, it just kind of froze, and we were wondering, you know, what, from here, and we were thinking, you know, hey, you know, the, we should get on the E commerce side, you know, that was something that we were talking about a little bit. And then yeah, and so we started looking for a partner that would be able to handle this sort of like are like a sort of a marketplace like E pharmacy we were we were creating a bunch of homeopathic prescription medicines, we're combining them with CBD and like, you know, to sleep better and all these different these different remedies and we wanted to do an E pharmacy where people would, you know, get a prescription from their doctor, they'd scan it and basically, um, you know, that that product would be delivered to them. And what happened was that from a regulatory perspective, it just got really complex, especially in the in the South American market. And, you know, we were in my, my co founder now was like, hey, like, Antonio, like what do you want to do? Like we're here we're sitting in this was like, late 2021. And I was like, You know what, I'm seeing a big a big challenge in the in the market here in the United States for a lot of these dispensaries just they're all kind of in the same boat. And and when I say that, they're all kind of doing the same thing in the sense of like, you know, getting on a marketplace in the marketplaces, were serving a great purpose for many years because you know, they were

giving a voice to dispatchers dispatchers couldn't go out and like, advertise on traditional channels, and they couldn't do so they were so restricted and creating your own tech is just so expensive. So they were just like, I just saw an opportunity. I was like, you know, let's get on I'm gonna get on the phones. I'm gonna start talking to a bunch of connections that we have and just cold calling, you know, companies and understanding more what what what state they're in and what they're needing. And here we are, you know, a year and a half later and you know, we've we've turned it we've turned it into a business and And the idea really is, you know, is it's solving the problem of how do these how do these dispensaries you know, take that next step it's like you get on a marketplace, then that's what we're seeing right they the typical steps are you get on a marketplace undercut the next guy pay more for better placement and send a ton of text messages to the phone carriers don't want this like they're tired of Sprint T Mobile, they restrict it. And they're becoming more difficult as time goes on,

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which I mean, are they but they're they don't want this because it's just they don't want their customers being spammed or they don't want cannabis.

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I think it's both I think they don't want the customers be spammed, and they just don't want anything to do with cannabis. Yeah, it's just they don't want to touch it. I mean, like every, like every other. Yeah, exactly.

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It's just, it's the third rail kind of thing. Yeah.

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So it's like, how do we solve that problem? So So yeah, so here we are.

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So how did you I mean, what was the insight that you had in terms of how you could use your insights and tech to give dispensaries a better, you know, differentiated solution around reaching customers?

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So the idea and sort of the value prop is okay, don't it's not about getting rid of the marketplace, they serve their purpose. Like in any other industry, you know, you use Amazon use multiple channels. So the idea is, hey, look, you know, you go out, you get these customers, you know, you're paying all this money to be on these marketplaces and pull people in, and you have your loyal customers, how do you create deeper loyalty with them. And I always use the analogy of, you know, finding a good Barber, a good hairdresser, you don't go to 20 of them, you go to the one that takes care of us. That's what we do through tech. So what we do essentially, is we'd create their own mobile app and their web portal. And you know, it's a white labeled solution, but we rebrand it to the dispensary. And we have multiple features on the back end. And you know, these people, they're seeing 100 150 people a day, you know, you get 10 people to download your app a day, at least not much. And over, you know, over a 30 day period, you let's say you got 300 People over three months, we're looking at maybe roughly 1000. And so they're getting these people onto their mobile app, and now they're sending them push notifications, and they're saying whatever they want, they're not being, they're not being charged extra there. And they're really creating that deeper relationship. So from the back end, from our back end, you're able to automate deals like BOGOs tear deals, and tell the system Hey, I for the next 30 days, I

want this BOGO deal to be on Monday, Wednesday, and Friday, and it'll automatically send a push notification and launch that deal. So it really just creates a deeper relationship with those customers and with those loyal customers. And that's the idea. It's like, how do you create loyalty? When on a marketplace? The idea is like undercutting the next guy, like how do you like how do you how do you get away from that? And how do you create a relationship with your people? So from a tech perspective, that's that's kind of where we're coming.

7:33

Interesting in terms of the market. I mean, what are you noticing about consumer behavior? I mean, is this what consumers want? I mean, they kind of want to pick a dispensary, you know, retailer to have a relationship with him where he can kind of track things. I know what I've ordered. I can, you know, I kind of, you know, I've got some kind of insight into their products, right? What What would you say you're learning about consumer behavior or patient behavior

7:57

verse. I love that question. And think about this, you there's 500 Plus products behind a dispensary shelves, like this customer spends approximately, on average, about seven minutes in the dispensary. It's up to the budtender to kind of say, hey, this, this and this, but think about what they're leaving out. So the idea is here, customers are going into the mobile app, they're browsing, they're looking at the multiple different products, products that they didn't even know about. And then they're asking questions. So now they're becoming more educated about the product offering now they know what, what's good for them, what's available, what's really out there. Yeah. And they're able to find medicines that suit them in a better way. And that's really, I think that that's what we're seeing. And then through that, through that relationship through that communication with the dispensaries. Now there comes loyalty, right? Because loyalty isn't magic. It's not. It's not like something that's impossible. And it seems that way, like this black hole of like advertising and all that it's like, it's just taking care of people over time answering questions and giving deals every once in a while. And so we're seeing a lot of that a lot of interaction, and getting away from the Hey, I charge, you know, \$2 less. So, you know, you come to me, and people are traveling 20 miles to save two bucks when you know, and that's how

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you're spending \$5 on gas. Product ID so that's, yeah, you know, it's just fascinating. I always find that even an kind of personal experience. Yeah. I mean, the dispensary is kind of not how do I say it really doesn't promote or helped me really kind of explore navigate products, right? Like everything is mediated through this budtender I gotta take a number or you know, I'm in line. And there's a little bit of pressure I like the idea of, or what are the benefits I find about sort of the apps is that I can take as long as I want, I can do my research, I can look at different products, I can compare them, like I have this kind of low pressure kind of thing. And also like I can start you know, once I have some data on the product, I can start filtering, you know, it gives it's a much more robust tool for me to actually navigate the the products that are available, like are you finding people are doing or interacting with the app a lot more or in Different ways

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they are. And what we're seeing as well, which is a really interesting phenomenon is that, you know, okay, so we have like two or three major marketplaces, one that just stands out, right? Weedmaps, right. They're the ones that are just kind of like, they're in most of the states. And so, but the dispensaries are sort of confined to these. And so what we're seeing now is we have now clients that are creating their own subcultures their own mini marketplaces. And so they're teaming up with other dispensaries and saying, Hey, let's jump on the

platform. This is our, you know, subculture, and let's all you know, work together, and, and bring people on. So it's like, we're creating these mini marketplaces. And it's really exciting because it now becomes more of like a community based thing, rather than just one player that just does everything. And, yeah, we give them the tech that they normally wouldn't have access to from just a cost perspective. Because see, you know, you design something like this, then you got to at least pay what one or two people full time to be there. There's dates, there's all types of things, server costs, and, you know, we kind of remove all those hurdles and say, hey, you know, go grow, like, join with other people create your community, you know, expand, you advertise create deeper relationships.

11:09

Yeah. And I'm, I'm curious, as you kind of figured out the design and kind of the product strategy on this, like, how much did you borrow from other industries or kind of just general benchmarks or standards or models for customer interactions, and then what needed to get kind of tweaked or really kind of rethought when it comes to cannabis? And I'm curious from a product strategy, what you've learned in the process?

11:29

Absolutely. So my co founder, basically, we started off from doing this for really large scale pharmacy chains. And so the pharmacy industry is quite regulated as well, not as regulated as this as the cannabis industry. We're not as difficult ironically, but we, you know, we brought that tech to start off with so we had a good starting point. Now, of course, you know, when we talk to these dispensary owners, or you know, we really get into the nitty gritty of the problems that they're going through and, and what they're looking for, and how they're looking to create certain things. I know it may sound like minimal but like things like BOGO deals and just certain ways to structure promos, you know, we've we've kind of created new little things around that. But overall, the base of the foundation came from the pharma pharmaceutical industry. And so we're seeing from a base level, we're seeing success with that.

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And once a company what's a dispensary is on a system like this and starts having kind of this kind of capability as well as data nature of relationship, like what are the some of the things they can start doing that are maybe unique, or, you know, different than kind of other channels or other kind of customer relationship tools that people have. So

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one thing that's very important is that we don't sell the customer data, like a lot of these companies, it's their data at the end of the day, right? It's their data they're selling, you know, what we do is we focus on on on the dispensary maximizing that customer data. So I mean, just in terms of email marketing, in terms of seeing like abandoned cards, you know, little notifications, contextual Chat, where they are able to see you know, where the customer is browsing and what they're doing just to answer questions more effectively, little features like that have seemed to give a good push in, in creating that sort of, like deeper relationship with those customers.

13:07

And are they are dispensaries finding that customers are spending more time or, or more of the time spent online than, and they're just kind of going to the store just to actually do the transaction itself.

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So we're seeing a combination, like, we're seeing that, you know, there are customers that there are some dispensaries that that will have those orders, like on our platform, you can have time deals. So for example, if there's a 24 hour deal, and you you know, you're at work or what have you, and you can't make it to the dispensary, you can make that purchase on the app or on the web portal. And you could go pick it up, you know, the next day or the following, etc. But ultimately, it's really the browsing aspect. Because a lot of times it's really just about seeing what's available, seeing the promotion, seeing the products, asking questions, and then going into the dispensary. So we see a combination of both, you sort of have to incentivize, and it's also depending on on the state or where we are, right? Because in California, we could do delivery, we could do different things. So you know, they can they can make their purchases and everything can go through there. But then, you know, it's in a state like Oklahoma, it's all soft orders, and they have to go to the dispensary regardless, so whether they make the purchase online, or whether they're browsing, asking questions, and then they go to the dispensary, you know, it's kind of here nor there, right? There's no real I mean, unless the inventory is low, which, you know, we do display inventory quantities. So that can also sort of a nudge to kind of make that that push forward. But it's a combination.

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And as you're kind of working on these different markets, what are you noticing about different states, you know, in terms of, you know, what dispensers are doing? Well, what are the challenges, like, I don't know how unique this solution becomes when you're kind of crossing state lines give us a sense of how you're kind of dealing with the map, the constellation of states that we've got in the US here.

14:46

I mean, of course, each state is its own world, right? Yep. from a regulatory perspective. I mean, each state does their own thing. Now, you know, we integrate with several POS is from a regulatory perspective, you know, that's all handled through the pls and whatnot, but um, The idea here is this. Okay, so now you have your tech, now you have your mobile app, you have your web portal now it's like, okay, let's create, let's create relevance. Let's push. So what we're seeing, I mean, we're so in general, Google Now is allowing CBD products to be sold through Google and advertised. And so we're seeing customers advertise now on on Google. And we always, we always say, to advertise your app, you know, you can advertise your app on Google. And so you know, getting the dispensary around me people is a huge thing right there 64 65% of dispensary searches are done on Google, and barely anybody's taking advantage of that. Because you get you know, you get banned, you can't do anything with that. But if you can advertise your app, so it's like, Look, if you, you know, put \$100 into Google and you got 10 customers, your customer acquisition cost is now \$10. And that customers are being you know, 5060 bucks a month. So, yeah, I guess from an advertising perspective, you know, state by state, they're, I think they're able to, like, enter into these new channels that previously are sort of untouched, and touch on clients and people that aren't really being catered to.

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Yeah, in terms of your sort of the underlying solution, any, any challenges or anything that you've had to deal with, from either a compliance point of view or a technology point of view, I mean, as this, you know, coming out of pharmaceutical, same kind of deal, or as you'd have, you had to do anything different. In terms of your actual underlying infrastructure when it comes to cannabis. It's,

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it's been I mean, it's, it's been very similar as far as like age gates, you know, certain requirements. On this side, of course, like anything from like, in Canada, it's much more complex, right? Like they the verification of anybody over the age to in order to buy cannabis, they want to prevent, you know, any minor from buying cannabis. So they've taken like, the extra steps really haven't touched the Canadian market yet. We have a lot of customers that have been reaching out to us and payment companies, and we're in this has been the process of like developing those relationships, but we're, we just we've just focused on on we're in three states right now. So we're just focused on that, you know, and, and sort of, you know, as we grow, and as we, as we understand more, and as we have more, more time to really jump into those, those specifics. And when it comes to like, you know, entering into the Canadian market, we can, we're just, we're just integrating with so many point of sale systems, getting things right, trying to like iron out system. I mean, we look, the reality is we're about we're about seven months old right now, like, as far as having live clients. So we're relatively new. We just came onto the scene. Yeah, we've been, you know, building our system for the better part of 2022. And, you know, we relaunched our first clients in November of 2022. So, I mean, it's all kind of new to us. But But yeah, I mean, we're, you know, when, when the time comes, we will enter into these new markets.

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Yeah. And you mentioned you're integrating a lot of these POS systems. I mean, what's your take on the kind of the landscape of cannabis tech at this point? I mean, we've got a lot of these systems, you know, everyone's got kind of a slightly different angle, different kind of handling a different piece of the chain. Where do you think the future is going to be here? Or we're going to continue to see lots of these applications or we're going to have consolidation? Like, how do you envision kind of this market playing out for cannabis?

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Bruce Sigler, great question. And this, I think that, you know, this market is going to grow so much, I think entering into the cannabis industry, it's all about relationships, like, yeah, you know, a lot of the pls that we integrate, offer EECOM, etc. Like, it's, there's a very large opportunity, and it's growing. I mean, look, there's it just to give you an example, there's 52 dispensaries per 100,000 People in Oklahoma, there's two dispensaries per 100,000 people in California, there should be approximately 25 dispensaries, per 100,000 People in general. And so if we extrapolate that and apply that to the United States, we're looking at something like 90,000 dispensaries, and that's not considering the amount of processors growers, I mean, this is going to be huge. And so it's really I mean, I do, we'll probably see, you know, more players in the market. But I think that this, it's going to be such a large opportunity, you know, and people are sort of maybe under estimating it or not sort of seeing it that way. But once we see federal legalization, it's going to be you know, I think it's, I think a lot of people are gonna jump in. And I think that ultimately, like, you know, building the foundation with the current companies that we are all the relationships that we have, I think it's gonna it's a pretty big moat. Like I said, you can't just jump into the cannabis industry and say, hey, you know what, I'm gonna offer email. I'm like, There's relationships, there's integrations, there's, there's things there's understanding. So it's,

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yeah, when you look at the sort of the dispensaries that you're talking to, is there a target that you tend to find, particularly sort of size, a dispensary, or situation of a dispensary? That works? Well, for this kind of solution? Like what areas? You know what dispensaries wouldn't use a solution like this, either because they're too small or too big or the wrong market? Like where's your unique kind of customer within this landscape?

19:36

Yeah, and that's a that's a great question. And the reality is a lot of these new dispensaries, they're trying to just get out there. And their approach is, I don't have any customers. I need to get my voice out. Yeah. And if they have a little bit of money, you know, they're able to get on a marketplace and hopefully one that has, you know, a good reach in that area. And they sort of want to pull people in to start our targetism. We're like the three to 10 dispensaries. And you know, a couple up we have, you know, we have a 2020 dispensary chain and using our tech as well. So I mean, it could go up but the idea really is it's more of an established dispensary that understands their customer understands, you know, their value prop comparatively and can deliver and really just wants to, you know, create those deeper relationships with their with their customer base.

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Yeah, and where I guess where do you see yourself going with us? You mentioned you're in a couple of states? Like, is there?

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Are there markets that are more appealing for you less appealing for you? I mean, we've got a couple of new markets, big markets coming online here, hopefully in the next year or two, how do you navigate the the state by state kind of strategy? You know,

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it's, it's interesting, because we, um, you know, I think I think the best states for us, especially at these times, is the states that have the, the most amount of dispensaries is just to kind of get out there and like, you know, create sort of, it's interesting, it's like, we started in Oklahoma, we got a big a big group, that big group, we launched them, and then we had other groups reaching out, like, hey, I need this, Hey, I want this. And so we I think I think we need to go we'd like to in order for us to sort of expand and what that looks like in the next couple of years is like to find a little bit a little bit more reputable dispensaries in the in the states that have a lot of dispensaries, kind of partner up with them, have them launch and create a new, a new approach a new way, a new acceptable way. Like if some, if some larger entity is doing something they must be, you know, there's a strategy behind it something is happening, they're on to something so you know, how can we be a part of that as well. So it's like, if they're doing it, you know, they're gonna start competing at a new level, we have to do it too. And we're seeing a lot of that. And what's really cool too, is that, you know, we when we make a partnership, and you know, we started focusing on the, on the dispensaries and you know, now we have processors, wholesalers distributors, like, Hey, you guys, I love what you guys are doing, like, Can we do this for our processing facility? Can we do this for our distribution, we, you know, we want to send you to a leaf link competitor. And so what we're opening the doors to massive competition, and from smaller entities, maybe they don't want to become, you know, the next Weedmaps the next Amazon, maybe they just want to have, you know, their share of the market, but they they don't have from a tech perspective, those tools. So we're bringing that you know, from from multiple different areas in the cannabis industry. And it's exciting, and especially when we launch these kinds of like, you know, we do demos, the funny thing is we do demos, and people look at the title like this must be super, super expensive, like, I can't afford this. And, you know, we're not the cheapest either. Yeah, we do make it accessible. And, and it's exciting, we launch our clients, they start getting people, you know, to download their app, it's there's, it's, there's a there's a really a really close relationship that we end up developing with, with our dispensary partners with our Grow partners, you know, et cetera. And it's, it's we become their partner, and it's like, hey, you know what, we need to tease out this particular data point, can you guys help us? And we'll of course, right? Like, we're there hand in hand. So we're

learning with everybody because they will tell us hey, look, we need a loyalty point system, you know, apart loyalty point system for, for our downtime, downtime, you know, for Monday, from 9am to 10, and then from three to four. So like, we need a loyalty point system to serve that. So we created a loyalty point system, and people love it. And so we're like learning as we go about how to like really, really maximize from a tech perspective, you know, these companies reach and their availability with their clients. And then just again, and I say this, nobody dies, but creating deeper loyalty with their customers. That's that's the focus of our tech. Like, if we do anything, it's just it's specifically that.

23:43

Yeah, yeah. This has been great. And Teddy, if people want to find out more about you more about bloom, what's the best way to get that information?

23:51

Are we go to our website, it's bleaum.io. It's Bleaum.io. Or you can email us at comms@bleaum.io.

24:05

Awesome. I'll make sure that information in the show notes people can get get that click through. I tell you, this has been a pleasure. Thank you so much for taking the time today. Awesome. Thank you, Bruce. That's it for this episode of thinking outside the box. Be sure to subscribe using your favorite podcast app so you don't miss our future episodes. See you next time.

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