

Thinking Outside the Bud

Episode 423 - Izzy Kirsh

<https://www.thinkingoutsidethebud.com/podcast/high-tech-healing-izzy-kirsh-unveils-modes-cannabis-revolution>

EPISODE TRANSCRIPT

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Bruce Eckfeldt

Welcome, everyone. This is thinking outside the bud. I'm Bruce Eckfeldt. I'm your host. Our guest today is Izzy Kirsch. He is founder and CEO at mode. We're gonna talk about cannabis, we're going to talk about devices, we're going to talk about usage and really kind of what's going on in the world of consumer products and kind of different uses or different ways of consuming cannabis. I think a lot of kind of the challenge here, as we've kind of expanded the market and gone from traditional cannabis users to kind of new groups, new segments, new populations that are interested in integrating cannabis into their lifestyle into they're dealing with various whether it's medical conditions or issues of sleep.

And we're just looking to find some relaxation and some ways of kind of really integrating cannabis in your lifestyle, how we consume cannabis and kind of the modalities and the different kinds of ways different type of products that we use. It's fascinating. And we've seen a lot of kind of interesting innovation and technology coming into the space that are really kind of changing the game. And making things kind of different in terms of the technology in terms of consumptions in terms of really kind of understanding what cannabis is how it's being used and excited for this conversation is he and his team is developing some really interesting products and really innovative space. So I'm excited to see what they're doing and hearing more about the product. So with all that is welcome to the program. Thanks, Gary. It's

Izzy Kirsh

great to be here.

Bruce Eckfeldt

Yeah, it's a pleasure. Before we get into what you're doing today, and mode and the product, give us a little background, how did you get into product design? How do you get new information? How did you get into cannabis? What's the backstory?

Izzy Kirsh

Yeah, sure. I'm originally from New York, moved to Canada as a kid, and then found myself back in New York, going to university, met my business partner, and at school, and we kind of started working on that project, similar time discovered, you know, the internet and the opportunity around scale, and, you know, building

businesses that can grow much bigger and much faster, obviously, through the internet, as opposed to doing some brick and mortar things, or trying to talk to local businesses. So we right away started building online, it was quite new to me, you know, I was 1819 at the time. And it was just very exciting. I've been more the creative side and designer and I've been drawing since I'm a kid. So always been more I guess, focused on on product and making something that's functional, but at the same time, aesthetically pleasing, and useful to the final user.

So my business partner, he was a bit more finance focused, I was more product focused. And we just kicked off on starting some tech projects, that has now continued 14 years deep in the tech space, as a designer. And as somebody building technology startups, I've moved from working on a lot of software projects, initially, to getting more excited about physical products and what the opportunities are, and how much more you interact with it as a user compared to you know, just making another dashboard or another mobile app or your things online. So I found myself building an IoT platform in Silicon Valley. That was in the commercial real estate space. About we learned a huge amount about Bluetooth sensors and connected apps, dashboards and data platforms and everything that's involved in building an Internet of Things platform, which kind of led me to this opportunity.

Bruce Eckfeldt

Yeah. And how did this opportunity come up? I guess what was your relationship with cannabis before? How did you kind of come up with the idea? How did that spark? Yeah,

Izzy Kirsh

absolutely. So I've consumed cannabis in the past, I've also lived in Amsterdam for a little while, so definitely had some exposure to it. And now I've been in California for over a decade. So I've definitely gotten a lot of just seeing it evolve and seeing it become so much more mainstream in California at least. And seeing the different products on the shelf and how things are adapting and evolving to the new consumer trends. What happened to me was that I had an injury and some surgery as a teenager, and then needed to have surgery again in my early 20s to remove hardware and screws

Bruce Eckfeldt

that were installed. So it's fun. Oh,

Izzy Kirsh

yeah, a real pleasure. That led me to deal with a lot of chronic pain and need to go through a whole healing process. What I found was that certain strains were actually making me more sensitive to the pain. It took a little while to notice that but it was once I realized that it became quite apparent and it became this kind of design challenge of there's definitely some strains that work for me, definitely some that don't. And I can't be the only one trying to figure out what's right for me.

There has to be some way to figure it out using tech and and a device that allows you to do so the realization was dosing is the missing piece and then if you add it or education on top of it, where people can really understand how the different modes work and how to consume it and They provide a consistent dosing platform, it just becomes a real tool for mainstream society. So with that, and as a product designer kind of became a little obsessed with figuring out, okay, what is the right product? How is the end user going to interact

with it? And how can we build something that kind of gives us that data that allows us to keep building and then eventually get the real personalization for cannabis? Yeah.

Bruce Eckfeldt

And what were some of those kinds of challenges that you saw, like kind of going from, hey, I've got this idea for a product to like, how did you actually start to approach developing the solution,

Izzy Kirsh

right, I've moved from flour to vapor, just as I was trying to dial it in and figure out what's working, what's not. Vapor is obviously a much more simple and discrete form factor, you know, the whole block to know that you're consuming or you're consuming with labor. And I started kind of counting in my head a few seconds, trying to dial in the dose very rudimentary, and realizing that vapor is a great delivery mechanism, it has a high absorption rate and instant bioavailability. So as far as like kind of medical terms, it's instant relief. And that's a beautiful thing. But without any dosing or understanding of how much you consume each time. It's kind of trial and error. And just trial and error, each puff. And each session or experience is entirely different based on the battery half the cartridge you would have. How long have you inhaled and your mood and different factors like that. So realizing that I've reached out to a business partner and to a friend that I had here in Venice, and we started kind of exploring what this platform would be.

Initially, we thought, let's build this whole kind of siloed pod system where we have full control over the different aspects that we can really dial in and dosage a lot easier. But with time, we kept coming back to the 510 cartridge. If you're not familiar, the 510 thread cartridge is the universal cartridge that's currently sold in every dispensary across the country and across the world. They sell 100 million plus globally every year. And it's a standard across the industry. So we saw it, and we saw that there's definitely an opportunity, obviously, it's going to be a lot more challenging to work with all these different cartridges, manufacturer hardware, as well as the different brands and the different oils are putting into it. So as technologists, we thought if we can really get to that and figure out a way to figure out dosing, we now have a real scalable platform and something that can be national and international, and make us a global business very quickly. So we put in the legwork on the back end, where we built a lab and dosing robots, as we call them, that allow us to get real precision on each puff and figure out exact milligram release on each puff. And then based on that we collected a big data set and were able to build some dosing algorithm. That was our approach. Yeah.

Bruce Eckfeldt

And what were some of the kinds of challenges as you get into that, like, what about the plan kind of worked beautifully, and what I thought the plan didn't

Izzy Kirsh

have lots of challenges. And I guess initially, I knew cannabis is going to be challenging, I knew there was limitations in the capital and marketing. But as we got into it, though, the amount of limitations is was quite profound. Obviously, we're hardware product, and we require some upfront capital to, you know, get through manufacturing and production.

So starting to reach out to some of the Silicon Valley investors that we had no in the past and interacted with in the past, it became very clear very fast that that was not a solution. They all have LPs and laws around what

they can invest in, in cannabis is just not on that list, you know, due to the federal situation. So it comes down to cannabis investors, those are, at the time was was, you know, a lot more limited and cannabis investors, a lot of them know about cultivation and extraction by getting into consumer electronics and building IoT platforms and the software and all that they weren't as knowledgeable and it was a bit more of a challenge to explain it to them. Luckily, we did find some capital groups that saw the vision and saw the opportunity, and we were able to get funded and get into production. Outside of that, it was just quite technology undertaking of you know, building these dosing, all the dosing equipment, building the algorithms, and overall making a high end consumer electronics product that that works consistently, and is elegant and provides a real solution every time. Yeah,

Bruce Eckfeldt

I mean, it's quite a well designed product. I mean, tell me a little bit about the design choices are kind of I guess what you were going for both in terms of kind of functional, but also in terms of, you know, aesthetics, and who you imagine using this and how, right, absolutely.

Izzy Kirsh

So we really tried to zoom out and think, a bit more long term, you know, 510 years from now, what is mainstream? How do we interact with it as a mainstream society and how do people use it to play has really influenced their life without it becoming a vise or something that is, you know, negative in the short term and in the long term. And we really tried to focus there.

And we even worked with branding agencies as well as industrial design groups that did not have any cannabis connection. And we're able to come at it from a holistic health and wellness place and think, Okay, what is a mainstream product look like that doesn't look like any kind of weed paraphernalia and has a premium feel to it. And, you know, people won't feel weird or concerned to have it on the table, interact with it and use it in a positive way. So that's been our kind of branding ethos from the get go. And that's allowed estimate a lot of decisions that, in combination, have come out to be a very solid brand and a very unique and beautiful product.

Bruce Eckfeldt

Yeah. And I guess, where do you see yourself competing? Or who do you see yourself competing against? And where have you kind of found your segment or have you kind of found a niche in here?

Izzy Kirsh

Alright. But I do think it's, you know, the, the markets still so early, that there's so many mouths to feed, so to speak. And they say it's opening up that I don't focus as much on competition, I think everybody can build a business and be successful if they put in the work and focus on the customer. But as far as we're providing dosing solutions, people consume edibles right now, because they don't want a drastic effects of hitting a joint or blunt or taking a dab rig, or dad hit or those kinds of things. And even with the vape pen, some of them have just had negative experiences from that.

So they stick to dose edibles. We think that once they see products like this, it will be come a lot more comfortable with it. There's also not people who currently don't touch cannabis at all. And there's definitely benefits for it is just the right form factors haven't been provided to them. And we think we start, we are a

platform that can start talking to those kinds of customers more successfully, we definitely talk to the medical patient who has a very real need for it, and doesn't want to just fly away every day, they want to be functional, and they want to use it as a medicine. And you know, it's a no brainer for them. And then obviously, we've had a lot of great feedback, even from recreational consumers who really let me just step back and say, as a brand as well, we tried to zoom out and not put these two groups into boxes. You know, everybody in industry talks about, there's a medical box, and there's a recreational box, and we just say, let's zoom out of it. It's about use cases and objective.

The medical side, let's talk about somebody with Parkinson's to who needs a specific solution. different cannabinoids are the right dosage to achieve the results you're looking for. Someone has cancer, and it's to deal with it. Someone has chronic physical pain and needs to deal with it on the well health and wellness side, somebody wants some better relaxation, or some better sleep on the recreational side. So maybe one's better socialization, better relaxation, or just something to, you know, wind down at the end of the day. If we talk about the benefits and the objectives of the plan, it becomes a much more holistic conversation instead of just putting people in the box and basically using it for medicinal reason, or just, you know, abusing it. And that's just not the right way to look at it.

Bruce Eckfeldt

Yeah. All right, I guess what's your feeling around this kind of setup we have with medical programs, adult use programs? Do you feel like there's, I guess, do we feel like it works? Do you feel like it impacts your approach to the market?

Izzy Kirsh

If it works, I'm not convinced the worst because it's that easy to get a medical card. So it was that easy to get a credit card, all the data is skewed pretty heavily. And then adult use is allows for both so that you don't really know who is what. And like I said, it's really just about the benefits. The reason we're in this situation is for the last 100 years, the federal government said this has no medicinal value and pushed it to the black market. Now then you have drug dealers, trying to get people as messed up as possible and giving them the highest doses, you know, the highest potency at the cheapest price, that becomes the main focus. And it's just about getting as much as possible all day every day.

And like I said, the only reason that's the case is because the government did not acknowledge that this is nature's medicine growing out in the fields. And if we can harness that successfully understand the dosage, provide some education, and then distribute it in a healthy way from the top down. It would be a very different situations. So the fact that I could even introduce a dosing device, and it's a novelty and 2024 is a testament to how behind we are. And you know, the opportunity for us is as this thing goes mainstream across the US and then goes mainstream globally.

Bruce Eckfeldt

Yeah, and where have you seen kind of traction I guess which markets did you start in? How have you kind approach you know, kind of expansion were guess how aggressive or how cautious Are you being?

Izzy Kirsh

Yeah, absolutely. So what's unique about us and why we chose the 510 cartridge is We are not a plant touching business. So we just have hardware and software. And with that comes a lot of flexibility and a lot of space to grow. So, to date, we've actually shipped over 45 states across the US, including Alaska, Hawaii, and Puerto Rico. And we have customers and all those states successfully using our device and buying cartridges from their local dispensary that they put into our device. And it's working for them. So we're pretty widely spread out across the US. And we have some, you know, interesting data because of that. That is where things get interesting and allow us to really hone in on cannabis personalization, which is our kind of Northstar is trying to figure out how do we get through personalized recommendations for an individual who can get onboard and successfully use cannabis successfully? And keep optimizing based on the data? Yeah.

Bruce Eckfeldt

So I'm curious what data you're collecting around users around us, like, how are you kind of gathering this data? Or what data are you gathering? And then how are you developing insights or where some of the insights you're finding? Yeah,

Izzy Kirsh

absolutely. So this is obviously anonymized data that we're collecting from customers who are interested in optimizing their experience. So the device connects to a mobile app via Bluetooth. And that allows them to really dial in and understand what's working for them and what's not. So the user goes through an onboarding flow, when they first purchased the device, ask them a set of questions around their weight, their height, their age, their gender, what their objectives are with cannabis, what their previous experience has been with cannabis, what state they're in, things like that, they really start honing in on their unique profile so that we can provide them the best recommendations.

From there, they go and purchase a cartridge at their local dispensary, or they pop it into the device, and they would identify it on the app. So they're choosing the brand and the strain they're using, they can put in cannabinoid information, if that's not already available. And that allows them to start tracking their cartridges and seeing what's working for them. Once they start using the device, they have a chart that starts showing them the milligram amounts or using per day. And that can really help you figure out how much you should be using what's working for you what's too much, and, you know, get better keep optimizing over time. The next steps, and we're just kind of an early versions of this. The next step is the feedback loop. So we're asked starting to ask very specific questions, as the users interacting with it to get an understanding of how it's affecting them. So how was your experience? What were the positive effects? What were the negative effects? What was the duration of that dosage? What how was the flavoring, you know, some of these different aspects that can really start dialing in that data from there.

And then our goal is to get to personalized recommendation, where we can successfully onboard a new consumer who has never interacted with cannabis. And they feel fully in control with this device and app for over one or two weeks, where they're slowly increasing their dosage. We're asking them questions, they're getting themselves on boarded successfully. And then let's say they have Parkinson's or they have a specific ailment, we can recommend a very specific dose plan. And they can put themselves on it and kind of regiment themselves and have something that's consistent and keeps track and keeps improving. So that's always been our Northstar is like, let's get to a point where using this dosage platform, anybody can use cannabis without too much thought or trial and error. And it's successful every time and it's providing positive effects.

Yeah, I guess seems like there's so many things you could measure by cannabis. Like how did you decide on the things you were going to capture so that it was kind of broad enough to have a good set of data

Bruce Eckfeldt

but not so broad? Like he was gonna be overwhelming for a consumer and you know, having to answer 350 questions before you actually start consuming. Alright,

Izzy Kirsh

definitely. We spent a lot of time thinking that through I've definitely spent a lot of time and the good thing here is I'm kind of patient number one. And I've been using there at least prototypes for many years now. And it a lot of it has been very easy in a way just because I understand what I need and luckily there's a lot of people who are similar to me and have similar needs. So we work with our branding agency as well and really honed in on context intention cannabinoids dosage.

So context is who you are. Intention is what's your goals with cannabis? Do you have objectives? Yes, specific ailments or wellness goals or recreational goals. And then cannabinoids is what combination of cannabinoids, there's over 100. We still are getting, you know, learning about those. But which combination of cannabinoids do you need? And then dosage, how much of that do you need to take to get the best results? So that's kind of the four pillars. And by utilizing that we can really start building a strong solution that eventually kind of decodes the science of cannabis, as we call it, where it's a Missing datasets here, but eventually it gets figured out. And the reason like I said earlier, the reason all this is still early days is just because the federal government says this has no medicinal value for the last 100 years.

So there has been very limited science and research going into really breaking down the cannabinoids, breaking down dosage, understanding the biphasic effect of it, understanding different people and their different, I guess DNA makeup and things like that. How do these different cannabinoids affect it? But that's the opportunity. And that kind of realized a crowdsourcing opportunity by providing this platform and being able to ship internationally.

Bruce Eckfeldt

Yeah. And I guess, do you feel like there's a difference in terms of kind of the data or use or even kind of branding for the consumer, or the user that's looking mostly kind of, I'll say, kind of physical therapeutic benefits versus more kind of pleasure, you know, culinary, almost, you know, looking at the kind of the nuance of the actual flavor profiles, I guess, how do you bridge or divide those worlds in different ways?

Izzy Kirsh

Yeah, that's been a challenge, because we know that this platform, and the use of this device is going to be valuable to all parties. And within the context of cannabis is going to be valuable to MediCal patients to health and wellness consumers and to recreational consumers. So we spent a good amount of time as well with our branding agency trying to work through how do we position the platform and the product that it still resonates with all these groups, and we kind of ended up somewhere right in the middle of a health and wellness platform that still should be exciting to the recreational consumer, and should be obvious to the medical patient, we

have a very mixed bag of customers. So far, we've only received five star reviews. And there's a good number of them that are straight, heavy, recreational, so to speak. And there's a good number of them that really use it for pain management and for medical needs. And they both seem to get the value of it for slightly different features or different reasons. But overall, it's resonating with just right. Yeah.

Bruce Eckfeldt

Tell us a little bit about the I guess, product design, the kind of product and strategy. And I guess where you are now where you hope to go? Like what are you kind of thinking about in terms of the future of how this product works?

Izzy Kirsh

Yeah, absolutely. So some of the key features of the device itself. And I will mention that when you unbox it, you don't need to use the app, it's not a requirement. It's just an addition, if you want to additional value of being able to see our consumption and get recommendations, all that. So you take it out of the box, and you buy your favorite cartridge, and you push it in. So we actually just got the patent granted last year for our quick snap connector. And that's basically a female connector that allows you to push in any 510 thread cartridge without needing to use a magnet or screwed and so it just makes the experience that much more simple. Yeah. So you can think of it kind of like a pod system works now where you can just push in a pod, you don't need to do any screwing or using magnets with 510 cartridges.

All current batteries require that. And, again, us running ahead 510 years and thinking what is a premium mainstream consumer electronics product look like? We saw the the need to make a leap here and make something that was, you know, much better user experience. Oh, we got the patent granted, and you know, we're pretty happy with that. From there, there's a capacitive touch slider on the front as well as a display. And on the slider, you can slide up and down to choose the milligram amount you want per dose. You can also select which cartridge you have. So if you have identified in the app, you can choose which one you're using right now, as well as see some device information and the battery levels, things like that. Once you start inhaling, the number of starts running, and you can see the number run all the way to the dose amount, and then it will vibrate them shut off, indicating that you've achieved the dose and it won't provide any additional labor once the dose has been

Bruce Eckfeldt

received. The automatic cut off. Yeah,

Izzy Kirsh

automatic cut off exactly. If once that's done, a dosage bubble will show up on the app. And from there, you can start tracking and understanding what's working for you. Yeah,

Bruce Eckfeldt

and where do you see the product going anything around? What you're hoping to incorporate either in terms of the physical product or hardware software? Like what's the next phase for you? Yeah, absolutely.

Izzy Kirsh

So we're getting into, you know, some larger mass production this year. And we really spent a lot of time working on this v1 product that we feel it's fit enough and you know, well designed enough that it could scale to 1000s and 1000s of units. So there's a good amount of runway here for us to really get this out into the market and provide a solution that crossed the country. We do want to go international in the next 12 to 24 months and it's just a few additional certifications that would allow us to start doing that, then Kevin opens up. And obviously Europe is getting very exciting and interesting, as these different countries start looking at it more aggressively. And there's just a lot of expansion opportunities, like I said, because we're just hardware and software. And we can ship this nationally and internationally, it puts us in a very different playing field and allowed the cannabis brands and a lot of the proprietary vape devices that require the filling equipment and the distribution partners and retail partners all with the in each state that they're working in. So they've got a massive hill to climb.

And we're able to kind of scale because we're just the hardware and software, as well as some, you know, yeah, like I said, the 510, it was our initial go to market, it's still 75% of the vape market, it is the majority, and there's a lot for us to do there. With time, we can potentially have some more of a modular design where we can allow different pod systems or different types of cartridges to integrate with our device and platform. That's definitely some expansion opportunities. And we're also excited to start looking eventually at nicotine cessation and psychedelics is kind of SR business opportunities given that most of the platform can then be duplicated and used for in those industries.

Bruce Eckfeldt

Interesting. So you can use the underlying technology on these the same kind of related related industries. I mean, technically, you can the same kind of vaporization process works for those products. Yeah,

Izzy Kirsh

I mean, definitely a nicotine cessation and with certain psychedelics. Yeah,

Bruce Eckfeldt

interesting. didn't tell me anything that, like if I gave you a magic wand that you could change about the industry right now, anything that really kind of moved the needle for you in terms of seeing either kind of the success of your product or usage or just success with cannabis in general.

Izzy Kirsh

Yeah, I think our biggest challenge as we get into marketing this and getting it out to customers is the the limitations online to actually talk about it. And, you know, initially, I thought were health and wellness platform are really positioning this to be for the good of the people, they've got to see that and be okay, that was a lot of kind of naive thinking, I think it's quite limiting. But it was nice to see Twitter or x start allowing advertising or cannabis advertising that we haven't yet activated with them, we are good able to get some of our videos and content onto some of these other bigger platforms. But it's still, you know, there's still a level of risk there. And that, I mean, it's just a timing thing.

But it's a timing thing, obviously related to some of the bigger factors such as decriminalization and legalization at the federal level that would allow these bigger media platforms to start opening up. So that's the challenges that we're currently dealing with, but we're definitely working around them. And you know, it's a pioneering

industry. And if these challenges weren't around, then the the opportunities wouldn't be around either. Because it would just be you know, another run of the mill industry where a lot of people are in and they're just doing great business. So that's the stage and this is it.

Bruce Eckfeldt

Excellent. Izzy, this has been a pleasure if people want to find out more about you more about mode, what's the best way to get that information?

Izzy Kirsh

Yeah, absolutely. mo.ko mo D e.co. Is our website you should definitely check it out. You can order one and have it at your doorstep within a few days. So definitely worth exploring that to talk to me is the ICC y at modaco is my email as well as you can hit me on LinkedIn at Izzy courage ICC y que ir sh on LinkedIn.

Bruce Eckfeldt

Perfect. I'll make sure the information is in the show notes people can get that is he it's been a pleasure. Thank you so much for taking the time today. Yeah,

Izzy Kirsh

thanks for having me, Bruce.

About Eckfeldt & Associates

Eckfeldt & Associates is a strategic coaching and advisory firm based in New York City and servicing growth companies around the world. Founded and led by Inc. 500 CEO Bruce Eckfeldt, E&A helps founders, CEOs, and leadership teams develop highly differentiated business strategies and create high-performance leadership teams who can execute with focus and rigor. Leveraging the Scaling Up, 3HAG, and Predictive Index toolsets, the firm has worked with a wide range of dynamic industries including technology, professional services, real estate, healthcare, pharmaceutical, and cannabis/hemp.

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