

Braingrid Ltd.

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Braingrid eyeing exciting year ahead with technology to help cannabis growers understand their crop

As cannabis producers rush to expand operations in what is a booming market in Canada and the USA, it gives rise to a host of other ancillary businesses, which that are also looking for a piece of the action.

The main driver for the frenzy is the legalization of recreational and medical cannabis, with North America holding the largest market share and also projected to be the fastest growing market.

Two years ago, the global marijuana market was valued at US\$17.18 billion but is projected to reach an eye-watering US\$58.90 billion between 2018 and 2023.

Little wonder then that businesses want to break into the sector, and not just to grow and harvest plants.

Other companies in the frame are the likes of Agri-technology groups, biotech specialists, building management outfits and investment firms.

Innovative proposition

One cannabis- focused Toronto-based micro-cap, which has a very innovative proposition is Braingrid Ltd (CSE:BGRD).

It provides growers with a sensor platform called 'Sentroller' so they can monitor and keep a watchful eye on their crop at all times.

The technology captures real-time data about the plants and their environment (for example, humidity, growth rates) and provides the key stats on the grow to enable users to increase their revenues, reduce costs and minimize risks.

The group's founder and CEO Michael Kadonoff says the platform provides the key "nerve endings" that cultivators need — in effect the touch and smell for each and every plant, — which cannot be realistically achieved when nurturing huge acreages of 1 million square feet or more.

"A lot of the growers out there are really good at what they do at 20,000 or 30,000 square feet," says Kadonoff, adding it's much harder when they scale up to say a million sq. feet.

"To cultivate something indoors, especially in large quantities, is very challenging with the equipment available today to understand what's happened, what's happening and what will happen. Growers are not IT people or not computer scientists," he says, adding that growers are being asked to grow consistently, in a new environment, and at 100 times' the scale they're used to.

The data from Sentroller can then be sent to any device, such as a phone, in the form of dashboards, user interfaces (UIs), and reports accessible anywhere in world 365 days of the year.

Price: C\$0.09

Market Cap: C\$0.1M

1 Year Share Price Graph



Share Information

Code: BGRD

Listing: CSE

52 week High Low
C\$0.26 C\$0.05

Sector: Tech

Website: braingrid.io

Company Synopsis:

Braingrid is a Toronto based global technology company that provides an affordable, versatile and quick-to-install sensor platform for cannabis cultivators. Braingrid captures real-time data needed to increase revenues, reduce costs and risks, and connects cultivators to their grow on a microclimate level.

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"You can be on the couch having a coffee with your kids and make informed decisions about know what's going on with the grow," says Kadonoff.

But the real beauty of the firm's Sentroller platform, he says, is that it's very easy to install and be deployed anywhere around the operation, wirelessly. It does not need power plugs because it can be run off the grow's lighting system.

For example, at WeedMD's (CVE:WMD) greenhouse in Strathroy, Ontario, which was the first cannabis client, 110,000 square feet and over 120 data streams were covered by the system in just an afternoon, highlights Kadonoff.

It is this sort of flexibility with Sentroller, which sets it apart from other firms, which have monitoring products in the sector, notes the company boss.

History of the company

Kadonoff came up with the technology after he left General Electric (NYSE:GE), where he worked in the grid automation division.

In Sentroller, he wanted to create a physical product, which would answer questions such as what's costing a business money and where the problems are. In other words, the answers needed to keep a business in the black.

He also had an eye on the planet and energy usage and wanted it to be sustainable.

The firm was founded in 2012 but was not always focused on cannabis.

Previously, the technology was applied in energy management and solar, and agriculture but Kadonoff and the team pivoted to the sector in 2016 due to the attractive margins.

The value of a square foot of cannabis is around \$700, which is more impressive than \$7 for tomatoes, he explains.

As for the potential addressable market for Braingrid's technology, it doesn't take much to realize it's absolutely huge, with around 110 million square feet of cannabis being grown in the USA alone.

The firm currently has 13 customers in western US and Canada (that includes energy firms, for which it provides monitoring services) but that number expanding already and the focus is on getting ever more cannabis producing clients.

In its last nine month statement to October 31, 2018, Braingrid posted revenue of \$169,000 versus \$32,547 in the same period of 2017, while the net loss, as would be expected at this stage of development, stood at around £1.48 million.

So, how does it earn revenues?

Customers pay the firm using the SaaS (software as a service) cloud method, paying a monthly fee for the datastreams used.

There is also an upfront installation cost, but that is kept minimal so the "barrier to entry" for the product is very low, says Kadonoff.

The company does not need to raise money in near future but will do at some point, and this will probably, be centered around a strategic acquisition, says the company CEO, to beef up and expand the firm's offering.

Likely target companies could be traditional property or facility management groups, or possible AI (artificial intelligence) groups or visualization tech companies, he says.

What's next?

Kadonoff compares the Sentroller device as like to a "Swiss army knife of capabilities" and future product development will center on more interpretation of the data and analysis to build more models and useful reports for clients.

He also wants the system to be able to create early warning systems for cultivators. For example, alert growers to crop diseases or failings which are about to happen so they can prevent problems.

So there's a lot of exciting potential ahead for Braingrid.

"I think they're (investors) are going to see a very exciting Braingrid in the 2019 year. We are heading upwards, just like this industry," he says.

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