

BEVERAGE BUSINESS INSIGHTS

published 100+x a year
Vol 18 No 111 | June 10, 2021

Publisher: [Benj Steinman](#) Editor: [Gerry Khermouch](#) Senior Editor: [Jim Sullivan](#)

STRATEGY: Tho Strategics Are Kicking Tires of CBD, Emulsion Specialist Sorse Sets Foundation for Move Beyond Cannabis Realm

With strategics “circling like sharks” while waiting for regulatory clarity to emerge, Sorse Technology certainly isn’t losing its enthusiasm for cannabis sector, where ambitious emulsion specialist has built roster of scores of clients including such leaders on infused bev side as Cann and Mad Tasty. Still, tho co’s principals aren’t ready to show their hand quite yet, they’ve been laying groundwork for push beyond cannabis, at time bevcos increasingly are laying range of functions atop their core offerings, in process dealing with difficult-to-formulate ingredients like turmeric.

That’s message that came thru – sorta – in sitdown in NY earlier today during visit by Seattle-based co’s technical biz development vp Michael Flemmens and marketing vp Diana Eberlein, following earlier phone discussion with Diana a few weeks back. They described bev environment where lines have been blurring – CBD companies increasingly are layering on adaptogens and other ingredients, on one hand, or offering uninfused items that mimic CBD effects with non-cannabis terpenes, on other. That’s created situation for Sorse that Flemmens compared to box of Lego blocks that can be assembled to create wide range of models. In cannabiz, they envision key role for Sorse in helping small and mid-size players surmount hurdles of offering stable, flavorful broad-spectrum products with 12-month shelf life while helping big players – whenever they’re ready to participate – scale up in massive way. To prep for that, Sorse just signed deal with undisclosed domestic ag producer that will allow it to homogenize up to 400 kg in one shot, easing qualms of big producers that they won’t be able to offer standardized products if demand booms. Among underexploited segments that Flemmens and Eberlein envision as ready to surge once building blocks are in place are CBD-boosted performance bevs and post-workout protein recovery shakes, but they argue Sorse’s tech can solve range of gnarly problems on uninfused side, too. A product announcement from Sorse that’s anticipated for Jul/Aug timeframe should shed light on specific tack they’re taking. For now, they’re offering no clues.

That moment when familiar CPG names enter space may not be so far away. After waiting for 2-3 years for clarity from FDA, some well-established bevcos will enter soon, even if the guidance doesn’t emerge, Eberlein believes from her discussions with big players. They’ve been “circling like sharks” to explore their options and seem to be taking comfort from GMP (good manufacturing practices) that Sorse has established. “I think we’re very close,” she said.

Tho still small, Sorse has made waves in part thru the impressive roster of partners it has assembled in fledgling cannabis space, working from earliest days with Cann and Mad Tasty. Soon it will emblazon its “Powered by Sorse” identifier on another client, W*nder CBD line, as it tries to build its own identity too. It’s dialing up its marketing thru activities like hydration station at upcoming Seattle Pride event. But it draws the line at offering any products under its own brand name so as not to compete with its customers. As reported, co has been raising \$4 mil convertible round led by Merida Capital Holdings that co has said will enable move functional ingredients beyond cannabinoids, from team that currently comprises over half Sorse’s 60-person payroll, servicing client base of over 100 companies (BBI, Apr 22). So far, co has been exceedingly discrete in discussing what that direction entails.

As market unfolds, Sorse continues to refine its own offerings. The execs today sampled latest iteration of their broad-spectrum CBD powder, cleanest, most delicate version yet. And powdered version of their Rip N Sip unflavored liquid CBD should ease opportunities in powder sticks on bev side, along with range of other applications in areas from baked goods to ice cream items. It’s a spray-dried, shorter-shelf-life version of standard emulsion, viewed as equivalent of Crystal Light in segment. With convenient, customizable, ecomm-friendly powder sticks format booming lately, that would seem to be potentially big opportunity.

But execs also spoke about non-cannabis areas where their tech, and dose of fresh thinking, could open up opportunities for marketers. Tea might be one of them, if ways can be found to diverge from traditional steeping methods in favor of new approach. “Is there a better way?” Flemmens asked, noting that no commercial producers use an orange rind any longer when offering an orange flavor. What if shortcut can be found for tea? What about coffee, then, which has been hive of tech experimentation in recent years? That’s not in the cards. “We’ll stick to leaf matter,” Flemmens replied. Flemmens and Eberlein readily allowed that broader activity moves them more toward competing with conventional flavor houses, tho from extraction perspective rather than disassembling and reassembling ingredients as flavor houses do. In other words, ability to pull out desired flavors and functions from cannabis plant should translate directly to other ingredients. Emulsion players like Sorse, of course, essentially surmount challenge of mixing oil and water into recipes that are stable, good tasting and easy to produce. It’s a steep challenge for broad-spectrum hemp, to which industry is migrating as consumers seek “entourage effect” of plant’s components, rather than isolate that’s cleaner tasting and more straightforward to work with. Tho regulatory delays have undoubtedly been big factor, industry’s development also has been slowed by stability issues of some products. And taste has been an issue, too, since broad-spectrum ingredient can be offputting to consumers who’re just entering the space, forcing bev producers to resort to overwhelming flavors like grapefruit and ginger or large amounts of sweetening agents to mask it. SweetWater Brewing’s use of G13 terpene blend to make its 420 IPA taste like cannabis may satisfy consumers who’re already into cannabis, Flemmens suggested, but is that grassy taste ideal for broader range of “canna-curious” consumers coming from White Claw space? Better broad spectrum ingredients will open door to more subtle flavors like lychee or yuzu, Michael said. In passing, Flemmens and Eberlein offered cautionary words even for CBD marketers basing their bevs on more straightforward isolate ingredient. Even those companies should be well versed in broad spectrum and have some broad-spectrum items in development, they advise, just in case FDA decides to tilt toward broad spectrum when it finally does offer its guidance. Right now, nobody seems very sure what direction agency will take.