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Tasting Growth First With Hemp And Cannabis Ingredients, SōRSE Is Hungry For More Markets

by **Malcolm Spicer**

SōRSE uses proprietary water-soluble emulsion technology to blend cannabinoids into ingredients its customers use in supplements, food and beverages and topicals. Cannabinoids it works with include THC and it also offers its own cannabis-infused beverage brands.

SōRSE Technology Corp. differentiates itself in the cannabinoid-containing nutritional product market not by making treatment claims no other firm is using, but making products taste better and by backing its services with a more robust supply chain.

“The key thing about all of it is most of the oil products are just horrible tasting,” CEO Howard Lee recently told HBW Insight.

Seattle-based SōRSE, founded by Lee in 2016 and backed by private equity and venture capital investors, uses a proprietary water-soluble emulsion technology to blend cannabinoids into ingredients that its customers use in supplements, food and beverages and topicals. In addition to cannabidiol (CBD), the cannabinoids it works with include tetrahydrocannabinol (THC); it also makes its own cannabis-infused beverage brand available for licensing by manufacturers.

“What we've done is we've not only selected the right ingredients to enrobe the THC or CBD molecule, but we've also figured out a way to process it and make it taste if not great, at least neutral,” Lee said.

Another differentiator for SōRSE is the ingredients it uses, he added.

“The other thing that we should say is our process is different from competitors. We use standard food ingredients, processes and manufacturing techniques. There's an art to it, but the machines

are very standard.”



SÖRSE TECHNOLOGY PROVIDES INGREDIENTS FOR THE MAD TASTY HEMP-INFUSED BEVERAGE LINE, ABOVE, AND FOR HAPPY APPLE CANNABIS-INFUSED BEVERAGES BY GREEN MED LAB, BELOW. *Source: SÖRSE Technology*

SÖRSE receives cannabinoids as distillates or as isolates with non-detectable traces of THC and without pesticides. “We’re supplier agnostic and that way we will work with almost anybody as long as it meets our standard,” Lee said.

“We have a set of standards that are probably higher than most, and then we make sure that we test. Prior to it coming into our system, we test during our process and we test on the outbound to make sure it meets our standards.”

Ingredients And Finished Products

SÖRSE works with co-manufacturers for its own products, including an exclusive agreement announced on 6 July with Canadian firm Vext Science Inc. to produce and sell SÖRSE’s Major brand cannabis-infused beverages in Arizona. Vancouver-based Vext also has an option to

manufacture other SōRSE formulations or use its emulsion technology to develop additional products under Vext's Vapen brand.

SōRSE also provides ingredients for Mad Tasty hemp-infused sparkling water marketed by entertainer Ryan Tedder of pop band OneRepublic and some 50 other products in the cannabinoids and cannabis markets.

As an ingredient supplier, it provides liquids and standard and agglomerated powders.

"We're one of the only companies in the world that provide CBD in liquid form powder and agglomerated categories. ... No one else provides agglomerated powder in the industry coming on the horizon. We're years ahead in that category," Lee said.

Agglomerated powder is more water soluble than other powders, "probably 10 to 20x faster," he said. "It creates molecules and strings and allows the water to more quickly encapsulate, it more quickly dissolve in water that way."

"The way that you could describe our competitive advantage is that our emulsion is a delivery for multiple versions of applications. You could use it in a beverage, you can use it in a pill, you could use it in a powder, you could use it in in medical applications," Lee added.



SōRSE CEO HOWARD LEE: "WE'VE NOT ONLY SELECTED THE RIGHT INGREDIENTS TO ENROLL THE THC OR CBD MOLECULE BUT, WE'VE ALSO FIGURED OUT A WAY TO PROCESS IT AND MAKE IT TASTE IF NOT GREAT, AT LEAST NEUTRAL." *Source: SōRSE Technology*

'Redundant Backup' Supply Chain

Lee said SōRSE's customers also have the advantage of not being subject to supply shortages. "Our product production is multi-location and multi-tier. It's redundant, and our competitors aren't redundant today. They're doing their work in just one location, it's more susceptible to closure than we are."

"There are very few companies that have the supply chain that we do. We say supply chain, not only do we have that, CBD suppliers, but we're also redundant. If you buy our products, we manufacture in different locations, and therefore we have kind of redundant backup systems," he said.

"You know, you want to find a reliable, single-source supplier. When you work with large companies, we're talking 100 kilo orders. When someone orders 3,000 gallons of a product, you

want all 3,000 gallons to be consistently made. And we've done that now in our manufacturing capabilities.”



Source: SōRSE Technology

In addition to SōRSE’s technology and its manufacturing/supply chain, the “platform” it offers customers includes its staff.

“We have over 55 people on our team, 35 of them are essentially consultants to help people create beverages, create supplement products, and help manifest those products in the correct setting,” Lee said.

“That’s why we’re growing. We went from 11 customers in 2019 to over 65 customers in 2020. And we probably already have 70 customers now just after the first quarter.”

SōRSE also went from \$2m in sales in 2019 to \$7m in 2020 and more than \$17m in the 2021 first quarter.

‘Much Broader Identity’ Coming

SōRSE’s future isn’t limited to cannabinoids or to supplements, food and beverages and topicals. The improved taste its technology provides can help products beyond the cannabinoid market while its cannabinoid ingredients are candidates for medical products, too.

The firm has worked since 2019 with Pascal Biosciences to initiate a clinical trial of the Canadian biotech’s PAS-393 cannabinoid-based cancer therapy. SōRSE and Pascal are developing a cannabinoid formulation and will test the experimental PAS-393 treatment to enhance checkpoint inhibitors that activate the immune system to kill tumor cells.

Lee said uses with significant benefits, such as in medicine, more than uses that drive sales, such as in beverages, are the future of cannabinoids.

“I think it's not it's not about volume. It's about what's the surprising use of CBD maybe in the future, right and that is in the medical space,” he said.

“I think we're going to find that CBD as an ingredient is really going to help in specific medical applications. We're working with people like Pascal Biosciences and some other people to prove that. I think that's going to be a really big, interesting ingredient development long term.”

Another advantage the medical space has is that using cannabinoids in drugs marketed in the US is lawful, while their use in non-drug products subject to the Food and Drug Administration's oversight is unlawful. (Also see "[CBD Drug Approval Not A Sign FDA Will Allow Its Use In Supplements](#)" - HBW Insight, 26 Jun, 2018.)

Still, cannabinoids are available in myriad supplement, food, beverage and topical products around the US as the agency exercises enforcement discretion. (Also see "[Congressional Research Suggests Additional Layer Of Complexity In FDA's Cannabinoid Puzzle](#)" - HBW Insight, 6 Jul, 2021.)

“It's quite frankly, insane. We're in a funny, strange world,” Lee said.

Moving outside the cannabinoid space makes sense for SÖRSE, though.

“We hope to have a much broader identity a year from now or even two years from now, helping people work with hard-to-dose, hard-to-manufacture, hard-to-incorporate-into-food oil,” Lee said.

“There's all sorts of potential nutraceutical oil, nutraceutical ingredients that come out of oil that could be emulsified, to be you know, much better do much to be those and to be better flavor better, better tasting and into their products. That's what we want to be known for.”