



ceocfointerviews.com
© All rights reserved
Issue: August 12, 2019

CEOCFO Magazine

Hyperponic LLC providing a Clean Indoor Grow System with their patented Aeroponic and Automation Technology for the Global Medical Cannabis and Pharmaceutical Industries

Doug Fyvolent
Managing Partner

Hyperponic LLC

Contact:
CEOCFO Magazine
570-851-1745

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: *Mr. Fyvolent, the first thing I see on the Hyperponic LLC site is the tagline, “The future of indoor agriculture.” How so?*

Mr. Fyvolent: What we have developed is a clean indoor grow system to start to develop growing plants, medically and pharmaceutical, for a little cleaner operation and to bring better product to the market.

CEOCFO: *What are the non-clean methods that are in use today? What have you figured out that will make a difference?*

Mr. Fyvolent: Most hemp is grown outdoors in farms. Most processing facilities are built up of coops, so they are getting plants from multiple farms, even different parts of the country. When you do that you are getting a different product from every farm. Coops in the hemp industry and the possessors are taking biomass from multiple farms and when you grow a plant on a different farm and a different region, even though it is the same strain of plant, the full spectrum of the plant is not always consistent. Therefore, what we are doing is bringing tissue culture and consistency to a product that is not consistent on a full spectrum basis right now.

CEOCFO: *Is that because it is indoor, it is hyperponic as opposed to being outdoor?*

Mr. Fyvolent: Yes, and since we do not grow in soil we do not have any fluctuations of the soil as we bring it in, because every batch is a little bit different.

CEOCFO: *That would seem hard to resist. What is the feeling in the industry about this type of growing?*

Mr. Fyvolent: They do not understand it. Most of the growers have always grown outdoors or in pots, so that when you bring new technology to an old industry where people are comfortable growing it the way they do, there is always pushback and that is what we have run into.

CEOCFO: *Before we talk about how you get around that, would you please explain the system?*

Mr. Fyvolent: The system we have designed in a much more efficient way of growing indoor, using 10' tall aeroponic CropTowers that are networked together. Our proprietary technology automates most of the tasks associated with a grow including watering the plants as well as monitoring the environment, nutrients, electrical and lighting systems and much more. And it's all done in a medical grade space to drastically reduce infection of mites, molds and other things that effect outside grows. People have seen the tower growing type systems that they make for home use to grow greens and vegetables. Hyperponic's is an industrial-strength, networked version designed for cannabis and hemp. We also designed

a proprietary LED lighting system to minimize energy cost but also provide the plant exactly the light spectrum it needs to flourish and produce a high-quality product.

CEOCFO: *What type of investment is involved for a grower?*

Mr. Fyvolent: There is little upfront cost to the grower except for preparing the space for our use. We developed a unique licensing program where we do the complete install on their behalf and the grower pays us monthly, based on state laws, either a percentage of what we produce or a monthly equipment licensing fee. For their fee, we install, monitor, repair and guarantee the system works as spec'd.

CEOCFO: *Would someone be on premise or is this done remotely as far as the monitoring?*

Mr. Fyvolent: Both actually. We have full time staff on-site every day and on call 24/7. Our technology that I mentioned earlier is packed with alarm sensors that trigger notifications if something falls out of range. Not to mention, we have access to the data and monitors from anywhere in the world.

CEOCFO: *What geographic range are you addressing?*

Mr. Fyvolent: Obviously the U.S. is our top priority right now. But we've already had interest from Europe, Africa, South America and the Caribbean. Once we have a foothold here, we will be taking a hard look at how to expand globally. The system is flexible enough to be use indoors or out, so opportunities for this technology are truly global.

"Hyperponic is on the verge of breaking out in a crowded grower equipment and CBD space with their patented aeroponic and automation technology, industry partnerships and knowledgeable team. From its early beginnings six year ago as an outdoor lettuce grower, the company is now poised for global growth in the hemp and cannabis space over the next several years."- Doug Fyvolent

I'll add some marketing strategy here as well. Our first install which we used for our final testing is in Asheville NC growing hemp, which as you know is a strain of cannabis. The hemp and CBD market has exploded so the opportunity to expand has gone beyond cannabis to grow and manufacture CBD oil. Our strategic advantage is product quality, and product consistency. We control every aspect of the grow from seed to sale. So, we see our market being large companies looking for a reliable, high-quality, high volume supply for the food and beverage markets.

CEOCFO: *There is so much noise in the industry. How do you gain attention? What is your strategy?*

Mr. Fyvolent: There is a lot of noise! And educating consumers is very expensive. We purposefully avoided making a public branded consumer play because of that. It's too expensive, risky and volatile.

Our go-to-market strategy has always been one of "show and tell." All we need to do is have them come to Asheville to see our grow, and read our lab reports, and they are sold in less than 5 minutes. That's a lot better than trying to persuade someone with ads or marketing materials. And while our information happens to be true, no one believes, or should believe, much of what they read in this industry.

Our second marketing strategy is providing consumers what we call a Hypergrown Seal, it's a Better Housekeeping-type logo that will be put on the products that use our oil or buds. We give retailers and consumers educational information to explain the differences between a "Hypergrown" product and others.

CEOCFO: *Are you able to ramp up as needed with people and the physical components for the system?*

Mr. Fyvolent: Yes we are scaling as we speak. The first CropTowers were built by hand. Our new towers are made in a new extrusion mold that can pump them out by the hundreds. Of course employees are always the toughest part of expanding any business. We are looking for high quality, experienced employees and we'll train and pay them very well to be able to run the system.

How fast you expand can kill a company. When you grow too fast you can really get into some trouble, so we have to control so that we expand strategically. We don't want to be victims of our own success!

CEOCFO: *When you are speaking with someone that has an interest do they understand easily? I see advantages on your site, "Triple your yield, double your revenue, reduce cost." It would seem hard to refute that. What do you find when you are first talking with people?*

Mr. Fyvolent: Their first thought is, well this is a little too good to be true. That is what you run into when you develop a breakthrough solution in any industry. We have to be very clear to say that we still grow the same quantity of product per

all the usual metrics, square foot, canopy size, light, watt, whatever. So however, the industry wants to analyze it, we use the same calculation. It is to a point where we almost require that the customer, grower, come to Asheville and walk through and see the system up and running. Pictures do not do it justice and seeing the system in operation with plants growing in the towers is usually all it takes.

CEOCFO: *What has changed in your approach from concept to where you are today? How is the system different, better or perhaps it is just the way you envisioned?*

Mr. Fyvolent: It has definitely evolved. In fact we started by growing lettuce and greens outside using solar systems. Once our potential investor saw what we were doing, they all said, "you need to be growing pot!" So we moved it indoor, made a lot of changes and did our Alpha test for indoor cannabis in Colorado. And it worked! So we made many upgrades and changes and set up our final testing using hemp in Asheville where we have made even more upgrades. Then we found ourselves in the middle of a CBD gold rush of sorts, so we expanded the company to include hemp and CBD as well as helping cannabis growers with our system. Yea, a lot has changed.

We are constantly going to be refining and updating it as we go. That is important to stay in front of technology and the industry as it changes.

CEOCFO: *Are there regulatory issues that you face or is that the challenge of the company who is doing the growing, licensing?*

Mr. Fyvolent: On the cannabis side, that is the responsibility of the grower. We are an equipment leasing and consulting company. Some have compared what we do the selling picks and shovels to the gold miners. They always got paid. However as the FDA gets involved in the CBD industry, that is really going to change the way the product is grown, handled, marketed and sold. We are prepared for that. Our customers will move into regulation much easier and smoother because we have anticipated as best we could what we think the FDA will want, and build for that now. However, any time you deal with the FDA about a product that used to be illegal and is now legal the rules will change almost weekly.

CEOCFO: *Would you tell us about the VioletGro LED grow lights partnership?*

Mr. Fyvolent: We have been testing LED lights for the last couple of years. In our research we have found VioletGro and their technology, some of their patents and ability to configure their lights for us helps with the success of Hyperponic. LED lights are becoming a commodity on the market and everybody claims they are experts. However, we feel VioletGro has brought the experience and the knowledge and are willing and able to adjust as technology changes.

LED lights have struggled through the years, breaking into the industry. There have been many claims from companies that just have not met expectations. We have been growing now, using their lights for the last eight months and we are very happy with the performance of the lights.

CEOCFO: *Are you seeking funding or investment as you move forward?*

Mr. Fyvolent: We are a startup and I'd imagine every start up is looking for funding. Anyone who is interested in learning more about us can contact us and we can discuss the company with them.

CEOCFO: *Why pay attention to Hyperponic LLC?*

Mr. Fyvolent: Technology in any industry changes it. We have what others have described as a true game-changing technology. Our patents are completed and filed in the US and around the world. We've completed our testing and the system works as we planned. There is a huge market for growers to maximize their yields, both in volume and quality as well as manage their costs. Our install dance card is full until early next year so we are talking to growers about spring 2019 at this point.