

3 Sixty Secure providing a Customized ancillary approach to Security for Facilities and the Transportation of Cannabis and Cash Across the Globe



Thomas Gerstenecker, MSc., CBCP, CD
Founder and Chief Executive Officer

3 Sixty Risk Solutions Ltd.
(CSE: SAFE) (OTCQB: SAYFF)
www.3sixtysecure.com

Interview conducted by:
Lynn Fosse, Senior Editor
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CEOCFO: *Mr. Gerstenecker, the tagline on the 3 Sixty site is Security Redefined; how are you doing so?*

Mr. Gerstenecker: The tagline “Security. Redefined.” stems from my experience with the reason 3 Sixty was created to begin with, which was during my time in the United Nations. I had hired a lot of outsourced security and was always underwhelmed with what I ended up bringing on board to protect our facilities across the globe. At that point, my wife and I decided to start 3 Sixty and really redefined what we felt security should look like versus what it is. That is fundamentally where that came from.

CEOCFO: *What does security look like now and what should it look like?*

Mr. Gerstenecker: Security should be nothing that would suggest it to be risk adverse, nor have a hyper sense of security. There needs to be a common ground where vulnerabilities are assessed from their strengths and weaknesses, and where we apply the necessary amount of security for anything that we do.

CEOCFO: *How do you determine the right amount of security and would you give us some examples?*

Mr. Gerstenecker: It is typically done through a security risk assessment where you look at the issue of moving, for example, cannabis. We identify the associated risks from an analysis of a vulnerability assessment, and what are the strengths and weaknesses of moving, say, \$25 million of cannabis from point A to point B. We assess value, crime level in the service area, etcetera. We then mitigate those risks by putting in more strengths. If it is high value, perhaps we would then look at an armored vehicle approach, we would arm the individual guards, and things of that nature to reduce the risk to an acceptable level.

CEOCFO: *How do you know when the statistics for example, from the local authorities, are correct?*

Mr. Gerstenecker: I think there are a number of aspects we look at from an intelligence point of view, which is local police sources, federal level sources and also our own internal networks. Our boots on the ground are a valuable resource to inform us of what they see. Our networks of people out there have insider information that we evaluate and do our best to make sense of and then apply the right amount of security to that particular task.

CEOCFO: *Are potential clients turning to you as they recognize the difference in quality in your approach, or are people sometimes surprised at how you can get results?*

Mr. Gerstenecker: I think it is a little bit of both. I feel that more as we get into gaining the market share in the industry, clients come to us knowing what they should receive based on what they have heard from their network. Others do not know and they will give us a trial and we then execute as we say we do and then we become long-term vendors for them.

CEOCFO: *What is your geographic range today?*

Mr. Gerstenecker: Right now we are all across Canada. Our root density is quite broad there with seven secure facilities across Canada, 150 secure vehicles, both armored and non-armored, and approximately 650 staff. Recently, we also

announced our entry into the US market and our beachhead there primarily entering into the US market is Nevada, providing protection to licensed facilities and dispensaries.

CEOCFO: *Why is now the time to enter the US market?*

Mr. Gerstenecker: If you look at Canada three years ago, entry into the market then was ideal, so that is what we did and that is part of why we have been so successful here. We feel the US is in a similar situation at the moment where they are just coming into the regulatory framework in the States. The investment community seems to be turning more towards interest in the US versus perhaps a little bit lighter in Canada, so we feel now is the time to be entering the US.

CEOCFO: *What are the industries you are working with today?*

Mr. Gerstenecker: Currently we are in the industrial sector so we will protect facilities such as anything from refineries to mines, and most recently we are entering the non-core policing sector, which essentially is police department outsourcing, non-core police duties such as detainee movement, monitoring of jail cells, crime scene protection, things of that nature.

CEOCFO: *What do you look for in your staff?*

Mr. Gerstenecker: People are no doubt our most valuable assets and I do not just say that lightly. When we issue body armor, a gun, and have an individual move \$25 million worth of valuables, our onboarding process has to be quite extensive. Trust, honesty and integrity, really play a key role in our hiring process. That goes all the way up to our C suite executive management team. If we do not have those three elements, we really do not have much when it comes to hiring of individuals. We have been extremely fortunate to have been able to find the right people and have them join our team.

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CEOCFO: *How do you find the right people, particularly your armed guards?*

Mr. Gerstenecker: We actually encourage those that wish to be police officers to join 3 Sixty and then we mentor them over a two or three-year period when they are younger, and encourage them to join the police force. Given that we have a number of managers that used to be in the police forces and military, we even encourage them to connect and mentor them on how best to achieve that goal. That said, our network with our seasoned staff is extremely broad in the law enforcement, military, and private sector security.

We have an abundance of seasoned individuals that are interested in joining 3 Sixty. We also attract that type of talent and quality because we do pay our staff more and never pay our staff minimum wage. We encourage an interactive team within our company versus a minimum wage approach where they just want someone in a uniform standing on post.

CEOCFO: *What surprised you as 3 Sixty has grown and evolved?*

Mr. Gerstenecker: What comes to mind immediately is the enthusiasm of our managers to wear multiple hats if you will on scaling the business, on staying that extra hour or two or three, answering the phone on weekends to get the job done. They have stepped up and supported the growth of 3 Sixty, tremendously.

CEOCFO: *What has been the reception from the investment community?*

Mr. Gerstenecker: I would say, and it is reflective in the market currently on our currency, we are not a traditional security company with zero growth, or low growth. We are also not a cannabis company with the high valuation. We are somewhere in the middle. We are speculative and in a diversified industry. The market still is figuring out what we are. We are a picks and shovels approach, an ancillary service to the cannabis sector, and a leading cash in transit company.

I believe what needs to happen is, because we are a junior issuer, we still have to prove ourselves at the end of the day. How we do that is quarter over quarter, we demonstrate that we are growing revenue wise, that we have material contracts, we have recurring revenue and when we do give forward-looking statements like we did in Q1 into Q2, that we need to be able to meet those objectives and gain the confidence of the market and we will continue to do that.

CEOCFO: *Are potential clients willing to pay for better service? How do you make the case that they are getting something better?*

Mr. Gerstenecker: I would say in principle yes, but when number crunching comes into play, costs will always be a factor and the question of whether a company actually needs security will always come up. That coupled with the fact that we are in a competitive environment, with one of our service lines being cash in transit. The guarding service is traditionally extremely competitive with low margins. I would say yes, but at the same time it comes down to how seriously the client takes security. We have had experience on both ends of the spectrum.

CEOCFO: *How are you reaching out to potential clients?*

Mr. Gerstenecker: I think because we got into this space in the early days, it was just knocking on doors, getting our foot in the door and showing them that we are actually doing what we say we are and delivering for the client. A big part of it now is word of mouth. We are setting up a marketing and sales department at the moment but overall it has been through conferences, expos, word of mouth, engaging with clients to see if they need further services. It is really coming from that, especially when we enter the space or with clients typically at a consulting level in order to provide them with security consulting services for them to obtain their license through Health Canada or in the US for that matter. From there, they will require systems integration which we will then do. They will require that first shipment of clones or genetics, which we will provide them. Monitoring moves into guarding and then secure transport and storage of product. The consulting piece drives the model forward and then these other pieces come into play weeks and months down the road.

CEOCFO: *Why choose 3 Sixty?*

Mr. Gerstenecker: There are two perspectives here, one on the operational side and one on the market side. On the business side, we are a company that addresses all things security for a client versus a fragmented approach that the industry currently offers. It is a one-stop-shop type of approach where we address the industry needs. Because of our experience they lean on us in that respect and we do what we do very well.

On the market side, it is an ancillary approach. We are one of the only ancillary services in the cannabis space and these types of services will not go away. Once the market recognizes that we actually generate revenue, we are engaged long-term with materials clients, large blue-chip clients, and have recurring predictable revenues, and we deliver quarter over quarter, I believe the market will appreciate that.

