



Kansas City Southern

James T. Kniestedt
Security Advisor

March 19, 2014



The New York Times

How Mexico Got Back in the Game

By Thomas L Friedman

"Chrysler, for example, is using Mexico as a base to supply some of its Fiat 500s to the Chinese market." What struck me most here in Monterrey, though, is the number of tech start-ups that are emerging from Mexico's young population — 50 percent of the country is under 29 — thanks to cheap, open source innovation tools and cloud computing."

<http://www.nytimes.com/2013/02/24/opinion/sunday/friedman-how-mexico-got-back-in-the-game.html>

Mexico: The New China

By Chris Anderson

*"That's because the TJ template isn't so much about outsourcing as it is **quicksourcing**. And that's also the way to create thousands of good jobs in the United States. As any entrepreneur can tell you, the shorter and more nimble a supply chain is, the better."*

http://www.nytimes.com/2013/01/27/opinion/sunday/the-tijuana-connection-a-template-for-growth.html?hp&_r=0



KCS benefits from Stifel & Nicolaus 'Transportation & Logistics game changers'...

- ***Nearshoring to Mexico gains momentum.***
- In-sourcing to be driven by new wave robotics and labor saving technology.
- FMCSA regulations and changing labor demographics tighten transportation industry supply and demand.
- Dedicated fleet and private fleet options gain market share as shippers look to lock in base load capacity.
- Intermodal continues to gain share in the Eastern half of the U.S.
- Panama Canal widening stays on track.
- E-commerce service standards continue to evolve and amaze.
- Energy exploration drives economic expansion in states allowing hydraulic fracturing.
- Energy self-sufficiency lowers manufacturing costs in the U.S., thereby enhancing our global competitiveness.
- Fuel for trucking begins shift from diesel to natural gas.
- Continuous supply chain optimization adopted by winning shippers.
- 3-D printing further develops.



Mexico's free trade agreements



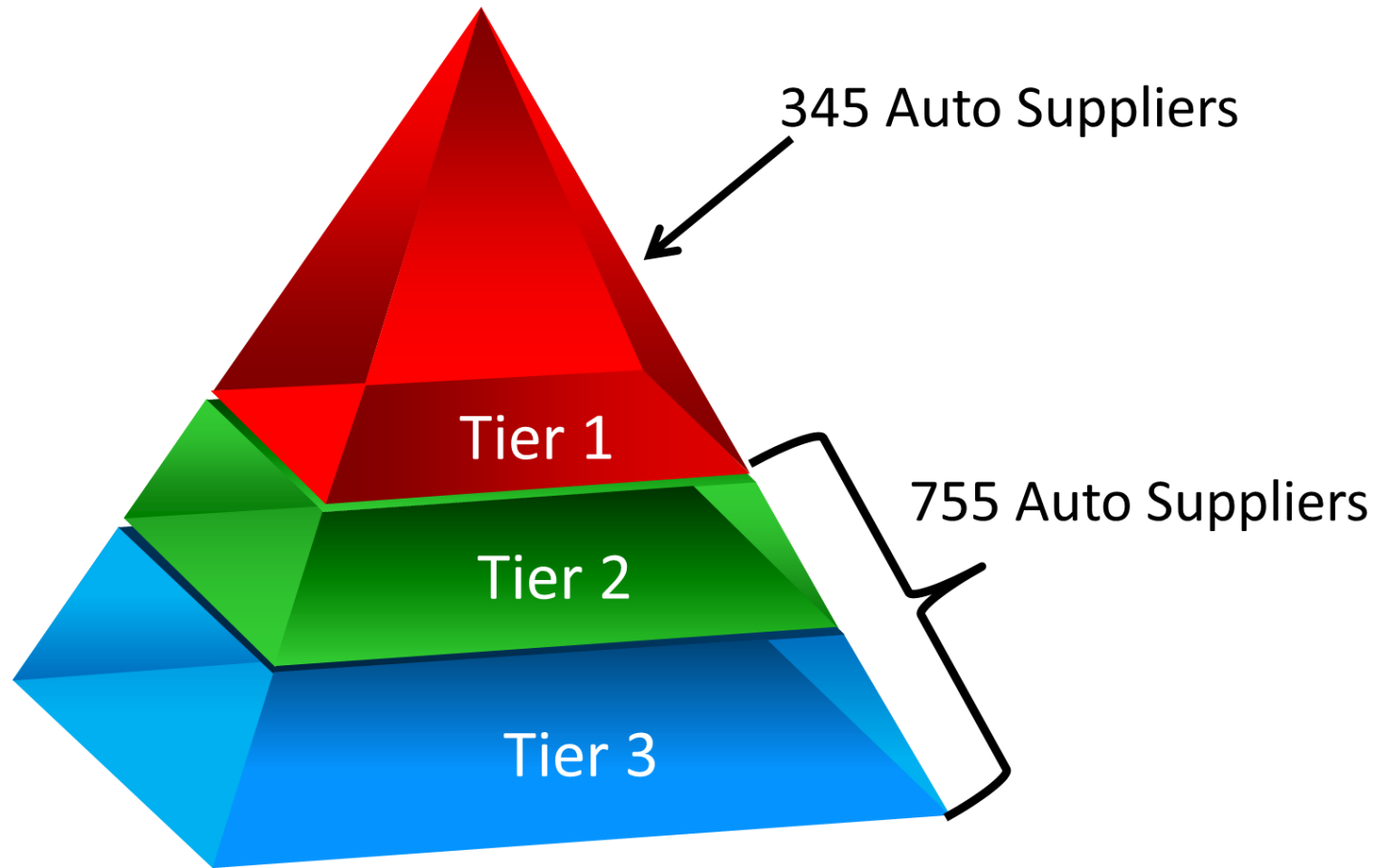
Foreign Direct Investment (FDI) in Mexico

- Foreign Direct Investments in Mexico from January to August 2012 reached approximately \$5.75 billion dollars.
- From 2007 to August, 2012, FDI in Mexico has totaled more than \$119 billion dollars
- YTD 2012 Investments focus on: Manufacturing , Finance, Retail, Aerospace, Metals, Automotive, Appliances & Renewable Energy

January - August 2012 Major FDI



Automotive manufacturers will bring tier 1, 2 & 3 auto suppliers to Mexico



KCS Cargo Security

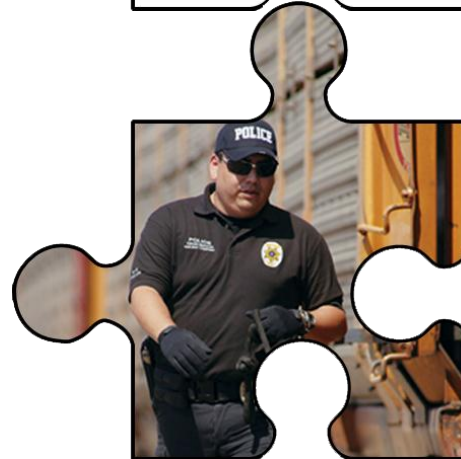
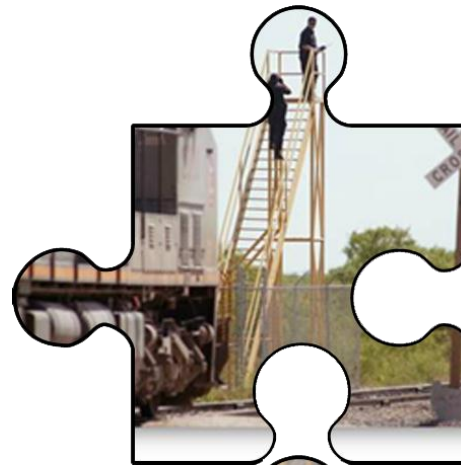
1,068 Agents

534 Guard Points

108 Patrol Vehicles

7 K-9 Units

24x7 Security Desk



99.98% of shipments move without a claim



Energy

A great opportunity



DeMystifying Mexico



Doing Business in Mexico

- **Security is a business requirement to operate successfully Mexico**
- **Foreign Direct Investment is firmly protected under NAFTA and Mexican Law**
 - Intellectual Property
 - Legal Protections
 - Pro-Business Environment
- **On a daily basis, KCS works with security advisors, Federal Police, Military, National Intelligence Center**



Key point indicators

Know your information requirements

Use Secure Corridors for total control

Protect assets and Industry
Operational Discipline

Intelligence
Counter Intelligence
Technology applications

Constant Due Diligence





●●●●○ AT&T



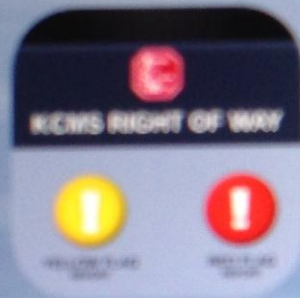
15:05



76%



Security For



DVC



Security reporting

SECURITY IMPROVEMENT

REMOTE SITE REPORTING

TRANSPORT LINES, STORAGE
AND
END POINT SECURITY

ASSET MONITORING +
MANAGEMENT

PERMANENT SECURITY
REPORTS

ADVANCED SECURITY
ANALYTICS

INCIDENT REPORTING



MOBILE E-MAIL SYSTEM OR
NATIVE MOBILE APPLICATION

CUSTOM REPORTS & ANALYTICS

REMOTE REPORTING

TRANSPORT LINES

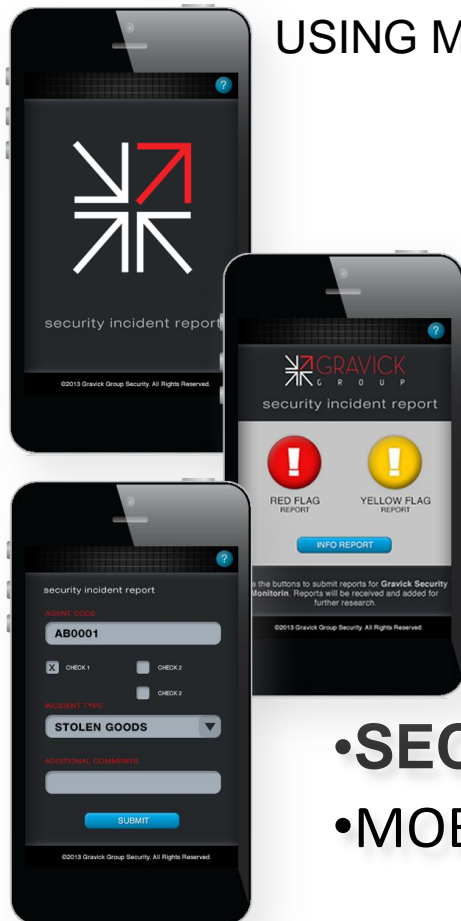


STORAGE



REMOTE REPORTING

REMOTE AGENT to CENTRAL
USING MOBILE DEVICE (iPhone, iPad, ...)

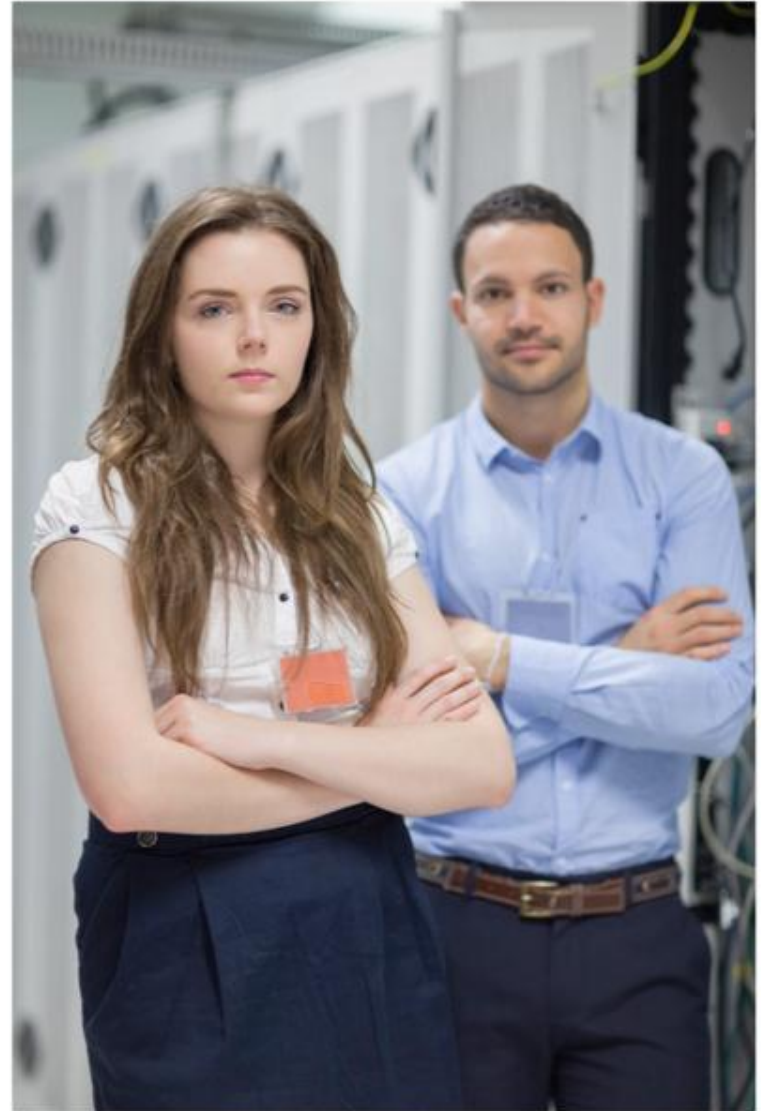


- **SECURE CONNECTION**
- **MOBILE DEVICE to SECURE CENTRAL**



REPORTING SECURITY ADVANTAGE

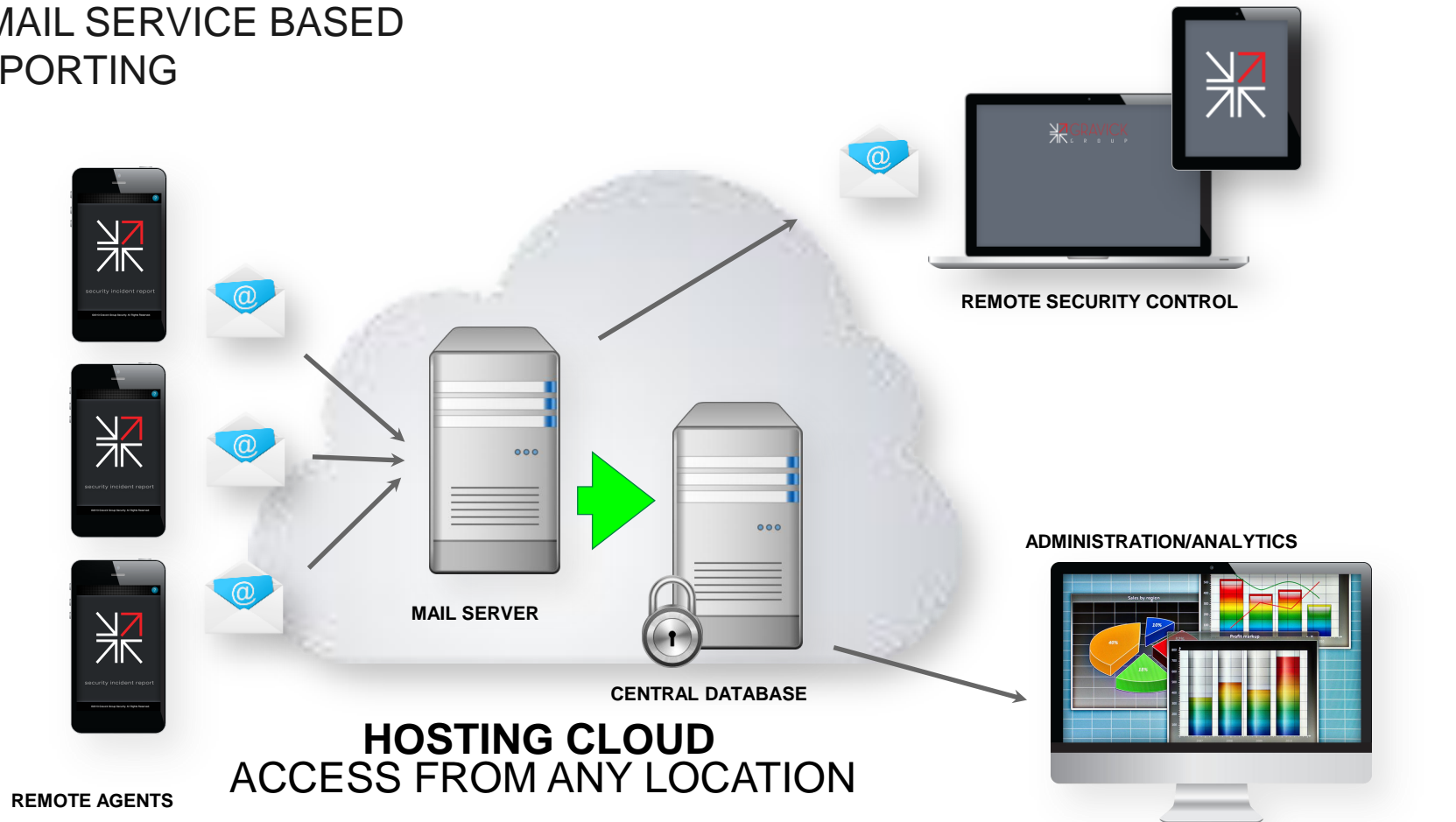
- ON TIME INTELLIGENCE
- HUMAN ASSET CONTROL
- REPORT CONSOLIDATION
- ANALYTICS
- COST REDUCTION
- IMPROVED SECURITY



HOW DOES IT WORK

VERSION 1

E-MAIL SERVICE BASED REPORTING



HOW DOES IT WORK

VERSION 1

E-MAIL SERVICE BASED REPORTING

REPORTING BASED ON E-MAIL SERVICE IS PROVIDED BY SIMPLE WEB APPLICATION
DATA FOR ANALYTICS ARE EXTRACTED FROM E-MAILS

PROS

- MINIMAL COST
- SIMPLE WEB APP
- FAST ASSET DEPLOYMENT
- EASY TRAINING

CONS

- WEB APP/E-MAIL LIMITATIONS
- LIMITED DATA
- LIMITED ANALYTICS



HOW DOES IT WORK

VERSION 11

DATABASE + NATIVE APP BASED REPORTING



HOW DOES IT WORK

VERSION 11

DATABASE + NATIVE MOBILE APP BASED REPORTING

**REPORTING BASED ON MOBILE NATIVE APP IS DIRECTLY CONNECTED TO CENTRAL CONTROL.
ALL ASSETS AND LINKS ARE INTERCONNECTED.**

PROS

- INTERCONNECTED ASSETS
- FAST RESPONSE
- IMPROVED COMMUNICATION
- MONITORING HIGH END ANALYTICS

CONS

- COST OF DESIGN AND DEPLOYMENT
- DEPLOYMENT TIME
- MAINTENANCE COST



SYSTEM DEVELOPMENT OUTLINE

STAGE I

SECURITY EVALUATION
SECURITY ANALYTICS
SYSTEM PLANNING

STAGE II

SYSTEM DEVELOPMENT
TESTING + EVALUATION

STAGE III

LIMITED TEST DEPLOYMENT
TRAINING

STAGE IV

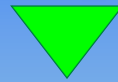
COMPANY WIDE DEPLOYMENT



REMOTE REPORTING

REMOTE INCIDENT REPORTING

EFFICIENT SECURITY OPERATIONS



- GREATER OPERATIONAL EFFICIENCY
- ADVANCED SECURITY OPERATIONS MONITORING
- PRECISE SECURITY ASSET DEPLOYMENT
- ENHANCED ANALYTICS OF THE SECURITY THREADS
- SECURITY OPERATIONS EFFECTIVENESS
- OPTIMIZED COST OF THE SECURITY OPERATIONS

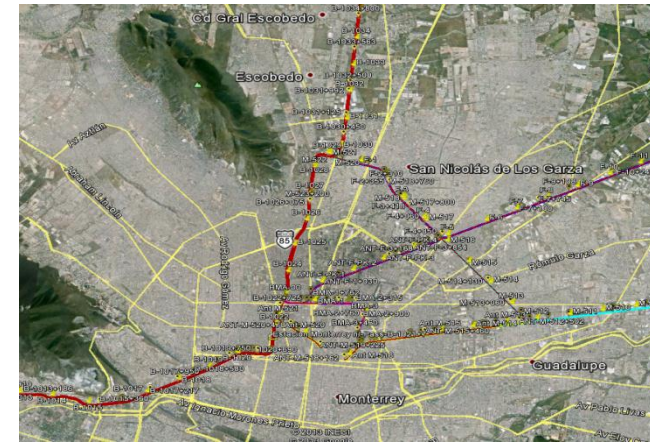




Quick transparency  Complete accountability



Google combining virtual right of way with geo referencing, Smart Applications, TRIDS, VACIS, Digital imaging, Rapid response for Vetted Units, ultimately for early detection, deterrence and prevention.



AppTechnology, touch points, objectives

- Combine with applications and security filters
- Program management & training
- Immediate information flow
- Rapid resolution
- Real time anomalies
- Complete accountability
- Quick transparency
- Due Diligence



Mexico Security Situation

- Not improving
- Expect Challenges
- Always a solution
- Use Protective Intelligence with your business plan and go secure.

