

3PL (Third-Party Logistics)



WAREHOUSING

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The concept of 3PL started mushrooming in the 1970s. Around that time, logistics just meant transporting and handling goods. However, in the last four decades, the logistics industry has evolved and gone through significant changes in terms of the services offered and service quality.

What is 3PL?

Third-Party Logistics (commonly referred to as 3PL) refers to outsourcing operational logistics of transportation, warehousing and distribution to an external company. Once an organisation outsources its logistics operations, the 3PL partner manages the entire inventory management, warehousing, and order fulfilment processes. In doing so, third-party logistics companies use their expertise, experience, and automated technologies to maximise speed and drive business efficiencies for their customers. 3PL companies offer customers a flexible and scalable solution based on their requirements. Doing so allows customers to focus on their core area of work.

What do 3PL companies offer customers?

3PL providers provide a wide array of logistics services to their customers. Most 3PL companies work as fulfilment centres

and offer various services like transportation, warehousing, inventory management, shipping and receiving goods, FTL and LTL shipping, Picking and packing, Kitting and customization, and even reverse logistics.

A detailed description of the various services offered by 3PL service providers are:

1. Transportation

With the expansion of business, organisations are continuously looking for cost-effective ways to manage their logistics. Leading logistics companies have a good network in multiple cities and even outside the home country. This network helps the 3PL service providers lower their transportation and supply chain costs. Companies like Varuna Group have over 2000 vehicles that service customers across the country. The benefit of costs generated through scale of operations is passed on to the customers, which gives them a competitive advantage over their competitors.

Working with a good 3PL provider helps the customer in several ways. 3PL companies use vehicles which are in good shape and fit for the product under transportation. Varuna Group for instance has 5 MRO hubs strategically located around the country to ensure a high degree of fleet maintenance. Such facilities ensure the product reaches its destination safely. In addition, 3PL companies provide tech enabled tools to track the product, while it is in transit.

2. Warehousing:

These days, most well-known 3PL service providers use advanced technologies, like Warehouse Management System (WMS) to provide better warehousing services. These technologies allow for an efficient control, administration and management of warehousing operations.

WMS greatly reduces the chances of human errors, while shipping a product. The system helps fulfil orders faster and track the ordered products within the warehouse on a real-time basis.

Professional 3PL companies offer customers the flexibility of varying their warehousing space requirements. Doing so allows the customers to manage their seasonal fluctuations without compromising service quality. Large Multi-User Facilities or MUFs are often owned and managed by 3PL service providers. By outsourcing the entire warehousing operations to 3PL companies, the customer gets better operational efficiencies, robust technology, savings on staffing, and better processes.

3. Distribution:

Distribution services include transportation of goods from the provider's storage facilities to other parts of the supply chain or end customers. 3PL includes different distribution methods like drayage, full container load, less than container load, and less than truckload as part of the distribution services. Truck movement coverage is mapped through AI systems, GPS and Internet of Things (IoT) devices. Once the order is shipped, the service provider automatically uses the integrated technology to forward the tracking details to the customer and the end customer.

Once a consignment is ready for pick-up, it is securely packed. The packing material is decided according to the brand preferences and the items being shipped.

Most reputed 3PLs offer return processing services. Inward returns often occur when either an end-customer returns the product or a product recall by the customer. 3PL companies usually offer this as an additional line service.

Benefits of outsourced 3PL:

3PL is of great help for large modern businesses. It offers an all-in-one solution for assembling, packaging, warehousing and distribution. 3PL offers reliable logistics advantages and maximises profitability through combined resources and knowledge.

1. Optimised Operations:

A 3PL partner makes sure that every aspect of the supply chain is optimised. It utilises the latest techniques and technologies to implement the best practices throughout the supply chain constantly.

2. Time-Saving:

While working with a 3PL company, organisations can save time by getting the expertise needed to efficiently carry out supply chain logistics. Logistics providers take care of the entire burden in terms of logistics and help organisations focus on their core business.

3. Ensure Seamless Compliance:

3PL organisations are experts in their domain and well-aware of various compliance and other local regulations. The customers benefit from their knowledge related to customs, documentation, duties, shipping, local taxes which makes the entire process fast and without any bottlenecks.

4. Hassle-Free Returns: Third-party logistics are quick to process returns. It improves customer satisfaction and allows you to put the products back into inventory as soon as possible.

5. More Flexibility:

Scalability is not a challenge when an organisation associates with a 3PL company. The ability of 3PL companies to scale their operations for their clients based on seasonal demands, be it in the form of transportation fleets, warehousing space, or workforce, make them an ideal supply chain logistics partner.

Choosing the right 3PL partner

Amidst the growing competition within the logistics industry, selecting the right 3PL Company is not easy. However, there are a few indicators that can help you choose the best.

Given below are some indicators to help in the selection process.

Determine technological sophistication:

Before choosing the 3PL Company, it is essential to review that your 3PL partner is at pace with the rapid changes occurring in supply chain technology.

Better scalability:

The logistics provider must be good at balancing the multiple needs of customers. Also, they must be able to scale up if new product segments are launched and when the volume of the products increases.

Network configuration:

An efficient third-party logistics follows a strategic approach to determine the suitable distribution centre locations to expand businesses. Most 3PL companies have their warehouses or exclusive partnerships with local players in the logistics sector. It helps them offer their customers efficient logistics solutions in line with their specific needs.

Develop communication:

An effective third-party logistics company offers better customer services by continuously listening to clients' feedback. It adopts troubleshooting to develop creative solutions to supply chain challenges that arise from time to time.

Focus on Improvement:

Professional 3PL companies are committed to continuous improvement. They don't hesitate to invest in equipment, facilities, systems, equipment and human resources to optimise logistics solutions. Evaluate how effective the proposed

3PL partner has been in implementing improvement changes within the organisation

Varuna Integrated Logistics - Leading 3PL Services Company

Varuna Group was founded in 1996, when the Indian economy and logistics industry were at a critical juncture. Since its inception, the company has believed in the core principles of being customer-centric, to offer customers the best operational excellence transparently and ethically.

Following these principles has made us the priority partner for several supply chain leaders, who count on us to manage their end-to-end logistics operations and help them reduce the landing cost for their products. Our team of over 1500 trained specialists in 60+ branches across India works relentlessly to help our customers accelerate their business through high operational efficiency and incredible service.

FAQs:

Q1. Why choose 3PL?

Ans: 3PL offers comprehensive solutions for enterprise supply chains. It allows enterprises to focus on their core area of work without deploying internal resources. Moreover, a 3PL provider has better knowledge and experience in logistics operations.

Q2. What kinds of services does 3PL offer?

Ans: 3PL companies manage inbound and outbound transportation along with warehousing services.

Q3. What industries benefit from 3PL services?

Ans. Medical, Manufacturing, Pharmaceutical, Construction, Retail and Hospitality are some industries that benefit from 3PL services.

Q4. How can 3PL Links help their customers reduce logistics costs?

Ans: 3PL links help customers reduce logistics costs by consolidating invoicing costs, streamlining shipping processes, budgeting optimisation, network capacity, scalability, technology access and minimising costly errors.

Q5. Can you track your shipments online?

Ans: Yes, shipments can be tracked online through the online portal given by Varuna Group.

Q6. How long has Varuna Group been in business?

Ans: Varuna Group has been in business for over 20 years now.