

# Pay Per Use Vs Traditional Warehousing

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## WAREHOUSING

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Warehousing services in India have evolved into a crucial component of supply chain management, serving as a strategic hub for facilitating logistics and enhancing operational efficiency. According to the Warehousing Market in India 2022 Report by Netscribes (India) Pvt Ltd, the Indian **warehousing Sector** is projected to reach 2243.79 billion by 2026, with a compound annual growth rate (CAGR) of 10.90%.

As businesses seek to optimise their operations and remain competitive, an emerging trend in the warehousing industry is adopting pay-per-use models, which offers versatile and economical options for managing inventory and fulfilling orders. This innovative approach allows businesses to avoid significant upfront investments in fixed infrastructure and instead pay for the space they need, enabling them to quickly scale up or down in response to changing demand.

## Traditional Warehousing

Traditional warehousing involves the ownership or leasing of a fixed facility with a predetermined capacity, and the costs associated with this model are typically fixed. While this model offers businesses greater control over their storage and handling processes, it has several limitations. One of the most significant drawbacks of traditional warehousing is the high fixed costs associated with maintaining the facility, including rent, utilities, and workforce expenses. This can result in a significant financial burden for businesses, especially those with changing demand or seasonal fluctuations. Furthermore, traditional warehousing often needs more flexibility and scalability to respond to rapidly changing market conditions, limiting a business's ability to adapt to dynamic supply chain challenges.

## Flexible Warehousing

Flexible or Pay Per Use warehousing provides a highly adaptable solution that empowers businesses to swiftly and efficiently modify their warehousing requirements with shifting demand patterns. Companies only pay for the space they need with this model, avoiding the high upfront investments and fixed costs associated with traditional warehousing. This allows them to free up valuable capital that can be redirected towards other business priorities.

Furthermore, pay-per-use warehousing services enable businesses to leverage advanced digital technologies and data

analytics to optimise inventory management, reduce waste and improve operational efficiency. With pay-per-use warehousing, businesses can gain a significant edge in the market by leveraging the dynamic, agile, and cost-efficient storage solutions that are essential for sustainable success.

As a leading **warehouse services** provider, we understand the unique needs of businesses across various industries. Our pay-per-use solutions are tailored to meet the specific needs of each business, whether they operate in retail, healthcare, or FMCG. Our adaptable approach to warehousing empowers companies to reallocate capital and resources, allowing them to focus on other crucial aspects of their business and seize new growth opportunities. Our flexible warehousing solutions allow businesses to reduce their warehousing costs while enhancing operational efficiency.

## Customised Flexible Warehousing Solutions from Varuna Group's Multi-User Facilities

Our Multi-User Facilities (MUF) offer companies an adaptable warehousing solution that can easily adjust to accommodate changing demand patterns, ensuring optimal space utilisation. This ensures businesses can optimise their warehouse utilisation without incurring fixed costs associated with traditional warehousing models. Our MUFs go beyond providing flexible **warehousing services** by offering a comprehensive range of value-added services from labelling and bundling to handling returns, kitting, and quality assurance checks. Our expertise in inventory management, order fulfilment, and transportation enables businesses to focus on their core operations.

## Case Study: Switching to Pay-Per-Use Model and its Benefits

Over the years, we have helped many businesses successfully adopt this model and achieve significant benefits. One of our clients is a leading FMCG Giant struggling to effectively manage its inventory amid fluctuating demand and supply chain disruptions resulting from seasonality. They also needed help with the high fixed costs associated with owning and operating warehouses. These challenges have significantly impacted the company's operations and made it difficult to maintain optimal inventory levels.

Being a retailer, there was an increased need to cut down shipping costs & transit times. They required a solution to store goods closer to their customers. FMCG goods see a temporary scale up in certain seasons and our customer was facing a problem managing the “peak”. We provided a pay-per-use warehousing solution, which allowed them to only pay for the space they used instead of owning or leasing an entire warehouse. This helped them reduce their fixed costs, reduced manpower costs and better manage their inventory.

The benefits that the company has experienced after switching to the pay-per-use model include the following:

**Reduced Costs:** By only paying for the space they used, the corporation reduced its warehousing costs by up to 14%

**Flexibility:** The pay-per-use model allowed corporations to scale their operations up or down based on their changing needs, which helped them better manage their inventory and respond to market fluctuations.

**Better Control:** The real-time visibility provided by our advanced warehouse management system allowed them to track

their inventory better and optimise their supply chain.

Customer satisfaction: The flexibility provided in the supply chain served as the perfect opportunity to serve their customers better and do so without significant investment in fixed infrastructure.

This case study illustrates how businesses across various industries have successfully adopted our pay-per-use warehousing solutions to achieve tangible benefits such as cost reduction, extensibility, and better control over their supply chain. Through a strategic partnership with **Varuna Group**, businesses can streamline supply chain operations and unlock new opportunities for profitability.

*Our warehousing solutions are ideal for businesses looking to optimise their supply chain operations while reducing their warehousing costs. With our expertise and customised solutions, companies can experience increased flexibility, cost savings, and operational efficiency in warehousing services in India.*