

# ASSET VS. NON-ASSET BASED 3PL. WHAT IS BEST FOR YOU?



Third-party logistics (3PL) providers are outsourced by businesses to ensure its goods are properly distributed, warehoused and fulfilled. When deciding how to choose a 3PL provider, it's important to note they fall into two categories: asset vs. non-asset based 3PL.

What does that mean, exactly? And what is best for your supply chain needs?

Before taking a deeper look at asset vs. non-asset based 3PL, it may help to apply the asset vs. non-asset definition to another industry: taxi services.

Uber is the world's largest taxi service, yet it doesn't own any vehicles whatsoever. But a city licensed taxi company does own its vehicles. In this example, Uber is a non-asset company while the city cab company is asset-based.<sup>1</sup>

## NOW LET'S DO A COMPARISON:

### Comparing Asset vs. Non-Asset Based 3PL

Just like the taxi example, asset vs. non-asset based 3PL all comes down to ownership of physical assets:

- **Asset-based provider:** These 3PLs own some or all the physical assets needed to handle supply chain operations, such as trucks, racking systems, forklifts, warehouses, and distribution centres.
- **Non-asset-based provider:** These 3PLs do not own their assets. Instead, they contract out and forge relationships with other parties – such as warehouses and trucking companies – to manage their customers' supply chain requirements.

It seems straightforward: One owns the tools and equipment needed to handle supply chain operations and the other relies on the assets of others to get the job done. They're different, no doubt. But they're also very similar in that they're both effective and efficient and offer a variety of benefits.

### The Pros of Asset vs. Non-Asset Based 3PL

Supply chain success comes down to things such as flexibility, scalability and experience, available in both types of logistics providers.

| FEATURE        | ASSET-BASED 3PL  | NON-ASSET BASED 3PL  |
|----------------|--|--|
| Access         | Instant access to the assets required to move your freight.      | Access to a wide range of partners ensures your unique needs can be met.           |
| Quality        | Total control over the care, availability and quality of assets. | Non-asset based 3PL partners must meet stringent quality requirements.             |
| Expertise      | Experienced in asset management to best serve clients.           | Experienced in identifying the best solution to your supply chain needs.           |
| Communication  | Direct communication with the solution provider.                 | Account-management style communication connects you with a network of experts      |
| Optimization   | Optimizing processes also optimizes transport of your goods.     | Your network becomes integrated within the entire non-asset based 3PL network.     |
| Truck Capacity | Ensuring fleet maintenance and controlling vehicle availability. | Relying on a network of carriers to provide the trucks you need when you need them |





## WHAT'S RIGHT FOR YOU?

Something important to note is that when researching how to choose a 3PL is that, whether it's an asset vs. non-asset based 3PL, they both want to give you the following:

- **Better efficiency:** Asset and non-asset based 3PLs optimize your network supply chain by shipping freight in the most cost and time-effective manner. This is done by leveraging the assets at their disposal (asset-based) or by leveraging their entire North American Carrier Partner Network (non-asset based).
- **Cost Efficiencies Asset-based 3PLs** are an extension of your shipping network and look for ways to provide cost-efficiencies wherever possible. Non-asset based 3PLs will do the same by leveraging their carrier partner network to provide cost efficiencies for the services you need.
- **Accountability:** We will show you how best, we will ensure that your shipment will be delivered on time, with no damages by using proper equipment and modes of transportation. Whether it's improper packaging, inaccurate load weights or damaged freight, both asset and non-asset based 3PLs strive to handle your supply chain needs with extreme accuracy.
- **Technology Driven:** To provide on-time deliveries, both asset-based and non-asset based 3PLs will implement real-time visibility and customized reporting to manage your transportation network. Both asset and non-asset based 3PLs are in the business of meeting your needs and it all boils down to your unique shipping requirements and where you are shipping to.

For example, if you're shipping, a time-sensitive promotion and you want your freight to arrive at its destination on-time. In that case, an asset-based 3PL might be your best choice since they have greater control over how, when and where their trucks get on the road.

On the other hand, if you need to ship something that consists of a large network of freight, spread across the country, a non-asset based 3PL can optimize your entire freight network. They can scale up and down quickly as needed. This is because they have the contacts and relationships to pair you with a service provider experienced in meeting unique or unusual requirements.

## FASTFRATE PROVIDES THE BEST OF BOTH WORLDS

Fastfrate is both an asset and non-asset based 3PL. We have an array of warehouses, vehicles, equipment and expertise to handle your supply chain needs. But we can also tap into an extensive network of experienced solution providers to help with whatever freight or logistics requirements you have.

If you want to learn more, or if you have any questions, please feel free to contact us. We'll get back to you ASAP with the information and answers you need.

<sup>1</sup>Wikipedia, Uber

