

Data motors case study

Business



Nor - with Chrysler (see the Chapter 2 opening case). Data Motors recently purchased the Jaguar and Land Rover brands from Ford Motor Company. One of arc's focus markets is the automotive industry. TTS provides services for product development, manufacturing, supply chain, and customer service support to the leading auto manufacturers and suppliers in North America, Europe, and Japan.

More than 15 percent of its \$4.3 billion in annual revenue came from the services for auto manufacturers. A preliminary version of the agreement had been announced earlier in February. TA agreed to take over Chrysler application maintenance and support services, particularly for Chrysler sales, marketing, product development, shared services, and after sales functions.

In providing these services, TTS will leverage its Global Network Delivery Model, a Case Study by Ronald Jay Villager, a Case Study in Management Information Systems Submitted By: Ronald Jay Villager. Collaborative best-to-class trademark to people, processes, and understructure that uses TTS's tools, methodologies, and products to help customers reduce implementation time and realize business benefits.

The global network delivery model is considered a benchmark of excellence in software development. TTS has over 108,000 IT consultants in 47 countries, including the United States. According to N. Chandelliers, TTS executive director and chief operating officer, 'The expertise and in-depth knowledge of the automotive industry and Chrysler business, coupled with our ability to deliver certainty of results, will provide sustained value to

Chrysler. " Chrysler declined to disclose the cost of the contract, but Data officials indicated it might be worthy around \$100 million.

They did not indicted how long the contract runs.

Ian Berth's, Chrysler vice president and CIO, said that " This is really the next step in our continuous effort... To operate more efficiently and effectively.

.. We do have the expectation of significant cost savings and that will allow future growth within this company. " Berth's declined to say exactly how much savings this outsourcing arrangement would produce. Dennis Greenhouse, third vice president of United Auto Workers Local 412, stated that Chrysler cost estimators-employees with technical backgrounds who examine nominative price issues involved in parts work – believe their Jobs will eventually be taken over by Data.

Annual compensation for a cost estimator in the United States is around \$70,000 to \$80,000 per year.

Greenhouse said he was told that Data could hire two to three people for the same price as one U. S employee. Chrysler IT workers questioned how outside firms could be as efficient as people who had been working on Chrysler systems for years. But Berth's asserted that the change will improve the company's IT operations. Chrysler new management had determined that the company was spending too much of its IT edged on core maintenance of systems and not enough in reinvesting in the business.

Chrysler had about 2, 100 people doing information systems work, of which 1, 000 Nerve full-time Chrysler employees and the rest supplemental

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workers on contract. Retch said that about 200 people, 20 percent of the full time employees, were scheduled to lose their jobs because of the new outsourcing arrangement. Detroit automakers have struggled during the past few years as rising fuel prices and a housing meltdown hammered sales of pickup trucks and SUVs. Chrysler lost \$2. Billion on operations and restructuring costs in 2007.

The company was spun off as a privately held company in 2007 when the venture capital firm Cerberus Capital Management bought it from Daimler for nearly \$7 billion.

Since that time, four products have been cut, and new executives have been appointed. Cerberus puts a premium on not being bound by old practices. Chrysler was the first of the Detroit Three automakers to pull back on auto leasing in the tight credit market. Cerberus is betting it can get the company back to the break-even point by fixing its operational problems and cutting costs.