

Information systems and automobile industry



Bayerische Motoren Werke (BMW), world's renowned premium brand in automobile industry came into being in 1917, having been originated in 1916 as Bayerische Flugzeugwerke AG (BFW); it developed Bayerische Motoren Werke Aktiengesellschaft (BMW AG) in 1918. The BMW Group has temporarily become one of the ten largest car producers in the world. BMW own Mini and Rolls- Royce which are the strongest premium brands in the world of automobile. BMW also remits a strong market position in the motorcycle sector and operates successfully in the field of financial services.

In the world of Automobile industry BMW owns a golden prestige. BMW comprises of following departments:

Design

Engineering

Finance

Human Resource

IT

Marketing/Sales

Purchasing

BMW is one of the rational corporates who have been spending on designs and IT department more and more every year. BMW has been manufacturing a better sedans, suvs and motorcycles every year.

CORPORATE MISSION

The corporate mission of the BMW is to enhance the trade of BMW Group vehicles through services offered to consumers and to BMW centers and BMW Motorcycle centers all over North America. In addition, to enhance the BMW customer relationship by offering comprehensive banking and insurance services tailored for the BMW driver.

The company gives importance to some values which also help them to shape the personality of their employees. This has changed the way of their work, the services they provide and products they sale. Even the company is supportive towards their people, who serve this company heartedly.

The core values followed at BMW are:

Exceptionality over diversity

Governance

Cooperation

Participation in community

Joint respect

Associate development

Captivating risks

Distinction through eminence & invention

BMW is always in search of potential so that it can be helpful in company growth. The company is well aware of what they have to represent and how they have to sustain in the automobile market. BMW is well aware of their opportunities that they can gain. BMW follows a clear business strategy in which goals they have attained are in crux the point of parting for new challenges with new scopes and prophecy. Working on such strategy has inspired the every single employee of BMW group. It influences the company's structure and it plays a vital role in the decision-making process. Our group spirit finds its expression in the uncompromising pursuit of the matchless. BMW produces automobiles and motorcycles which attract people all over the world and which earn multitudes of new followers every day and a grade of success which perceives the BMW Group go from strength to strength.

Manufacturing three premium brands BMW, Mini and Rolls-Royce, the BMW Group has its visions set confidently on the premium segment of the international automobile market. To achieve its aims, the company identifies how to implement its strengths with an efficacy that is matchless in the world of automobiles. So the strategic objective of BMW is to become the leading provider of premium automobiles along unmatched and reliable services for agility of individuals.

BMW has also good relations with the active government parties always, as a large number of sedans of BMW and few Rolls-Royce cars are especially ordered by some ministers. BMW has also been manufacturing bullet proof sedans for government officials and executives and also providing security services along intelligent navigation services along GPS.

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For Details URL of the company is: [http://www. bmw. com/](http://www.bmw.com/)

STRATEGIC ROLE OF INFORMATION SYSTEM

The implementation of an Information System supports the business process and operations. Information system is a reliable tool that helps the managers to get in touch with every activity running in workplace and every employee is bonded in a framework. Information system is also worthy as it helps the employees in the deciding about consequences. In an information system: input -> process -> info. An IS receives data as input and processes them to generate the specific information. Managers have been in decision that Information System always necessary and useful. E. g. In banking sector the specific Information System is used to analyze the history of a client and their complete information. Executives can use this data while determining to provide loan for new clients.

Porter from Harvard School of Business gave a model with five forces framework for the analysis of industry and to define a strategic plan. It is based upon the Industrial organization economics to emerge five forces that will determine the competitive intensity and the attractiveness in the market. An attractive market is very good for a company whereas an unattractive market leads to a huge competition and which may not be so profitable.

Out of five, three of the forces refer to the competition in the market as an external source. The remaining two are internal threats. Porter's Model is mostly used with a SWOT analysis to determine the exact state of the company.

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The five forces include- the three from the horizontal competition:

Threat of the Substitute products

Threat of established rivals

Threat of new entrants

And the other two from vertical competition are:

Bargaining Power of the Suppliers

Bargaining power of the Customers

The Threat of Substitute Products

According to Porter's Model the threat of substitute products always exist after product's demand is exaggerated by the price variation of a substitute product. The more alternates come into market the more price elasticity of the product will be affected. This type of race also arises when the product comes outside the industry, for instance in the manufacturing of automobile tires, tire retreads are a substitute.

The automobile industry is so vast that every company is facing this threat. BMW is also facing this type of threat as there are a number of premium brands in competition, whether the product manufactured is different in many aspects but still in price and many other similar demanded features this type of threat exists. The major competitors of BMW are Mercedes, Chevrolet, Porsche, Lexus and Audi. All of these brands are premium brands which have been in competition for a long time. These companies have been producing substitute sedans and suvs as in competition.

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The Vehicles manufactured by BMW are:

1 series coupe

3 Series sedan

5 Series executive sedan

7 Series limo Sedan

X Series Suvs

Z series Sports

Every premium brand given above is also producing a vehicle in competition to BMW. Like Mercedes introduced S-Class limo styled sedan in competition to BMW 7 series which set a tough point for BMW to sale its 7sr. Before launching of 5Sr BMW Mercedes came into market with CLK series, Audi also gave a challenge to both rivals by introducing A4 sedan. Chevrolet is also side by side in launching its revised edition of sedan Optra with same horse power at lower price. Just to remain in market competition Porsche launched a sedan for the first time up to a level of 7 & 5Sr both with the name of Panamera with more efficient engine and a ravishing horsepower. 20% American market share was gained by Lexus alone by launching of IS and LS series in competition with less price and better services.

The Threat of Established Rivals

BMW is a premium brand and it doesn't worry about cheaper brands but the fear raises where already established brands are taking place and lowering the sale of vehicles made by BMW. Established rivals for the BMW in the

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automobile market are just Jaguar, Mercedes and Audi. Jaguar is a British company whereas other both are German companies with a well-known market share globally in automobile industry

These companies have been giving tough time always to BMW in the real market; BMW has saved its position by owing 2 more premium brands of Mini which manufactures mini coupe and Rolls-Royce which manufactures high level premium limos. BMW is not a company which would lose its market share just due to rival companies launching their product. BMW has maintained again its IT department to come up with new innovations and technologies which no company has come up till now. Soon BMW introduced a limo having maximum horsepower in its engine which till now no company has done. Today that limo (7SR) competes Mercedes S class and even Audi with a great lap timing and more dynamic control. Though 7series is the most expensive sedan of limo class but no sedan is able to compete it in any aspect.

Threat of New Entrants

There are some automobile companies which were already in the market but for other vehicles but soon they came up with new type of vehicles, sedans and SUVs. Like Porsche came up with new challenged Panamera and Cayenne to compete in the sedan market. But as they are very new whether they are innovative, but market share is still owned by BMW. Toyota launched its more powerful sedan Camry with more power to come up in the line but got no market as compared to BMW.

ISSUES AT BMW

A new technology always creates a problem. To achieve the outcome The IS at BMW is distinguished into four keys:

Strategy

Architecture

Control

Planning

Daily routine summary and exception reports are like from sales management department, included in the management information system that is implemented at BMW which helps the managers to make decisions. But the issue rises as a lot of customers are having issues of unresolved complaints . As the department of IT is related to every department due to this information system that has been implemented. The major drawback is that every department is lacking in performance if one department has an issue with one part of system. A large number of clients have been disappointed due to this issue at BMW.

As we discussed above about the infrastructure of BMW Information system is unable to perform its strategic role completely, the customer service and support center are not performing well due to issue wit information system. Another aspect of this issue also shows that information is centralized at BMW as it should be decentralized so that issues can be resolved and actions could be easily taken by the company if clients are having problems.

An argument related to automobile world in American act concerns the duties payable by product manufacturers to consumers. The people who are injured due to defects in the manufacturing of product or any careless behavior of the manufacturer, they have to sue and unless they get any compensation from court they don't settle down. Such rewards, however, could be devastating for any business, particularly when it must pay severe costs. These are compensations funded to penalize a business for past behavior and to prevent similar manner in the future. Since the early 1980s legislature of a particular state has been fighting to improve the law by adding some points which could be useful for customers having complaints from automobile companies.

For example a case revived from history, In Birmingham, Alabama state an oncologist Dr. Ira Gore faced a serious issue as he had paid \$40,750 for a black sedan BMW 535si and after nine months the car has been damaged in transition but it was repainted by BMW. This was not disclosed by the company officials to Gore about the repainting of his sedan. This step taken by BMW is not unique as it is common in Automobile industry and also in most of the states by a provision that if the car needs to repair more than 3% the company needs to inform the client. Here in this case the cost of the paint redone by the company was \$601 but however Gore sued that BMW breached its contract with him and indeed this was a fraud. The case was taken into the court and he trial agreed to pay the Gore \$4000 for the compensation of damages and \$4million for the punitive charges. These charges were figured by the court with a proof that BMW has sold refurbished cars similarly as sold to Gore. This was a real mishap for the

company to pay such an amount on these bases. This gave a lot of loss to the company market and also lowered the shares of the company in the stock market. As this was a serious ethical and legal issue faced by BMW in the history which after changed the company strategy and rules.

REFERENCES

Company Website, [www. bmw. com](http://www.bmw.com)

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