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1. Introduction

Information systems play a critical role in modern organisations by supporting daily operations, improving communication between departments, and enabling data-driven decision-making. In highly competitive industries such as consumer electronics retail, businesses must rely on efficient and integrated information systems to manage inventory, customer relationships, and financial data effectively. Organisations that fail to adopt modern information technologies often experience operational inefficiencies, reduced productivity, and lower levels of customer satisfaction (Laudon & Laudon, 2022).

Kalori Ltd. is a rapidly growing consumer electronics retailer that operates 30 physical stores along with an e-commerce platform. The company has experienced a significant increase in sales over the past year and plans to expand further in the near future. However, the organisation's current information systems have not kept pace with this growth. As a result, several operational challenges have emerged that are affecting the company's efficiency, customer experience, and decision-making processes.

One of the primary challenges faced by Kalori Ltd. is its manual inventory management system. Inventory tracking is not automated and relies heavily on manual updates by store managers. This often results in discrepancies between stock levels recorded in physical stores and those shown on the company's online platform. Consequently, customers frequently place orders for products that are actually unavailable, leading to cancellations, refunds, and customer dissatisfaction.

Another major challenge is the lack of an effective Customer Relationship Management (CRM) system. Customer data is currently stored in multiple disconnected systems across different departments, including sales, marketing, and customer support. This fragmentation makes it extremely difficult for employees to track customer purchase histories or provide personalised services. As a result, marketing campaigns are less effective and customer service teams struggle to resolve complaints efficiently.

Furthermore, Kalori Ltd. faces problems with data analysis and decision-making. Sales reports are compiled manually using spreadsheets, which are often prone to errors and outdated information. This limits the ability of managers to analyse real-time business performance and accurately forecast future demand.

The company also faces data security and compliance risks, particularly regarding the General Data Protection Regulation (GDPR). The current system lacks proper access controls and security mechanisms, increasing the risk of unauthorised access to sensitive customer data (Voigt & Von dem Bussche, 2017).

Finally, the lack of integration between systems used by different departments creates inefficiencies across the organisation. Sales, finance, inventory, and marketing teams all use separate software systems that cannot communicate with each other. This forces employees to manually transfer data between systems, increasing workload and the risk of human error.

This report evaluates the limitations of Kalori Ltd.'s current information systems and proposes the implementation of a modern integrated system consisting of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Business Intelligence (BI) tools. The report also outlines an implementation plan to ensure a smooth transition to the new system.

2. Evaluation of Existing Systems

The current information systems used by Kalori Ltd. are outdated and fragmented. While they may have been adequate when the company was smaller, they are no longer suitable for supporting the organisation's expanding operations. Manual Inventory Management

One of the most significant weaknesses in the company's operations is its reliance on a manual inventory tracking system. Inventory information is updated manually by store managers and is not synchronised in real time with the company's online store.

This creates several operational issues. For example, customers may place online orders for products that are already sold out in physical stores. When the order cannot be fulfilled, the company must cancel the order and issue a refund. This negatively impacts the customer experience and damages the company's reputation.

In addition, store managers struggle to identify products that are overstocked or understocked. Overstocking ties up financial resources in unsold inventory, while understocking leads to missed sales opportunities. Efficient inventory management is essential for retail businesses because accurate stock information ensures smooth supply chain operations and improved customer satisfaction (O'Brien & Marakas, 2019). Fragmented Customer Data

Another major issue within Kalori Ltd. is the absence of a unified customer database. Customer information is stored across multiple independent systems used by different departments. As a result, employees cannot easily access comprehensive customer profiles or track previous transactions.

This fragmented approach limits the company's ability to develop strong relationships with customers. For example, the marketing department cannot analyse customer purchasing patterns or preferences effectively, which makes it difficult to create targeted marketing campaigns. Similarly, customer service representatives often lack access to purchase histories, making it harder to resolve complaints quickly.

Customer relationship management systems are widely recognised as essential tools for businesses seeking to improve customer engagement and loyalty (Buttle & Maklan, 2019). Inefficient Reporting and Decision-Making

Kalori Ltd. currently relies on manually created spreadsheets for sales analysis and performance reporting. Although spreadsheets are useful for small-scale data management, they become inefficient and unreliable when dealing with large volumes of data. Manual reporting processes consume significant amounts of time and often contain errors due to incorrect data entry. Furthermore, reports may quickly become outdated because they are not generated in real time. This makes it difficult for managers to identify emerging trends or respond quickly to market changes.

Organisations that rely on real-time business intelligence systems are better able to analyse data, forecast demand, and make strategic decisions (Sharda, Delen & Turban, 2018). Data Security and GDPR Compliance Issues

Another critical concern is the lack of strong data protection measures within the company's existing systems. Sensitive customer information is not adequately protected, and there are limited access controls in place.

This situation exposes Kalori Ltd. to serious risks, including potential data breaches and violations of data protection laws. The GDPR requires companies operating in the European market to implement strict measures to protect personal data and ensure that only authorised individuals can access it (Voigt & Von dem Bussche, 2017).

Failure to comply with these regulations can result in substantial financial penalties as well as reputational damage. Lack of System Integration

The final major limitation of the company's current systems is the lack of integration across departments. Sales, inventory management, finance, and marketing teams all use different software platforms that do not communicate with each other.

This lack of integration forces employees to manually transfer information between systems, which wastes time and increases the risk of data errors. Integrated information systems allow organisations to share data across departments in real time, improving operational efficiency and collaboration (Laudon & Laudon, 2022).

3. Recommended Solution

To address the operational challenges faced by Kalori Ltd., it is recommended that the company adopts a cloud-based integrated information system consisting of Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Business Intelligence (BI) tools. Enterprise Resource Planning (ERP) System

An ERP system integrates various business processes into a single unified platform. It allows different departments to access shared data, improving coordination and reducing inefficiencies. Implementing an ERP system would provide several benefits for Kalori Ltd.

First, it would enable real-time inventory management. The system would automatically update stock levels whenever a product is sold either in-store or online. This ensures that inventory data is always accurate and prevents customers from ordering unavailable products. Second, an ERP system would integrate business operations across departments. Sales transactions would automatically update financial records and inventory levels, eliminating the need for manual data entry.

Third, the ERP system would improve financial management by automating accounting processes and generating real-time financial reports.

Cloud-based ERP solutions such as Microsoft Dynamics 365, SAP S/4HANA, or Oracle NetSuite are widely used by modern organisations because they provide scalability and flexibility. Customer Relationship Management (CRM) System

In addition to ERP implementation, Kalori Ltd. should introduce a centralised CRM system to manage customer data and interactions.

A CRM system would allow the company to store all customer information in a single database, including purchase history, contact details, and communication records.

This would provide several advantages. Marketing teams could analyse customer behaviour and create personalised promotional campaigns. Personalised marketing has been shown to significantly improve customer engagement and sales performance.

Customer support teams would also benefit from quick access to purchase records, enabling them to resolve complaints more efficiently. Business Intelligence (BI) and Data Analytics

To support strategic decision-making, Kalori Ltd. should also implement Business Intelligence tools that integrate with the ERP system. BI tools provide visual dashboards and advanced analytics that allow managers to analyse key performance indicators such as sales trends, product performance, and customer behaviour.

Real-time analytics would allow managers to identify emerging trends quickly and adjust business strategies accordingly. For example, if a particular product is selling rapidly in certain locations, inventory levels can be adjusted immediately to prevent stock shortages.

Research shows that organisations that utilise business intelligence systems gain significant competitive advantages by improving data-driven decision-making (Chen, Chiang & Storey, 2012). Improved Security and Compliance

Modern ERP and CRM systems include built-in security features such as role-based access control, encryption, and audit trails. These features ensure that only authorised users can access sensitive data.

By implementing these security measures, Kalori Ltd. can significantly reduce the risk of data breaches and ensure compliance with GDPR regulations.

4. Implementation Plan

Successfully implementing a new information system requires careful planning and structured execution. System Selection

The first step is to evaluate different ERP and CRM platforms and select the most suitable solution for Kalori Ltd.'s business needs. Factors such as cost, scalability, functionality, and compatibility with existing systems must be considered. System Customisation

Once a system is selected, it must be configured to support the company's specific business processes. Customisation may include setting up modules for inventory management, finance, sales, and customer management. Data Migration

Existing data from legacy systems must be carefully transferred to the new platform. This process involves cleaning and verifying data to ensure accuracy. Employee Training

Employee training is essential to ensure that staff members understand how to use the new system effectively. Training sessions should be provided for employees across all departments, including store managers, finance teams, and marketing staff. System Testing

Before full deployment, the system must undergo thorough testing to ensure that all features function correctly. Testing should include inventory tracking, reporting tools, and security controls. Phased Deployment

The system should be introduced gradually through a phased implementation approach. For example, the system could first be implemented in a small number of stores before being rolled out across the entire organisation.

This reduces operational risks and allows potential issues to be resolved before full deployment.

5. Conclusion

Kalori Ltd. is experiencing strong growth, but its outdated and fragmented information systems are creating significant operational challenges. Manual inventory tracking, disconnected customer data, inefficient reporting processes, and weak data security measures are limiting the company's ability to operate efficiently and provide high-quality customer service.

To overcome these challenges, the company should implement an integrated information system consisting of ERP, CRM, and Business Intelligence tools. This modern solution would enable real-time inventory tracking, centralised customer data management, improved reporting capabilities, and enhanced data security.

The implementation of these systems would significantly improve operational efficiency, support data-driven decision-making, and enhance the overall customer experience. Furthermore, cloud-based systems would provide scalability, allowing Kalori Ltd. to expand its operations in the future without major technological limitations.

With careful planning, employee training, and phased deployment, Kalori Ltd. can successfully transition to a modern information system that supports long-term growth and competitive advantage.

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