

A Case Study on Comprehensive Budget Management at Transsion Holdings

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Abstract

This report presents a case study of Shenzhen Transsion Holdings Co., Ltd., analyzing the evolution, framework, and operational effectiveness of its comprehensive budget management system. It traces the system's development from its initial implementation to its current role as a strategic tool integrated with business operations. The findings indicate that Transsion's establishment of a closed-loop CBM system, supported by dedicated IT infrastructure, has significantly enhanced its resource allocation efficiency and managerial decision-making, thereby underpinning its rapid expansion in emerging markets. The study further reveals that its budgeting system has played a pivotal role in fostering cross-departmental collaboration and reinforcing strategic alignment, particularly by enabling deep integration between finance and operations across global markets. Concurrently, the report identifies challenges arising from intense market competition, supply chain cost volatility, and business diversification, including margin pressure and the need to integrate budgets for nascent business units. Additionally, the research highlights structural challenges in resource allocation and risk control as Transsion shifts from a single mobile phone business to a diversified portfolio. This case offers insights for multinational corporations on optimizing strategic CBM systems to navigate market complexities and sustain growth.

Keywords

Comprehensive Budget Management; Transsion Holdings; Business-Finance Integration; Strategic Transformation; Diversification Strategy

1 Company Overview

Shenzhen Transsion Holdings Co., Ltd. founded in 2013, is a leading provider of smart devices and mobile internet services focused on emerging markets. Its portfolio includes three major mobile phone brands---TECNO, itel, and Infinix. With a dominant market share in Africa, it is often termed the "King of African Phones." The company has built significant competitive barriers in Africa through localized product strategies (such as multi-SIM support and long-lasting batteries) and an extensive distribution network. The company listed on the STAR Market in 2019, reporting robust revenue of RMB 253.46 billion and net profit of RMB 17.93 billion that year.

Recently, Transsion has faced operational headwinds due

to global market saturation and supply chain pressures. Furthermore, geopolitical risks, currency fluctuations, and policy changes in certain markets have imposed additional pressures on its overseas operations. Its H1 2025 financial results showed a revenue decline of 15.86% year-on-year to approximately RMB 290.77 billion, and a steep 57.48% drop in net profit to about RMB 12.13 billion. While Q3 2025 saw a revenue recovery, net profit continued to decline, highlighting profitability challenges. This trend reflects delays in cost control and product portfolio upgrades, particularly the failure to establish a differentiated advantage in mid-to-high-end market competition. In response, Transsion is pursuing strategic diversification into IoT and new energy sectors and has announced plans for a secondary listing in Hong Kong to fuel its next growth

phase. This move aims to broaden financing channels, enhance its international brand image, and provide capital support for its emerging businesses.

1.1 Post-IPO Stock Performance and Recent Market Analysis

Transsion's stock price broadly reflected its strong market position from its 2019 IPO until 2023. However, from late 2024 into 2025, its share price came under significant pressure, declining roughly 30% from its 2025 high and over 50% from its historical peak by December 2025. The persistent downturn was also influenced by multiple factors, including the global correction in tech stock valuations and investor skepticism about the sustainability of growth in emerging markets. This correction correlates directly with its 2025 financial performance: severe profit contraction, intensified competition in core markets from players like Xiaomi and Honor, and growing investor skepticism regarding its growth sustainability and the prospects of its new ventures. The market is particularly concerned about the investment payback period and profitability visibility of its new ventures, such as energy storage and IoT. This market repricing underscores the heightened demand for internal management systems, particularly its CBM framework, to demonstrate greater strategic agility and value-preserving capabilities. Investors expect the company to send stronger signals of profit recovery and growth management through more refined budgeting and performance management.

2 Analysis of Budget Management Development Stages

Transsion's CBM system has evolved through distinct phases, mirroring the company's growth trajectory.

2.1 Foundational Stage (2015–2016)

During its rapid growth phase, Transsion established basic budgeting frameworks. Key initiatives included standardizing the pricing system and chart of accounts, and implementing a hybrid "top-down and bottom-up" budget formulation process, which laid the essential groundwork for financial planning and control. During this stage, budgeting primarily served to align sales and production plans, focusing on pre-approval and control of costs and expenses, without deep linkage to long-term strategy.

2.2 Formal Adoption of CBM (2017)

As operations scaled, Transsion formally adopted CBM principles, aiming to link budgets with medium-to-long-term strategy and exercise granular control over key expenses. However, the strategic steering and control efficacy of the budget were limited by the tools and processes then in place. Budgeting still relied heavily on Excel, resulting in low data integration efficiency and weak capabilities for rolling forecasts and scenario analysis, making it difficult to respond to rapidly changing market conditions.

2.3 Systematization and Digitalization Stage (2018–2019)

This period marked a critical maturation of the budgeting process. The implementation of the SAP BPC system by end-2019 digitized and automated the full budget lifecycle. The system achieved data integration with ERP and CRM, supported multi-version budgeting, real-time alerts, and variance analysis, significantly improving compilation efficiency and data consistency. Furthermore, the company elevated the weight of budget execution rates in KPI evaluations to at least 50%, effectively closing the "budget-to-performance" loop. This move strongly encouraged business units to prioritize budget execution, fostering a culture of strong closed-loop management encompassing "planning-execution-evaluation." This robust system was instrumental in supporting post-IPO compliance and managed growth.

2.4 Strategic Adaptation Stage (2020–Present)

Facing a transformed external environment---characterized by a slowing global smartphone market, volatile supply chain costs (e.g., memory chips), and fierce competition---Transsion's CBM system is undergoing critical functional adjustments:

1. From Growth to Resilience: The budget focus is shifting from aggressive expansion to cost optimization, expense discipline, and cash flow preservation. Flexible budgeting and rolling forecasts are gaining importance for adaptive planning. The company has begun piloting "zero-based budgeting," rigorously scrutinizing non-strategic expenditures, and establishing cash flow early-warning mechanisms.
2. Enabling Diversification: Budgeting for new, non-handset businesses (e.g., energy storage) requires different

targets (e.g., user growth vs. profit) and evaluation frameworks, demanding greater system flexibility. To this end, Transsion has established an innovation business budget pool, implemented phased funding and milestone assessments, and introduced venture capital-like evaluation logic for new ventures.

3. Integrating Cost Volatility: Persistent fluctuations in key component prices necessitate advanced scenario planning and dynamic cost-pass-through models within the budgeting process to improve accuracy and risk resilience. The finance team has begun collaborating with procurement and supply chain departments to establish commodity price linkage models and set price elasticity ranges within budgets.

4. Evolving Performance Metrics: In a competitive landscape where market share and profitability are often at odds, performance evaluation must employ balanced scorecards that reconcile short-term tactical goals with long-term value creation. The evaluation system now incorporates non-financial metrics such as customer satisfaction, product innovation index, and supply chain resilience to guide long-term healthy operations.

2.5 Stage Summary

Transsion's budget management has evolved from a basic financial control tool into a strategic execution system and is now transitioning toward a dynamic value management framework. The current imperative is to enhance the system's strategic alignment, operational flexibility, and capacity to support a diversified business portfolio. Future success will depend on whether this system can truly achieve dynamic adaptation within the "strategy-budget-execution-learning" cycle, becoming the core nervous system for the organization to navigate uncertainty.

3 Analysis of the Comprehensive Budget Cycle System

Transsion has institutionalized a closed-loop budget cycle (Plan-Formulate-Execute-Analyze-Evaluate), anchored by the SAP BPC platform and governed by a dedicated Budget Management Committee. This committee is led by the CFO and includes heads of business units as well as leaders from strategy, operations, and human resources, ensuring the strategic relevance and authority of budget decisions. The "two submissions and two reviews" formulation process, combined with a mix of fixed, flexible, and

rolling budget methodologies, ensures resource alignment with strategic objectives. The specific process includes: launching strategic planning and budget guidance in Q3 each year (first submission), completing departmental draft submissions and preliminary reviews in Q4 (first review), and finalizing corporate-level reviews and approvals by year-end (second submission and review). To address current challenges, this cycle must demonstrate greater agility, particularly in setting differentiated targets for new businesses, managing costs amidst supply chain volatility, and generating rapid, actionable insights into profitability drivers. For example, budget reviews for the mobile phone business focus on market share and gross margin, while for the IoT business, they emphasize user growth, ecosystem activation, and R&D investment efficiency.

4 Challenges and Strategic Improvement Pathways for CBM

4.1 Principal Challenges

1. The Rigidity-Flexibility Dilemma: Stringent budget controls for cost containment can conflict with the need for frontline marketing agility to defend market share. Defining clear budgetary guardrails while permitting operational flexibility remains a key tension. For instance, regional marketing managers may be unable to respond promptly to competitor promotions due to frozen budgets, leading to short-term market share loss.

2. Budgeting for Emerging Business Units: The lack of tailored budgeting templates, approval workflows, and success metrics for new ventures creates risks of misaligned resource allocation and ineffective performance tracking. New businesses often face dilemmas such as "insufficient basis for budgeting, difficulty controlling spending pace, and competition for resources with traditional businesses."

3. Supply Chain Volatility: Traditional, historically-based cost assumptions in budgets are frequently rendered obsolete by raw material price swings, undermining forecast reliability and profitability planning. The sharp volatility in memory chip prices during 2024-2025 repeatedly caused Transsion's quarterly gross margin to deviate from budget targets by over 3 percentage points.

4. Data Integration and Analytical Agility: Despite integrated systems, generating timely, granular, and actionable

management insights across global operations remains challenging, potentially delaying strategic corrections. Managers at various levels still complain about limited reporting perspectives and lack drill-down analytical tools to trace the root causes of profit fluctuations, such as profitability analysis by channel, model, or region.

4.2 Proposed Improvement Pathways

1. Deepen Business-Finance Integration: Develop dynamic linkage models connecting product roadmaps, market tactics, and supply chain plans directly to budget assumptions and resource allocation. A "Business Case" system could be promoted, requiring any resource request to be accompanied by clear business logic, key assumptions, and financial impact assessment.

2. Implement Differentiated Budget Frameworks: Design and deploy distinct budgeting guidelines, approval authorities, and KPIs for mature and emerging business units. Integrate tools like OKRs for new ventures to track non-financial milestones. For example, mature businesses could be assessed as profit centers, while emerging businesses could adopt strategic project management, each with different budget adjustment thresholds and approval authorities.

3. Enhance System Intelligence: Integrate real-time procurement and commodity price data into the CBM system. Develop built-in sensitivity analysis and stress-testing modules to enable proactive scenario planning. It is recommended to introduce external data APIs and link them with budget models to automatically trigger warnings or budget revision suggestions.

4. Advance Business Intelligence (BI) Capabilities: Transition from static reporting to interactive, self-service BI dashboards. Empower managers to perform real-time analysis of cost drivers, product profitability, and regional performance to support dynamic decision-making. An "Executive Cockpit" for management should be established, integrating key operational and financial metrics and supporting drill-down, slicing, and what-if simulation analysis.

5 Conclusion and Implications

Transsion's CBM journey illustrates the evolution of a critical management system within a globalizing Chinese tech firm. Its experience provides a valuable template, yet its recent challenges underscore that no CBM system is

static. As market conditions shift from growth to saturation and business models diversify, the budgeting system must concurrently evolve.

For Transsion, the current pressures constitute a stress test for its CBM framework, demanding a shift in its fundamental orientation: from fueling growth to ensuring resilience; from managing uniformity to orchestrating diversity; and from historical extrapolation to forward-looking, insight-driven planning. The success of this transformation will directly impact the slope and sustainability of its second growth curve.

The broader implication for enterprises is clear: the ultimate value of CBM lies not in producing a perfect annual financial plan, but in building an adaptive management system. This system must continuously sense environmental shifts, dynamically reallocate resources, and rigorously support strategic choices. Budget management should be viewed as a process of organizational learning and strategic adaptation, rather than merely a financial control activity. In an era defined by uncertainty, such adaptive capacity is a foundational component of sustainable competitive advantage. Enterprises need to cultivate "budgeting agility," reshaping the budget from a "back-office accounting tool" into a "frontline management partner," truly enabling finance and business to dance together.

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