

Tyneside software firm Technology Services Group hails improved trading

Directors at Tyneside software firm Technology Services Group (TSG) have hailed improved trading results on the back of investments and growing demand.

The software solutions company chalked up a 7% increase in turnover to £32.1m in the year ended March 31, while also seeing operating profit grow from £2.13m to £2.27m. Overall profit for the year more than doubled from £632,000 to £1.65m.

Finance director Steve Lynn highlighted ongoing reluctance by customers to make investments, but said more are now moving to cloud-based platforms, which boosted the firm's recurring income. In his report on the year, Mr Lynn said: "Despite the general difficult trading conditions due to the ongoing Covid-19 pandemic, the business improved its trading results year on year.

Read more: [Parkdean Resorts prepared for strong year of UK staycations amid cost-of-living challenges](#)

"As the United Kingdom came out of lockdown at the start of the financial year, the business saw a good recovery in project services revenue. This has increased by £1.25m (22%) over prior year, albeit has not yet returned to pre-pandemic levels. This was seen on both the demand side, where there was ongoing caution around investment, and the supply side, where localised outbreaks of Covid-19 reduced staff availability. There was ongoing growth in revenue derived from recurring income streams, which increased by £800k (4%) year-on-year.

"There has not been an equivalent recovery in sales of end user devices and on-premises servers, which remained flat

year-on-year. This is attributed to an ongoing reluctance of customers to make capital investments, coupled with an increasing uptake in those transitioning to cloud-based platforms, contributing to the business's growth in recurring income."

The increases in sales and profits come a year after CEO Rory McKeand announced a new structure as well as a shift in working practices, following his appointment to the top job in the spring of 2021. The company, which had 263 employees in the year, was formed by North East entrepreneur and philanthropist Graham Wylie, the co-founder of Sage, while former CEO David Stonehouse is chairman.

The pandemic led to TSG shifting to homeworking and the company introduced hybrid office working following the end of lockdown, leading to the closure of four of its six offices. During the year Mr McKeand put his plans for new offices into action, leading to a head office move from Quorum Park to the Team Valley in Gateshead.

The company said it made capital expenditure of £799,000 in the year, the majority of which went on the relocation and refurbishment of the business's registered head office in Kingsway North. Three satellite offices were mothballed leaving three operational hubs across the UK, accommodating a flexible hybrid working environment for staff.

Looking ahead, Mr Lynn said tech needs of businesses continue to evolve and, as cloud-based services continue to gain both credence and traction, TSG is well placed to aid businesses as they seek to make changes.

He added: "TSG has the strategy, structure, product suite and, most importantly, the people to deliver in this uncertain and changing environment and is well placed to take advantage of the opportunities available. The business has taken, and will continue to take, steps to ensure profitability whilst

continuing to focus on delivering a world-class customer experience.”

READ NEXT

- [North East inward investment boss trails “big and exciting” projects in 2023](#)
- [Nissan profits impacted by trio of headwinds facing automotive sector](#)
- [Quarter Day payments bring unwelcome Christmas concerns for North East business owners](#)
- [Read more North East business news](#)
- [Sunderland innovator Vero Power says the sky’s the limit for solar](#)