

Tyneside software firm Technology Services Group toasts rising revenues and profits

Tyneside software firm Technology Services Group (TSG) has toasted rising revenues and profits as more customers make the move to cloud-based services.

The Team Valley-based software solutions business has published accounts for the year ended March 31, showing a 10% lift in turnover to £35.3m, with 66% of turnover coming from recurring revenues. The company, which was formed by North East entrepreneur and philanthropist Graham Wylie, grew employee numbers from 263 to 283 in the year.

Operating profits rose by 33% to £3.1m and overall profit for the year was £2.5m, up from £1.7m. Adjusted Ebitda meanwhile grew to £4.4m, an increase of 25%.

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Finance director Steve Lynn said businesses changing their working environments has boosted traction and credence of cloud-based services – a change from the previous year when TSG noted reluctance by customers to make investments. In his report on the year within the accounts, Mr Lynn said the business had seen continued improved performance, as well as continued growth in recurring revenue streams.

He said: “The business continues to see improved performance in its trading results year on year. Project services revenue

has increased by £1,637,000 (24%) over prior year. There was continued growth in revenue derived from recurring income streams, which increased by £1,311,000 (6%) year-on-year.

“The business generated £3.1m cash from operating activities and continues to be cash generative. The business has also continued its investment into Microsoft capabilities across both customer application solutions, as well as internal operational platforms covering provisioning, fulfilment and billing.

“These investments will continue to drive future organic growth commercially, as well as improving internal efficiency and overall customer experience.”

During the financial year, in November 2022, the company launched the TSG Foundation as part of its commitment to corporate social responsibility.

Mr Lynn added: “This is an employee led initiative set up to donate 2% of future profits which can further the impact the TSG Foundation wishes to achieve the intended impact to ‘provide people with the capabilities to unlock opportunities in the digital world’. The company has allocated £129,000 to the TSG Foundation up to the end of March 2023. To date six UK charities have been issued by a grant from the TSG Foundation, totalling £39,200.”

He added: “The technology needs of businesses continue to evolve and are more acutely in the minds of customers and prospects due to the new operating environment. 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.”