



TSP Compensation and Profitability: Key Insights and Trends

Hallmarks of TSPs with best-in-class profitability

The most profitable IT solution providers (TSPs) typically:

- 01** Have a narrow range of technologies that are marketed and sold.
- 02** Cater to a specific target customer profile.
- 03** Prioritise hiring, training, and mentoring Level 1 employees.
- 04** Pay less in total annual earnings (TAE) for staff and managerial positions.

Leverage profitability insights from the [ANZ Executive Summary](#) to improve your bottom line

Insight	How to leverage
Owner compensation for AU and NZ is higher on average than in other regions.	As you grow, utilise variable compensation, like incentives, commission, etc., for staff, managers, and business owners to control TAE costs.
Best-in-class profitability TSPs pay an average of 9–17% less TAE for staff and management positions.	Recognise that the most profitable TSPs pay their employees and managers less and adjust accordingly.
The average TAE for a Level 3 service desk specialist was, on average, 43.5% higher than a Level 1.	Prioritise hiring and training Level 1 technicians. Stick to a single target customer profile and implement regimented technology standards to utilise lower-skilled, lower-paid employees.

Additional tips for increasing profitability

- Focus on your core competencies.**
Don't try to be everything to everyone—focus on the products and services you do best.
- Invest in your employees.**
Your employees are your most valuable asset—ensure they're well-trained and motivated.
- Manage your costs.**
Carefully track your expenses to avoid overspending.
- Market your services effectively.**
Spread the word about your products and services to attract new customers.
- Provide excellent customer service.**
Quality service helps retain clients and keep them happy.