

White paper

How TAG Membership Can Impact Your MSP's Bottom Line

How small improvements in operating performance add up to meaningful EBITDA gains.

Revenue growth gets the headlines. EBITDA decides what your business is worth. This paper looks at how small improvements in operating performance add up to meaningful profit, and where peer group membership fits in.

Why EBITDA is the number that matters

EBITDA (earnings before interest, taxes, depreciation, and amortization) shows how much profit your operations actually produce. Lenders use it. Buyers use it. And because MSPs are typically valued as a multiple of EBITDA, every dollar you add to it can be worth several dollars in business value.

That's why two MSPs with the same revenue can be worth very different amounts. The one that converts more of each dollar into profit wins.

An illustrative example

Consider an MSP with \$5 million in annual revenue and a 10% EBITDA margin. Now assume revenue stays flat, but the business improves its EBITDA margin by five percentage points.

	Today	After +5 points	Change
Annual revenue	\$5,000,000	\$5,000,000	No change
EBITDA margin	10%	15%	+5 pts
Annual EBITDA	\$500,000	\$750,000	+\$250,000
Value at 6x EBITDA	\$3,000,000	\$4,500,000	+\$1,500,000

Illustrative scenario, not an actual or guaranteed TAG member result. Assumes constant revenue and a five-percentage-point increase in EBITDA margin. Valuation multiples vary by market, size, and business quality.

Same revenue. An extra \$250,000 in profit every year, and up to \$1.5 million in added value at sale. What would an additional 5 percentage points of EBITDA mean to your MSP?

Where five points can come from

Five points can sound like a lot. In practice, it usually comes from several modest gains rather than one big change.

Stronger gross margins. Pricing services on value instead of hours, standardizing stacks, and cleaning up unprofitable agreements can lift gross margin across the whole client base.

Lower operating expenses. Benchmarking your spend against peers often reveals overspending on tools, overlapping vendors, or overhead that grew faster than revenue.

More recurring revenue. Moving clients from project and break-fix work to contracted managed services makes revenue more predictable and usually more profitable.

Better technician utilization. Standard processes, better dispatch, and automation mean the same team can support more clients without adding headcount.

Financial discipline. Reviewing the right KPIs every month, not just at tax time, helps owners catch problems while they're still small.

How TAG membership supports each lever

Profit lever	How TAG helps
Gross margin	Best practices from a working MTSP and peer insight on pricing and packaging
Operating expense	In-depth financial analysis and industry benchmarking
Recurring revenue	Advanced sales training, marketing, and lead generation programs
Purchasing	Strategic manufacturer partnerships and combined purchasing power
Discipline and follow-through	Professionally led peer groups that create accountability

Questions to ask about your own business

- Do you know your EBITDA margin today, and how it compares to similar MSPs?
- Which clients or service lines are quietly losing money?
- What share of your revenue is recurring, and how fast is it growing?
- How much of your business depends on you personally?
- What would an extra five points of EBITDA allow you to do?

Explore how TAG can help improve your MSP's profitability

Find out where your next five points could come from.

Book a no-obligation discovery meeting with TAG National.