



# **SAP Q3 Quarterly Report 2023**

# OVERVIEW

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**The Australian economy has been impacted by inflation, with prices increasing for goods. Services price inflation remains high and rent is increasing at the fastest rate in some years. Job vacancy rates are low in many parts of the country, however unemployment rates are still at a 50 year low.**

According to the RBA, growth in the Australian economy has slowed and growth over the next couple of years is expected to be below trend. Households are spending less due to the tighter financial conditions and there is a consciousness when investing. In contrast, business investment remains an imperative as we move into this new normal.

## **Effect On The SAP Market**

Dynamic is the word that comes to mind when explaining the Australian SAP market during Q3. The SAP market in Australia has been impacted by several economic factors in the first quarter of 2023, including inflation and changes in employment trends. Generally larger organisations have had some sort of disruption when hiring; with either short freezes, a revision of budgets, a reprioritisation of projects and/or redundancies or on a larger scale revision of staff organisational charts leading to some projects being put on hold.

The positive news is SAP still have the 2027 deadline for customers on ECC moving onto S/4HANA so new projects are getting underway. The sense we are getting is businesses are aiming to cut the fat from the hiring boom and move forward into project work with leaner teams. We predict a lot of employees will have pressure to 'do more with less' which in turn will create more movement in the market. In positive news for contract resources, when there has been cautiousness in the market, historically there is an increase in contract vacancies and we have

seen the market reverting back to 63% of hiring being in the contract space.

## **The Battle Between Companies And Employees**

The current challenge in the market is companies trying to get their employees back to the office. The SAP community proved through the pandemic that projects can be delivered remotely and subsequently when the country started to open up companies kept the work from home culture largely as a strategy to invest in well being.

On the flip side, companies have recognised that people need people, and that the collaboration piece which has been missing with the WFH strategy is viewed as a key factor to improving SAP programs. The trend we have seen is companies mandating a number of days in the office and when hiring specifying this as a must. This is restricting their talent pool when going to market as the expectations are not matched between client and candidate.



**63%**

**of new hires in the  
SAP space has been  
contract**

# OVERVIEW CONTINUED

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## Hiring Processes

The current economic environment has impacted hiring processes in the SAP market. Larger companies are experiencing longer and more drawn-out hiring processes, as there is an element of cautiousness due to the uncertain economic environment. Companies are taking more time to evaluate candidates to ensure they have the right skillset and experience.

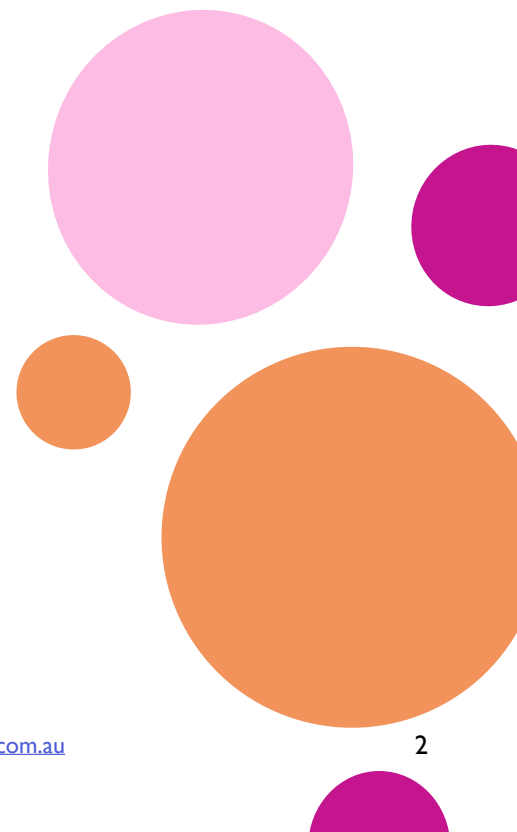
Another factor impacting hiring processes is the need to replace people who had a long tenure and were across multiple domains within the business. These individuals often had specialised company knowledge and expertise only achievable through a long term tenure, making it challenging and sometimes impossible to find a suitable replacement.

## What Are Successful Companies Doing Well In This Market?

- Adapting quickest to the new normal
- Not reverting back to old habits i.e when there is a cautiousness it is very easy for leadership to assume more control and more control is manifesting in seeing people in the office
- Not just relying on a straight replacement for a long term employee leaving – the companies that are thriving understand they may need to re-evaluate the vacancies by either separating accountabilities or engaging a contractor
- Place a large emphasis on change management right at the start of projects to save costs in the long run
- Reassuring critical employees and planning for long term – when the market is dynamic it is important you invest time with your current employees who are critical and ensure they understand their worth

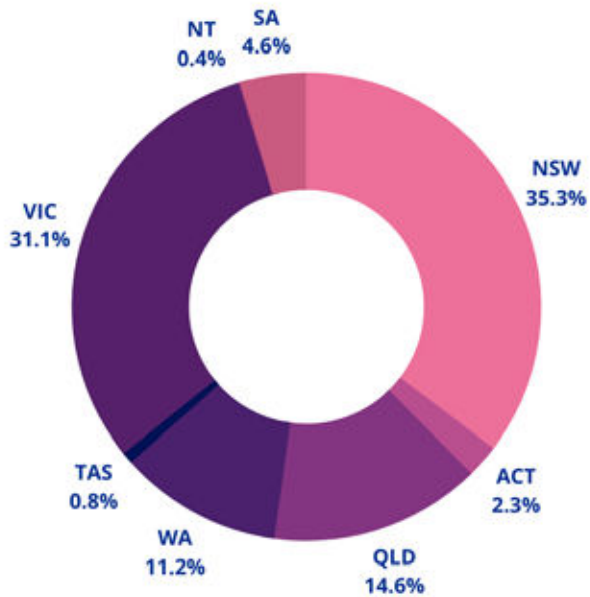
## Outlook For Q4

The SAP market in Australia is dynamic in Q3 2023, with several projects being put on hold due to economic factors, while others are starting to enhance business processes and increase efficiency. Larger companies are experiencing longer and more drawn-out hiring processes due to cautiousness and are faced with the challenge of replacing long-term employees with broad and specific-to-the-business skillsets. Companies are trying to get staff back to the office mandated days is causing a lot of friction, especially when hiring for a new employee. Lastly S/4HANA skills are becoming essential and resources who do not have the experience are getting left behind.



# QUICK FACTS

## Hires Per State



## Job Titles In Demand

SAP Solution Architect

SAP FICO Consultant

SAP Project Manager

## Skillsets In Demand

Architecture

S/4HANA

BTP

## Number Of People Changing Jobs

	Q1	Q2	Q3	Q4
2021	720	2020	1076	1211
2022	2570	1988	2388	2063
2023	1939	1244	2180	

