

SAP Q4 Quarterly Report 2023

OVERVIEW: A PERFECT STORM

We did it. We made it to the end of another rollercoaster financial year. High-fives all around. And as always, that dreadful sprint through the final weeks in the lead up to the new Financial Year has left us all gasping for breath and we all hope that tick over from June 30 to July 1 will leave us feeling as fresh as a brand new spread sheet but we know deep down that's never the case – so let's take a moment to reflect on the final quarter of FY 22/23.

Interest rates high, inflation and general cost of living now starting to affect all levels of society, regardless of your remuneration as well as a steadily increasing pipeline of work that is to hit in FY 23/24 – this was a quarter defined by a perfect storm. We had a federal government change this year, multiple state government changes and it was the end of the Financial Year.

The effect of this in the last few months has shown a change in both candidates and clients approach to the job market and priorities as always have reflected these changes in the world around them.

Effect On The SAP Market

The bad news. Well, I hesitate to say bad news but for sake of comparison there is no getting around it – the market is quieter than what it has been for the last two years. But something to remember is that these last two years has been a level of volume in candidate movement (which was reflected by a record number of client activity to hire) that we have never before seen in the SAP Market in Australia. Even the booming days of ECC implementations did not reflect what we've experienced.

So yes, while the market is quieter than it has been in recent memory, view this trend relatively, not in isolation. The market that we're coming off was extraordinary. We are now entering a market that is still very much good. Quieter does not always mean dead quiet.

Some things to keep in mind – the global

economy can and does have a very real effect on the isolated SAP market in Australia. We have seen this in some shocking decisions to stall or outright cancel S/4HANA programs, despite some being well and truly kicked off. The message communicated when these stalls and cancellations happened? "We will do it. Just not right now."

Those circumstances do not change the facts. The ECC Support cut off looms ever large in the distance in 2027 and only a little over a third of the companies that run SAP ECC have made the move. A whopping two-thirds of the market is still to make that jump and with time not exactly running out but certainly becoming more limited by the day, S/4HANA programs are looking very likely to kick off in the near future.

Which leads us to the good news. The SAP Team at Precision Sourcing had over 250 client meetings this quarter and almost every one reflected a very similar conversation: "We're planning to do quite a bit but not right now." And by "not right now" they meant not in the FY of 22/23. What this means is there is an intense pipeline forming for the new FY that we are entering and it stretches well into FY 24/25.

All the planning and preparation of Q4 will likely start to have an effect on actual project kick offs and hiring in late July through to late August – or so says our SAP Team Crystal Ball.

FOR CLIENTS

Tips for Clients

Sticky is the word I'd use to encapsulate client processes in hiring this quarter gone. This can be put down to a number of different reasons but the largest contributing factors are:

- High expectations on niche skillsets or exact matches on backfills
- Unmatched expectations on work locations and WFH splits
- Hiring managers jumping the gun and speeding ahead when a role has not been approved

How to Avoid a Sticky Process

Prioritise your must-have-skills and your good-to-haves – this quarter has seen a number of redundancies of long time team members and with that comes a highly specialised knowledge collected over years of working in the same environment walking out the door. Don't try to find an exact replica but instead focus on one or two absolute must-have skills and then question thoroughly in interview on ability and willingness to learn something new.

Treat everyone the same by treating everyone differently – the debate is back on with WFH/ WFO splits being a key difference in a successful or unsuccessful hiring process. A good rule of thumb? Treat your staff as individuals. Almost everyone understands that face-to-face is an incredibly important part of working but flexibility is key. If they're going to be on Teams in the office anyway because relevant people aren't there that day, should they really have to come in just to say "I came in three days a week"?

Slow is smooth and smooth is fast. While speed is always essential in a hiring process, it's only effective if you've got your process down pat. Is the role signed off? Is your budget reflecting market rates? Could we roll those two interviews into one to save time? Have your hiring process absolutely locked down before going to hire because the last thing you want to do is fall at the finish line leaving a sour taste in the mouth for all parties involved.

FOR CANDIDATES

Tips for Candidates

A lot has changed for candidates looking for new roles and the biggest thing people are looking for now is security. But this looks different for every person.

Security can look like:

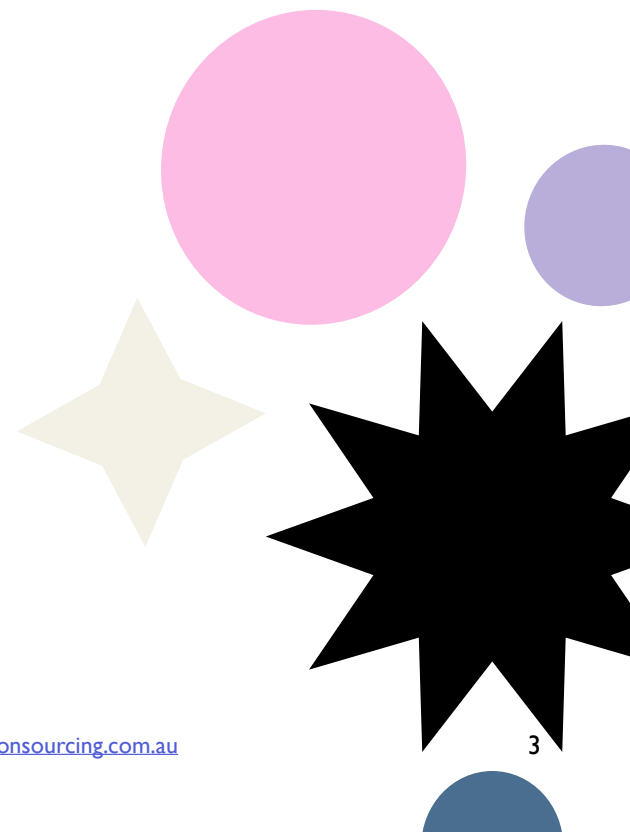
- More money
- Longer engagements
- A more sustainable work/life balance ratio

How to Get Security in your Next Role

Don't price yourself out! It can be tempting to ask for the absolute most that you want, especially with inflation and costs of living going up but remember that you still need to get yourself in front of the opportunity first. And shooting for the stars can sometimes land you straight back on earth with not even a hint of the moon. Worse it can lead to surprise terminations and/or shorter contracts because hiring managers cannot afford you long term.

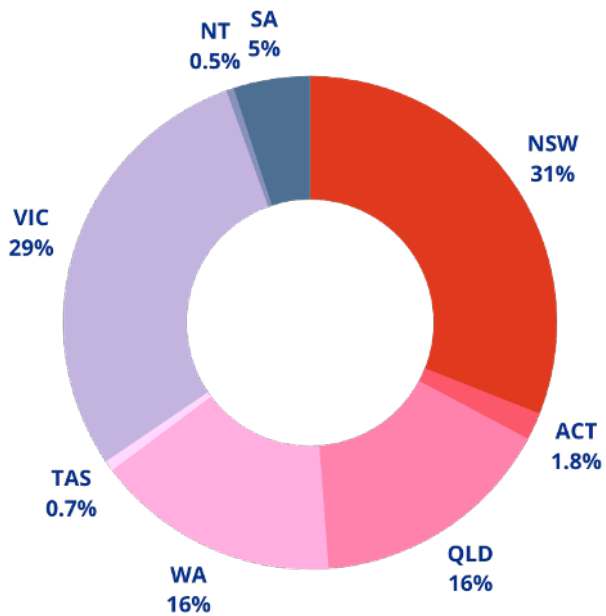
Consider looking at permanent and contract almost as the same kettle of fish, especially with the market and economy behaving as it is. At the end of the day, you're protected by your notice period and nothing more. If you're looking for long term stability, when interviewing or considering a change, question the recruiter or hiring manager on how long this role has been budgeted for, what's the pipeline of work and how long have they secured funding for?

Work-from-home is likely not going anywhere but flexibility to this is also key from a candidate point of view. Understand that face-to-face is back in the market now as a norm and 100% remote roles are becoming rarer and rarer so don't hold out for it.



QUICK FACTS

Hires Per State



Job Titles In Demand

Analyst (Business/Testing)

Program Manager

Solution Architect (Stream Specific)

Skillsets In Demand

Supply Chain Management

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	1688

12%
Decrease

For the third quarter in a row contract rates have decreased. There has been a 12% decrease from this time last year.

Q1 OUTLOOK

A Little Less Conversation, a Little More Action Please

We are officially out of planning stages – as we enter a new Financial Year the prospect of opportunities and projects are plentiful. The clients that act quickly and start their S/4HANA projects and upgrades sooner rather than later will have their pick of the cream of the crop when it comes to consultants, particularly with so many S/4HANA programs stalling in Q3/Q4 and fresh talent entering the market.

The candidates that remain realistic and flexible when it comes to their remuneration and days on-site (without completely comprising themselves) will also flourish, so long as they choose wisely when it comes to company culture and transparent leadership. Understand that if you do start an interviewing process, it's not good to window shop – if you're committing to a hiring process, understand that you're committing to a possible offer down the line too.

All in all – we are going to be seeing movement this quarter after roughly six months of planning and this will start to reflect in pipelines of work kicking off. The question will be who gets there first?

