SAP Q2 Quarterly Report 2024

OVERVIEW

In the 2nd quarter of the financial year 2024/2025, it was reported by the Australian Bureau of Statistics that the Australian economy slowed down which in turn will lessen the chance for another interest rate rise. Australian gross domestic product (GDP) rose 0.2% this quarter and by 2.1% since September last year which is a significant slowdown.

Some Australian based businesses overall share a similar story as there certainly has been a reduction in spend, head count and appetite in some cases. Businesses do however continue to focus efforts on efficiency and innovation, and this is creating a lot of work for streamlined teams. More work + less people = signs of burnout.

Managers are keen to bring more people in because the work is there but getting approval seems to be the barrier.

The Knock-on Effect to the SAP Market

With the impending ECC support deadline in 2027, SAP customers are running out of runway. 2024 and 2025 are shaping up to be busy in terms of work and hiring. Those managers that can get the headcount approval and/or the budget for contract resources will have the bandwidth to deliver these critical projects successfully.

SAP themselves still have the challenge of portraying the "how" and "what" message as there seems to be so many options – brown/blue/green field coupled in with buzz words such as clean core, RISE and using tools like Signavio. One thing we have learnt is there will be very few large scale, big bang programs of yesteryear. There will certainly be smaller more agile and quick wins type of work. Think Minimum Viable Product.

Less "big bang" programs and more "low hanging fruit" stir up some interesting topics:
- Resourcing – smaller, sprint-style projects require a high level of consulting, experience and intellect meaning the need for specialist contractors will increase
- New talent – less large scale programs decrease the chances of newer talent entering in the market
- Cost – quick wins for the business could be seen as a more cost-effective strategy during uncertain economic times

Current Trends in the Market

Confusion: Organisations are increasingly exploring the "how" to migrate to cloud-based SAP solutions especially those with heavily customised systems but it's not always an easy task.

SuccessFactors: Seems to be the golden child of SAP with multiple agencies and companies implementing it before looking at their ERP.

Change Management and Data: Businesses are starting to understand the real value and importance of change and data with S/4 programs. If either one of these fail the project will fail or need some major investment to get it right and back on track.

Nervousness around moving jobs: Due to economic uncertainty, sourcing new talent will be difficult because there's a feeling of 'better the devil you know' happening in the market.

TIPS FOR CLIENTS & CANDIDATES

Tips for Clients
For organisations navigating the evolving SAP landscape in Australia, here are some tips:

Don't look for bargains: Yes, there seems to be more talent on the market. It's important to know good talent is still highly in demand and in short supply and of the talent that is available – do not try to underpay. Think about what would happen when the market turns?

Remain flexible with working arrangements: Every person has a different situation and while there is a reluctance from candidates to come back to the office, in some cases, it is important you don't go to market with a blanket set of rules 'we all work full time in the office'. To secure the best talent it's important you understand each persons needs.

Negotiate all your supplier contracts now: If you have a busy pipeline of work it is worth using this time to negotiate with your suppliers and get contracts in place. When the time comes to hiring you will be ahead of the curve and this will save you a lot of time in the future.
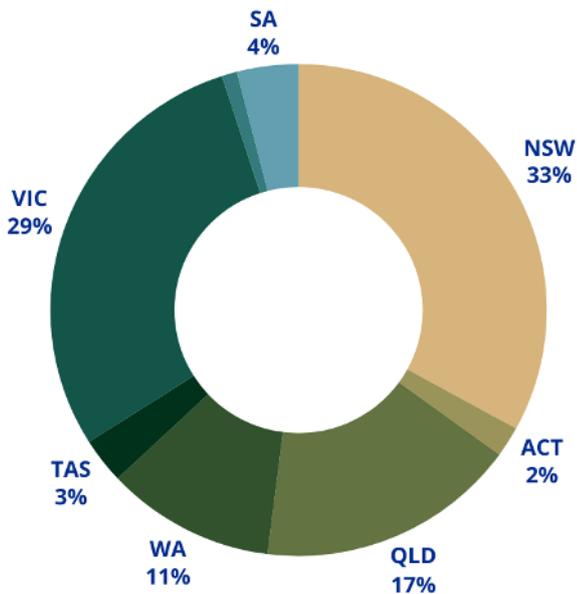
Tips for Candidates
Enhance Skillset: The role of an SAP Consultant is changing. Those that focus purely on the technology and implementation will fall behind. Those that are technically savvy and can talk business language to articulate what changes to end users and stakeholders will thrive!

Embrace Continuous Learning: Stay updated with the latest SAP trends and innovations by participating in training programs, webinars, and industry events.
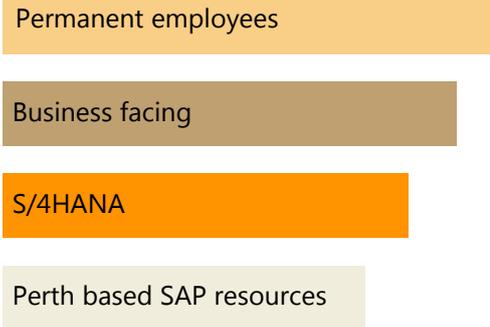
Be Flexible: There is always work for SAP talent in ANZ. IF you are flexible with office days, renumeration/daily rate and travel. Fortunately for the last 3 years we have been in an employees market where you could dictate all the above. We are swinging back to an employers market which means compromises on the above.

QUICK FACTS

Hires Per State

	SA 4%
VIC 29%	NSW 33%
TAS 3%	ACT 2%
WA 11%	QLD 17%

What's In Demand

Permanent employees

Business facing

S/4HANA

Perth based SAP resources

Job Titles In Demand

SuccessFactors Consultants

S/4 Project Managers

Number Of People Changing Jobs

	Q1	Q2	Q3	Q4
2021	720	2020	1076	1211
2022	2570	1988	2388	2063
2023	1939	1244	2180	1688
2024	1873	1330		

11% Decrease

Contracting rates have fallen 11% compared to the same period last year.
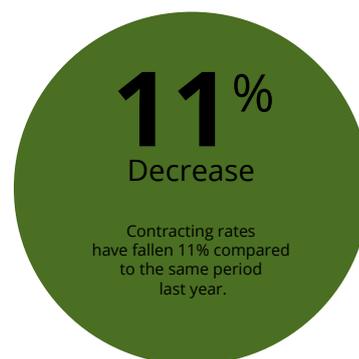
OUTLOOK FOR NEXT 12 MONTHS

Looking ahead, the Australian SAP market is expected to grow rapidly in terms of programs, projects and vacancies. As SAP's strategy is to rely and support the partner ecosystem, the need for permanent headcount in consultancy land is not going away any time soon. If anything – it will increase!

Consultancies therefore have a huge responsibility in ANZ with how the future of the SAP workforce apply their trade. It is up to them to educate the customers about how SAP Talent thinks and feels and not just over sell and under commit. If consultancies win a large scale program cost and margin dictate their recruitment strategy but this is not always conducive to a healthy market.

The reality of the SAP market in Australia is 65% of talent are contractors. If you want a successfully run project the chances are you will need to engage heavily in this market. Permanent will always be the preference as they will retain knowledge and be more cost effective. Those consultancies that understand the majority of the market is contract and have commercially savvy contracts set up with suppliers will deliver programs more efficiently because they have access to the best talent.

 Another example is the work from anywhere vs office challenge. If consultancies pitching for large scale programs commit to a huge onsite presence, and then go to market with strict parameters and underdeliver, it starts to give them and SAP Talent and sometimes even the end client a bad name. The leaders in these organisations are pivotal to the future success of these programs.

SAP has some fantastic tools like Signavio that will be essential to the 'how' question in relation to customers migrating to the cloud. We also think the advisory path is critical and customers investing time and money into that will pay dividends later down the line.

In conclusion, the second quarter of 2024 has started to show the shoots of new programs and projects in the Australian SAP market. Most of the challenges in 2024 will sit with the employers as true talent is in short supply and will only get shorter as more projects kick off but consultancies will have a huge responsibility on the lasting effects of the market.

SAP Talent should be encouraged to stay proactive, embrace emerging trends, and offer more flexibility with their presence. On the flip side, just because this will be a client led market, does not mean SAP programs will be successful by default. To run a successful program, you still need good talent, at the right place and time and that is something that comes with flexibility on cost, location, remote and contract vs perm.