

Q3 2024

SAP

MARKET REPORT



OVERVIEW

In the third quarter of the financial year 2024, the Australian economy continues to show signs of cautiousness, with GDP growth remaining subdued. Despite ongoing economic challenges, businesses in Australia are navigating through with a blend of caution and resilience. This quarter witnessed several significant trends and developments in the SAP market landscape, impacting both businesses and SAP professionals across the region.

SAP MARKET TRENDS



S/4HANA Adoption:

Only 16% of SAP customers in Australia and New Zealand (ANZ) have transitioned to S/4HANA, indicating a slow uptake of this critical platform upgrade. Despite SAP's efforts to promote S/4HANA, there is still caution among businesses in the region. The immediate challenge is justification of ROI in the short term. Conversely, customers with a long-term mindset and perspective will reap the benefits much sooner, putting them ahead of the curve. AI is a great example of this – benefits like this will only be available to customers who have made that move to S/4HANA.

S/4HANA Strategy:

While there was a lot of discussion around S/4HANA and a move to the platform, clients were still in the process of working through their migration or transformation strategies. The vast majority of clients are leaning towards a brownfield 'lift and shift' strategy. Get on the platform in 6 months and then optimise and enhance for years to come. It would seem large scale transformations will be few and far between. What is irrefutable is a wave of work is coming. Tier One consultancies predict Q1 of the new financial year will be the tipping point.

CURRENT MARKET TRENDS

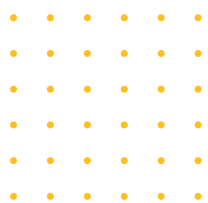
Caution in Decision Making: Economic uncertainty, coupled with the complexity of migration projects and/or transformation is influencing decision-makers to proceed with careful deliberation and these decisions are made at or above C-Level. This is causing a delay in the pipeline of project work. One major government organisation have paused the program after almost a year of planning only to have to reset and start again with a new approach due to initial cost estimations and this seems to be a shared story across many organisations.

Business Process Optimisation: Business process optimisation remains a key focus for clients, with a desire to streamline operations and move away from clunky legacy SAP systems, particularly while they prepare for what seems like an inevitable S/4HANA Transformation or Upgrade. Smaller projects focusing on data cleansing and small upgrades were prevalent, but full-scale S/4HANA adoption is yet to materialise. There is a growing demand for solutions that simplify processes and enhance efficiency. SAP Signavio seems to be the tool customers are using most to help optimize business processes. Precision Sourcing recently hosted an event in Sydney in collaboration with SAP and this was the hot topic the community wanted to learn more about.

SuccessFactors Dominance: SuccessFactors continues to be the flagship solution for all things HCM, gaining momentum and recognition within the market. It's popularity remains unabated, with multiple government agencies and private companies implementing it as a priority over other SAP offerings.

Many customers are implementing SuccessFactors first and thinking about ERP later.

Cloud Adoption: The Cloud has emerged as another hot topic within the SAP market, with a particular focus on Public Cloud solutions. Businesses have shown interest in the benefits of cloud technology but there are concerns about attracting talent for ongoing work due to the limited experience in this space in Australia.



CURRENT MARKET TRENDS

Slow Hiring Processes:

Slow interview processes disengage candidates

While clients initiated interview processes, delays in moving from one stage to another resulted in candidate disengagement and withdrawal from the hiring process. There seems to be a default of when in doubt, hire the most “experienced” person. This poses a problem as technologies and skillsets that are in high demand are new to the local market with no local market experience to back it up. A classic example will be Public Cloud. Customers must change their thinking from hiring on experience to hiring for a growth mindset in candidates and recognising that someone with a willingness and capacity to learn is priceless.

Senior Talent Saturate the Market: Companies hired aggressively throughout the COVID period, creating an inflated market when it came to salaries and rates. The back end of last year saw economic challenges and the backlash to this, and companies have moved forward with leaner teams. As a result, a lot of senior talent is on the market. The Australian SAP market is typically very experienced and has a lack of hands on consultants, with a high number now sitting at Architect and Program Management level. When recruiters and agencies say the “market is picking up” this has mostly correlated to steady requests for hands on functional consultants and technical developers.

Contract Back on the Rise: While companies look to move forward with leaner teams the work doesn’t go away. If anything it increases, particularly when new projects or initiatives come onboard. A tighter BAU team means companies haven’t got the adequate resources to tackle large scale programs of work. Enter contractors. We have seen an increase in short sprints to get existing programs of work across the line with a bulk of contractors. This will only increase as a large chunk of the market targets FY 24/25 and FY 25/26 for their S/4HANA moves.

85%

of Precision Sourcing
SAP placements
have been in the
contracting space in
Q3

TIPS FOR CLIENTS

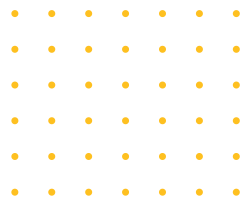
Be an early adopter to get the pick of the talent: There are only 12,500 SAP resources in ANZ and with only 16% of the market on an S/4HANA system, that is a lot of companies looking to make similar moves and hires in a very short period. Imagine what it would be like if even 30% moved this year! If you hire now in preparation for a big kick off later on in the calendar year, you will have your pick of not only the best talent, but also the most affordable for their skills.

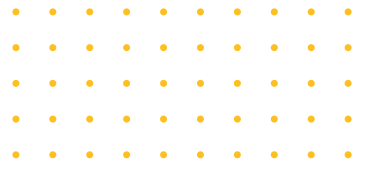
Don't compete on price: The number one driver for SAP talent at present is flexibility. The organisations that have gone fully remote and offer that to their permanent employees and contractors will have the pick of the bunch. Very tough when you are a consultancy or trying to get your staff back in the office but this is the reality.

Hire based on a growth mindset regardless of experience: A lot of SAP's technology offerings are new to the market and the skills are just not there. Consultants of tomorrow do not necessarily need vast experience but will need a growth mindset to adopt new technologies. 20 years of SAP experience, but it's also expensive.

A growth mindset is more important from a technology point of view – and it's free.

The 20 years of experience consulting and having that ability to take the customer on the journey all the while learning and adopting the new technologies is the sweet spot – but it's going to cost you.





TIPS FOR CANDIDATES

Talent Development: SAP professionals are encouraged to enhance their skills and expertise, particularly in areas related to S/4HANA and Public Cloud. Continuous learning and adaptation to emerging trends are essential for staying relevant in the evolving SAP landscape. If you're wondering what to upskill in, stay within your relevant stream and stay on latest technologies there but understand that knowledge will always be second to hands on experience. Build on your existing foundations.

Work on your business engagement skills: The most popular skill to hire for? Soft skills! Adoption is SAP's strategy and getting the most out of technology so having the ability to get buy in and create change from within the business is key to the success of future SAP programs.

Highlight your growth mindset: Emphasize that while you may not have experience in that bright, new, shiny technology, you have done what you can to learn the most you could have about it and made use of the information out there to better your understanding. It's a hard thing to quantify but if you can tell a story about how you went out of your way to learn something new and then put that skill to good work at a previous client or project, it can make all the difference.



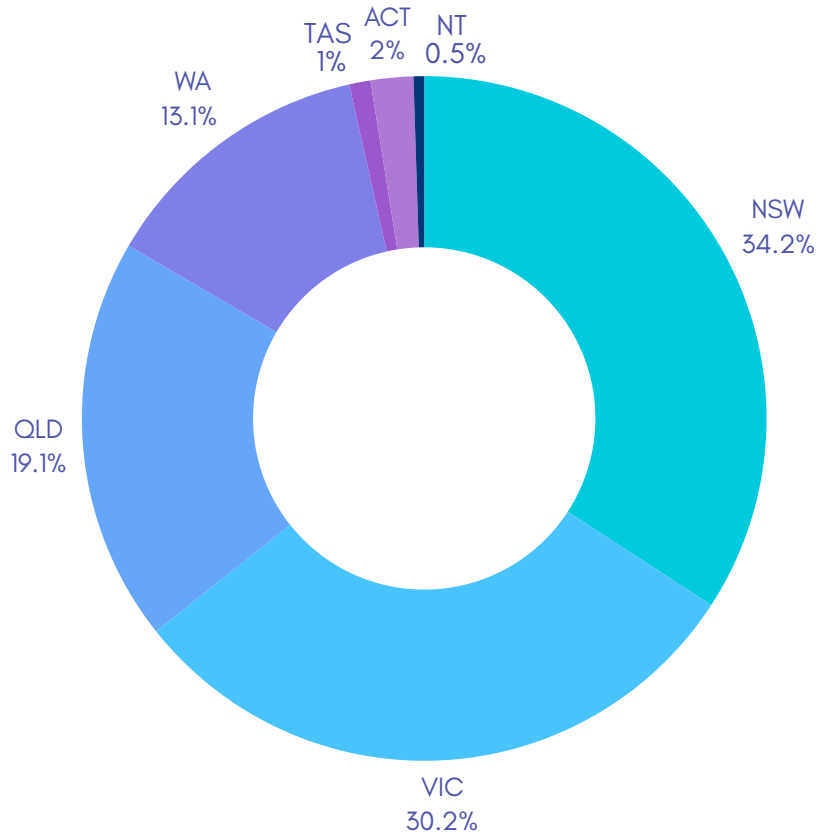
Continuous learning and adaptation to emerging trends are essential for staying relevant in the evolving SAP landscape.



QUICK FACTS

Hiring

1,230 people have changed jobs this quarter



Skillsets in Demand

Public Cloud

SuccessFactors

SAP S/4HANA
Functional Consultants

Contract Rates

2.5%
After several quarters of a decline in contracting rates we have seen an increase of 2.5%

OUTLOOK FOR THE SAP MARKET

Looking ahead, the SAP market in Australia is expected to continue its trajectory of cautious growth. While challenges persist, opportunities abound for businesses willing to invest strategically in SAP technologies. SuccessFactors is poised to maintain its leading position within the SAP ecosystem, offering businesses a robust platform for talent management and HR solutions. Tier One consultancies predict Q1 of the new financial year as the tipping point (July/August). If we had to sum this up in a few words, it would be cautious optimism.



CONFIGURE IT **DONE**

STAY AHEAD OF THE CURVE!

Check out the SAP focused podcast - Configure IT Done with Jay Wynter. This podcast is where thought leaders in the SAP space share their insight, methodology, learnings, and unique stories on how to successfully lead large scale SAP Programs.

POWERED BY

PRECISION
SOURCING

Get in touch with Jay from the SAP team.
jay.wynter@precisionsourcing.com.au
www.precisionsourcing.com.au