

Q4 2024
SAP
MARKET REPORT



by
Jay Wynter



The SAP market has experienced a stop/start period over the past quarter, characterised by intent among hiring managers coupled with a hesitancy from sign off approvals and the people in charge of the pennies. This is leading to slower hiring processes and a reluctance to commit to new larger scale projects. This caution is primarily driven by budgetary challenges and a general hesitancy to initiate large-scale transformations. The customers that have moved are currently getting their pick of talent.

Looking ahead, there are signs of optimism tempered with caution. Previously postponed projects are gradually resuming, albeit at a measured pace. The adoption of Public Cloud implementations and SAP's 'Rise with SAP' initiative is gaining traction, particularly among larger enterprises looking to modernise their systems. Consulting companies are bullish and are citing August to October to have a significant project pipeline taking shape.

However, challenges remain consistent. Many companies are still grappling with the business case and financial justification for moving to S/4HANA. The boardroom discussions often revolve around return on investment (ROI) and cost-effectiveness, influencing the timelines for project kick-offs. Cloud based technologies do however require a different mindset shift.

BUT - Doesn't this just sound very familiar or is it that our memories are short?

There is a narrative forming in the market. A narrative that there is not a lot of work. A narrative that the market has changed and there are not a lot of opportunities. Take a look at the stats on the next page as this will provide a clear picture of what is happening in the market. Yes it has changed but the market changes all the time. The question is have you changed?



CURRENT MARKET NARRATIVE

Being the end of the financial year, we are going to go one step deeper to confirm if the narrative is correct or not. Below are stats for the last 4 years.

FY	NO. OF PEOPLE CHANGING JOBS PER YEAR
FY21	5027
FY22	9009
FY23	7051
FY24	5940

It is also important to note that the market is busier than it was pre-Covid.

Yes, in 2022 there was a big influx of new vacancies and optimism for various reasons including government stimulus, a saving in logistical costs, a push to online/remote as the effects of Covid and lockdowns took place.

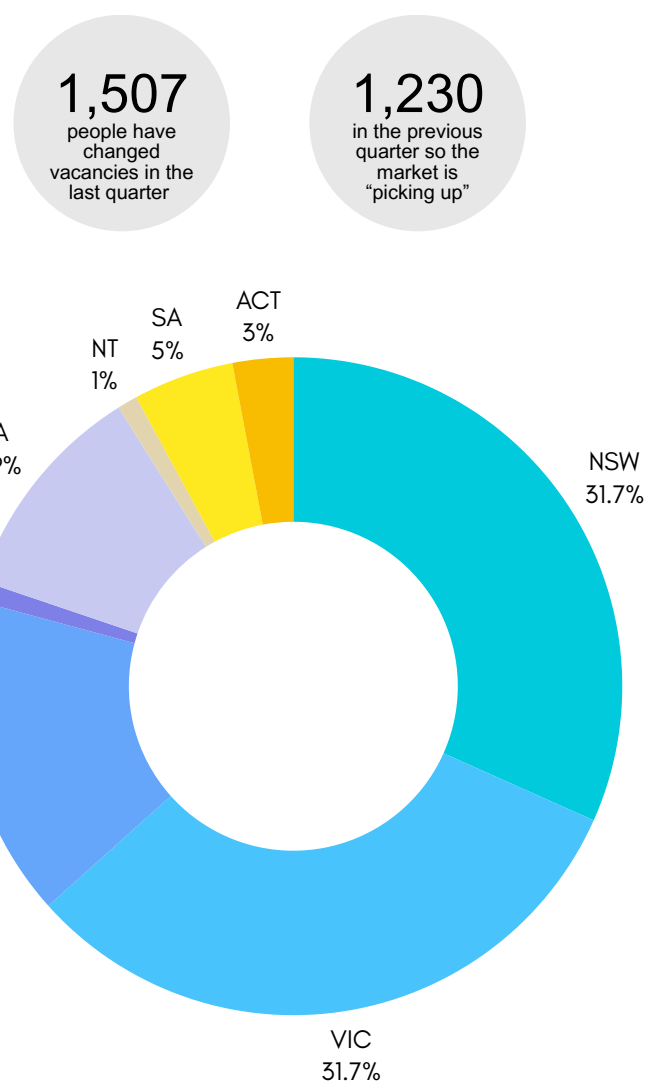
The elevated vacancies remained in 2023 before coming back to a more “normalised market” in 2024. What this has created is the biggest impact of all. A change in candidate expectations of what a “normal market” looks like!

The “new norm” for candidates now is working from home, more flexibility, a change in working approach, huge increases in salary/contract rates and new opportunities coming in left, right and centre.

Some of the salaries and rates were not sustainable in this now normalised market. Hence companies moving forward with leaner teams and unfortunately when there are changes a lot of people are affected.

What we are witnessing now is a ‘correcting’ of the market and the candidates that adapt, very much like how they adapted for Covid, will get work. Ultimately there is not a lack of work – what there is, is a huge change in candidate expectations.

The message for both candidates and clients is to shift away from the mindset of the past two to three years. ADAPT - as we are no longer in Covid times. Yes, change is tough and humans naturally do not like change but those that adapt will flourish.



1,507
people have changed vacancies in the last quarter

1,230
in the previous quarter so the market is “picking up”

	Q1	Q2	Q3	Q4
2021	720	2020	1076	1211
2022	2570	1988	2388	2063
2023	1939	1244	2180	1688
2024	1873	1330	1230	1507

NO. OF PEOPLE CHANGING JOBS PER QUARTER

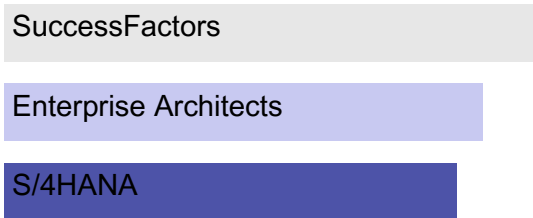
WHAT DOES THE FUTURE LOOK LIKE AND IS IT BRIGHT?

Yes - Looking into the future, the end of 2024 and 2025 is marked as a target year for many clients to transition to S/4HANA, although progress has been slower than anticipated. The 'Rise with SAP' programs are increasingly popular but are encountering challenges due to the relative immaturity of many customers in navigating SAP environments and understanding the full spectrum of available solutions.

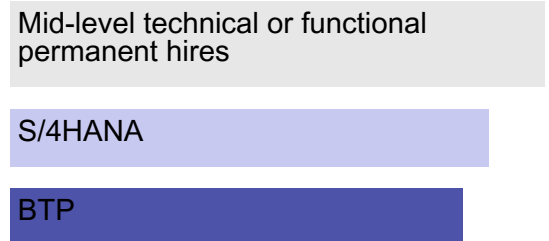
In summary, while the SAP market is 'picking up' and gradually growing, the landscape remains cautious and complex. Clients are navigating between the desire to innovate and the need for financial prudence, with decisions often hinging on the clear demonstration of value and ROI in SAP projects and implementations. As more customers and we begin sharing success stories in the market, a snowball effect will occur.

MARKET SNAPSHOT

Skillsets in Demand

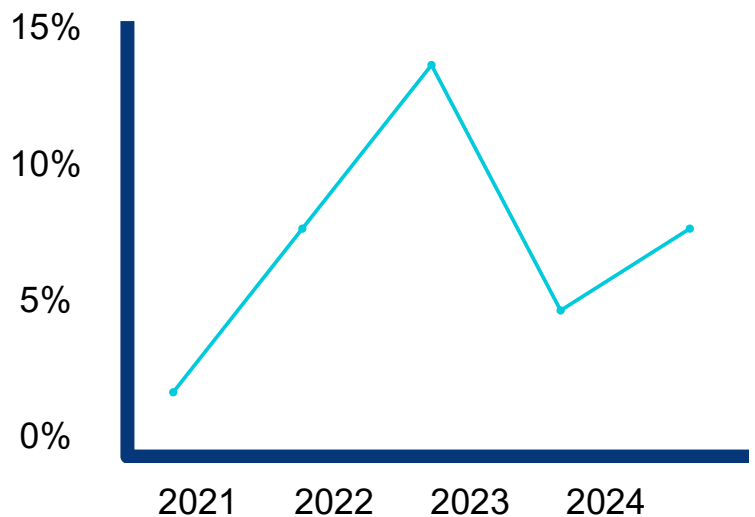


Areas of Demand



Contracting Rates

During the Covid years, resource demands surged, driving up contracting rates accordingly. However, there was a significant 12% decline going into FY2024. Despite a decrease in permanent headcount and placements, the demand for contract resources is now showing a slight uptick again, which is typical during economic downturns when workloads persist but hiring headcount and getting approvals slow down.



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.



Get in touch with the SAP team.
sap@precisionsourcing.com.au