

## **Guide To Becoming a Professional SAP Contractor**

### **Introduction**

This is a guide for those SAP professionals who are in permanent employment and would be interested in understanding what it means to be a freelance contractor.

The guide is not written by employees of any recruitment company, but rather by a consortium of satisfied SAP contractors currently working for Universe Technology who have successfully made the transition from permanent employment to freelance contracting.

Much of this guide may seem obvious to UK or US SAP professionals, where contracting is more widespread.

However, people in many countries have not yet been exposed to the concept of "being freelance".

The guide shall therefore seem very basic to many seasoned contractors, but should act as a serious guide to newcomers.

## What is a "Contractor"?

IT contractors (or "freelancers") are consultants who provide specific IT services to a company for a set fee and duration, rather than being employed by that company.

Most contracts become long-term, often lasting for years at a time. Even if a contract starts as a short-term assignment, the nature of SAP expertise is such that contract extensions are normal practice. Alternatively, if contractors have, say, holiday plans, they may opt for a short-term assignment as a "fill in" for a limited duration.

Traditionally, IT contractors are paid more (much more) than permanent employees, partly in order to compensate for the "uncertainty" of being independent and on a fixed-term contract.

However, the current SAP market-place insures that consultants can move from one contract to another without a break.

SAP contractors are therefore always in work and earning high salaries, which makes contracting a very attractive option compared to almost any position as an employee.

## Why is there a need for so many contractors in the world of SAP?

The implementation of an SAP system stretches the personnel and expertise of any IT department to the limit.

However, the skills requirement to implement SAP is only temporary.

Once the system has been successfully implemented, the head-count in the SAP project drops.

Many companies therefore prefer using contractors for their implementations to hiring new staff and investing money and resources into them (only for them to leave with all their know-how as soon as the project is over).

## SAP Partners also use SAP contractors.

They often need contractors in order to have the full complement of expertise to win more business, since the demand for their services always exceeds their SAP consulting capacity.

You will have observed that most implementations by Logo Partners therefore utilise their fair share of contractors.

What are the advantages of being a contractor as opposed to a permanent employee?

- The main reason that people choose to be a contractor in the world of IT is financial.

*Even more the case in SAP: As a freelancer working with SAP through a reputable agency you can expect to earn up to several times what you can earn as a permanent employee.*

- A contractor does not have to climb the management ladder in order to advance career and income.
- There is no hierarchy - an independent consultant may be well rewarded for technical abilities alone.
- As an independent contractor you are your own boss and therefore more able to develop your own business opportunities.
- More variety - contractors need never be bored as they can choose which assignment they take.
- Travel - It is the contractor's decision whether they travel the world or stays near their home.

*Many SAP consultants who have worked for large management consultancies are tired of being sent all over the world for months at a time and working ungodly hours in anonymous subsidiary companies.*

They find that being a contractor gives them more chance to find an interesting long term assignment near their home and be with their families and friends.

- On the other hand, SAP clients are located worldwide, from Asia to Europe the US and South America.

*If an SAP consultant is willing to travel, he or she can have the pick of the contracts available and has the opportunity to sample new cultures and lifestyles.*

- Holidays and other planning considerations - as an independent contractor, everything is negotiable, so you are free to take a holiday whenever you wish, within the bounds of professional conduct of course.

### What To Do Next...

The appeal of contracting in SAP is obviously very great, and so here is a brief explanation of how to go about starting as an independent contractor.

#### **1. The first step is to prepare a detailed CV.**

Your CV is your most important sales document and should be very detailed and very technical - the more detail the better.

There is no need to restrict the document to 2 or 3 pages. 10 pages are fine if it is relevant.

Try always to focus on SAP or other business/software experience and detail all modules and sub-modules, hardware, database and programming information.

If you have a particular strength, focus on that...

In SAP nobody expects you to know everything!

#### **2. It is also a good time to speak to financial advisors.**

For instance Accountants, Tax Advisors & Bankers about finance and tax legislation in your country.

A good agency can usually point you in the right direction (more on agencies later).

In many countries, being freelance on the kind of income generated by an SAP contractor usually means starting a limited liability company or registering in some way.

This need not be a very costly affair, and many such companies can be created in a matter of days.

Alternatively, there are also so-called "umbrella companies" or "management companies" that do all the work for you. Again, much will depend on where you are tax resident and where you are going to work.

#### **3. Read your current employment contract...**

Find out what notice is required to terminate your current employment, and find out what other restrictions there are (e.g. are there any restrictions about working at previous clients of your employer?)

#### **4. Find a contract vacancy...**

In SAP this should be the easy bit.

Hundreds of companies are looking for tens of contractors, and there is no shortage of SAP work to be done, however...

#### **5. Finding out who is looking for SAP Consultants...**

...and then negotiating a satisfactory contract is somewhat more difficult.

The easiest and safest way to obtain a contract is therefore through an agency.

This is also the most common way to find a contract (thousands of other contractors can't be wrong!).

Here's why:

- Agencies offer more choice of opportunity, many of which can be better paid than a contract that you dig up yourself.
- Agencies collect your money for you and pay you regularly, taking on all of the debtor risk - large companies, on the other hand, make you run for your money.

*Many small enterprises go out of business as a result of payment delays by large companies.*

- Agencies maintain good relations with clients on your behalf and smooth over any problems that arise.
- As soon as one project finishes, most agencies can guarantee a follow-on project, especially for SAP consultants.
- Many countries have tax laws that encourage the use of an agency as an intermediary and many clients only like to deal with freelance contractors through agencies.

## Which Agency?

SAP is big business for everybody.

For the end-users it means billions saved in running a business.

For management consultancies it means huge consulting fees and bonuses.

For contractors it means fat pay-cheques all round.

Any business that is so lucrative has its fair share of cowboys, and so it is particularly important to be careful in your choice of agency when you consider becoming a contractor.

### Here are some pointers to look out for:

1. When speaking to an agency, try to assess whether the agency really understands SAP.

*If you register with an agency that is a newcomer to the world of SAP or is a general IT agency, there is always a danger that you will receive many proposals that are simply inappropriate for your skills.*

2. Payment - how promptly can the agency pay you?

This is a good barometer of both the agency's efficiency and its financial stability. There is a great deal of difference between payment after one week and payment after one (or more!) month (s), especially with the sums of money that are paid to SAP contractors. Horror stories abound of consultants waiting for several months for their money or having to spend hours on the telephone chasing invoices.

3. Flexibility and knowledge - how flexible can the agency be in terms of a contractor's particular fiscal circumstances? How much does the agency know about contracting in each particular jurisdiction (see also point 5)?

4. Service - Can the agency guarantee the following?

- That all CVs are kept in the strictest confidentiality.
- That no CV is sent to any client without prior approval by the consultant.

- That all relevant information about any given role is given to the consultant before he makes a decision about the role.
- That the result of any interview is always given to the consultant.
- That the consultant is not expected to resign from his current position until he has seen a signed copy of the contract.
- That once the consultant commences a contract with an agency, he can expect constant contact with a representative and a visit from the agency at least once every four months.
- That the standard contract used by the agency is based on a template, is simple to read and understand and contains no hidden clauses or "added extras".

## 5. Financial/Business Advice

A good agency can give advice on finding accountants, setting up limited liability companies (in various countries on and off-shore if applicable), along with miscellaneous tax advice

Finally, it never hurts to talk to an agency about the kind of roles available to you as an SAP consultant without committing yourself.

Alternatively, why not apply for some written information from the agency first?

If you are interested in pursuing a career as an SAP contractor, we would heartily recommend Universe Technology as an ethical and reliable agency.