SNK Financial

As part of our continued commitment to add value and keep professionals in the project and change sector updated, we have recently conducted a global review to determine the key trends that drove demand in 2012 and what we will expect in 2013. Although each market has its specific nuances, what is clear is organizations are facing very similar business challenges regardless of their geography and we have seen a number of commonalities spanning across all our international markets.

Change Trends Report

2013

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TOKYO

As Japan is moving towards a fragile recovery following the triple catastrophe of March 11, 2011 earthquake, there has been a commitment from major financial services players to invest in specific business areas including project and change management. Although the strength of Japanese Yen makes it very costly for foreign based capital and Japanese financial institutions to compete internationally, many organisations are forced to strategically re-think the way they operate and how to improve cost and efficiency.

Market Pressure

From a financial service perspective, several market initiatives have prompted the need for system upgrades and process improvement. Emerging from the global financial crisis of 2008, the regulators recognised the need for a number of changes, including reducing the risk related to bond settlement. This meant securities firms, banks, trust banks, life insurance and government affiliated companies were required to conduct firm-wide projects to implement revised guidelines to improve the settlement procedures through BOJ-NET Services. This process was completed in late 2011.

In the past 18 months, investment banks have also had to invest into hiring or training project and line managers for the transfer of systems to allow the clearing of OTC transactions through Central Counter Party services. The first of these services (Eurex Clearing) set to go live this autumn.

Front office functions within securities companies have seen a transformation in their trading activity. In this area, project managers have been busy building proprietary platforms to respond to a global trend and an increase in electronic trading activity.

Tokyo based infrastructure functions within financial services have suffered from the strong Yen. Coupled with the March 11, 2011 earthquake it meant an accelerated migration of data centres to lower cost locations such in West Japan, Okinawa, China or Malaysia. In these spaces we have seen little demand unless it was concerned with off-shoring. Within non-financial services, a noticeable trend has been an increase in the “virtualisation” of systems; shifting database solutions to cloud computing.

Business Transformation

As the Yen continues to strengthen many organisations have been forced to reconsider the profitability of their businesses. As part of their strategic objective, several companies have enlisted the services of strategic management, Big 4 and IT consulting firms to review cost efficiency, business transformation and off-shoring

The effect of the strong Yen has been felt widely, particularly on companies relying on exports, and meant that many organisations are turning to cross-border M&A to increase revenue.

As a consequence there has been an increase in demand for project resources with specialisation in M&A, valuation modelling, corporate finance, and deal delivery value. “Traditional” demand for professionals stemming from post-merger activities has been high, typically from companies that have engaged in transformation and/or consolidation of their businesses.

> We have seen consistent demand within financial accounting functions that require the assistance of IT consultants and ERP project managers to implement the standartisation of reporting systems.

HONG KONG

The project management space in Hong Kong was pretty varied across function and industry during the course of 2012. A large number of finance projects and operational change projects within the financial services industry were either scaled back or are on the bench waiting for the market to pick up again.

Essential projects across the industry have still gone ahead, however, with the key hiring areas being within the retail / luxury sectors for infrastructure, E-Commerce, CRM and SAP / POS project managers as a of result on-going system development and enhancement..

The financial services' hot areas of equities and fixed income as well as life insurance domain project managers have also remained.

Other skill sets in demand are business analysts and project managers within electronic trading platforms, OMA/DMA, life insurance operations, imagining and workflow, risk-based asset and actuarial modelling in financial services and digital & E-Commerce platforms within the commercial sectors.

There has been a significant trend away from permanent employment with more and more organisations looking to fixed term or contractors to fulfil their needs in an environment where it is harder to gain approval for permanent headcount. These contracts have tended to be 6 - 12 months duration with many converting to permanent as and when the headcount is released.

The outlook for 2013 remains status quo with a general air of caution on committing to non-essential projects across all industries. Our understanding from clients , however, is that as the market returns, these projects will quickly move up the priority list and will further drive demand for top quality project management professionals across all industries and disciplines.

LONDON

Operations Change

The market is totally polarised at present. There is a massive focus on regulatory change, in operations - specifically around reference data, client on-boarding, Dodd Frank, collateral-focused change around Dodd Frank, Living Wills, Client Money (CASS) and FATCA.
There have also been more outsourcing/ near-shoring roles coming through recently. Front-to-back projects have seen mostly reduced budgets in 2012 and don't show any signs of getting those budget levels back yet. In the majority of clients the regulatory work was initially performed by the big four consultant firms producing the initial requirements and then the client backfills with contract staff. There is a massive shortage of candidates with exposure to the new regulations which inflates earning rates significantly. This market is massively candidate-driven. Other non-regulatory areas of change are much less so.

There is always a shortage of high-calibre candidates in this area. Most managers of regulatory projects want someone who they can trust in front of an MD. This is a big reason for candidate rejection at interview. Candidates are principally concerned with fee rates, length of contract and increasingly, in the current environment of headcount reductions, stability within organisations.

Finance Change

Finance change contract hiring in 2012 started slowly within London's investment banking sector. The year began with new budget approval taking longer than usual due to recruitment forecasts being challenged as uncertainty around the European economic crisis grew. The most consistent hiring across the City has been into large strategic programs or mandatory regulatory initiatives with external deadlines.

Some leading investment banks with large change functions have indicated an intention to change their hiring strategy. Historically an interim function, change management functions are increasingly looking to attract strong business analysts and project managers on a permanent basis to add traction and to retain business intelligence to their mounting book of work.
Towards the end of 2012, businesses in this sector took strategic decisions to consolidate and align their businesses for 2013 and focus on their key strengths. The expectation is that hiring within investment banking will be flat in 2013 however we have seen an upturn in hiring across insurance and asset management.

Risk Change

The risk change market continues to be driven by the changing regulatory environment. These programmes are predominantly concerned with meeting the additional reporting and control standards and with better managing the banks capital management and use.

Through 2012 the implementation of Basel 3 has been a particular focus, although many of these programmes are in the latter stages of delivery and most institutions expect to have significant optimisation work to continue in 2013.
Most large banks have significant initiatives running in the market risk arena and have had requirements on these programmes throughout the year. As a result of market risk and the Basel 3, there has been a consistent demand for professionals with technically strong market and credit risk knowledge aligned to demonstrable project skills.