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**Tactical challenges vs. strategic
opportunity: the localization crisis**
by Jonckers' Nicholas McMahon



Perspectives

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Tactical challenges vs. strategic opportunity: the localization crisis



Comedian Frank Muir once remarked that "'strategy' is buying a bottle of fine wine when you take a lady out for dinner. 'Tactics' is getting her to drink it." The localization industry needs both for a clear game plan, but too often we're so tied to the tactics that we're not looking at the overall strategy. Localization now faces a crisis. About 80% of activities, events, discussions and efforts exerted within the industry are dedicated to developing solutions and dialogue pertaining to the complex tactical challenges we all face. I would argue, however, that 80% of the localization industry's future opportunities reside, not at the tactical level, but in solving the strategic dilemmas that face businesses attempting to develop and maintain an ever increasingly important global revenue stream. The C-level of the Fortune 2000 stay up at night wondering how to be truly global. Meanwhile, the companies built globally from the ground up that act globally every day — in other words, the localization industry — argue over a two-cent reduction required to win the next project and just how to go about finalizing an XLIFF standard.

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Having been in the industry more than long enough to understand and feel the pain of the technical and competitive pressures on the industry, I do not want to belittle these tactical concerns. All the effort poured into a greater technical understanding and advancement of process for the industry is extremely valuable in the completion of our daily tasks; in fact, without it we have no value at all.

To go further, I would, even as a victim of the process, argue that the price pressure — the infamous two-cent reduction — is simply a symptom of a massively competitive market with low effective barriers to entry. As such, price pressure will never and should never leave the general discussion. There will always be the next big vendor queuing up to buy that big project, and the quality and strength of relationships that exist will fairly balance the market pressures. It is not that the technical and pricing discussions are innately wrong or useless — far from it. These tactical concerns, however, are simply not enough of a consideration if we are to continue to prosper as an industry beyond the next three to five years. The crisis that we face is that too many have accepted — albeit with some grumbling — that this tactical dialogue *is* the industry, while too few have come up with the questions necessary to stimulate effective change, let alone new opportunity.

Deconstructing trends

To step back and qualify this localization crisis in more quantitative terms, we can examine some of the most noteworthy trends currently pressuring our industry. The first trend I would suggest we consider is the deconstruction of the

localization process into component unitized parts. We no longer bid on providing localized software, when ten years ago we might have; we bid on five hours of translation memory management, 40 hours of linguistic testing, 40 hours of linguistic functional testing, three hours of file preparation and so on. In reality it makes perfect business sense to componentize, given the market dynamics forcing commodity supply adoption.

When the deconstruction effect is combined with the realization of technology solutions like global information management (GIM) systems, which are finally working and producing results, the tactical approach to translating words becomes more transparent than ever. This, combined with the systems and solutions that prompt it, have provided a real strategic difference to global businesses: they enable equipped companies to deliver more global content to more markets. It might be cheaper, but that is a strategic side note and the small effect of a larger process, just like grumbling about how difficult a GIM system is to integrate. In the "Hewlett-Packard Talks the Talk of Worldwide Business" Gilbane report, HP summarizes the effects of this strategy as a multi-hundred-million dollar increase in global brand value, instead of a bottom-line cost saving. Cost saving always has a role, but it cannot be the focus of action and decision within the strategic realm. HP had a clear desire to get to market faster, communicate more frequently and provide more relevant materials, which has resulted in a solution where increasingly large amounts of content are dealt with automatically and with only the required translation demand being delivered in a package to the end vendor.

Engineering, digital publishing and even project management efforts have all been significantly reduced per published word. Worse still, this was as a simple side effect for a much more important goal of intelligent global market development. The localization industry

should have been more proactive in finding and prompting these solutions, challenging our cost models and developing our real value-add. Accepting that the world has changed and looking for the new solutions are challenges. Arguing over the future and building resource models and industry training around a dead model is a crisis.

The second environmental pressure forcing the localization industry crisis along is alternative resourcing. Like GIM and deconstructionism, the alternative resourcing opportunity is attracting huge amounts of strategic time, interest and investment. The most common alternative resourcing comes from offshoring, and most of us have hopefully incorporated this into our own strategic growth at this point. In addition to this now traditional offshoring, alternative content resources such as Wiki groups, crowdsourcing and machine translation (MT) solutions are increasingly becoming part of the mainstream tools that localization professionals call upon to support global market penetration.

These technological and social content revolutions provide the solution that the localization industry has historically failed to. We can now get more content, more economically and with a financially relative quality. Competing with Lionbridge or SDL for the per-word rate is one thing. Competing with Google's MT or the hordes of committed product fans for Adobe or even the local Vietnamese global supplier is quite another. With demand and intent continuing to rise for these new areas of resourcing, it is only time holding the solutions at bay – time to gather experiences, learn the pitfalls and challenges, and work out the tactical kinks. The strategy is set, and with the resources and money being spent, the time to adapt is short. Arguably, it has passed already. Indeed, this crisis will be fatal for many.

The next tentative step

So what should the industry do? Perhaps we milk the last of the traditional

demand for what it's worth. Or perhaps we take the skeptical approach to crisis and just call the changes a "cyclical trend" *à la* global warming and leave it for our children to worry about. Or perhaps we should get a nice job in the software development market or offshore development industry and forget about the sinking ship that is localization content. This seems to be the guidance from the best in the field. To be fair, localization was always a hard job without much reward, and surely a crisis represents the beginning of the end anyway.

At this point we should remember that a crisis is as much a call for change as it is for extinction. While the technological and social developments have created a crisis at the tactical delivery level, these same factors are finally opening up a true strategic opportunity that our industry is well positioned to embrace if we choose to. These changes make it easier than ever and cheaper than ever to achieve global presence. This is combined with a global economy that is larger, more integrated and more important to businesses than ever before and with little chance of becoming less so. Companies are being forced to compete more complexly within the local market – demanding additional support, e-learning content, marketing material and functionality. The localization crisis has been born of a lack of innovation, not a lack of opportunity.

The opportunity is easy to see and relatively simple to achieve. We should align our industry offerings to the strategic direction of global business and focus on our strategic value and solutions that are tied to our clients' strategic business goals. If we are to discover the 80% of opportunity that the strategic goals of our clients represent, we must be able to talk to, understand and emulate those strategies. As an industry we do not have to forget or undermine the technical complexity, hardship or excellence that goes into localization, but we need to better understand that strategic goals have to be allowed to

architect tactical delivery.

Therefore, if you are interested in pursuing the strategic opportunity, the first suggestion I would make is learn how to effectively start to talk at a strategic level about the industry. I have seen that even the best and most strategic desires from the brilliant operational minds in our business are often forced into a tactical delivery methodology. Too often, funding requests, for instance, control our terminology and dialogue because we are focused on reducing cost.

To be able to express a vision and a set of results at the strategic level is a subtle but massively important skill, and it is no less hard to master than the tactical intricacies of developing a working XLIFF solution. It is a question of focus and verifiable cross-departmental (sales/marketing/production) consensus. It is also a question of the right reporting metrics and ultimate goal expression. It is a process for setting C-level expectation and understanding the difference between business goals and tactical delivery. As an industry, we spend virtually no time at all talking about what and how strategic business goals were achieved. We talk about getting a Wiki group to work, rather than about revolutionizing the user community and product development roadmap. We talk about the challenges of translating into Arabic rather than the unbelievable business development of Dubai.

The first call to action I put to the industry is this: let's start educating each other on the correct way to develop and talk strategy. What are the pain points at the C-level for doing business globally and how can we tie our solutions to these concerns? Let's see some sessions, or interactive round tables, on what it takes to create a working ROI argument at the C-level. Let's see a white paper or two — not on what the ROI was as a cost saving (strategic term, tactical answer), but what the ROI was against the strategic business goals of market penetration or global brand value.

Further calls to action

Another approach that will be critical in reaping the rewards of the strategic opportunities we face will be our ability to embrace and not fight the new content revolutions. TAUS does a great job of extolling the virtues of MT, but

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its solutions are heavily client-driven, with vendors along for the ride. We should put more effort into delivering these solutions within the projects we see and across our own client basis, not be content to wait for clients to solve the issues on their own and just tell us what we need to do. With Wiki groups, too, where can we help? Where can we use our services and how can this be combined into an overall strategic benefit? Helping a company to effectively use the free content and information on a global basis is a very cost effective extension of the value of wiki groups. Where has this been achieved and what was the reported and accepted value it achieved? Whoever embraces these solutions creates a model that can add value for us all.

As a second call to action, let's hear about the solutions that vendors and clients alike have put into place. Let's switch the percentage of coverage for these solutions from 20% to 80% and let's switch the focus from the tactical difficulties and achievements to the strategic goals they achieved for the

businesses receiving or deploying them.

The final competent required to truly take advantage of the strategic opportunity that exists as an industry is the demand to stop fighting at a tactical level. At the strategic level we can all be winners if we work together to produce materials that clearly show how we have improved the strategic goals of our businesses. If we work in a sense of partnership and foster open, inclusive dialogue, we will always be much closer to finding solutions that meet the challenges we all face. We will all benefit from the increased value this brings to the entire industry. Just imagine if at our shows we talked about how the biggest software company in the world increased global revenue by 53% in the first quarter of 2008. I think we would have more than ten new people attend if that sort of information was available. We could even become the industry leaders in the global market revolution as the majority of companies still struggle with exactly what "being global" truly means. It is time to work together as we always should have been, by identifying the common ground we share and not being afraid to flaunt innovation for fear of being mimicked and by reporting our successes against the higher strategic goals global organizations are struggling with.

In the face of the localization crisis it is not enough to look for new answers. To overcome a crisis we need to ask entirely new questions. We need to shift the focus from a tactical and cost-based system to a strategic value and investment-based one. We need to be much clearer about the specific value we bring to the table relative to the business goals of our respective organizations as a means to support this shift in thinking and delivery. While none of the ideas suggested here are even close to a final word on the localization crisis the industry faces, my hope is to at least start a discussion on the general topic. If through discussion we can realize our true strategic value, there is a much brighter future for us all. **M**