



The Future of Localization

A Varied Spectrum of Service Models





EXECUTIVE SUMMARY

In an industry where multi-gigahertz processors analyze hundreds of sentences per minute, translators still require roughly the same amount of time that they did 25 to 50 years ago to deliver a page of new text in the target language.

Language service providers know that operations such as translation memory will always benefit from technological innovations, while functions like transcreation, editing and quality assurance will always rely heavily on human interaction. But neither can live without the other, in spite of the productivity gap that divides them. Meanwhile, the industry charter is to deliver the best possible translation for the lowest price, in the shortest period of time.

Or is it?

This paper examines this productivity gap and asks why service levels and industry pricing models have not kept pace with changing customer needs. It explores the role of content, quality and cost, and asserts that language providers must take the lead in collaborating with customers to define service levels and pricing that squarely meet the needs of translation buyers.

MAIN MESSAGES

- Given that translation tools result in ever-increasing productivity, while human translation shows little or no growth in productivity over time, the industry is ripe for a formal approach to differentiated pricing and service levels.
 - Translation companies have failed to show leadership in this regard by sticking with the same range of services and pricing models.
 - The industry must evolve by defining quality one customer or application at a time and developing new models around content and cost.
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DOES THE TRANSLATION INDUSTRY HAVE A “COST DISEASE”?

Almost every industry enjoys productivity gains as a result of technology and innovation; yet certain functions in every industry remain immune to these productivity gains. For example:

- ➔ It takes a group of musicians the same amount of time to rehearse and perform a string quartet as it did in the 17th century.
- ➔ A nurse can change roughly the same number of bandages per hour as 100 years ago.
- ➔ Grading an essay takes a college professor almost the same amount of time today as in the 1950s.

These workers show very little growth in productivity over time because their efforts are so labor-intensive, in spite of the productivity gains and technology abundance that surround them (e.g., sound engineers, lab technicians, Web-based eLearning).

This has economic ramifications as well. In the long run, technology-intensive activities cost *less* per unit of output because of their productivity increases. Labor-intensive activities, however, cost *more* per unit of output even though their productivity does not increase. This “cost disease”¹ affects most service industries because, while the use of tools boosts productivity and lowers marginal costs, the tools cannot improve the productivity of the essential human-centric component.

How does this relate to the translation industry? In spite of the evolution and efficiency of language tools, it still takes a translator roughly the same number of hours to get through a page of new text or come up with the cultural equivalent of an advertisement as it did in the 1970s. So, language service providers represent a spectrum of highly productive, low-cost, tool-intensive functions, along with the labor-intensive, low-productivity functions at the heart of translation (see Figure 1).

- Tool-intensive functions
- Big increases in productivity
- Lower costs over time
- Labor-intensive functions
- Little or no growth in productivity
- Higher costs over time

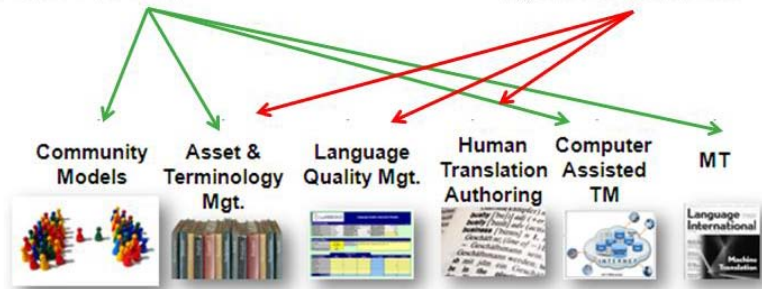


Figure 1 - Spectrum of Translation Functions and Productivity

¹ In *Performing Arts-the Economic Dilemma: A Study of Problems Common to Theater, Opera, Music and Dance* (1966) by William J. Baumol and William G. Bowen





WHY THE SAME SERVICE LEVEL AND PRICING?

Lionbridge believes that the translation industry has failed to offer tiered services, differentiated services and corresponding pricing models. The industry must take the lead in this effort, based on a realistic evaluation of customer needs.

Why do our service levels and pricing not reflect these differences in productivity and cost at work inside language service providers?

Industries from airlines to car washes have successfully developed different levels of service and pricing. Yet our industry still offers – and customers still expect – the very broadly defined product of “publication-quality translation,” suitable for consumption in channels as diverse as Websites, print, graphical user interfaces, documentation, online communities and social media.

Consider the most common service level in our industry: **Translate, Edit and Proofread (TEP)**. Almost all providers and customers regard this sequence as the benchmark of service delivery. Yet it is easy to argue that editing and proofreading are old functions, dating from when it was necessary to have an editor reconcile the work of multiple translators by enforcing terminology and harmonizing style to get to publication quality.

Nowadays, TM does much of that work, so why should TEP persist as an acknowledged level of service?

Worse yet is the **ambiguous service** description. With no clear definition of the deliverable and the customer’s expectations, it is difficult to develop a process to meet them.

The emerging synthesis is **customer-specified service**, in which the provider and the customer jointly create service-level agreements (SLAs) and key performance indicators (KPIs) for measuring against those agreements. This allows both parties to track and improve performance, and to re-engineer processes midstream if needed.

QUALITY IS WHAT EACH CUSTOMER SAYS IT IS

Lionbridge believes that, while it is not necessarily an easy task, it is nevertheless possible for a language service provider and a customer to formalize and agree upon metrics and definitions to support multiple levels of quality.

At the heart of service lies quality. The translation industry has elaborated multiple specifications and standards for objective measurement of quality, and while they may meet the needs of sophisticated translation buyers, they do not align with the more subjective expectations of most customers. These expectations include simple business goals such as “minimizing headaches,” “avoiding adverse outcomes,” and “meeting my requirements.”²

Customer-specified service means going beyond TEP to the variables that matter most to each customer. These can include any combination of cost, schedule variance, errors per thousand words, translation accuracy, in-country acceptance or other business factors with which the customer must deal. It also requires definitions of terms like “production quality,” “Web quality,” “timely delivery,” and levels of defect severity.

² From “Buyer-Defined Translation Quality,” by Nataly Kelly, Renato S. Beninatto and Donald A. DePalma (Copyright Common Sense Advisory, Inc., August 2008).



WHAT IS DRIVING TRANSLATION QUALITY?

Content.

A few inescapable trends in content are coming to bear on levels of translation, affecting both quantity and quality.

- The Long Tail of Language - The translation industry estimates that the ten most commonly used languages on the Web suffice to reach approximately 911 million users. Borrowing a theme from The Long Tail, by Chris Anderson (Hyperion, 2006), it also estimates that it will take almost 130 languages to reach 1 billion users. Furthermore, by 2015, as growth migrates to developing nations and it becomes conceivable to connect as many as 5 billion users, it will take more than 1,000 languages to reach them. Current models for translation quality - such as TEP - will not scale to such linguistic demands, as content moves into more third-, fourth- and fifth-tier languages. (See Figure 2.)

As customers approach with different needs, successful language service providers will help them vet languages, content value and content type to arrive at customer-specified service levels and pricing, instead of simply writing a quotation based on TEP.

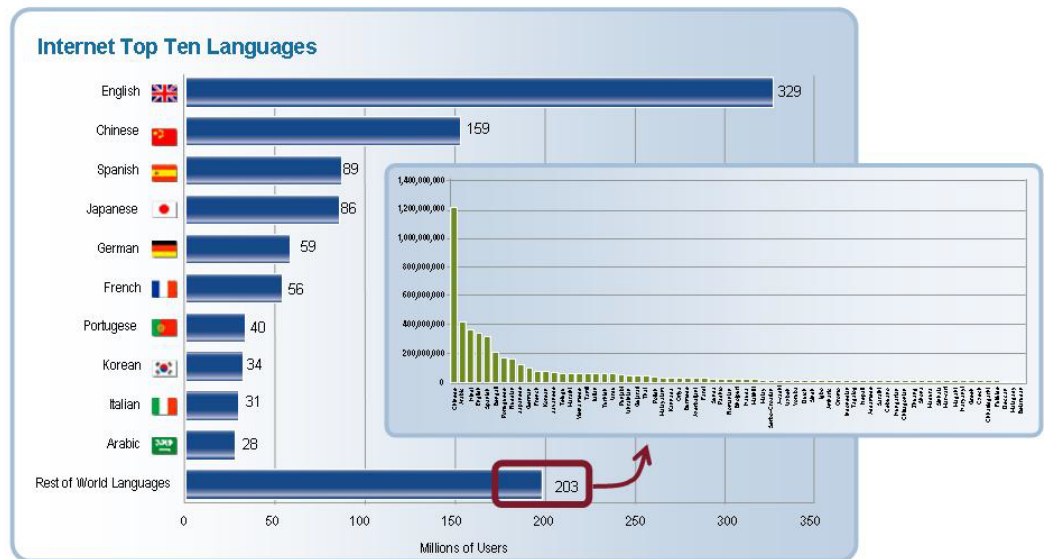


Figure 2 - The Long Tail of Language on the Internet

- High- vs. Low-Value Content - Not all content is of the same value to a customer, especially over time. Whereas localization needs 15 years ago centered on the product and documentation, now they extend to mobile advertising, customer care, support documents, educational materials, eCommerce assets, social media, community-generated content and beyond. Within a limited budget and selection of languages, the customer reserves publication quality for content that contributes to profit (advertisements and collateral) and information quality for content of lower value (support documents on legacy products).





- Translation Cost vs. Transaction Cost - When does content become so time-sensitive and valuable that it calls for a highly efficient translation process? The higher the transaction cost, the more efficient the means should be for handling the project. This becomes another variable in the level of quality. (See Figure 3.)

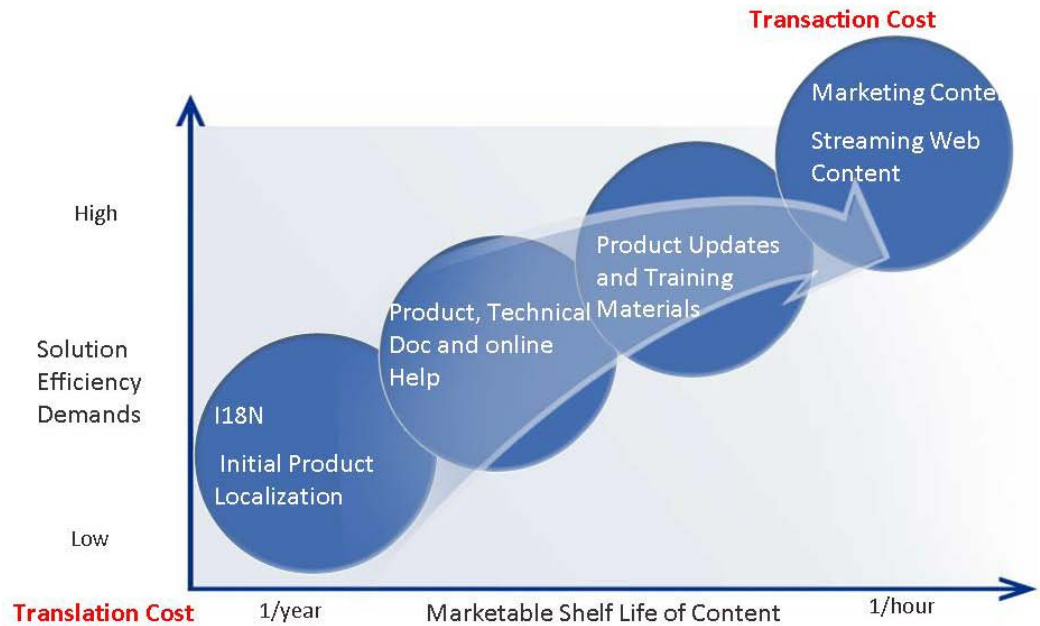


Figure 3 - Translation Cost vs. Transaction Cost

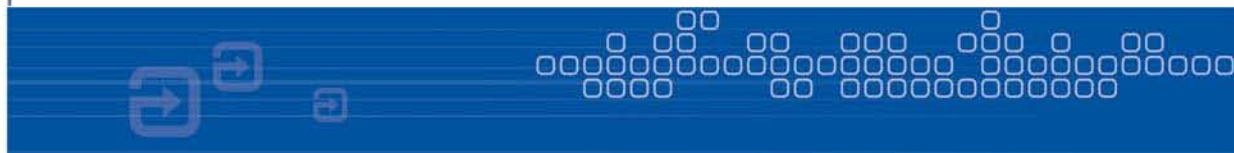
DIFFERENTIATED SERVICE OFFERINGS

When the provider and the customer clearly spell out and agree upon different offerings, there is no confusion about deliverables, and the customer has the option of balancing quality against cost.

Linear, based on level of service

Consider multiple levels of service and cost on an audio translation project:

- Basic - File preparation; translation and editing; recording and project management. Audio quality is VoIP.
- Advanced - File preparation, engineering, quality assurance and project management. Audio performed by professional voice talent in a studio with post-production engineering.
- Professional - File preparation, engineering, testing of final files, quality assurance, linguistic quality checks and project management. Audio performed by professional voice talent in a studio with dialog direction, post-production engineering and QA.





Hybrid, based on content-tier

As noted above, content is of different degrees of value to most clients, and the provider can tailor the translation method accordingly, as in this Web project:

- Traditional – Human and computer-assisted translation (CAT) of user interface and top-rated, most used content; stringent QA criteria.
- Machine – Customization of machine translation (MT) engine to tier-3, highly repetitive, least-used/-rated content. Post-editing of an agreed-upon percentage of content.
- Community – Creation of glossary/style guide, development of process and acceptance criteria for highly engaged user following. Once community has performed translation of tier-2 content, provider post-edits an agreed-upon percentage or type of content.

At any level, the provider offers the project management services needed to sustain the effort.

More content means more options

Global companies such as Microsoft already face the quality-content-cost dilemma and the long tail of languages. They have begun to explore multi-level models with, for example, premium-level quality for a targeted product audience, lower-cost alternative translation methods for the expanded marketplace, broad reach to penetrate new markets effectively, and finally community translation at the lowest cost for widest expansion.

Yet the key to working at multiple levels continues to be **precise definitions**: What does the customer get at what price point? How many errors per thousand words are acceptable at each level? How do we define levels of error severity?

HOW MUCH QUALITY IS ENOUGH?

These definitions lead to a re-examination of the traditional TEP model and the source of quality that satisfies customers. The criteria behind this quality vary greatly, so some translation customers are more likely than others to benefit from this re-examination.

In the current human-intensive model, assume that 60% of project quality is attributable to translation assisted by a technology platform such as Lionbridge's Logoport,TM 25% to editing and 15% to proofreading assisted by linguistic software tools to reduce the amount of labor-intensive work.³ Assume also, that this results in 95% average quality and customer satisfaction over a high volume of content and projects (see Figure 4)

³ Statistics, cost figures and percentages in this section are hypothetical and purely for illustrative purposes. They do not necessarily reflect industry research or Lionbridge's results.



Traditional Premium localization cost breakdown



Figure 4 – Traditional Quality Model

Now assume that, for content of a certain type or value, the customer wants to cut costs by 50% and will be satisfied with 50% average quality. Figure 5 depicts a candidate translation model involving MT with human translators and their tools for post-editing and greater reliance on linguistic tools than on translators for proofreading.

Average-to-Good Translators + Tools



Figure 5 – MT Post-editing Plus Tools

Suppose, however, that the customer considers 50% average quality too low for content of another type or value. As shown in Figure 6, the provider could suggest re-adjusting the point at which raw MT output is ready for release, and re-adjust the amount of human effort in MT post-editing to boost the average quality level up to 70%, with a corresponding increase in cost.



“Good” Translators + Tools



Figure 6 – Direct Translation Plus Tools

If a provider and a customer find that these models allow them to resolve the quality-content-cost dilemma, they should consider each new translation project in light of the model that best fits it. This is the basis for the next step in the evolving landscape of translation quality.

CONCLUSION

To accommodate the trends in content and arrive at different levels of quality, language service providers need to see that there is more than one way to meet their customers' needs, because customers have more than one need.

In this service business, our goal is to build a platform that lets us offer translation services as appropriate to cost, content type and quality, at the different levels required to meet our customers' needs.

By offering a symphony of service models and openly discussing the options and cost-quality trade-offs, we can work actively with our customers to meet their needs, including reaching more markets, dealing with the long tail of languages, and enabling passionate communities to create localized versions of their favorite titles.





CONTACT INFORMATION

About Lionbridge

Lionbridge Technologies, Inc. (Nasdaq: LIOX) is a leading provider of translation, localization, and testing services. Lionbridge combines global language resources with proven program management methodologies to serve as an outsource partner throughout a client's product and content lifecycle. Organizations in all industries rely on Lionbridge language and testing services to increase international market share, speed adoption of products and content, and ensure the integrity of their global brands. Based in Waltham, Mass., Lionbridge operates across 26 countries, and provides services under the Lionbridge and VeriTest® brands.

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