

Are we the  of words or the
of Words?



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welocalize

About



- Connecting 90% of the World's GDP in 24-48 hours.

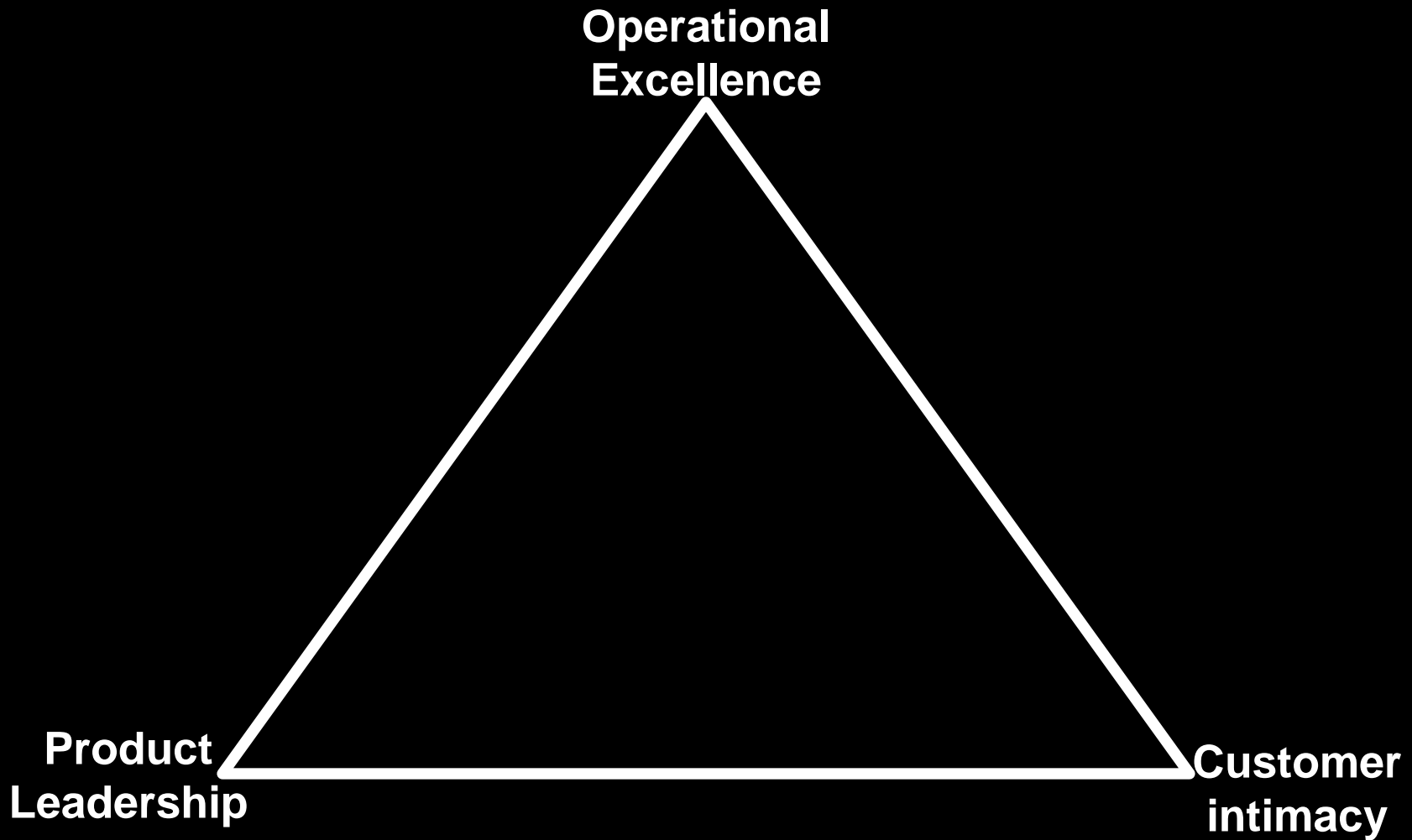
- 220 countries served
- 250,000 employees worldwide
- 674 aircraft
- Average Daily Volume of 6 Million Packages



“An Information Technology company that just happens to have hundreds of planes...”

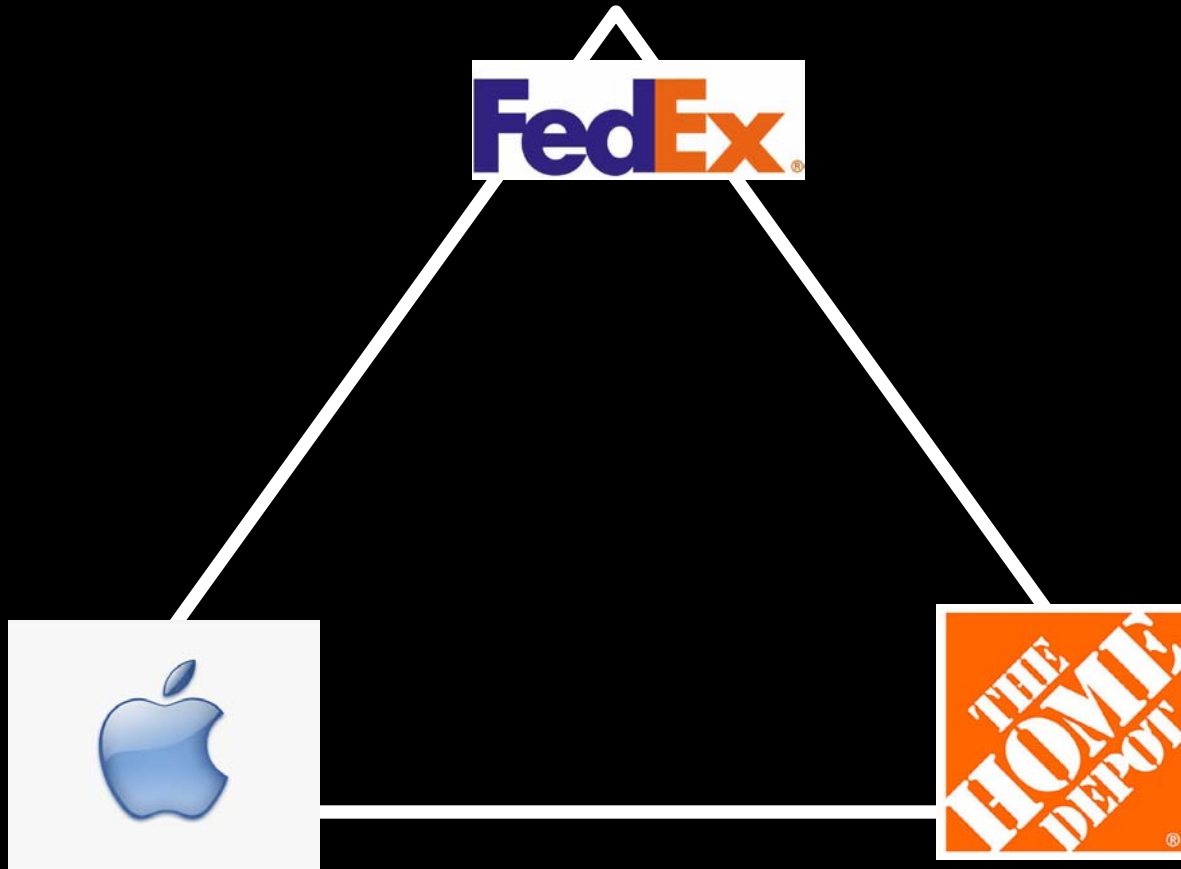
Source IBM

The Battle for Value



The Value disciplines model by
Michael Treacy and Fred Wiersema

The Battle for Value



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Operational Excellence – Relentless drive for efficiency, delivered through cost effective investment in technology, and a strong focus on integration, collaboration and management of the entire supply chain.

The Localization Industry

Then

Discrete projects.
Higher margins
Fewer competitors
Staff as a
differentiator

Now

Always On
Continuous flow of
content
Lower margins
Automation as a
differentiator

Value models for Localization

Customer Intimacy – Bespoke client specific solutions add to confusion and friction in the supply chain



Value models for Localization

Product leadership hasn't worked – Sim Ship solutions, Translation Management systems, all expensive products almost without a market.

Welocalize Open Sourced GlobalSight in 2009 after previous product owners invested \$50m



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The Industry Disconnect

Our industry – A logistics business, focused on moving an almost standard priced commodity (words) through a (currently) disconnected/disparate translation supply chain, whilst delivering to clients seeking an always on, high quality continuous localization flow.



Translation Supply Chain

Client ↔ Multi Language Vendor ↔ Single Language Vendor ↔ Freelance translators



The business case for standards



37% of the 111 respondents to our survey think that **the lack of interoperability** costs their business more than 10% of their total translation budget (or revenue in case of the service providers). Twenty-five percent say it costs them more than 20%.



One of the most comprehensive supply chain studies to date by MIT, shows that **supply chain integration—the removal of informational barriers** within and among organizations (including suppliers and customers)—**has the greatest impact on the bottom line.**

Linking Supply Chain Practices to Operational and Financial Performance, Supply Chain 2020 Project Working Paper



Gilbane study reported the highest-ranking bottlenecks:

- **lack of collaboration**
- **lack of workflow integration**
- **content conversion/exchange**



During its first 20 years, many container sizes and corner fittings were used; **there were dozens of incompatible container systems** in the U.S. alone.



The introduction of containers resulted in **vast improvements in port handling efficiency.**

Thus **lowering costs** and in turn, **boosting trade flows.**







Translators

Freelancers Desire **Compatibility** and Cross-Technology **Integration**.

Our freelancer respondents, accustomed to working for many masters and with a variety of tools, complained about the **silos of translation technology** offered by the industry's suppliers.

*Common Sense Advisory (2009),
"The State of Freelance Translation," p.15*



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Administrative data

The current supply chain has so much administration at every step – translators & PM's get stuck with non revenue generating admin work.

- Translators have a choice of where they sell their skills.



MLV's struggling to maximise the availability and allocation of the same shared set of resources – the translators.

Operational Excellence means removing the friction from all aspects of the supply chain – make it compelling for translators to work with us.



Taking Ideas from other industries...



2001 – average PC cost \$1,400.
Average margin per PC was 23%.

2011 – average PC cost \$550.
Average margin per PC is 3%.

HP have to sell 7 PC's to match the Apple profit from selling 1 Mac.

Taking Ideas from other commodity sellers...



Why Not Walmart?

Walmart succeeds on Size and Scale – there is nobody in our industry yet who can do that.

The Walmart logo, featuring the word "WALMART" in blue capital letters with a white star between "WAL" and "MART".

WAL★MART

11.3% of market worth \$3 trillion



2.3% of market

Translation Industry size = \$23.5 Billion (2009)

Top 5 vendors combined revenues = \$1.8 Billion

Conclusion-

- Operational Excellence is the only viable Value Proposition.
- Clients will continue to move towards an On Demand environment.
- Successful LSP's will have a relentless drive to remove cost and friction.
- Scarce resources (translators) will seek to maximise their earning potential.
- In the absence of a 'Walmart', standards will be challenging.