Localisation in the United States

Renato Beninatto gives an interesting overview of the localisation industry in the United States.

Renato Beninatto

FIRST OF ALL, HERE'S A FACT THAT EVERYONE KNOWS: The United States is by far the biggest economy in the world. Its Gross Domestic Product (GDP) of almost US$ 12 trillion dwarfs that of any single country, with only the entire European Union coming anywhere close. The U.S. is the headquarters to more than a third of the Global 2000 companies. Due to its massive size, many firms both inside and outside the U.S. believe that they will generate half their revenue in the United States and the balance from the rest of the world. As a foreigner who has lived in the United States for the last six years, I cannot help but be impressed by the size of this economy.

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With so much economic activity concentrated in one place, it should come as no surprise that a lot of localisation business is transacted in the United States. What *is* surprising is the resounding irony you find when looking at how many Americans think about the rest of the world and the fact that U.S. companies spend so much on localising products. In the aftermath of the 11th September 2001 terrorist attacks it seems that many Americans want to build *Fortress America,* blocking out the rest of the world. This leads to the not uncommon attitude that if residents cannot speak English, Americans shouldn't cater to their needs — instead, everyone should assimilate to the American culture. An extension of this attitude is that for those who don't happen to live in the United States, partial translation and localisation should suffice — foreign buyers of American products don't really need access to all of the information that U.S. consumers get. Contrast this with the fact that most English-speaking, assimilated Americans themselves are of ethnic stock, many are not that far distanced from their ancestral lands, even the smallest American city boasts a wide range of eateries serving foreign food, and you find a paradox for the localisation industry.

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Reflecting this *English-first* attitude, translation and adaptation tend to show up last in most corporate budgets. However, even with this last place seed, Common Sense Advisory estimates that 43 percent of all translation and localisation purchases are made in the United States, totaling what we estimate will be US$4 billion in 2006. With so much activity happening in the United States, 17 of the world's 20 largest language service providers (LSPs) maintain a physical presence in the United States. Even those headquartered in Europe and Asia generate a significant part of their revenues from American companies (see the Common Sense Advisory website for an article entitled "Ranking of Top Translation Companies" from July 2005).

But it's not just the huge size of the U.S. economy that draws LSPs to the United States. The traditionally open American business culture, its comparatively laissez faire regulatory environment, employer-friendly employment policies, access to credit, and a wide-ranging transportation system make it relatively easy for companies to set up shop and do business in all 50 states. In fact, over 2,000 companies with five or more employees in the United States compete for language services. However, this ease of setting up shop leads to a very competitive marketplace, with many firms bidding for the same business — often without any real differentiation from what their rivals offer.

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LSPs are spread widely across the United States (see Figure 1). Even though, in the Internet age, physical location is often irrelevant to the quality of the services provided, many clients prefer to work with local suppliers that tend to be more available for rush jobs, can be visited if circumstances require face-to-face interactions, and offer a reassuring presence to buyers not yet accustomed to outsourcing or offshoring. Nonetheless, our research shows most LSPs clustering in densely populated states; including California, New York, Massachusetts, Texas, and Florida. These are all major centres of economic production that boast major cities, world-class academic institutions, ethnically diverse populations, interesting political climates, and easy access to airline travel anywhere in the country or the world. The balance of LSPs are scattered around the rest of the country, often serving local industries such as automotive, aerospace, and other region-specific needs.

– **Growth Sectors:** In the last three years, life sciences (especially medical devices), legal, advertising, defence, and government have driven language industry growth in the United States. Following the roll-up of many agencies into the federal Department of Homeland Security, we have seen a marked increase in linguistic service demand for government, military, and intelligence needs. Finally, for 2006, we expect to see more localisation demand for capital goods like manufacturing equipment and high-tech products, driven by an expected decline in the value of the U.S. dollar.

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– **Buyer Demographics:** With the exception of larger technology companies like Microsoft and Symantec that have been localising products for many years, buyers of localisation services in the United States tend to be middle- or lower-level managers with small budgets. They cluster around product management, technical publications, and marketing departments in large organisations. The main difference between the U.S. buyer and the in-country buyer tends to be the number of languages. We expect to see more American companies translate their websites for domestic ethnic needs and for leading international markets. Consumer devices with embedded computers will drive everything from iPods to Jeeps, requiring localisation of a broader array of products (see the Common Sense Advisory website for an article entitled "Real World Enterprise" from January 2004). This expansion could lead to an expansion of demand from marketers, product managers, and developers.

– **Legally Mandated Translation:** Legislation, judicial rulings, and presidential orders require translation and interpretation services for people with Limited English Proficiency (LEP). Government agencies — the firms that provide privatised services — and companies that accept federal funds find themselves subject to these regulations. This means that software and instruction manuals to get a driver's license need to be translated into languages such as Tagalog, H'mong, Creole, Ethiopian, Russian, and the ubiquitous Spanish (see the Common Sense Advisory website for an article entitleed "Translation: It's the Law" from April 2004). Smart commercial marketing to those same people will drive exponential language service growth for Spanish, Chinese, and other Asian languages.

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– **Education and Certification:** Localisation is a growing subject at American universities, driven by the realisation that classic approaches to language learning — literature or linguistics — don't lead to employment. Therefore, U.S. colleges have begun merging language with business and technology studies to help students become more employable. While Kent State University, the Austin Community College, the California State University at Chico, and the Monterey Institute of International Studies offer formation programs related to the localisation industry, they still graduate a small number of students. Unlike other countries, the United States does not require translators to be university graduates but some states, like California, have fairly stringent regulations regarding interpretation. Some groups are trying to change the practice of localisation in the States. Fore example, the American Translators Association (ATA) provides a peer certification program that has lost some of its appeal due to the now widespread practice of outsourcing translations to countries for which the translations are intended. Translations into English represent less than 20 percent of the language market in the United States.

– **The U.S. Lags in Language Technology Development:** Most language technology used in the United States is developed in Europe or Canada. A few exceptions are machine translation suppliers such as IBM and Language Weaver, the latter offering a statistical-based MT technology funded by the U.S. government. Idiom Technologies, with its WorldServer translation workflow management system, remains the last company standing of several similar companies from the late 1990s. We expect government attention to this sector to increase over the coming years, although the initial funding mechanisms tend to be secretive intelligence agencies or the not so secret venture capital arm of the CIA. Given some of the work we've seen being carried out in academic settings, the U.S. could become a major language technology superpower if the government invested more money in research and commercialisation.

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– **Final Comment:** The United States localisation market is in constant growth as new players with recent innovations and creative products enter the market everyday. American executives, although aware that the world is their playing field, address localisation as a cost of doing business, but still tend to place language services at the bottom of the 'must-have' list. For LSPs, the market is very competitive, which means that anybody with good service and sales, as well as select vertical focus can claim a share of the market.

Figure 1: *Translation companies in the United States. (List of 450 companies compiled from industry association memberships, advertisements in industry publications, and web searches plotted into a map.) Source: Common Sense Advisory, Inc*

About the Author

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