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JULY 2006 FEATURE

A Localization Revolution

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A Localization *Revolution*

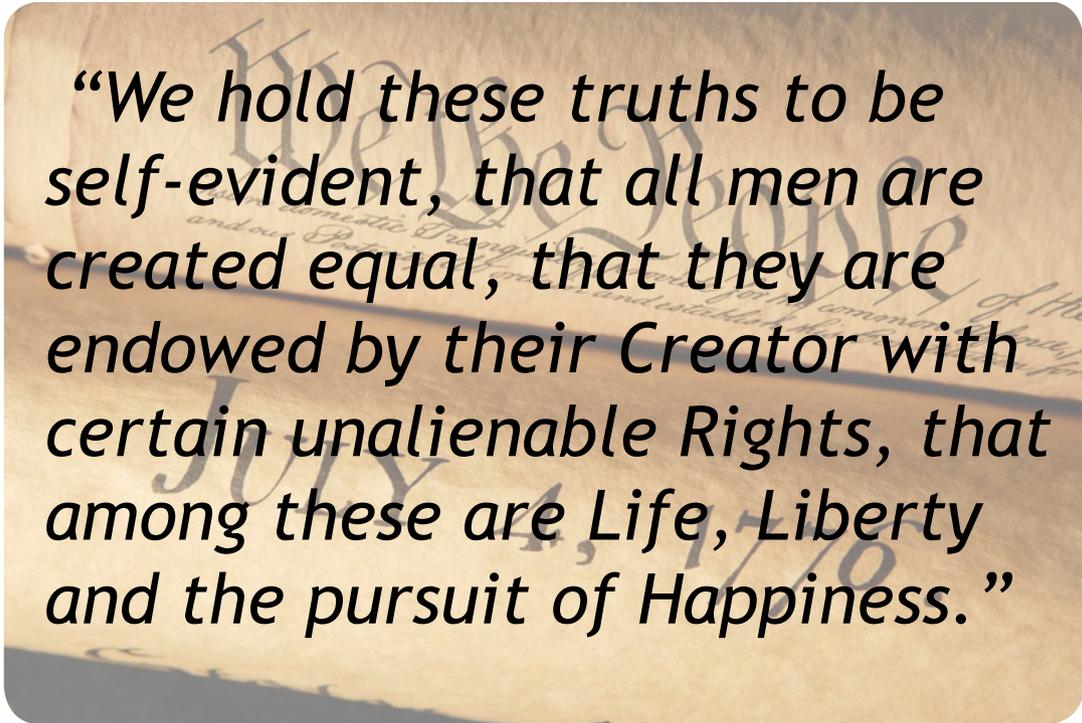
By Serge
Gladkoff
at Logrus

During this month when Americans celebrate their Independence Day, I think about our industry and the changes that continue to reshape it, and I see some commonalities resulting from the revolutions of then and now. Similar to what happened in 1776, our own Internet revolution has had a liberating effect on economic entities of all scales and types, regardless of their location. And, similarly, the consequences of this liberation will take some time to reveal themselves and to be fully comprehended, developed, and exploited.

During the closing speech at the Spring 2006 Localization World, Don DePalma sarcastically commented, “Internet changes everything—this is the news we have heard a couple of times over the past 10 years.”

Indeed, it is funny that, only now, 14 years later, are we starting to perceive the consequences of an Internet revolution that took off 1992.

Not that we are slow thinkers. It’s just that the processes that are taking place in society, whether they are political or economic, are enormously complex; so the consequences take time to reveal themselves. The reason is that such social phenomena occur in what physicists call *complex systems*, which are non-linear and contain feedback loops. Complex systems are open; they have history; they demonstrate a dynamic network of multiplicity; and they feature the amazing property of self-organization.



“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.”

Of course, self-organization is a property even of systems that consist of unintelligent atoms. But one can imagine what sort of complexity is possible as a result of the self-organization of human beings, since they, themselves, are very complex systems.

Before the Internet, the best way to self-organize was a corporation. But nowadays it’s different. And it’s more than simply self-organizing in a different fashion. It’s the equivalent of rising from a flat two-dimensional sheet of paper into an infinitely larger three dimensional world.

In the terms of Clayton M. Christensen, the Internet is a disruptive innovation. A disruptive innovation overturns the existing way of doing business in the market. Changes are often difficult to recognize, and it can take a long time before changes are significantly disruptive to establish new companies.

And so, new models of self-organization can also take time to develop.

The enormous complexity of human societies is the reason why all revolutions are quick to destroy and slow to build. In our own localization service sector,

we have already painfully noticed that the Internet is there, like a guillotine, cutting off profit margins. But we're not quite sure exactly whether, or how, our very own, very particular economic entity can benefit from the liberty of all economic entities being declared equal.

In other words, we feel the power of the stream, but we fail to see that the ocean is close by. We have been accustomed to doing things in a certain manner, and now we have to rethink how we do things.

One of the first things we realized about the Internet is the freedom it offers to reach potential customers, simply by creating a virtual storefront. In the language services business, the immediate realization was that smaller localization companies are now enabled to solicit business over the Internet from formerly unreachable corporate clients.

The obvious and simple effect of the Internet is to facilitate trade—and competition. It is putting considerable destructive pressure on traditional corporations. Indeed, for them, the ice age is coming. Many clients are resorting to a distributed purchasing model, purchasing services from multiple smaller suppliers. And in many cases, small enterprises are doing better than large ones, because the small enterprises are more motivated and responsive.

Think of these smaller companies as the new life forms that will be replacing the dinosaur corporations. The mammals are smaller and can live in harsh climates. They are smart and quick, and they don't need tons of leaves every day to survive. They are able to run fast, think quickly, and live in the cold. They will survive a long winter.

And yes, higher mammals are able to self-organize.

Of course, some folks would say that there is a reason why large economic structures must exist: to undertake something of scale, you need to gather and combine specialized resources, engage them in

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Standing above a background of expectations

an orchestrated fashion, coordinate efforts, and then delegate rights and responsibilities.

Yet again, it is only when people yield rights and responsibilities voluntarily that the obligation is truly efficient, binding, and proactively enforced by all parties. We must move beyond thinking that the only way to organize resources is to create a very large legal entity and employ lots of people.

I contend that we do not have to resort back to old corporations for larger projects. The reason is that the Internet facilitates more than just trade and competition: it also facilitates cooperation.

Here's where self-organization gets its chance. Economic entities can cooperate with each other in order to achieve scale, yet still preserving their independence and identity. In theory, there is no limit to the complexity of the structure that can be assembled virtually over the Internet.

One of the major industry trends of the future in our sector is alliances. And it is already actually happening in localization services. The Logrus Localization Alliance demonstrates this.

Small, healthy, and reputable translation companies all over the world in different locations can partner together, so as to provide scale for large projects to corporate clients. In fact, they might not be just translation companies. They can include all types of services: sales, DTP, multimedia, testing, engineering, etc.

It has been said that every radical idea transitions through three steps:

“The consequences of the Internet are taking place right here, right now. An alliance implementation provides a feasible alternative to traditional corporations. Buyers now have scale alternatives outside the corporate box.”

a) this is total nonsense,

b) this might work in some circumstances,

c) what else is new?

With Internet alliances, it looks like we are on stage “b” currently.

The consequences of the Internet are taking place right here, right now. An alliance implementation provides a feasible alternative to traditional corporations. Buyers now have scale alternatives outside the corporate box. Plus, an alliance requires far less overhead than a traditional corporation. That is why it is able to provide better pricing, yet still achieve healthy profit margins.

I am extremely optimistic regarding the future development of alliances. Indeed, the Internet still has many opportunities emerging, still unseen. These opportunities are larger and more diversified than one can imagine.

Distributed architectures can take workloads unseen by the most powerful single processor systems. The capacities (and varieties) of distributed production models offer enormous potential. Complex systems can produce really wonderful, beautiful, powerful things.

And the localization industry is one of the fields where these really new things can easily appear.

Best of all, it is “We the People” who will make this happen.