

# CEE and the tip of the global language industry

*Serge Gladkoff*

How big is the language industry, and what are the growth forecasts? I bet this question pops into our heads often when we hear various economic news items that inevitably remind us that translation and localization are not only art, not only a science, but also a business.

Looking at the headlines, there's no lack of pessimism about the general economic situation these days. "The world economic crisis is deepening," "Heightened public policy concerns about the extent of job loss and foregone employment opportunities among US workers," "The World Bank lowers its growth forecast for China citing weak demand for its exports and lower investment growth," "In a report on Russia released by the World Economic Forum this week, investors are reminded of three key uncertainties hanging over the country."

The media is currently full of bad news about every region of the world, without exception. With everything going that badly, exactly why (and where) is the translation industry able to sustain compound annual growth of 12.17%, according to Common Sense Advisory's 2012 report on top language service providers (LSPs)? Where is this growth coming from if the developed world is in a crisis, and emerging markets are faring little better, with "key uncertainties"?

In June 2000, two years after the major economic crash in Russia of 1998, few expected the economy to even come back within a decade. However, in my article "The Software Market in Russia," published in the June 2000 issue of *MultiLingual* magazine, I predicted annual growth in Russia to be at a level of at least 4.5% in the following five years. According to an FBK

Company press release, "GDP [gross domestic product] growth in Russia over the first decade [of the twenty-first century] was 159.2%," and within this release from one of the first private auditing firms in Russia, we can see that the actual GDP growth numbers were up to the promise, proving it to be a conservative estimate, since the actuality for the years 2001-2005 was 5.1%, 4.7%, 7.3%, 7.2% and 6.4%, respectively.

## Market size in CEE and elsewhere

How big is the translation and localization market in ex-USSR territory, and what are the forecasts? What global trends affect it and what are the key local trends? This information is hardly available anywhere, especially in the form of credible economic analysis about any one country. Economic insight about Central and Eastern Europe (CEE) is scarce, and even more so on the subject of specialized second-tier services, such as translation and localization. Statistics on the United States and Europe seem to be available. But how much does it actually reflect if common industry statistics only account for the language firms that declare themselves as such, in an industry where LSPs may only have about 10% staff as translators? The core workforce is in project management, software programming and other highly skilled professions that are also listed in other engagements and industries.

The global language industry is typically cited as a \$33 billion industry – for example in Common Sense Advisory's 2012 top LSP report. Three years ago, "global" reports were mentioning only a couple of translation companies to the east of the European Union. But the social media revolution highlighted that the size of the industry is much bigger, and September 2012 was marked by the Translation Forum Russia in Kazan. Guess what? The attendance was almost on par with that of Localization World – more than 450 people.

All of the sudden, the former Commonwealth of Independent States (CIS) market proved to be full of customers, translators and LSPs, doing everything from literary translation to railway construction, chemistry – every imaginable sector. Inspired by the Translation Forum Russia, this year the brand-new Ukrainian Translation Industry Conference is planned in Kiev, Ukraine, and



*Serge Gladkoff has been the cofounder and president of Logrus International for 20 years, and is the GALA standards director. Serge is the creator, owner and administrator of the Localization Professional group on LinkedIn, the largest gathering of localization professionals in the world.*

there's a big drive for it. And it's not just LSPs who are taking notice of these professional opportunities. Individual translators self-organize themselves, create formal and informal groups to exchange information and defend their rights, pushing for higher rates, and quickly approaching the maturity of the German professional translators crowd, for example. They also are much bigger than one might imagine, and many of them charge rates on par with higher-than-professional translation agencies. Looking at what the report is including, it does appear that the \$33 billion number is only the size of the visible or measurable part of the global translation industry as seen from the West, and mainly its Western part. It currently does not properly include the former CIS, China or everything that is beyond reliable statistics and financially reported data. Also, those parts that are ingrained in other industries or adjacent industries such as education are totally omitted.

That's one thing. Then there are other factors, other looming inconsistencies. For example, world economic crisis or not, the global changes affecting the industry are not simply large, they are tectonic. We now have total connectivity and mobility, with a transition to a variety of hardware platforms and standard data formats. The total connectivity is like light in a dark room: you start seeing things that you did not see before. And as it goes on, you can continue watching,

turning your head and receiving lots of new information.

### Increasing demand, increasing data

In 2011, Martin Hilbert and Priscila López reported in *Science* magazine that the world's technological per-capita capacity to store information has roughly doubled every 40 months since the 1980s, and what this means is that at least half of the current information stored on the world's media has been created in the most recent three years. Not all of the created information is ever stored anywhere, and IBM believes that the actual information generation rate is even higher, with 90% of the data in the world today having been created in the last two years alone.

Examples of large data for the translation industry are social networks, social data, internet text and documents, internet search indexing, videos and e-commerce. This trend definitely affects CEE countries and contributed to the revelation of activity and engagement previously mentioned. Russia's .ru domain has always been very active and open, but now the big data in social networks has come into play and opened it up. *Washington Post's* January 24, 2013, "Big Data and cloud computing empower smart machines to do human work, take human jobs," claims that "In the United States, half of the 7.5 million jobs lost

during the Great Recession paid middle-class wages, and the numbers are even more grim in the 17 European countries that use the euro as their currency. A total of 7.6 million midpay jobs disappeared in those countries from January 2008 through last June. Those jobs are being replaced in many cases by machines and software that can do the same work better and cheaper."

This may be true, but if you check the unemployment numbers in the United States and Europe, they keep pretty steady – high, but steady. How is this possible? This does not correlate with public consensus about the pitiful state of the industry, or region, for that matter. However, rarely do the "official" numbers or "publicly accepted opinions" capture the reality. There are things that are more easily seen on the surface, but what's under the surface is ten times bigger than the tip of an iceberg. Millions of jobs disappear due to technological advancements, but new jobs can appear just as quickly. Also, the big data of actual economic activity is not captured by direct indicators. In reality, the iceberg does not report itself.

But we can try judging the size of an iceberg by its reflection. Indirect sources, such as comparison of the sizes of industry communities and the sizes of the industry, for example, hint that the size of the LSP sector of the former CIS' translation industry is about \$500 million. This is roughly

# LEXMAN

TRANSLATION AND LOCALIZATION

## FOCUSED ON CEE LANGUAGES

- TRANSLATION
- LOCALIZATION
- OTHER LANGUAGE SERVICES

[www.lexman.biz](http://www.lexman.biz) | [localization@lexman.biz](mailto:localization@lexman.biz)

Czech Republic | Slovak Republic

Your partner in the world of languages



EN 15038 and ISO 9001 certified

half of the actual volume of the market; the other half is the freelance crowd working directly for customers at home and from overseas. The total market size is therefore about \$1 billion.

What are the prospects, then? Is there going to be any further progress in such countries like Russia and the former CIS, or did they run out of steam? Oh yeah, the progress is definitely going to be there. World Trade Organization succession will open the former CIS to the global services industry, which will increase activities of Western companies in CIS countries. The Common Economic Zone will add more activity between now separated countries of the former USSR. Replacement of capital investment to replace and modernize infrastructure will continue. Average per capita income will continue to grow simply because it was too compressed previously. But most importantly, of course, would be the continued explosion of the big data. Global ties will engage multiplicity factors in the information flow

from several central economic powers to each other, too. Considering the speed of innovation and the blazing deployment of new technologies, the world is moving forward very fast (despite appearances that it does not grow much), and emerging markets are far from being exhausted in their growth potential.

And, if we suspect that the territory of the CEE market size and growth numbers are most likely underestimated, what about China? What about the entire global estimate of the size of global translation, localization and globalization industry, the professionals counted as “program managers” while they are, in fact, workers of language industry? What about those economically active agents of the industry who keep parts of their income outside of any kind of reporting? Our industry is, undoubtedly, at the very heart of the essence of human existence. Language capacity is the only thing that every human in this world has in common and uses in everyday

life – for everything. The concluding paradox is: the translation industry is so fragmented, so ingrained in every aspect of regional and global economy, indeed in every vertical sector of it, that we may not even remotely realize how huge it is. The big data factor is in full swing here. The object is so large that we can’t see the big picture solely with “tactile” methods. Big data analytical methods are required, along with serious economic research.

## Too big to see clearly

I would estimate that the global language industry is several times bigger than the estimate of \$33 billion. Perhaps even five times bigger, if we actually count everything. Unrealistic? Just for the record, a compound annual rate of 12.5% industry growth will nearly double that \$33 billion estimate in five years. Even if we don’t want to include the “gray part” of the economy, that kind of growth is not just growth, with a world economy compound growth rate of only 3% according to the World Bank 2012 assessment. It is the speed of light. Now we have social revolution and big data revealing what is actually in this dark room. The global localization industry will continue growing faster than it is customary to predict, due to the better segmentation from vertical industries, due to the hyper-exponential growth of the number of links and ties between multipolar economic centers – the big data effect will continue to explode. What an opportunity for consolidation, efficiencies, growth and innovation! We just need to be more informed and more optimistic.

Consequently, there’s a definite need to dive in for serious study about the actual size of our “small,” “fragmented,” “undervalued,” “depressed” global industry. We should not need to play any or all of the blind men trying to describe an elephant, as one famous story tells. We need big data and serious analysis to understand the actual size of the industry.

The call for further, deeper global and regional market size research is hanging in the air – to see how big the iceberg that we live on is. Or the elephant, if you prefer animals to fractal objects and recall John Godfrey Saxe’s lines:

It was six men of Indostan  
To learning much inclined,  
Who went to see the Elephant  
(Though all of them were blind),  
That each by observation  
Might satisfy his mind. **M**



**ASPENA**  
TRANSLATION & LOCALIZATION

### HIGHER STANDARDS

- Client-centric business orientation
- Focus on Central and Eastern European languages
- 16 years in the translation and localization market
- 5 branches in 2 countries (Czech Republic and Slovakia)
- Network of strategic partners across Central and Eastern Europe
- Worldwide client portfolio
- Comprehensive one-stop localization service
- Multimedia/Voice-over localization
- ISO 9001 and EN 15038 certified

localization@aspena.com    www.aspena.com