

# Language and localization industry shows robust growth

As the 2008 tcworld conference and Trade Fair gets underway in Wiesbaden, fear and uncertainty cloud the global economy. But one industry heavily represented at the conference is bucking the trend, showing signs of strong growth that is expected to continue for years to come.

By James Hollan

The language services and technology industry is seeing increases in work volume and jobs. The positive outlook is expected to continue as more companies see the importance of communicating locally in the worldwide marketplace.

Recent news of growth comes from the Globalization and Localization Association (GALA), an international non-profit associa-

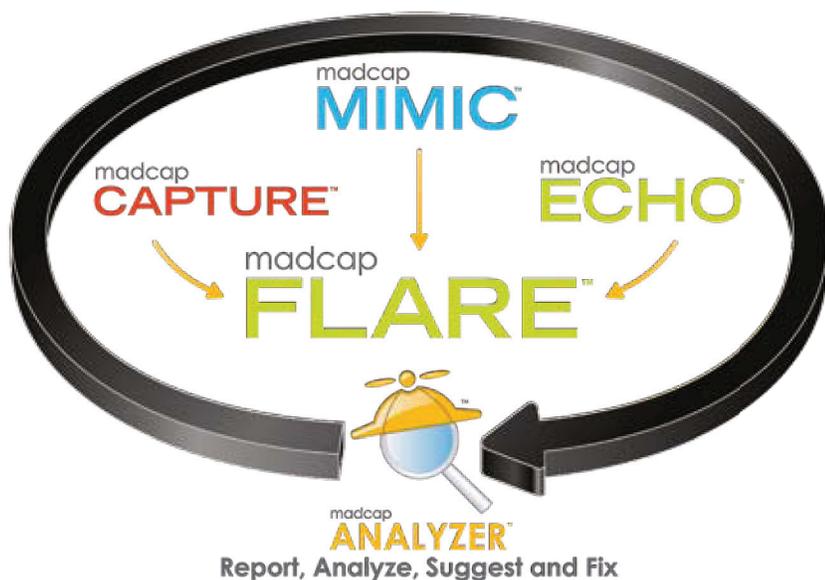
tion that encourages local communication as an indispensable component to a global strategy. In September, GALA released results of a survey of its 300 member companies that showed major growth in work volume. Over 85 percent of the respondents have seen work volume increase in the past year, and more than half have had increases of 20 percent or more.

Not surprisingly, employee growth is also very strong. More than 75 percent of GALA members who responded to the survey indicated employee growth; one fourth have had employee growth of more than 20 percent. Among those GALA members who responded, TransPerfect/Translations.com of New York has experienced 38 percent growth and is hiring in many areas. Another major language service provider, thebigword, based in the U.K., added 25 new positions in China last year and is adding another 25 positions in New York this year.

## Economic downturn increases the need to communicate successfully

“The downturn in the global economy means that it is that much more important to communicate to customers – wherever they are in the world – effectively and in their native language,” said Bob Donaldson of McElroy Translation, a GALA member that has also seen a boost in work volume and employee numbers. At tcworld, Donaldson will present a case study highlighting how a major accounting firm used software localization strategically to gain competitive advantage of its software suite. In all, 46 GALA members will exhibit at the tekomp Trade Fair, which will accompany the tcworld conference. Additionally, GALA is hosting the Localization Forum at the conference along with a group exhibit featuring twelve member companies and a new initiative

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Wissen auf den Punkt gebracht

dubbed the “Localization Chill Zone” which will be a quiet inviting space outside of the Localization Forum workshop and session rooms.

### Technology spendings continue to increase

Some of the members exhibiting at the Trade Fair took part in the GALA member survey, which asked the association's 300 members to provide information on their business growth and technology use. Surveys were completed by 44 percent of GALA members. In addition to the growth statistics, the survey revealed other interesting findings:

- Technology budgets have increased over last year for 39 percent of the respondents (by more than ten percent for almost a quarter of the group).

- Seventy percent of respondents said they do not currently provide a machine translation (MT) offering for their customers; twenty percent said they plan to provide an MT offering in the near future.

- Over 60 percent of the companies that responded have been in business for more than ten years and operate in an average of four offices (including headquarters). “GALA has made a point of getting a pulse on the industry by surveying its extensive membership regularly,” said Kim Harris, board chairperson. “These latest figures are significant in that they show overall growth in the industry despite a worldwide downturn in the economy.” In fact, GALA member growth has tracked with growth numbers for the industry. Common Sense Advisory, a market research firm specializing in business globalization, estimated

the market for outsourced language services to be US \$12 billion worldwide in 2007. Based on the trendline over the last five years, Common Sense Advisory's analysts predict that the market will reach US\$24 billion by 2012, equating to a compound annual growth rate (CAGR) of 14.6 percent over the next five years. The firm also reports that in 2007, the average year-over-year growth rate of the top 20 language service providers was 26.68 percent.

### Service providers add more languages to their portfolio

While survey respondents were not asked to provide reasons for the growth, results from another GALA survey earlier in the year indicated a significant boost in the number of language pairs being handled by language service providers. In that survey, language pairs handled by respondents increased by 43 percent in two years, and 42 percent of respondents had worked on a language pair never handled by them before.

Additionally, recent research indicates a growing understanding that multilingual communications should be a strategic factor in global growth. In August, the Gilbane Group completed a survey of multinational companies from around the world in which more than 89 percent of respondents believe that multinational communications is a factor in corporate business initiatives.

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