ELIS 2021 - EUROPEAN LANGUAGE INDUSTRY SURVEY

POWERED BY **ELIA** | **EMT** | **EUATC** | **FIT EUROPE** | **GALA** | **LIND** | **WOMEN IN LOCALIZATION**

Clio Schils
Elia

Alexandra Krause
EMT

Rudy Tirry
Research - EUATC

John O'Shea
FIT Europe

Annette Schiller
FIT Europe

Allison Ferch
GALA

Inkaliisa Vihonen
LIND - DGT

Konstantin Dranch
Research - Custom.MT

Jill Goldsberry
Women in Localization

ELIS 2021 - 9th edition

Initiated in 2013 by EUATC, the European federation of national associations of translation companies. It is co-organised with ELIA, FIT Europe, GALA, the EMT university network, the European Commission’s LIND group, and - since this year - Women in Localization.

Open to Language service companies, independent language professionals, training and language technology providers, language service buyers, private and public translation departments.

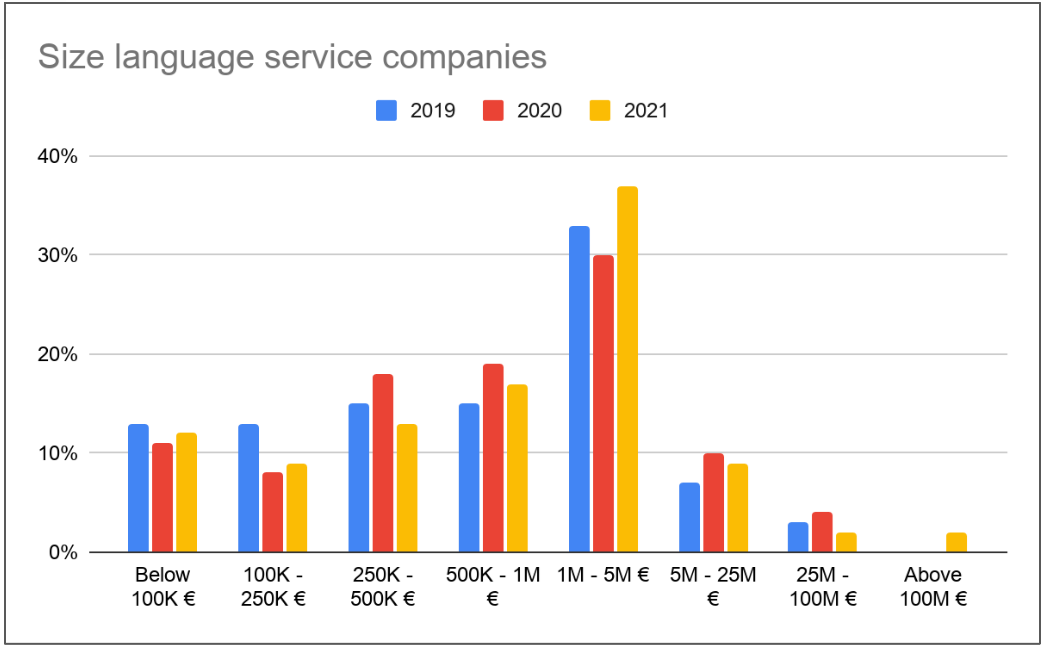
The survey covers market trends, expectations & concerns, challenges and obstacles, as well as changes in business practices.

907 responses

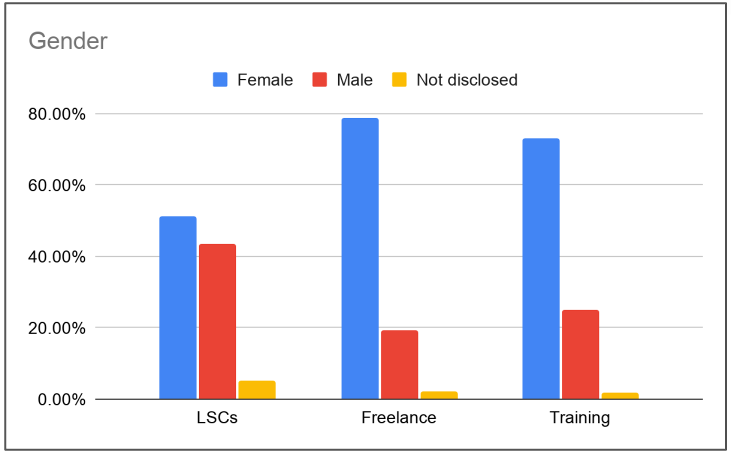
- 172 language service companies
- 575 independent language professionals
- 105 representatives of training institutions
- 44 language departments and language service buyers
- 11 language technology providers

The distribution per country will be published in the complete ELIS slide set.

Industry structure

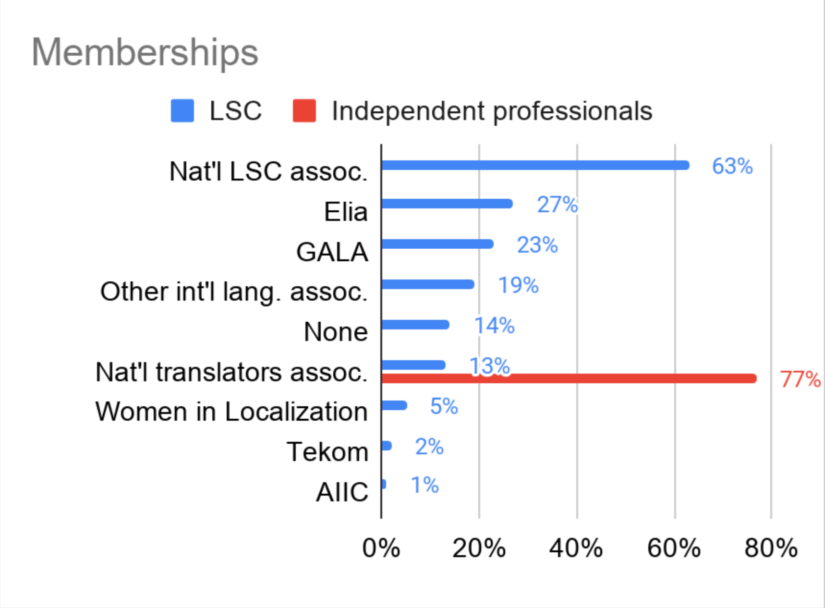


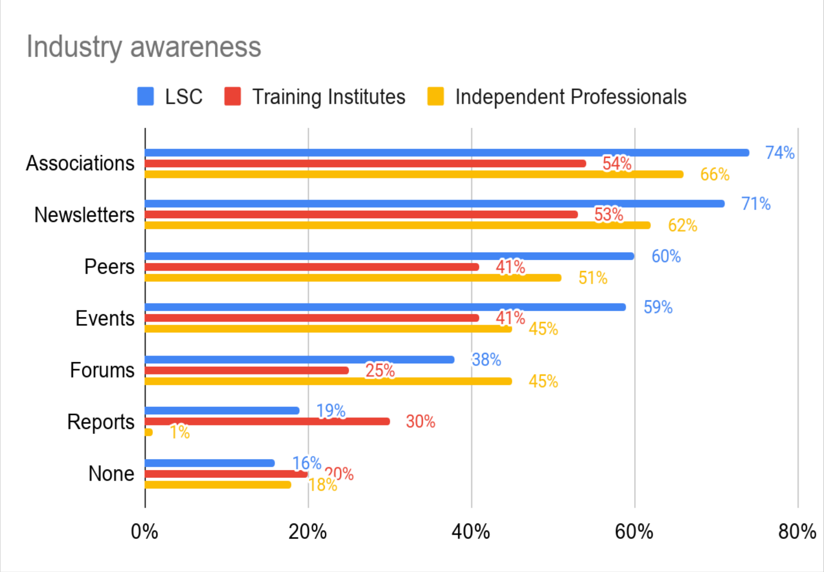
Evolution of size distribution confirms industry growth reported by other surveys, but 51% is still below 1M€.. Popular 1M - 5M € size segment is male dominated.



Independent professionals - qualifications
79% translation/interpreting degree
17% language degree
20% degree in another field (e.g. law, business, accounting) (9% in combination with a language or translation/interpreting degree)

Membership & industry awareness





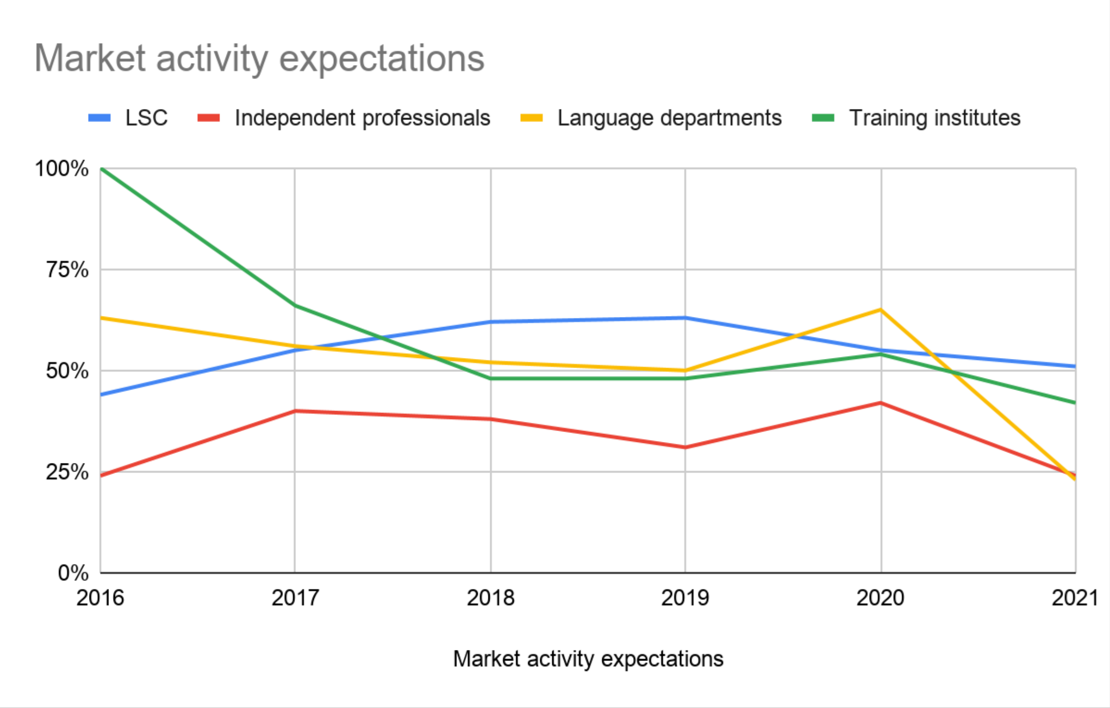
23% of LSC respondents are member of an industry association but not of their national association of translation companies.

Close to 20% of the respondents - in all segments - are not following industry news on a regular basis.

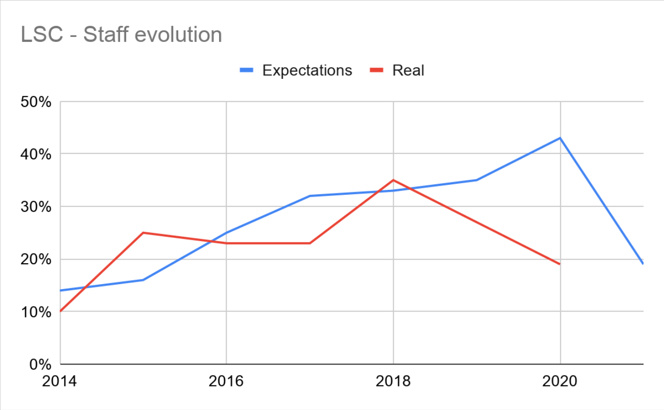
2020 - 2021 MARKET EVOLUTION

Percentages do not show actual increase or decrease but the difference between respondents reporting an increase and those reporting a decrease, as a measure of the market sentiment.

2021 market activity expectations



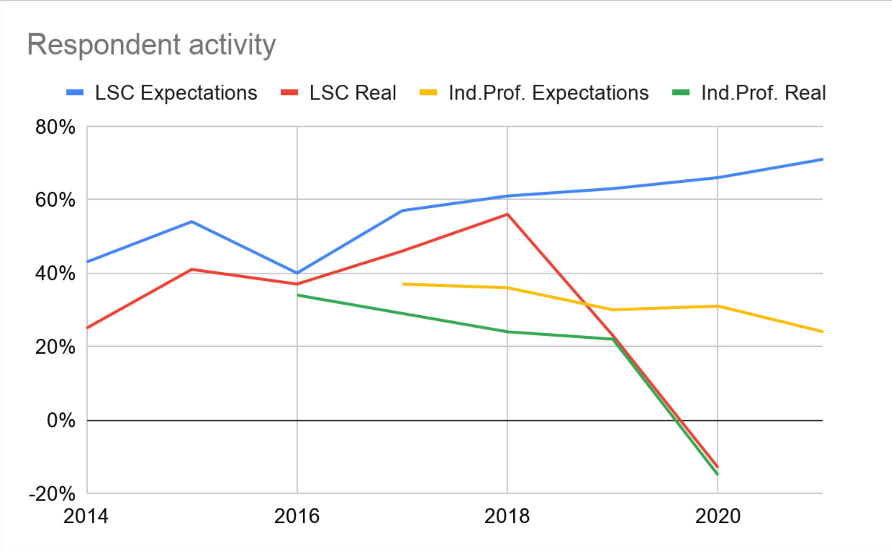
Expectations for global market activity remain positive despite 2020 disruption.

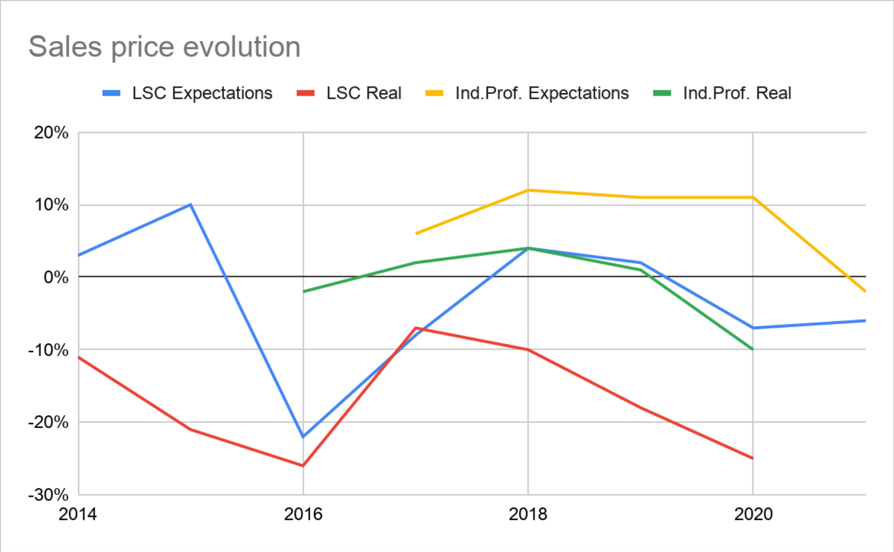


LSC staff growth slowed down in 2020 but expectations remain positive. Expectations are strongly correlated to company size..

Note: This is confirmed by external sources such as the Slator Language Industry Job Index™.

Real vs expectations

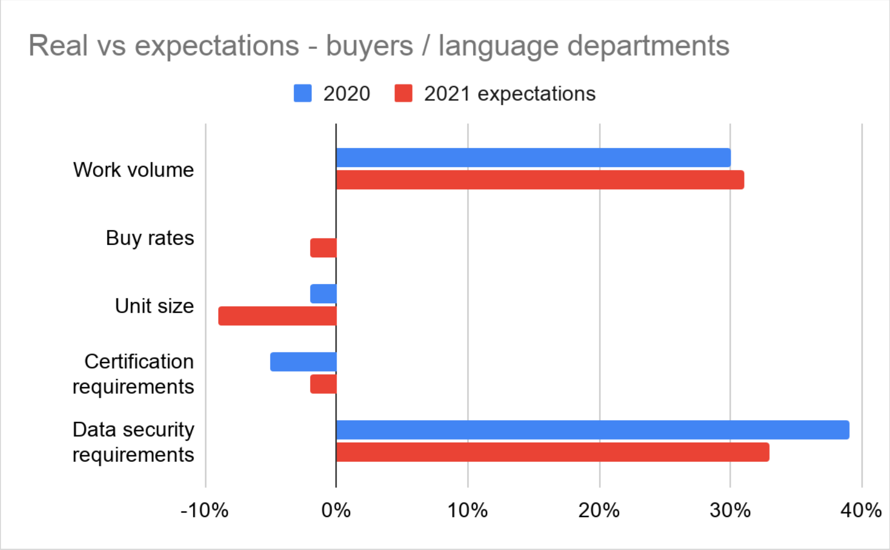




Activity loss in 2020 hit independent professionals and LSC equally hard, but LSCs have considerably more confidence in 2021 growth (net 71% of LSC expect a rebound).

LSC report a stronger price drop in 2020 than independent professionals or language departments / buyers. For 2021, all segments expect a status quo or a slight erosion.

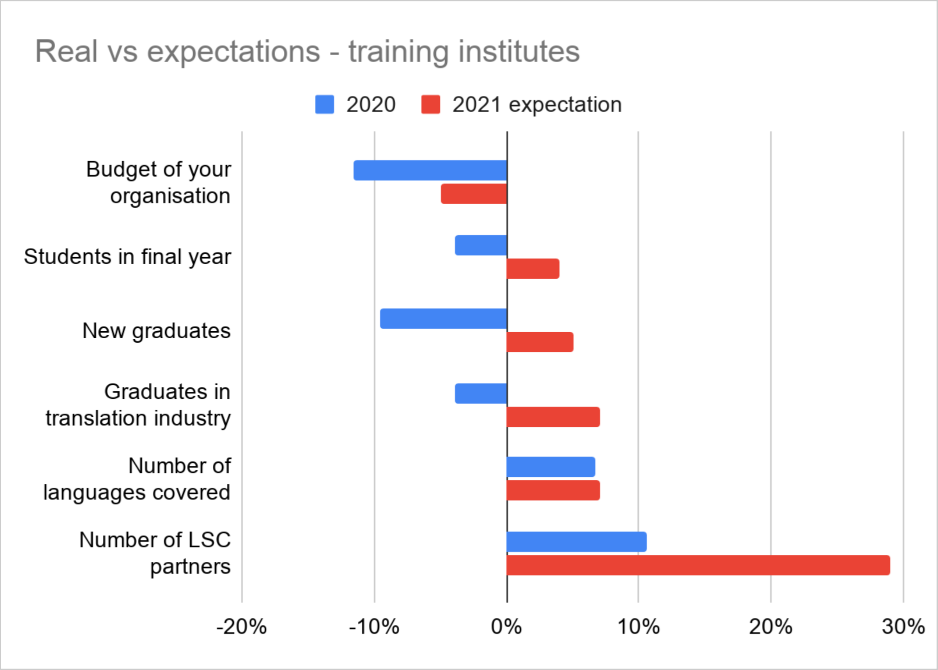
Expectations language departments and universities



Both language departments and training institutes are concerned about further budget restrictions and growing workload.

Training institutes expect the interaction with translation companies to continue to grow considerably.

Data security continues to be high on the agenda.



Industry mood

	Companies	Investment	Disinvestment	2018	2019	2020	2021
Austria	16	9	4	0.67	1.3	0.7	0.3
Belgium	9	6	0	0.62	0.57	0.8	0.7
Bulgaria	6	4	2				0.3
Czech Republic	6	6	0	1.4	1.2	0.5	1
Denmark	2	1	0	0	1	1	0.5
Estonia	7	8	0	0.67	0.8	0.8	1.1
Finland	2	3	0	1	0.57	2	1.5
France	5	2	2	1.1	0.53	0.7	0
Germany	12	10	5	0.8	0.89	1.6	0.4
Greece	2	2	0	0.7	1.2	0.7	1
Hungary	8	2	2	1	0.88	0.7	0
Italy	8	8	0	0.91	0.76	1.3	1
Latvia	4	2	0	1.17	2	0.7	0.5
Lithuania	5	6	0		0.71	0.8	1.2
Netherlands	9	8	0	1.27	1.42	1	0.9
Poland	3	2	2	1	0.8	0.4	0
Portugal	9	6	0	0.92	1.18	1	0.7
Romania	5	6	0	0.71	0.43	1	1.2
Russia	5	5	2				0.6
Serbia	1	0	0	0.86	0	1.5	0
Slovakia	1	1	0	0.6	0.67	1	1
Slovenia	6	3	2	1.36	1.44	0.9	0.2
Spain	14	3	2	0.76	0.56	0.7	0.1
Sweden	2	0	0	1	0.67	1.7	0
Ukraine	1	2	0				2
United Kingdom	13	10	0	0.53	1.1	0.8	0.8
				0.9	0.9	1.0	0.6

Sentiment = (Investment score - disinvestment score) / Number of companies.

Score 0 = as many investment as disinvestment intentions

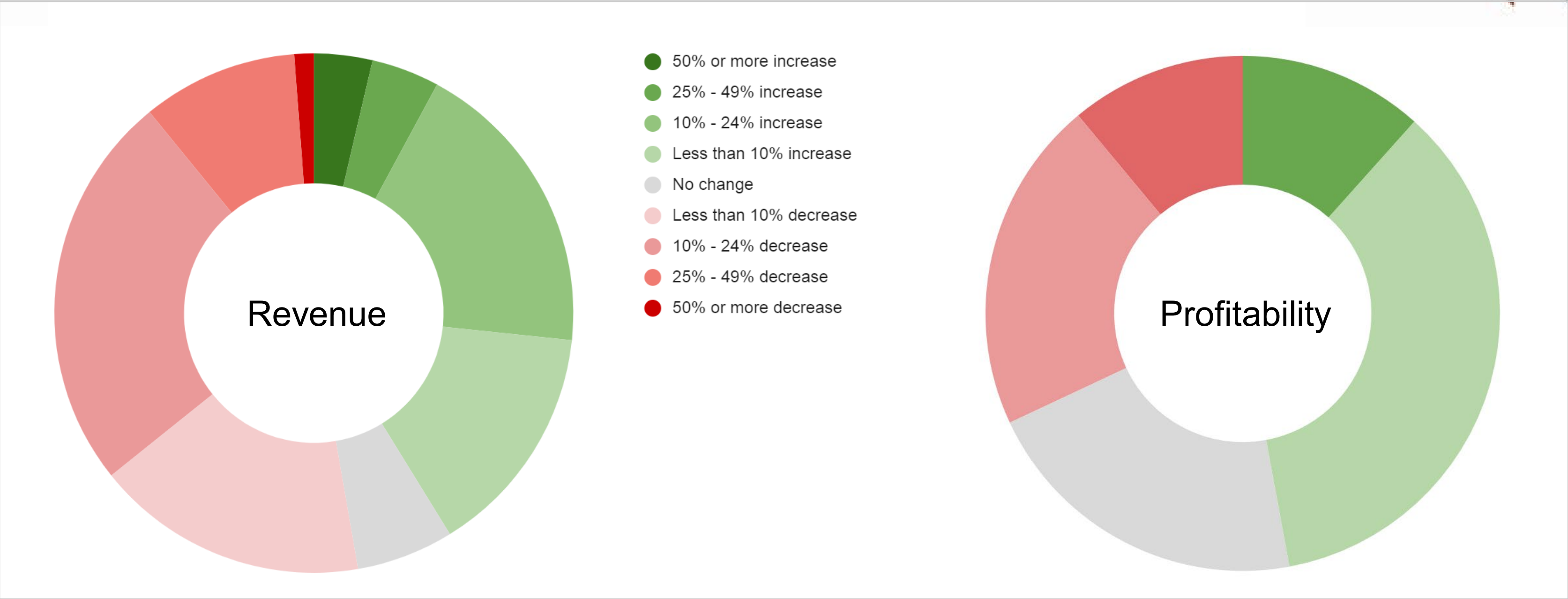
Green: Sentiment > 0.5
Yellow: Sentiment between 0 and 0.5
Red: Sentiment < 0
Grey: Below response

Significant number of countries below threshold (results less reliable)

Global industry mood deteriorated compared to previous years

Focus on LSC results

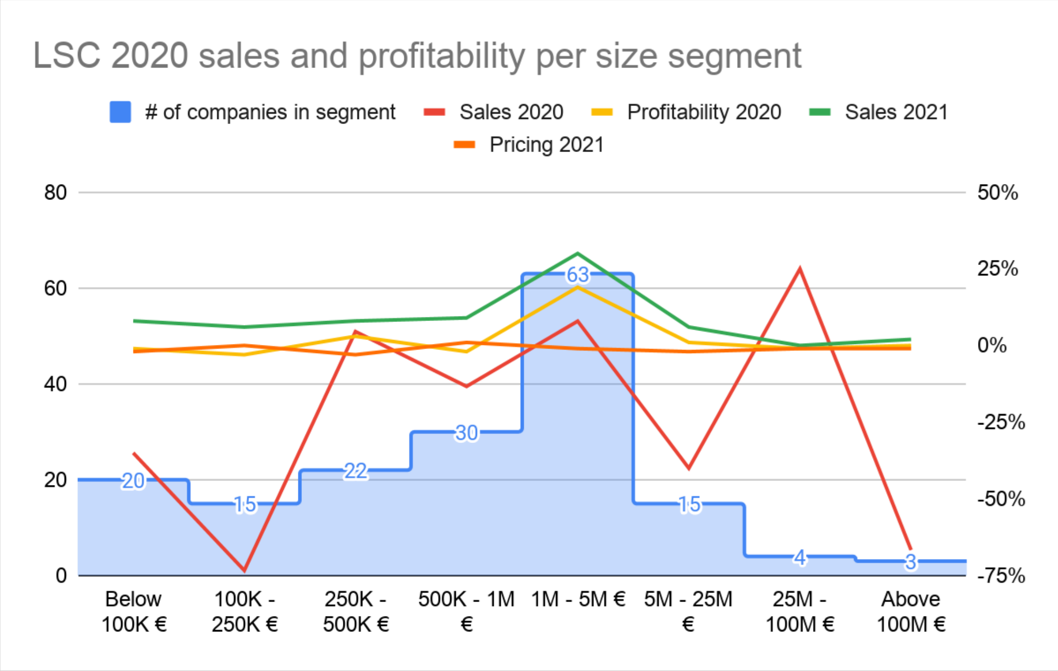
Not so Bad after all?



52% decline ELIS vs 55% growth Nimdzi™ linked to different respondent mix?

47% increased profitability, 32% saw a decline (in line with increase reported by CSA™).

A sweet spot ?

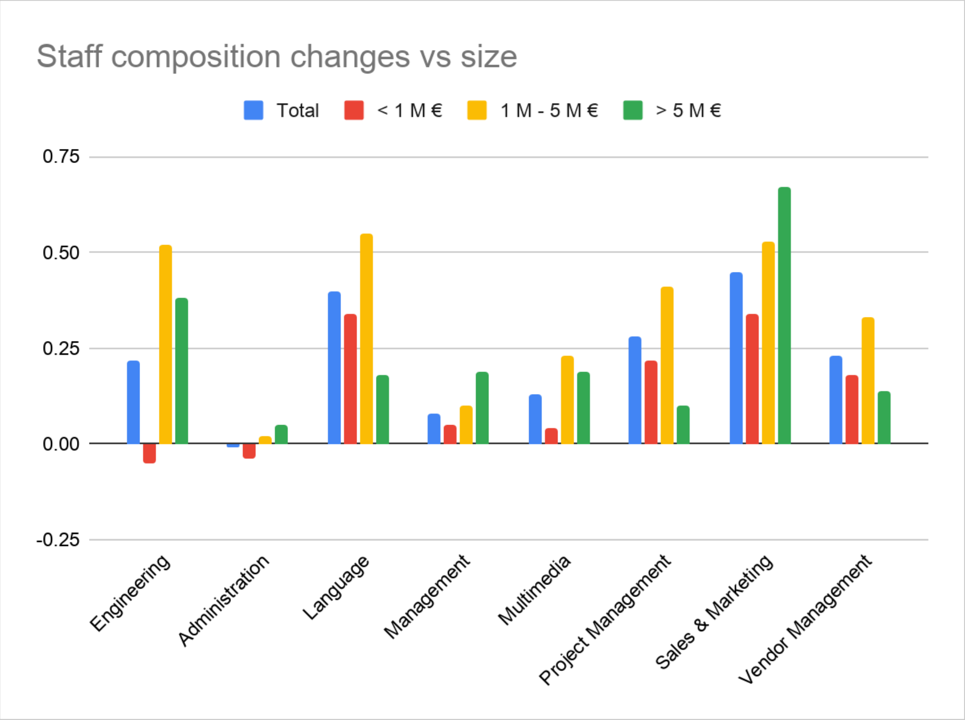


The ‘popular’ 1M-5M€ size range showed modest growth and a clear increase in profitability in 2020, as well as the highest growth expectations for 2021. Differentiators for this size segment are:

- Stronger than average post-editing and audiovisual activities (approx. +17%) and less involved in language training (approx. 20% less than average).
- Higher than average position in healthcare (+14%) and computer software (+9%).
- No apparent link with major developments could be found..

Difference between overall 2020 sales decline in ELIS (52% of respondents) and modest 2020 growth shown in Nimdzi™ research (55% of participants) is potentially linked to the resilience of larger size segments, which are underrepresented in the ELIS results.

Staff composition changes vs size



Overall, the 1 M - 5 M € size segment is reporting the highest level of staff increases.

As expected, companies of all sizes are - or intend to - beef up their sales and marketing staff.

Less expected is the strong score of language-type staff profiles.

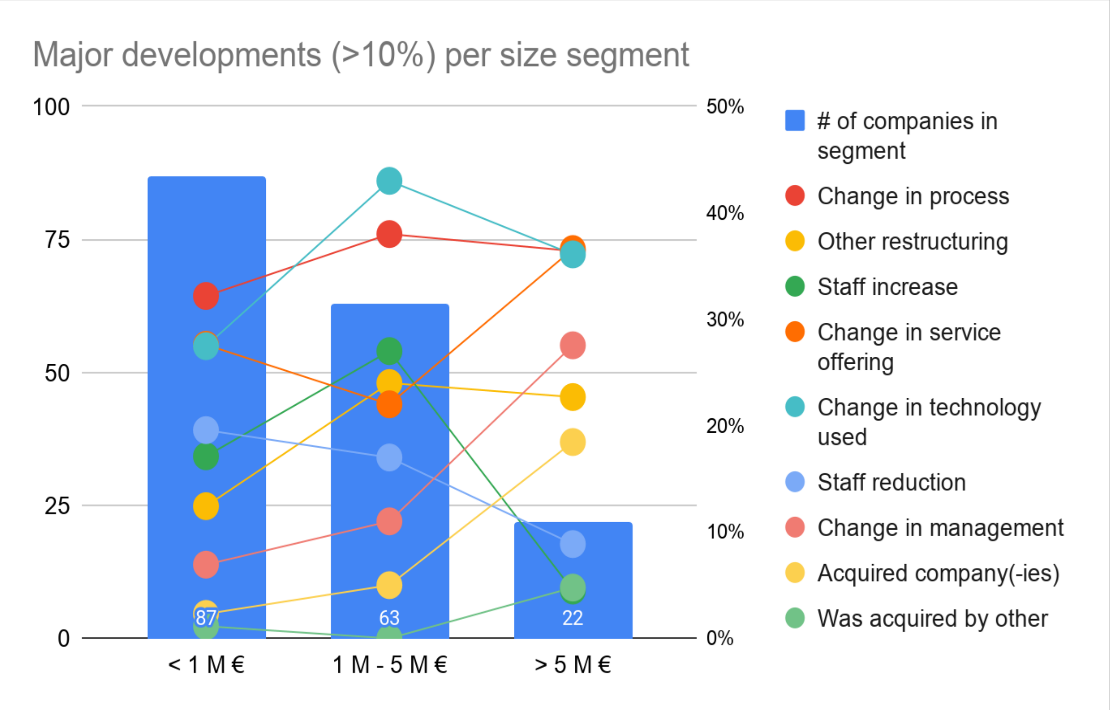
Technical profiles are mainly popular within the 1 M - 5 M € segment, which is in line with their focus on technology changes. Smaller companies are lagging behind in this area.

All size segments agree that this is not the moment to increase administrative support functions.

Project managers remain a popular target in the smaller segments, but are not a priority for companies larger than 5 M €.

Despite strong news coverage of multimedia focused service providers, reported interest in additional multimedia talent is modest.

Major developments vs size



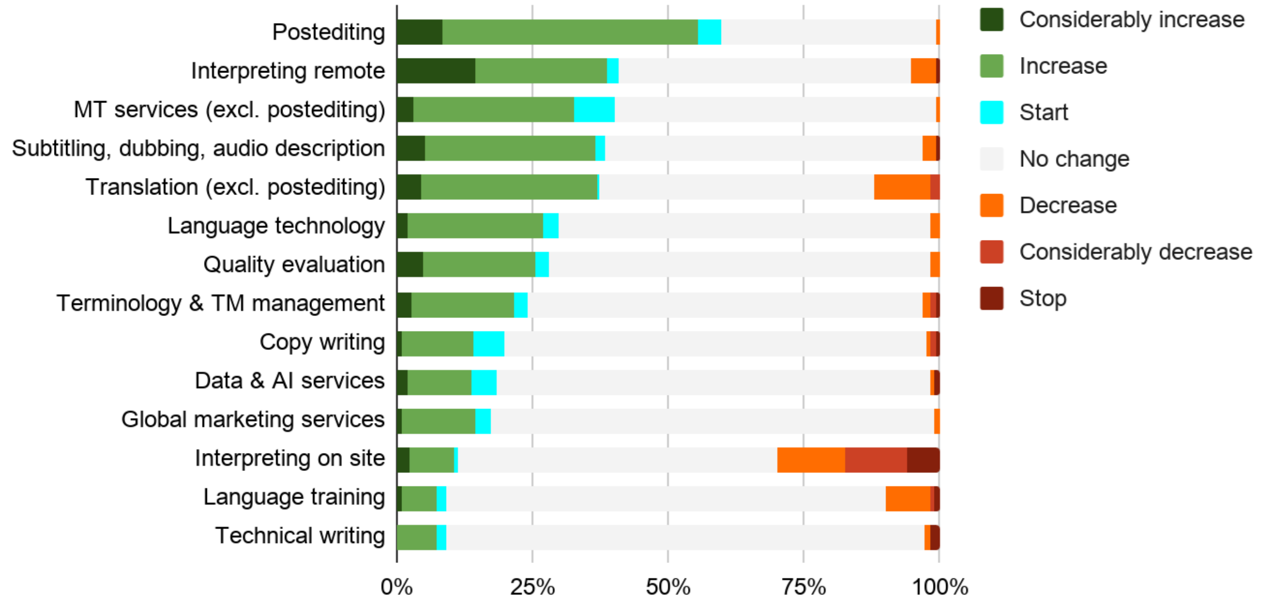
There does not seem to be a clear overall link between company size and the implementation of major changes. However, we do see significant differences in the types of changes reported by the different size segments.

Staff Reduction is surprisingly selected most often by companies smaller than 1 M €.

Companies in the 1 M - 5 M € ‘sweet spot’ segment show the highest level in technology changes, process changes and staff increases.

Companies larger than 5 M € report the highest level in management changes and M&A type changes, but also in service offering changes.

Service Lines Evolution



% resp, N=155

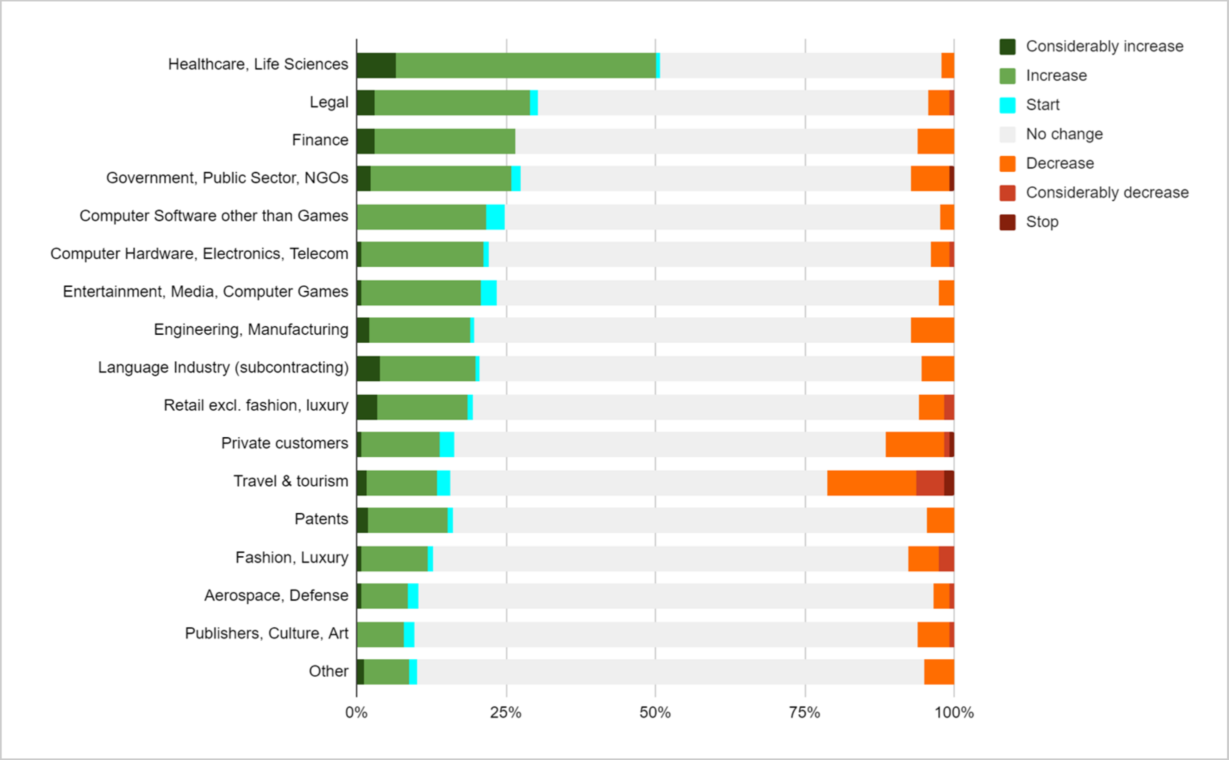
Not surprisingly, human translation is the main activity by a long shot. Post-editing is second, and the fastest growing service line, but still far behind.

Average 50% “no change”, even for post-editing.

Widely expected increase in language data services not (yet) visible in these survey results, possibly linked to (small) average size of respondents.

On site interpreting is replaced by remote interpreting.

Sectors Rising and Falling



One clear winner - healthcare - and one clear loser - tourism.

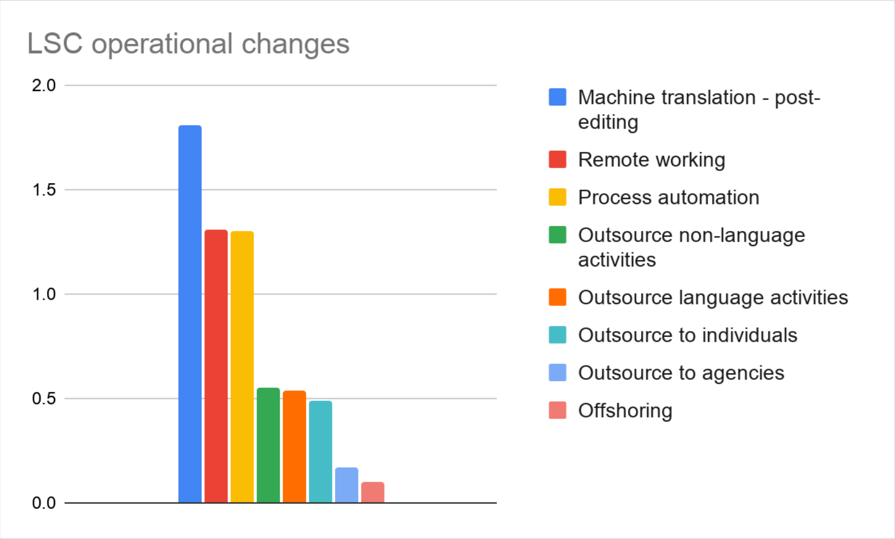
The runners up can be considered as ‘safe havens’.

LSC respondents intend to further develop subcontracting as a source of business.

% resp, N=135

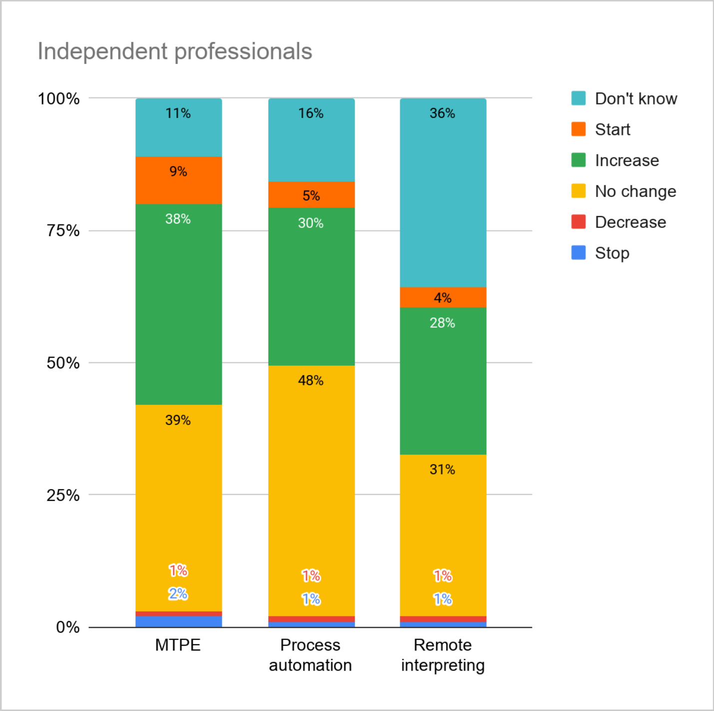
OPERATIONAL PRACTICES

Operational changes

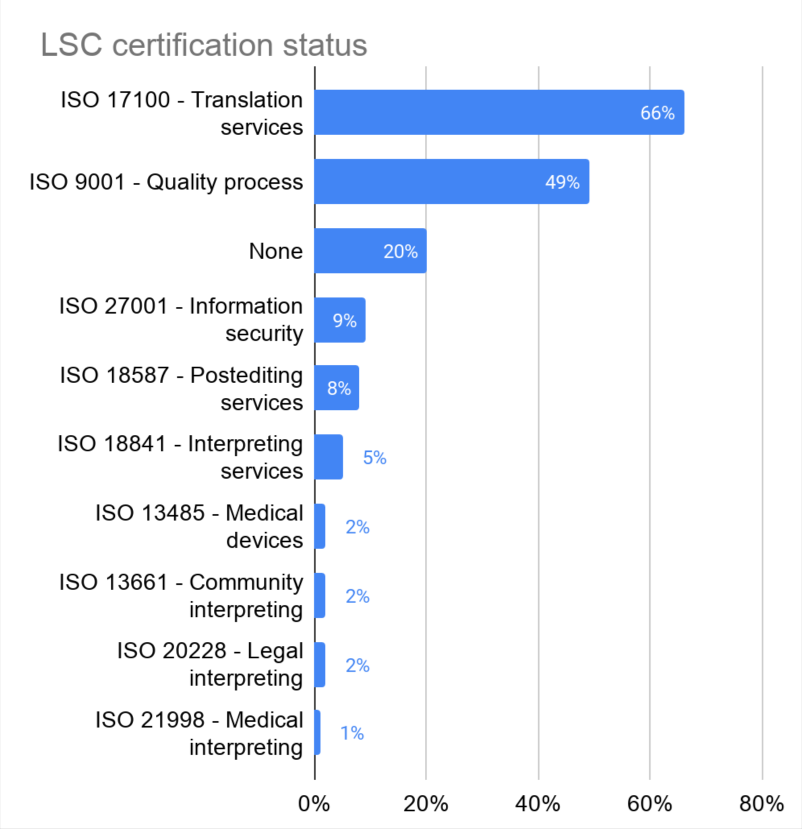


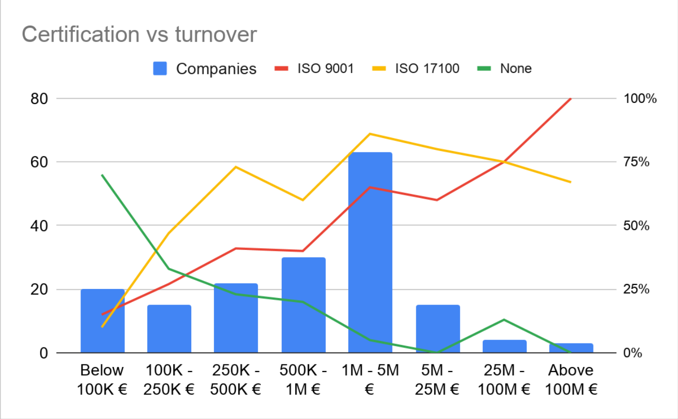
1M - 5M € ‘sweet spot’ size segment scores significantly higher on MTPE and process automation.

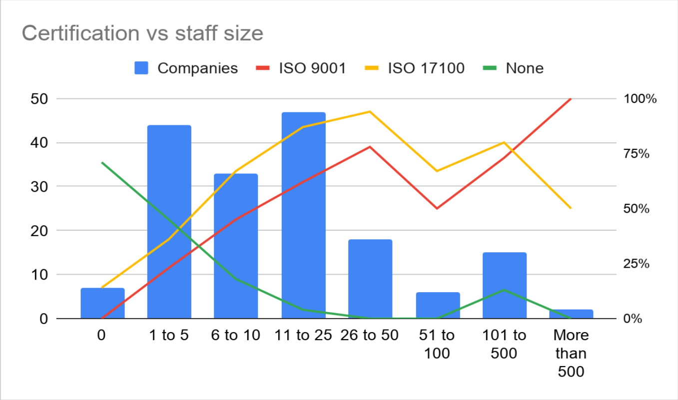
The Increase & Start categories for Remote Interpreting cover all independent professionals who work as interpreters (approx. 30% of all respondents in that segment).



LSC certification status



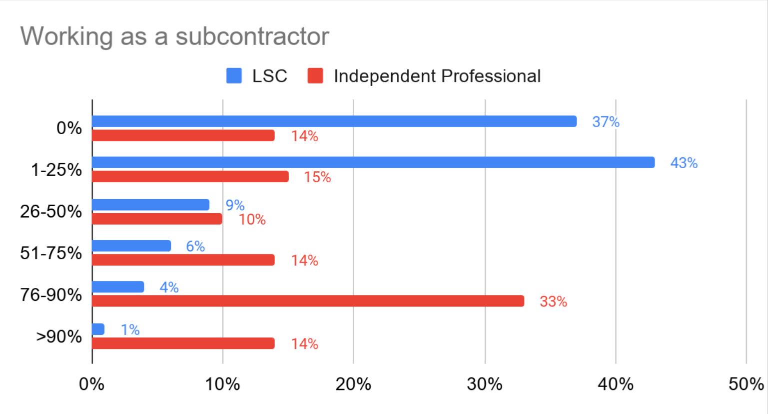




Strong relationship with LSC size, with maximum certification rate in 1M-5M€ resp. 10-50 staff segment.

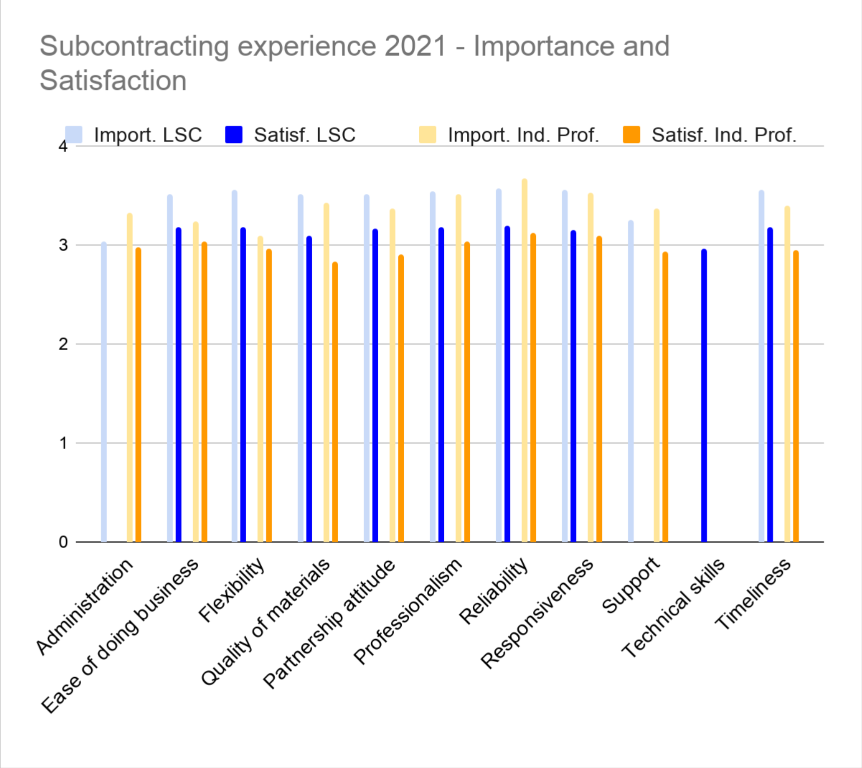
Activity-specific certification schemes slowly making progress.

Subcontracting - a key component



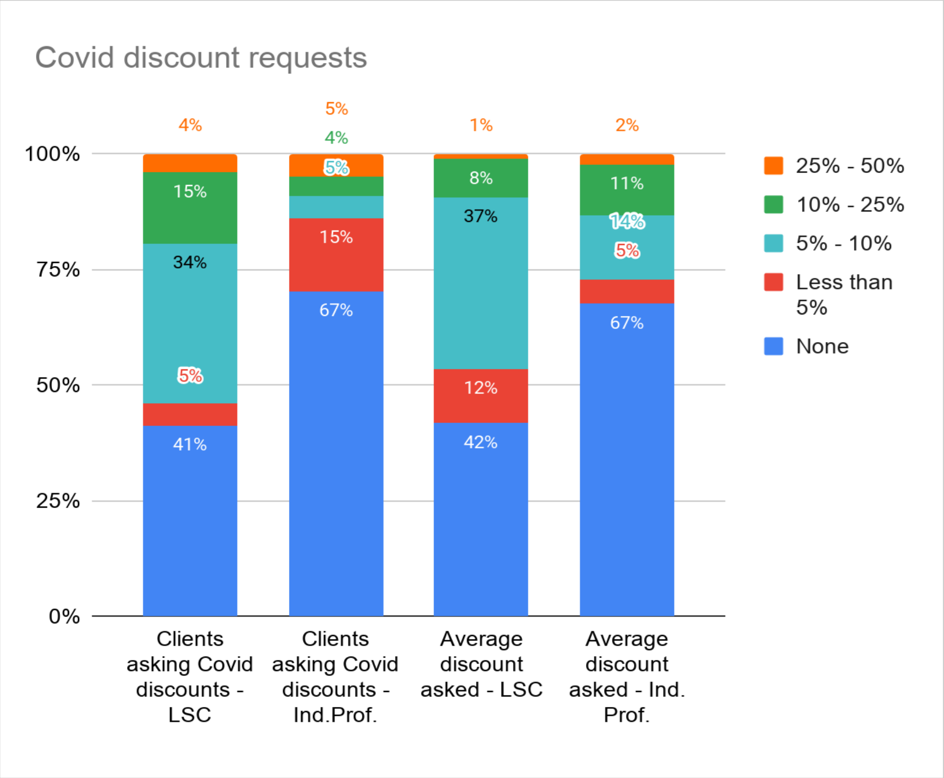
Subcontracting, whereby a language service provider (LSC or independent professional) is contracted by another language service provider instead of a direct client, has always been an essential part of the language industry.

LSCs and independent professionals clearly make a deliberate choice to work primarily for direct clients or for other language service providers..



COVID MEASURES

Covid discounts requested



LSC

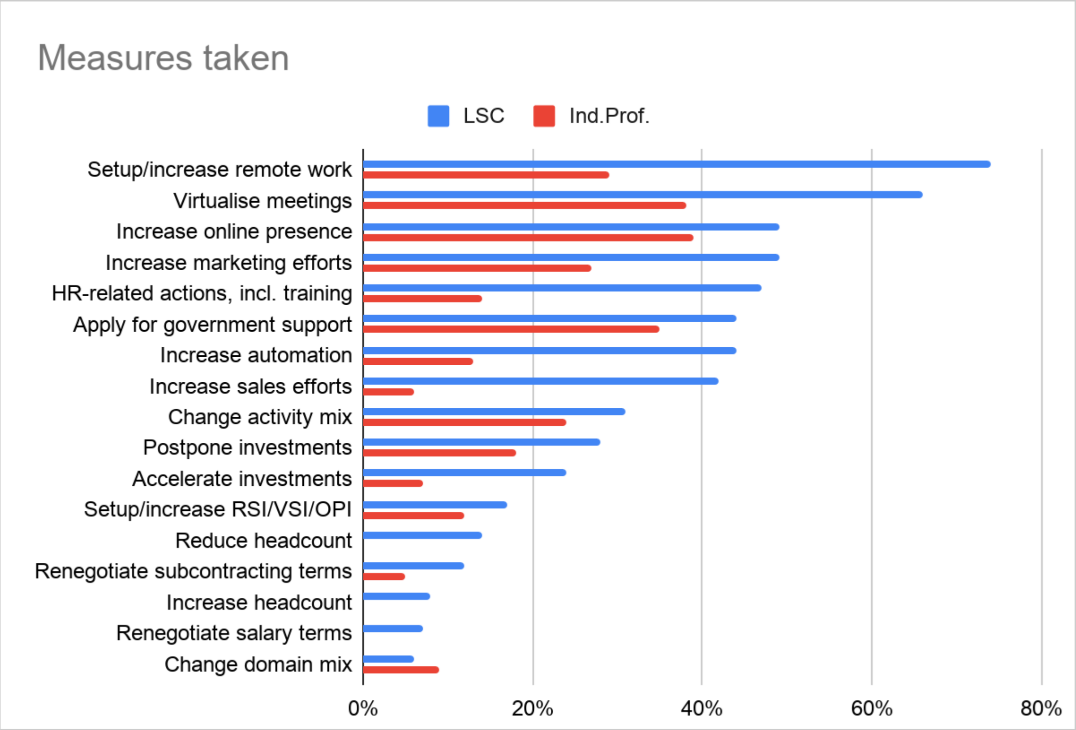
- 8% of clients requested a discount.
- 5% average discount.
- No clear difference between size segments.

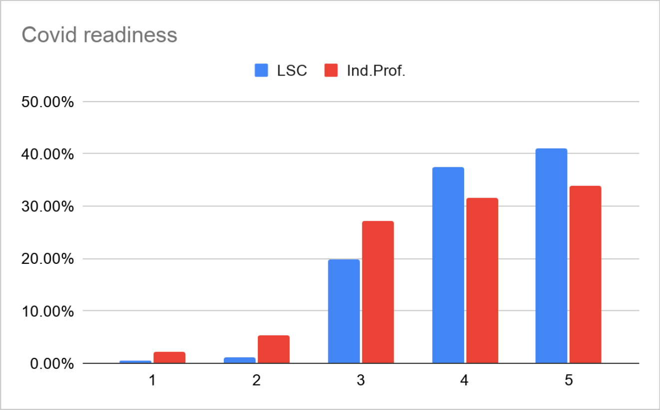
Independent professionals

- 9% of LSCs requested a discount (4% average discount).
- 5% of direct clients requested a discount. (3% overall average discount).

Conclusion: impact of Covid-related discounts was limited

Covid measures

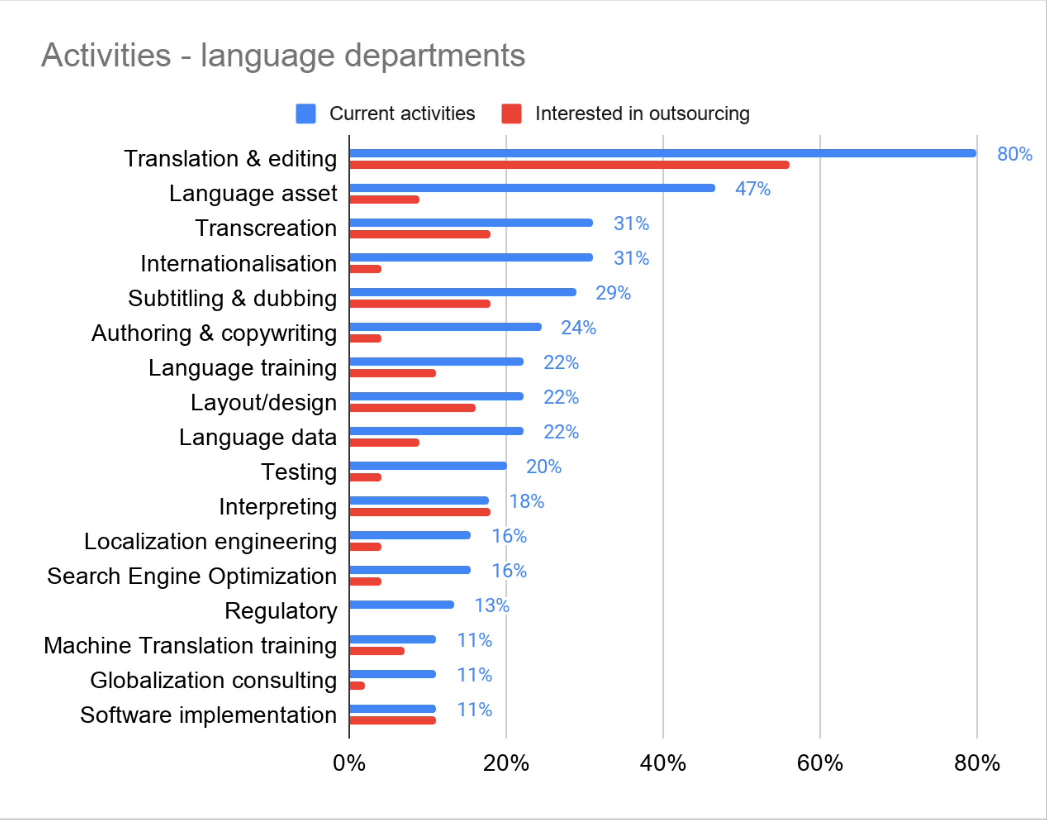


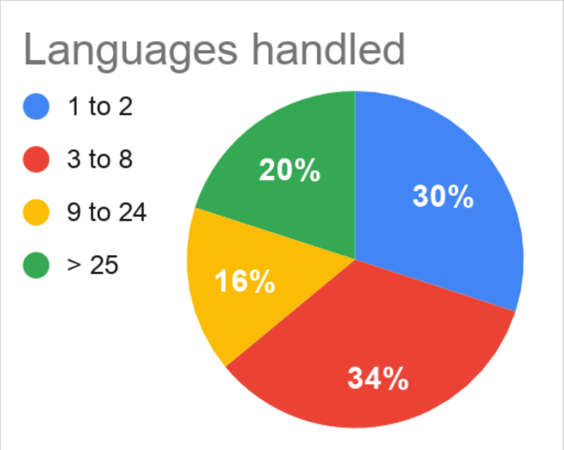


Both LSC and independent professionals intend to continue with these measures. LSC plan a stronger focus on technology. Independent professionals focus more on training, diversification and online networking.

FOCUS ON LANGUAGE DEPARTMENTS

Activities & structure



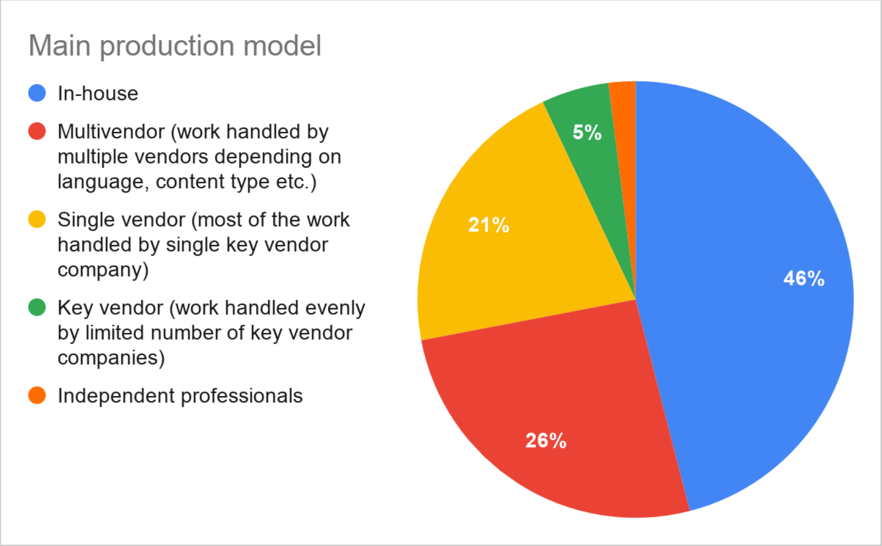


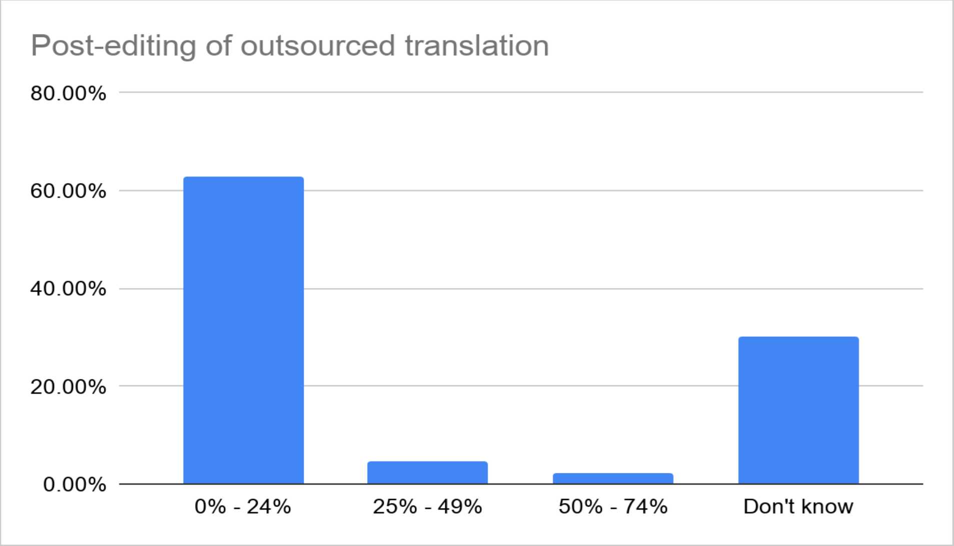
Only 36% of responding language departments handle more than 8 languages.

54% of responding units have less than 5 staff members.

Outsourcing focuses on execution activities such as translation, interpreting, subtitling and dubbing.

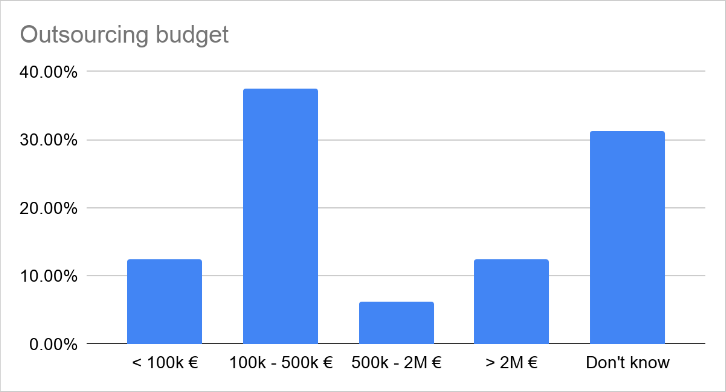
Operational practices

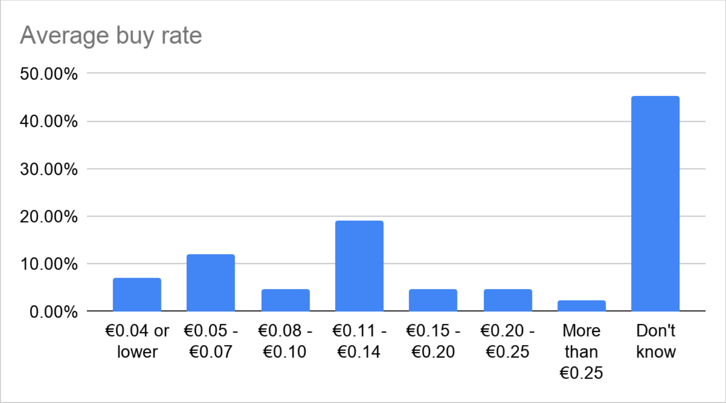


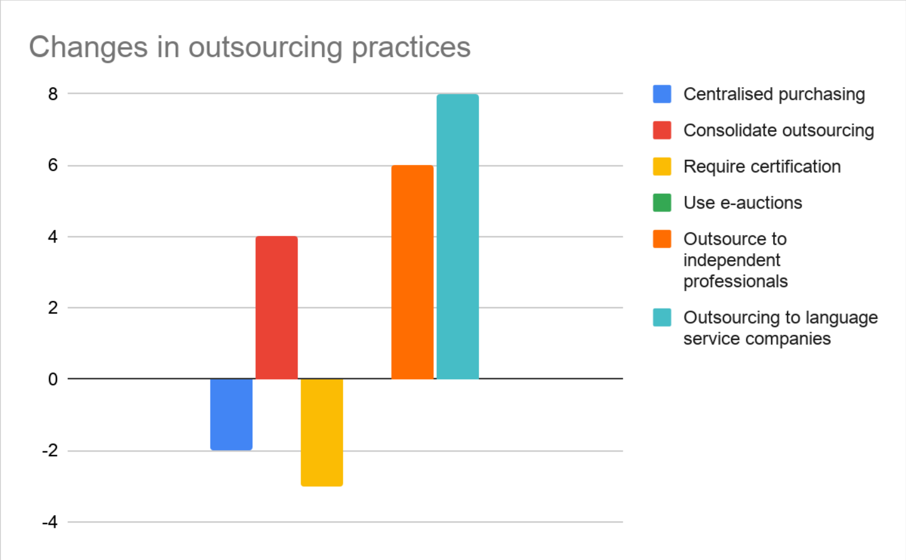


Reported post-editing in outsourced translation is much lower than LSC indications, possibly linked to small average size of responding units..

Outsourcing in language departments



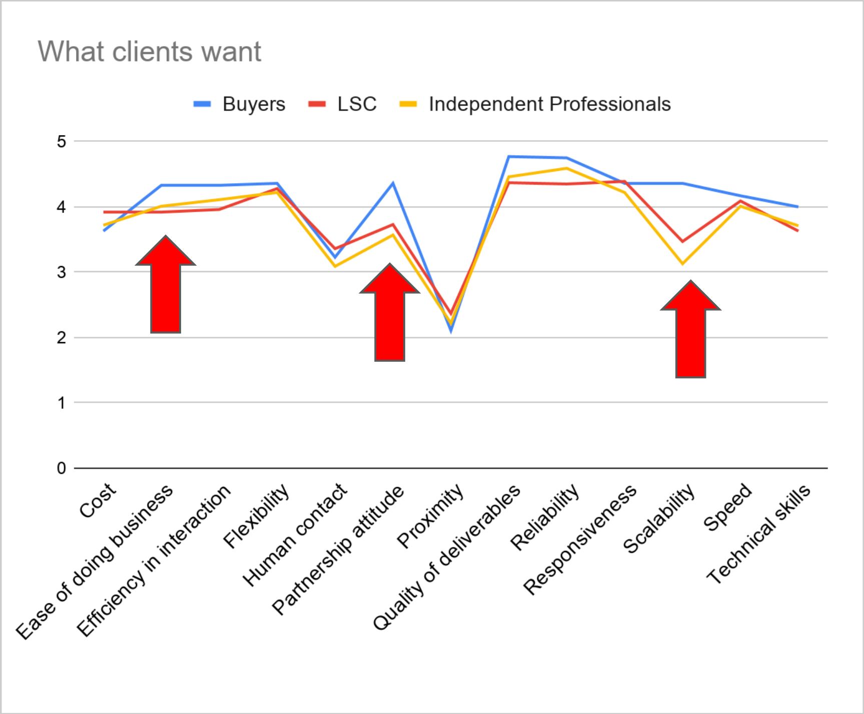




Majority do not expect big changes in outsourcing practices.

(Too) high number of “Don’t know” regarding budget and buy rates.

What clients want



Scores based on average of 0 to 5 scale.

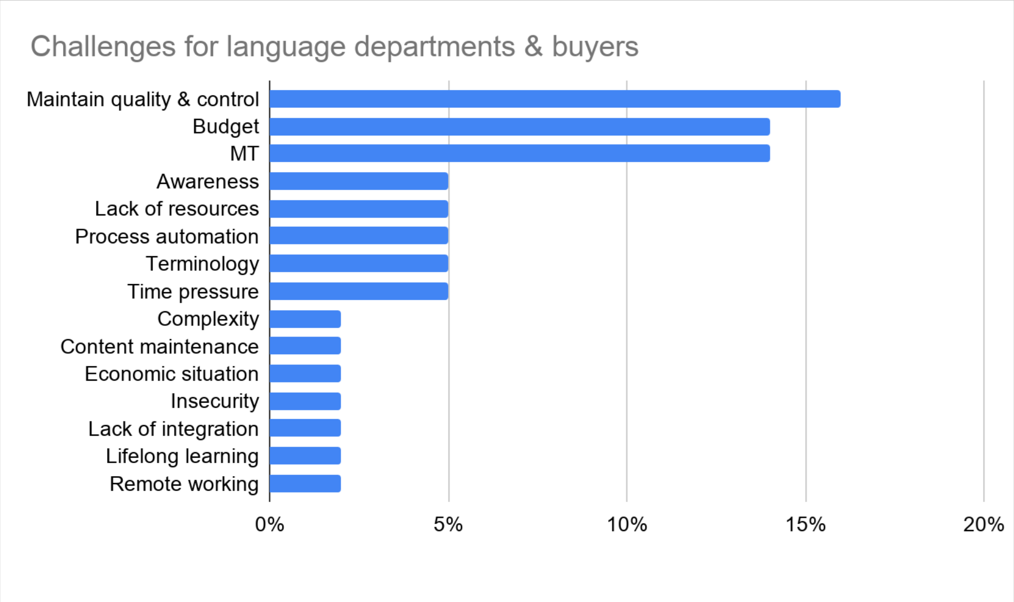
Not surprisingly, quality of deliverables, reliability and flexibility are top requirements for language service buyers.

This is correctly understood by the language service providers, both the companies and the individual professionals.

Other buyer priorities, such as partnership attitude, ease of doing business and scalability however seem to be underestimated by the providers (even by the larger translation companies).

Not surprisingly in an online industry, proximity is low on the priority list.

Challenges - language departments

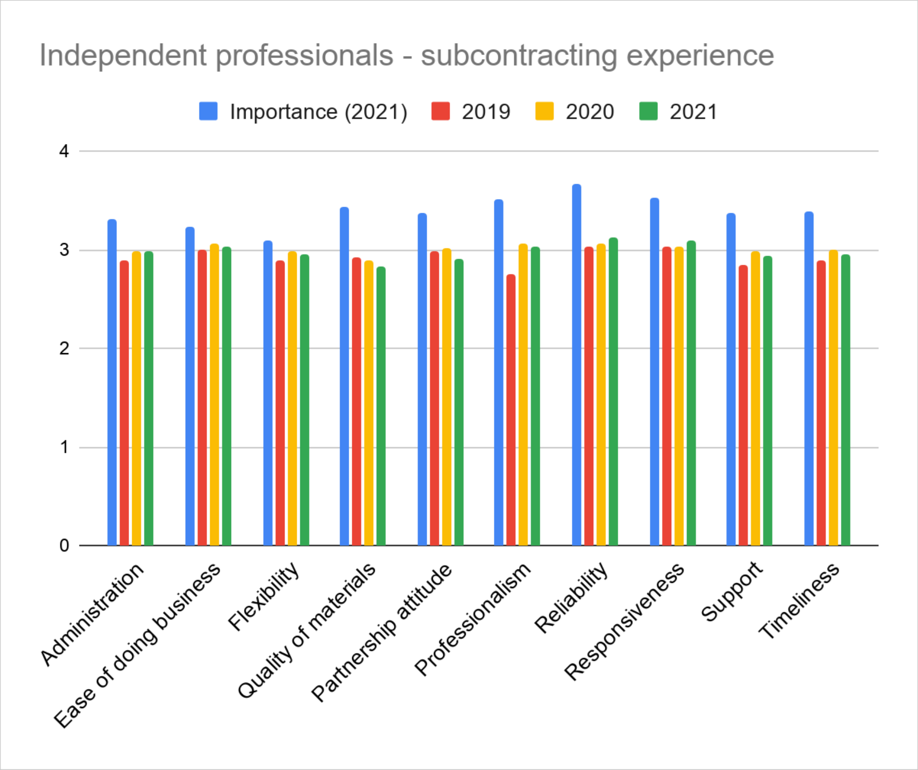


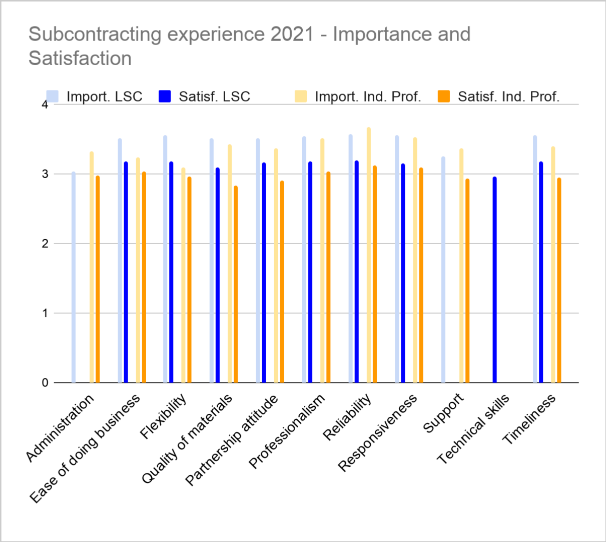
Language departments are concerned about how to maintain quality and control while juggling shrinking budgets, new technology requirements and increasing workload.

The answers strongly reflect the internal roles of the respondents.

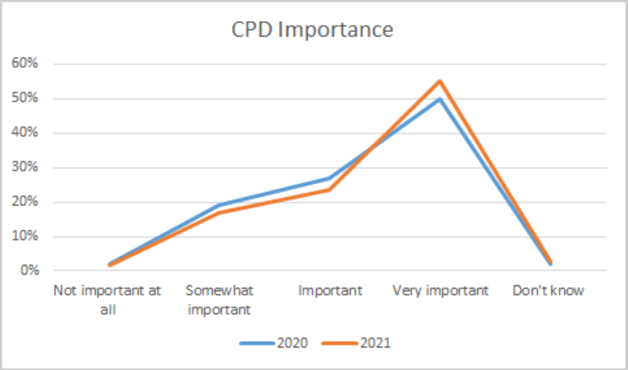
FOCUS ON INDEPENDENT PROFESSIONALS

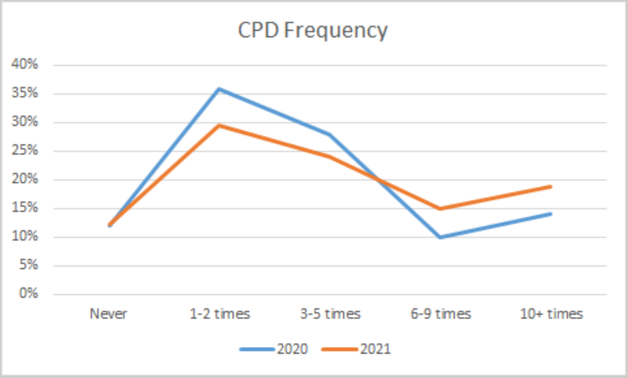
Working with LSCs

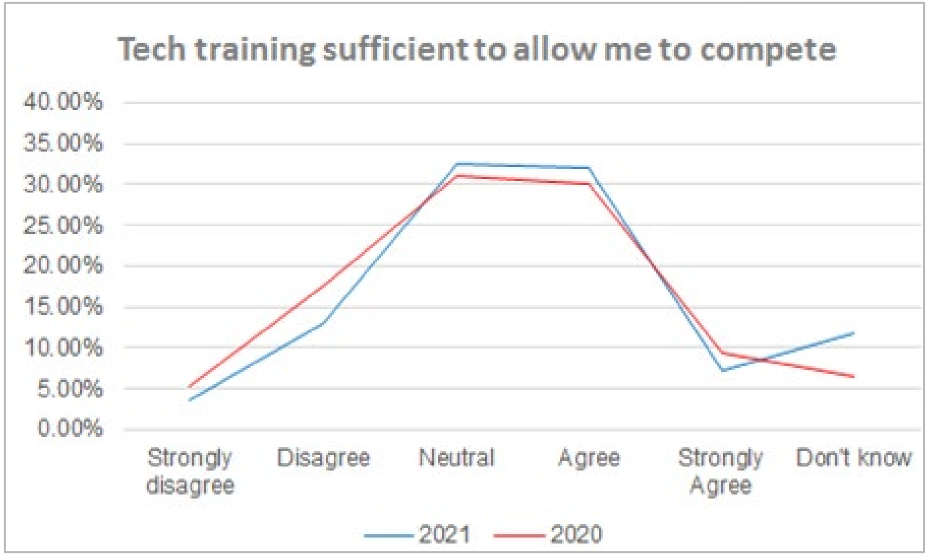




Continuing Professional Development (CPD)

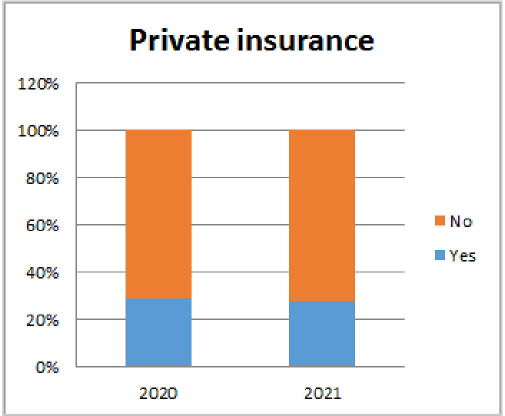


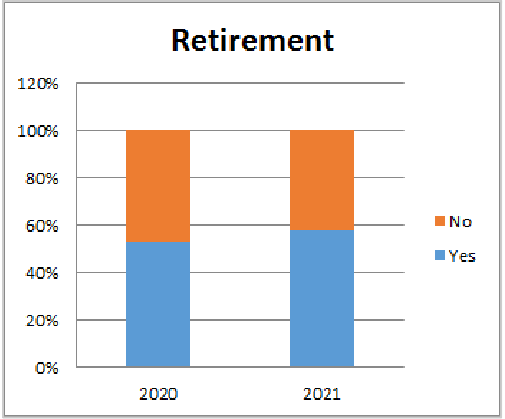




Three fifths of independent professionals report return on investment from CPD as expected.

Income / Insurance / Retirement

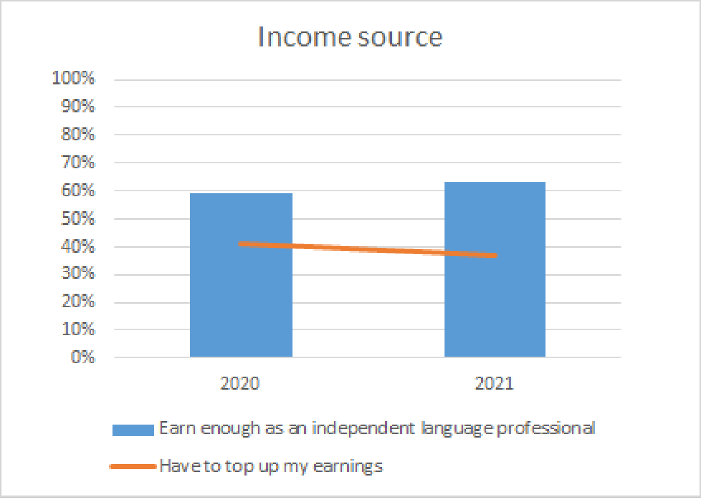




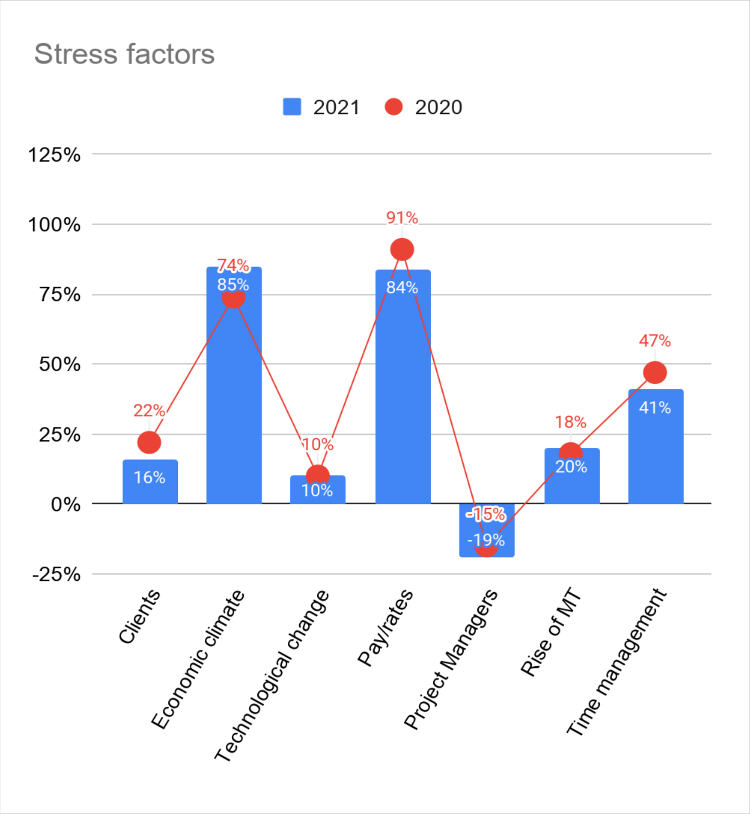
Picture varies from country to country.

Most common reason for not having insurance is unstable income (consistent with findings in 2020) - ties into stress factors and work/life balance

Planning for future not on the radar for younger respondents - scope for translator/associations to raise awareness



Stress factors



The hierarchy among stress factors, and even the individual concerns themselves have not significantly changed.

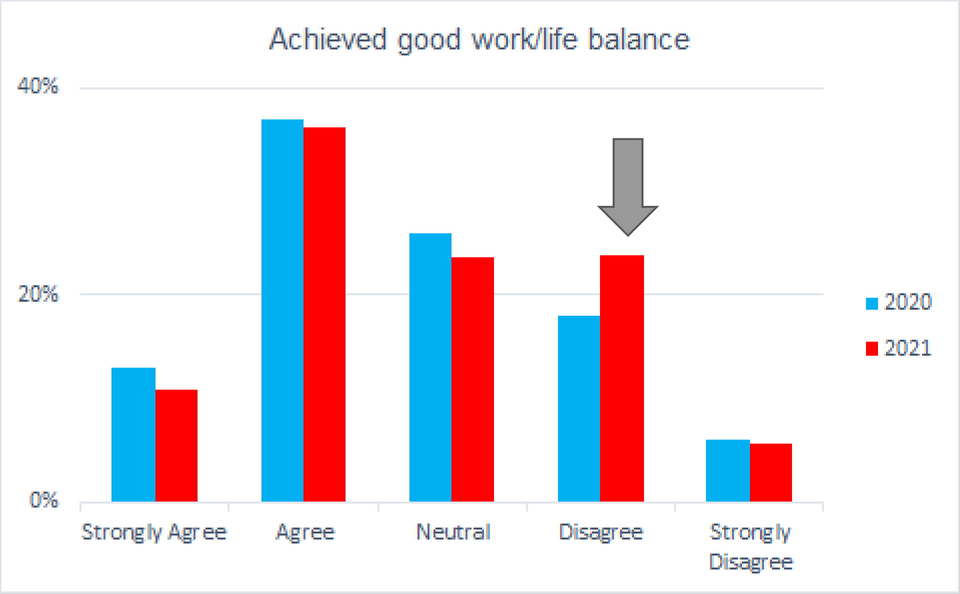
Contrary to expectations, stress levels have even somewhat lessened, with the exception of the concerns regarding the economic climate and to a minor degree the rise of MT.

Other stress factors mentioned were:

- Trying to juggle family / working from home / home schooling
- Lack of regulation in the profession
- Feast or famine nature of the work
- Uncertain future is making clients nervous
- Lack of feedback

This picture is generally consistent with FIT Europe’s COVID-related surveys

Work / life balance



Respondents report that work / life balance slightly deteriorated compared to 2020 results. This could be the impact of COVID.

Reasons for lack of work / life balance:

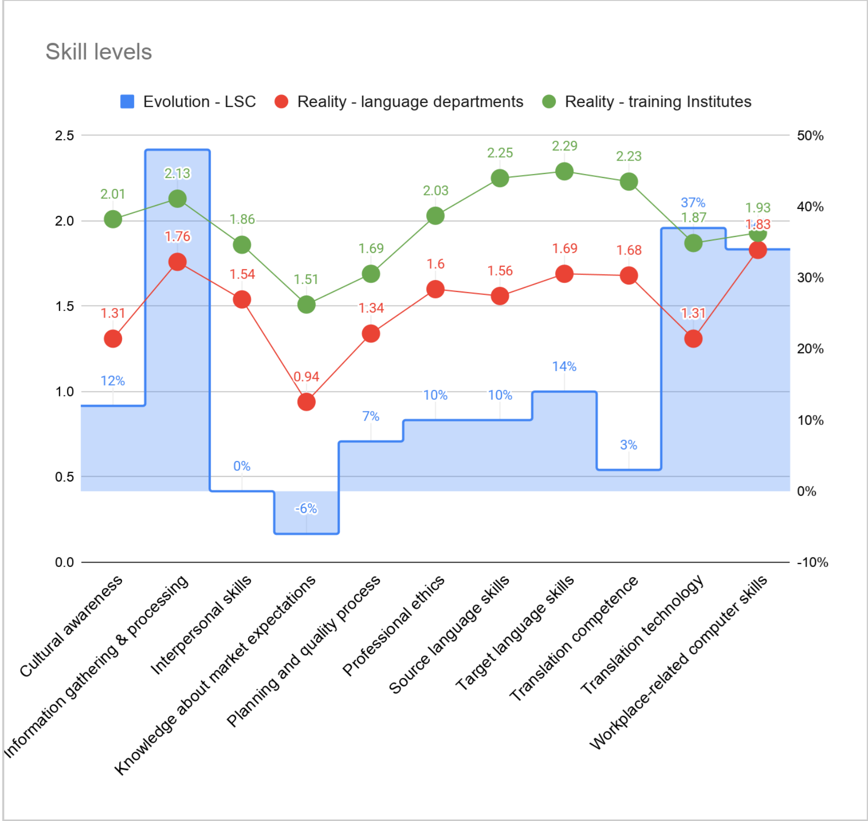
- Heavy workload
- Feast or famine nature of the job
- Changing/urgent deadlines
- Low rates
- Long hours/weekend/evening work
- Care duties/working from home

Reasons for good work / life balance:

- Good time management
- No weekend/evening work
- Flexibility of freelance working
- Learning to say no to unrealistic deadlines/assignments

FOCUS ON EDUCATION

Education - skills of Master graduates



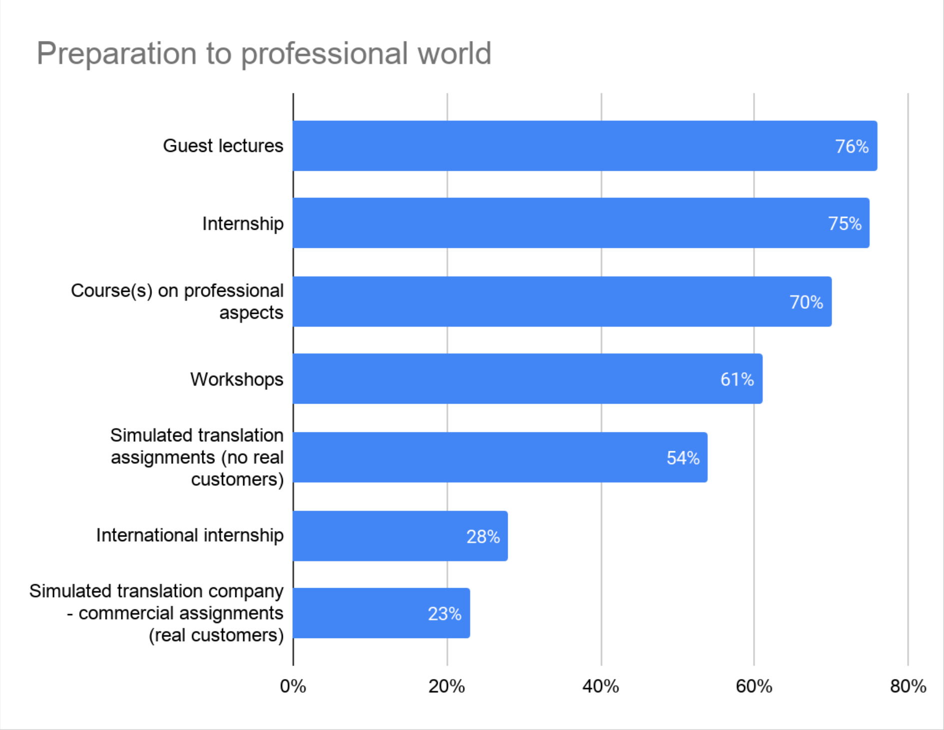
Skill evolution (LSC) scored from -2 (strong decrease) to +2 (strong increase)

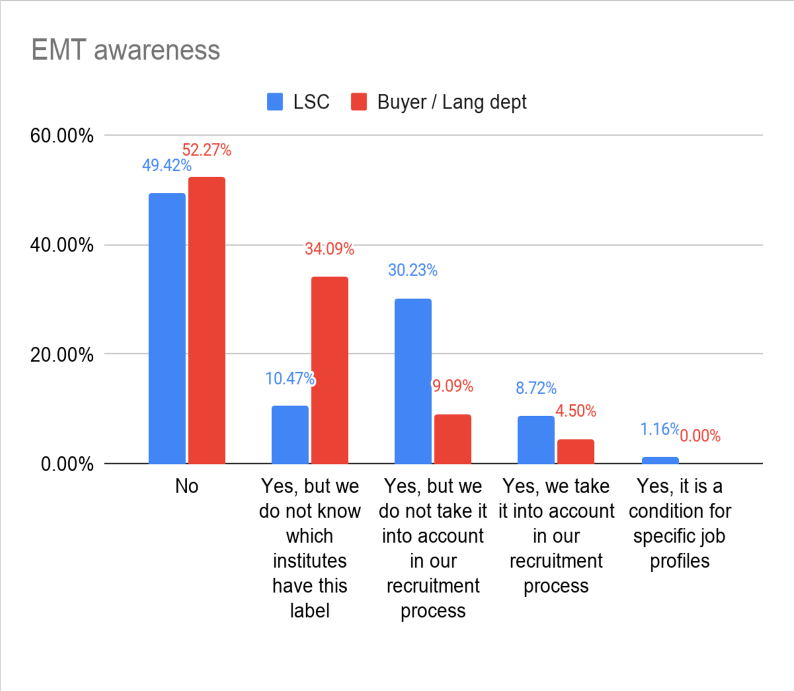
Skill level (language departments and training institutes) scored from 0 (inexistant) to 3 (strong)

Information gathering & processing has considerably improved (confirmed by improved absolute scores).

LSCs report a - small - deterioration of the already weak knowledge of market expectations. Both language departments and training institutes give this skill also their lowest score.

Education vs language industry



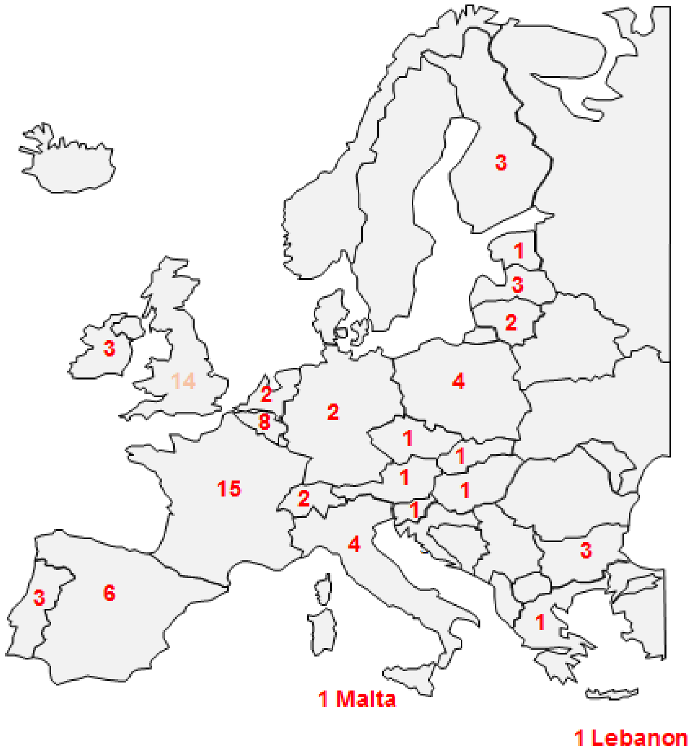


EMT - European Master’s in Translation - a reminder

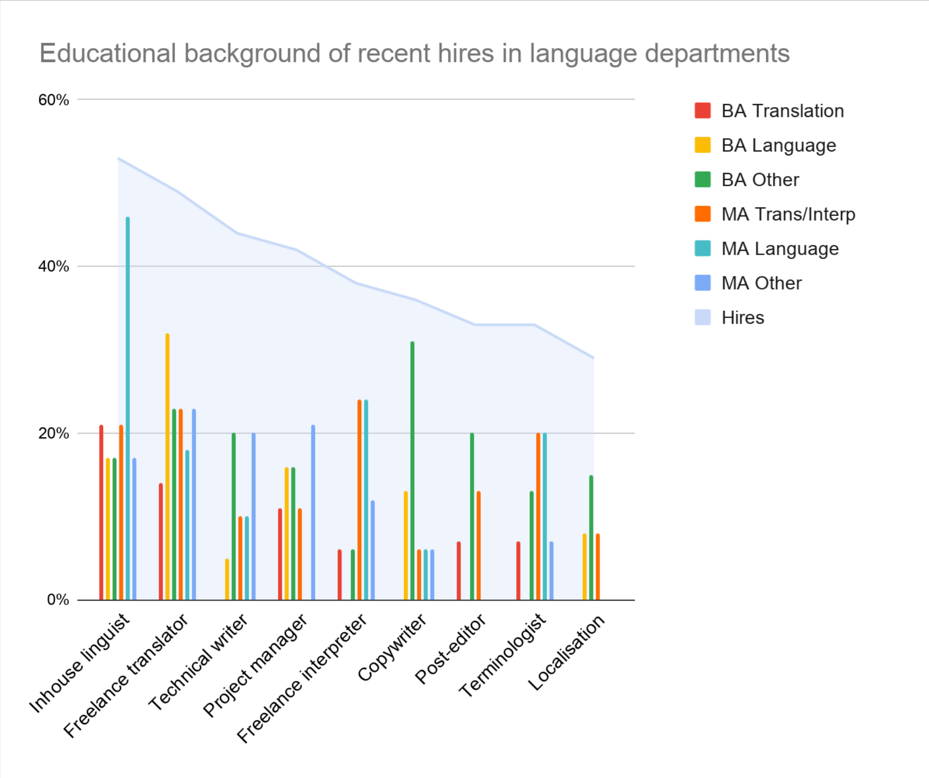
Network of Master programmes in translation to improve the quality of training and to help young graduates to integrate smoothly in the translation job market.

Currently 83 institutes from 25 EU and partner countries that meet the EMT criteria. Next call for membership in 2024.

Following Brexit and UK’s withdrawal from Erasmus+, the UK-based institutes are no longer part of the EMT network 2019-2024..



Education vs industry (2)



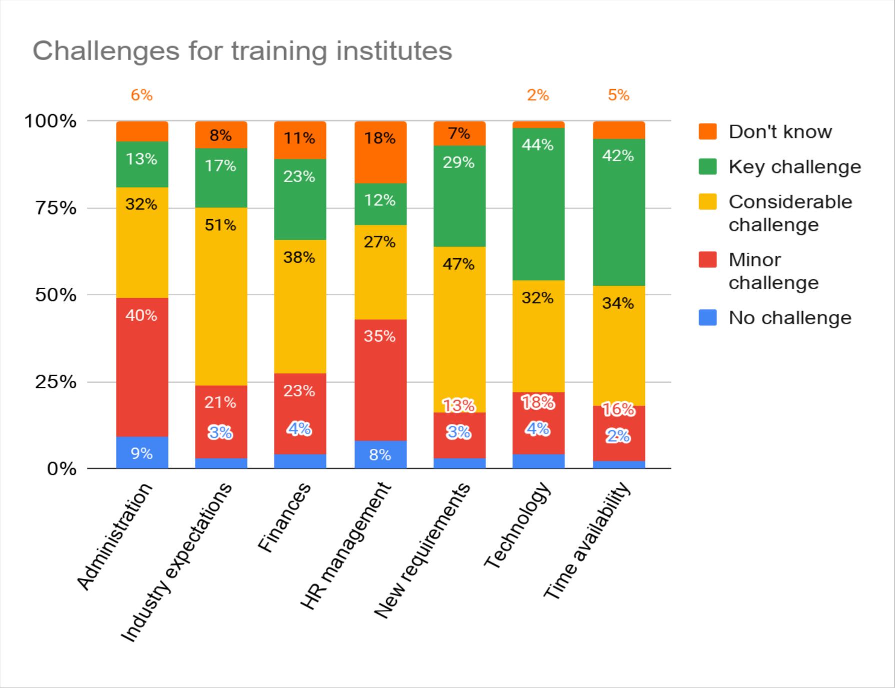
Interesting findings

Most successful candidates for an inhouse language function had a Master in Language, not a specific Master in Translation or Interpreting.

For copywriters, respondents preferred a Bachelor degree in a non-language specialisation (possibly communication or an industry-specific area).

For post-editors, respondents do not necessarily require a Master degree, contrary to terminologists and freelance translators and interpreters.

Challenges - training institutes



Translation institutes suffer the same budget and time restrictions as language departments and feel the same pressure from new technology requirements. The expectations of potential employers in the industry creates an additional challenge that is specific for this segment.

TECHNOLOGY

All good on the Technology Front

11 tech companies took part, among them four TMS like Memsource, Wordbee, XTRF, two interpreting tech, two language data tech, one media localization and a few others. All companies were above 10 people, and 7/11 have been on the market more than 10 years.

Number of providers	Market activity	Pricing
Increase	Increase	Increase
Increase	Increase	no change
Little or no change	Increase	Increase
Little or no change	Increase	Increase
Increase	Increase	no change
Increase	Increase	Increase
Little or no change	Increase	no change
Increase	Increase	no change
Increase	Increase	no change
Little or no change	Little or no change	no change
Little or no change	Increase	Don't know

Technology prices to *increase*, contrary to human services pricing

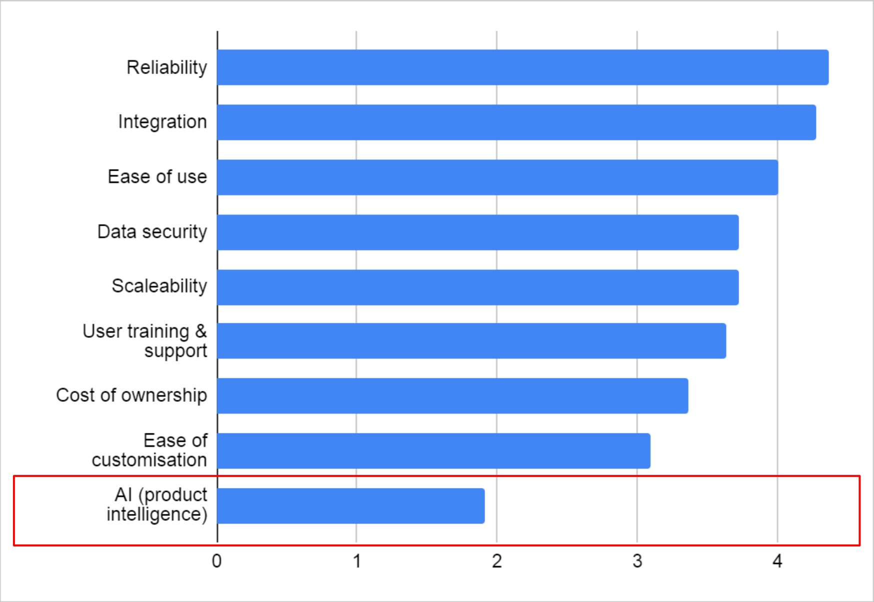
- 10/11 planned investing in 2021. This means jobs. LTC to hire primarily salespeople & engineers, then support.
- 8/11 believe they will grow steadily, up to 50% a year

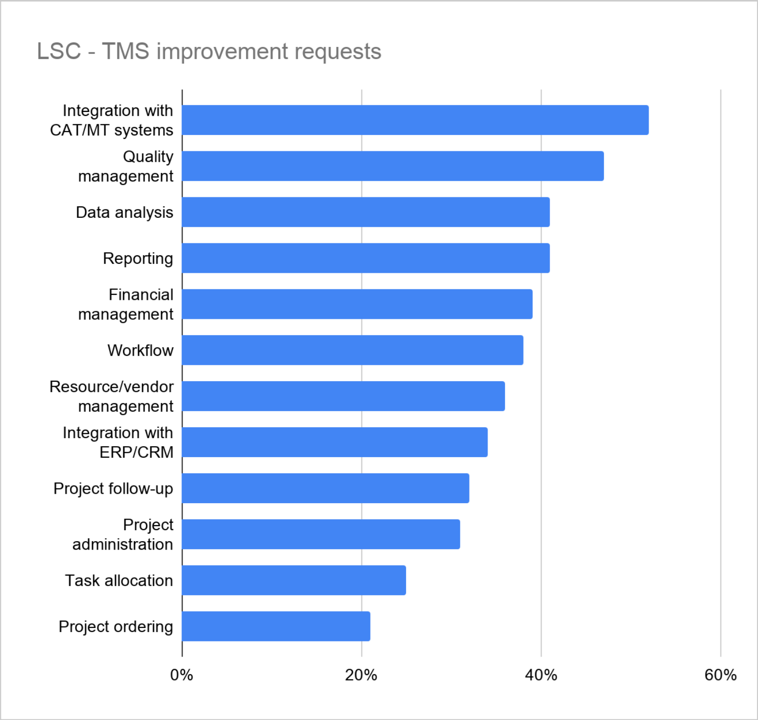
(Un)Surprising findings

Focus on corporate language people	Majority of revenue came from corporate language teams and LSPs. Non-language roles in corporations were responsible for a much lower percentage. The drift is towards language teams - half of LTC expect growth there, while two respondents expected a decline in their LSP clientele.
Not just software	Licensing was not the only source of revenue, with customization services second.
From Engineers to Salespeople	Smaller companies consisted mainly from engineers, established companies reported more than half of staff in sales & marketing, and support
A legion of clients	Tech firms reported serving more clients than an average human-powered LSP. TMS companies reported between 200 and 500, one tech firm in Czechia reported 500 to 1000 clients, and another company said they support more than 1000 clients.

AI looking good only on paper ?

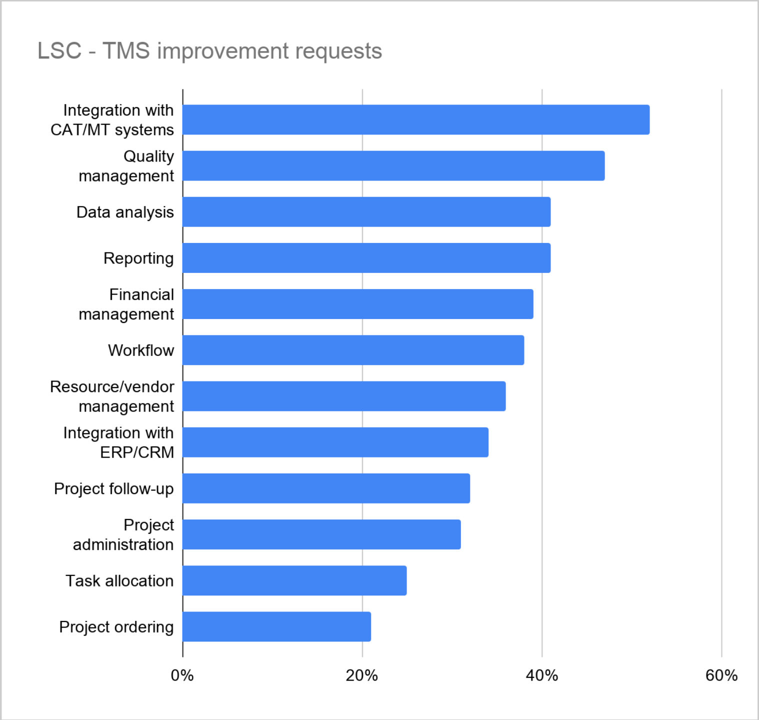
Q: What are in your opinion the main selection criteria used by your client base when buying technology or technology services?

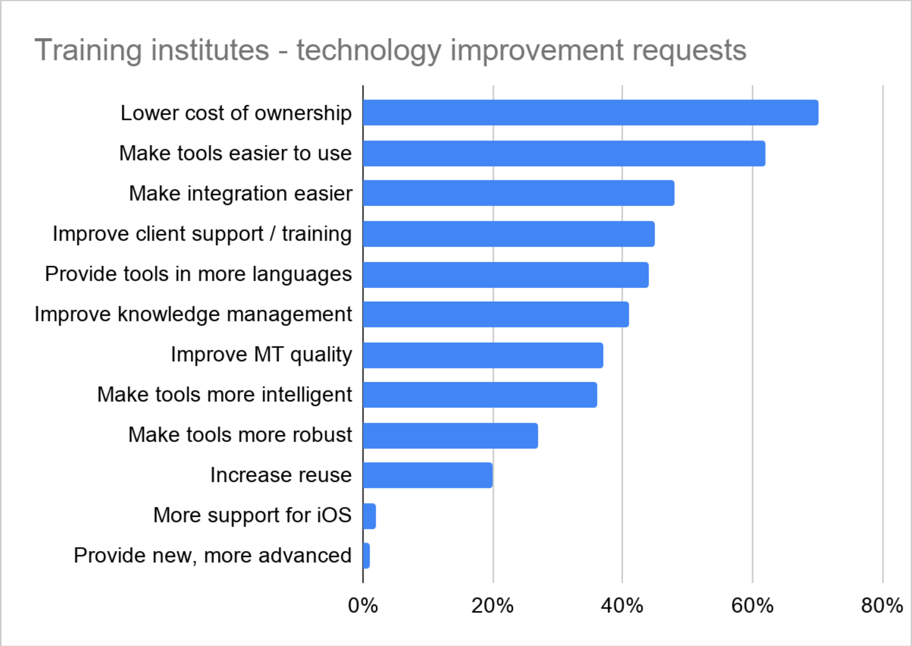




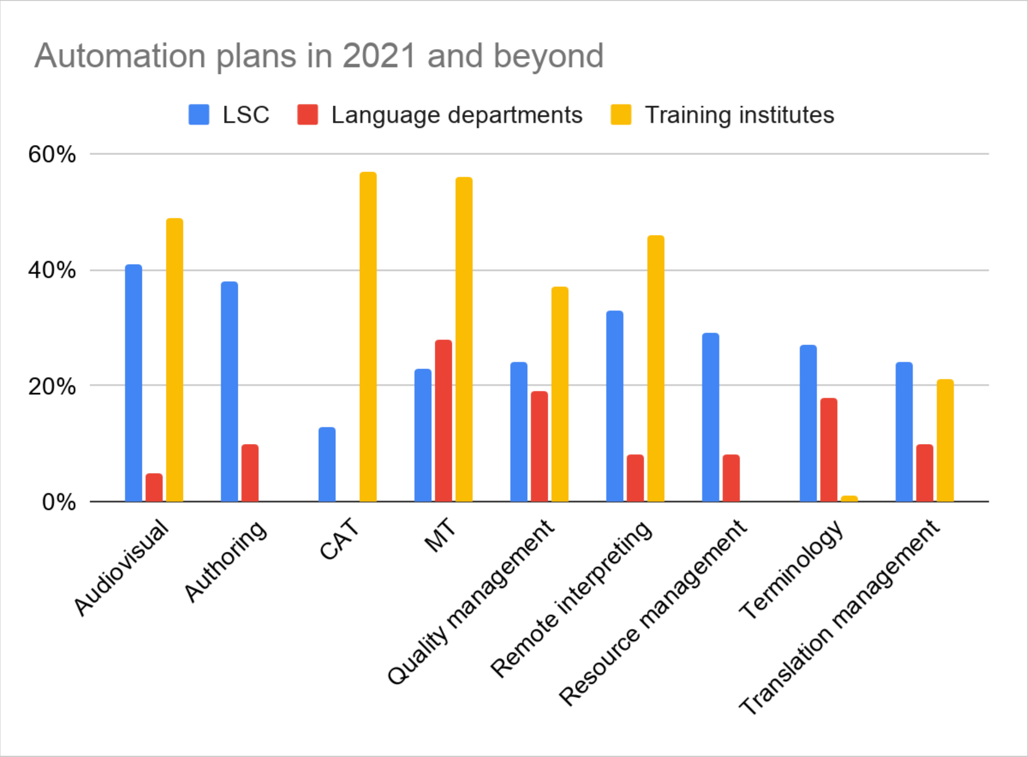
LSCs rank potentially AI-heavy features such as quality management, data analysis and workflow higher on their priority list.

Expectations from other segments





Automation



Language departments

- More than 30% have implemented a procurement portal. 55% do not report any plans to implement it.
- Automation plans are mainly focused on translation management and quality-related tasks.
- Even mix of internal and external technology.

Training institutes:

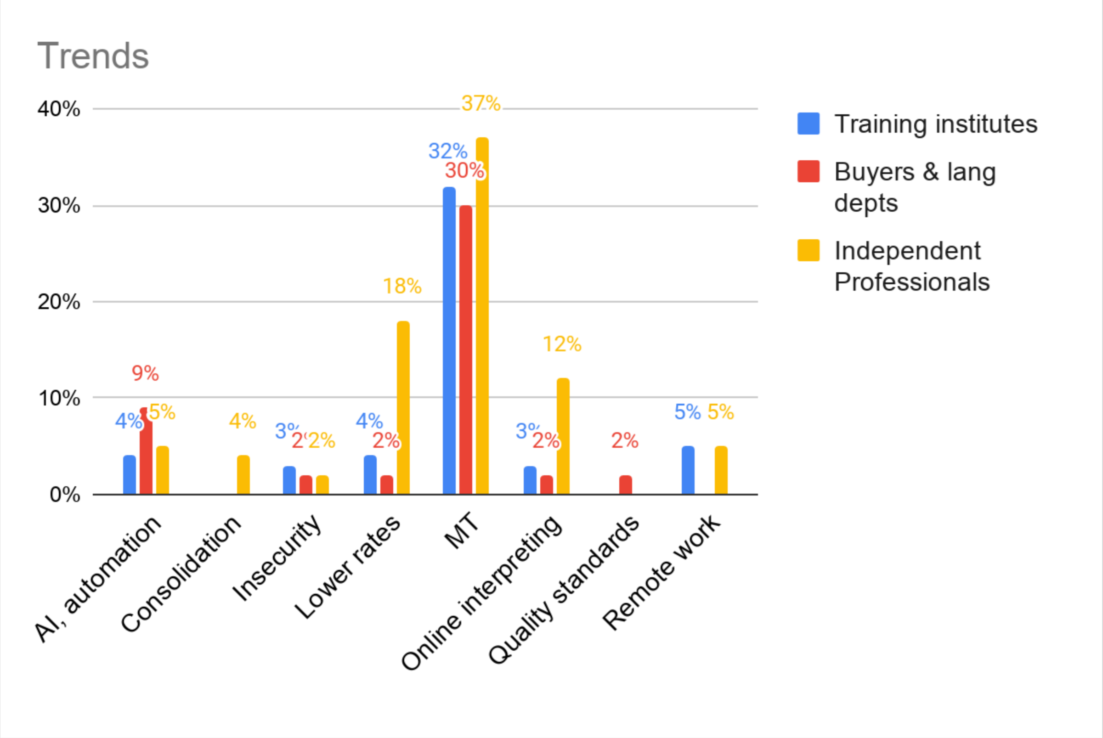
- Technology investments reflect the trends in the industry, with CAT, MT, remote interpreting and audiovisual tools as main technologies.
- Virtually only third-party tools.

LSC

- Focus on translation/interpreting productivity and process efficiency. Main technologies are already widely implemented. 30% of LSC respondents do not report plans to implement MT.
- Audiovisual technology will be catching up.

TRENDS

Trends



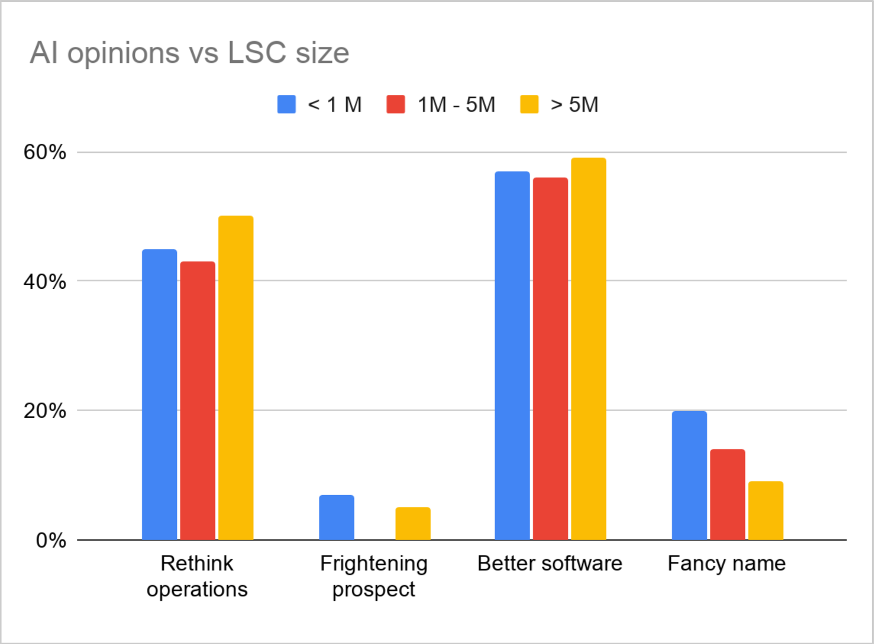
No open trend question to LSCs.

All segments recognise MT and post-editing by far as the most prominent trend in the industry.

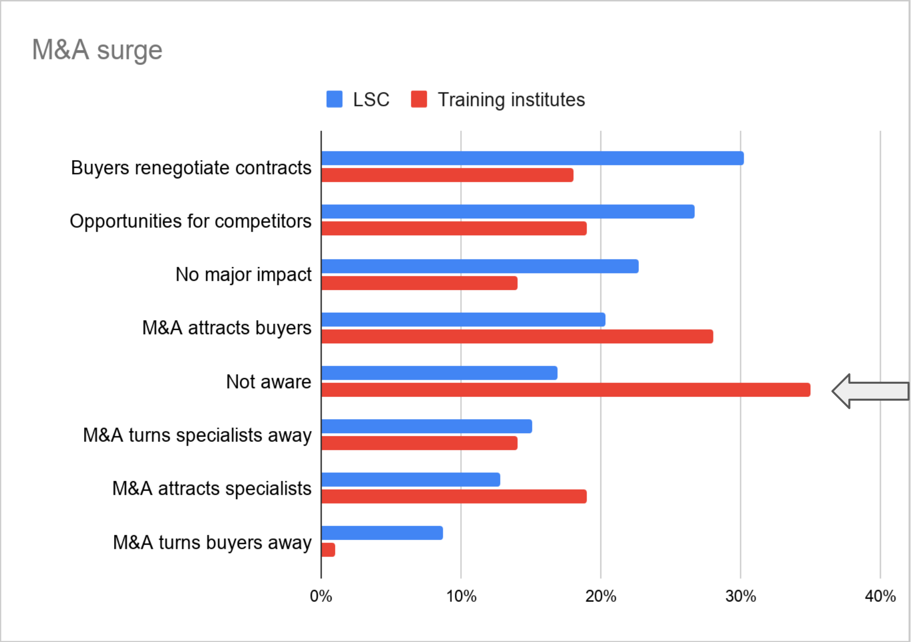
Independent professionals frequently link increased competition and price pressure with the influx of unqualified people from other industries hit by the Covid pandemic, less qualified resources used for post-editing, or easier online access to lower cost professionals (e.g. interpreters in a different country). They also mention consolidation in the LSC segment as an additional source of price competition.

AI impact

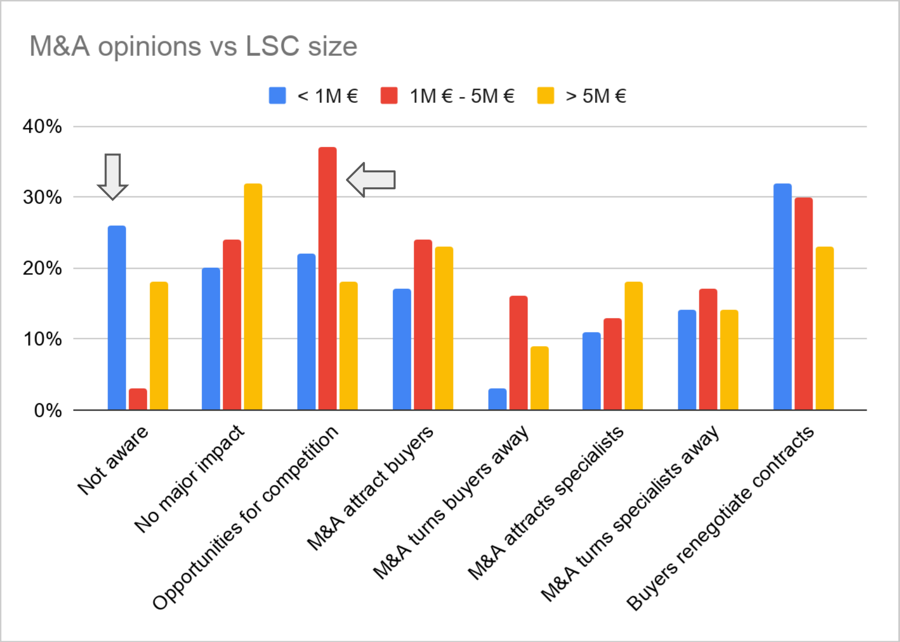

AI
LSC
Training institutes
80%
60%
40%
20%
0%
Rethink operations
Frightening prospect
Better software
Fancy name


AI opinions vs LSC size
< 1 M
1M - 5M
> 5M
60%
40%
20%
0%
Rethink operations
Frightening prospect
Better software
Fancy name

M&A surge

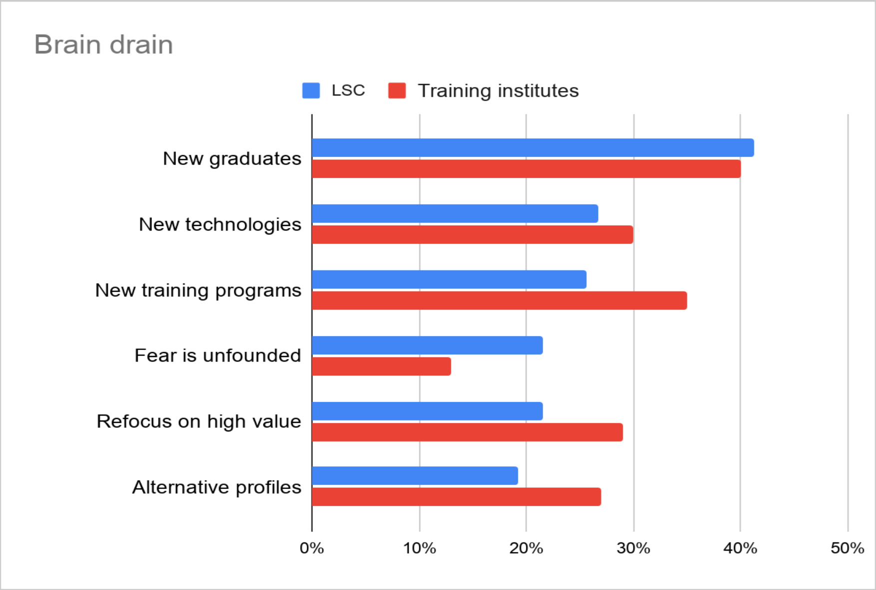


M&A surge
LSC
Training institutes
Buyers renegotiate contracts
Opportunities for competitors
No major impact
M&A attracts buyers
Not aware
M&A turns specialists away
M&A attracts specialists
M&A turns buyers away
0%
10%
20%
30%
40%

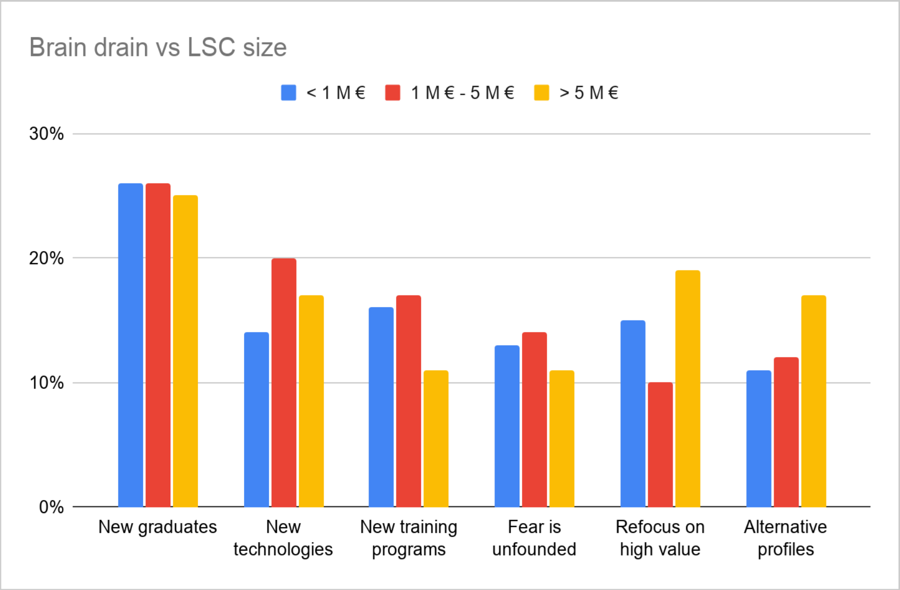


M&A opinions vs LSC size
< 1M €
1M € - 5M €
> 5M €
40%
30%
20%
10%
0%
Not aware
No major impact
Opportunities for competition
M&A attract buyers
M&A turns buyers away
M&A attracts specialists
M&A turns specialists away
Buyers renegotiate contracts

Brain drain

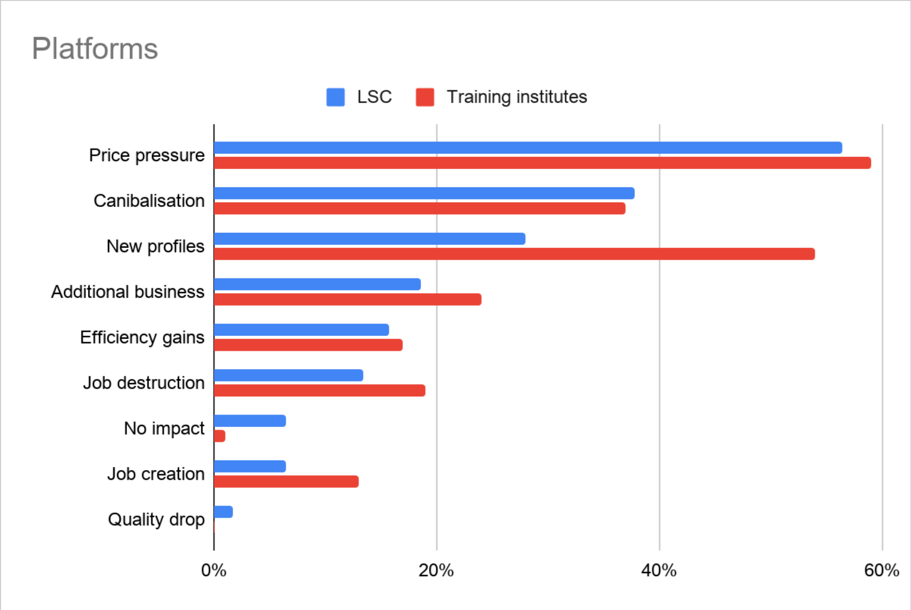


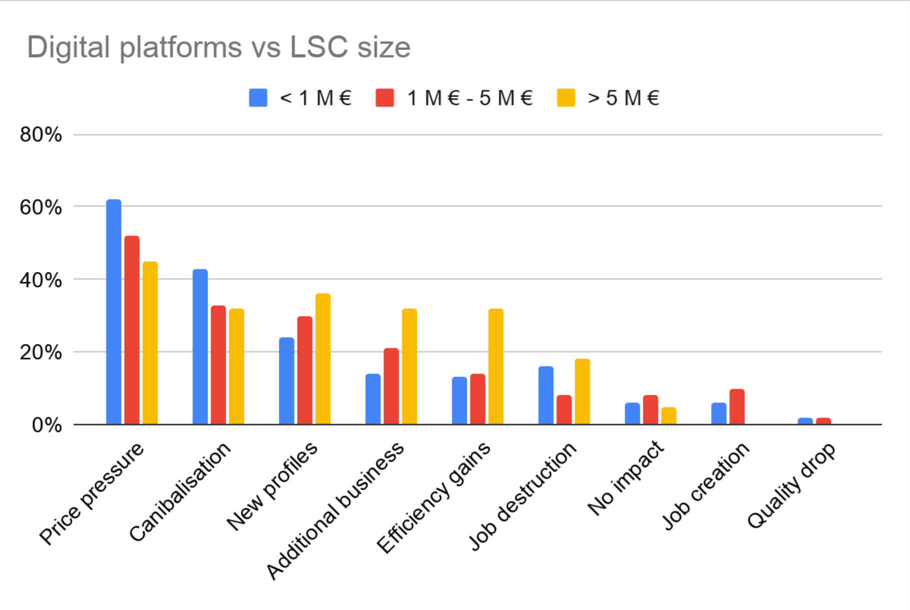
Brain drain
LSC
Training institutes
New graduates
New technologies
New training programs
Fear is unfounded
Refocus on high value
Alternative profiles
0%
10%
20%
30%
40%
50%



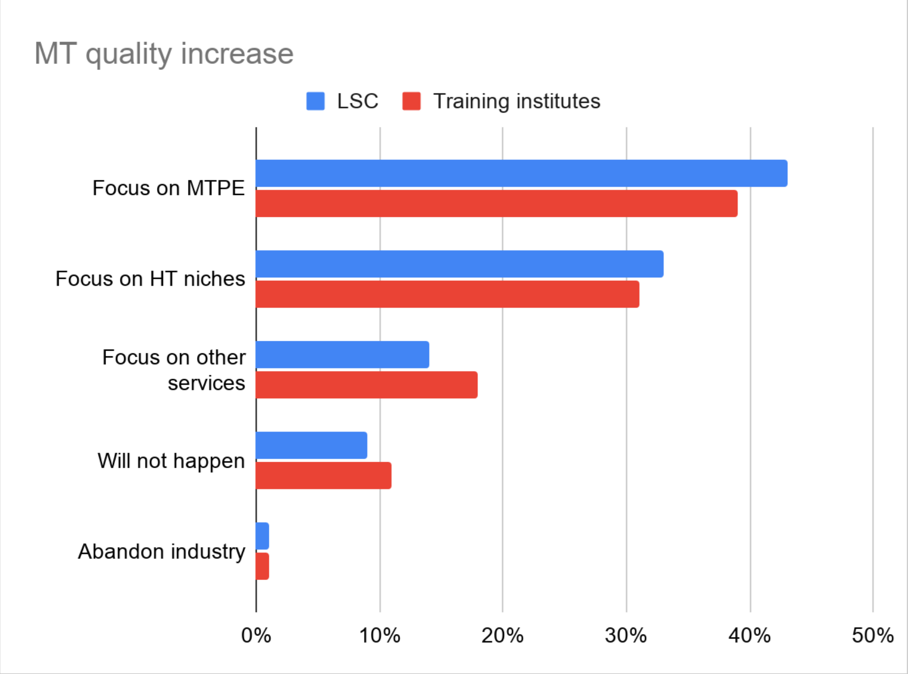
Brain drain vs LSC size
< 1 M €
1 M € - 5 M €
> 5 M €
30%
20%
10%
0%
New graduates
New technologies
New training programs
Fear is unfounded
Refocus on high value
Alternative profiles

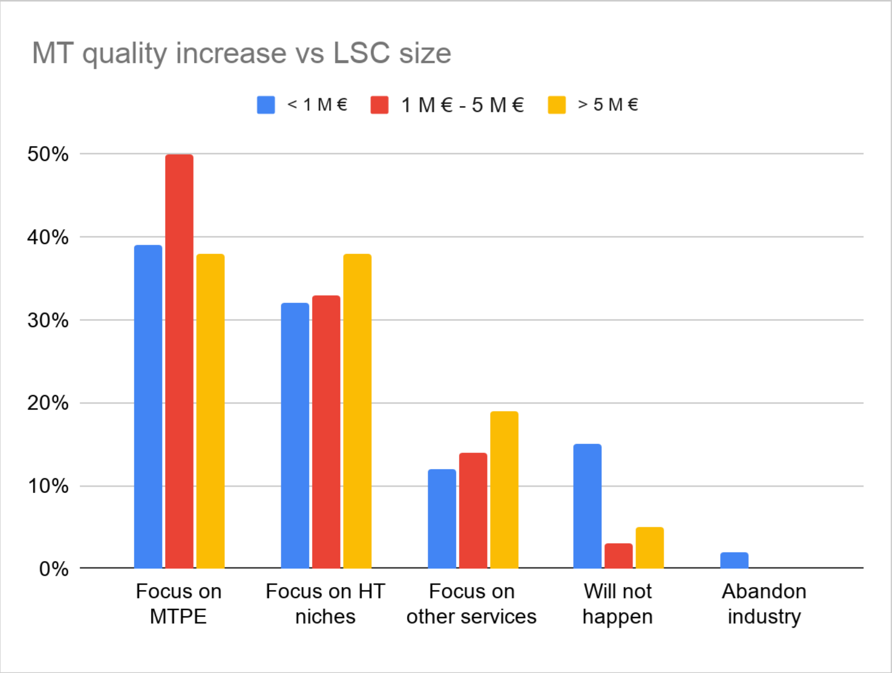
Digital platforms





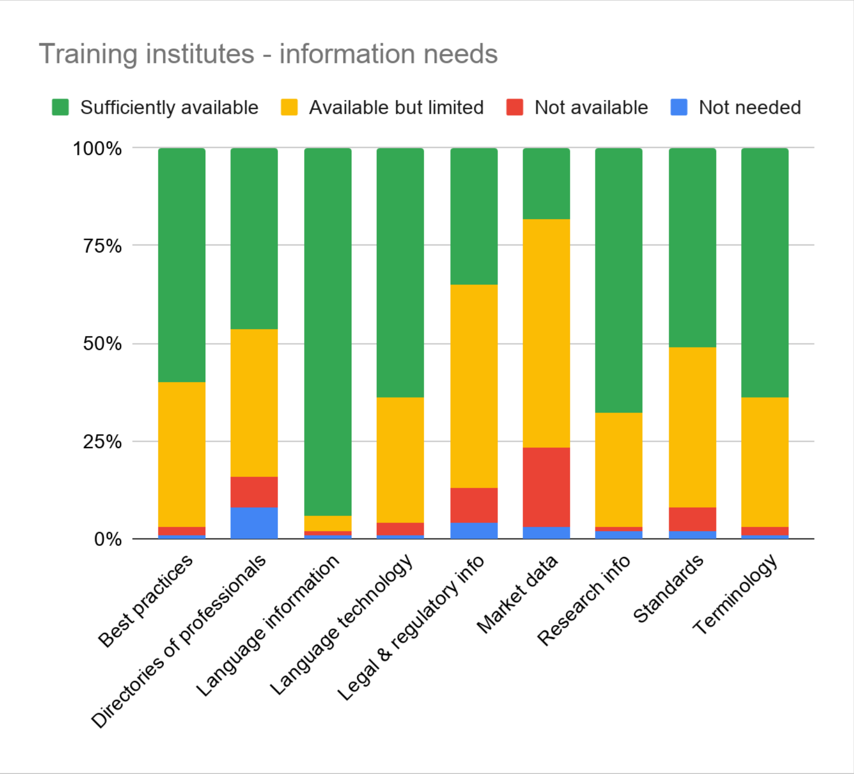
MT quality impact

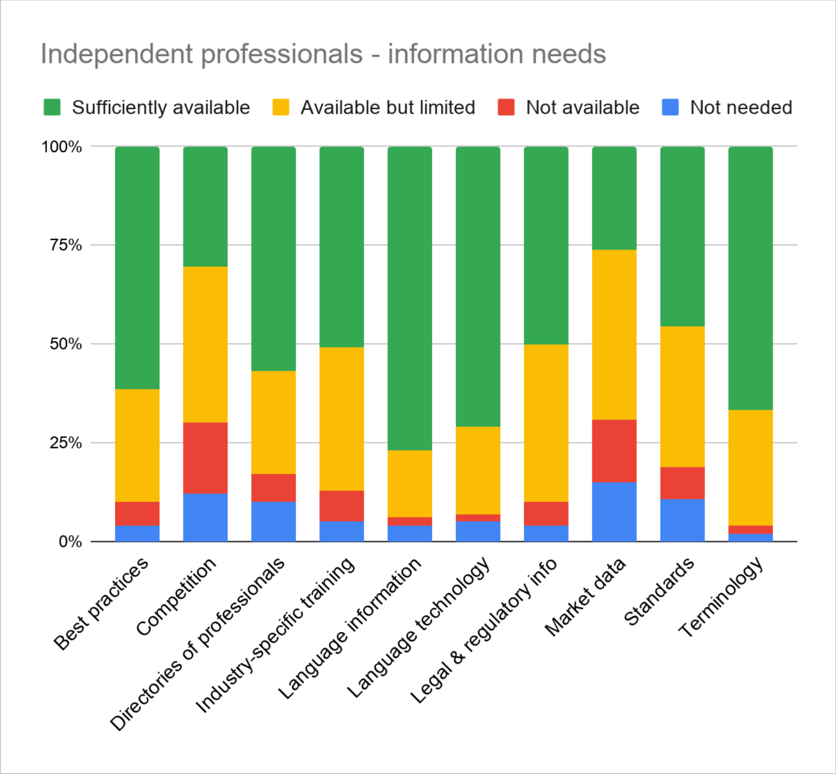




HOW CAN WE HELP ?

Information needs





DG Translation - Outreach projects

Juvenes Translatores

Visiting Translator Scheme

eTranslation

EMT

https://ec.europa.eu/info/departments/translation_en

European Commission

FINAL WORDS

Five conclusions and afterthoughts

- 2020 could have been worse - but not everyone will agree
- Covid accelerated long needed developments
- Is that sweet spot in the LSC segment real?
- Outsourcing can extend beyond pure execution. Who takes the first step?
- MT dominates the discussions but day-to-day implementation is not there yet

This was only a *brief* overview of the survey. If you are interested in getting a fuller picture of the survey results:

- Download the complete ELIS slidedeck from euatc.org/industry-surveys
- See the websites of the participating survey partners for additional information (URLs on next slide)
- Check out the research work published by specialized research agencies: Slator.com, Nimdzi.com, CSA-research.com
- Contact the ELIS research team at contact@research.euatc.org

ELIS survey partner websites

euatc.org EUATC (European Union of Association of Translation Companies)

elia-association.org Elia (European Language Industry Association)

gala-global.org GALA (Globalization And Localization Association)

fit-europe-rc.org FIT Europe (International Translators Federation Europe)

ec.europa.eu/info/resources-partners/european-masters-translation-emt_en EMT (European Master's in Translation) network

ec.europa.eu/info/departments/translation_en European Commission - DG Translation (Lind group)

womeninlocalization.com Women in Localization

Q & A